

2022 Half-year Report

KEMPEN CAPITAL MANAGEMENT NV
AMSTERDAM



Kempen

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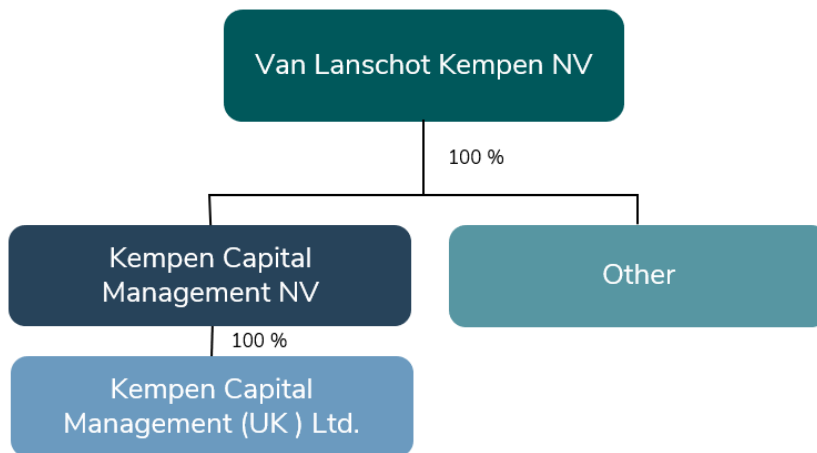
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Report of the Management Board

Profile

Kempen Capital Management NV (KCM) is a full subsidiary of Van Lanschot Kempen NV.

Figure 1: Simplified legal structure



KCM is a specialist investment manager with a strong focus on delivering stellar investment returns. Our mission is to preserve and create wealth, in a sustainable way, on behalf of our clients. KCM's clients can rely on us to be long-term stewards that take into account their financial and sustainable goals for the future, and to operate with a strong focus and clear investment outlook. In order to achieve our mission, we seek to be a world-class, specialist investment manager and exceed our clients' expectations. We work to create long-term partnerships built on the key pillars of transparency and trust with our clients and service providers. As part of this, we offer clients access to investments that would usually have a high entry threshold and demand a high degree of expertise and infrastructure, while also adding value in the long run. KCM follows Van Lanschot Kempen's Code of Conduct.

KCM offers two types of solutions. Firstly, as a fund manager, we offer investment strategies, such as global and European equities (High Dividend Equities, Small-caps, Infrastructure and Sustainable Equity), bonds (Euro Credits), Real Estate and alternative investments (Private Markets, Hedge Funds and Alternative Credit) for institutional and private clients in the form of mandates and investment funds. Secondly, as a fiduciary manager, we offer total investment solutions for private clients via Van Lanschot Kempen as well as directly to wholesale & institutional clients. In addition, we offer solutions that relieve institutional clients of day-to-day investment management activities. The individual client's objectives or commitments are leading in terms of the solutions we offer. KCM has offices in Amsterdam, London and Paris.

Organisation

The composition of KCM's Management Board did not change in the first half of 2022. The Management Board currently has two board members: Erik van Houwelingen (Chair) and Ernst Jansen. The Management Board is responsible for the management of KCM.

Key to the strategy of Van Lanschot Kempen, and therefore also to that of KCM, is to be a specialist wealth manager – targeting private, wholesale, institutional and corporate clients. We have the ability to adapt quickly to changing client needs and market conditions. Van Lanschot Kempen (including KCM) therefore steers and reports on its business according to client segment.

Financial performance

The operating profit before tax in the first half of 2022 amounted to €13.9 million – an increase compared with the same period in 2021. Client assets decreased to €80.6 billion, which was driven by a €14.9 billion negative market performance in the first half year 2022.

Results

Commission income

Commission income grew by 17% compared to the first half of 2021 with €8.7 million to €60.7 million. This higher commission income is due to a higher average margin.

