Annual Report 2023

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Heroes, Amsterdam

AlterA

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Contents

Highlights of 2023

Key figures 2023

In € million, unless stated otherwise	Residential 2023	Retail 2023
Portfolio (year-end)		
Operational portfolio (excl. IFRS 16)	2,084	661
Secured pipeline	275	7
Equity (IFRS)	2,300	658
Same per share (in €)	2.031	0.964
Number of property investments in operation	110	41
Number of residential units and leases	6,176	527
Average rent per m² (in €)	N/A	234
Number of years of remaining rental income	N/A	4.4
Gross theoretical annual rent	90	49
Gross initial yield	4.3%	7.4%
Net/gross rental income in financial year	77%	81%
Occupancy rate at year-end	99%	95%
Average occupancy rate	99%	95%

	Residential		Retail	
	2019-2023	2023	2019-2023	2023
Returns				
Income return	2.8%	3.0%	5.7%	5.8%
Capital growth	3.4%	-9.1%	-1.9%	-2.1%
Total property return	6.2%	-6.3%	3.8%	3.6%
Management and fund costs	-0.4%	-0.4%	-0.4%	-0.4%
Impact of cash and leverage	-0.1%	0.0%	-0.1%	-0.1%
Other effects	0.0%	-0.1%	-0.1%	0.0%
Fund return (IFRS)	5.7%	-6.8%	3.2%	3.1%
Fund return (INREV)	5.8%	-7.0%	3.5%	3.2%
Dividend return	2.3%	2.4%	5.3%	5.1%

5-year total for Altera **In € million, unless stated otherwise**	2023	2022	2021	2020	2019
Invested capital	2,954	3,075	2,873	2,474	2,461
Theoretical rent	139	126	114	104	113
Number of properties	151	145	139	140	155
Management and fund costs					
Management costs	37.7	30.5	29.2	29.2	34.5
Fund costs	4.6	4.8	4.6	6.0	5.3
Total costs	42.3	35.3	33.8	35.2	39.7

Timeline of Altera organisation

08/02/2023
Succesful installment and first meeting of the Advisory Committees

12/04/2023
GMS: Annual accounts and Profit appropriation per sector adopted by shareholders

19/04/2023
Publication of Annual report 2022

02/05/2023
Publication of survey results: Ageing of the population offers potential for turnover of community shopping centres

10/05/2023
Hosted GREEN event in Transformation project The Mayor in Amstelveen

13-15/06/2023
Altera present at Provada real estate fair with own stand

14/06/2023
Altera starts participation in the Social Sustainability Alliance, initiated by the Dutch Green Building Council

21/09/2023
Altera awarded by REBF as Future Proof Real Estate company 2023

29/09/2023
Publication of Altera Semi-annual report 2023

4-6/10/2023
Altera present at Expo Reaal fair in Munich

17/10/2023
Altera residential and retail funds top Dutch sustainability ranking and both are Global Sector Leaders

19/10/2023
CIO and young professionals lunch with students: student winners of the Provada real estate case

05/12/2023
GMS: Investment Plans Residential and Retail approved by shareholders

05/12/2023
Altera achieves top score in UN sustainability benchmark

31/12/2023

€3.1 billion
Total assets under management of €3.1 billion

60 investors
60 institutional investors from the Netherlands, Germany, Italy and Switzerland

€98 million
Inflow: total committed over €98 million of capital

7 new 5 left
During 2023 seven new employees were appointed and five have left the company

Highlights of **2023**

Performance of the sectoral funds

- In Residential the total fund return amounted to -6.8% (2022: 0.9%) as a result of a revaluation of -9.1% due to depreciations in the first half of 2023
- In Retail a total fund return of 3.1% (2022: 9.2%) as a result of a revaluation of -2.1%, especially due to an increase of transfer tax by 2.4%
- The occupancy rate in Residential remained stable at 99% and in Retail increased from 94% to 95%
- In the Residential sector 1,112 leases were signed, including 425 for new completed construction; tenant movements remained at 11%
- In the Retail sector 82 leases were signed with an annual rent of €4.7 million
- At this moment the outcome and impact of legal procedures on rent indexation clauses in residential rental contracts is unclear

Sustainability/ESG

Climate mitigation
Altera's Paris Proof roadmaps are implemented in order to realise the Paris Proof ambitions. In 2023, several Residential and Retail assets have been renovated to advance the energy efficiency of assets.

Climate adaptation
Climate adaptation action plans have been developed for Residential and Retail assets with high net risks.

GRESB
Altera Residential and Altera Retail received five star recognition in the 2023 GRESB benchmark. Both funds were awarded the GRESB Global Sector Leader status.

UN PRI
Altera obtained a five-star rating for the modules ‘Policy Governance and Strategy, Direct Real Estate, and Confidence Building Measures’ in the most recent UN PRI benchmark (published October 2023).

Human Rights Policy
Altera adopted a human rights policy in order to comply with the Minimum Social Safeguards.

Growth of portfolio

In € million	Residential	Retail	Total
Added to operational portfolio	158.7	32.7	191.4
Divestments	-13.6	-	-13.6

Share transactions

In € million	Residential	Retail	Total
Shareholder entries	235.2	38.3	273.5
Shareholder exits	-104.8	-25.2	-130.0
Net entries	130.4	13.1	143.5
Number of shareholders	38	28	60

Altera proved to be able to facilitate redemption requests in 2023 for an amount of €130.0 million and the capital increased overall by €143.5 million 2022: €163.5 and €134.6 million respectively).

Organisation

- The workforce increased from 49 FTE at year-end 2022 to 51 FTE at year-end 2023, seven persons joined and five left the company
- New IT tools for ESG and for property in implementation phase
- Positive results in our employee satisfaction survey and reputation survey among our suppliers

Governance

- On 31 December 2024 Altera will migrate from a fiscal investment institution to a structure with two funds for joint account and a separate management company, as the current regime will be abolished as of 1 January 2025
- On 8 February 2023 the first meetings of the newly installed Advisory Committees (five investors per fund) were held
- Altera is almost completely compliant on the INREV Guidelines with a Self Assessment score of 99%
- A type 2 ISAE 3402 report was issued on 29 February 2024

Dutch real estate for institutional investors

Proposition

Altera offers investment products in Dutch Residential and Retail property tailored to the needs and requirements of institutional investors through a structure of integrated management with letter shares in these sectors. The investment proposition entails, 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;
- 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.

(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)

Investment objective

As a responsible investment platform, Altera seeks to offer a fund return that is better than the relevant market return and based on low risk characteristics in a sustainable environment. This ambition is reflected in three overarching objectives, each with its own set of sub-objectives, which form the core of our business strategy. Progress on the objectives is monitored objectively through measurable indicators.

Altera's organisation is carefully aligned with the objectives relating to fund performance, ESG and operational excellence, with all efforts focused on achieving them. Each team member contributes in their own way to the collective approach, reflecting the goals in our daily work. Our structure and targets are designed so that the achievement of these goals is a collaborative effort, with commitment at its core. By remaining collectively committed to a stable low-risk fund return in a sustainable environment, we believe we create long-term value for all our stakeholders.

We evaluate the degree to which this objective is achieved against the following criteria:

- relative portfolio return per sector in relation to the five-year total return on all investments of the MSCI Netherlands Property Index;
- relative performance of indicators that affect direct returns such as occupancy, operating costs and rental growth in relation to the MSCI Netherlands Property Index;
- relative fund return per sector, based on a peer group analysis and the relevant INREV fund return;
- amount of management and fund costs for the sectoral funds combined and the INREV TGER (the aim being that these costs will be among the lowest in the sector);
- satisfaction surveys among all stakeholders such as employees, customers and tenants, translating findings into targeted actions to increase satisfaction;
- progress in terms of sustainability.

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

Fund performance

Objective	Measurement
Return: fund return better than the relevant market return	Fund return benchmark
Risk: low risk in line with profile of shareholders	Occupancy rate
Quality: high quality for future proof portfolios	Quality Score

ESG

Objective	Measurement
Climate mitigation: making real estate portfolios more sustainable	Average Energy Intensity
Climate adaptation: making real estate portfolios resilient to changing climate	Climate adaptation action plans
Urban fit: provide (social) added value for our tenants through the properties	Tenant satisfaction

Operational excellence

Objective	Measurement
Efficiency: increase (cost) efficiency in execution work and collaboration	Various: such as employment satisfaction, INREV self assessment, tenant satisfaction
Client focus: attention to the wishes of the other person	
Transparency: provide insight into business operations	
Compliant/Integrity: act according to laws and regulations	
Innovation: always looking to innovate	

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. Here trends and developments are translated into impact on the investment strategy after which substantiated refinements to the policy are made. 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 the residential and retail funds we have formulated a medium-term (three-year) investment framework which has been approved by the Supervisory Board and the General Meeting of Shareholders of the relevant sector. The investment framework is part of the investment plan, which is updated annually.

Supervision

Altera Vastgoed N.V. holds a licence issued under the AIFMD (number 15001214) and is regulated by the Dutch 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 at the April General Meeting of Shareholders an updated version is presented. Prospective shareholders are to be provided with a copy of the Information Memorandum.

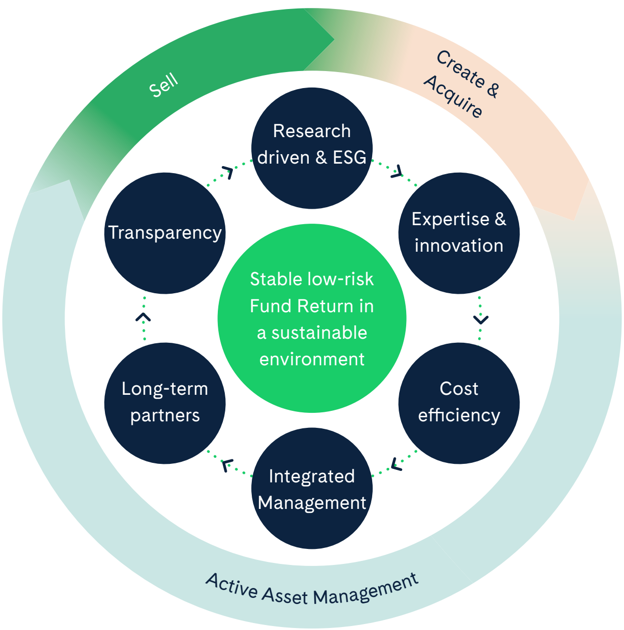
Value creation model

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

Our five capitals	Residential	Retail
1. Our investors		
Number of investors	38	28
Equity in € mn	2,300	658
2. Our tenants		
Number of tenants	6,176	527
Annual rental income in € mn	90	49
3. Our buildings		
Number of properties	110	41
Portfolio in operation in € mn	2,084	661
4. Our people		
Headcount Altera	54	
5. Our environment		
Climate mitigation	Paris Proof in 2040	
Climate adaption	Mitigate high risks	
Environmental Management System	ISO 14001	

Our business model



Our created value

Our created value	Residential	Retail
1. Fund return		
Direct and indirect return	-6.8%	3.1%
2. Tenant satisfaction		
Score based on tenant satisfaction survey	7.0	6.4
3. Quality score		
Portfolio score based on Altera's Quality Assessment Model	81	78
4. Employment satisfaction		
Score based on employment satisfaction survey	7.8	
5. Sustainable environment		
GHG emissions scope 1, 2, 3 (in kg/m²)	34	72
GPR score and BREEAM score	6.8	57%
GRESB score	95	95
UN PRI score "Policy Governance and Strategy", "Direct Real Estate" and "Confidence Building Measures"	5 stars, 5 stars and 5 stars	

Our impact (UN SDGs)

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Residential Retail

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 means to conduct 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 achieve 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 ambition for climate mitigation is to realise Paris Proof portfolios in 2040. To achieve this, assets are continuously renovated to improve their energy efficiency.

With respect to climate adaptation, Altera has developed climate adaptation action plans for assets with high net risks. Measures from the action plans are translated into the multi-year maintenance plans.

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

Our business model

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

Why?

Altera's goal is to generate a fund return that is equal to or better than the relevant market return and based on low risk characteristics in 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 assets. 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 the annual report and the 2023 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 2023, including the final dividend, was paid out on 15 January 2024. We endorse the proposal of the Management Board for a zero final dividend.

Dividend (amounts in €)	Distributed in 2023 in respect of 2023	2023 Q4 15 January 2024 including final dividend	Total for 2023
Residential	40,743,250	15,896,784	56,640,034
Retail	24,534,288	8,805,948	33,340,236
Total	65,277,538	24,702,732	89,980,270

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 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 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.

There were no changes in the composition of the Supervisory Board in 2023.

Given the size and structure of the company, the secretary of the Management Board also acts as the secretary of the Supervisory Board. This double position creates added value thanks to the secretary's knowledge of the issues at play in both bodies, the procedures to be followed and the planning of the decision-making. During the first months of 2023 this position was not yet filled and therefore these tasks were assumed by the chief executive officer Mr Jaap van der Bijl. Ms Van den Heuvel was appointed as corporate counsel with effect from May 2023.

Working method of the Supervisory Board

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 the latter in a positive yet critical manner. The financial and non-financial results are, of course, the subject of discussion in each meeting.

Most subjects in the meetings of the Supervisory Board were prepared in the form of memorandums, reports and investment plans of the Management Board.

Just like the years before, the number of meetings (14) was relatively high in 2023 (2022: 15; 2021: 16). This includes three technical sessions on the restructuring the company from a Dutch REIT (FBI) to funds for joint account (FGR). In 2022 there were specific sessions on the topic of the introduction of the advisory committee per sector fund, which started on 8 February 2023.

In 2023, as in previous years, the Supervisory Board concluded that the documents prepared by the Management Board provide a sound basis for the Supervisory Board to perform its duties.

Attendance and topics for 2023

During the year under review, the Supervisory Board met a total of seven times with the Management Board, in line with the pre-arranged schedule. In addition, a further seven meetings were held. The attendance at these meetings was 100%. The number of Supervisory Board meetings is high due to the absence of committees. In 2023 detailed attention was paid to:

Shareholders
- Results from the Client Satisfaction Survey.
- Feedback via the Management Board on the discussions with the Advisory Committees.
- Impact of the restructuring on the tax position of non-domestic shareholders.
- 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
- A separate meeting was held in July 2023 to discuss the long-term trends and their impact on Altera's business model.
- Early-stage discussions on the main items to be analysed in the Market & Trend Monitors, Investment Policy Plans and the Business Plan.
- Update of the Digital Strategy and progress made in recent years.
- Reviewing the plans and quarterly reports, including forecasts and variances relative to budget.
- Relative performance of the sector funds.

Sustainability
- Sustainability strategy and roadmap.
- Sustainability and the consequences of SFDR for risks and asset management.
- Required capex for the Road to Paris.
- GRESB results of the Altera funds.

Portfolio and Asset management
- Discussions on the hurdle rate methodology.
- Approval of the investment proposal for the convenience centre in Amsterdam Nieuw Sloten.
- Approval of the investment proposal for the unsecured pipeline project De Pionier in Amsterdam.
- Progress in acquisitions of residential and retail properties.
- Progress in existing pipeline projects.
- Tenant satisfaction surveys.
- Impact of legal procedures on the rent indexation of residential homes on Altera's results.
- Progress in new regulation for the mid-rent segment on Altera's portfolio.

Governance and Risk
- Update of Management Board Regulations and Supervisory Board Regulations.
- Evaluating risk management (including the risk of fraud), compliance, control and IT.
- Technical sessions on the restructuring and the role of the Supervisory Board in the new structure.
- Cyber security and the results of the penetration tests.
- Market developments and related risk profiles.
- Audit plan of the external auditor.

Human resources and Organisation
- HR Policy Plan.
- Progress in the recruitment of new staff and onboarding.
- New provider for benchmarking the remuneration of the Management Board and updating the Remuneration Policy.
- Leadership of the Management Board and the process to empower senior management.
- Results of Employee Satisfaction Survey.
- Target-setting for the Management Board.

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 Management 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. An external party supported the Supervisory Board in the evaluation of its functioning, including the collaboration with the Management Board. This resulted in a number of advices to enhance the effectiveness of the meetings. More time should be reserved for strategic topics and less time spent during meetings on the past (except lessons learned), the Supervisory Board should have space to fulfil its various roles, "smart" trust and constructive questioning could increase the effectiveness of the meetings and the agenda for the meetings should be revised for a more balanced meeting. Communication and manners inside and outside meetings have also been discussed. Both the Supervisory Board and the Management Board will take the discussed improvements into consideration.

The main topics of the regular meetings are briefly outlined below.

Investment Plans and Business Plan

As in 2022, the discussions on the Investment Plans with the investors started in 2023 at an early stage on the basis of draft plans and sharing knowledge of the impact of new rent regulation, ESG implications, etc. In July 2023 an open strategy meeting (“awayday”) was held by the Management Board and the Supervisory Board to discuss long-term trends and the their impact on Altera’s business model, including the sustainable long-term value creation. The balance between social, environmental and economic aspects is covered in the ESG paragraphs in this Annual Report. The final Investment Plans, the ESG Plans and the Business Plan were presented at the Annual General Meeting of Shareholders of 5 December 2023.

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, the impact of the increase in real estate transfer tax on the performance and the issue of the legal procedures on rent indexation of residential homes. 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 2023 was below budget as set in December 2022, due to large rises in interest rates in the first half of 2023, resulting in valuations with depreciations. In the case of Retail, the performance in 2023 was above budget due to higher income return (rent indexation) and a better capital growth (higher market rents).
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 2023 as the workforce increased in order to fulfil all requirements in fields such as ESG, digitalisation and asset management in growing portfolios. But the actual costs still ended below budget as set in December 2022.

Relationship with shareholders

The open discussions with our shareholders in the general meetings and, moreover, in the individual meetings were of great help in gaining insight into their preferences and wishes. The positive results of the Client Satisfaction Survey were presented at the General Meeting of Shareholders on 12 April 2023.

Portfolio changes

The Supervisory Board is regularly informed about progress in acquisitions and the pipeline of residential units and progress in the investments and divestments in the Residential and Retail fund. The possibilities for investing were not widespread in 2023. Due to changing market conditions the inflow of new (unsecured) pipeline was limited to one project in Amsterdam consisting of 225 apartments. The Advisory Committee of Altera Residential fund had provided a positive advice to the Management Board on this proposal, which the Supervisory Board took into consideration for its own decision-making, i.e. the approval in July 2023. The initial letting of 464 apartments in six projects which were transferred from pipeline to property in operation was very successful and they are all fully let.

The investment decision for the acquisition of the Amsterdam Nieuw Sloten convenience centre was approved by the Supervisory Board in August 2023, taking into consideration the positive advice of the Advisory Committee of Altera Retail fund to the Management Board.

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 report was published in February 2024 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 13 March 2024, the full Supervisory Board discussed the risk and compliance management and the findings of the external auditor with the CFO, the head of control, the manager reporting, the compliance officer, the risk 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 the restructuring on risk and reporting. Cyber security and the results of penetration tests were discussed, including measures for further mitigating cyber risks. A separate meeting was held in February 2024 with a Deloitte specialist on fraud risk. The audit plan was discussed with the external auditor. 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 first year with the Advisory Committees in place worked well and had a positive influence on the decision-making process. The Supervisory Board is positive about the thorough preparations for the restructuring and has confidence in a good, solid decision process in the first half of 2024. A positive outcome of shareholder decision-making regarding the restructuring will allow the organisation to fully turn its attention to the practical implementation of the restructuring.

Looking back on 2023, the Supervisory Board has been able to establish that the Management Board achieved the targets set for 2023 in the Investment and Business Plans and the performance criteria for the Management Board (as described in the Remuneration Report).

As in 2022, shareholder meetings were held on a hybrid basis, with most investors preferring personally attending.

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 many topics, especially the restructuring and ESG. The Board wish them well in the developments ahead.

Amstelveen, 27 March 2024

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 on 29 April 2022

Maria Molenaar has more than 30 years' management experience in different sectors: social housing, cure and care sector, agricultural sector and consultancy. Her last position (2011-2021) was CEO of Woonstad Rotterdam. Prior to that she was a board member of Rijnland Zorggroep and CEO of the listed company Kühne & Heitz. Before that she worked as manager business development at Cosun, senior consultant at A.T. Kearney and Adstrat. Since 2007, Ms Molenaar has held supervisory and board positions in both private companies and public foundations, including in the public health sector, heating, real estate, agriculture and the food sector.

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

Roelie van Wijk can boast a long career in the financial world. She was CEO at TKP Investments for almost 12 years and held management positions at Aegon, SNS Asset Management, Philips Pension Fund and PGGM, among others. Van Wijk was also chair of the board of the Dutch Fund and Asset Management Association (DUFAS). She currently holds supervisory and non-executive board positions with an emphasis on social themes, such as in the cultural sector and in the field of public housing, international pensions and legal protection.

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

Heino Vink founded Everglow Real Estate, a specialist in real estate asset management and development, in 2018. Since 2019, he has been a shareholder and managing partner of SB Real Estate BV (joint venture with HAL Investments), a specialist in transforming shopping centres by means of residential development. Prior to that, he was employed at Multi Corporation (and other Multi companies) in different functions including COO and CEO and at NBM Amstelland and AM. Heino Vink started his professional career in 1999.

Supervisory Board Remuneration Report

Remuneration

Under article 18 of the company's articles of association, the remuneration policy 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.

According to the remuneration policy a benchmark is used to compare the remuneration of the board members with similar companies in the market. This year we changed the benchmark method because the one used before was no longer available (with 80-100% of the median level remuneration of a group consisting of five peers). This new method is provided by a worldwide operating specialist in the field, which also provides the data for the Altera organisation.

For the Management Board the roles of the three members are weighted with similar roles in three groups: general market, real estate market in the Netherlands and a more specific real estate reference group. The remuneration for the board members is set at median level to the 75% percentile of the real estate group, at the discretion of the Supervisory Board. This was presented in the General Meeting of Shareholders of 12 April 2023. The variable payment remained unchanged and is set at a maximum of 10% if all criteria have been met ("at target") or a maximum of 20% at "above target" level for all criteria. For the CEO and CIO the targets are based 50% 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 based 30% 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 €128,810 (limit for 2023). 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 amounts to €36,000 and for the other two members €30,000.

Management Board Report

Report of the Management Board

2023 was the year of rising interest rates

When the property tax increased on 1 January 2023, a depreciation of 2.4% on real estate was the immediate impact. During the first three quarters of 2023 the 10-year interest on Dutch government bonds increased from 2.50% in January to 3.04% in September. This was followed by a rapid decrease in December to 2.42%. The ECB has increased the base interest rate several times since December 2022.

Date	Base rate
14 September 2023	4.50%
27 July 2023	4.25%
15 June 2023	4.00%
4 May 2023	3.75%
16 March 2023	3.50%
2 February 2023	3.00%
15 December 2022	2.50%

These rising interest rates resulted in higher initial yields for our assets. This could be partly offset by indexing rental contracts, but on residential assets the rent increase was capped by the government at 4.1%. Mortgage rates also rose rapidly and as a consequence house prices fell. This impact could be partly offset by wage increases due to high inflation.

The net effect was negative for real estate, especially in the first half of 2023. In the fourth quarter the market improved slightly, as interest rates were falling.

Economy in 2023

Looking back to 2023, it is positive to see that the 10-year interest rate ended at the year-end 2022 level. But as this happened at the end of the year, for most of the year the economy suffered from higher interest rates. The geopolitical turbulence in the world and the paradigm shift in relation to China had a negative influence on world trade and also on the Dutch economy. Recession became inevitable. Wage increases in 2023 helped consumer spending in times of high inflation. But the scarcity on the labour and housing markets remained high.

Economy of 2023	Year-end 2023	Year-end 2022	Effect on property
Annual growth of Gross Domestic Product	0.1%	4.5%	+
Inflation (yearly average)	3.8%	10.0%	+
10-year spot interest on Dutch government bonds	2.42%	2.43%	-
Consumer confidence	-29	-52	+
Employment growth in number of jobs x 1,000	173	437	+

- After a record high average of 10.0% in 2022, inflation fell to an average of 3.8% in 2023. High energy costs were partly responsible for the high inflation. Inflation is expected to fall further in 2024.
- The economy grew by 0.1% in 2023. This is sharply lower than in 2022, when growth caught up strongly after the COVID-19 pandemic. Growth is expected to be slightly higher in the coming years.
- The main causes of the cooling of the economy are the decline in world trade and the ECB's monetary policy. That policy is necessary to combat high inflation.
- The ECB's policy is to pursue price stability, which includes a 2% inflation rate. Inflation has been much higher than the 2% target since 2022, so the ECB is slowing demand by raising interest rates. That makes money "more expensive", cooling the economy and dampening inflation.
- The ECB gradually raised interest rates from 2% at the beginning of 2023 to 4% at the end of the year.

- Unemployment remained low at 3.6% in 2023, but is expected to rise slightly in 2024. Wages rose sharply as a result of high inflation.
- Wage growth failed to keep up with high inflation and combined with high energy costs, as a result purchasing power came under pressure.
- Purchasing power will improve next year, in part due to continued wage increases. This is positive for consumption.
- Consumer confidence has begun to recover and shows a slight increase since September, ending December 2023 at -29.

Government measures and regulation

- **General:** After the collapse of the Rutte IV cabinet a new parliamentary election was held on 22 November 2023. This led to a big shift in representation for many political parties. A new cabinet is still being formed.
- **Regulations:** For new Dutch regulations we have to wait until new plans are presented. As the former cabinet approved several plans some major changes still have to be implemented or approved by parliament.
  - In December 2023 the Senate finally approved to abolition of the Dutch fiscal investment institution regime as of 1 January 2025. As a consequence, many investment funds (including Altera) have to restructure into tax-transparent vehicles.
  - In 2023 the new pension plan was approved, which will have a large impact on many pension schemes and therefore on our pension fund investors.
- **Residential:** The Minister of Housing announced regulation of rental housing in the mid-segment which will probably come into force in 2024. See also the next paragraph.
- **EU:** From Brussels some new regulations will come into force, such as DORA (Digital Operational Resilience Act) for IT security and CSRD (Corporate Sustainability Reporting Directive) for ESG reporting. Altera is exempt from the CSRD directive, being subject to SFDR reporting standards.

Residential market

Residential market development

- The 2022 dip in price development in the Dutch housing market seems to be temporarily. On an annual base, development in 2023 was positive.
- The transaction volume in the Dutch residential investment market reached €3.8 billion in 2023. This represents a decrease of 51% compared to 2022. This decline is partly due to increased interest rates combined with increased construction costs and uncertainty regarding regulation.

Population growth and housing production trends

- After the largest population growth in this century in 2022, 2023 again saw relatively high growth. The population growth was caused entirely by a positive migration balance.
- Again the construction market did not succeed in achieving substantially higher production. Instead of the intended 100,000 new homes each year, in 2023 only 74,500 new houses were built, somewhat less than in 2022.
- For 2024 the economic institute for the construction industry (EIB) expects a number of around 66,000 and for the subsequent period, 2025-2027, they expect a number of around 69,000 annually. This is far behind the annual addition of 100,000 new homes needed to eventually solve the problem of housing shortage.

Rent dynamics and regulatory impact

- 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 whereby rent growth can be based on CPI (year before) +1%. Transaction rents show a larger rise of around 9%.
- Incomes grew at a higher rate than rents, so the affordability of deregulated rental homes has more or less improved continuously in the last eight years. However, entering the housing market might be quite difficult, because transaction prices rose quickly. From 1 May 2021 to 1 May 2024 the maximum annual rent increase (as at 1 July) is capped at the rate of nationwide inflation (of the year before) +1% in both the regulated and deregulated segment.
- In 2022, however, this rule was adapted for the deregulated segment in 2023, because of the high inflation of 10% in 2022, to the lowest of the average wage development or inflation in 2022 +1% (total max. 4.1% in 2023 and 5.5% in 2024).
- It is proposed to extend this rule to 1 May 2027, but adjusted so it is based on the wage development +1%.
- The new semi-regulated mid-rental segment as formulated in the Affordable Rent Act was supposed to be in effect from January 2024. However, after the fall of the cabinet in July 2023, the act was postponed until 1 July 2024. This act will extend the rules of the WWS (quality level indictor) system from 136 points (€808) to 186 points (€1,123, price level 2023).
- Instead of stimulating the construction of more houses, the proposed regulations might have the opposite result.

Economic figures of the NL residential property market	2023	2022	Effect
Population (31/12)	17,947,000	17,815,000	+0.8%
Number of households (31/12, 2023P)	8,295,000	8,213,000	+1.0%
Number of completed homes	73,333	74,560	-1.6%
Growth in housing stock (Statistics Netherlands)	78,751	79,649	-1.1%
Annual rise of average sale price per home (Statistics Netherlands)	1.6%	2.7%	-11% pt
Mortgage interest rate (interest on new contracts November, DNB)	4.3%	3.5%	+0.8% pt
Income growth (CLA wages, special remuneration elements December, Statistics Netherlands)	+6.9%	+3.7%	+3.2% pt
Average purchase price per m² (NVM)	€4,021	€3,786	+6.2%
Average transaction rent per m² (non-regulated, Pararius)	€16.5	€14.3	+15%

Altera Residential achievements

For Altera Residential the long period with high appreciations came to an end in mid-2022 due to rising interest rates up to the third quarter of 2023. Scarcity in the housing market has become more fierce and vacant values are on the rise again.

Returns

- The fund total return of Altera Residential decreased to -6.8%, compared to +0.9% in 2022.
- The sharp increase in interest in the first three quarters impacted the yields (-6.7%) applied by external appraisers and created a negative impact on the vacant value (-2.1%). The total depreciation amounted to -9.1%. The increase in transfer tax by 2.4% also impacted the yields.
- The rental indexation generally takes place on 1 July. The new rent regulation limited the indexation to the development of wages in 2022 (3.1%) plus 1%. Altera increased rents by an average of 4.0%.
- Tenant satisfaction remained on a level of 7.0, which is above the benchmark of 6.7.

Portfolio

- The number of units in the portfolio in operation increased from 5,762 to 6,176 homes.
- Six new properties with 464 units have come in operation. The initial letting was successful (fully let).
- The occupancy level remained at a high level of 99%.
- We divested two assets in Valkenswaard (49 single-family homes, constructed in the 1980-1989 decade) and one single-home in The Hague.
- One project in Amsterdam in the mid-rent segment consisting of 225 units was added to the (unsecured) construction pipeline. Construction may start in 2025, but if the project appears not to be feasible for parties involved, the developer has to buy back the land.
- The current secured pipeline consists of 738 units. In the upcoming years these units - upon completion - will be added to the portfolio in operation, of which 413 are planned for 2024. The portfolio will reach the threshold of 7,000 units in the upcoming years.
- Altera Residential received redemption requests from some investors as they were required to rebalance their multi-asset investment portfolio. We were able to facilitate these requests in 2023 and to provide €104.8 million liquidity.
- In addition, we were able to issue new capital for Altera Residential for an amount of €235.2 million. New commitments amounting to €95.4 million were received in 2023.
- With these commitments we are confident of realising development of the portfolio in the coming years.
- There is uncertainty whether the standard indexation clauses in residential rental contracts are in line with EU Directive 93/13. More clarification is expected from the Supreme Court, as it will respond to a list of questions brought forward to the court.

Retail market

- Consumer confidence has begun to recover and shows a slight increase since September, ending December at -29. Consumer confidence is still far below the 20-year average (10).
- Despite the low level of consumer confidence, retail turnover increased. On average, retail turnover increased by 5.6% in 2023 compared to 2022.
- Sales growth last year was due to higher prices, as sales volume declined -2.4%. The decline in volume is related to relatively low consumer confidence.
- All sectors show increases in sales, with the exception of supermarkets' online sales. In early 2022, the highest level of 5.6% was reached. Since then, online supermarket sales have also been showing a decline, reaching a 4.6% share by 2023 (source: Supermarkt & Ruimte, 2023).
- A relatively sharp increase in average contract rents is visible in 2023. This is due to the fact that contract rents for retail are indexed on the basis of inflation.
- Relatively strong increase in number of bankruptcies, rising from 193 in 2022 to 337 in 2023. The occupancy rate, however, still show only a small decline, falling to 93.8% (-0.2%).

Economic figures of the NL retail property market	2023	2022	Effect
Retail floor area	29,714,000	30,038,000	-1.1%
Sales outlets	209,000	212,000	-1.2%
Occupancy rate	93.8%	94.0%	-0.2% pt
Largest retail chains	1. Albert Heijn	1. Kruidvat	2 switches
(top 5 in total number of outlets)	2. Kruidvat	2. Albert Heijn	
	3. Jumbo	3. Jumbo	
	4. Gall & Gall	4. Gall & Gall	
	5. HEMA	5. HEMA	
Number of liquidations	337	193	+144
Retail spending (in € billion)	153.8	146.6	+5.6%
Food	67.5	63.7	+7.7%
Non-food	61.5	59.4	+3.5%
Online	24.9	23.5	+6.0%

Altera Retail achievements

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

Returns

- The fund total return of Altera Retail decreased from 9.0% in 2022 to 3.1% in 2023 due to a depreciation of the portfolio of -2.1%. The impact of the increase in transfer tax by 2.4% could not be offset by higher market rent (+1.9%). 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 was able to apply the contractual indexation of the rent, mostly the CPI in retail businesses with a large increase in turnover and repricing their offering, as in the case of supermarkets. In effect, the contract rents increased by 8.4%.

Portfolio

- In 2023 a convenience centre in Amsterdam and a supermarket in Eindhoven were added to the portfolio for a total amount of €32.7 million.
- In 2022 we divested a comparison shopping centre, including adjacent parking facilities, in Zoetermeer in our 50% participation. In October 2023 we liquidated this entity.
- We have also been able to add and enhance an additional supermarkets (Aldi) to our convenience shopping centre in Zwolle in 2023.
- The share of the convenience segment increased from 88% to 89% in 2023, resulting in a further improvement of the risk return profile.
- Altera Retail received requests from investors to facilitate liquidity for an amount of €49.4 million, of which €25.2 million was already effected in 2023 and the remaining €24.2 million in the first quarter of 2024.
- In addition, we were able to issue new capital for Altera Retail for an amount of €38.3 million. New commitments amounting to €3.4 million were received in 2023.
- With these commitments, we are confident of realising development of the portfolio in the coming years, especially when the supply of property increases.

Altera ESG achievements

For years we have been focusing on and progressing ESG, as we believe ESG mitigates risks and creates value for investors, tenants and society. 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 as well as high ratings, such as GRESB and UN PRI.

