2022 Annual Report

Van Lanschot Kempen Investment Management NV

Amsterdam, 6 April 2023

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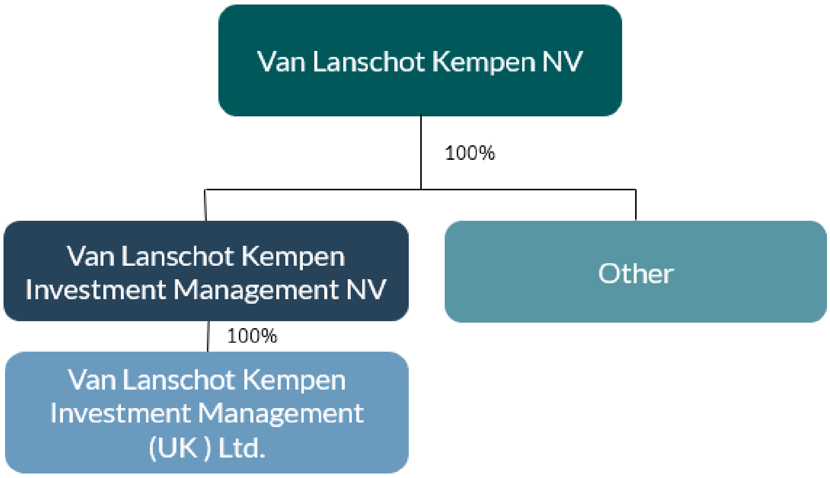
1. Report of the Management Board

1.1. Profile

Van Lanschot Kempen Investment Management NV (VLK Investment Management) is a full subsidiary of Van Lanschot Kempen NV (Van Lanschot Kempen). On 22 December 2022, the legal name of Kempen Capital Management NV changed to Van Lanschot Kempen Investment Management NV.

Figure 1: Simplified legal structure



VLK Investment Management 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. VLK Investment Management's clients can rely on us to be long-term stewards that take into account their financial and sustainability 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 to 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. VLK Investment Management follows Van Lanschot Kempen's Code of Conduct.

VLK Investment Management 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 and institutional clients. In addition, we offer solutions that support institutional clients with their day-to-day investment management activities. The individual client's objectives or commitments are leading in terms of the solutions we offer. VLK Investment Management has offices in Amsterdam, London and Paris.

1.2. Organisation

The composition of the Management Board of VLK Investment Management did not change in 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 VLK Investment Management.

Key to the strategy of Van Lanschot Kempen, and therefore also to that of VLK Investment Management, is to be a specialist wealth manager – focusing on private, wholesale, institutional and corporate clients. We have the ability to adapt quickly to changing client needs and market conditions, by investing in the quality of our organisation and products we offer. Van Lanschot Kempen (including VLK Investment Management) therefore steers and reports on its business according to client segment.

1.3. Financial performance

Operating profit before tax in 2022 amounted to €35.5 million – a slight decrease compared with 2021. Client assets fell to €86.4 billion (2021: €91.9 billion), which was driven by a negative market performance of €18.6 billion in 2022. Net inflow amounted to €13.0 billion (2021: -€0.9 billion).

Commission income

Commission income grew by 10% compared with 2021, from €118.3 million to €130.6 million.