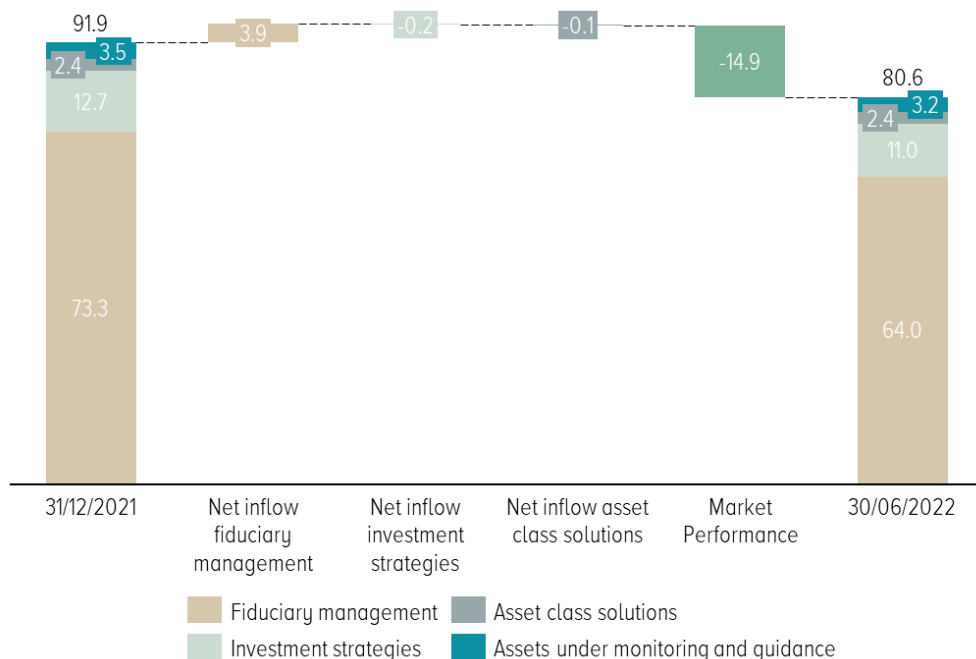
Operating expenses

Compared with the first half of 2021, operating expenses increased by €7.7 million to €46.6 million. This was mainly driven by an increase in staff costs of 25% to €22.8 million (H1 2021: €18.3 million). Staff grew by 21 FTEs to 198 (2021: 177 FTEs). The other administrative expenses grew by 15% to €23.4 million.

The efficiency ratio – i.e. the ratio of operating expenses to income from operating activities – stood at 77.1%. This is an increase compared with the first half of 2021 (74.3%), driven by the higher operating expenses relative to the operating income.

Client assets

Total client assets declined in the first half of 2022 by 12% to €80.6 billion, driven by the negative market performance of €14.9 billion. AuM declined to €77.5 billion.



Investment strategies showed a net outflow of €0.2 billion, driven by outflows in credit strategies and real assets strategies, where clients have implemented asset allocation calls. Inflow was reported for the small caps strategies. In the first half of 2022, markets were challenging, which led to a negative market performance of €1.6 billion in investment strategies.

During the first half of 2022, KCM won the award for Best Fund House Overall (small) at the annual Refinitiv Lipper Fund Awards the Netherlands. We consider this Lipper Award a testament of the strong investment culture of Van Lanschot Kempen and the innovative and proactive investment approach that our teams take.

Our Global Listed Infrastructure strategy celebrated its 3-year track record in January 22. With a strong 3-year track record, AuM surpassing €100 million and increasing interest from clients to invest in real assets in this high inflation environment, we expect to see this strong growth continue in the years ahead.

As per this year, we introduced Asset class solutions (ACS) as AuM category. ACS is a total solution for clients to invest in illiquid asset classes. ACS remained quite stable in the first half, with an AuM of €2.4 billion. It showed a positive market performance of €0.1 billion and a net outflow of €0.1 billion.

Fiduciary management showed net inflows of €3.8 billion, due to the introduction of the KLM cabin crew pension fund fiduciary advisory mandate of c. €4 billion. The UK business finalised its onboarding of all new clients, including our first two non-pension fund clients: a corporate investment trust and a royal chartered association. Inflows from new clients were offset by a negative market performance of €13.1 billion within fiduciary management.

Events after the reporting period

There have been no significant events since the reporting date that affect the relevance of information provided in this report.

Product development

During the first half of 2022, KCM has restructured existing funds while making preparations for new funds to be launched later in the year.

New developments in H1 2022

In February 2022, the Global Impact Pool (under the Kempen Alternative Markets Fund umbrella) was restructured in order to decrease the cash drag in the portfolio. We launched new share classes into the fund that have a capital call structure, and thereby only accept commitments (as opposed to direct subscriptions into the fund).

Preparing for H2 2022

Preparations were made to launch three new, Dutch-domiciled pools, which indirectly invest in illiquid real assets. The first of these will be the Global Farmland Pool; initial client commitments are expected in July 2022, after which the initial closing will take place. Secondly, a client-specific pool will be launched, collating its investment in non-listed real estate funds. Lastly, the Kempen Private Real Estate Pool – which mainly caters to Van Lanschot Kempen private clients as well as investing in non-listed real estate funds – will be launched in the second half of the year.

Preparations for new ranges within the Van Lanschot Kempen “Vermogensfondsen” have been created. There will be new funds in the ranges for the “Duurzaam”, “Index” and “Smart” propositions. These funds are aimed at investors with an investment service relationship with Van Lanschot Kempen. The launch of these new funds is planned in the second half of 2022.

Sustainable and impact investment

Our sustainable and impact investment policies are informed by our company mission, external laws and regulations, and the international treaties that we and our clients endorse. During the first half of 2022, we worked on the implementation of the EU Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy.

Our active, engaged ownership approach is shaped in different ways:

- **Integration of environmental, social and governance (ESG) criteria into investment processes** – ESG criteria are part of our funds' investment processes to ensure that sustainable investment risks and opportunities are appropriately reflected in the expected returns and that they contribute to investment decisions. We are composing our own ESG score across listed funds.
- **Engagement on controversial issues and exclusion in the absence of a favourable outcome** – We engage with companies involved in serious controversies and assess their alignment with the OECD Responsible Business Conduct approach and other relevant conventions on a case-by-case basis. By setting measurable engagement objectives and determining timelines for their achievement, we have an objective methodology for determining when an engagement is unsuccessful and when divestment should follow. Furthermore, portfolio managers engage with companies on strategic, forward-looking ESG topics that are most material; several of our engagement factsheets can be found on our website: kempen.com/en/asset-management/esg/engagement-factsheets.
- **Positive impact** – In addition to using Sustainable Development Goal (SDG) alignment scores internally for some of our funds, we are working to increase the sustainability credentials of all our funds. In 2021, the Kempen SDG Farmland Fund (kempen.com/en/funds/kempen-sdg-farmland-fund-class-a) was launched and showed promising growth. Our latest [Global Impact Pool](https://kempen.com/-/media/News-and-Knowledge/Global-Impact-Pool-Quarterly/2022/Kempen-Global-Impact-Report-2021-EN.pdf) report was published in June 2022 (kempen.com/-/media/News-and-Knowledge/Global-Impact-Pool-Quarterly/2022/Kempen-Global-Impact-Report-2021-EN.pdf).
- **Climate change** – In 2020, we set the following targets, as explained in our climate policy:
 - By 2025: align with a Paris Agreement pathway (listed investments);
 - By 2030: align with a Paris Agreement pathway (listed and non-listed investments);
 - By 2050: become a net-zero investor.

Regarding the 2025 target, we thus aim to align with the trajectory to achieve the goals of the Paris Agreement and Dutch *Klimaatakkoord*¹. Starting in 2022, we have an annual emission reduction target of 7% in place for all listed funds.

- **Exercising our voting rights** – In H1 2022, we voted at 335 annual and extraordinary general meetings of shareholders. We voted against, abstained or withheld our vote on proposed agenda items (put forward by both management and shareholders) in 16% of cases. The table on the following page shows the full breakdown of votes.

¹ We use carbon intensity as a metric for arriving at the pathway of net-zero emissions. As we care about the direction of travel and reduction of carbon emissions in the economy, it is possible that the actual reduction trend deviates from the suggested average trend line. The pathway is derived from the pathway of the EU Benchmarks.

Vote casting in H1 2022

MEETING OVERVIEW

CATEGORY	NUMBER	PERCENTAGE
Number of votable meetings	348	
Number of meetings voted	335	96%
Number of meetings with at least 1 vote Against, Withheld or Abstained	273	78%

PROPOSAL OVERVIEW

CATEGORY	NUMBER	PERCENTAGE
Number of votable items	5,418	
Number of items voted	5,173	95%
Number of votes For	4,376	85%
Number of votes Against	666	13%
Number of votes Abstained	79	2%
Number of votes Withheld	65	1%

For more detailed information on our sustainable investment approach and policies, visit our [website: kempen.com/en/asset-management/esg](https://www.kempen.com/en/asset-management/esg).

KCM

The strong relative investment performance of our products and solutions, highly motivated employees and personal connection with our clients mean that there are sound prospects for further long-term growth at KCM. At the time of publication, the Management Board does not foresee any material capital-intensive investments, nor does it expect any changes to current funding.

Amsterdam, 30 August 2022

Management Board KCM

W.H. van Houwelingen

E.J.G. Jansen



Consolidated financial statements at 30 June 2022

Consolidated balance sheet at 30 June 2022 (before result appropriation)

		30-6-2022	31-12-2021
		<i>x €1,000</i>	<i>x €1,000</i>
Assets			
<i>Fixed assets</i>			
Intangible assets	I	4.635	5.050
Tangible assets	II	117	123
Deferred tax assets	III	1.536	1.218
<i>Current assets</i>			
Receivables from related parties	IV	46.735	32.510
Current receivables, prepayments and accrued income	V		
Management fees receivable		38.120	37.207
Tax and social insurance premiums		-	719
Other receivables, prepayments and accrued income		1.069	1.446
		39.189	39.372
Cash and cash equivalents	VI	761	285
		92.972	78.558
Equity & Liabilities			
Equity	VII		
Paid-up and called-up share capital		92	92
Premium reserve		6.700	6.700
Translation reserve		77	151
Other reserves		26.099	23.410
Undistributed profit		10.184	27.509
		43.152	57.862
Provisions	VIII		
Deferred tax liabilities		1.194	1.230
Other provisions		480	523
		1.675	1.753
Current liabilities, accruals and deferred income	IX		
Management fees payable		9.584	8.777
Amounts owed to related parties		35.654	3.510
Tax and social insurance premiums		1.373	3.968
Other liabilities, accruals and deferred income		1.534	2.688
		48.146	18.943
		92.972	78.558

Consolidated profit and loss account at 30 June 2022

		<i>H1 2022</i>	<i>H1 2021</i>
		<i>x €1,000</i>	<i>x €1,000</i>
Income			
Management fees	X	60.816	52.218
Consultancy fees	XI	-	103
Other income	XII	76	244
Total income		60.891	52.565
Expenses			
Staff costs	XIII	22.790	18.355
Amortisation of intangible assets	I	415	382
Depreciation of tangible assets	II	15	43
Other operating expenses	XIII	23.732	20.039
Total expenses		46.952	38.819
Operating result		13.939	13.745
Interest income	XIV	-	90
Interest expenses	XIV	68	-
Interest result		-68	90
Result before tax		13.871	13.835
Tax	XV	3.687	3.702
Result after tax		10.184	10.133

Summary of key accounting policies for the preparation of the consolidated financial statements

General

The object of Kempen Capital Management NV (“KCM” or “the company”) is to manage and administer the assets of third parties, to provide advice and to invest in, manage and finance other enterprises and companies. KCM has its registered office at Beethovenstraat 300, 1070 AR Amsterdam, the Netherlands, and is registered under number 33181992 at the Chamber of Commerce.