- **Paris Proof:** Substantial progress has been made in defining the roadmap to Paris. Steps were taken - in cooperation with third parties - to deploy and implement Paris Proof investments. In 2023, 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 for heat stress and extreme weather events (pluvial flooding). In 2023 we developed climate adaptation action plans for assets with high net risks. These action plans provide guidance and suggestions on measures that can be implemented to reduce the net climate risks. Aligned with the requirements from the EU Taxonomy, measures to reduce climate risks will be taken in the upcoming five years.

Excellent results in ESG benchmarks

We are focused on better ESG results, especially with respect to performance. 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 five-star rating for the fifth consecutive year.
  - Altera Residential reached - for the fourth consecutive year - the status of GRESB Real Estate Global Sector Leader (95 points in 2023 and 94 points in 2022).
  - Altera Retail reached the first position in the Netherlands and obtained the Global Sector Leader status (95 points in 2023 and 2022).
- **Green finance:** In 2022, we included five ESG KPIs when we amended the revolving credit facility of €60 million with ING Bank. This led for 2023 to a positive impact on the margin to be paid for 2023.
- **ISO 14001 EMS:** In 2018 we implemented an ISO 14001-certified Environmental Management System (EMS). The certification has been renewed annually since then. In May 2023, as a result of a successful audit, a renewed certificate was awarded to Altera.

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

Platform

Main items in 2023

- We are proud that the employee satisfaction survey at the end of 2023 resulted in an average score of 7.8 and a net promotor score (NPS) of 21%; strong results, even if they have decreased compared to the year before (8.0 resp. 38%). Sessions are planned to improve the level of satisfaction. Altera retained the acknowledgment of Global World Class Workplace for a consecutive third year.
- A Market Reputation Survey among business partners was conducted in 2023 with a high score of 9.4 on qualitative items and 8.7 on quantitative items.
- Altera recruited seven new staff members (including six replacements and one new ESG position) during 2023 in order to be well positioned for all goals and challenges in 2023 and coming years. Five staff members left Altera in 2023. At the end of 2023 the headcount was 54 (51 FTE).
- In 2023 the digital strategy of 2020 was updated, including a view on the envisaged IT systems. In 2023 the implementation started of the Scaler ESG-specific tool began.
- The shareholders dashboard based on this data warehouse is of great value for our investors.
- A lot of progress has been made in gaining insight into the impact in financial and ESG terms of the planned investments required for the Paris Proof target in 2040.

Investors

- At the beginning of 2023 the results of the externally conducted investor satisfaction survey were received.
- It provided us with useful feedback and a better understanding of the requirements of our clients. Altera's scores were well above the financial services benchmark average.
- 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 was implemented and several meetings were held in 2023 on topics such as investment proposals, the restructuring, Market and Trend Monitors and Investment Plans.
- The composition of the shareholder base is as follows:

Ranking	Residential	Retail	Total NV: Residential & Retail combined
Top 1	16.0%	18.5%	14.4%
Top 5	47.1%	54.3%	42.7%
Top 10	66.1%	76.3%	60.7%

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

Digitalisation 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. Another aim is to minimise cyber risk.

- In 2023 further progress was made with the preparation of information products based on our data warehouse, enabling us to bring together data from many internal and external sources. The investors have given their positive feedback on the shareholders' dashboard, which is refreshed every quarter with performance and property data.
- Altera's private cloud-based IT infrastructure performed without any breakdowns in 2023.
- Mandatory periodic awareness training sessions are part of Altera's control framework.
- In 2023 many efforts were made to prepare new IT tools, such as Scaler for ESG data, Planon for property data and a CRM tool. These tools will come into operation in the first half of 2024.
- As in previous years, several RPAs (robotic process automation) have been implemented (or improved) in administrative processes and AML monitoring.
- Altera has many initiatives to limit cyber risk, for instance the annual penetration test and a Cyber Security Review. The resulting recommendations for these activities are planned for implementation in order to improve resilience. Mandatory periodic awareness training sessions are part of Altera's control framework.
- In case of cyber-attack, an Incident Management Response Plan is being implemented.

HR

- During 2023 several meetings were held with an external adviser to further empower the team managers and to improve the cooperation between members of the Management Board, Management Team and staff.
- The policy regarding Diversity, Equity & Inclusion (DE&I) was also developed. This policy describes our vision, goals, strategies on this topic and was partly based on internal workshops held in 2022.
- In the fourth quarter of 2023 'Young Professionals Altera' held their first meeting. This group of talented young employees will consider challenges in the areas of innovative solutions, digitalisation, AI and communication.
- The planning cycle has been improved by applying a standard format.

Risk and compliance

- The Compliance Officer developed and/or expanded the compliance activities such as AML, transaction monitoring, privacy, the compliance control programme and compliance awareness among employees.
- The Compliance & Internal Control Manual was drawn up in 2023 describing the applicable rules and regulations Altera has to comply with. The Procedure Manual (description of the main business processes) and the Risk and Compliance frameworks were updated.
- All main compliance policies (such as the risk management policy, compliance policy, code of conduct, AML policy, remuneration policy, whistleblower policy etc) were updated in 2023.
- In 2023 Altera completed the AFM questionnaire on the Anti-Money Laundering (AML) and Anti-Terrorist Financing Act and an internal AML awareness training was given for the Management Board and Management Team in cooperation with an external compliance adviser.
- A number of risk assessments were conducted in 2023 (fraud, ESG and soft controls). No high net risks were identified in these assessments.

Research

- For the Research department, the theme of 'improvement' was set as a central goal in 2023, with critical assessment of all work and processes. To this end, all team members took a course in 'critical thinking'. This has led to more efficient collaboration with the other departments, mainly through early sharing of schedules, advance notice of expectations and better monitoring of progress. But several products manufactured by the Research department have also been subjected to critical evaluation.
- The Research department plays an important part in preparing the annual Market & Trend monitor and Investment plan. The format of the Market & Trend Monitor has been completely revised, with good readability as the main objective. The most important trends and developments have been summarised in a more focused way and provided with interactive substantiation, which can be consulted whenever the need arises. In this way, every reader can find the depth in the Market & Trend Monitor that is desired. The Investment Plan has also been provided with a more focused structure, paying more attention to financial parameters that underpin forecasts for future years.
- To determine the hurdle rate, which determines the price of potential acquisitions, the Research department prepares substantiated advice on a quarterly basis. The methodology has been thoroughly reassessed by a working group which evaluated all process steps. Although the methodology has hardly been adjusted, the recalibration has led to various partial studies and thus to an increased understanding of the methodology.

- In the assessment of property valuations, where the Research department plays an important role, optimisations have been made in the way analyses are prepared. The process has been largely digitised, so that analysis can take place more efficiently. A start was also made on gaining insight into how sustainability can be better incorporated into property valuations. In order to stimulate sustainability in real estate, it is essential that this be properly incorporated in the real estate valuations. There is still much to be done in this area and Altera aspires to play a pioneering role. For this reason, this item will also be high on the agenda in 2024.
- The Research Department has also made an effort to share knowledge. The department mentored a working student in a research project on building with wood, which resulted in a white paper distributed to colleagues. The findings were also shared with the sustainability working groups in which Altera participates. 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 "Mooiste nieuwe supermarkt van Nederland" in the role of chairman. The jury annually determines which new supermarket in the Netherlands can be voted the most beautiful new supermarket based on various criteria.

In conclusion

The 2023 reporting year was the year in which interest rates rose rapidly but also stabilised at the end of the year. It was therefore a year of transition. The fund returns were no longer at the level of the preceding years, but from 2024 onwards new opportunities will arise in a new equilibrium.

After the increase in staff during 2022 (and the recruitment of the remaining positions in the first half of 2023), the organisation gained quality and a better workload. And we redefined the internal processes in terms of responsibility between staff, Management Team and Management Board.

We express our thanks and gratitude to all 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 develop themselves efficiently as part of professional teams.

We were able to close 2023 as a year in which many targets were realised and steps were taken to again achieve results in financial performance, ESG and data science for 2024 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.

How can we truly embed ESG requirements into real estate valuations

Meet Sander Scheurwater, Head of Strategic Planning and Reporting and Gina Ding, Senior Public Affairs Officer, both from RICS. They sat down with Jaap van der Bijl, CEO of Altera to discuss the recent RICS publication 'The future of real estate valuations: the impact of ESG', including the RICS's 'ESG data list for real estate valuations'. Sander Scheurwater kicks off by sharing an update on what's high on the RICS agenda.

Sander Scheurwater: "Next to what we do for our members and ensuring their professionalism, we focus on three overarching thought-leadership topics, i.e. ESG and sustainability, diversity and inclusion and data and tech. We produce content in these areas, like the 'ESG data list for real estate valuations' that we published early February and we also try to influence decision makers and governments, not in a traditional way, but from a public advantage viewpoint. For example, we were one of the official observers at COP28 and we also attended the Global Forum on Buildings and Climate, a COP28 follow-up for buildings which took place on 7 and 8 March in Paris, focusing on the decarbonisation of the built environment." (see box on page 32).

How does Altera as a professional investor look at RICS?

Jaap van der Bijl: "What we like is its high standards – its professionalism, integrity and transparency, because we want to work with professional chartered surveyors that we can rely on. What we also like is to open up those topics as we have been doing since the start of our cooperation. These are a focal point for us that we have embedded in our investment strategy. In our cooperation, we believe there is value to be created and impact to be shared bij bridging both the professions of surveyors and investors."

Over the years, real estate valuation has become much of a holistic process which involves the entire real estate life cycle. How has this impacted valuation over time?

Gina Ding: "When you talk about the valuation of an asset, you're not just looking at it just from a brick and mortar perspective, but you're also increasingly looking from the financial and legislation perspective, having to consider the non-financial reporting requirements. This of course, leads us to the ESG aspect and to the RICS ESG Leaders' Forum that has worked on an ESG and valuation data list, containing core indicators that valuers can discuss with their financial clients and take up in their terms of reference and valuation report. So the purpose of this RICS survey is to bring all the different actors in the supply chain of the built environment together and to have that robust discussion on what is actually needed and to have that alignment, because in reality, what is requested by one side is already being requested by legislation and what is dictated by market standards as well. So it is increasingly much more a holistic process."

Jaap van der Bijl: "It is an effort to see the ROI from ESG. I consider ESG to be an arena with all kinds of different actors trying to assess this alignment. As an actor in that arena I tend to look ahead knowing that I need to act now to mitigate tomorrow's risks that can emerge from regulation, or intrinsic real estate risks such as tenants' preferences or "gross to net". As actors in that arena, do we see the risks, do we have the capabilities, do we have the methodologies in place, are these unified and do we understand the fuzziness of data? So bringing the actors together is a very important element here."

Real estate portfolios are facing increasing volatility. What are the main challenges for today's valuation for professionals and investors?

Jaap van der Bijl: "What we see among our investors is that there is a genuine interest and belief that responsible investments are key. As Altera, we act as intermediaries between investors and the marketplace and the stakeholder community in which we operate, including our two principal stakeholders, our capital providers and our tenants, next to our business partners such as RICS. As ESG is expanding, we need to take affordability and reducing the cost of living of tenants into account, so the challenge is: can I align those interests and manage our own operations, also from our business partners' perspective? And as for volatility driven by data, the challenge is, can I access data beyond the gate of GDPR to measure "real" data while bridging simplicity and complexity?"

Gina Ding: "Another challenge is the knowledge aspect against the background of the rapidly changing legislation both on a European and national level. Professionals across the built environment have to understand what is actually required of them and then to translate this into their actual professional work. As an example, in the world of ESG, you break down each of those technical ESG indicators that are linked to carbon or energy performance. There are different rules from the EU and from national levels, whereas you're talking about different asset classes as well. And then we also acknowledge the fact that there are differences within the market, with frontrunners on the one hand as we have them in France or the Netherlands, in part because of national legislation. The question is: what can we actually learn from the case studies or best practices from another country? So knowledge and expertise training is key and actually one of the biggest challenges and how do we equip and upskill carbon professionals for instance."

Gina Ding: "There's also this challenge of comparing, monitoring and reporting on EPCs (energy performance certificates) for example, which may differ among countries. And when you manage a large portfolio across different countries, how do you make sure that this is consistent in reporting?"

Jaap van der Bijl: "There's another element there. There are several data sets available when it comes to climate adaptation and mitigation of inundation, think of risk and heat stress data. These are all available on a grid basis. So data compilers may have looked at the map of the Netherlands or Germany from a high-over perspective and might say "this is the intended gross risk" which is not yet related to the asset itself. We might indeed have already installed measures to mitigate flooding risks, for instance. So looking at gross risks would be a misunderstanding, in terms of valuation and from an investor's perspective. So take a look at the mitigating measures, what is the net risk and how does this reflect the quality of the underlying asset and its attractiveness for investors? This is a journey that comes with ups and downs."

Sander Scheurwater: "For me, it comes back to data and education. As RICS, we are there to ensure that our members have a job tomorrow and having that job tomorrow is also in the public's advantage, these are perfectly aligned, certainly in the area of ESG."

Publication ESG data list for real estate valuations

A practical reference document on legislative, market-driven and future ESG requirements for valuers and financial clients in the EU. Written by Sander Scheurwater and Gina Ding (February 2024).

Website: www.rics.org

Buildings Breakthrough, launched at COP28

The Governments of France and Morocco, together with the UN Environment Programme (UNEP), launched the Buildings Breakthrough at COP28, with a view to making near-zero emissions and climate resilient buildings the new normal by 2030. The Buildings and Climate Forum, 7-8 March, Paris, followed the successful launch of the Buildings Breakthrough at COP28.

Website: www.ecologie.gouv.fr/forum-mondial-batiments-climat-english-version

About RICS

With a heritage of over 150 years, RICS sets the standard for over 130,000 members and candidates operating in the development and management of land, real estate, construction and infrastructure across more than 140 countries globally. 'Our trusted data and insight guides decision makers and governments helping to shape public policy, deliver positive societal change and provide a foundation for confident markets.'

Website: www.rics.org

About INREV

Jaap van der Bijl is CEO of Altera and active in the RICS Europe Leaders' Forum and Expert Group. He is also member of the Management Board (MB) of INREV – the European Association for Investors in Non-Listed Real Estate Vehicles – and chair of the INREV Fund Manager Advisory Council (FMAC). The MB and the FMAC meet regularly to discuss and address industry developments.

Website: www.inrev.org

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 the Management Board of INREV (2023-) • Member of INREV Fund Manager Advisory Council (2020-) and member of the INREV Operational Real Estate Committee (2023-)

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-)

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-)

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 99%.

Altera's self-assessment for 2023 is shown below:

Assesments	Level of compliance 2023	2022	Difference
Corporate Governance	100	96	+4
Fee & Expense Metrics	100	100	0
Liquidity	96	97	-1
INREV NAV	100	100	0
Reporting	98	99	-1
Sustainability	100	100	0
Property Valuation	100	100	0
Performance Measurement	100	-	-
Code of Tax Conduct	97	91	+6
Average	99	98	+1

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 172-179.

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 2023 (all sectors combined) is shown below:

TGER	versus gross asset value (INREV policies) 2023	2022	versus net asset value (INREV policies) 2023	2022	versus assets under management (Altera policies) 2023	2022
Management and fund costs (in € thousands)	12,595	10,960	12,595	10,960	12,595	10,960
Total global expense ratio (in basis points)	41.4	34.3	42.5	35.0	42.3	35.3

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 2019-2023	INREV TGER 2023	2022	INREV REER 2023	2022
Residential	0.364%	0.420%	0.345%	1.14%	0.89%
Retail	0.358%	0.396%	0.336%	1.60%	1.30%
Total for all sectors	0.363%	0.414%	0.343%	1.25%	0.97%

The INREV TGER inceased from 0.343% to 0.414% due to the depreciation of the portfolio in 2023 and a cost increase of 14.9%.

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 Management Fees and Terms Study by INREV (dating from 7 November 2023), the average management expenses of core property funds are 82 basis points of the gross asset value and 114 basis points of the net asset value. Altera is far below this level, at 41.4 basis points in the case of gross asset value in 2023 and 42.5 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 35 portfolios with a market value of €42.8 billion, for retail properties 23 portfolios with a value of €7.2 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.

How the real estate sector is rapidly transforming its business model

ULI's mission is "to shape the future of the built environment for transformative impact in communities worldwide" and its C Change programme has been at the forefront of addressing transition risk-adjusted valuation. Meet Lisette van Doorn, Chief Executive, Europe of the Urban Land Institute, who engaged in a high-level conversation with Altera's CEO Jaap van der Bijl about the necessity for change, the 12 identified transition risks and "the cost of doing" versus "the cost of doing nothing".

Last year, the Urban Land Institute (ULI) launched its Transition Risk Assessment (TRA) Guidelines as part of its C Change programme to help decarbonise the built environment across Europe (see box). The aim of the guidelines is to support the real estate sector in making transparent the impact of decarbonising buildings (costs and returns) on property valuations. The guidelines identify 12 transition risks which are of material impact to real estate assets now and in the future, including the cost of decarbonisation, energy costs and tenant voids.

Lisette van Doorn: "These guidelines are the vital underpinning that the industry needs to assess and build the business case for decarbonisation across our portfolios. This is not just about the capital expenditure but also about value preservation. We believe these guidelines will help build evidence to better understand the cost of doing nothing and the potential value impact of decarbonising, such as related to enhanced liquidity, lower volatility in occupancy, and new income streams."

As chief executive of ULI Europe, Lisette, what is your main priority these days?

Lisette van Doorn: "One of the agenda items is related to current tougher market circumstances: have interest rates reached their highest levels, how is the economic outlook? Members are keen to come together, share their observations and learn from each other. At the same time, the industry faces many structural challenges that drive also the ULI agenda, including the climate change and the social aspect of ESG, and to the questions: how do we as a real estate sector transform our business model? And what technology, innovation and skills does the sector need for that?

Specifically related to climate change, we set up a programme called C Change, focused on supporting the industry to accelerate progress by addressing systemic barriers and forging closer collaboration across the sector, building on the great work that many organisations are already doing. As part of this, we're focused on addressing the vast challenge of retrofitting with 85% of current buildings still expected to be there in 2050 and to reduce duplication and fragmented solutions going forward."

Intervention tool for mapping the barriers preventing progress on decarbonisation

Lisette van Doorn: "To provide the industry with an overview of the main barriers holding back progress on decarbonisation, we created an intervention tool mapping each of these barriers and the initiatives already taken to tackle these challenges.

In this tool you will find information about thirteen intervention points where people working in the real estate industry can actively apply pressure, target action, and interrupt business as usual, in order to drive transformation and to create industry-wide change. We encourage industry professionals and companies, to get involved in tackling the systemic barriers identified in the tool, such as incorporating transition risks into property valuations, carbon pricing and collaboration between occupiers and owners, to help accelerate progress."

Jaap van der Bijl says he is happy with the tool that ULI delivered and highlights some of the topics discussed including the urgency of decarbonisation, affordable housing and educating the next generation of real estate leaders – topics also discussed when Altera was involved in formulating its corporate mission some years ago. When scrolling through the list of interventions, he acknowledged that both ULI and Altera think along the same lines on these issues as mentioned in the C Change programme. "That's why I'm glad that there is this market player called ULI which keeps bringing those topics to the table and provides tools to help address those issues."

Lisette, can you zoom in on some of the issues tackled by the C Change programme?

Lisette van Doorn: "One of the most important ones is: how do we account for the transition risk in real estate valuation? How can integrating these risks into investment decision making speed up decarbonisation? So far, these risks have not been included, only as far as regulation goes, and that only relates to that Energy Performance Certificates (EPCs), which do not get us to carbon neutral buildings. As laid out in the Paris Agreement, we know where we need to get to by 2050, but regulation does not yet address this, so we needed to find another way to incorporate these risks into property valuations and that's why ULI launched the Transition Risk Assessment Guidelines. To help implementation of the Guidelines, we are now developing a smart tool, called Preserve, that will be available for all industry players to help assess the impact of transition risks on property valuations consistently."

"Be vocal since you need this widespread consensus"

Jaap van der Bijl: "Agreed – and to be able to achieve net zero, owners and managers need the entire value chain to contribute through skills, knowledge, resources, tools, and innovations and be vocal since you need this widespread consensus. Next to the importance of #1. 'Transition risk-adjusted valuation', #2. 'Tenant and landlord alignment' and #3. 'Co-ordinated real estate investment voice', number 4. 'Financing the retrofit challenge' is similarly important, expensive and requires new alternative financial solutions for the built environment. These need to blend public and private sector actions, including increased data collection, more extensive risk modelling in light of anticipated policy changes, and blended finance products to mobilize capital at scale.

On the whole, we at Altera believe that ESG needs to become a monetary asset, because currently it is poorly monetized. And there's also the "cost of doing" and "the cost of doing nothing". In the end, resisting change comes at a great cost. Companies which refuse to make the required ESG adjustments will suffer consequences for the environment and for their bottom line. The only way ahead is to embrace change, to decarbonize the built environment and focus on smart and sustainable buildings."

Going forward, what would be your action points for readers?

Lisette van Doorn: "We often use the phrase: 'don't let perfection get in the way of success or progress', and so my advice would be to get going, engage with others in the industry as there is no silver bullet and everybody is still learning. Good cooperation is essential because none of us can solve the challenges ahead of us alone. It is not about public versus private, or real estate developers versus investors. There is room for everyone. It's time to get started!

Also, use your common sense and don't get obsessed by the numbers in the spreadsheet, as real estate is not just a financial asset, it is also the environment in which we, human beings, work, live and thrive and focusing on this will ultimately drive long-term value."

About Lisette van Doorn

As chief executive of ULI Europe, van Doorn is responsible for the development of the Institute's activities across the region, including its renowned pan-European conferences and over 250 local meetings and events across 15 National Councils. She is also responsible for the ULI Charitable Trust, which raises money to advance ULI's mission and philanthropic activities across Europe. Van Doorn joined ULI from LIRE, her own consultancy business, which advises international institutional real estate investors and fund managers on strategy, organisational optimisation and portfolio structuring. Prior to this, van Doorn was country manager for CBRE Global Investors where she managed a €1.6 billion portfolio of assets in Italy and fund manager of two shopping centre funds (€1.3 billion) with assets in Spain, Portugal and Italy.

Website: netherlands.uli.org

About C Change

C Change is a ULI-led programme designed to mobilise the European real estate industry to decarbonise. It is a movement empowering everyone to work together for a sustainable future. It connects the brightest minds from across the value chain. It challenges barriers, shares expertise, and champions innovation to move swiftly to accelerate solutions that will transform the industry and protect the planet. C Change means real change. Visit the C Change Intervention tool to find information about 13 intervention points where people working in the real estate industry can actively apply pressure to create industry-wide change.

Website: www.europe-uli-cchange.org

ULI paper and survey

To clarify the importance of transformation, ULI launched a paper entitled "Breaking the value deadlock; enabling action on decarbonisation". This paper underlines that making the built environment carbon-neutral is not only about sustainability but can also have potential negative social impacts if looked at only on a building basis. To see the extent to which the sector includes transition risks in its investment decisions, ULI recently conducted a survey which showed that almost 90% already take this into account.

Website: www.europe-uli-cchange.org

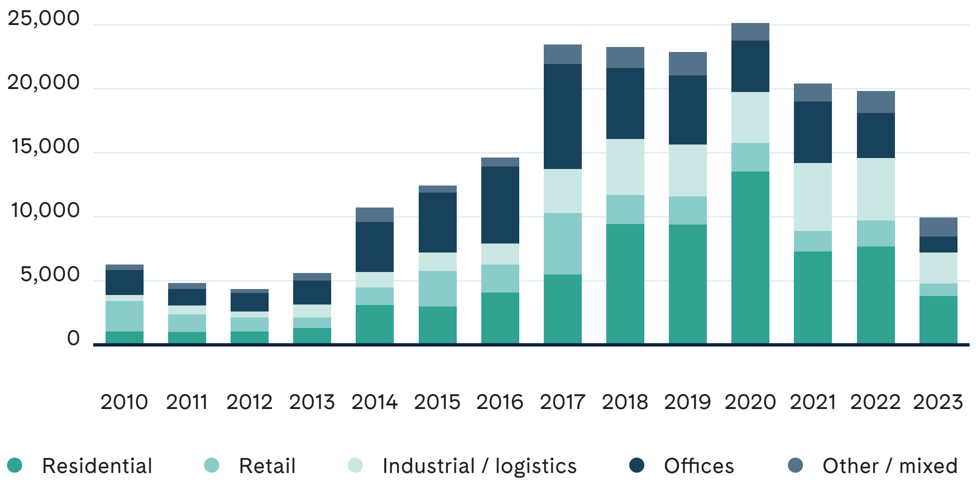
Trends and developments in the property market

The most important macro-economic theme in the year 2023 was the fight against inflation. Among other things, the raising of interest rates by the ECB allowed inflation to drop to 4.1% in 2023 after a record high of 11.6% in 2022. Lower energy prices also contributed to lower inflation in 2023.

With the increase in interest rates, the number of transactions in the real estate investment market fell sharply. Prices began to fall, but in a less transparent market like real estate, that takes time. That creates a mismatch between buyers and sellers as well as between borrowed money and equity. The volume of trade also decreased because fewer new buildings were completed and, as a result, there was less supply on the market than in previous years. There are of course differences between the various submarkets, but the decline in trading volumes is visible in all markets.

Development of investment volumes per sector in € million 2010-2023

(source: PropertyNL, various real estate agents)

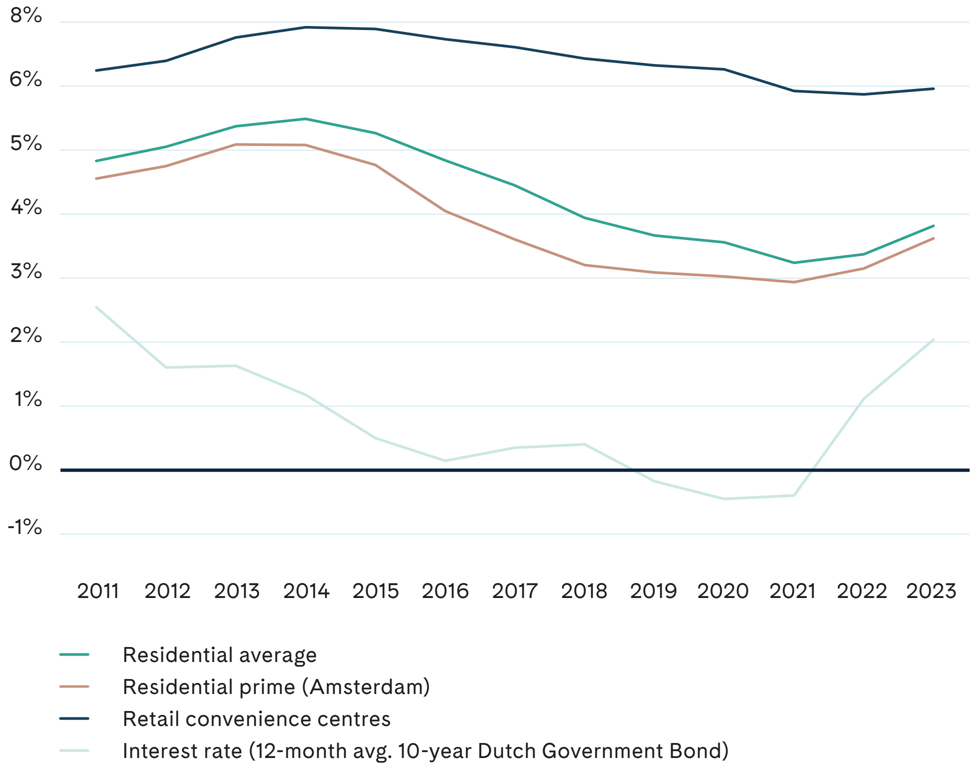


Rising inflation and interest rates had also a negative impact on the residential owner-occupier market in the first half of 2023, which, besides investor demand, is one of the main drivers of initial yield development. However, the rise in initial yields in the residential market is mainly caused by weakened investor demand and increased financing costs.

For retail convenience centres the initial yields increased slightly, much less than other segments in the Dutch real estate market. Investor demand for (good) convenience centres continues to be high and the occupier market also remains strong.

Development of initial yield compared to interest rate

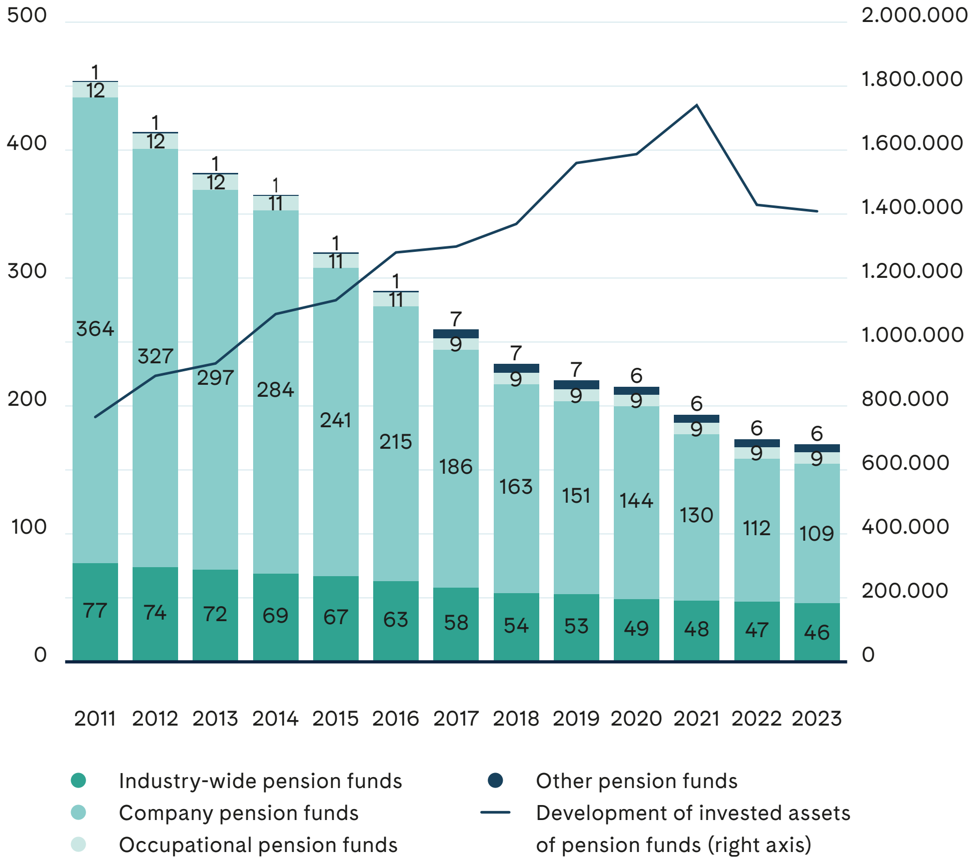
(sources: MSCI (Yield figures Q3); DNB (interest rate))



Again in 2023 there was a further drop in the number of pension funds, but the loss was smaller than the years before. The total amount of money invested in real estate by these funds declined slightly in 2023, due to depreciations, leading to a lower share of real estate, but still remained above 10% of the total investments of the pension funds.

Development of number of pension funds in the Netherlands

(source: DNB statistics, Q3 2023 figures)



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

Outlook

Residential

With the ongoing housing shortage and stability in rental flows, investor interest in residential investment continues, especially in affordable rental segments. Interest rates stabilised at the end of 2023 after a period of rises, which will stimulate investors' allocation to residential property. The rental market will stay strong, but government measures will limit rental growth. Political uncertainty complicates the recovery of the housing market in 2024, but tightening of initial yields can be expected due to high interest as well as stabilisation of interest rate development.

Retail

Purchasing power is under pressure from rising prices, but will gradually recover in 2024. Consumer confidence is historically low, but is slowly stabilising as prospects improve. As a result, volumes may start to increase again after declining for a long time. For many retailers, this puts pressure on margins and increases in bankruptcies may continue for a while in 2024. This is especially true for retailers in Comparison shopping areas. In Convenience retail areas, retailers show a more stable development, as they are less sensitive to cyclical fluctuations.

High inflation has led to significant indexation of current contracts. As a result, contractual rent is higher than market rent, making the market seem overlet. Inflation is currently declining, which means that indexation will be lower starting in 2024. This will restore a healthy balance between market rent and contractual rent.

The number of transactions on the investment market was exceptionally low in 2023, mainly due to increased interest rates. Now that interest rates are stabilising and prices appear to have bottomed out, the market is becoming more liquid again and the number of transactions will increase. More transactions are expected especially for high street locations and supermarket-driven retail properties, with the increased gap between core and non-core continuing. Recovery of initial yields can be expected as transactions increase.

ESG report

In this ESG report, Altera accounts for the ESG Strategies and their 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 Strategies are an integral part of our business strategy for the acquisition, management and disposal of real estate.

For 2024, a separate ESG Strategy has been formulated for the Residential and Retail fund. Specifying the strategy for each fund allows a more in-depth overview of the strategy and implementation according to fund-specific attributes.

This ESG report is structured as follows:

ESG Highlights 2023
Page 44-45

Rationale for ESG
Page 46

ESG Strategy
Page 47-60

- Pillar 1: Our Sustainable Real Estate
- Pillar 2: Alignment with the Interests of our Stakeholders
- Pillar 3: Our Responsible Management Platform

Sustainable Development Goals Impact Assessment
Page 60-61

Externally verified ESG KPIs
Page 62

Climate-Related Risks and Opportunities (TCFD section)
Page 63-65

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

't Groene Wold, Almere

ESG Highlights of Residential 2023

A-C labels
99%
2022 result: 99%

A labels
72%
2022 result: 70%

Paris-proof
2040

Average GPR score
6.8
2022 result: 6.7

EU Taxonomy Alignment
69%
2022 result: 0%

Impact on
UN SDG

GRESB rating
5-star
★ ★ ★ ★ ★

Altera Residential was awarded the **Global Sector Leader** recognition for the **4th consecutive year** and obtained a **five-star rating**

Solar panels installed
17,866
Realised in 2023: +1,143

ESG Highlights of Retail 2023

A-C labels
97%
2022 result: 97%

A labels
89%
2022 result: 89%

Solar panels installed
832
Realised in 2023: 0

Paris-proof
2040

BREEAM score (good or higher)
57%
2022 result: 58%

EU Taxonomy Alignment
82%
2022 result: 0%

Impact on
UN SDG

GRESB rating
5-star
★★★★★

Altera Retail was awarded the **number 1 position** in the NL, EU and global peer group, **Global Sector Leader** recognition and a **five-star rating**

Rationale for ESG

One of Altera's strategic pillars is the realisation of sustainable assets

- The speed at which climate change is happening is unprecedented and climate impacts on both people and ecosystems are more widespread and severe than expected.
- These trends underline the need to accelerate the transition to sustainable assets to limit our greenhouse gas emissions. Sustainable assets are assets that are energy efficient and resilient to physical climate risks while simultaneously meeting the needs of our tenants.