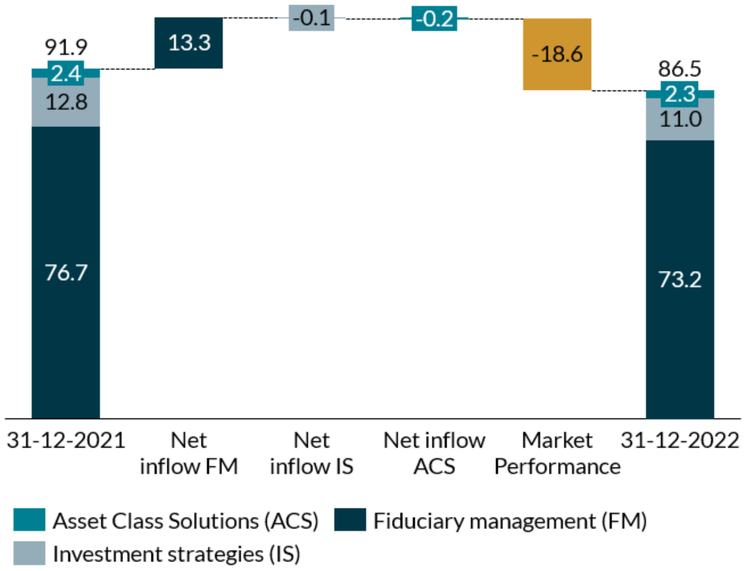
Operating expenses

Compared with 2021, operating expenses increased by €13.8 million to €95.5 million. This was mainly driven by higher staffing costs and operating expenses. Staffing costs grew by 14%, from €41.1 million in 2021 to €46.7 million in 2022. The number of FTEs increased from 197 to 205. Other administrative expenses grew by 21% to €48.0 million.

The efficiency ratio – i.e. the ratio of operating expenses to income from operating activities – stood at 72.9%. This is an increase compared with the efficiency ratio of 68.8% in 2021, driven by higher operating expenses relative to operating income.

Client assets

Total client assets declined by 6% to €86.4 billion (2021: €91.9 billion), driven by the negative market performance of €18.6 billion. Based on a renewed definition, assets under monitoring and guidance (AuMG) worth €3.0 billion have been reclassified as assets under management (AuM). Net inflow amounted to €13.0 billion.



Investment strategies showed a net outflow of €0.1 billion, driven by outflows in credit strategies and sustainable equity strategies. Inflow was reported for the small-caps and private markets strategies. During 2022, markets were challenging, which led to a negative market performance of €1.7 billion in investment strategies.

In 2022, we won the award for "Best Fund House Overall (small)" at the annual Refinitiv Lipper Fund Awards for the Netherlands. The Lipper Awards honour funds and fund houses that excel in providing consistently strong risk-adjusted performance.

Our global listed infrastructure strategy celebrated its three-year anniversary in January 2022. With a strong track record, AuM surpassed €100 million, and we've seen increased interest from clients to invest in real assets in this high inflation environment. At year-end 2022, it amounted €154 million.

In December 2022, three Dutch domiciled investment funds (Kempen European Property Fund NV, Kempen Global Sustainable Equity Fund NV and Kempen European Sustainable Equity Fund NV, totalling €750 million in assets) were merged with Luxembourg-comparable funds in order to create more scale, thereby also improving the (international) addressable market.

In 2022, we introduced asset class solutions (ACS) as an investment category. ACS is a total solution for clients looking to invest in illiquid asset classes. It showed a stable market performance, with AuM of €2.3 billion and net outflows of €0.2 billion.

Fiduciary management showed net inflows of €13.3 billion, primarily due to two large wins: the BPF Schilders pension fund fiduciary management mandate of almost €8 billion and the KLM Cabin Crew pension fund fiduciary advisory mandate of almost €4 billion. Inflows from new clients were offset by a negative market performance of €17.0 billion in fiduciary management.

In the UK, turmoil hit the markets in September 2022, when the new Prime Minister announced a "mini-budget" with large, unfunded spending increases. The Bank of England had to step in to stabilise financial markets. Two weeks later, a new Prime Minister was in office and the government had changed its budget plans. This led to a negative market performance of €3.2 billion for VLK Investment Management UK.

Events after the reporting period

Four of its 10-strong small-cap team have decided to leave Van Lanschot Kempen Investment Management, effective 1 May 2023. The continuity of the team's investment process is safeguarded by the Head of Small Cap Strategy and his team of five small-cap managers, complemented by experienced sector specialists from Van Lanschot Kempen Investment Management's other investment teams. Van Lanschot Kempen's management is fully committed to the small-cap strategy and is proud of the expertise in small-cap investing. Van Lanschot Kempen Investment Management is currently working on getting the team back to full strength.

1.4. Sustainable and impact investing

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. Throughout 2022, we worked on the implementation of the EU Sustainable Finance Disclosure Regulation (SFDR), the Markets in Financial Instruments Directive (MiFID II) 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. In 2022, we launched our proprietary ESG score for listed securities.
- **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: vanlanschotkempen.com/en-nl/investment-management/document-library.
- **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. To this end, the SDG Farmland Fund was launched in 2021 and has shown promising growth (vanlanschotkempen.com/en-nl/finfiles?embed=en/kempen-sdg-farmland-fund-ffNL00150004C3). Our latest Global Impact Pool report was published in November 2022.
- **Climate change** – We have clear net-zero 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 align with the trajectory to achieve the goals of the Paris Agreement and Dutch *Klimaatakkoord*[1]. Since 2022, we've had an annual carbon footprint reduction target of 7% in place for all listed funds.