The company belongs to a group. At the head of this group is Van Lanschot Kempen in ‘s-Hertogenbosch. The company's annual accounts are included in the consolidated annual accounts of Van Lanschot Kempen in ‘s-Hertogenbosch.

The consolidated financial statements are prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving).

The accounting principles have remained unchanged from the prior year.

Currency

Items in the consolidated financial statements pertaining to each group company are stated in the currency of the economic environment in which the entity chiefly operates - i.e. the functional currency. Amounts in the consolidated financial statements are stated in euros, i.e. both the functional and reporting currency.

Transactions in foreign currencies in the reporting period are recognised in the consolidated financial statements at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Translation differences arising on the settlement of such transactions are recognised in consolidated profit or loss.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

Estimates

In the process of applying the accounting policies, the Management Board of Kempen Capital Management NV uses estimates and assumptions which can have a significant impact on the amounts recognised in the consolidated financial statements. If necessary for the insight as required under Art. 2:360 sub 1 DCC of the Dutch Civil Code, we include the nature of these judgements and estimates as well as their underlying assumptions in the Notes to the relevant consolidated financial statements items.

Intra-group relationships

Kempen Capital Management N.V. has been owned by Van Lanschot Kempen N.V. since January 2020. Kempen Capital Management UK Ltd is a wholly subsidiary of Kempen Capital Management N.V. since 1 October 2020. Van Lanschot Kempen has its registered office at Beethovenstraat 300, Amsterdam.

KCM's financial data are fully consolidated in the financial statements of Van Lanschot Kempen. Operationally, KCM is closely associated with Van Lanschot Kempen. Consequently, virtually all expenses disclosed in the consolidated profit and loss account represent amounts charged on by Van Lanschot Kempen.

Consolidation

The financial data of Kempen Capital Management NV and its group companies are consolidated. A group company is a legal entity in which Kempen Capital Management NV is able to exercise decisive control, directly or indirectly, because it holds the majority of the voting rights or is able to control the financial and operational activities in some other way.

Intercompany transactions and the ensuing results and intercompany receivables and payables are eliminated in the consolidation. The accounting policies of group companies and other legal entities included in the consolidation are adjusted where necessary to bring them into line with group accounting policies.

Subsidiaries

Participating interests over which significant influence can be exercised over business and financial policy are valued at net asset value. If the valuation of a participating interest according to the net asset value is negative, it is valued at nil. If and insofar as KCM in this situation fully or partially guarantees the debts of the participating interest, or has the firm intention to enable the participating interest to pay its debts, a provision is formed for this.

The share in the result of these participating interests is recognized as the result of participating interests in which significant influence is exercised on business and financial policy. This result is determined on the basis of the accounting principles applicable at KCM for valuation and determination of the result.

Related parties

Van Lanschot Kempen qualifies as a related party of KCM and Kempen Capital Management UK Ltd. All related-party transactions take place on an arm's length basis.

Acquisitions and disposals of group companies

The results and identifiable assets and liabilities of an acquired company are recognised in the consolidated financial statements from the acquisition date. The acquisition date is the date from which decisive control can be exercised in the relevant company.

The acquisition cost comprises the amount or the equivalent thereof that is agreed for the acquisition of the relevant company, plus any directly attributable costs. If the acquisition price exceeds the net fair value of the identifiable assets and liabilities, the surplus is capitalised as goodwill under intangible assets. If the acquisition price is below the net fair value of the identifiable assets and liabilities, the difference (negative goodwill) is recognised as an accrued liability.

Since 1 October 2020, Kempen Capital Management UK Ltd has been a wholly owned subsidiary of Kempen Capital Management NV and it is thus fully consolidated in these financial statements.

Cash flow statement

KCM does not prepared a cash flow statements as it is consolidated in the Cash Flow statement of Van Lanschot Kempen which is filed at the trade register and is available on the website.

Accounting policies

General

KCM is an independent wealth manager specialising in the preservation and creation of wealth, in a sustainable way, for both its clients and the society of which it is part.

Assets and liabilities are generally stated at acquisition cost, unless another specific accounting policy is stated. The consolidated balance sheet and consolidated profit and loss account contain references to the Notes.

Intangible assets

Intangible assets with a limited useful life (such as client files) are capitalised at cost of acquisition or manufacture (cost price model). Straight-line amortisation is applied to these assets over their estimated economic life. This is the case if the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount.

With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please see section “Impairments”.

Tangible assets

Property and equipment used within KCM is stated at acquisition cost less depreciation, calculated on the basis of the estimated economic life of the asset and taking into account any residual value. Account is taken of impairments expected to be recognised at the reporting date. If the depreciation method, estimated useful life and/or residual value changes over time, these are disclosed as changes in estimates. Decommissioned property and equipment is stated at the lower of cost price or realisable value.

Impairments

KCM considers at every reporting date whether there are indications that a fixed asset may be subject to impairment. If such indications are found, the recoverable amount of the asset is determined. If it is impossible to determine a recoverable amount for the individual asset, the recoverable amount of its cash-generating unit is determined.