The aim of our ESG strategy is to increase the 'future-proofness' of our portfolio and assets

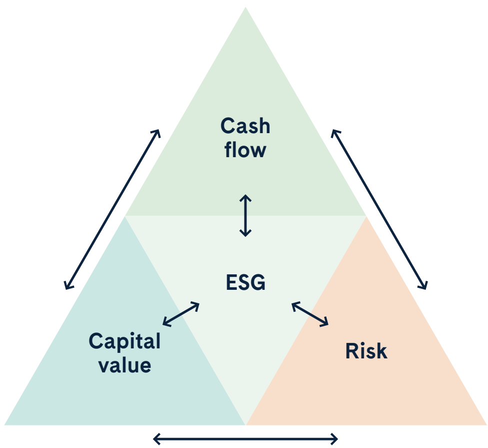
- Taking these steps ahead of regulatory obligations leads to predictable and lower capital and operational expenses.
- While anticipating upcoming legal requirements, sustainable and resilient assets also lead to increased direct (cash flow) and indirect (capital value) returns.

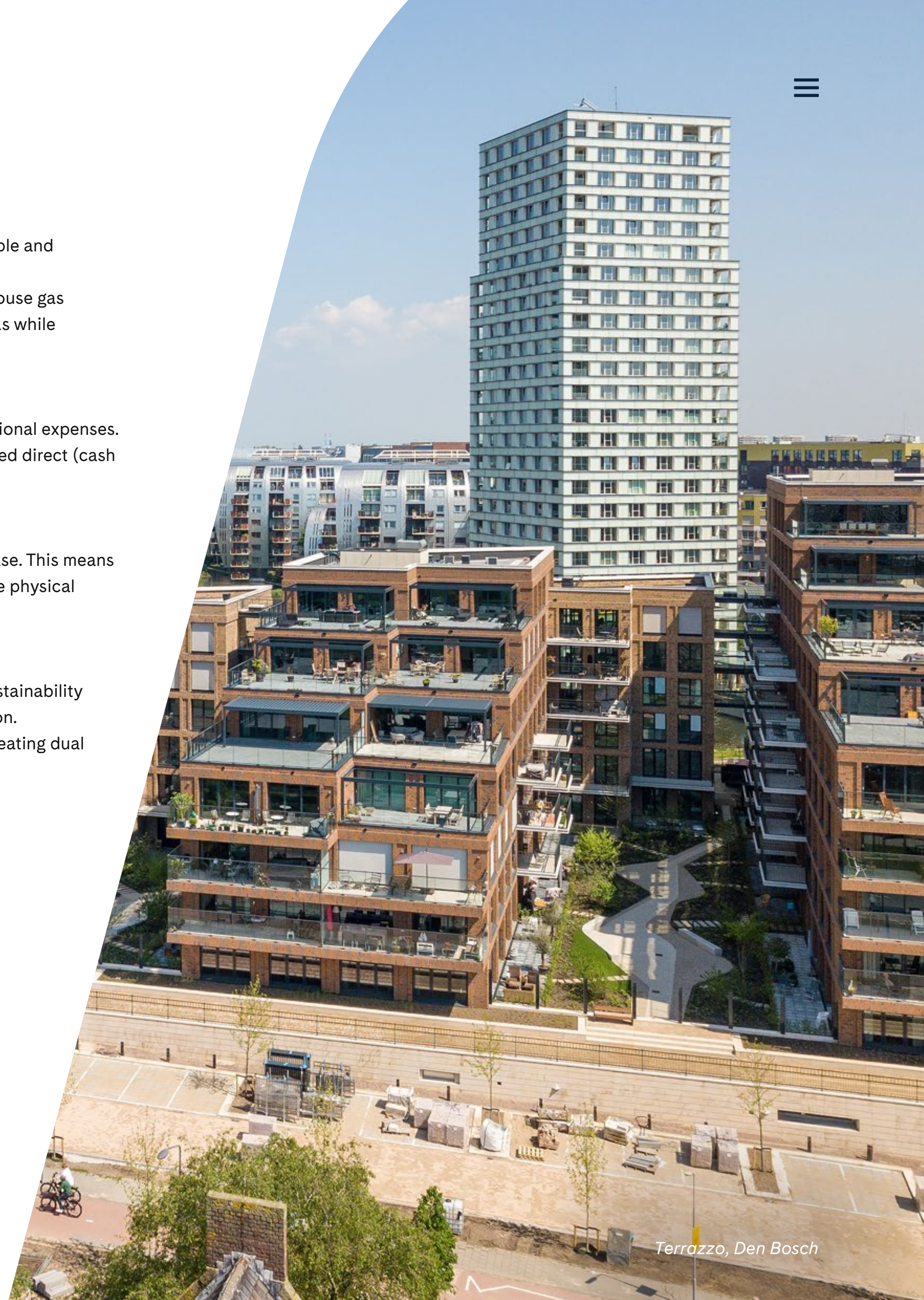
Our ESG strategy creates value through improved risk management

- As a result of climate change, extreme weather events and associated damage are expected to increase. This means we actively increase the resilience of our assets and contribute to restoring natural capital to mitigate physical climate risks.

Balancing the interests of our main stakeholders is central to our ESG strategy

- We also include our tenants in making our assets more sustainable. Tenant behaviour impacts the sustainability performance of our assets and we engage with tenants to stimulate a reduction in energy consumption.
- Ultimately, we believe this ESG strategy balances the interests of investors, tenants and society by creating dual returns: good financial and ESG returns.




Terrazzo, Den Bosch

Altera's ESG Strategy

Altera's mission is to generate stable, low-risk fund returns in a sustainable environment.

We differentiate between three layers in our ESG strategy: our physical real estate, our direct stakeholders and our own organisation.

What?

For whom?

How?

1. Our Sustainable Real Estate
To increase the sustainability of our portfolio, we focus on increasing the energy efficiency of our assets and making them resilient to physical climate risks.

See pages 48-54

2. Alignment with the Interests of our Stakeholders
To balance the interests of our stakeholders we focus on transparency, compliance and the relationship with investors, tenants and suppliers.

See pages 55-58

3. Our Responsible Management Platform
ESG is integrated in our most important business processes.

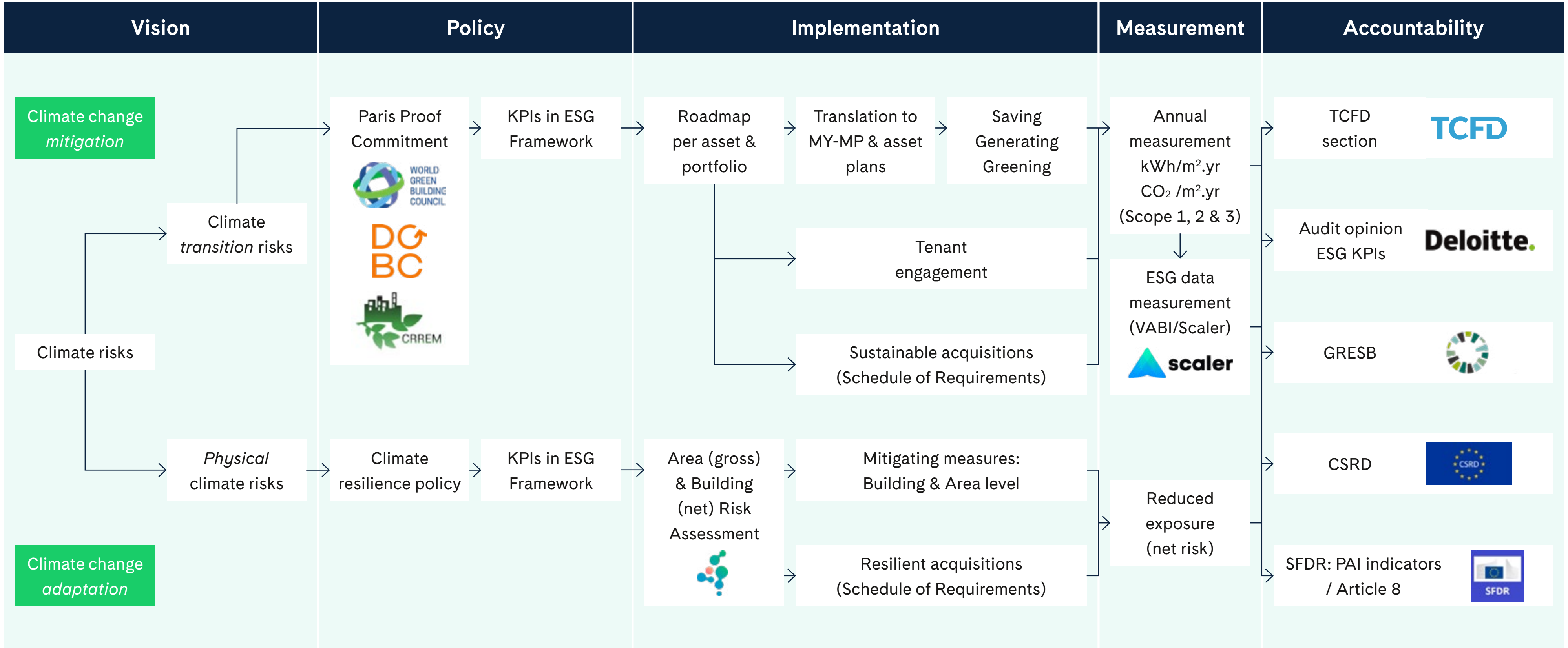
See pages 59-60

The SDG Impact Assessment displays our contribution to the Sustainable Development Goals (SDGs) and can be found on pages 60 and 61.

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 distinct 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

Paris Proof Commitment

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

Ambition	The Residential and Retail Fund will be Paris Proof before the year 2040.
Realisation	We have drawn up a roadmap for each portfolio to Paris Proof. We have started implementing the measures to achieve the objective. As a result, we have shown an annual reduction in intensity (kWh/m^2 and CO_2/m^2).
Monitor	We will have our goals and progress verified by an independent auditor. We include all assets that are in our portfolios in the calculation.
Transparency	Since 2020, we have published 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 Strategies and the Annual Report.
Promote	We show leadership towards our stakeholders. We focus specifically on 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.

Paris Proof targets

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

Net zero carbon strategy

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 programme of the DGBC.

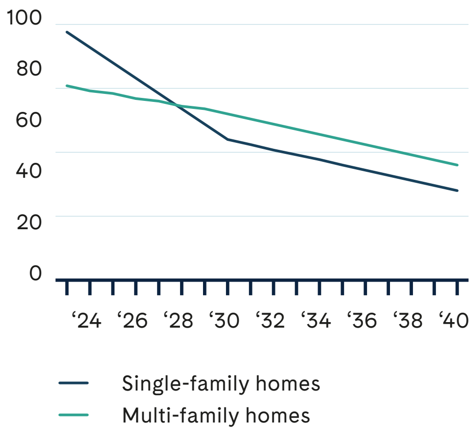
To operationalise our Paris Proof commitment, we have decided to select the DGBC targets and pathways. The DGBC uses the WEii pathways. These pathways state that, in order to stay aligned with the 1.5°C pathway, real estate needs to be Paris Proof by 2040. This is in line with Altera's ambition. The WEii defines interim targets for 2025 and 2030. Currently we have already met the WEii 2025 target. We are working towards the WEii 2030 target and will subsequently follow the yearly reduction presented in the WEii pathway.

In addition to the WEii targets and pathways, we consider the performance of our assets relative to the CRREM pathways. These results can be found in the GRESB 2023 Benchmark reports. The WEii and CRREM targets are closely aligned and have been harmonised further in past years.

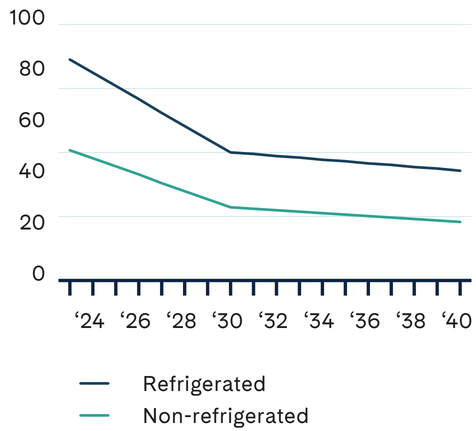
Besides the alignment of the targets, both the DGBC/WEii and the CRREM approaches focus on real consumption (as opposed to theoretical consumption). This is important to take into account as it means that tenant behaviour, the settings of installations and weather circumstances also impact the progress towards our goals.

The graphs below visualise our yearly reduction target, with 2023 being our current status, our interim targets in 2030 and our Paris Proof targets in 2040.

Residential: in kWh/m^2.yr



Retail: in kWh/m^2.yr



Paris Proof Implementation

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

1 Commitment by Altera to be Paris Proof no later than 2040

2 Paris Proof Road Maps (theoretical approach)

INNAX (2022): an overview has been developed per asset of high-level measures that need to be taken for each asset to arrive at our Paris Proof targets

3 Prioritisation & preparation

The assets are prioritised on the basis of the construction year in combination with the energy label. The reasoning for this is that older assets are generally less efficient and therefore the opportunity to increase the energy efficiency is considerable. Preparations to be made include:

- Onsite inspection and biodiversity assessment
- Tendering process for contractors (quotes)

4 Integration of measures in investment process

Establishment of:

- Theoretical forecast of energy measures reducing kWh/m^2 and, as a consequence, tCO_2 reduction
- Effectiveness of possible measures can be calculated by a third-party adviser

5 Establishment of annual capex budget

- Capex budget included in Investment Plan (IP)
- Accretive to ESG KPI's as included in ESG Strategy Framework and IP
- Investment horizon up to 2040

6 Evaluation and accountability

- Collection of actual energy usage (emissions), also for GRESB
- Register measures in new flat rate energy label
- Further development of ESG data platform by Altera to enable effective impact assessment of (theoretical) measures and subsequent (interim) reporting

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 a leading position (in the peer group) Altera will continue to optimise its performance with a focus on climate mitigation and climate adaptation. To track our Paris Proof targets, we monitor the actual energy consumption of our assets. The actual energy consumption consists of three components: the actual building-related energy consumption, the actual user-related energy consumption and the total yield from onsite renewables. Our climate mitigation strategy focuses on optimising all three components.

Building-related energy consumption

Building-related energy consumption refers to the energy needed for building installations such as heating, cooling, ventilation, cooking and lighting. The energy label displays a theoretical figure of the total building-related energy consumption. As asset owner we have direct influence on improving the energy efficiency of the building itself, e.g. by insulating the roof, floor and façade or installing triple glass. If tenants are responsible for building-related installations (e.g. in retail assets) we engage with them to make the more sustainable choice.

User-related energy consumption

Tenants have a significant influence on the total energy consumption, through both their consumption behaviour and the energy efficiency of their installations. The latter is especially relevant for retail tenants with responsibility for large cooling installations that require a significant share of the total energy consumption. Since Altera does not have direct influence on tenant behaviour, we aim to reduce user-related consumption by making tenants aware of the reduction possibilities, engaging with tenants to stimulate energy reduction and including a green covenant in lease agreements.

KPIs	2023	2022	MT target (EOY 2026)
Residential			
Green energy labels A-C	99%	99%	100%
Green energy label A	72%	70%	>80%
Accessed Smart Meters (common areas)	100%	100%	N/A
Retail			
Green energy labels A-C	97%	97%	100%
Green energy label A	89%	89%	>94%
Accessed Smart Meters (common areas)	99%	68%	N/A

Yields from onsite renewables

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

To this extent, 1,143 solar panels were realised in the residential portfolio in 2023. Cumulatively, this led to a total number of realised solar panels of 17,866 at the end of 2023. In the retail portfolio, several solar panel projects have been initiated and it is estimated these will be in operation in 2024. 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.

Green energy

At the same time as reducing our energy consumption, the energy we purchase at our assets is green energy. For several years, Altera has been investing in the purchase of green energy (in cases where we enter contracts ourselves). Consequently, a large proportion of our portfolios are already being supplied with green electricity.

For the Residential fund, 95% of the common areas were provided with green energy by the end of 2023. For the Retail fund, the figure is 75%. However, we aim to switch to 100% green energy in the common areas by 2026. In the case of shared ownership, we will engage with the other owners during the annual general meetings.

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. 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.

Reduction of water and waste

With respect to water and waste data, Altera directs its efforts towards increasing both the data coverage and the data quality. In order to save water, Altera is investing in conservation measures and providing incentives for measures to save water in the kitchen utilities, showers, taps and toilets. To reduce waste generation, Altera is investing in conservation measures, such as waste separation and providing encouragement for tenants to separate and reduce waste.

For a full overview of the KPIs see page 61 and for the sector-specific KPIs see pages 103 (Residential) and 127 (Retail).

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 programme, 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 Adaptation 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 in relation to the most important physical climate risks in the Netherlands: flooding, pluvial flooding, 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 for one or more of the physical climate risks, the assets have been subjected to a 'climate risk and vulnerability assessment'.
- 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 pluvial flooding resulted in a high/very high score. The results for the Altera portfolios are displayed below.

Assets with a high/very high score	Gross scan (CAS)	Net scan (Sweco)
Heat stress	10	7
Extreme weather	67	29

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

- In 2023, an assessment of adaptation solutions was conducted for all assets with a high or very high net residual risk. The assessment and resulting climate adaptation action plans were conducted by Sweco.
- The climate adaptation action plans include an overview of the area- and building-specific solutions that can reduce the identified physical climate risks. The proposed measures are evaluated based on feasibility and consequently included in the multi-annual maintenance budgets.
- Some examples of interventions within the scope of Altera are the placement of green/blue roofs, rain barrels and an increase in green or water in gardens.
- In line with the requirements from the EU Taxonomy, the adaptive measures will be implemented within five years (EOY 2028).

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 section in the hold/sell analysis and in the asset due diligence during the acquisition phase. When climate risks are high, we consider how we can mitigate these risks and include green capex in our budget calculations.

See pages 63-65 (Climate-Related Risks and Opportunities) for more information on how we deal with climate-related financial disclosure.

Climate Adaptation Services

SWECO

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 Acquisition, Portfolio Management and ESG departments. 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.
  - Climate adaptive measures, such as the placement of green roofs.
- We are 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 inclusion 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 into 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 is not below level C.

Improvement of the quality of the data and asset level certification

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. In 2023, we took the decision to implement Scaler, the ESG data software. Scaler enables performance analysis and monitoring, targets setting, modelling and reporting.

GPR

The weighted average GPR score in 2023 (based on usable area) was 6.8. compared to 6.7 in 2022. Altera will periodically renew GPR certificates thereby including renovations and upgrades in the score.

BREEAM

In accordance with BREEAM requirements, we recertify the assets every three years. Furthermore, we certify the recently acquired assets. We conduct improvements 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 figure 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 Good or higher BREEAM level decreased from 58% to 57% in 2023.

Catharinahof, Brielle

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 provides us with the licence to operate. Likewise, it gives our stakeholders confidence that we are not faced with unexpected capital or operational expenditures. With regard to 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 48). Our climate mitigation strategy focuses on reducing actual energy consumption and increasing the share of renewable energy. We work with the Paris Proof Roadmaps to ensure that we meet the target.

Energy Efficiency Directive / Wet Milieubeheer

- In 2023 Altera performed 17 Energy Efficiency Directive (EED) audits at assets to comply with the EED regulation. Assets with a Good or higher BREEAM level received an exemption for the 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 have already been taken and 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.
- As of 1 January 2023 the level 2 requirements of the SFDR came into effect. The level 2 requirements have been published in the Regulatory Technical Standards (RTS).
- The RTS provides a more detailed description of the principal adverse impacts (Articles 4 and 7), disclosures for products with environmental or social characteristics or sustainable investment objectives (Articles 8 and 9) and website and periodic reporting disclosures (Articles 10 and 11).
- Furthermore, SFDR scoped entities (Articles 8 and 9) need to disclose information on the Taxonomy alignment of their products. This is known as Articles 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.
- Altera Residential and Retail report according to Article 8. This was after careful consideration and consultation with external advisors and special interest groups (IVBN and DUFAS) and internal discussions. Both funds have incorporated the Annex II template (SFDR) in the Information Memorandums, Annex IV (SFDR) in the Annual Report and extensive information on the company website.

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 three 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 Social 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.
- In 2023, Altera adopted a human rights policy in line with the requirements of the Minimum Social Safeguards.

Climate change mitigation	Climate change adaptation	Healthy ecosystem
Sustainable use of water and marine sources	Circular economy	Pollution prevention

Altera Human Rights Policy

- Altera recognises its shared responsibility for building a sustainable world. Sustainability does not merely encompass environmental issues but also includes social issues. To demonstrate its respect for human rights in Altera's business activities, Altera has a Human Rights Policy.
- The Human Rights Policy is formulated in accordance with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights and the principles of the UN Global Compact.
- This Policy ensures compliance with the Minimum Social Safeguards of the EU Taxonomy. As part of the requirements, Altera has conducted an internal human rights risk assessment to identify and assess any adverse impacts on human rights.
- To ensure compliance with regulatory frameworks and guidelines, the Human Rights Policy and Risk Assessment was reviewed by an external legal adviser.

Excellent ESG track record

Global Real Estate Sustainability Fund (GRESB)

- Altera participates in the Global Real Estate Sustainability Benchmark (GRESB). The Residential Fund and Retail Fund were awarded five stars in this benchmark in 2023, which means that both funds are part of the top 20% best-performing funds worldwide.
- In 2023, the absolute score of Altera Residential increased from 94 to 95 points (out of 100). This resulted in a second place in the Dutch peer group as well as a Global Sector Leader recognition for being (among) the best-performing Residential funds worldwide (non-listed and listed combined). Altera has accomplished this Global sector Leader ranking for the fourth year in a row (2020 to 2023).
- For Retail, the absolute score remained at 95 points (out of 100), which resulted in a first place in the Dutch Peer Group, the European Peer Group and the Global Peer Group next to a Global Sector Leader regonition for being (amongst) the best performing Retail funds worldwide (listed and non-listed combined).
- To maintain these outstanding results, Altera will carry out optimisations in order to maintain the front-runner positions in the peer group. Our aim is to maintain the five-star rating for both portfolios.

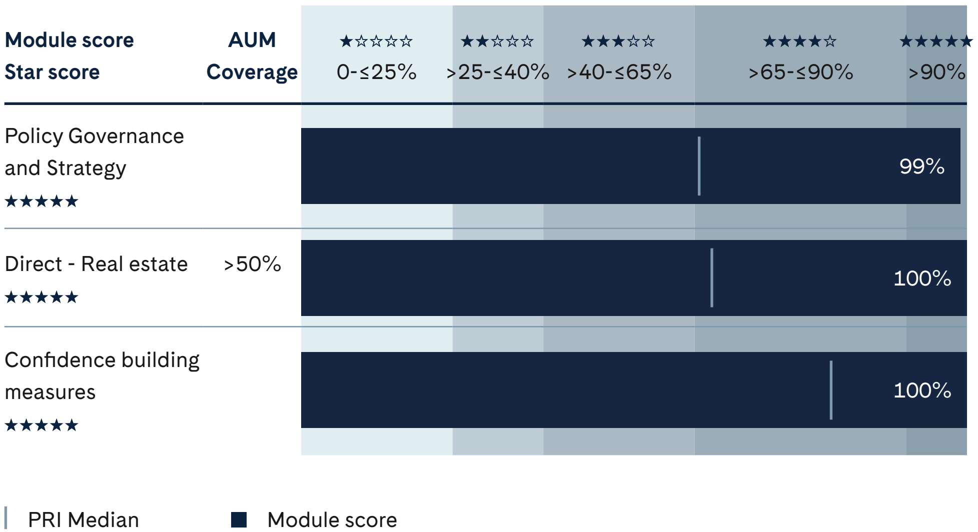
Residential

Retail

Principles for Responsible Investment (UN PRI)

- Altera reports annually on progress made in fulfilling the UN Principles for Responsible Investment.
- In 2023, Altera was awarded the highest score of a five-star rating from the UN PRI for the modules Policy Governance and Strategy, Real Estate and Confidence Building Measures.
- The transparency reports can be found on the UN PRI website, under Altera Vastgoed N.V., on our website and in our Investor Portal.

Summary Scorecard



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 2023. We were thus able to establish and increase their level of satisfaction. Hence, we engage 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 2023, there was a response rate of 42%, which is high. In 2023, Altera obtained a score of 7.0 (2022: 7.1). In particular, the quality standard of the houses is highly appreciated. It should also be noted that Altera outperforms the benchmark (6.7) in 29 out of 31 questions in the survey.

Retail

In the retail portfolio, tenants are approached for a satisfaction survey every three years. In 2023, all stand-alone supermarkets were included in the survey. Additionally, the Maximaplein, Westwijk, Zijdelwaard, Mereveldplein and Bieshof shopping centres were included in the 2023 survey.

The tenant satisfaction, measured by the Net Promotor Score (NPS), is measured at 6.6. However, the like-for-like NPS score decreased from 6.5 to 6.4 for the shopping centres. Including stand alone supermarkets this would be 6.7.

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) in all our assets (Residential and Retail). Currently 98% of our residential and 83% of our retail assets are covered by an AED.

Affordability

Specifically in our residential strategy we focus on offering affordable housing and keeping rental homes accessible for various income groups. In addition to maintaining affordable rent levels, we invest heavily in increasing the sustainability of the asset. Sustainable assets lead to lower energy costs which in turn reduces the cost of living for the tenant.

Tenant engagement

As described in the section on climate mitigation, the actual energy consumption is dependent on the energy consumption of tenants. Therefore, to reduce the impact of our portfolios we actively engage with our tenants to encourage them to reduce their environmental footprint. Additionally, our engagement activities also cover water and waste consumption. In 2023, we undertook the following initiatives:

- To make tenants aware of the effects of their consumption behaviour we provide new tenants with Tips & Tricks brochures on how to reduce energy, water and waste consumption.
- From a more social perspective, we offer information on the importance of a home contents insurance and fire safety.
- Specifically for retail assets we have offered tenants a free energy scan that provides tailored advice on how to reduce the energy consumption of their store (The Energy Efficient Retailer pilot).
- We also engage with retail tenants to discuss what investments they can make in increasing the sustainability of the asset. In turn, we also make investments in the energy efficiency of the asset as part of our Paris Proof programme.

Community engagement

We engage in different initiatives to increase the wellbeing of the community in and around our assets. Examples are the placement of neighbourhood libraries and inviting tenants to events such as planting trees in the city. The opening of ‘De Spot’ in the Het Rond shopping centre, Houten, is also an example of community engagement. In ‘De Spot’, residents, business owners and visitors can meet and take part in activities free of charge. ‘De Spot’ facilitates workspaces, places for discussion, a kids club, plenty of seating and a pool table.

Furthermore, we consider the role that community shopping centres have in neighbourhoods and assess the behaviour and opinions of consumers around our shopping centres.

Pillar 3. Our Responsible Management Platform

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 updated annually. Examples are stringent energy efficiency requirements (10% more efficient than 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 on 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 - 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. By means of 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 2024. Altera also uses the Environmental Management System for internal implementation and management of environmental risks.

Long-term relationships with partners

In 2023, 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, valuers, advisors and other parties. We are continuing our engagement with partners in 2024.

IVBN supplier screening

Together with other members of the IVBN, Altera 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 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 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 SDGs. 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 to 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 conducted a SDG Impact Assessment, where Altera's contribution to the SDG targets is reviewed by using the established UN SDG indicators. Subsequently, we identified the underlying specific, time-related and measurable goals and have formulated company-specific KPIs for these goals based on eight sub-targets (in relation to the six 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	*R* = Refrigerated *NR* = Non-refrigerated
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 recycled	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 in buildings (common areas and tenant spaces)/increase resilience of 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 of 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	98%	83%	744 litres (per m²)	373 litres (per m²)	A-label: 72% Number of solar panels: 17,866	A-label: 89% Number of solar panels: 832	19.1 kg (per m²)	22 kg (per m²)	19.1 kg (per m²) Sustainability report: published	22 kg (per m²) Sustainability report: published	GHG: 34 kg/m² kWh: *SFH* 97 kWh/m² *MFH* 76 kWh/m²	GHG: 72 kg/m² kWh: *R* 302 kWh/m² *NR* 178 kWh/m²
MT Target (2026)	100%	100%			A-label: 80% Number of solar panels: >18,000	A-label: >94% Number of solar panels: 3,000					kWh: *SFH* 79 kWh/m² *MFH* 71 kWh/m²	kWh: *R* 248 kWh/m² *NR* 145 kWh/m²

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	2023 Residential	2023 Retail	2022 Residential	2022 Retail
1. Energy-Index	1.07	0.70	1.07	0.71
BENG 2	65 kWh/m²	133 kWh/m²	70 kWh/m²	142 kWh/m²
2. % A labels	72%	89%	70%	89%
% A-C labels	99%	97%	99%	97%
3. Average tenant satisfaction	7.0	6.4	7.1	6.5
4. GRESB Score	95	95	94	95
5. GPR	6.8	-	6.7	-
6. BREEAM: Percentage Convenience assets with BREEAM level Good or Higher	-	57%	-	58%
7. UNPRI 'Policy Governance and Strategy', 'Direct - Real Estate' and 'Confidence Building Measures' (2022: 'Investment & Stewardship Policy' and 'Direct - Real Estate')	5 stars, 5 stars and 5 stars		5 stars and 5 stars	
8. Average employee satisfaction	7.8		8.0	
9. ISO 14001	15/05/2022*		15/05/2022	

Residential Retail

A follow-up audit took place in 2023. However, the pre-existing certificate is valid until 18/04/2025 and hence no new certificate was issued.

Reporting principles

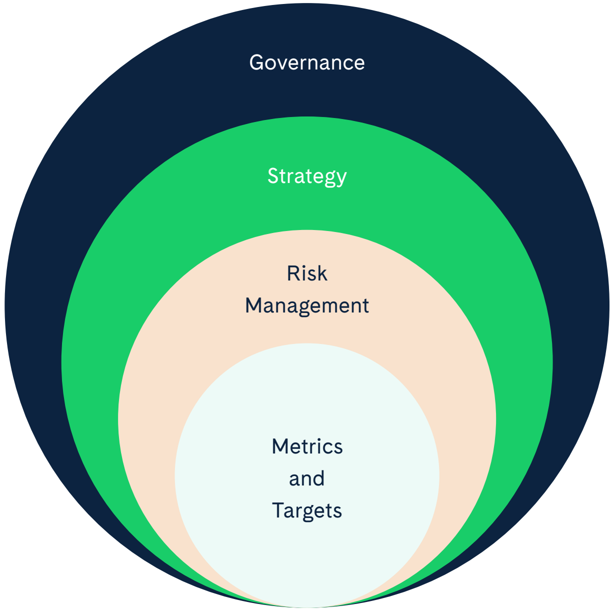
1. **Residential:** Weighted average based on floor area for all standing investments with the exception of one property without an energy index or a BENG score (2023: 1 property, 2022: 1 property). The properties certified until 2020 (2023: 76% of the portfolio, 2022: 81% of the portfolio) have an energy-index and properties certified from 2021 onwards (2023: 24% of the portfolio, 2022: 19% of the portfolio) have a BENG certificate which is averaged per m² (kWh/m² per year).
   Retail: Weighted average based on floor area for all standing investments. The properties certified until 2020 (2023: 90% of the portfolio, 2022: 91% of the portfolio) have an energy index and properties certified from 2021 onwards (2023: 10% of the portfolio, 2022: 9% of the portfolio) have a BENG certificate which is averaged per m² (kWh/m² 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 for tenant satisfaction.
   Retail: Weighted average based on floor area for all comparison and convenience retail centres with the exception of properties acquired recently (2023: 1 property, 2022: 0 properties) and properties with an approved divestment proposal (2023: 0 properties, 2022: 0 properties). Average based on a three yearly measurement cycle.
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 (2023: 1 property, 2022: 5 properties).
6. Weighted average based on floor area for all convenience assets (convenience retail centres and supermarkets which are in scope of the strategic portfolio) with the exception of a part of the properties acquired during the year (2023: 1 property, 2022: 0 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, 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.

It should be noted that as of November 2023, the TCFD has been disbanded after it announced that it had fulfilled its remit. In 2024, the new standards will be adopted from the International Sustainability Standards Board (ISSB). Altera will closely monitor the developments within these new standards and adjust processes accordingly.

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 ESG department. The ESG department 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 key topics for the Supervisory Board, including the approval of the ESG Policy Plans.

Climate-related risks are included in the company's risk policy and reporting frameworks and in 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. We report annually to stakeholders on the progress of this strategy in the TCFD section of the Annual Report.

2. Strategy

We have developed an in-house Climate Framework. This shows 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 translated into policy. This is subsequently implemented and measured. And finally, we show accountability for the results. This framework can be found on page 48.
Altera has developed an ESG Strategy. 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 have drawn up a roadmap for each portfolio to Paris Proof and implement the measures to achieve the objective. In addition, we have shown an annual reduction in intensity (kWh/m^2 and CO_2/m^2).
- **Monitor:** We will have our goals and progress verified externally by an independent auditor. We include all assets that are in our portfolios in the calculation.
- **Transparency:** From 2020 onwards, we have published 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 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 reducing actual building- and user-related energy consumption as well as increasing the energy derived from onsite renewables.

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 consumption, increasing the number of solar panels and increasing the percentage of green electricity and further integrate climate-adaptive measures in business processes. These KPIs are described in the ESG Strategies 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 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 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.
- In 2023, an assessment of adaptation solutions was conducted for all assets with a high or very high net residual risk. The assessment and resulting climate adaptation action plans were conducted by Sweco.

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.

	2023		2022		MT target (EOY 2026)	
	Residential	Retail	Residential	Retail	Residential	Retail
Greenhouse gas emissions*						
CO_2 emissions in tonnes (total portfolio)	18,427	15,463	19,979	16,401	-	-
CO_2 emissions in kilogram (per m²)	34	72	39	79	-	-
Energy Labels + Energy Indices						
Green energy labels (A-C), % of all assets	99%	97%	99%	97%	100%	100%
Green energy label A, % of all assets	72%	89%	70%	89%	>80%	>94%

Residential Retail

*Based on GRESB 2023 data, refers to 2022, respectively GRESB 2022 data refers to 2021
Using location-based methodology

Climate adaptation metrics and targets

- The results of the net climate risk scan were verified internally by the portfolio management teams. For the assets where, as a result of the net climate risk scan and internal validation, the residual risks are still (very) high, we have developed actions plans to mitigate the risks (where possible). This scan does not yet includes the properties taken into operation in 2023.
- This scan 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, rain barrels and an increase in 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.