- **Exercising our voting rights** – In 2022, we voted at 427 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 12% of cases. The table on the following page shows the full breakdown of votes.

Voting in 2022

Meeting overview

Category	Number	Percentage
Number of votable meetings	445	
Number of meetings voted	427	96%
Number of meetings with at least one vote Against, Withheld or Abstained	325	73%

Proposal overview

Category	Number	Percentage
Number of votable items	6,427	
Number of items voted	6,146	96%
Number of votes For	4,889	80%
Number of votes Against	738	12%
Number of votes Abstained	94	2%
Number of votes Withheld	74	1%

For more detailed information on our sustainable investment approach and policies, visit our website: vanlanschotkempen.com/en-nl/investment-management/document-library#ESG.

[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.

1.5. Risks and risk management

Internal control, risk management, compliance and internal audit are key to our licence to operate, and as such have our full attention.

The organisation of our risk management framework is based on the three lines of defence principle. The first line of defence is the business, responsible for day-to-day risk management. The second line of defence is provided by departments such as Risk Management and Compliance, which oversee the first line. The Internal Audit department acts as the third line of defence, providing an independent evaluation of the adequacy of the internal management and control systems. This setup creates a clear, balanced and appropriate division of tasks, powers and responsibilities, and ensures independent and effective operation of the risk management framework.

Risk and capital framework

VLK Investment Management conducts periodic value chain risk self-assessments and carries out an annual internal capital adequacy and liquidity assessment process (ICLAAP). Notable steps include:

- Self-assessment of risks;
- Description of the control measures in place to mitigate the risks identified in the self-assessment. We have a low risk appetite, which means we seek to mitigate the impact of these risks as far as is reasonable;
- Determination of any additional capital and/or liquidity needed to be held as a buffer for the remaining risks;
- Assessment of the adequacy of our liquidity position;
- Development and analysis of stress scenarios covering VLK Investment Management, also in relation to the group ICLAAP.

Our ultimate purpose is to assess both our current and future capital and liquidity adequacy. It is important that we maintain this adequacy, even in difficult market conditions.

Risk management

The Risk Management department is responsible for all second-line risk management activities at Van Lanschot Kempen, including VLK Investment Management. Risk Management supports and advises the Management Board of VLK Investment Management on identifying and managing the risks to which we are exposed. The department is organised independently and reports directly to the statutory directors of VLK Investment Management. The department oversees compliance with the risk policies as adopted by the Management Board of VLK Investment Management, and reports to the relevant risk management committees. For VLK Investment Management, this primarily entails the Risk and Compliance Committee at group level. The department also reports to the Management Board of VLK Investment Management. The department supports the implementation of guidelines, regulations and internal control measures in relation to risk control. It also monitors whether investment management activities are in line with contractual financial guidelines on clients and internal limits, determines whether any breaches have occurred, and reports these to the Management Board of VLK Investment Management and all relevant committees.

Operational risk

Operational risks are potential losses that result from inadequate or failed internal processes or systems, inadequate or incorrect human actions, external events and fraud. To identify and manage operational and IT risks, we have created a group-wide operational risk management framework. Part of this framework is a set of key controls on the part of our value chains where residual risks are deemed to be elevated. Controls are regularly tested, allowing us to assess the effectiveness of key controls in our processes and systems. In 2022, we improved our root cause analyses. This meant not only focusing on resolving the issues at hand, but also on using these analyses for structural solutions in our way of working, from both a process and a systems perspective. Furthermore, we improved the quality of our risk control self-assessments, enabling us to focus on more preventive measures.

Internal fraud

Internal fraud occurs when fraud is committed as an intentional action by one or more employees in which deception or management override of controls is used, with the intent of gaining unlawful advantage for oneself or a personal acquaintance at the expense of others. Employees also include management, temporary workers, contractors, trainees and interns. Internal fraud conflicts with Van Lanschot Kempen's Code of Conduct, which provides guidelines to help ensure our reputation and integrity.