Asset impairment exists if the carrying value of the asset is greater than its recoverable amount; the recoverable value is the greater of the fair value less cost to sell and the value in use. An impairment loss is recognised in profit or loss and the carrying value of the asset is reduced simultaneously.

If it is established that an impairment recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset had been reported.

For financial assets recognised at amortised cost, the impairment is measured as the difference between the asset's carrying amount and the best available estimate of future cash flows, discounted at the financial asset's original effective interest rate upon initial recognition.

The impairment loss recognised must be reversed if the reduction of the impairment is related to an objective event after amortisation, up to a maximum of the amount needed to value the asset at amortised cost at the time of the reversal if there had not been an impairment. The reversed loss is recognised in the consolidated profit and loss account.

IFRS 16 Leases

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Receivables

On initial recognition, receivables are valued at the fair value of the consideration. After initial recognition, receivables are carried at amortised cost. If the receipt of a receivable is deferred for reason of an agreed extension of a payment term, its fair value is determined on the basis of the present value of the expected receipts and interest income is taken to the consolidated profit or loss based on the effective rate of interest. Provisions for uncollectable amounts are deducted from the carrying value of the receivable.

Cash and cash equivalents

This item comprises bank balances with a term of less than 12 months. Bank overdrafts are disclosed under amounts owed to credit institutions. Cash and cash equivalents are stated at face value.

Provisions

A provision is a commitment where there is uncertainty regarding its size or moment of settlement. A provision is formed on the consolidated balance sheet if there is a commitment which arose in the past, if it is likely that settlement of the provision would require an outflow of funds and if a reliable estimate can be made. Other provisions are stated at the face value of expenditure necessary to settle obligations, unless stated otherwise. Provisions are discounted only if the time value of the cash or the commitment has a material influence.

Deferred tax is recognised using the temporary differences between the carrying amounts of assets and liabilities for tax reporting purposes and the carrying amounts recognised in these consolidated financial statements. Deferred tax is calculated at the tax rate in force at the end of the financial year, or at rates to be applied in future years, in so far as legally enacted by law. Deferred tax is recognised at nominal values.

Current liabilities, accruals and deferred income

On initial recognition, current liabilities are stated at fair value. After initial recognition, they are carried at amortised cost, being the amount received plus premiums or discounts and less transaction costs. This is typically the face value due to the short term nature.

Income and expenses

Income and expenses are attributed to the financial year to which they relate, regardless of whether they led to receipts and expenditure in that financial year. Losses and risks originating in a financial year are attributed to that financial year.

Management and service fees

The management fee include fees earned for management activities, fiduciary and related activities in which KCM holds or invests assets on behalf of its customers. Service fees are fees with the purpose of covering the operational costs of a fund. These operational costs are for example, but not limited to, audit fees, regulatory costs, registration fees, depositary and administration agent fees.

Other income

Other income comprises results not directly related to the commissions of management fees or services as part of normal – not one-off – business activities.

Staff costs

Wages, salaries and social security contributions are taken to profit or loss in accordance with employment conditions in so far as they are payable to staff or the tax authorities. Pension costs and variable remuneration for the period are charged on to KCM by Van Lanschot Kempen.

Share-based payments

Employees may be eligible to receive remuneration in the form of share-based payments. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the equity instruments are granted. The fair value is determined based on the share price on the grant date, taking into account the discounted value of expected dividends over the vesting period. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, in the period in which the employee's performance criteria are fulfilled, ending on the date on which the employee becomes fully entitled to the award (the vesting date).

Interest result

Interest income and interest expenses are recognised as they accrue using the effective interest rates of the relevant assets and liabilities. Interest expenses are stated while taking account of recognised transaction costs of loans received.

Currency Exchange differences

Currency Exchange differences arising upon the settlement or conversion of monetary items are recognised in the consolidated profit and loss account in the period that they arise. Non monetary assets measured at historical cost in a foreign currency are converted at the exchange rate on the transaction date (historical rate).

Other operating expenses

These are costs charged to the year and that are not directly attributable to the cost of goods or services. Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Taxation

Tax is calculated on the result before tax in the consolidated profit and loss, factoring in any available, unrecognised tax losses from previous financial years (in as much as these are not included in deferred tax) and tax-exempt profits plus non-deductible costs. For VAT purposes, KCM forms a tax entity with Van Lanschot Kempen. For the purpose of corporate income tax, KCM forms also a tax entity with Van Lanschot Kempen. Settlement takes place between Van Lanschot Kempen and KCM, based on the commercial result.

Article 402

Since the income statement of the company is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2 of the Dutch Civil Code.

Notes to the consolidated balance sheet and profit and loss account

BALANCE SHEET

I Intangible assets

Changes in intangible assets can be broken down as follows:

	30-6-2022	31-12-2021
	x €1,000	x €1,000
At start of year	5.050	5.836
Amortisation	-415	-786
At end of year	4.635	5.050
Historical cost	9.200	9.200
Accumulated amortisation	4.566	4.150
At end of year	4.635	5.050

Intangible assets represent the fair value of the client portfolios in respect of the acquisition of fiduciary management activities in the United Kingdom (€2,500,000 in 2015) and VermogensParaplu Beheer BV (€6,700,000 in 2017). This value is determined on the basis of the present value of expected future cash flows. The client bases are amortised on a straight-line basis at a rate of 14.2% and 6.7% per annum respectively.