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 performed a limited assurance engagement on the sustainability information in the accompanying annual report for the year 2023 of Altera Vastgoed N.V. (hereafter Altera) at Amstelveen.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the sustainability information in the accompanying annual report does not present fairly, in all material respects:

- The policy with regard to sustainability matters and
- The business operations, events and achievements in that area in 2023

in accordance with the applicable criteria as included in the 'Reporting Criteria' section of our report.

The sustainability information is included in 'Externally verified ESG KPI's' in the chapter 'ESG report' on page 62 of the annual report.

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability information in accordance with Dutch law, including Dutch Standard 3000A 'Assurance engagements other than audits or reviews of historical financial information'. This engagement is aimed to obtain limited assurance. Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement on the sustainability information' section 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). 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 for Professional Accountants).

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

Criteria

The reporting criteria applied for the preparation of the sustainability information are the report criteria as disclosed on page 62 of the annual report.

The comparability of sustainability information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the sustainability information needs to be read and understood together with the criteria applied.

Limitations to the scope of our assurance engagement

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations, and estimates and risk assessments. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of this prospective information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

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

The management board is responsible for the preparation and fair presentation of the sustainability information in accordance with the criteria as included in the 'Criteria' section, including the identification of stakeholders and the definition of material matters. The management board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering 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 62 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 sustainability reporting process of Altera.

Our responsibilities for the assurance engagement on the sustainability information

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

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

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

Our limited assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of the company.
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by the management board.
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the sustainability information, without testing the operating effectiveness of controls.
- Identifying areas of the sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted among others of:
  - obtaining inquiries from management and relevant staff at corporate level responsible for the sustainability strategy, policy and results;
  - obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal procedures on, and consolidating the data in the sustainability information;
  - obtaining assurance evidence that the sustainability information reconciles with underlying records of the company;
  - reviewing, on a limited test basis, relevant internal and external documentation;
  - considering the data and trends.
- Reading the information in the annual which is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the sustainability information.
- Considering the overall presentation and balanced content of the sustainability information.
- Considering whether the sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with applicable criteria.

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

Amsterdam, 27 March 2024

Deloitte Accountants B.V.

J. Holland

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 Dutch Authority for the Financial Markets (AFM) granted Altera Vastgoed NV a licence 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 licence (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 = General 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 were held to raise diversity awareness. The output of these activities was used for the Diversity Equity & Inclusion policy drawn up in 2023.

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 licence on 12 May 2014, Altera Vastgoed NV, as the manager of the sector portfolios, has been regulated by the Dutch 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's main duties include:

- managing assets, which for property means that the depositary 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

At the General Meeting of Shareholders of 7 December 2022 the regulation for the Advisory Committees were approved for both sector funds. The Advisory Committees provide advice at the request of the Management Board or as 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 is entitled to nominate a member; the mid-range shareholders (from rank 4 to rank 10) are entitled to nominate a member; the smaller investors (from rank 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 pages 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 2023 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 when recruitment is planned.

The ratio in our total workforce at the end of 2023 was 67% male and 33% female (2022: 66% and 34% 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

Relevant risks to business operations are identified and categorised according to the COSO objectives: strategy, operational, reporting and compliance. We assess the impact of each identified risk to key business objectives and the likelihood of its occurrence.

Altera has set policies (risk management policy and the procedure manual) for the identification of significant business risks that are consistent with Altera's core investment strategy. Among other things, the policies define the extent to which we accept and manage the identified risks.

Whether and to what extent we consider these risks acceptable depends on several considerations, such as the risk reward, 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 Manager provides continuous monitoring of control design and operating effectiveness. The control and process description in the procedure manual are updated annually. There is a separate fraud assessment according to the SIRA (DNB) methodology.

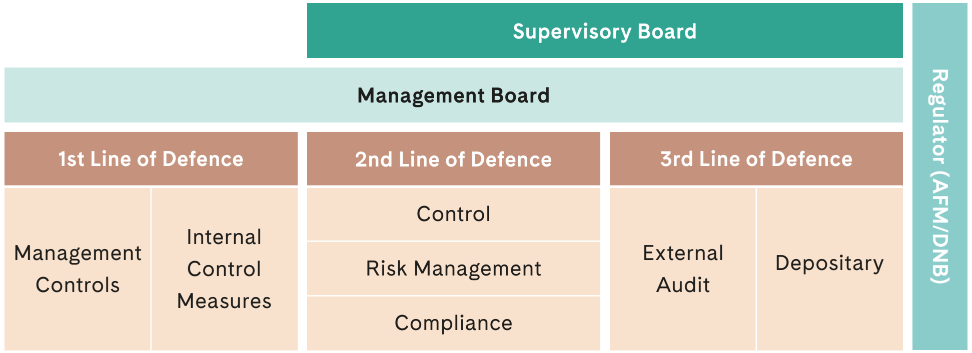
Main risks for Altera

Risk	Potential effect
Failure to achieve the investment objectives for several years	Reduced funding from investors
Insufficient diversification of each portfolio	Increase in property specific risk
Submission of relatively large number of redemption request by shareholders	Slowdown in portfolio growth and funding bottlenecks
Intentional or inadvertent over- or undervaluation of assets (valuation risk)	Incorrect net asset value and performance
Misleading activities with the intent to gain an unfair advantage (fraud risk)	Reputational damage and loss of income
Unforeseen changes of law and regulations	Reduced returns and impact on funding
Systems, networks, programmes and data could be compromised due to cyber attacks	Confidentiality, integrity and availability of information is not ensured with a negative impact on the business process and a potential data breach
Not complying with applicable laws and regulations, due to changes in laws, regulatory requirements or the failure to adhere to policies	Non-compliance could result in legal consequences, loss of trust and reputation among investors

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

Three lines of Defence

Risk management and compliance can be translated into a model of three lines of defence. The three lines of defence model for Altera is shown 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 on the right-hand side. For each line of defence the documentation, the responsibility and the reporting line are 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 Management Board
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 Management Board and Supervisory Board (if applicable)
3. Supervision	Information Memorandums, Investment plans, regulations and internal reporting	Depositary and external auditor (as specified in legislation)	Management Board, 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
- Segregation of duties and two-signature system for contracts and payments
- Information Memorandum per sector fund
- Establishment of risk management function and compliance function
- 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
  - Political risk
- Operational risks
  - Investment risk
  - Risk of fraud
  - Fiscal risk
  - Valuation risk
  - Continuity risk
  - Emergency risk
  - Environmental risk
  - Climate risk
  - Pandemic risk
  - Geopolitical risk
  - Cybersecurity risk
- Reporting risks
  - Financial reporting risk
  - Non-financial reporting risk
- Compliance risks
  - Environmental risk (SFDR and EU Taxonomy)
  - AIFMD compliance risk
  - Client/Suppliers acceptance risk (incl. AML)
  - 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 Principal 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.

Political risk

This concerns the potential impact on the investment return of the fund from political decisions, events or conditions (such as change of Dutch REIT regime, affordable rent law and ruling on rent indexation). There is a periodical internal consultation on new regulations, the impact on the company and planning implementation. In addition, Altera has systems for identifying new regulations and there is regular consultation with specialised consultants.

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' assessments 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 are 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.

Fiscal risk

Altera has implemented a tax control framework to ensure that the tax processes are in control and operating effectively. 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). We continuously monitor compliance with the requirements imposed on fiscal investment institutions.

As of 31 December 2024 the fiscal investment institution regime is no longer applicable to direct real estate investments. Preparations are being made for the restructuring of Altera as of 31 December 2024 into a tax-transparent structure with funds for joint account and a separate management company.

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.

With regard to the residential properties the valuation of the properties could be affected by a court ruling regarding the rent indexation. Pending the ruling, it cannot be determined whether the ruling will have an impact and of what magnitude. It is possible that rent increases may no longer be charged or that rent increases will have to be determined on a different (more unfavorable) basis. Besides valuation, there is also the possibility that rent increases paid in the past may have to be repaid (partially).

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

Continuity risk

Continuity risk is defined as the risk of Altera suffering 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 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 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 offices are covered under Continuity risk above. In the event that the office building cannot be used or reached by employees, all employees have the possibility to work from home.

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 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 in heat, drought and rainfall, which may have a direct impact on the Properties that are not sufficiently resilient to such consequences. 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 causing a significant part of economic activities to grind to a halt. 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 provisions and write offs. The recent pandemic showed us that the risk in the convenience retail segment and residential is far lower than in the comparison retail segment.

Operational business activities are not tied to a physical office building. See also the paragraph on 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 on organisational operations and assets. Altera has several controls in place, such as a personal username, password and multi-factor authentication. A pen-test and a data recovery test are conducted annually.

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, negatively impact market value and increase market volatility, all of which could have an adverse effect on the investment performance of Altera's funds.

Reporting risks

Reporting risks concern 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.

Financial reporting risk

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.

Non-financial reporting risk

Non-financial reporting provides stakeholders with information on Altera's performance in areas beyond the financial metrics. The non-financial reporting risk concerns potential errors, misstatements or inaccuracies in the non-financial or ESG (Environmental, Social and Governance) reports. There are thorough procedures in which reports are reconciled to source data and reviewed by multiple senior employees. If necessary, specialised advisers are consulted, in particular for ESG-related reporting issues.

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 due to 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 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 (incl. AML)

Altera has a significant number of business relations including customers (shareholders, tenants) and suppliers. The Client Due Diligence (CDD) risk is the risk of Altera accepting business relations that could be a threat for Altera's business objectives or involve 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 the 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.

The risks below are a further specification of the client/supplier acceptance risk.

- Money Laundering risk
  Although business relations are only accepted after an acceptable client risk classification, this does not mitigate the money laundering risk during the relationship with the customer. The received rental amounts (applicable to the residential sector fund) are automatically screened to detect amounts paid from unknown bank accounts as an indication of potential money laundering.
- Circumvention of sanctions (including terrorism financing)
  Individuals may be enticed or deluded into circumventing of sanctions by making payments to entities or persons on a sanctions list. There is a due diligence procedure in place whereby new relations (shareholders, suppliers and others) are assessed if they are listed on a sanctions list. There is an ongoing screening procedure to identify whether existing relations have been placed on a sanctions list.
- Corruption and bribery
  Abuse of entrusted power for personal gain, such as accepting or making payments or other personal benefits to influence a decision of other persons or entities. Screening takes place pre-employment and during employment. All Altera employees sign the code of conduct annually. Private property transactions and improvements by Altera employees are reported to prevent/discover possible favouritism of employees by suppliers or stakeholders.
- Conflict of interest
  This occurs when the personal interests of an Altera employee interfere with the ability to act impartially, ethically or in the best interests of Altera. There are multiple Altera employees (according to the authorisation matrix) involved in making commitments. And there is separation of duties for making payments. Furthermore, there is employment screening, reporting of private transactions and a code of conduct (see corruption and bribery).

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 on Client/Supplier 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 mandatory online training regarding unethical and unlawful behaviour. All employees have to sign the code of conduct annually.

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, a 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 mn	Effect in % of equity	Effect in € x mn	Effect in % of equity
Direct investment income					
Gross rental income	10%	7.0	0.3%	3.7	0.6%
Occupancy rate	10%	9.0	0.3%	4.9	0.6%
Operating expenses	10%	2.1	0.1%	1.2	0.2%
Indirect investment income					
Theoretical rent and market rent	1%	20.8	0.9%	6.6	1.0%
Gross initial yield	0.1% pt	47.0	2.0%	8.8	1.3%

The effect of lease expiries, based on the portfolios at year-end 2023, is shown in the sector reports included elsewhere in the annual report, which contain the charts for secured rent over the period 2024-2033.

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, 27 March 2024

Management Board of Altera Vastgoed NV

Residential

Cadenza, Amersfoort

Timeline of Altera Residential

10/01/2023
54 multi-family homes in Terrazzo project in Den Bosch taken into operation

21/02/2023
Topping out of 181 apartments of Nautical NDSM in Amsterdam

28/03/2023
Altera Vastgoed teams up with BAM Wonen to boost sustainability of 1980s homes

03/04/2023
Phase 2 of single-family project 't Groenewold in Almere taken into operation

13/04/2023
70 multi-family homes in De Bankier project in Tilburg taken into operation

09/05/2023
Start of construction of 200 mid-market rental homes, Beneluxlaan in Utrecht

22/05/2023
Final phase of single-family project 't Groenewold in Almere taken into operation

14/06/2023
Zig Real Estate and Altera join forces: increased efficiency and satisfaction

€36 million

30/06/2023
Dutch pension fund commitments Residential fund for an additional €36.0 million

24/07/2023
Acquisition of development of 225 multi-family homes in Amsterdam: De Pionier

25/07/2023
54 multi-family homes in Harlekijn project in Utrecht taken into operation

24/08/2023
Disposal of two single-family projects in Valkenswaard

GRESB

17/10/2023
Altera Residential Global Sector leader for 4th year running according to GRESB

17/11/2023
Topping out of 356 apartments of De Zaanse Helden in Zaandam

20/11/2023
Final phase of transformation project The Mayor (from office to MFH) completed and fully let

28/11/2023
Robijnhof psychogeriatric care complex in Leiden taken into operation

22/12/2023
Sustainability upgrade starts for 36 single-family homes in Udenhout

€43 million

31/12/2023
Dutch pension fund commitments Residential fund for an additional €43.0 million

Strategy

Market trends

1. Demographic projections positive for demand on housing market

Demographic trends in the Netherlands are driving positive expectations for housing investment. Ageing and the increase in one-person households fuels demand for smaller living spaces and apartments. The most promising residential investment opportunities lie in the Randstad and Adjacent areas due to their higher population growth compared to other regions.

2. Economic circumstances create uncertainty

Economic uncertainties in the Netherlands are driven by high inflation, rising interest rates and lagging income development. The housing market has been impacted by increased ownership costs, decreased prices and concerns about ending fixed interest rate periods.

3. Complex circumstances for construction

Meeting housing demand in the Netherlands requires 900,000 to 1,000,000 houses to be built by 2030, but complex circumstances pose challenges for construction. Economic and political conditions lead to higher construction costs and lower selling prices. Planning constraints and ecological considerations limit suitable building sites.

4. Housing shortage will continue for the years to come

The housing shortage in the Netherlands is expected to persist due to increasing demand and limited supply. Demographic factors contribute to rising demand for both owner-occupied and rental housing, economic, planning and ecological challenges hinder new construction and thus limit new supply. Forecasts suggest the shortage will continue until 2050.

5. Political influence on the housing market is getting stronger

The political influence on the Dutch housing market is strengthening, as evidenced by recent measures that impact various aspects of the market. The Affordable Rent Act introduces a semi-regulated mid-rent segment to ensure future affordable housing and maintain investor interest. Rent growth restrictions for existing tenants are ad hoc, with collective wage growth influencing allowable rent increases.

6. Housing: shifting preferences

The housing market is experiencing shifting preferences, with increasing demand for apartments over single-family houses (SFH) in the long term. Compact housing is desired, particularly due to demographic changes and affordability concerns. The demand for owner-occupied homes was fueled by low interest rates, but rising interest rates have made rental options more appealing.

7. Regional and urban preferences and performance

Changing factors like remote work due to COVID-19 and an ageing population have made workplace location less critical when choosing a home. Housing preferences now lean towards adjacent areas and smaller residential locales, while urban living remains popular among immigrants and millennials seeking vibrant environments.

8. ESG: prioritising climate mitigation efforts is essential to limit GHG emissions

Rapid climate change calls for urgent action to limit global temperature rise. Energy consumption is falling but must be reduced faster, with tenant behaviour crucial to emissions reduction. Reporting on energy consumption will be required by law and policy attention will focus on embedded carbon and carbon pricing.

9. ESG: increasing importance of climate adaptation to reduce financial risks

Climate adaptation is critical because of the increase in extreme weather events and their financial impact on assets. Companies are being urged to incorporate climate risks into their decisions. Climate adaptation is gaining importance alongside mitigation and may become mandatory.

Strategy

Investing in housing is permanently attractive due to a good risk-return ratio. Key trends show that there will be continued demand for housing and given that construction production cannot meet demand, tightness in the housing market will continue to increase. As a result, the housing market continues to possess interesting characteristics to invest in. Controlled portfolio growth is pursued for this reason. Given the demographic developments, whereby increasing demand for housing for one-person households can be expected, the main focus remains on apartments in the Randstad region and adjacent areas. Due to low risk and possible deregulation in the longer term, affordability of housing remains essential. Continuous quality optimisation of the current portfolio is central, with social impact being a basic objective in addition to making the assets more sustainable.

Strategy items	2023	Policy objective (3 years)
Focus on Randstad & Adjacent areas	99%	>98%
Focus on apartments	82%	75-85%
Attention for single family homes	18%	15-25%
Focus on affordable homes (€808 - 1,725)	94%	>93%
Quality improvement	81	≥80
Average Energy Intensity (apartments)	76	<71
Average Energy Intensity (single-family homes)	97	<79

Maintaining high quality portfolio...

by improvement of the existing portfolio (ESG) and replacement with new futureproof assets

Focus on apartments...

while maintaining significant proportion of single-family homes

Geographical focus...

because of (higher) population growth and stronger local economy

Affordability...

for continued stable return with low risk

Controlled development of the portfolio...

with high quality properties

Sustainable, social and transparent with...

focus on reduction in energy consumption, climate adaptation, increased tenant satisfaction and enhancement of the social function of residential assets

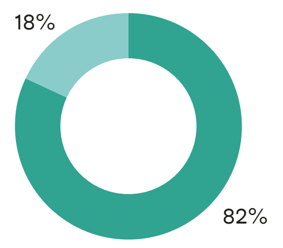
Portfolio characteristics

	Year-end 2023	Year-end 2022
Portfolio characteristics		
Operational portfolio (excl. IFRS 16)	€2,084 mn	€2,120 mn
Secured pipeline (excluding revaluation)	€246 mn	€418 mn
Average year of construction	2012	2011
Theoretical annual rent	€90.3 mn	€80.5 mn
Theoretical annual rent / value of portfolio	4.3%	3.8%
Average monthly rent	€1,164	€1,113
Number of complexes	110	106
Number of lettable units	6,176	5,762
Occupancy rate	99%	99%

	Year-end 2023	Year-end 2022
Segmentation of operational portfolio		
Apartments		
Value of portfolio	€1,701 mn	€1,745 mn
Theoretical annual rent/value of portfolio	4.3%	3.8%
Occupancy rate	99%	99%
Average year of construction	2015	2014
Single-family homes		
Value of portfolio	€383 mn	€374 mn
Theoretical annual rent/value of portfolio	4.5%	4.0%
Occupancy rate	99%	99%
Average year of construction	1999	1994

Portfolio structure

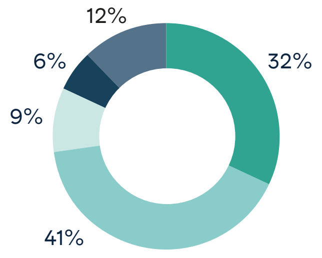
Property type



The apartment segment is dominant at 82%

- Apartments
- Single-family homes

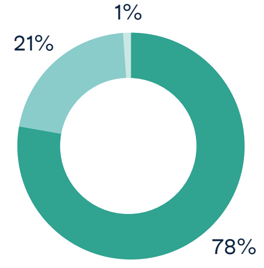
Year of construction



70% of the portfolio is from ≥2010

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

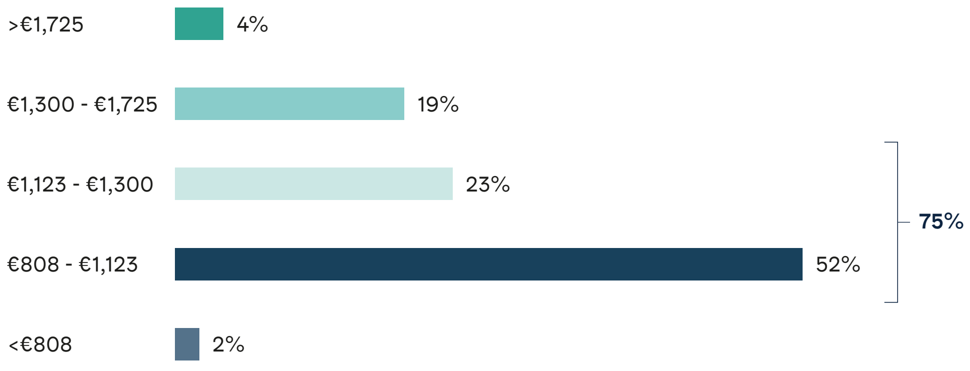
Geographic



The vast majority of it is in the Randstad region

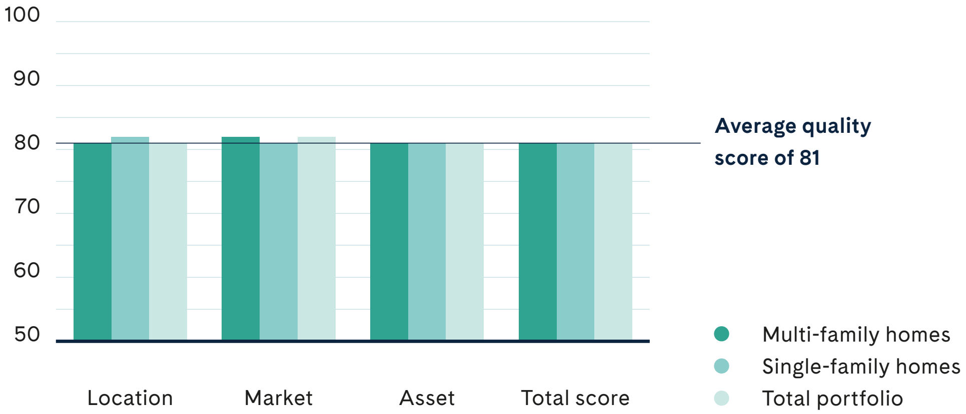
- Randstad
- Adjacent areas
- Other

Rent levels



75% of homes in the mid-range segment (€808 - €1,300)

Quality score of portfolio



Key figures

	2023	2022	2021	2020	2019	3-year 2021-2023	5-year 2019-2023	10-year 2014-2023
Income return	3.0%	2.5%	2.7%	2.7%	3.0%	2.7%	2.8%	3.3%
Capital growth	-9.1%	-1.2%	12.8%	6.2%	9.8%	0.4%	3.4%	6.1%
Total property return	-6.3%	1.3%	15.7%	9.1%	13.0%	3.2%	6.2%	9.6%
Management and fund costs	-0.4%	-0.4%	-0.3%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
Impact of cash and leverage	0.0%	0.0%	-0.3%	-0.1%	-0.2%	-0.1%	-0.1%	-0.2%
Other differences	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fund return (IFRS)	-6.8%	0.9%	15.2%	8.6%	12.4%	2.7%	5.7%	9.0%
Fund return (INREV)	-7.0%	0.8%	16.1%	8.5%	12.2%	2.9%	5.8%	N/A
Dividend return	2.4%	2.1%	2.3%	2.3%	2.6%	2.3%	2.3%	2.8%

	2023	2022	2021	2020	2019
Other					
Average occupancy rate	99%	99%	98%	99%	99%
Occupancy rate at year-end	99%	99%	98%	99%	99%
Tenant movements	11%	11%	13%	13%	14%
Net/gross rental income	77%	80%	81%	78%	78%
Gross initial yield at year-end	4.3%	3.8%	3.7%	4.0%	4.1%
Vacant value ratio	76%	82%	87%	91%	92%
Average number of outstanding shares (x mn)	1,095.7	1,050.0	985.3	921.4	862.4
Number of outstanding shares at year-end (x mn)	1,132.8	1,069.5	1,025.2	955.7	903.6
Total investment income per share (€)	-0.151	0.022	0.298	0.159	0.210
Net asset value per share IFRS (€)	2.031	2.231	2.255	2.001	1.886
Net asset value per share INREV (€)	2.047	2.255	2.282	2.009	1.895

“It's lovely living here in Sassenheim, in a quiet neighbourhood”

In Sassenheim, Altera Vastgoed has selected BAM Wonen to give part of its 1980s residential property portfolio a sustainability upgrade. This increase in sustainability is in line with Altera's ambitions to have its portfolio 'Paris proof' by 2040 at the latest. Here, on Parmentierpad in Sassenheim, is where Mr and Mrs Van der Lans live. She talks about how living comfort has been improved by the sustainability approach applied here, together with partner BAM Wonen. “We really don't need to leave here for the time being!”

“When the children were still living at home, it was a bit on the cramped side here because there were four of us living in the house then. But I now live here with my husband and now we have plenty of space. And the south-west facing garden location is just perfect. Really ideal. All in all, it's a cosy home!”

How do you like living here in terms of accessibility, sustainability, et cetera?

“It's lovely living here, in a quiet neighbourhood. We are about 400 metres from Sassenheim station, where you have a connection to Schiphol Airport or Leiden or The Hague. When the children were little, it was just a 50-metre walk to school so that was ideal. One downside is that we live close to Schiphol Airport and the Kaagbaan approach route. But I like living in Sassenheim, because I was born and raised here so I don't want to leave and have to take that for granted.”

How did you end up here?

“I heard at the time that there was going to be a new housing estate in Sassenheim. And then I enquired with Sassenheim municipality whether I could qualify for it. That worked out well and I was even allowed to choose which house I wanted. I then moved in there with two of my sons, close to school so ideal for my children.”

“At the front runs a cycle path so there is hardly any traffic and we also have a pond there. That's where the children played on a dinghy in summer. And in the winter months when there was ice they were happily skating there. So the choice to choose this house wasn't really that difficult. And now I have been living in this house for 36 years. Together we have plenty of space and it's lovely here!”

What are your experiences with the improved insulation and ventilation that has reduced gas consumption?

“Our feeling is that the heat stays in the house much longer, mainly because of the triple-glazed windows. All the windows and doors have been replaced, so that also makes a difference. And the crawl space has been filled with insulation chips, making it a lot more comfortable and the floor much less cold.”

How was communications targeted towards tenants during the renovation work?

“We had been given a schedule of the work beforehand. And that schedule was also hung at the front door. So if anything changed, someone from BAM Wonen would come by and change it on the schedule. So we were kept well informed.”

“We were also invited to come to Motel Sassenheim for an explanation about the sustainability measures. I knew that these measures would cost us an extra amount per month in rent, but now that the house has been insulated on all sides, will we get another rent increase? Or can I recoup that extra amount by using less gas? Based on the sustainability measures that have been taken, the total monthly costs should go down because the energy costs (gas and electricity) should be much lower in exchange for a small rent increase. That's not quite clear to me yet.”

Do you know if there was enthusiasm in the neighbourhood about making the houses more sustainable?

“In general, people in the neighbourhood are happy that this sustainability project has taken place. We were also suffering from moisture in the house as well, think of constantly fogged windows. We don't suffer from that at all now.”

Parmentierpad is located in a child-friendly residential area, on the waterfront, with spacious homes close to several arterial roads. How is the contact with the neighbourhood?

“The contact with neighbours is good, but it used to be different, when neighbours got together more often. Lately, everyone has been more preoccupied with their own families. But I always try to keep in touch with the neighbours anyway. If I haven't seen someone for a while, I ask: how are you? I always try to keep an eye out for each other, especially as we get a bit older.”

You are a happy tenant here in Sassenheim?

“Yes, we really don't need to leave here for the time being, unless it should be the case that we will have difficulties walking and we want to live closer to the village, because you're near the shops there.”

Perhaps you have a funny anecdote or something special you experienced?

“Several years ago, there was a note in the mailbox from a local estate agent asking if we wanted to sell our property. He apparently thought these were owner-occupied houses for sale! I thought that was very special. I would have liked to sell it though, but of course I couldn't!”

More living comfort, lower energy consumption

Altera's sustainability strategy focuses on an integrated ESG approach. Therefore, BAM Wonen applied measures that have the greatest direct climate impact such as maximum CO_2 reduction. The first project in this chain collaboration comprised 31 rental homes on Evert van Dijkpad and Parmentierpad in Sassenheim. With better insulation and ventilation, gas consumption is reduced by 17,330 m^3 per year and CO_2 emissions by 31,000 kilograms per year. For residents, this creates greater living comfort and lower energy consumption.

Roof and bottom insulation and triple glazing

The energy work consisted of applying roof and ground insulation. The existing glass was replaced with triple glazing. And the homes received a new balanced ventilation system with heat recovery (WTW system). Early maintenance took place at the same time as the preservation work. BAM Wonen used drones and smartphones to scan the homes for the smooth running of the project. The scans provided 3D models that accelerated both preparation and realisation. For example, the effects of new pipeline runs were already known during plan preparation for the project. During construction, scans and 3D models showed any deviations to the implementation team, which helped smooth the realisation. Work started in October 2023 and completion took place in early 2024.

Residential market trends

Inflation and interest rates

The major macroeconomic theme in the year 2023 was the battle against inflation. The ECB gradually raised interest rates from 2% at the start of the year to 4% at the end of the year. At the beginning of the year, inflation was still well above 5% and in the second half of 2023 inflation started to diminish throughout the eurozone.

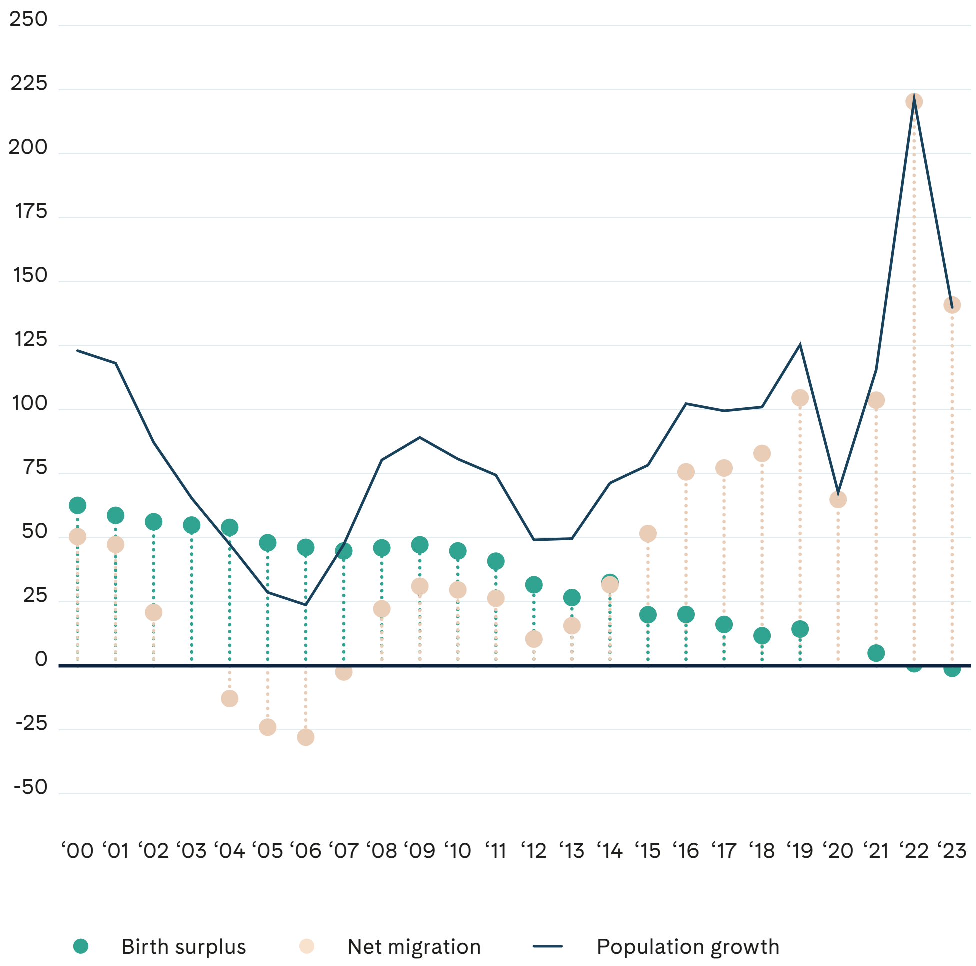
The increased interest rates had a downward effect on the Dutch housing market. Prices on the owner-occupied market, the number of new constructions and the investment volume decreased. However, mid-2023 prices of owner-occupied houses started to slowly increase again because of increased wages and more or less stabilising mortgage interest rates.

The fundamentals of positive demographics, a small volume of new construction and rising rents are still solid, but government measures and geopolitical developments continue to cause uncertainty.

Demographic development

After the largest population growth in this century in 2022, 2023 again showed relatively high growth. This was despite a (small) mortality surplus for the second time in a row and for the third time this century: the number of deaths was greater than the number of births. The population growth was caused entirely by a positive migration balance.

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



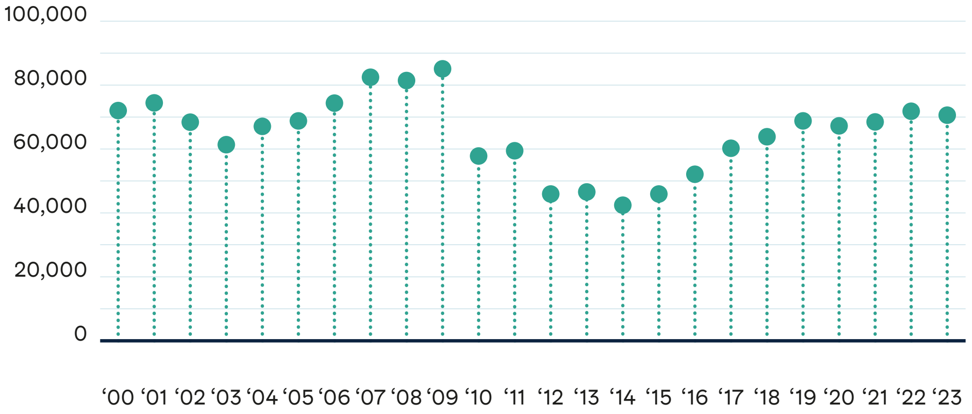
All demographic forecasts show moderate growth in the population and the number of households up to 2040 and 2050.

Housing construction

Once again, the construction market did not succeed in realising substantially higher production. Instead of the intended 100,000 new homes each year, in 2023 only 73,300 new homes were built, approximately 1,200 less than in 2022. For 2024, the EIB (Economisch Instituut voor de Bouw) expects a number of around 66,000 and for the period 2025-2027 69,000 annually, far behind the 100,000 needed to solve the housing shortage.