II Tangible assets

Changes in property and equipment can be broken down as follows:

	30-6-2022	31-12-2021
	x €1,000	x €1,000
At start of year	123	209
Disposals	-	0
Depreciation	-7	-86
At end of year	117	123
Historical cost	2.322	2.322
Accumulated depreciation	-2.205	-2.199
At end of year	117	123

At 30 June 2022

x €1,000

	Software	Alterations	Communication	Total
At 1 January 2022	7	107	9	123
Investments	-	-	-	-
Disposals	-	-	-	-
Depreciation	1	7	8	16
At 30 June 2022	6	100	1	107

Cumulative

x €1,000

	Software	Alterations	Communication	Total
Acquisition costs	2.021	213	88	2.322
Cumulative depreciation	2.015	113	87	2.215
At 30 June 2022	6	100	1	107

Depreciation is applied at the following rates:

- Hardware and software: 20% per annum;
- Alterations: 20% per annum;
- Communications equipment: 20% per annum.

III Deferred tax assets

The movement of the deferred tax assets is as follows:

	<i>x €1,000</i>
	Tax losses
At 1 January 2021	220
(Charged/credited)	
- Revaluation	-
- To profit and loss	998
- Change applied tax rate	-
At 31 december 2021	1,218
(Charged/credited)	
- Revaluation	-
- To profit and loss	318
- Change applied tax rate	-
At 30 June 2022	1,536

Deferred tax assets have a term of more than one year.

IV Receivables from related parties

This item concerns a receivable (Loro accounts, current accounts, payable Tax) from intercompany related party Van Lanschot Kempen with a term of less than one year. There are no relevant contractual terms that could have a material effect on the amounts or the risks of future cash flows. No interest is charged on the balance.

V Current receivables, prepayments and accrued income

There are no relevant contractual terms that could have a material effect on the amounts or the risks of future cash flows. For information about credit risk, see risk management section.

Management fees receivable

This relates to the balance of management fees receivable which had not yet been settled by 30 June 2022. Management fees receivable have a term of less than one year and which cannot be set off against outstanding payables.

Tax and social insurance premiums

Tax and social insurance premiums have a term of less than one year.

Other receivables, prepayments and accrued income

This item relates mainly to prepaid costs. All other receivables, prepayments and accrued income have a term of less than one year.

VI Cash and cash equivalents

This item comprises bank balances with a term of less than 12 months which are readily available to KCM.

VII Equity

Paid-up and called-up share capital

The authorised share capital amounts to €454,000 (2021: €454,000) and is divided into 1,000 (2021: 1,000) ordinary shares, each having a nominal value of €454 (2021: €454). Of this total, 202 (2021: 202) shares have been issued and fully paid up.

Share Premium reserve

The share premium reserve did not change in 2022. The share premium reserve is freely distributable.

Currency Translation reserves

Changes in the currency translation reserve relates to KCM UK and can be broken down as follows:

	30-6-2022	31-12-2021
	<i>x €1,000</i>	<i>x €1,000</i>
At start of year	151	30
Currency exchange difference on translation	-	74
At end of year	77	151

Other reserves

Changes in reserves can be broken down as follows:

	30-6-2022	31-12-2021
	x €1,000	x €1,000
At start of year	23.410	22.607
Profit distribution (undistributed profit previous year)	27.509	18.750
Dividend payments	- 24.676	- 18.000
Share plans	5	83
Differences	-	30
Foreign exchange difference	- 72	- 60
At end of year	26.176	23.410

Undistributed profit

	30-6-2022	31-12-2021
	x €1,000	x €1,000
At start of year	27.509	18.750
Profit distribution	-27.509	-18.750
Result for the financial year	10.184	27.509
At end of year	10.184	27.509

The undistributed profit for the current financial year (6 months) amounts to €10,184,242.

VIII Provisions

Change to deferred tax liabilities can be specified as follows:

	30-6-2022	31-12-2021
	x €1,000	x €1,000
At start of year	1.230	1.288
True up Intangible assets	-42	-96
Corporate income tax charge	6	-
Rate change	-	38
At end of year	1.194	1.230

Upon the acquisition of VermogensParaplu Beheer BV, a deferred tax liability of €1,675,000 was recognized in 2017, which is being amortised on a straight-line basis over a period of 15 years. €1,176,000 of the provision can be considered for longer than one year.

Changes in other provisions can be broken down as follows:

	30-6-2022	31-12-2021
	<i>x €1,000</i>	<i>x €1,000</i>
At start of year	523	-
Additions	-	523
Release	-43	-
At end of year	480	523

A provision is a liability of uncertain timing or amount. A provision is included in the statement of financial position if we have an obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made. Provisions are discounted if the time value of money for the liability has a material effect. The provision include provision made for a legal claim.

IX Current liabilities, accruals and deferred income

All current liabilities, accruals and deferred income have a term of less than one year. There are no relevant contractual terms that could have a material effect on the amounts or the risks of future cash flows.