Delivery of new homes 2000-2023

(source: CBS)



Around €380 million was also invested in 1,700 new care homes for the elderly in 2023. That is more than 31% less than in previous years. This number is not nearly enough to meet the national ambitions for new construction of housing for the elderly. To meet the increasing demand, the state's ambition is to add over 35,000 senior housing units to the housing stock each year up to 2030 (source: Capital Value).

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, whereby rent growth can be based on CPI (year before) +1%. Transaction rents show a larger rise of around 9%. This is the rent change of all rents including furnished and semi-furnished units. Bare rental properties increased by 15% in square metre prices in the fourth quarter of 2023. For a furnished house, new tenants paid 11% more than a year ago and for a semi-furnished house 7% more. 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 below shows changes in rents in the various market segments from 2007 to 2023.

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

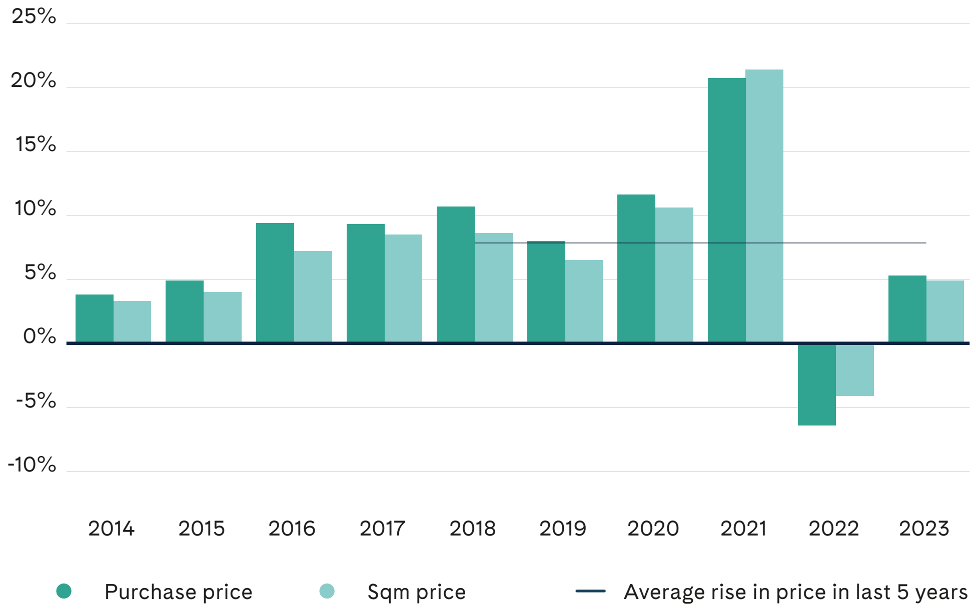
Source	Segment	Measure
Pararius	Private investors	Offer prices
IVBN/CBS	Institutional investors	Regular rent increase (pending contracts) residential, deregulated segment
CBS	Housing corporations and investors	Rent increase, all homes

Break in purchase price trend

The 2022 dip in prices in the Dutch housing market seems to be temporary. On a yearly basis, the development in 2023 was positive at over 5%, although a little behind the five-year average.

Rise in purchase price 2014-2023

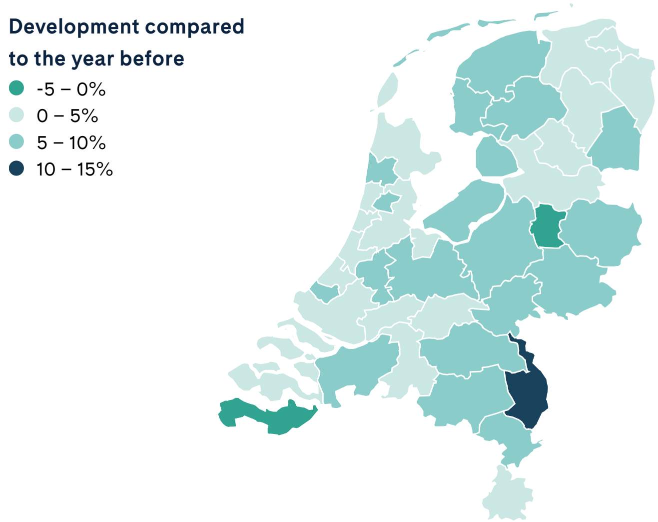
(source: NVM)



By contrast, CBS reports an average house price development of -2.8%. In December 2023 the purchase price rose again by 1.6% compared to a year before. This shows the rapid price recovery in the last months of 2023.

Development of the average purchase price in 2023 in different regions

(source: NVM)

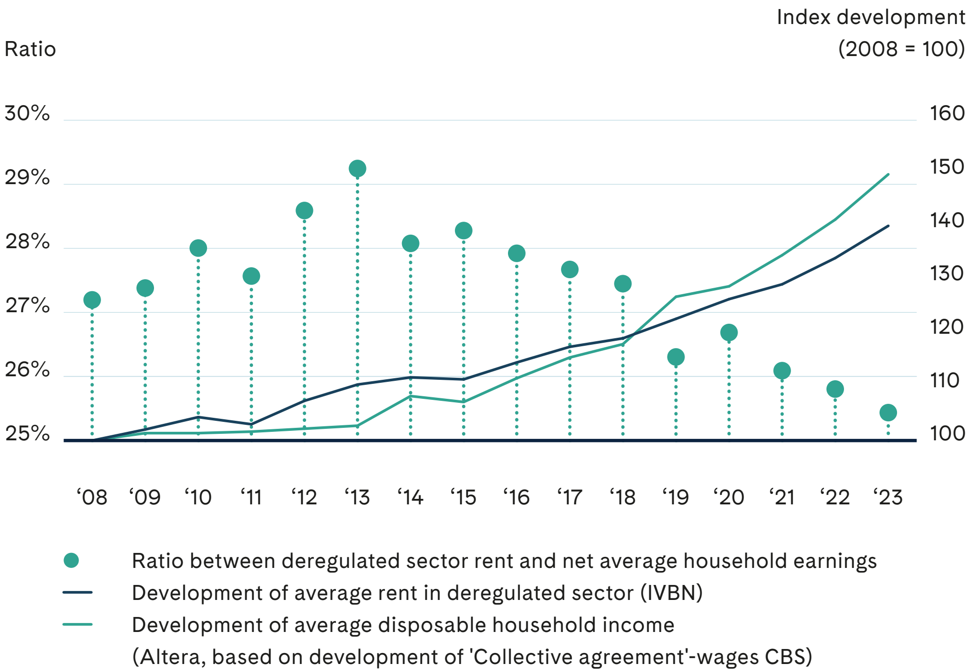


In almost all regions the average house price increased. In the big cities, the price development was lower than in the adjacent regions.

Affordability

The slow development of wages and therefore household income, caused a lag between income and rent development between 2011-2015. After that, incomes developed at a faster rate than rents, so the affordability of deregulated rental homes has more or less improved continuously in the last eight years.

Trends in rent relative to household income



However, entering the housing market might be quite difficult, because transaction prices have risen fast in recent years. This is not specific to this part of the market. In the much larger owner-occupier market, prices rose far more despite the decrease in the second half of 2022 and the first half of 2023. The affordability of that part is also under pressure while entering the market continues to be a challenge for first-time buyers.

Regulation

In general we refer to the rental market with a rent above €808.06 a month (2024: €879.66) as the deregulated segment. This part of the market is increasingly influenced by rules of the national or local government. From 1 May 2021 to 1 May 2024 the maximum yearly rent increase is capped at the level of nationwide inflation (of the year before) +1% in both the regulated and deregulated segment. In 2022, however, this rule was adjusted for the deregulated segment in 2023, because of the high inflation of 10% in 2022, to the lower of the average wage development or inflation in 2022 +1% (total max. 4.1% in 2023 and 5.5% in 2024). It is proposed that this rule be extended until 1 May 2027, but adjusted so it will be based on the wage development +1%. In this way it uses the same basis (wage development) as the rent indexation methodology in the proposed Affordable Rent Act (wage development +1%).

The new semi-regulated mid-rental segment as formulated in the Affordable Rent Act was supposed to be in effect starting January 2024. However, after the fall of the cabinet in July 2023, the act was postponed until 1 July 2024. This act will extend the rules of the WWS (quality level indicator) system from 136 points (€808) to 186 points (€1,123) (price level 2023). Both the rental level of new contracts and the rental rise of current contracts are regulated in this way. To stimulate investments in new constructions the temporary rent surcharge increased from 5 to 10% in the latest version of the proposed act (the surcharge is to apply, for as long as the regulation is in place, to homes brought into use after the bill comes into force and whose construction starts before 1 January 2026).

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 €879 to around €1,200), but some kinds of regulations enhance the risk for investors. Particularly now that the national government is proposing nationwide regulation for the mid-rental segment, there is a risk of an accumulation of rules making residential investments less transparent.

The rising real estate transfer tax also 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 appetite

The transaction volume in the Dutch residential investment market reached €3.8 billion in 2023. This represents a decrease of 51% compared to 2022. Of the total, €2.3 billion was invested in new construction, representing only 9,000 new rental properties (of which 4,300 will be built for housing corporations, approximately €900 million).

Institutional investors accounted for a total investment volume in new constructions of around €670 million, which represents 2,900 new houses (on average institutional investors accounted for 9,000 new dwellings annually in the last five years). This decline is partly due to increased interest rates combined with increased construction costs and uncertainty regarding regulation.

Outlook

The residential investment market saw a significant decline in 2023 due to the aforementioned combination of increased interest rates and uncertainty regarding regulation. For 2024 we expect interest rates to stabilise and slightly decrease in the course of the year. This will positively affect the sentiment amongst investors and we expect price agreements between sellers and buyers to be reached more easily in 2024. However, especially in the first half of 2024, there will still be uncertainty about the exact form in which the mid-rent regulation will be implemented, which will dampen the recovery of the investment market. Clarity on rent regulation gives investors a foothold in new construction.

The owner-occupied housing market already started its recovery in the second half of 2023. It turned quite rapidly into a seller's market again. For 2024 we expect continued growth in transaction prices and high demand due to the increased wages and stabilising mortgage interest rates. Market conditions on the owner-occupied market remain very tight, but the rental housing market as an alternative has similar tight market conditions. For the housing market as a whole we forecast an increase in prices for 2024.

The fundamental drivers of housing demand in the Netherlands remain intact. The number of households will continue to grow in the coming years and strong migration is likely to push the population figure higher than expected, as it did in 2022 and 2023.

Therefore the housing shortage remains - especially with low new construction growth. Stable economic conditions and government stimulus would help to increase the construction of new houses and thereby loosen up the tight housing market.

Residential Sector **balance sheet**

(amounts x €1,000)	Notes to the financial statements	31 Dec 2023	31 Dec 2022
Assets			
Investments			
Property in operation	1	2,098,722	2,134,037
Property pipeline	1	168,850	270,473
Participating interest	2	-	5,724
Other investments	3	21,379	-
		2,288,951	2,410,234
Other fixed assets			
Tangible fixed assets	4	3,195	1,764
Current assets			
Accounts receivable	6	765	488
Other receivables	7	4,046	3,450
Liquidities	8	37,549	17,908
		42,360	21,846
Total assets		2,334,506	2,433,844

(amounts x €1,000)	Notes to the financial statements	31 Dec 2023	31 Dec 2022
Equity + liabilities			
Equity			
Issued share capital	9	566,344	534,743
Paid-in surplus	10	1,053,751	954,983
Revaluation reserve	11	598,231	810,390
General reserve	12	82,136	85,711
	13	2,300,462	2,385,827
Non-current liabilities			
Lease liabilities	15	5,965	4,166
Current liabilities			
Lease liabilities	15	11,106	11,116
Bank loans	16	-	10,000
Loans to participating interest	17	-	5,351
Creditors and other liabilities	18	16,973	17,384
		28,079	43,851
Total equity + liabilities		2,334,506	2,433,844

Residential Sector **profit and loss account**

(amounts x €1,000)	Notes to the financial statements	2023	2022
Theoretical gross rental income	19	86,574	76,414
Vacancy	19	-833	-915
Other	19	108	325
Revenue from service charges	20	3,075	1,451
Service charges	20	-3,083	-1,527
Operating expenses	21	-19,377	-15,328
Net rental income		66,464	60,420
Investment revaluation result	22, 23	-218,241	-34,052
Result on disposals	24	189	-
		-218,052	-34,052
Result from participating interest	2	-	520
Management and fund costs	25	-9,822	-8,660
Other income	26	1,098	526
		-8,724	-7,614
Net operating result		-160,312	18,754
Interest income/expenses	28	-538	-396
Net result		-160,850	18,358
Direct investment income	29	56,640	51,565
Indirect investment income	30	-217,490	-33,207
Total investment income		-160,850	18,358

Notes to **2023 results**

Highlights of 2023 results

- Total fund return of -6.8%, which is far below the returns in the prosperous period 2015-2021 and 2022 (0.9%)
- High stable occupancy rate of 99%
- Low impact for Altera of new rent regulation on mid-rent segment
- First ESG projects on properties from 1980-1990 started in 2023
- 464 residential units added to the operational portfolio and 49 units sold
- Secured pipeline of €275 million of which €199 million already paid
- A project in Amsterdam with 225 apartments added to the unsecured pipeline
- Shares issued for a total amount of €235 million and redemptions of €105 million
- At this moment the outcome of legal procedures on rent indexation clauses in residential rental contracts is unclear

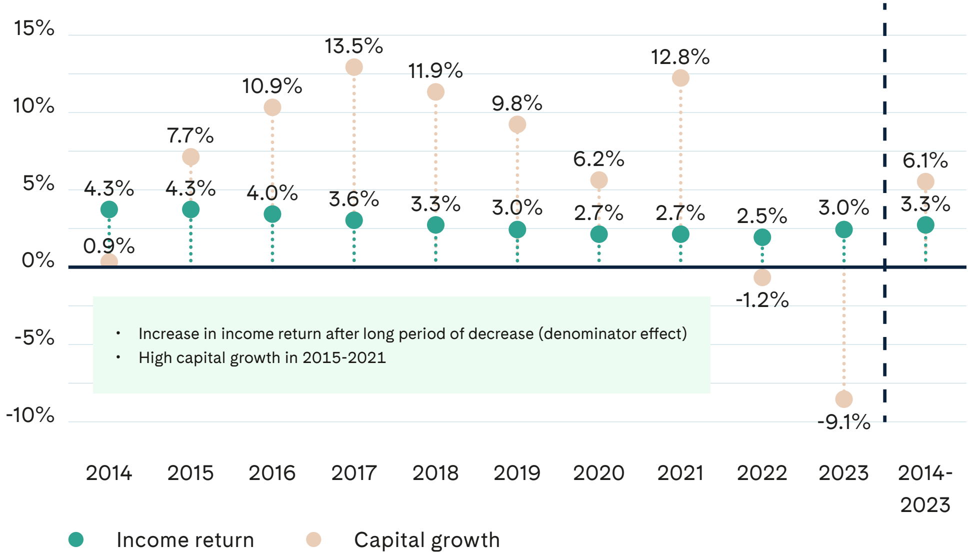
Returns

With a depreciation of -9.1%, the fund return in 2023 decreased to -6.8%. This was the first below zero fund return since 2013 and after a long period (2015-2021) with high appreciations. The sharp increase in interest rates in the first half of 2023 resulted in a lower vacant value of the residential units and a negative yield impact. This trend started in mid-2022 and ended in mid-2023. The increase in the property transfer tax from 8.0% to 10.4% as of 1 January 2023 also did not help. The rent increase as of 1 July 2023 was capped by the government at 4.1%, far below 2022 inflation. However, the scarcity in both the rental and buyer's market is still growing and vacant values have increased since the fourth quarter of 2023.

The property return amounted to -6.3% (2022: 1.3%): 3.0% income return and -9.1% capital growth. The income return of 3.0% is above the 2022 figure of 2.5% due to the revaluation in 2022 and in the first half of 2023 (denominator effect).

Of the capital growth of -9.1% (2022: -1.2%), -6.7% pt can be attributed to the increase in yields, -2.1% pt to the increase in the vacant value and -0.3% pt to portfolio changes.

10-year annual property return



In 2023 Altera Residential achieved a relative performance for all investments below the MSCI benchmark. On a five-year average the performance is -0.1% pt lower than the benchmark.

Residential:			Altera			MSCI Netherlands Property Index
all investments	Income return	Capital growth	Total	Income return	Capital growth	Total
2023	3.0%	-9.1%	-6.3%	3.1%	-8.8%	-5.9%
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%
3-year	2.7%	0.4%	3.2%	2.9%	0.5%	3.3%
5-year	2.8%	3.4%	6.2%	2.9%	3.3%	6.3%
10-year	3.3%	6.1%	9.6%	3.5%	6.0%	9.7%

For standing investments, total returns for 2023 are 0.3% pt higher (2022: 0.7% pt), due to the negative impact of the revaluation of the pipeline portfolio.

The dividend return in 2023 of 2.4% was higher than in 2022 (2.1%) due to a revaluation (denominator effect).

Direct investment income

We ended 2023 with a total investment income of €-160.8 million, which is far below 2022 (€18.4 million). The direct investment income increased by 9.8% to €56.6 million as a result of six new properties (464 units) taken into full operation during the year and the lagged effect of 515 units during 2022. The indirect investment income decreased from €-33.2 million to €-217.5 million.

Direct investment income in 2023 can be compared as follows to the previous year.

Changes in direct investment income	In € mn	Effect
Direct investment income 2022	51.6	
Completions and acquisitions in 2023	3.8	7.5%
Completions and acquisitions in 2022	2.6	5.0%
Divestments in 2023 and 2022	-0.3	-0.5%
Rental increase	2.6	5.0%
Higher share of management costs	-0.9	-1.7%
Higher maintenance costs	-1.7	-3.4%
Other net effects	-1.1	-2.1%
Direct investment income 2023	56.6	9.8%

The rise in direct investment income flows particularly from the completions of projects in 2023 as well as the effect of the properties that were completed in 2022 and operated for a full year in 2023.

A major shortage remains in the mid-range segment of the rental market and enabled us to maintain an occupancy rate of 99%. The initial letting of the six new properties in the portfolio was successful. The 40 care units in Leiden were rented to the care organisation which initiated this project. Vacant units (11% tenant movements) were almost immediately rented out.

The gross-net ratio (net rental income divided by gross rental income) of 77% was below the 2022 level of 80%, but in line with the preceding years.

Indirect investment income

In 2023 the portfolio value decreased by -9.1%, including -8.8% in the first half of 2023. The vacant values of residential units increased by 1.8% (national figure supplied by Statistics Netherlands/ Dutch Land Register: 1.6%). The appraisal value divided by the vacant property value (vacant value ratio) decreased from 82% at the end of 2022 to 76% at the end of 2023.

Gross initial yields (with costs payable by the purchaser) increased in 2023 due to rising interest rates: from 3.8% at year-end 2022 to 4.3% at year-end 2023.

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.

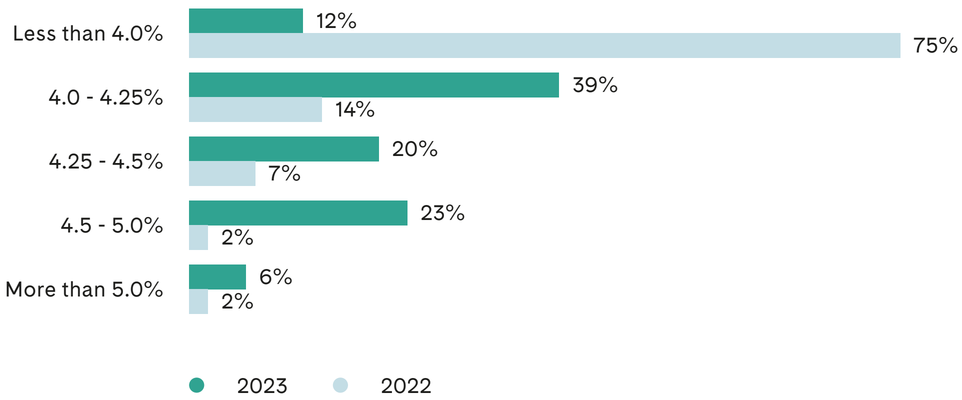
Changes in value of investments in operation for full year	Change in value in % vs year-end 2022	Number of properties	Change in value in 2023 in € mn	Change in value in 2022 in € mn
More than -15%	-17.6%	12	-31.2	-
Between -15% and -10%	-12.8%	28	-73.3	-4.9
Between -10% and -5%	-7.9%	44	-65.9	-14.0
Between -5% and 0%	-3.0%	21	-16.4	-21.7
Above 0%	-	0	-	25.5
Total	-8.8%	105	-186.8	-15.1

In 2023 there was no asset in the portfolio with an appreciation, in sharp contrast to 2022, when 45% of the properties showed an appreciation. Of the 105 properties, 65 were depreciated up to 10% and 40 by more than 10%. The revaluation of the standing investments in 2023 amounted to -8.5% for the apartments and -10.2% for single-family homes (2022: -0.8% and -0.8% respectively).

We change the external appraisers for each property every three years: 30 properties in 2023. Overall, the change was associated with a -1.1% depreciation in the respective quarter (2022: 35 properties decreased in value by 0.9%). This depreciation is less than the trend in value.

The spread of the valuation of the properties in operation at year-end 2023 and year-end 2022 in terms of the gross initial yield (with costs payable by the purchaser) is as follows:

Spread of gross initial yield (average: 4.3%)



The average gross initial yield increased from 3.8% end of 2022 to 4.3% end of 2023.

In 2023 the impact of the valuation of pipeline projects amounted to €-29.5 million (2022: €-13.3 million) based on external valuations.

Trends in rents and operating expenses

First rentals of new properties are progressing well. In 2023 we signed 1,122 leases (2022: 1,159). Of these, a total of 425 were for the first rental of newly completed properties (2022: 515). The tenant movements remained at a level at 11% in 2023, which is lower than the 13-14% level in 2014-2021.

With effect from 1 July 2022 we increased rents by an average of 4.0% with inflation for 2022 at 10.2%. The rent increase was capped by the government at 4.1%. In the previous financial year rents were raised on 1 July 2022 by 2.8% with inflation at 2.7%. The deregulation rental limit was €808 as at 1 July 2023 based on 136 points. For the new regime the threshold will increase to 186 points with a rent level of €1,123 (price level 2023).

We refer to page 144 for the explanation on the ongoing legal procedures on indexation clauses in rental contracts.

Total operating expenses (including service charges for vacant properties) relative to the theoretical rental income increased due to higher maintenance and management expenses.

Operating expenses	2023	2022
Maintenance expenses	8%	7%
Fixed expenses	4%	4%
Management expenses	3%	2%
Other	7%	7%
Total	22%	20%

Rental arrears of more than 90 days at year-end 2023 amounted to 0.8% of annual rent, in line with year-end 2022 (0.8%).

Customer satisfaction

Subject	Altera	Benchmark	Altera's position (out of 13)
Satisfaction with the property	7.6	7.4	3
Satisfaction with the environment	7.4	7.5	8
Satisfaction with investor	7.0	6.7	4
Satisfaction with property manager	6.7	6.4	2

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 13 IVBN-affiliated residential investors. The combined results constitute the benchmark. Of the total of 31 questions, Altera outperformed on 29. Altera ranked second for ‘the property manager’ and third for ‘the property’. We also outperformed in terms of ‘the investor’ (fourth position). However, the average score decreased slightly from 7.1 to 7.0 (for the benchmark itself from 6.9 to 6.7).

Portfolio transactions

Six newly completed complexes were added to the portfolio, comprising 464 homes:

Investments taken into operation in 2023	No. of homes	Housing type	Start of operation	Annual rent (in € mn)	Year of construction
Den Bosch					
Branderijstraat	54	Apartments	January	0.8	2023
Almere					
A.M. van Schurmanlaan et al.	174	Single family	March - April	2.4	2022 / 2023
Tilburg					
Magazijnstraat	70	Apartments	April	0.9	2023
Utrecht					
P. Picassostraat	54	Apartments	July	0.8	2023
Leiden					
Robijnhof	40	Apartments	November	0.4	2023
Amstelveen					
Burg. Rijnderslaan (The Mayor)	72	Apartments	November	1.6	2022 / 2023
Total	464			6.9	

The rental of the newly completed properties went successful. They were all fully let on completion or just afterwards.

In 2023 one property (225 units) was added to the unsecured pipeline. In 2023 Altera acquired the land (see Other investments) for an amount of €21.4 million with a return of 4.25%. Construction may start in 2025, but if the project appears not to be feasible for parties involved, the developer has to buy back the land.

In July 2023 49 single-family homes in Valkenswaard which no longer fitted Altera's strategy, were divested above book value.

Properties divested in 2023	Number of homes	Housing type	Annual rent (in € mn)	Month of sale
Valkenswaard				
De Maalsteen, et al.	35	Single family	0.4	August
De Meule	14	Single family	0.2	August
	49		0.6	

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 5,762 to 6,176. Taking into account the pipeline, the portfolio will increase in the coming two years to approximately 7,000 units.

We have a secured pipeline of €274.9 million (738 units), of which €199.3 million has already been paid.

The current portfolio in operation (€2.08 billion) plus the market value of the pipeline (€ 0.25 billion) results in a total portfolio of €2.33 billion.

Other notes

At the end of 2023 the number of shareholders was 38 (2022: 41), a decrease of three as a result of one new entrant and four redeeming investors.

In 2023 entries amounted to €235.2 million and redemptions €104.8 million (2022: €268.2 million of entries and €163.5 million of redemptions).

Preferences and redemptions (in € x mn)	2023	2022
Balance as at 1 January	407.2	387.2
New preferences received	95.4	288.2
New redemptions received	-104.8	-163.5
New capital issued	-235.2	-268.2
Redemptions facilitated	104.8	163.5
Balance as at 31 December	267.3	407.2

ESG

With a view to its sustainability strategy, Altera works on the basis of the three pillars that have been set out on page 47 of this Annual Report. The KPIs per pillar (except for the third pillar Our Responsible Management Platform) achieved in 2023 are set out below.

ESG Strategy

1. Our Sustainable Real Estate

Reducing actual energy consumption

With regard to reducing the building-related energy consumption various improvements were implemented in 2023 and several sustainable assets have been added to the portfolio in operation. This increased the sustainability of the portfolio. Currently, 72% of our residential units have A-labels and the objective is to increase this percentage to more than 80% at the end of 2026.

In order to reduce user-related energy consumption we engage with tenants to stimulate them to reduce their energy use.

Yields from onsite renewables

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 2023, all single-family homes were equipped with solar panels and multi-family homes as much as possible. To this extent, currently 17,866 solar panels in our residential portfolio have been installed. Because of the limited opportunities to add solar panels to existing assets, we aim to increase this to more than 18,000 at the end of 2026.

Green energy

Altera works with its property managers to purchase green energy (electricity and gas) for the common areas. In 2023, 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 2026. 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 2023, 43% of residential properties were free from natural gas.

	2023	2022	2021	**Strategy (EOY 2026)**
KPI				
% of Green energy labels (A-C)	99%	99%	99%	100%
% of A labels	72%	70%	67%	>80%
Average Energy Index	1.07	1.07	1.07	N/A
Average BENG 2	65 kWh/m²	70 kWh/m²	80 kWh/m²	N/A
Actual energy use SFH	97 kWh/m²	100 kWh/m²	105 kWh/m²	79 kWh/m²
Actual energy use MFH	76 kWh/m²			71 kWh/m²
% free of natural gas	43%	38%	26%	N/A
Number of solar panels	17,866	16,723	14,490	>18,000

Acquisition of sustainable properties

In 2023, six 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 7.7. 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 the 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 6.8. 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	2023	2022	Strategy (EOY 2026)
Energy	96%	97%	100%
Greenhouse gas	96%	97%	100%
Water	69%	68%	100%
Waste	100%	100%	100%

2. Alignment with the Interests of our Stakeholders

GRESB

Altera participates in the annual GRESB survey. In 2023 (results for 2022), the residential portfolio achieved a total score of 95 points, which resulted in a score of five stars. With this score the Altera residential portfolio obtained the second position in the category of non-listed residential real estate in the Netherlands and obtained the Global Sector Leader status fot the fourth year in a row. For the coming years, Altera strives for 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 could be improved further. We have commenced different initiatives to improve on these topics to continue to achieve outstanding GRESB results.

GRESB	2023	2022	Strategy (EOY 2026)
Total score	95	94	-
Number of stars	5	5	5

Tenant satisfaction and engagement

Each year, we measure tenant satisfaction levels on various subjects. We therefore 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 7.0 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).

With regard to sustainability, Altera performs well for satisfaction with total living costs.

Also, a positive correlation can be observed between the satisfaction with total living costs and the energy label. In line with these results, 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 and thereby simultaneously reduce their living costs.

Residential portfolio **year-end 2023**

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

City	Address	Year of construction	Rentable units	Theoretical rental level in € mn	Occupancy rate
Apartments					
Alkmaar **	Paternosterstraat	1985	72	0.6	100%
Almere	Kapitein de Langestraat	1995	87	1.0	99%
Amersfoort	De Bosuil	2020	114	1.7	100%
Amstelveen	Nicolaas Tulplaan	2014	113	2.0	99%
Amstelveen	Maimonideslaan	2017	84	1.3	99%
Amstelveen *	Laan van de Helende Meesters	2014	48	1.1	98%
Amstelveen	Chr. Huygenshof	2018	103	1.7	100%
Amstelveen	Burg. Rijnderslaan phase 1	2022	52	1.1	98%
Amstelveen	Burg. Rijnderslaan phase 2	2023	72	1.6	100%
Amsterdam	Blankenstraat	2011	68	1.5	96%
Amsterdam */**	Faas Wilkesstraat	2019	86	1.5	100%
Amsterdam **	Oostelijke Handelskade # 2	2013	108	2.4	97%
Amsterdam **	Oostelijke Handelskade # 1	2013	61	1.1	98%
Amsterdam **	Oostelijke Handelskade # 3	2016	66	1.3	100%
Amsterdam */**	Tollensstraat, Dichtershofje	2015	69	1.6	99%
Amsterdam **	Tollensstraat	2017	52	1.1	98%
Amsterdam */**	Elzenhagensingel	2022	184	3.0	99%
Apeldoorn	Molenstraat	2005	44	0.6	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%
Den Bosch	Branderijstraat	2023	54	0.9	100%
The Hague	Eisenhowerlaan	2021	39	0.9	99%
The Hague	Dr Lelykade	2016	47	0.8	100%
The Hague	Loevesteinlaan	2009	61	0.8	100%
The Hague	Laan van Wateringse Veld	2009	63	0.9	100%
The Hague *	Leeghwaterplein, Leemansplein	2021	155	2.0	100%
The Hague	Waldorpstraat, Calandstraat	2021	77	0.9	99%
The Hague	Ockenburghstraat	2021	23	0.5	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%

City	Address	Year of construction	Rentable units	Theoretical rental level in € mn	Occupancy rate
Gouda	Winterdijk	2012	36	0.4	99%
Gouda	Vest, Verloren Kost	2018	30	0.4	100%
Haarlem	Disselkade	2015	25	0.5	100%
Harderwijk	Bachdreef	1994	41	0.5	100%
Heemskerk	N. Hennemanpad, Raadhuisstraat	2019	60	0.8	100%
Heemskerk	Ganzenveer	2006	27	0.4	96%
Heerhugowaard	Jade	2005	56	0.8	98%
Hendrik Ido Ambacht *	Ring, Avelingen	1997	32	0.5	100%
Hilversum	Van Linschotenlaan	2018	55	0.7	100%
Hoofddorp	Markenburg	1992	54	0.6	100%
Hoofddorp	Ter Veenlaan	2008	69	0.9	100%
Hoofddorp	Burg. Van Stamplein	2017	63	0.9	100%
Leiden	Robijnhof, Robijnstraat	2022	119	1.5	100%
Leiden	Robijnhof	2023	40	0.4	100%
Maarssen	Waterstede	2005	60	0.9	100%
Maarssen	Bisonspoor	2017	60	0.8	100%
Nijmegen	Irene Vorrinkstraat	2011	53	0.8	100%
Nijmegen	Irene Vorrinkstraat	2015	28	0.4	100%
Nijmegen	Irene Vorrinkstraat	2017	27	0.3	100%
Oegstgeest	Rozenlaan	2006	44	0.7	98%
Ridderkerk	Drierivierenlaan	2018	66	0.8	100%
Rotterdam *	Brede Hilledijk, et al.	2021	356	6.3	97%
Rotterdam	Hesseplaats	2011	58	0.8	100%
Rotterdam	Kruisplein ipv Mauritsweg	2013	75	1.2	98%
Rotterdam	Siciliëboulevard	2021	49	0.8	100%
Schiedam **	Olof Palmeborg, et al.	2005	66	0.8	100%
Son en Breugel	Molenstraat	2018	48	0.6	100%
Tilburg	Magazijnstraat	2023	70	0.9	100%
Uithoorn *	Pr. Clausstraat, Marktplein *	2022	30	0.6	100%
Utrecht	Diamantweg	2012	28	0.5	100%
Utrecht	Huis te Zuylenlaan	2006	39	0.6	100%
Utrecht	Operettelaan	2008	22	0.3	100%
Utrecht	Burchtplein, Zuiderburcht	2011	38	0.6	100%
Utrecht *	Vlechtdraadhof	2017	66	0.9	100%
Utrecht	W.F. Hermansstraat	2022	47	0.7	99%
Utrecht	A. Blamanstraat	2022	47	0.7	99%
Utrecht	P. Picassostraat	2023	54	0.8	99%
Waalwijk	Engelsestraat	2018	60	0.7	100%
Wormerveer	Houtkade, Krommenieerweg	1997	36	0.4	100%

City	Address	Year of construction	Rentable units	Theoretical rental level in € mn	Occupancy rate
Zeist	Antonlaan / Geiserlaan	2019	40	0.6	100%
Zoetermeer	Haussmannruimte	2004	44	0.6	98%
Zwolle	Van der Capellenstraat	1986/2009	104	1.1	100%
Total Apartments			4,814	73.0	99%
Single family homes					
Almere	Eeuwenweg	1997	35	0.5	97%
Almere	A.M. van Schurmanlaan, et al.	2022/2023	174	2.4	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	0.5	100%
Breda	Kerkuil, Blauwvoet, Havik	1988	39	0.5	100%
Breda	Deinzestraat, Bornemstraat	1989	36	0.4	100%
Deventer	Esdoornlaan, Espad	1986	40	0.5	100%
Doorn *	Simon Vestdijkhof et al.	1986	36	0.5	97%
Haarlem	Chris Soumokilstraat, et al.	1988	93	1.2	99%
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	0.5	97%
Rosmalen	Alverborch, Zalmborch, et al.	1985	40	0.5	100%
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	0.4	97%
Tilburg	Harmelenstraat, et al.	1991	24	0.3	100%
Tilburg	Kerkdrielstraat	1990	24	0.3	96%
Uden	Abdijlaan, Klemvogel	1988	42	0.5	100%
Udenhout	Helmkruid, Anemoon	1986	22	0.2	95%
Udenhout	Anemoon, Kamille, Sint Janskruid	1988	14	0.2	100%
Uithoorn	Patrijs, Knobbelzwaan	2019	30	0.5	100%
Utrecht	Sáo Vicentedreef, Londrinadreef, et al.	2018	30	0.5	100%
Voorhout	Kruidenschans, Lavendelweg, et al.	1987	47	0.6	100%

City	Address	Year of construction	Rentable units	Theoretical rental level in € mn	Occupancy rate
Waalwijk	C. Koemanstraat, G. Frisiusstraat	2019	26	0.4	96%
Waalwijk	Rembrandtpark	1986	31	0.4	100%
Zevenaar	Monnetstraat, Spaakstraat	1985	40	0.4	100%
Total Single family homes			1,362	17.3	99%

	Rentable units	Theoretical rental level in € mn	Occupancy rate
Total Apartments	4,814	73.0	99%
Total Single family homes	1,362	17.3	99%
Total of all segments	**6,176**	**90.3**	**99%**

Secured pipeline

Secured pipeline (€275 mn of which €199 mn already paid); all properties in construction phase

City	Location	Year of completion	Rentable units	Theoretical rental level in € mn
Zaandam	Houtveldweg et al.	2024-2025	357	5.0
Amsterdam	Kraanspoor, Werfkade	2024	181	2.7
Utrecht	Beneluxlaan	2025	200	2.7
			738	10.4

Retail

Amazing Oriental, Eindhoven

Timeline of Altera Retail

01/02/2023
ALDI supermarkt added as third supermarket to convenience centre Zwolle Zuid

17/03/2023
Pop-up meeting place De Spot in Het Rond convenience centre in Houten was officially opened

14/06/2023
Altera partners with construction firm Pennings to create more sustainable Retail portfolio

14/06/2023
Altera chooses Proprli to manage entire Retail portfolio, embracing digital transformation

1,000 sqm

22/06/2023
New tenant Intertoys rents 1,000 sqm retail floor space in Sint Jorisplein shopping centre in Amersfoort

05/09/2023
Acquisition of single supermarket Amazing Oriental in Eindhoven

07/09/2023
Acquisition of convenience centre Nieuw Sloten in Amsterdam

05/10/2023
Liquidation of the entity BV Beleggingsmaatschappij Stadscentrum Zoetermeer (50% participation)

GRESB

17/10/2023
Altera Retail Global Sector leader for the first time according to GRESB

20/10/2023
HEMA expands at Gouweplein in Waddinxveen

24/10/2023
New tenants and lease extensions in convenience centre Brouwhorst in Helmond

06/11/2023
New tenants in convenience centres Toolenburg (Hoofddorp) and Westwijk (Amstelveen)

Strategy

Market trends

1. Economic conditions create uncertainty in spending behaviour

Economic uncertainty affects consumer spending due to high inflation, energy prices and stagnant wage growth. The resulting lower purchasing power influences spending behaviour which impacts retail. The food sector within retail is more resilient due to its essential nature, while the non-food sector will face greater declines.