Management fees payable

This item concerns management fees that had not yet been settled at 30 June 2022 and that cannot be set off against outstanding receivables. Management fees payable have a term of less than one year.

Amounts owed to related parties

This item concerns a current account with related party Van Lanschot Kempen with maturities of less than one year. No interest is charged or credited on the current account balance.

Tax and social insurance premiums

This relates to value added tax payable in respect of 2022.

Other liabilities, accruals and deferred income

This relates to accruals, HR and accounts payable to suppliers.

PROFIT AND LOSS ACCOUNT

X Management fees

Total management fees increased by 16% in 2022 compared with 2021 and can be broken down as follows:

	30-6-2022	30-6-2021
	<i>x €1,000</i>	<i>x €1,000</i>
Management fees	52.917	45.570
Service fee income	10.784	9.602
Service fee expenses	-2.885	-2.854
Total management fees	60.816	52.318

XI Consultancy fees

No consultancy fees have been reported in 2022.

XII Other income

Other income comprises other advise fees and VAT pro rata gain.

XIII Staff costs

	30-6-2022	30-6-2021
	<i>x €1,000</i>	<i>x €1,000</i>
Salaries	17.753	14.863
Pension costs	1.933	1.612
Social security contributions	1.470	1.200
Other staff costs	1.634	679
Total staff costs	22.790	18.354

Staff costs comprise salaries, market value allowances, expenses, travel allowances, social security costs, employer's pension costs and variable remuneration charged on by Van Lanschot Kempen. The increase of staff costs can mainly be explained by an increase of headcount and variable remuneration compared with the first half of 2021.

Pension costs allocated to the reporting period are charged on to KCM by Van Lanschot Kempen based on the number of staff employed. Van Lanschot Kempen is responsible for the commitments ensuring from the pension scheme agreed with employees.

In 2022, share-based payments added €5,000 to equity (2021: €83,041). Of the total expenses arising from share-based payments, €184,179 is included in Salaries and wages (2021: €312,250).

Employees may be eligible to receive remuneration in the form of share-based payments. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the equity instruments are granted. The fair value is determined based on the share price on the grant date, taking into account the discounted value of expected dividends over the vesting period. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, in the period in

which the employee's performance criteria are fulfilled, ending on the date on which the employee becomes fully entitled to the award (the vesting date).

The fair value is determined based on the volume-weighted day price for depositary receipts for Class A ordinary shares on the second trading day after release of Van Lanschot Kempen's annual figures. The fair value is equal to the share price less discounted value of expected dividends during the vesting period.

Conditional depositary receipts for shares will vest if:

- I. Van Lanschot Kempen's financial position allows this in the year of vesting;
- II. Risks have been reviewed and no material, unforeseen risks have occurred; and
- III. The individual has not left the company in the three or four-year period.

Average number of staff

Staff working at KCM are employed by Van Lanschot Kempen. The average number of staff on a full time basis between 1 January and 30 June 2022 was 195 (2021: 179). The increase in the number of staff compared to 2021 is explained by growth in the business.

Management Board remuneration

The Management Board of Kempen Capital Management NV comprised two members in the 2022 financial year. Management Board remuneration in the first half of 2022 amounted to €85,536 compared with €141,017 in the first half of 2021.

XIII Other operating expenses

	30-6-2022	30-6-2021
	<i>x €1,000</i>	<i>x €1,000</i>
ICT costs	6.075	4.942
Charged-on overheads	9.314	7.688
News services	2.866	2.607
Accommodation costs	1.717	1.474
Commercial costs	258	243
Consultancy fees	1.680	1.333
Fund costs	547	2.101
Office costs	1.211	144
Other	65	-494
Total other operating expenses	23.732	20.038

The independent auditor's fees related to KCM are disclosed in a note of the consolidated (semi)-financial statements of Van Lanschot Kempen N.V. This is in line with article 2: 382a.3 of the Dutch Civil Code.

XIV Interest result

Total interest income includes €0 from group companies (2021: €90,000). Total interest expenses from group companies amounted to €67,968 (2021: €0).

XV Tax

	30-6-2022	30-6-2021
	x €1,000	x €1,000
Deferred taxes	-	-
Income tax expense from previous years	-44	225
Income tax expense from the current financial year	3.731	3.477
	3.687	3.702
	%	%
Effective tax rate	26,6%	26,0%
Applicable tax rate	25,8%	25,0%

The effective rate is higher than 25,8% because of the non-deductible costs and because of the different tax rates in the UK and France.

The reconciliation between the applicable and effective tax rate is as follows:

	Amounts in
Profit according to the financial statements	13.871
CIT based on applicable rate CIT 25,8%	3.579
<i>Tax non-deductible costs</i>	65
<i>Income tax previous years</i>	-44
<i>Change in deferred income tax</i>	
<i>Tax rate difference foreign operations</i>	61
<i>Other</i>	26
Corporate income tax payable	3.687
Effective corporate tax rate	26,6%

XVII Contingent liabilities

The off balance sheet liabilities relating to the fiscal unity

For VAT and income tax purposes, KCM forms a tax entity with Van Lanschot Kempen. KCM and Van Lanschot Kempen are both severally and jointly liable for the tax payable by the combination.


Liabilities not recognised in balance sheets:

	30-6-2022	31-12-2021
	x €1,000	x €1,000
Office rental obligations		
< 1 year	80	319
≥ 1 year < 5 years	-	-
≥ 5 years	-	-
Total	80	319

The remaining term of the rental agreement is two months in 2022. The rental agreement has not yet been updated.

Events after the reporting period

There have been no significant events since the reporting date that affect the relevance of information provided in the 2022 financial statements.



Company financial statements at 30 June 2022

Company balance sheet at 30 June 2022 (before result appropriation)

		30-6-2022	31-12-2021
		<i>x €1,000</i>	<i>x €1,000</i>
Assets			
<i>Fixed assets</i>			
Financial assets	I	5.810	1.828
Intangible assets		4.541	4.764
Tangible assets		103	118
Deferred tax assets		62	-
<i>Current assets</i>			
Receivables from related parties		41.858	31.796
Current receivables, prepayments and accrued income			
Management fees receivable		30.134	32.071
Other receivables, prepayments and accrued income		4.599	1.326
		34.733	33.397
Cash and cash equivalents		136	174
		87.244	72.077
Equity & Liabilities			
Equity			
	VII		
Paid-up and called-up share capital		92	92
Premium reserve		6.700	6.700
Other reserves		26.176	23.410
Translation reserve		-	151
Undistributed profit		10.184	27.509
		43.152	57.862
Provisions			
Deferred tax liabilities		1.194	1.229
		1.194	1.229
Current liabilities, accruals and deferred income			
Management fees payable		9.584	8.692
Amounts owed to related parties		31.337	904
Tax and social insurance premiums		1.033	2.534
Other liabilities, accruals and deferred income		944	856
		42.898	12.986
		87.244	72.077

Company profit and loss account at 30 June 2022

		<i>H1 2022</i>	<i>H1 2021</i>
		<i>x €1,000</i>	<i>x €1,000</i>
Result from participating interests	I	-1.249	-1.518
Company result after tax		11.433	11.651
Result after tax		10.184	10.133

Notes to the company balance sheet and profit and loss account

Basis of preparation

General

The company financial statements have been prepared in accordance with the legal requirements as set out in Part 9, Book 2 of the Dutch Civil Code and the authoritative statements in the financial reporting guidelines issued by the Dutch Accounting Standards Board.

The accounting principles are the same for both the company financial statements and the consolidated financial statements. Investments in group companies are recognised at net asset value. For the accounting principles, please refer to the accounting policies of the consolidated financial statements.

Participating interests

Participating interests in which the company is able to exercise a material influence are stated using the net asset value method. If able to exercise 20% or more of the voting rights, the company is assumed to have material influence.

The net asset value is calculated in keeping with the accounting principles governing these financial statements; for participating interests unable to provide sufficient information to align with these principles, use is made of the accounting principles for this participating interest of the consolidated financial statements.

Initial measurement of purchased participating interests is based on the fair value of the identifiable assets and liabilities at the time of purchase. Subsequent measurement will apply the accounting principles informing these statements, drawing on the values at initial recognition.

Notes to individual items in the company financial statements. For the other individual items the disclosure is included as per the consolidated financial statements.

I Financial assets

Participating interests include the following company:

- Kempen Capital Management (UK) Limited, London, in which 100% of paid-up capital is held.

Changes in financial assets break down as follows:

	H1 2022	2021
	<i>x €1,000</i>	<i>x €1,000</i>
At 1 January 2021	1.828	4.959
Adjustments prior year	-	-9
Capital addition	5.295	-
Result from participating interests	-1.249	-3.579
Share plans	- 5	83
Currency translation differences	-58	374
At 31 December 2021	5.810	1.828

VII Equity

Paid-up and called-up share capital

The authorised share capital amounts to €454,000 (2020: €454,000) and is divided into 1,000 (2020: 1,000) shares, each having a nominal value of €454 (2020: €454). Of this total, 202 (2020: 202) shares have been issued and fully paid up.

Share Premium reserve

The share premium reserve did not change in 2021. The premium reserve is freely distributable.

Other reserves

Changes in reserves can be broken down as follows:

	H1 2022	2021
	<i>x €1,000</i>	<i>x €1,000</i>
At start of year	23.410	22.607
Profit distribution (undistributed profit)	27.509	18.750
Dividend payments	-24.676	-18.000
Share plans	5	83
Translation differences	-72	-30
At end of year	26.176	23.409

Undistributed profit

	H1 2022	2021
	<i>x €1,000</i>	<i>x €1,000</i>
At start of year	27.509	18.750
Profit distribution	-27.509	-18.750
Result for the financial year	10.184	27.509
At end of year	10.184	27.509

Average number of staff

Staff working at KCM are employed by Van Lanschot Kempen. The average number of staff on a full time basis between 1 January and 31 June 2022 was 156 (2020: 154).

Amsterdam, 30 August 2022

The Management Board,

W.H. van Houwelingen

E.J.G. Jansen

Other information

Profit appropriation

Pursuant to Article 31, paragraph 1 of KCM's Articles of Association, the profit is at the free disposal of the general meeting of shareholders in so far as the reserves are adequate for this purpose.

Independent Auditor's report

This half-year report has not been audited.

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