2. Ongoing bifurcation between Comparison and Convenience retail

Comparison and Convenience retail have bifurcated, with Convenience retail showing positive differentiation. Convenience retail performs more stably than Comparison retail due to strong income return and stable or rising rents. Therefore, the performance gap between the two types will persist.

3. Spending potential for supermarkets of increasing importance

Supermarkets' margins appear to be under increasing pressure due to higher operating costs, the ban on tobacco sales and an online sales channel that is still insufficiently compensated. Analysing spending potential and consumer needs is crucial for a future proof retail portfolio.

4. Desired sector mix requires more expertise

Increasing the proportion of supermarkets and need-driven retailers lowers vacancy risk. Some fresh food retailers are declining, possibly due to energy costs and succession issues. Maintaining a high proportion of supermarkets and need-driven retailers remains important, but requires more expertise from the property manager.

5. Changing consumer behaviour with greater focus on affordability

With high inflation, affordability is becoming more important within consumer behaviour. Lower purchasing power leads to price-consciousness. Supermarkets remain a stable base for Convenience centres, because they have previously proved not to be sensitive to cyclical fluctuations.

6. Demographic trends lead to regional differences and increased importance of more specific target groups

Demographic trends create regional variations and emphasise specific target groups. Economically, the Randstad region and adjacent areas are attractive due to growth, lower unemployment and a strong business environment. Seniors, one-person households and immigrants are gaining importance as target groups due to demographic shifts.

7. Less retail floor space needed in the future

Excess retail space has emerged due to online shopping, demographic shifts and overdevelopment. This affects Comparison centres most, leading to higher vacancy risk. For Convenience retail, in particular the for Small and Medium Convenience centers, there is no surplus of retail metres, which keeps the risk low.

8. ESG: prioritising climate mitigation efforts is essential to limit GHG emissions

Rapid climate change calls for urgent action to limit global temperature rise. Energy consumption is falling but must be reduced faster, with tenant behaviour crucial to emissions reduction. Reporting on energy consumption will be required by law and policy attention will focus on embedded carbon and carbon pricing.

9. ESG: increasing importance of climate adaptation to reduce financial risks

Climate adaptation is critical because of the increase in extreme weather events and their financial impact on assets. Companies are being urged to incorporate climate risks into their decisions. Climate adaptation is gaining importance alongside mitigation and may become mandatory.

Strategy

Convenience retail is permanently attractive due to a good risk-return ratio. Key trends and developments show that Convenience retail can be expected to remain stable due to its need-driven nature. Convenience retail has proved more or less insensitive to economic uncertainties, so consumer spending is stable. This is expected to widen the performance gap relative to Comparison, which is more sensitive to economic uncertainties. Nevertheless, Convenience retail also expects more expertise from the property manager, with higher quality translating to resilience in the future. This is mainly based on optimising the sector mix and its connection to the catchment areas. The actual sustainability of retail assets also plays an important role here. In addition to maintaining a focus on Convenience retail, maintaining and further optimising quality is therefore a focal point.

Strategy items	2023	Policy objective (3 years)
Focus on Convenience shopping (Supermarkets, Convenience Small & Medium)	55%	>67.5%
Phasing out Comparison	11%	0%
Increase in rental income from supermarkets	42%	>45%
Maintain high quality score	78	≥78
Geographical focus on Randstad	76%	>65%
Average Energy Intensity (with refrigeration)	302	<248
Average Energy Intensity (without refrigeration)	178	<145

Convenience-driven strategy...

for continued stable return with minimum risk

Smaller average size of convenience centre...

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

Strong spending potential...

as this is aligned with revenue potential

Stable sector mix...

with increase in supermarkets and need-driven shops

As convenient as possible...

because the success of a Convenience shopping centre or stand-alone supermarket depends greatly on the ease with which the consumer can visit it

Geographical focus...

because of (higher) population growth, higher purchasing power and stronger local economy

Sustainable, social and transparent with...

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

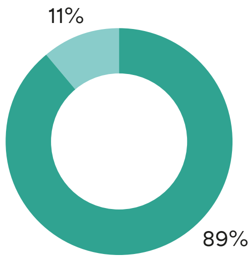
Portfolio characteristics

	Year-end 2023	Year-end 2022
Portfolio characteristics		
Operational portfolio (excl. IFRS 16)	€661 mn	€642 mn
Theoretical annual rent	€49.0 mn	€44.6 mn
Theoretical annual rent / value of portfolio	7.4%	6.9%
Number of complexes	41	39
Number of leases	527	515
Contract rent versus market rent	+10%	+8%
Residual term of current leases	4.4 year	4.5 year
Average rent per m^2	€234	€221
Occupancy rate	95%	94%

	Year-end 2023	Year-end 2022
Segmentation of operational portfolio		
Convenience		
Value of portfolio	€591 mn	€568 mn
Theoretical annual rent / value of portfolio	7.1%	6.7%
Occupancy rate	95%	95%
Comparison		
Value of portfolio	€70 mn	€74 mn
Theoretical annual rent / value of portfolio	10.0%	9.1%
Occupancy rate	91%	89%

Portfolio structure

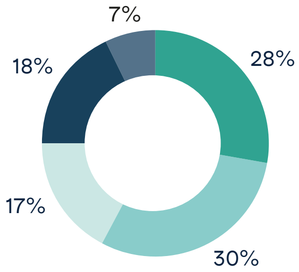
Property type



Portfolio consists mainly of convenience properties (89%)

- Convenience retail
- Comparison retail

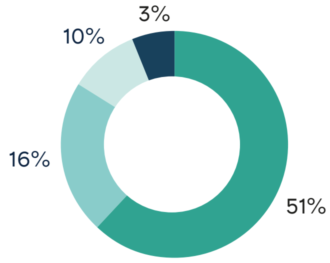
Size per property



Spread over larger and smaller properties

- >€50 mn (3)
- €25 mn - €50 mn (6)
- €15 mn - €25 mn (6)
- €5 mn - €15 mn (16)
- <€5 mn (10)

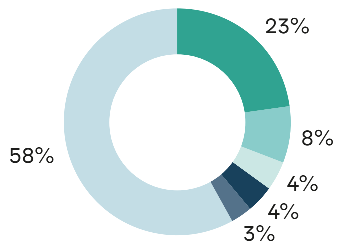
Tenant sectors



62% of contract rent is related to convenience units

- Convenience
- Clothing and luxury
- Services and catering
- Other

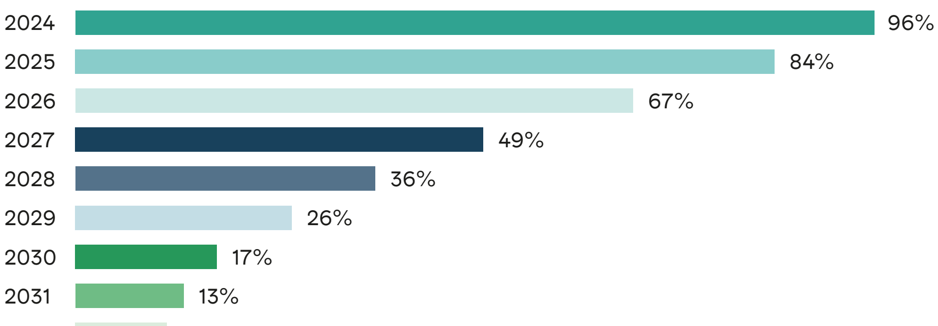
Top 5 tenants



Top 5 tenants together: 42%

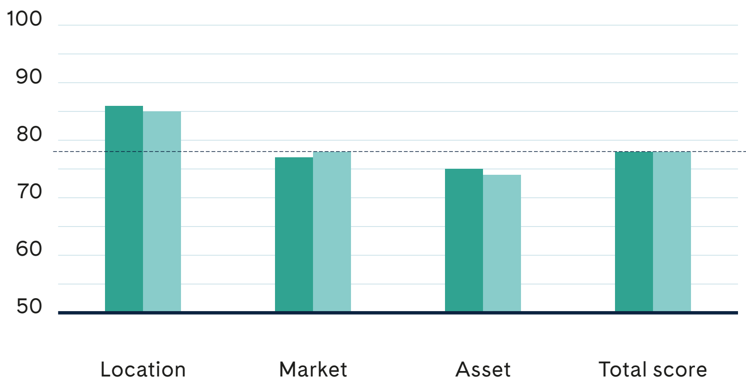
- Ahold-Delhaize
- Jumbo
- Plus / Sperwer
- A.S. Watson
- Lidl
- Others

Remaining rental income



At least 67% of the current leases are due to run until 2026
The average residual term is 4.4 years

Quality score of portfolio



Average quality score of:
Convenience 78
Total portfolio 78

- Convenience
- Total portfolio

Key figures

	2023	2022	2021	2020	2019	3-year 2021-2023	5-year 2019-2023	10-year 2014-2023
Income return	5.8%	5.7%	5.7%	5.6%	5.8%	5.7%	5.7%	6.0%
Capital growth	-2.1%	3.5%	-0.2%	-9.6%	-0.4%	0.4%	-1.9%	-1.8%
Total property return	3.6%	9.4%	5.5%	-4.5%	5.4%	6.1%	3.8%	4.1%
Management and fund costs	-0.4%	-0.4%	-0.3%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
Impact of cash and leverage	-0.1%	-0.2%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.0%
Other differences	0.0%	0.2%	-0.1%	-0.5%	0.1%	0.0%	-0.1%	0.1%
Fund return IFRS	3.1%	9.0%	5.1%	-5.4%	5.0%	5.7%	3.2%	3.8%
Fund return INREV	3.2%	9.2%	5.2%	-5.5%	5.8%	5.8%	3.5%	N/A
Dividend return	5.1%	5.2%	5.5%	5.5%	5.4%	5.3%	5.3%	5.5%

	2023	2022	2021	2020	2019
Other					
Average occupancy rate	95%	94%	94%	93%	93%
Occupancy rate at year-end	95%	94%	93%	94%	93%
Net/gross rental income	81%	86%	82%	80%	84%
Gross initial yield at year-end	7.4%	6.9%	7.2%	7.3%	7.1%
Average number of outstanding shares (x mn)	674.1	651.4	637.6	638.9	602.2
Number of outstanding shares at year-end (x mn)	682.2	668.8	638.8	629.8	638.9
Total investment income per share (€)	0.030	0.084	0.046	-0.055	0.051
Net asset value per share IFRS (€)	0.964	0.983	0.948	0.952	1.063
Net asset value per share INREV (€)	0.976	0.994	0.958	0.961	1.073

Retail market trends

End to high inflation leads to better economic balance sheet

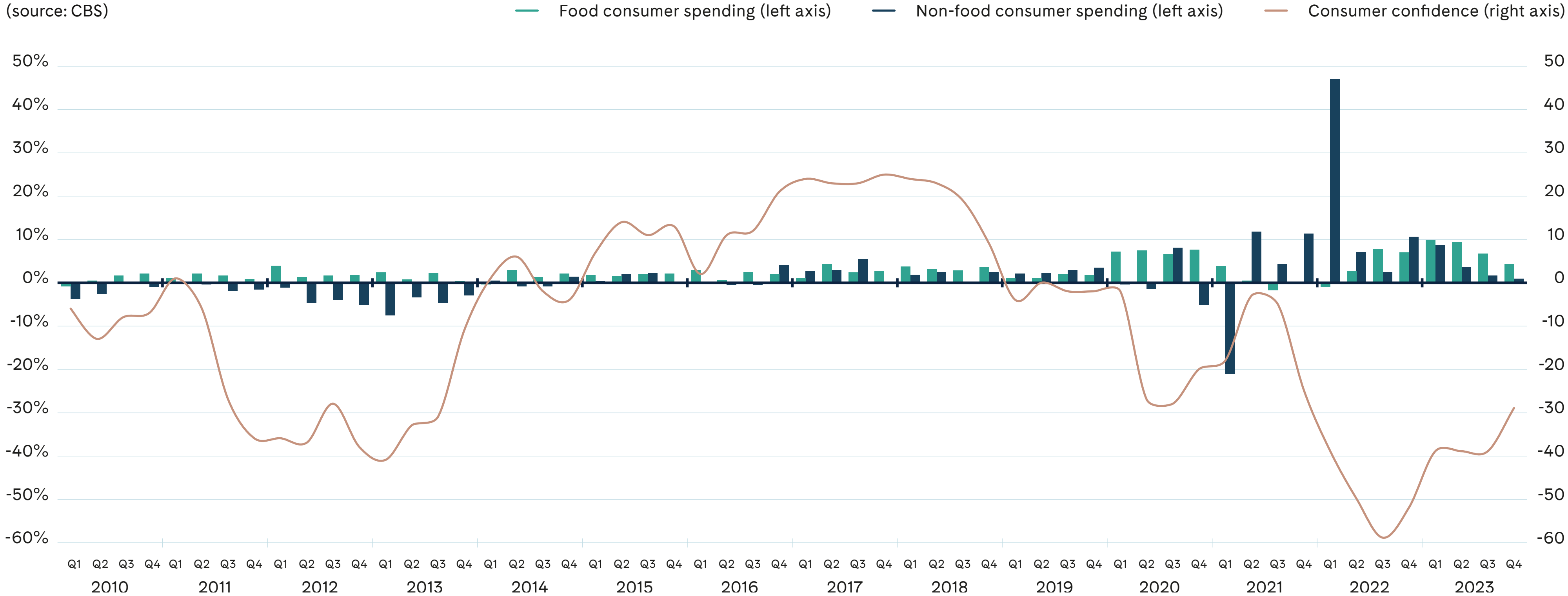
The major macroeconomic theme in the year 2023 was the battle against inflation. After a record high of 11.6% in 2022, inflation fell to 4.1% in 2023. Inflation is expected to continue falling next year. Lower energy prices and central bank interest rate hikes are the main reasons for this. The ECB gradually raised interest rates from 2% at the start of the year to 4% at the end of the year.

The economy grew by 0.1% in 2023. This is sharply lower than in 2022, when there was strong catch-up growth after the coronavirus pandemic. The main causes of the economy's cooling are the decline in world trade and the European Central Bank's monetary policy. That policy is necessary to combat high inflation.

Unemployment in 2023 is virtually unchanged from last year at an average of 3.6%. Due to high inflation combined with the still tight labour market, wage growth showed a significant increase including in the form of one-time benefits.

Consumer spending vs consumer confidence

(source: CBS)



Consumer confidence climbs out of slump and growing retail sales due to price increases

Consumer confidence showed a slight increase from September and ended December 2023 at -29. This average is still lower than the average consumer confidence over the past 20 years (-10). In September and October 2022, confidence reached its lowest level ever (-59).

Despite the low level of consumer confidence, retail turnover has increased. On average, retail turnover increased by 5.6% in 2023 compared to 2022. Sales growth last year was due to higher prices, as the sales volume declined -2.4%. Turnover in Non-Food increased by 3.5%, with the largest increases being realised by shops in personal care and fashion. Within Food, sales increased by 7.7%, despite the already strong growth in previous years. Both supermarkets and fresh food retailers increased their turnover. Online turnover was 1.6% higher than in 2022. Online benefited greatly during the COVID-19 period, so it now faces a more difficult time increasing the turnover (source: CBS).

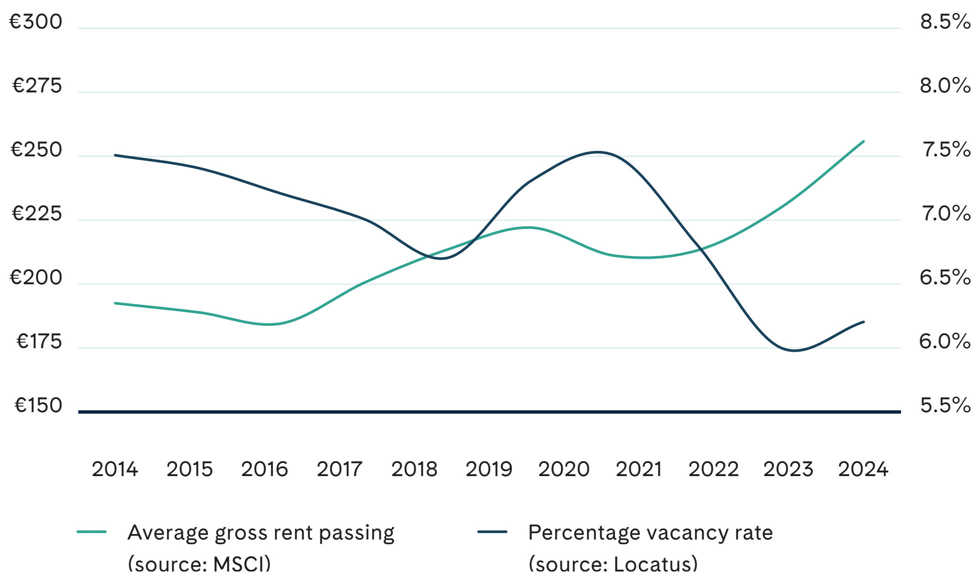
For the online turnover of supermarkets, there is a downward trend. The penetration rate (proportion of consumers who say they shop online) is an important indicator of the development of online supermarket spending. This share showed an increase in recent years, especially during COVID-19. After COVID-19, however, the penetration rate shows a continuous decline. This affects the development of supermarkets' online sales. Coupled with the penetration rate, online grocery sales also showed an increase for a number of years. Particularly between 2018 and spring 2022, the share in relation to total sales grew enormously. In early 2022, the highest level of 5.6% was reached. Since then, online supermarket sales have also been showing a decline, reaching a 4.6% share by 2023 (source: Supermarkt & Ruimte, 2023).

Sharp rise in contract rents due to high inflation

A relatively sharp increase in average contract rents is visible in 2023. This is due to the fact that contract rents for retail are indexed on the basis of inflation. Because inflation reached exceptionally high levels in 2022 and 2023, contract rents were heavily indexed. As a result, contract rents are higher than market rents, making the market seems over-let. Inflation is currently decreasing, which means indexation will decrease. This will restore a healthy balance between market rent and contractual rent.

Changes in rent and vacancy in Dutch retail

(source: MSCI and Locatus)



Occupancy rate shows very small decline

For Dutch retail, 2023 was a turbulent year with a wave of bankruptcies of large retail chains, which are mainly located in Comparison shopping areas. Despite this wave of bankruptcies, the occupancy rate remained stable at 94.0% of the number of retail units for a long time in 2023. Only in the last quarter of 2023 did the occupancy rate begin to decline to reach 93.8% at the end of December. The main reason for this decline is a sharp decrease in the number of active retailers. This number fell by nearly 3,000 entrepreneurs. The main reason for business discontinuation is that when a business is running badly, it is stopped before it reaches bankruptcy. But lack of succession also leads to an increase in the number of business closures. For the time being, bankruptcies are causing only a very limited decrease in active retailers. The number of bankruptcies in 2023 did nevertheless show a sharp increase from the previous year, with 337 retailers going bankrupt in 2023 compared to 193 in 2022.

In almost all types of shopping areas, occupancy rates have decreased slightly. The occupancy rate is still significantly higher in convenience shopping centres (+3.0%) compared to the comparison shopping centres.

Investment market

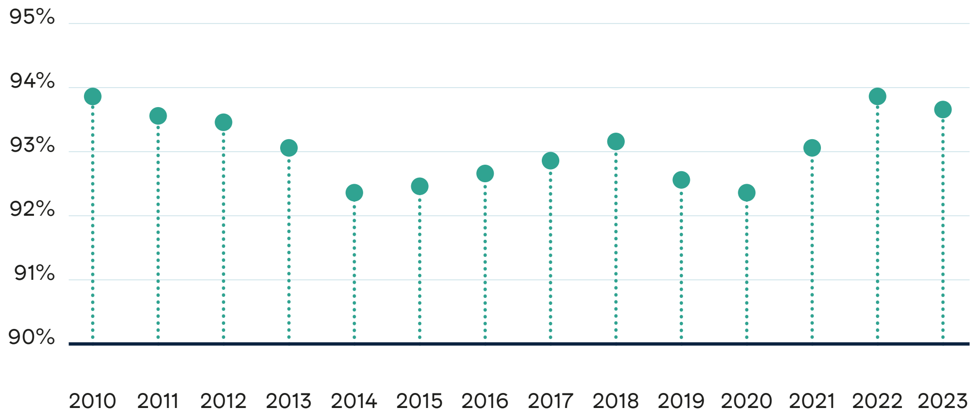
As in other sectors, higher interest rates had a huge impact on the retail real estate market in 2023. At €990 million, volume was 51% lower than in the previous year. Nevertheless, interest in retail real estate is increasing. This is partly because the price floor seems to have been reached, but also because of uncertainty in other sectors. Consequently, the financing premium for retail has increased only slightly.

Within the various types of retail property, the initial yield of Convenience retail in particular has risen. This is because Comparison retail has already had an extended period of rising yields since COVID-19. However, among investors who can buy without financing, there remains strong demand for the best supermarkets and neighbourhood shopping centres with a high proportion of daily supply. The difference in yields for really good assets and less good assets has therefore increased sharply, with the yields of really good Convenience assets showing only a limited increase.

The total return of Convenience retail is still higher than the total return of Comparison retail. The stable nature of need-driven retailers, which are more strongly represented in Convenience retail, is the main reason for this. Partly because of this, the income return is higher.

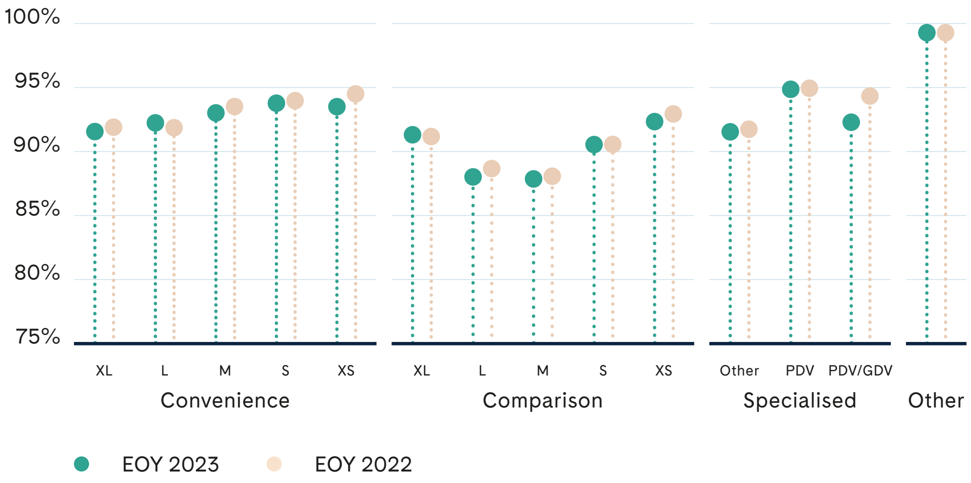
Occupancy rate as a percentage of retail units

(source: Locatus)

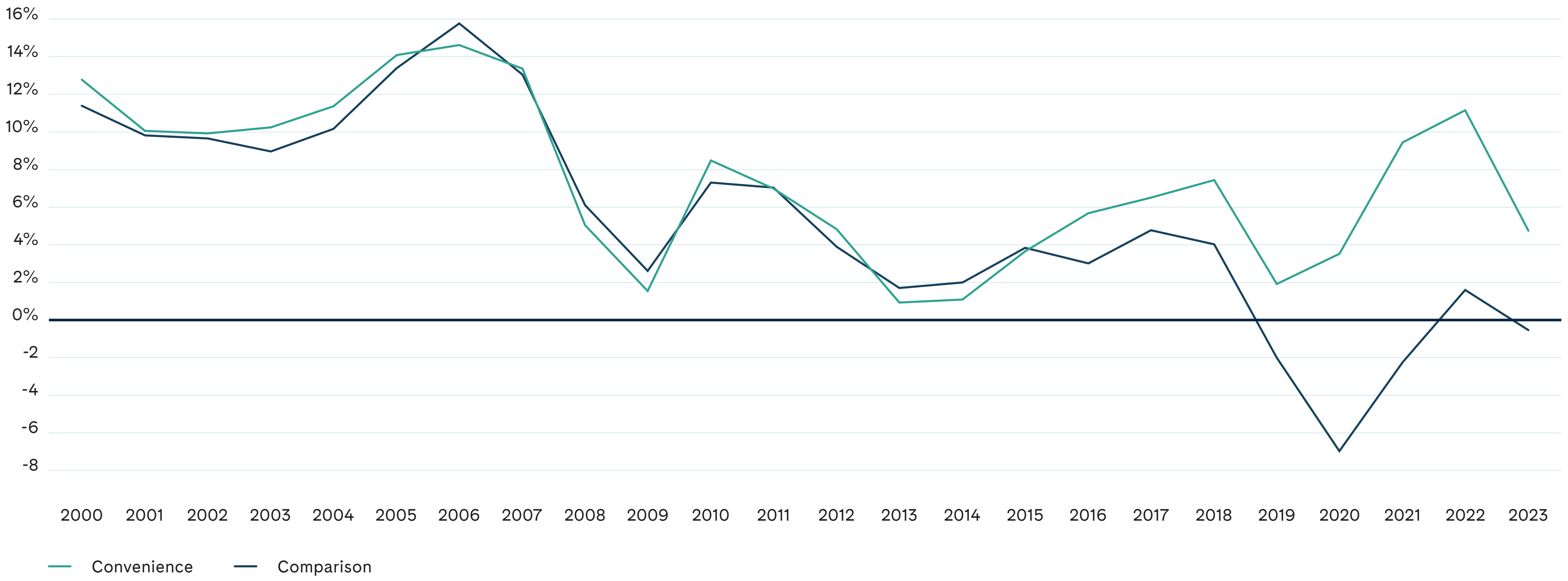


Occupancy rate as a percentage of retail units per type of shopping centre

(source: Locatus)



Evolution of total property return Retail
(source: MSCI, 2023)



Outlook

The economy is expected to experience limited growth for 2024. Inflation is expected to continue to decline and central banks will begin to return interest rates to lower levels. This will be a long process. Falling interest rates will contribute to a recovery later in 2024, with momentum picking up in 2025.

The consumption outlook for 2024 is more positive compared to 2023 due to the recovery of the economy. Falling inflation will cause real incomes to rise in 2024. Wage growth will also continue in 2024 and unemployment will rise slightly. In addition, government policies will help shore up purchasing power in 2024. Combined with wage growth, all households are expected to improve in purchasing power in 2024. Although cumulatively over 2022-2024 there is still a loss of purchasing power, this is gradually being made up. This is positive for consumption.

For retail, the positive outlook for purchasing power and consumption is strongly desired, after several tough years in which sales have been under pressure. Especially for retailers with a want-driven character, which are mainly located in Comparison shopping areas, positive sales developments are strongly needed. This is where the largest sales declines have occurred, leading to most bankruptcies. Positive expectations could stabilise the number of bankruptcies.

Falling interest rates are affecting the investment market and, for that reason, some pick-up in momentum can be expected. The number of transactions will increase, which may have a sharpening effect on yields. The large difference in yields between high-quality and lower-quality real estate will remain, due to the absence of really high investment pressure for the time being.

Retail Sector **balance sheet**

(amounts x €1,000)	Notes to the financial statements	31 Dec 2023	31 Dec 2022
Assets			
Investments			
Property in operation	1	665,257	643,382
Participating interest	2	-	20,887
		665,257	664,269
Other fixed assets			
Tangible fixed assets	4	942	489
Capitalised lease incentives	1/5	184	295
		1,126	784
Current assets			
Accounts receivable	6	819	817
Other receivables	7	14,581	1,912
Liquidities	8	26,079	30,120
		41,479	32,849
Total assets		707,862	697,902

(amounts x €1,000)	Notes to the financial statements	31 Dec 2023	31 Dec 2022
Equity + liabilities			
Equity			
Issued share capital	9	341,096	334,400
Paid-in surplus	10	413,701	407,358
Revaluation reserve	11	109,597	117,587
General reserve	12	-206,654	-201,911
	13	657,740	657,434
Non-current liabilities			
Other provisions	14	-	10,759
Lease liabilities	15	5,090	1,782
		5,090	12,541
Current liabilities			
Lease liabilities	15	111	108
Non-interest bearing loan to participation	17	-	19,399
Creditors and other liabilities	18	44,921	8,420
		45,032	27,927
Total equity + liabilities		707,862	697,902

Retail Sector profit and loss account

(amounts x €1,000)	Notes to the financial statements	2023	2022
Theoretical gross rental income	19	47,656	43,065
Vacancy	19	-2,548	-2,583
Other	19	-118	-712
Revenue from service charges	20	3,857	3,156
Service charges	20	-4,456	-3,448
Operating expenses	21	-8,111	-4,699
Net rental income		36,280	34,779
Investment revaluation result	22, 23	-13,060	21,089
Result on disposals	24	-	-131
		-13,060	20,958
Result from participating interest	2	-48	1,099
Management and fund costs	25	-2,773	-2,299
Other income	26	-	42
		-2,821	-1,158
Net operating result		20,399	54,579
Other expenses	27	-	-
Interest income/expenses	28	-245	-351
Net result		20,154	54,228
Direct investment income	29	33,340	33,002
Indirect investment income	30	-13,186	21,226
Total investment income		20,154	54,228

Notes to 2023 results

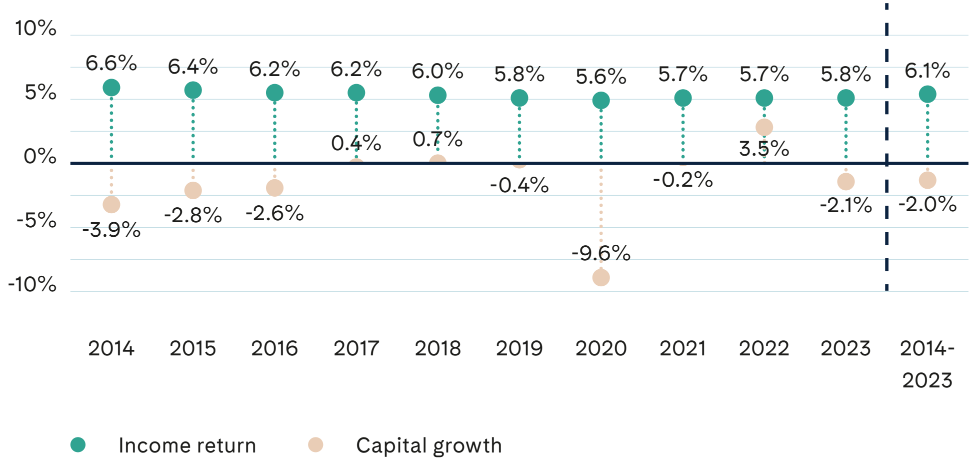
Highlights of 2023 results

- Fund return decreased to 3.1% (2022: 9.0%) due to a depreciation of -2.1% (2022: 3.5%) as the property transfer tax increased by 2.4%
- Income return increased to 5.8% (2022: 5.7%) due to indexation of rents
- MSCI benchmark outperformed over 1, 3 and 5 years
- Portfolio predominantly positioned in convenience segment (89%; end of year 2022: 88%)
- Two properties (a supermarket in Eindhoven and small convenience centre in Amsterdam) were added to the portfolio for an amount of €33 million
- Average occupancy rate at 95% (2022: 94%)
- Leases signed worth annual rent of €4.7 million
- Total of €38 million worth of entries in share capital and €25 million redemptions, representing a net inflow of €13 million

Returns

Our convenience strategy also paid out in 2023 with good relative returns. But the increase in the property transfer tax from 8.0% to 10.4% could not be offset as interest rates increased. Of the revaluation of -2.1%, -4.2% is attributable to higher yields and 1.9% to higher market rents. Direct income developed positively with indexation of rents and a strong occupancy level of 95%: income return increased from 5.7% to 5.8%. The fund return decreased to 3.1% (2022: 9.0%) due to the depreciation of -2.1% (2022: 3.5%). The income return remained stable at 5.7%.

10-year annual property return



We outperformed the MSCI ‘all investments’ benchmark over one, three and five years in 2023 due to both higher direct property return and capital growth.

Retail:		Altera			MSCI Netherlands Property Index	
all investments	Income return	Capital growth	Total	Income return	Capital growth	Total
2023	5.8%	-2.1%	3.6%	5.3%	-4.0%	1.1%
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%
3-year	5.7%	0.4%	6.1%	4.9%	-2.7%	2.1%
5-year	5.7%	-1.9%	3.8%	4.9%	-4.6%	0.2%
10-year	6.0%	-1.8%	4.1%	5.2%	-3.0%	2.0%

The property return on standing investments of 3.8% (2022: 10.3%) is higher than that of the portfolio as a whole of 3.6% (2022: 9.4%), mainly due to the impact of real estate transfer tax (10.4%) paid on new investments.

The dividend return of 5.1% was slightly lower than in 2022 (5.2%).

Direct investment income

The average occupancy rate increased from 94% to 95%. The net/gross ratio decreased from 86% to 81% due to release of COVID-19 provisions in 2022. Compared to 2022 the theoretical gross rental income increased from €44.6 million to €47.7 million in 2023, mainly due to the impact of investments in 2023 (and 2022) and indexation of lease contracts.

The changes in direct investment income were as follows:

Changes in direct investment income	In € mn	Effect
Direct investment income 2022	33.0	
Acquisitions in 2023	0.5	1.4%
Acquisitions in 2022	0.8	2.5%
Divestments in 2022	-0.9	-2.8%
Rent increase	2.8	8.5%
Higher operational costs	-2.7	-8.2%
Other net effects	-0.2	-0.4%
Direct investment income 2023	33.3	1.0%

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 10% in 2023 (2022: 8%) due to indexation.

Indirect investment income

The portfolio decreased in value in 2023 by -2.1% due to higher initial yields (effect of -4.2% pt including the impact of the transfer tax increase of 2.4%), partly offset by a higher rental value (effect of 1.9% pt). As the dispute concerning the development contract of the asset in Waddinxveen ended at the end of 2023, the provision of €10.8 million could be released, resulting in a positive investment result of €3.3 million.

The gross initial yield (theoretical rent divided by the appraisal value) of 7.4% at the end of 2023 was 0.5% higher than at year-end 2022 (6.9%).

The attribution of the revaluation in 2023 and 2022 is as follows per segment:

	2023		2022	
Attribution revaluation	In € mn	In % of segment	In € mn	In % of segment
Convenience	-8.8	-1.6%	22.6	4.6%
Comparison	-4.5	-6.1%	-1.5	-1.5%
Total	-13.3	-2.1%	21.1	3.5%

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

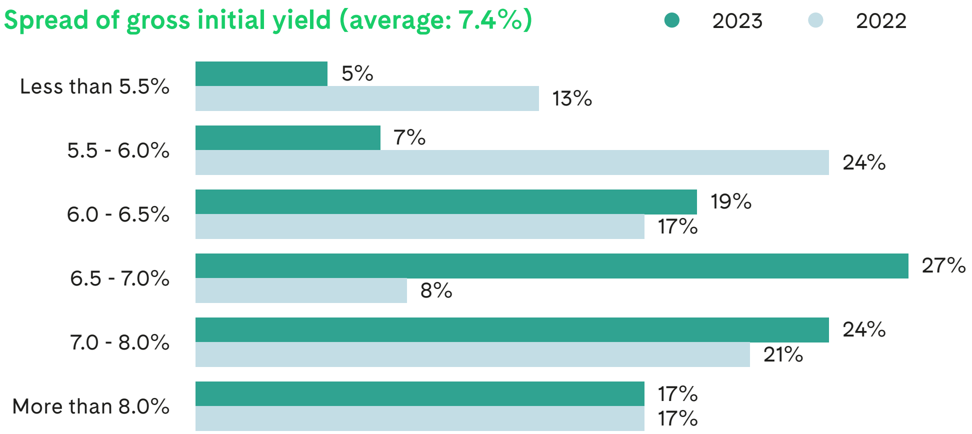
The spread of changes in value over the properties that were in operation throughout the year is detailed in the table below. Only seven of the 39 properties showed an appreciation in 2023 (impact €7.5 million); in 2022 that was the case in 31 of 36 properties, with an impact of €40.8 million). There were nine properties with a depreciation above -5% and an impact of €7.6 million (2022: three and €15.0 million).

Changes in value of investments in operation for full year	Change in value in % vs year-end 2022	Number of properties	Change in value 2023 in € mn	Change in value 2022 in € mn
<-10%	-	0	0	-9.5
Between -10% and -5%	-6.3%	9	-7.6	-5.5
Between -5% and 0%	-2.8%	23	-10.1	-0.4
Between 0% and 5%	0.9%	6	0.9	6.1
Between 5% and 10%	-	0	0	5.5
Between 10% and 15%	11.9%	1	6.6	2.3
>15%	-	0	0.0	26.9
Total	-1.6%	39	-10.2	25.4

In 2023 as a whole eight investments changed appraiser, with an appreciation of 1.9%. In 2022 there were 24 with an average appreciation of 2.2%.

The spread of the valuation at year-end 2023 and the valuation at year-end 2022 in terms of the gross initial yield (with costs payable by the purchaser) is shown below:

Spread of gross initial yield (average: 7.4%)



The average gross initial yield increased from 6.9% end of 2022 to 7.4% end of 2023.

Trends in rents and operating expenses

Movements in theoretical rental income in 2023 are described below:

Developments in theoretical rent	2023	2022
Indexation	8.4%	5.7%
Rent adjustment (excluding indexation)	-2.6%	-2.3%
Portfolio transactions	4.0%	1.0%
Change over the year	9.8%	4.4%

Leases were signed with a total of 82 tenants in 2023, with annual rent amounting to €4.9 million. In 2022 we recorded €17.5 million with 197 tenants, as there were some arrangements with larger retail chains and many COVID contract changes.

Rental transactions are summarised as follows:

Rental transactions	2023	2022
Number of leases and renewals signed	82	197
Number of m²	21,110 m²	73,894 m²
New annual rent	€4.7 mn	€17.5 mn
Of which from previously vacant properties	€1.2 mn	€1.3 mn
Future cash flow of leases signed	€26.5 mn	€52.4 mn
New rent versus market rent used by appraisers	5.1%	10.4%

The average residual lease term at the end of 2023 was 4.4 years which is slightly below year-end 2022 (4.5 years) due to a lower number of new contracts and renewals.

Rent arrears exceeding 90 days of 1.2% were lower higher than at year-end 2022 (1.4%), but still above the level of approximately 1% in pre-coronavirus times. Of the gross level of these arrears of €1.3 million, an amount of €0.5 million has been provided for.

Total operating expenses (including service charges for vacant properties) increased relative to the theoretical rental income from 12% to 17% due to higher other operational costs.

Operating expenses	2023	2022
Maintenance expenses	4%	3%
Fixed expenses	4%	4%
Management expenses	2%	2%
Other	7%	3%
Total	17%	12%

Portfolio transactions and appreciations

In 2023 we acquired one supermarket in Eindhoven and a small convenience centre in Amsterdam for a total amount of €32.7 million.

Investments in 2023	Number of tenants	Net lettable space (in m²)	Property type	Annual rent (in € mn)	Month of transfer
Amsterdam Nieuw Sloten Belgiëplein	17	5,759	Convenience centre small	1.5	September
Eindhoven Langdonkstraat	1	1,762	Supermarket	0.3	September
Total	18	7,521		1.8	

The retail property in Stadshart Zoetermeer (comparison shopping centre and car parks) in our 50% participation was sold in September 2022. The liquidation of the related legal entity was effected in October 2023.

The share of the convenience segment increased from 88% at the end of 2022 to 89% at the end of 2023 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 years.

Other notes

In 2023 entries in the capital of Altera Retail amounted to €38.3 million with redemptions of €25.2 million, resulting in a net inflow of €13.1 million (2022: €29.9 million of entries and no redemptions). The number of shareholders remained 28 in 2023 (two joined and two left). Of these 28 investors, 22 are non-domestic, representing 49.9% of the capital.

Preferences and redemptions (in € x mn)	2023	2022
Balance as at 1 January	104.3	30.3
New preferences received	3.4	103.9
New redemptions received	-49.4	-
New capital issued	-38.3	-29.9
Redemptions facilitated	25.2	-
Balance as at 31 December	45.2	104.3

ESG

With a view to its sustainability strategy, Altera works on the basis of three pillars that have been set out on page 47 of this annual report. The KPIs per pillar (except for the third pillar Our Responsible Management Platform) achieved in 2023 are set out below.

ESG Strategy

1. Our Sustainable Real Estate

Reducing actual energy consumption

In order to reduce the building-related energy consumption, various improvements were implemented in 2023 and two sustainable assets were added to the portfolio. This increased the sustainability of the portfolio. A total of 97% of the portfolio is completely green (A, B or C labels) with the aim of increasing this share to 100% by the end of 2026. Currently, the share of retail properties with an A-label is 89% and the objective is to increase this percentage to more than 94% by the end of 2026.

Additionally, we work together with our tenants to implement further improvements to the energy efficiency of the assets.

Yields from onsite renewables

Altera aims to install 3,000 solar panels before the end of 2026. The power from these solar panels is fed into the retail assets, predominantly for the common areas and partly for the tenants. Currently, 832 solar panels have been installed. We are investigating innovative concepts in which lightweight solar panels can be installed.

Green energy

Altera works with its property managers to purchase green energy (electricity and gas) for the common areas. In 2023, 75% 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 2026. In addition, Altera aims to ensure that the purchase of electricity by the owners' associations (VvEs) involved is from renewable sources.

	2023	2022	**Strategy (EOY 2026)**
KPI			
% of Green energy labels (A-C)	97%	97%	100%
% of A labels	89%	89%	>94%
Average Energy Index	0.70	0.71	N/A
Average BENG 2	133 kWh/m^2	142 kWh/m^2	N/A
Actual energy use refrigerated	302 kWh/m^2	280 kWh/m^2	248 kWh/m^2
Actual energy use non-refrigerated	178 kWh/m^2	196 kWh/m^2	145 kWh/m^2

BREEAM

In 2023, Altera Retail completed the recertification of the portfolio with the BREEAM-In-Use certification. The BREEAM 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 introduced 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 58% before the recertification to 57%.

Data coverage

Altera took measures in 2023 to maintain the structural collection of data at property level. This provides insight into the sustainability of the property portfolio including measures for further optimisation and enables benchmarking.

Data coverage	2023	2022	Strategy (EOY 2026)
Energy	100%	100%	100%
Greenhouse gas	100%	100%	100%
Water	81%	83%	100%
Waste	64%	64%	100%

2. Alignment with the Interests of our Stakeholders

GRESB

Altera participates in the annual GRESB survey. In 2023 (results for 2022) the retail portfolio achieved a total score of 95 points, which equates to a score of five stars. With this score, the Altera Retail portfolio claimed the first position in the category of unlisted Dutch real estate funds. Additionally, the fund was first in the European and worldwide peer group.

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 that our assets are already sustainable and that Altera is well organised in terms of management (policies and reporting), but that the quality of the data obtained could be improved further. We have commenced different initiatives to improve in these areas to continue to achieve outstanding GRESB results.

GRESB	2023	2022	Strategy (EOY 2026)
Total score	95	95	-
Number of stars	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 10 shopping centres. Additionally, for the first time, stand-alone supermarkets were included in the survey as well. This resulted in a total response rate of 75% in 2023. Overall, Altera achieved an average NPS score of 6.6 in terms of tenant satisfaction. However, the like-for-like NPS score (excluding the supermarkets) is 6.4. 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 2023

* Leasehold (not perpetual)

City	Address	Year of construction / renovation	Tenant(s) or formulas	Number of tenants	Net lettable space in m²	Theoretical rental level in € mn	Occupancy rate
Convenience retail							
Convenience centres Large							
Houten	Het Rond	1998/2008	HEMA, Albert Heijn, Jumbo, Lidl, et al.	86	28,061	6.2	86%
Uithoorn	Zijdelwaardplein	1994/2016	Albert Heijn, Jumbo, Blokker, et al.	47	13,565	3.2	95%
Waddinxveen	Gouweplein	2014	Albert Heijn, Jumbo, Lidl, HEMA, Kruidvat et al.	52	18,521	4.7	86%
Zwolle	Van der Capellenstraat	1986/2009	Albert Heijn, Lidl, Aldi, Action, HEMA, et al.	54	17,513	4.4	97%
				239	77,660	18.4	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	9,040	2.1	100%
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	2.0	100%
				117	32,528	7.6	99%
Convenience centres Small							
Amsterdam	Belgiëplein 2-100	1994	Albert Heijn, Dirk vd Broek et al.	17	5,759	1.5	100%
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	1.0	100%
Enschede	Veldhoflanden 3	1975	Albert Heijn, Aldi, Kruidvat et al.	21	5,613	1.3	100%
Leusden	Maximaplein	2011	Dirk vd Broek, Trekpleister, et al.	5	2,315	0.5	100%
Utrecht	Doornburglaan	2001	Albert Heijn, Kruidvat, Blokker, Etos, et al.	17	3,746	0.9	100%
Utrecht De Meern	Mereveldplein	1969	Jumbo, Albert Heijn, Kruidvat, et al.	16	5,084	1.1	100%
Wormerveer	Marktplein, Krommenieerweg	1997	Albert Heijn, Coop, Kruidvat, Blokker, et al.	16	5,701	1.3	100%
				109	36,542	8.5	99%
Supermarkets							
Alkmaar *	Paardenmarkt 2	1985	Jumbo	1	2,027	0.4	100%
Badhoevedorp	Zeemanlaan 2-2a	1972	Albert Heijn, Gall & Gall	2	2,150	0.5	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%
Eindhoven	Landonkerstraat 7	1989	Amazing Oriental	1	1,762	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%

City	Address	Year of construction / renovation	Tenant(s) or formulas	Number of tenants	Net lettable space in m²	Theoretical rental level in € mn	Occupancy rate
Heemstede	Blekersvaartweg 57	1995	Albert Heijn	1	1,913	0.5	100%
Hilversum	Stephensonlaan 45-49	1956	Jumbo	1	1,795	0.3	100%
Kapelle	Biezelingsestraat 1	1999	Albert Heijn	1	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	0.3	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	3	1,928	0.4	100%
Wateringen	Struyck van Bergenstraat 2	1992	Albert Heijn	1	1,530	0.4	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%
				33	37,008	7.5	100%
Total convenience retail				498	183.738	41.9	95%
Comparison retail							
Centres							
Amersfoort	St Jorisplein	2000	The Sting, H&M, Kruidvat, C&A, et al.	25	16,754	4.8	86%
Car parks							
Amersfoort	St Jorisplein	2000	Q-Park	1	N/A	1.4	100%
Single shops							
Den Bosch	Marktstraat 6/8, Burg. Loeffplein 1c	<1970	Bever, Esprit, et al.	3	2,666	0.8	100%
Total comparison retail				29	19,420	7.0	91%
Total of all segments				**527**	**203,158**	**49.0**	**95%**

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

Financial Statements 2023

Balance sheet

(amounts x €1,000)	Notes	31 Dec 2023	31 Dec 2022
Assets			
Investments			
Property	1	2,932,829	3,047,892
Participating interest	2	-	26,611
Other investments	3	21,379	-
		2,954,208	3,074,503
Other fixed assets			
Tangible fixed assets	4	4,137	2,253
Capitalised lease incentives	1/5	184	295
		4,321	2,548
Total fixed assets		2,958,529	3,077,051
Current assets			
Accounts receivable	6	1,584	1,305
Other receivables	7	18,627	5,362
Liquidities	8	63,628	48,028
		83,839	54,695
Total assets		3,042,368	3,131,746

(amounts x €1,000)	Notes	31 Dec 2023	31 Dec 2022
Equity + liabilities			
Equity			
Issued share capital	9	907,440	869,143
Paid-in surplus	10	1,467,452	1,362,341
Revaluation reserve	11	707,828	927,977
Other reserves	12	-124,518	-116,200
	13	2,958,202	3,043,261
Non-current liabilities			
Other provisions	14	-	10,759
Lease liabilities	15	11,055	5,948
		11,055	16,707
Current liabilities			
Lease liabilities	15	11,217	11,224
Liabilities to banks	16	-	10,000
Non-interesting bearing loan to participation	17	-	24,750
Creditors and other liabilities	18	61,894	25,804
		73,111	71,778
Total equity + liabilities		3,042,368	3,131,746

Profit and loss account

(amounts x €1,000)	Notes	2023	2022
Gross rental income	19	130,839	115,594
Revenue from service charges	20	6,932	4,607
Service charges	20	-7,539	-4,975
Operating expenses	21	-27,488	-20,027
Net rental income		102,744	95,199
Positive investment revaluation result	22	8,208	77,709
Negative investment revaluation result	23	-239,509	-90,672
Result on disposals	24	189	-131
		-231,112	-13,094
Result from participating interest	2	-48	1,619
Management and fund costs	25	-12,595	-10,959
Other income	26	1,098	568
Net operating result		-139,913	73,333
Other expenses	27	-	-
Interest expenses	28	-783	-747
Net result		-140,696	72,586
Direct investment income	29	89,980	84,567
Indirect investment income	30	-230,676	-11,981
Total investment income		-140,696	72,586

Statement of other comprehensive income

(amounts x €1,000)	2023	2022
Net result	-140,696	72,586
Other comprehensive income	-	-
	-140,696	72,586

Statement of changes in equity

(amounts x €1,000)	Issued share capital	Paid-in surplus	Revaluation reserve	Other reserves	Total
2023					
Balance as at 1 January 2023	869,143	1,362,341	927,977	-116,200	3,043,261
Direct investment income	-	-	-	89,980	89,980
Indirect investment income	-	-	-231,363	687	-230,676
Total comprehensive income	-	-	-231,363	90,667	-140,696
Issued shares	76,786	196,685	-	-	273,471
Repurchased shares	-38,489	-91,574	-	-	-130,063
Distributed interim dividend	-	-	-	-65,276	-65,276
Dividend distributed in respect of previous financial year	-	-	-	-22,495	-22,495
Total capital transactions with shareholders	38,297	105,111	-	-87,771	55,637
Negative revaluations from other reserve	-	-	-5,829	5,829	-
Realised revaluations to other reserve	-	-	17,043	-17,043	-
Total other changes in equity			11,214	-11,214	-
Balance as at 31 December 2023	907,440	1,467,452	707,828	-124,518	2,958,202

(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 reserve	-	-	37,991	-37,991	-
Realised revaluations to other reserve	-	-	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

Cash flow statement

(amounts x €1,000)	2023	2022
Cash flow from operating activities		
Net result	-140,696	72,586
Less: indirect investment income	-230,676	-11,981
Direct investment income	89,980	84,567
Less: interest expense bank loans	-585	-594
Less: expense lease liabilities in management costs	-600	-541
	91,165	85,702
Change in retained earnings of participating interest	26,558	-217
Capitalisation and amortisation of lease incentives	111	112
Depreciation of tangible fixed assets (owned assets)	403	320
Decrease or increase in receivables	-13,544	-930
Decrease or increase in creditors and other liabilities and provisions	25,331	-7,382
	130,024	77,605
Cash flow from investing activities		
Investments in properties and other investments	-147,579	-213,930
Divestment of properties and other investments	13,588	1,529
Investments in tangible fixed assets	-840	-694
	-134,831	-213,095

(amounts x €1,000)	2023	2022
Cash flow from financing activities		
Loans granted or repayment of bank loans	-10,000	10,000
Loans granted or repayment of loans participating interest	-24,750	24,750
Interest expenses bank loans	-585	-594
Interest expense lease liabilities	-80	-35
Natural payment lease liabilities	-502	-506
Dividend	-87,771	-82,132
Share issues	273,471	288,563
Placement costs	-	-
Repurchase of own shares	-130,063	-153,975
Compensation received from new shareholder	687	568
	20,407	86,639
Net cash flow	15,600	-48,851
Balance of liquidities as at 1 January	48,028	96,879
Balance of liquidities as at 31 December	63,628	48,028
Decrease or increase in liquidities	15,600	-48,851

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 (KvK 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 three sectors: Residential, Retail and Industrial.

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 2023. 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 the fellowing IFRS Standards and amendments have become effective for the financial statements 2023:

IFRS standard	Content	Effect on financial statements
IFRS 17	Insurance Contracts	Not material
Amendments to IFRS 17	Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	Not material
Amendments to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	Not material
Amendments to IAS 8	Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	Not material
Amendments to IAS 12	Income Taxes: Deferred Tax related to Assets and Liabilities arsising from a Single Transaction	Not material
Amendments to IAS 12	Income Taxes: International Tax Reform - Pillar Two Model Rules	Not material

IFRS 17 Insurance contracts

The standard replaced IFRS 4 on accounting for insurance contracts and had an effective date of 1 January 2023. This new standard introduced new ways of calculating insurance contracts and primarily impacts financial statements of insurance companies. The application of this standard had no material effect on the financial statements.

Amendments

The application of the amendments had no material effect on the financial statements.

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 2023 and are therefore not yet being applied by the company.

IFRS standard	Content	Date of introduction	Effect on financial statements
Amendments to IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Convenants	2024 financial statements	Not material
Amendments to IFRS 16	Leases: Lease Liability in a Sale and Leaseback	2024 financial statements	Not material
Amendments to IAS 7 and IFRS 7	Statement of Cash Flows and Financial Instruments Disclosures: Supplier Finance Arrangements	2024 financial statements (not yet endorsed in the EU)	Not material
Amendments to IAS 21	Income Taxes: International Tax Refrom - Pillar Two Model Rules	2024 financial statements (not yet endorsed in the EU)	Not material

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 consists mainly of property measured at market value.

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;
- The amount expected to be payable by the lessee under residual value guarantees;
- The 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 €3.0 billion at year-end 2023. 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 (2014). 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 2023	Fair value year-end 2023	Carrying amount year-end 2022	Fair value year-end 2022
Financial assets measured at fair value through the profit and loss account						
Other investments	3	3	21,379	21,379	-	-
Accounts receivable and other receivables						
Accounts receivable	6	2	1,584	1,584	1,305	1,305
Other receivables	7	2	18,627	18,627	5,362	5,362
Liquidities	8	1	63,628	63,628	48,028	48,028
Financial liabilities measured at amortised cost						
Lease liabilities	15	2	22,272	22,272	17,172	17,172
Liabilities to banks	16	2	-	-	10,000	10,000
Liabilities to participating interest	17	2	-	-	24,750	24,750
Creditors and other liabilities	18	2	61,894	61,894	25,804	25,804

Financial risks

Since Altera is only funded with loan capital to a limited extent and 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 mn	Effect in % of equity
Residential			
Direct investment income			
Gross rental income	10%	7.0	0.3%
Occupancy rate	10%	9.0	0.3%
Operating expenses	10%	2.1	0.1%
Indirect investment income			
Theoretical rent and market rent	1%	20.8	0.9%
Gross initial yield	0.1% pt	47.0	2.0%
Retail			
Direct investment income			
Gross rental income	10%	3.7	0.6%
Occupancy rate	10%	4.9	0.6%
Operating expenses	10%	1.2	0.2%
Indirect investment income			
Theoretical rent and market rent	1%	6.6	1.0%
Theoretical rent and market rent	5%	33.1	5.0%
Gross initial yield	0.1% pt	8.8	1.3%
Gross initial yield	0.5% pt	41.8	6.4%

The effect of lease expiries in Altera Retail, based on the sector portfolio and tenant base at year-end 2023, notwithstanding the risk of bankruptcy, is as follow:

Movements in lease expiries Retail	<1 year 2024	2-5 years 2025-2028	>5 years ≥2029
In € mn	3.0	27.1	16.2
Same in % of contract rent year-end 2023	7%	58%	35%

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 2023	Lowest	Highest	Lowest	Highest
Gross initial yield for 10% portfolio value with lowest yield	3.5%	3.9%	5.3%	5.8%
Same for next 15% portfolio value	3.9%	4.0%	5.9%	6.3%
Same for next 25%	4.0%	4.2%	6.4%	7.0%
Same for next 25%	4.2%	4.6%	7.0%	7.6%
Same for next 15%	4.6%	4.9%	8.0%	9.1%
Same for last 10%	4.9%	6.4%	11.0%	13.1%
Average gross initial yield		4.3%		7.4%

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 and on 20 December 2023 the Senate approved this plan. As a result, 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%, unless Altera is able to restructure in time.

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 funds for joint account 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 on 31 December 2024.

Affordable Rent Act for residential

The new semi-regulated mid-rental segment as formulated in the Affordable Rent Act was supposed to be in effect starting January 2024. However, after the fall of the cabinet in July 2023, the act is postponed until July 1st 2024. This act will extend the regulation rules of the WWS (quality level indicator) system from 136 points (€808) to 186 points (€1,123) (price level 2023). Both rental level of new contracts and the rental rise of current contracts are regulated in this way.

As only 2% of the homes in the residential portfolio have less than 187 points, the impact of the risk of a rent reduction in case of change in tenancy is expected to be limited.

Court rulings on rent indexation of residential homes

Altera has readily been subject to a limited instance of court cases, including a recent verdict by the district court in Rotterdam, regarding the rental indexation clause in the standard ROZ rental agreement model. As court cases are currently being dealt with on a case-by-case basis and to mitigate the regulatory uncertainty attached to this matter, two district courts recently submitted a request for a preliminary ruling (*prejudiciële vragen*) to the Supreme Court. The following questions have been raised towards the Supreme Court:

- In the case the indexation is based on the consumer price index on the one side and the unfair additional fixed indexation on the other side, should judges than rule out the entire indexation clause or only the unfair part of the indexation clause?
- Would an unfair indexation clause result in the requirement for the landlord to reimburse every rental indexation as of the start of the agreement and towards the future?
- Do judges have a requirement to determine the unfair indexation amount to deduct this from a tenant's rent arrears, even in the case a tenant does not show up?
- May the landlord plea the statute of limitations in the case a tenant wants to recharge the unfairly paid indexation (if applicable)?
- Are there other legal grounds to set limitations towards the period on which the tenant wants to recharge the unfairly paid indexation (if applicable)?

It is expected that the Supreme Court provides a preliminary ruling on these questions throughout the course of 2024. Altera closely monitors the developments in this domain. The impact of this matter on the valuation of the residential portfolio, the rental income and the reimbursement to tenants varies with the ultimate result.

Notes to the balance sheet

(amounts x €1,000, unless stated otherwise)

1. Property

	Residential in operation		Residential Pipeline		Retail		Total	
Changes	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Balance as at 1 January	2,134,037	1,936,733	270,473	339,250	643,382	572,026	3,047,892	2,848,009
Acquisitions	-	1,260	85,635	157,013	32,706	47,105	118,341	205,378
Additional Investments	8,522	3,987	-	-	-663	4,565	7,859	8,552
Reclassifications	157,747	212,532	-157,747	-212,532	-	-	-	-
Sales	-13,588	-	-	-	-	-1,529	-13,588	-1,529
Revaluations	-188,666	-20,900	-29,511	-13,258	-13,244	20,799	-231,421	-13,359
Right-of-use assets leasehold	670	425	-	-	2,965	304	3,635	729
Lease incentives	-	-	-	-	111	112	111	112
Balance as at 31 December	2,098,722	2,134,037	168,850	270,473	665,257	643,382	2,932,829	3,047,892

The properties were valued by CBRE, Colliers, Cushman & Wakefield, Kroese Paternotte and MVGM.

	Residential		Retail		Total	
Appraised value	**31 Dec 2023**	31 Dec 2022	**31 Dec 2023**	31 Dec 2022	**31 Dec 2023**	31 Dec 2022
Appraised value (excluding pipeline)	2,083,700	2,119,684	660,844	642,045	2,744,544	2,761,729
Less: capitalised lease incentives	-	-	-184	-295	-184	-295
Less: capitalised right-of-use assets leasehold	15,022	14,353	4,597	1,632	19,619	15,985
	2,098,722	2,134,037	665,257	643,382	2,763,979	2,777,419

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 2023	31 Dec 2022
Residential	4.3%	3.8%
Retail	7.4%	6.9%

The spread of gross initial yields at year-end is detailed on page 143 of the Financial Statements.

The contract rent versus the market rent by sector is shown below:

Contract rent versus market rent	31 Dec 2023	31 Dec 2022
Retail	10%	8%

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	2023	2022	2023	2022	2023	2022
Balance as at 1 January	14,353	13,928	1,632	1,328	15,985	15,256
New contracts	-	-	2,775	-	2,775	-
Renewal or extension options	544	319	116	257	660	576
Revaluation	125	106	73	47	198	153
Disposals	-		-		-	-
Balance as at 31 December	15,022	14,353	4,596	1,632	19,618	15,985

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. had a 50% interest in B.V. Beleggingsmaatschappij Stadscentrum Zoetermeer. On the 1st of September 2022 the participation sold the three properties in the portfolio and therefore no longer had any investment property. The participation was liquidated on the 4th of October 2023.

Changes	**2023**	2022
Balance as at 1 January	26,611	25,696
Result from participating interests	-48	1,619
Dividend distributed	-441	-704
Repayment of capital (liquidation)	-26,122	-
Balance as at 31 December	-	26,611

The figures for this joint venture on a 100% basis are shown below (in € mn).

Joint ventures (100%)	**2023**	2022
Investments	0.0	-
Other assets	0.0	53.2
	0.0	53.2
Current liabilities	0.0	-
Net rental income	0.0	1.8
Indirect investment income	-0.1	1.4
Total income	-0.1	3.2

3. Other investments

The other investments relate to a forward funding for an investment in a residential location in Amsterdam. This investments is conditional with a sale back guarantee until the necessary permits become final. Altera receives a net compensation of 4.25% (monthly invoiced) until the start of construction.

Changes	**2023**	2022
Balance as at 1 January	-	-
Investments	21,379	-
Divestment	-	-
Revaluation	-	-
Balance as at 31 December	21,379	-

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	
Break-down asset categories	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Balance as at 1 January	923	467	187	269	816	1,055	327	349	2,253	2,140
Investments	388	694	452	-	1,650	82	317	162	2,807	938
Early Termination of lease	-	-	-	-	-	-	-	-	-	-
Depreciation	-314	-238	-89	-82	-331	-321	-189	-184	-923	-825
Balance as at 31 December	997	923	550	187	2,135	816	455	327	4,137	2,253

	Owned assets				Right-of-use assets					
	IT		Furnishing and fittings		Property in own use		Leased vehicles		Total	
Breakdown at year-end	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Accumulated investements	3,299	2,911	1,570	1,118	3,678	2,028	1,383	1,066	9,930	7,123
Accumulated depreciation	-2,302	-1,988	-1,020	-931	-1,543	-1,212	-928	-739	-5,793	-4,870
Total	997	923	550	187	2,135	816	455	327	4,137	2,253

5. Capitalised lease incentives

The average residual term of the capitalised lease incentives is 1.6 years (year-end 2022: 2.6 years). Of these incentives, €0.1 million has a term of more than one year (year-end 2022: €0.2 million).

6. Accounts receivable

A provision of €1.2 million has been deducted from the rents receivable at year-end 2023 (2022: €1.0 million). The accounts receivable (after deduction of the provision for impairment losses) are as follows:

	31 Dec 2023	31 Dec 2022
Outstanding less than 90 days	1,450	1,106
Outstanding more than 90 days	134	199
	1,584	1,305

7. Other receivables

The other receivables include receivables for a year-end share transaction in Altera Residential of €1.9 million and for a year-end share transaction in Altera Retail €9.6 million. Payments were settled on the 2nd of January 2024 and the 3rd of January 2024. 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, bank balances of service charge accounts (year-end 2022: €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. Although the Industrial fund was liquidated in 2021, the statutory authorised capital still exists. The distribution of the authorised capital among the letter shares (sectors) is show below:

Authorised capital	**Residential**	**Retail**	**Industrial**	**Total**
Balance as at 1 January 2022	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
Changes in 2023	-	-	-	-
Balance as at 31 December 2023	1,250,000	550,000	200,000	2,000,000

Issued capital	Residential 2023	Residential 2022	Retail 2023	Retail 2022	Total 2023	Total 2022
Balance as at 1 January	**534,743**	512,623	**334,400**	319,410	**869,143**	832,033
New entries	**57,158**	57,585	**19,628**	14,990	**76,786**	72,575
Repurchased	**-25,557**	-35,465	**-12,932**	-	**-38,489**	-35,465
Balance as at 31 December	**566,344**	534,743	**341,096**	334,400	**907,440**	869,143

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 2023	Residential 2022	Retail 2023	Retail 2022
Nominal share capital	**57,158**	57,585	**19,628**	14,990
Lowest price (in €)	**2.035**	2.255	**0.972**	0.994
Highest price (in €)	**2.107**	2.393	**0.976**	0.997
Average price (in €)	**2.057**	2.329	**0.975**	0.997

Transactions in own shares (nominal value)	Residential 2023	Residential 2022	Retail 2023	Retail 2022	Total 2023	Total 2022
Balance as at 1 January	**24,173**	4,544	**62,885**	62,885	**87,058**	67,429
Acquired by company	**25,557**	35,465	**12,932**	-	**38,489**	35,465
Reissued	**-**	-15,836	**-**	-	**-**	-15,836
Balance as at 31 December	**49,730**	24,173	**75,817**	62,885	**125,547**	87,058

10. Paid-in surplus

Changes	Residential 2023	Residential 2022	Retail 2023	Retail 2022	Total 2023	Total 2022
Balance as at 1 January	954,983	872,390	407,358	392,473	1,362,341	1,264,863
New entries	178,031	210,655	18,654	14,885	196,685	225,540
Repurchase of own shares	-79,263	-128,062	-12,311	-	-91,574	-128,062
Balance as at 31 December	1,053,751	954,983	413,701	407,358	1,467,452	1,362,341

11. Revaluation reserve

Changes	Residential 2023	Residential 2022	Retail 2023	Retail 2022	Total 2023	Total 2022
Balance as at 1 January	810,390	823,908	117,587	78,541	927,977	902,449
Negative revaluations from other reserve	-23,866	-3,660	-126,580	-108,795	-150,446	-112,455
Balance as at 1 January including negative revaluations	786,524	820,248	-8,993	-30,254	777,531	789,994
Revaluations in financial year	-218,177	-33,733	-13,186	21,184	-231,363	-12,549
Result on disposals versus acquisition price	-9,093	9	26,136	77	17,043	86
Balance as at 31 December including negative revaluations	559,254	786,524	3,957	-8,993	563,211	777,531
Negative revaluations from other reserve	38,977	23,866	105,640	126,580	144,617	150,446
Balance as at 31 December	598,231	810,390	109,597	117,587	707,828	927,977

12. Other reserves

Changes	Residential 2023	2022	Retail 2023	2022	Total 2023	2022
Balance as at 1 January	**85,711**	103,468	**-201,911**	-184,594	**-116,200**	-81,126
Direct investment income	**56,640**	51,565	**33,340**	33,002	**89,980**	84,567
Transfer from revaluation reserve	**-15,111**	-20,206	**20,940**	-17,785	**5,829**	-37,991
Proceeds of sales	**9,093**	-9	**-26,136**	-77	**-17,043**	-86
Distributed interim dividend	**-40,742**	-37,424	**-24,534**	-24,648	**-65,276**	-62,072
Dividend distributed in respect of previous financial year	**-14,142**	-12,209	**-8,353**	-7,851	**-22,495**	-20,060
Release of compensation for transfer tax and for redemptions	**687**	526	**-**	42	**687**	568
Balance as at 31 December	**82,136**	85,711	**-206,654**	-201,911	**-124,518**	-116,200

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 2023	2022	Retail 2023	2022
Interim dividend distributed	**0.037**	0.035	**0.036**	0.038
Dividend in respect of previous financial year	**0.013**	0.012	**0.013**	0.012
Dividend distributed in financial year	**0.050**	0.047	**0.049**	0.050
Still to be distributed at year-end	**0.014**	0.013	**0.013**	0.012

Composition at year-end	2023	Residential 2022	2023	Retail 2022	2023	Total 2022
Realised revaluation	118,072	108,979	-119,819	-93,684	-1,747	15,295
Distributed from realised revaluation	-20,000	-20,000	-	-	-20,000	-20,000
Negative revaluation	-38,977	-23,866	-105,640	-126,580	-144,617	-150,446
Release of compensation for transfer tax	7,315	6,628	10,987	10,986	18,302	17,614
Dividend to be distributed	15,897	14,141	8,806	8,355	24,703	22,496
Other	-111	-111	320	320	209	209
Shareholder acquisition costs	-60	-60	-1,308	-1,308	-1,368	-1,368
Total	82,136	85,711	-206,654	-201,911	-124,518	-116,200

13. Equity

Composition at year-end	2023	Residential 2022	2023	Retail 2022	2023	Total 2022
Share capital	566,344	534,743	341,096	334,400	907,440	869,143
Paid-in surplus	1,053,751	954,983	413,701	407,358	1,467,452	1,362,341
Revaluation reserve	598,231	810,390	109,597	117,587	707,828	927,977
Other reserves	82,136	85,711	-206,654	-201,911	-124,518	-116,200
Total	2,300,462	2,385,827	657,740	657,434	2,958,202	3,043,261

14. Other provisions

In previous years a provision of €10.8 million was recognised for possible subsequent payments on acquired investments. An agreement was reached with the developer in 2023. The made arrangements will be finalised and settled in 2024. The provision has been released and the remaining amount which has to be paid is recognised under the current liabilities.

15. Lease liabilities

Changes	Residential 2023	Residential 2022	Retail 2023	Retail 2022	Total 2023	Total 2022
Balance as at 1 January	15,282	15,071	1,890	1,633	17,172	16,704
New contracts and renewals	2,050	509	3,352	311	5,402	820
Payment of lease debt	-386	-404	-114	-102	-500	-506
Accrued interest	125	106	73	48	198	154
Balance as at 31 December	17,071	15,282	5,201	1,890	22,272	17,172

Categories	Residential 2023	Residential 2022	Retail 2023	Retail 2022	Total 2023	Total 2022
Leasehold	15,022	14,352	4,597	1,632	19,619	15,984
Property in own use	1,690	666	498	185	2,188	851
Leased vehicles	359	264	106	73	465	337
Total	17,071	15,282	5,201	1,890	22,272	17,172

Maturity	Residential 2023	Residential 2022	Retail 2023	Retail 2022	Total 2023	Total 2022
Less than 1 year	11,106	11,116	111	108	11,217	11,224
Between 1 and 5 years	1,671	541	493	150	2,164	691
Over 5 years	4,294	3,625	4,597	1,632	8,891	5,257
Total	17,071	15,282	5,201	1,890	22,272	17,172

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 2024.

16. Liabilities to banks

A credit facility of €60.0 million was arranged with ING Bank ending June 2024 at an base interest rate of 1.35% per year plus 1-month or 3-month Euribor. 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%. 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 refered to a prepayment of the liquidation of the participation. On the 4th of October 2023, the participation was liquidated and the non-interest bearing loan was converted into a repayment of capital €5.4 million of the loan related to Altera Residential and €19.4 million to Altera Retail.

18. Creditors and other liabilities

	31 Dec 2023	31 Dec 2022
Rent received in advance	5,939	5,449
Payable to shareholders of Altera	25,436	463
Service charge accounts	269	684
Maintenance expenses	1,226	1,043
Property tax and other charges payable	1,087	607
Property managers' current accounts	212	219
Creditors	8,597	5,095
Security deposits	8,056	7,479
Other liabilities, accruals and deferred income	11,072	4,765
Total	61,894	25,804

The liabilities of €25.4 million to shareholders relates to redemptions of €0.3 million in Altera Residential and €25.1 million in Altera Retail.
Payment of both redemptions are settled on the 8th of January 2024.

Notes to the profit and loss account

(amounts x €1,000, unless stated otherwise)

19. Gross rental income

	Residential		Retail		Total	
	2023	2022	**2023**	2022	**2023**	2022
Theoretical rent	86,574	76,414	47,656	43,065	134,230	119,479
Vacancy	-833	-915	-2,548	-2,583	-3,381	-3,498
Lease incentives	-72	-58	-358	-1,202	-430	-1,260
Capitalised lease incentives	-	-	-	-	-	-
Amortised lease incentives	-	-	-111	-112	-111	-112
Other	180	383	351	602	531	985
Total	85,849	75,824	44,990	39,770	130,839	115,594

The future rent for Altera Retail based on leases at year-end 2023 is as follows (in € million):

	Retail
2024	45.5
2025	41.4
2026	33.3
2027	24.7
2028	18.9
>2029	52.3
Total	216.1

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	
	2023	2022	**2023**	2022	**2023**	2022
Service charges	3,083	1,527	4,456	3,448	7,539	4,975
Payable by tenants	-3,075	-1,451	-3,857	-3,156	-6,932	-4,607
Net service charges	8	76	599	292	607	368

21. Operating expenses

	Residential		Retail		Total	
	2023	2022	**2023**	2022	**2023**	2022
Maintenance expenses	7,247	5,272	2,010	1,136	9,257	6,408
Fixed expenses	3,569	3,250	1,975	1,843	5,544	5,093
Management expenses	2,163	1,613	1,072	976	3,235	2,589
Other	6,398	5,193	3,054	744	9,452	5,937
Total	19,377	15,328	8,111	4,699	27,488	20,027

22. Positive investment revaluation result

	Residential		Retail		Total	
	2023	2022	**2023**	2022	**2023**	2022
Change in value due to appraisals	339	25,064	7,671	40,799	8,010	65,863
Changes in value due to revaluation of pipeline	-	11,693	-	-	-	11,693
Changes in value due to right-of-use assets leasehold	125	106	73	47	198	153
Total	464	36,863	7,744	40,846	8,208	77,709

23. Negative investment revaluation result

	Residential		Retail		Total	
	2023	2022	**2023**	2022	**2023**	2022
Change in value due to appraisals	**-189,194**	-45,964	**-20,915**	-19,869	**-210,109**	-65,833
Change in value due to revaluation of pipeline	**-29,511**	-24,951	**-**	-	**-29,511**	-24,951
Revaluation due to lease incentives	**-**	-	**111**	112	**111**	112
Total	**-218,705**	-70,915	**-20,804**	-19,757	**-239,509**	-90,672

24. Result on disposals

	Residential		Retail		Total	
	2023	2022	**2023**	2022	**2023**	2022
Net sale proceeds	**13,588**	-	**-**	1,529	**13,588**	1,529
Most recent appraisal value	**-13,399**	-	**-**	-1,660	**-13,399**	-1,660
Total	**189**	-	**-**	-131	**189**	-131

25. Management and fund costs

Management costs	**2023**	2022
Personnel expenses	**8,819**	7,545
Less: personnel expenses charged to operational expenses and pipeline	**-709**	-703
Office including accommodation	**1,958**	1,569
Research, contributions and promotion	**515**	531
Other expenses	**634**	530
Total management costs	**11,217**	9,472

Fund costs	2023	2022
Supervisory expenses	688	579
Valuation costs	558	546
Advisory fees	132	362
Total fund costs	1,378	1,487
Total management and fund costs	12,595	10,959

Costs in % of average assets under management	2023	2022
Management costs	0.377%	0.305%
Fund costs	0.046%	0.048%
Total	0.423%	0.353%

Total salaries amounted to €6,535,000 (2022: €5,622,000), with social security charges including health insurance premiums amounting to €635,000 (2022: €485,000) and pension charges amounting to €1,137,000 (2022: €959,000).

In 2023 Altera employed an average of 54 people (50 full-time equivalents) (2022: 46 and 43 respectively); at year-end 2023 the company had a total of 54 employees (51 full-time equivalents) (2022: 53 and 50 respectively). The audit fee for the 2023 audit including verified ESG KPIs, the audit opinions for each sector, the audit opinion on the INREV NAV Adjustments en the capital requirement regulation audit totalled €130,500 (2022: €112,000). No fee was paid to the external auditor in respect of other work in 2023 and 2022.

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Management Board	661	630	238	233	113	85	1,012	948	3.0	3.0
Employees with impact on risk profile	1,580	1,384	126	162	-	-	1,706	1,546	13.5	12.2
Other	2,784	2,274	184	147	-	-	2,968	2,421	33.7	27.9
Total	5,025	4,288	548	542	113	85	5,686	4,915	50.2	43.1

The Management Board consist of three members in 2023. The remuneration of the Management Board is as follows (based on amounts paid during the reporting year):

	2023	2022
Salary	661	630
Fixed remuneration	238	233
Variable remuneration paid	113	85
Pension including additional contribution (after deduction of own contribution)	167	160
Social security charges and other amounts	43	36
Total	1,222	1,144

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 2023 on average 63.5% of the criteria had been met; the variable remuneration amounted on average 12.7% (out of maximum 20%) of the base salary. For 2022 these percentages were 80% and 16.0% (out of maximum 20.0%) of the base salary.

Granted for the year	**Paid in 2023**	Paid in 2022	Paid in 2021	**To be paid**	**Total**
2020	12	12	47	8	79
2021	18	73	-	31	122
2022	83	-	-	55	138
2023	-	-	-	115	115
Total	113	85	47	209	454

The remuneration paid to the Supervisory Board totalled €102,000 (2022: €87,000).

26. Other income

	Residential		**Retail**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
Redemption charge	687	526	-	42	687	568
Other investments	411	-	-	-	411	-
Total	1,098	526	-	42	1,098	568

27. Other expenses

	Residential		Retail		Total	
	2023	2022	**2023**	2022	**2023**	2022
Placement costs	-	-	-	-	-	-
Total	-	-	-	-	-	-

28. Interest expenses

	Residential		Retail		Total	
	2023	2022	**2023**	2022	**2023**	2022
Interest expense on lease liabilities	-125	-106	-73	-48	-198	-154
Other interest expenses	-413	-290	-172	-304	-585	-594
Total	-538	-396	-245	-352	-783	-748

29. Direct investment income

	Residential		Retail		Total	
	2023	2022	**2023**	2022	**2023**	2022
Net rental income	66,464	60,420	36,280	34,779	102,744	95,199
Result from participating interest	-	95	5	826	5	921
Other investments	411	-	-	-	411	-
Management and fund costs	-9,822	-8,660	-2,773	-2,299	-12,595	-10,959
Interest income/expenses	-413	-290	-172	-304	-585	-594
Total	56,640	51,565	33,340	33,002	89,980	84,567

30. Indirect investment income

	Residential		Retail		Total	
	2023	2022	**2023**	2022	**2023**	2022
Positive revaluation result	**464**	36,863	**7,744**	40,846	**8,208**	77,709
Negative revaluation result	**-218,705**	-70,915	**-20,804**	-19,757	**-239,509**	-90,672
Interest expense on lease liabilities leasehold	**-125**	-106	**-73**	-47	**-198**	-153
Result on disposals	**189**	-	**-**	-131	**189**	-131
Result from participating interest	**-**	425	**-53**	273	**-53**	698
Placement costs	**-**	-	**-**	-	**-**	-
Compensation for transfer tax	**687**	526	**-**	42	**687**	568
Total	**-217,490**	-33,207	**-13,186**	21,226	**-230,676**	-11,981

Related parties

There are no related parties other than the management compensation.

Preferences and redemptions (in € million)	Residential	Retail	Total
Balance as at 1 January 2023	407	104	511
New preferences received in 2023	95	3	98
New redemptions received in 2023	-105	-49	-154
New capital issued in 2023	-235	-38	-273
Redemptions facilitated in 2023	105	25	130
Balance as at 31 December 2023	267	45	312

Off-balance sheet assets and liabilities

Liabilities (in € million)	Residential
Pipeline to be completed in 2024	157
Same for 2025 and subsequent years	92
Same for 2026 and subsequent years	26
Total	275
Less: previously financed	-199
Total off-balance sheet items	76

Altera's shares in the maintenance provision in homeowners' associations in the Residential sector totalled €3.8 million and in the Retail sector totalled €0.5 million at year-end 2023 (year-end 2022: €3.3 million and €0.5 million).

Amstelveen, 27 March 2024

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 2023 which was paid out on the 15th of January 2024 including the final dividend:

Dividend (amounts in €)	Q4 2023 plus final dividend
Residential	15,896,784
Retail	8,805,948
Total	24,702,732

Independent auditor's report

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

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 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 31 December 2023, and of its result and its cash flows for 2023 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 2023.
2. The following statements for 2023: the profit and loss account, the statements of other 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 €29,550,000. 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 €1,477,500, 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, whistle blower procedures and incident registration. 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 did not identify fraud risk factors with respect to revenue recognition and vacancy, as it relates to gross rental income, as we assessed this risk to be remote due to the absence of significant pressure on management and limited opportunity for fraud. 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 identified the following fraud risks and prformed the following specific procedures:

Fraud risk	How the fraud risk was addressed in the audit
Management override of controls We presume a risk of material misstatement due to fraud related to management override of controls. The Management 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.	Our audit procedures included, among others, the following: 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 noncompliance. We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We considered available information and made enquiries of relevant executives and directors (including the Management Board). Additionally we requested confirmation from the depositary on the ownership of assets and any irregularities. We have performed a review of available minutes for the relevant organizational bodies and have obtained and reviewed the ISAE 3402 type 2 report over 2023 of Altera Vastgoed N.V. having made appropriate links to our risk assessment and relevant controls. 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. For significant transactions, we have 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. We evaluated whether the judgments and decisions made by management 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. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in 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. Reference is made “Valuation of investment property” below as well.

Fraud risk	How the fraud risk was addressed in the audit
Valuation of investment property (under construction) In relation to valuation of investment properties (under construction) a potential fraud risk is identified to revaluations and other deviations from the normal valuation process, management's adjustment of external valuations, optimistic estimation of gross initial yield, market rent, vacant values and/or other assumptions including combinations of estimates that result in a relatively high value.	Valuation of investment property is a significant area to our audit as the valuation 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. Management insights, estimates and assumptions related to valuation of investment property have a major impact on the financial statements and are disclosed in the other notes and note 1 of the financial statements. Further reference is made to the section "Our key audit matter" for audit procedures performed.
Risk of incorrect recognition of disposals of investment properties The accurate and complete recognition of these transactions is an important area of emphasis in our audit. We pay special attention to fraud risks associated with selling properties, such as ABC transactions.	In 2023, Altera Vastgoed N.V. sold multiple properties. We have tested the design and controls related to property investment sales, which includes ensuring proper authorization and conducting background checks of buyers and sellers. We carried out procedures on the disposals of investment property. We have reconciled the recognized transactions with the relevant supporting documentation and confirmed the accurate and complete recognition of transaction results in the fiscal year. We verified that the property sold was not immediately sold to a third-party at a significantly higher transaction value. In addition, we have analyzed the sales price of property transactions in relation to the most recent valuation as determined by the external appraiser. If applicable, we have assessed the reasonableness of considerations paid to intermediaries.

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, compliance officer, risk manager, and other personnel within the Company, and by reading minutes.

As a result of our risk assessment procedures, and while realizing 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, the Alternative Investment Fund Managers Directive (AIFMD), 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 financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, 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 these other laws and regulations, 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 (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) 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 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 € 76 million due in the upcoming years. These off-balance sheet items will be fully financed via the operational result, the shareholders' commitments of € 267 million in the residential segment and € 45 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 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.

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, 2023, the Company held a portfolio of investment property with a fair value of €2,764 million (December 31, 2022: €2,777 million) and investment property under construction of €169 million (December 31, 2022: €270 million).

The portfolio consist of €2,268 million residential investment property (under construction) and €665 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, vacancy allowances) 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 (significant) assumptions (such as capitalisation rate, market rental income, vacancy allowances) 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.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- The sector reports.

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:

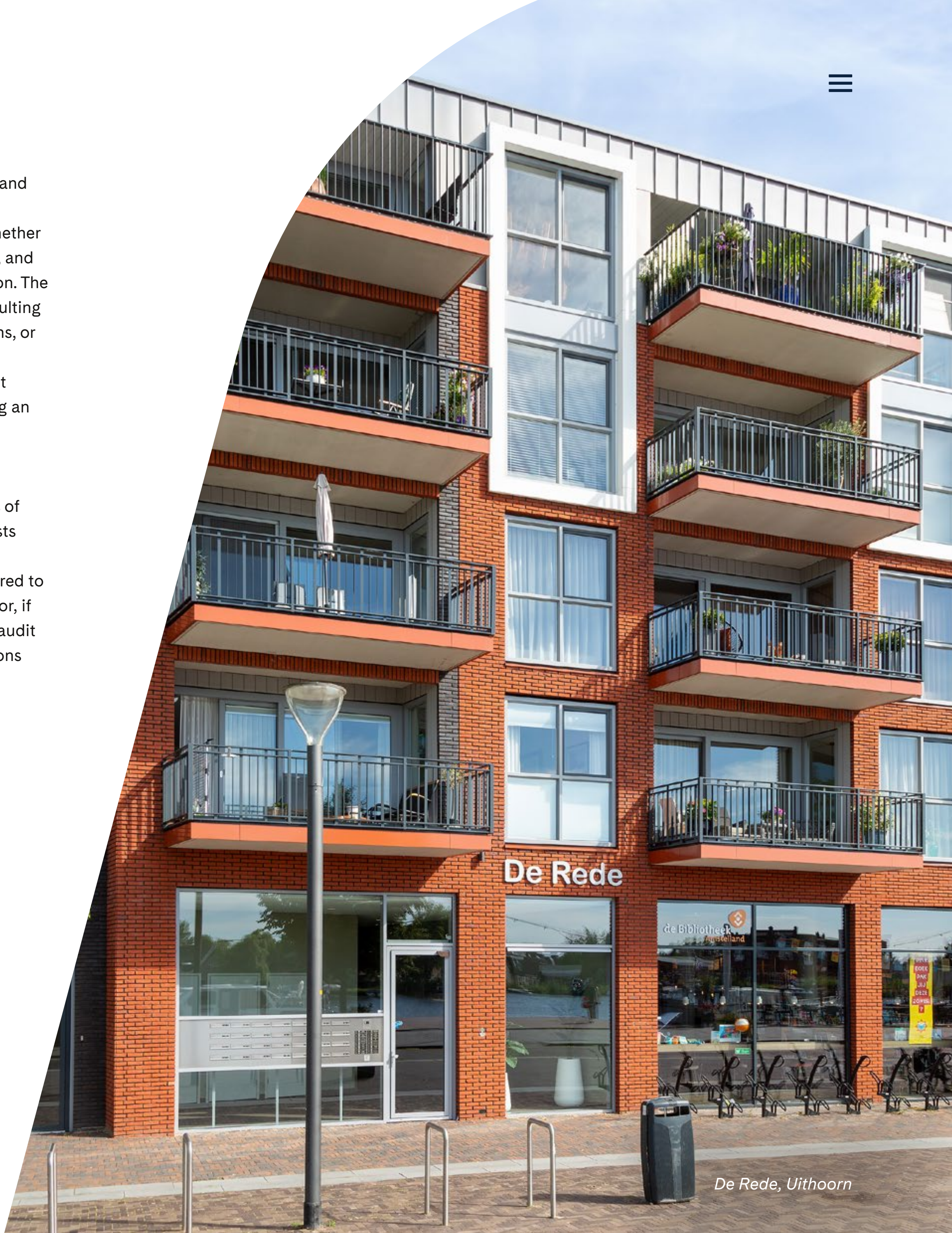
- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk 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 Management Board.
- Concluding on the appropriateness of 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, 27 March 2024

Deloitte Accountants B.V.

J. Holland



De Rede, Uithoorn

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 2023	Residential 31 Dec 2022	Retail 31 Dec 2023	Retail 31 Dec 2022
NAV in the IFRS financial statements		2,300,462	2,385,827	657,740	657,434
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		2,300,462	2,385,827	657,740	657,434
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	18,059	25,492	7,822	7,328
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		2,318,521	2,411,319	665,562	664,762

INREV NAV per share

	Residential		Retail	
	31 Dec 2023	31 Dec 2022	**31 Dec 2023**	31 Dec 2022
Number of shares issued at year-end (in 1,000)	**1,132,687**	1,069,485	**682,193**	668,800
INREV NAV (in €1,000)	**2,318,521**	2,411,319	**665,562**	664,762
INREV NAV per share (in €)	**2.047**	2.255	**0.976**	0.994

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 2023, 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 2023, 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 2023, 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 2023, 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 2023, 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 2023, 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 2023, 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 2023, 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 2023, 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 2023, 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 2023, 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 2022	25,492	7,328
Acquisition expenses 2023	-	3,132
Amortisation of acquisition expenses in 2023	-7,433	-2,638
Adjustment NAV (excluding tax) as at 31 December 2023	18,059	7,822

As at 31 December 2023, Altera made an adjustment of €18.1 million for the residential portfolio and €7.8 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 2023, 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 2023, 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 2023, 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 2023, 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 2023, 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 2023, 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 2023 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 2023 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 2023 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, 27 March 2024

Deloitte Accountants B.V.

J. Holland

Annexes

Financial Agenda 2024

Item	Date
Reports	
Annual Report 2023	2 April 2024
Q1 report to shareholders	24 April 2024
Q2 report to shareholders	24 July 2024
Semi-annual report	August 2024
Q3 report to shareholders	24 October 2024
Q4 report to shareholders	24 January 2025
Investment plans per sector	November 2024
Net asset value	5 business days following the end of the month
Meetings	
General Meeting of Shareholders	17 April 2024
	10 July 2024
	11 December 2024
Informal Shareholders Meeting	10 July 2024
	25 September 2024
Investor Calls	
Q1 report	1 May 2024
Q2 report	31 July 2024
Q3 report	30 October 2024
Q4 report	5 February 2025

Item	Date
Dividend payments	
Q1	17 April 2024
Q2	15 July 2024
Q3	15 October 2024
Q4	27 December 2024

Convenience centre Zijdelwaard, Uithoorn

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 include 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 promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 99% 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 made **sustainable investments with a social objective:** %	☐ It promotes E/S characteristics, but **did 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 single-family and multi-family real estate has improved.

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

How did the sustainability indicators perform?

- 99.3% of Green energy labels (A-C)[1]
- 84.2% of A labels[1]
- 17,866 solar panels, based on figures Q4 2023
- Average kWh per m² single-family homes 97, based on figures 2022[2]
- Average kWh per m² multi-family homes 76, based on figures 2022[2]

...and compared to previous periods?

- The number of green labels (A-C) remained stable compared to 2022.
- The number of solar panels and percentage A-labels have increased year on year. The sustainability indicator average kWh per m² has been subdivided into single-family and multi-family homes, but both items have improved compared to the previous 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.

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

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

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

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. Altera did not exceed these thresholds.

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 applicable because Altera has a Human Rights Policy that comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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 Union 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 2023
- 0% exposure to fossil fuels through real estate assets
- 6.6% exposure to energy-inefficient real estate assets
- 18,427 tonnes of GHG emissions (Scope 1,2,3) based on figures 2022
- 97 Average kWh per m^2 – single family homes based on figures 2022
- 76 Average kWh per m^2 – multifamily homes based on figures 2022

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2023

What were the top investments of this financial product?

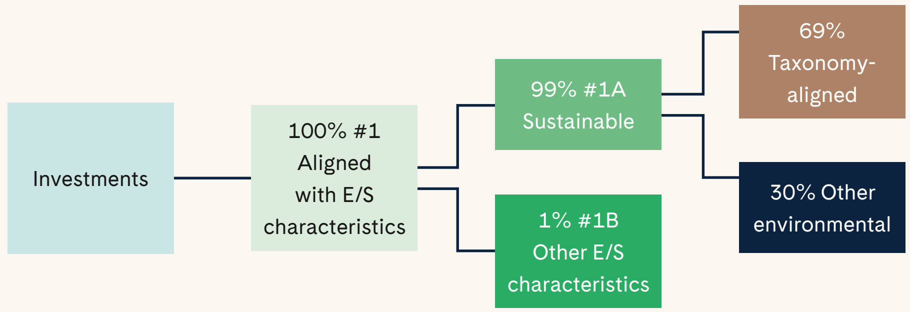
Largest investments Residential sector	Assets	Country
Rotterdam – Brede Hilledijk a.o.	6.8%	NL
Amsterdam – Elzenhagensingel	3.2%	NL
Amsterdam – Oostelijke Handelskade #2	2.6%	NL
Almere – Goudplevierweg a.o.	2.5%	NL
Amsterdam – Kraanspoor, Werfkade	2.4%	NL
Amstelveen – Nicolaas Tulplaan	2.2%	NL
Amsterdam – Tollensstraat #1 en #2	1.8%	NL
Den Haag – Leeghwaterplein a.o.	1.8%	NL
Amstelveen – Chr. Huygenshof	1.8%	NL
Amersfoort – De Bosuil	1.7%	NL

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

100% of the investments (based on the market value of investment property) are aligned with the environmental characteristics. In total 99.3% are sustainable investments under the SFDR. 7.5% 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.

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

In which sectors were the investments made?

Residential real estate

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

69%

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[3]?

Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

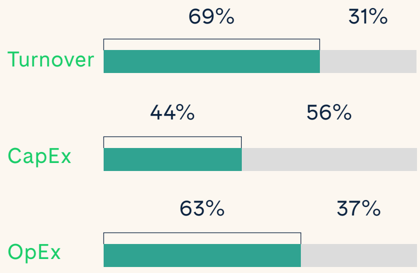
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

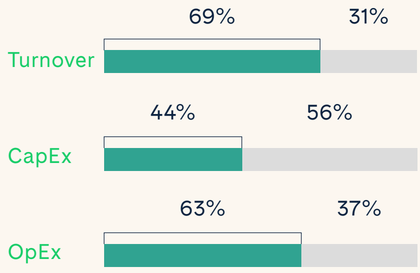
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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***



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned

This graph represents 100% of the total investments.

**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?

0%

[3] *Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.*

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.

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

The percentage of investment that were aligned with the EU Taxonomy increased from 0% to 69%. This percentage increased due to the implementation of our Human Rights Policy that complies with the minimum social safeguards requirement.

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

Currently, 30% of the investments are sustainable investment with an environmental objective but are not aligned with the EU Taxonomy.

What was the share of socially sustainable investments?

None

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 2024. In 2023, 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 2023, we purchased several high sustainable assets such as:
  1. Mayor (second phase) in Amstelveen, which has a A++-energy label and solar panels;
  2. Harlekijn in Utrecht, which has a A++-energy label and solar panels;
  3. Robijnhof (PG-units) in Leiden which has a A+++-energy label and solar panels;
  4. Terrazzo in ‘s-Hertogenbosch, which has a A+-energy label and solar panels;
  5. Bankier in Tilburg, which has a A++-energy label and solar panels.

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

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

N.A.

How does the reference benchmark differ from a broad market index?

N.A.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

N.A.

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

N.A.

How did this financial product perform compared with the broad market index?

N.A.

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) 2020/85252

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 include 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 **promoted 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 made **sustainable investments with a social objective:** %	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

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

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.

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 remained stable with respect to last year and the amount of solar panels remained stable. Furthermore, the average kWh per m^2 for non-refrigerated real estate has decreased. The kWh per m^2 for refrigerated real estate has increased a bit compared to the previous year. We are taking measure to decrease this figure.

How did the sustainability indicators perform?

- 100% of Green energy labels (A-C)[1]
- 100% of A labels[1]
- Number of solar panels: 832 based on figures Q4 2023[2]
- 302 Average kWh per m^2 (refrigerated) based on figures 2022[3]
- 178 Average kWh per m^2 (non-refrigerated) based on figures 2022[3]

...and compared to previous periods?

- The number of green labels, A-labels and solar panels remained stable compared to 2022.
- The average kWh per m^2 – refrigerated (based on figures 2022) increased compared to previous reporting period (based on figures 2021).
- The average kWh per m^2 – non-refrigerated (based on figures 2022) improved compared to previous reporting period (based on figures 2021).

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?

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. Altera did not exceed these thresholds.

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 applicable because Altera has a Human Rights Policy that comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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 Union 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] *Recalculation of the 2022 figures.*

[3] *Real energy consumption (instead of theoretical consumption which are displayed in the energy labels) and taking into account both building-specific and user consumptions.*

How did this financial product consider principal adverse impacts on sustainability factors?

The fund considers principle adverse impacts by assessing every year the principle adverse impact indicators below.

Results of 2023
- 0% exposure to fossil fuels through real estate assets
- 0% exposure to energy-inefficient real estate assets
- 15,463 tonnes of GHG emissions (Scope 1,2,3) based on figures 2022
- 302 Average kWh per m^2 (refrigerated) based on figures 2022
- 178 Average kWh per m^2 (non-refrigerated) based on figures 2022

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: 2023

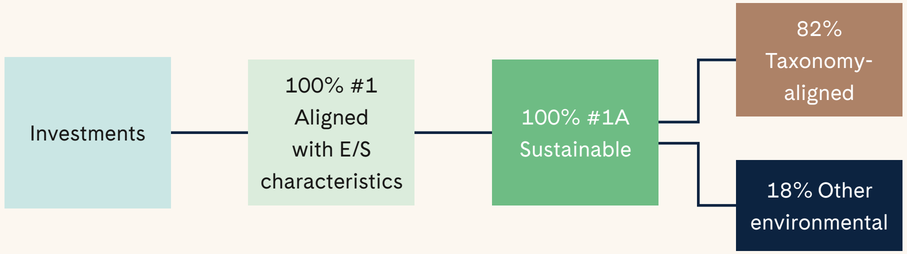
Largest investments Retail sector	Assets	Country
Houten – Het Rond a.o.	10.2%	NL
Waddinxveen – Gouweplein	9.0%	NL
Zwolle – Van der Capellenstraat	8.7%	NL
Uithoorn – Zijdelwaardplein	6.6%	NL
Amersfoort – Sint Jorisplein	5.6%	NL
Amstelveen – Westwijkplein	5.0%	NL
Dordrecht – Van Eesterenplein	4.6%	NL

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

100% of the investments (based on the market value of investment property) are aligned with the environmental characteristics of which 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[4]. A percentage of 82% is Taxonomy aligned under the Taxonomy Regulation.

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.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.

In which economic sectors were the investments made?

Retail real estate

[4] *It is for parking garages not possible to obtain an energy label.*

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

82%

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[5]?

Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

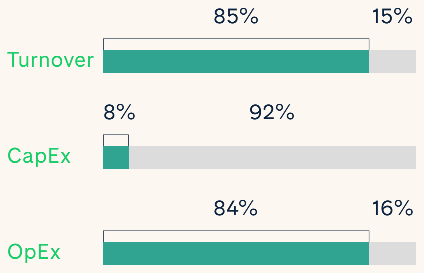
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

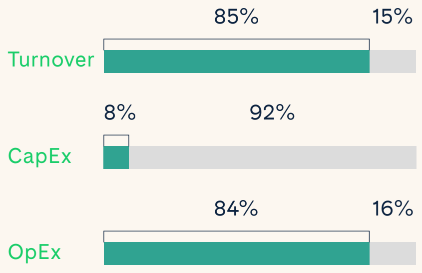
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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***



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned

This graph represents 100% of the total investments.

**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?

0%

[5] *Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.*

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.

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

The percentage of investment that were aligned with the EU Taxonomy increased from 0% to 82%. This percentage increased due to the implementation of our Human Rights Policy that complies with the minimum social safeguards requirement.

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

Currently, 18% of the sustainable investment with an environmental objective were not aligned with the EU Taxonomy.

What was the share of socially sustainable investments?

None

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 2024. In 2023, 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.
- Purchase of sustainable real estate. In 2023, we purchased several high sustainable assets, such as Nieuw Sloten, Amsterdam and Langdonkenstraat, Eindhoven, with both a energy label A. We have also implemented our Human Rights Policy. This Policy adopts international standards for human rights and two of the Altera core values: Transparency and Integrity. The human right risks as described in section 2 ‘Identify and assess adverse impacts in operations, supply chains and business relationships’ form the core of this policy. The Policy expands on the Social and Governance component of the ESG Strategies, increasing their robustness. Altera expects its employees and stakeholders, including customers, suppliers and other business partners, to understand and cooperate in complying with the Policy.

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

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

N.A.

How does the reference benchmark differ from a broad market index?

N.A.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

N.A.

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

N.A.

How did this financial product perform compared with the broad market index?

N.A.

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 programme
  With its Paris Proof programme, 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 safeguard.

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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