Maintaining our reputation as a trustworthy financial institution is of great importance to Van Lanschot Kempen Investment Management. Preventing and mitigating internal fraud risks is therefore a high priority, as these risks can lead to financial impact on our clients and our business. The guidelines and processes for reporting and handling incidents are set out in the Van Lanschot Kempen group policy for handling integrity incidents.

Incidents such as internal fraud cases are dealt with in accordance with the incident management procedure, which requires a root cause analysis to be conducted, as well as adequate follow-up to prevent reoccurrence. In 2022, no internal fraud, nor any attempt to commit internal fraud, was identified. As a result, no investigation of any person regarding internal fraud needed to be conducted.

Assessing and mitigating internal fraud risk is an integral part of our risk & control framework. Internal fraud risk is assessed through risk control self-assessments on processes and through the Systematic Integrity Risk Analysis (SIRA). The SIRA 2022 included various scenarios, such as the risk of employees stealing financial assets, physical assets or client data. The inherent risk of internal fraud in our overall risk assessment was evaluated as high: internal fraud can lead to substantial financial and reputational damage. However, effective control measures are in place to significantly reduce the risk. These control measures include the four eyes principle and access authentications. Our operating effectiveness is reviewed periodically by the first line of defence and independently reviewed by the second line.

To maintain the awareness of internal fraud risk, several initiatives are in place. Actions and priorities for continuous staff awareness and improvement are identified in the business-as-usual cycle. Staff training, starting with the on-boarding training for new employees that covers the Van Lanschot Kempen Code of Conduct (including incident management), as well as periodic updates, are part of fraud mitigation measures.

Sustainability risk

In our AuM activities, climate change risks are taken into account when investments are made or investment managers are selected. As part of our responsible and sustainable investing process, we also have a climate change policy that we have improved over the years. We have now set strong targets, in line with the Paris Agreement, on carbon emissions reduction for our investment funds, to be met by 2025, 2030 and 2050 respectively – enabling us to cope with the transition risks related to climate change. This also enhances resilience to physical climate change risks, as the companies in these investment funds will take climate change into account. For more information, see Van Lanschot Kempen's 2022 annual report.

Compliance

When operating in financial markets, it is of crucial importance that VLK Investment Management conducts its business activities in accordance with the expectations of its clients, employees and relevant authorities. But also, that it maintains high ethical standards, in alignment with its values and risk appetite, and within the boundaries of applicable laws, rules, regulations, internal policies, procedures and industry standards as applicable to VLK Investment Management. This increases the long-term sustainability of our business activities and helps us to fulfil our purpose.

Compliance is firmly embedded across the entire organisation and in the culture of VLK Investment Management. The strong commitment and proactive involvement of Van Lanschot Kempen’s Management Board, as well as group-wide cooperation, ensures compliance throughout the organisation, taking into account the three lines of defence model.

Van Lanschot Kempen maintains an independent and effective Compliance function, also covering VLK Investment Management’s activities, to identify, assess, monitor and report on compliance risks. The Compliance department is headed up by the Chief Compliance Officer, who reports to the Chief Risk Officer of the Management Board of Van Lanschot Kempen.

In managing compliance risks, Van Lanschot Kempen employees are responsible for serving clients but also for assessing client-related risks, adhering to policy requirements and ensuring control effectiveness (first line of defence). The Compliance department (second line of defence) is responsible for putting policies and procedures in place to guide the business, providing training and creating awareness, advising and challenging the business and management on risk assessments, and monitoring and reporting on control effectiveness.

By identifying, assessing, monitoring and reporting on compliance risks, the Compliance department assists the Management Board of VLK Investment Management and the business in understanding the full range of its compliance risks, and maintaining a control framework aimed at effectively mitigating these risks. The Compliance department and the Management Board of VLK Investment Management hold a monthly meeting to discuss compliance-related topics. On a quarterly basis, the Compliance department presents its reports to the Management Board of VLK Investment Management.

Internal audit

Internal Audit (the third line of defence) is responsible for ensuring that the first and second lines of defence work appropriately. All of Van Lanschot Kempen's activities – including those of VLK Investment Management – are included in Internal Audit's scope. The Internal Audit department tests the design and operational effectiveness of internal risk management and control systems, and aims to improve the efficacy of these systems. In doing so, it supports Van Lanschot Kempen's Management Board and Audit Committee, as well as the Management Board of VLK Investment Management, in performing their duties. Internal Audit operates independently and reports directly to the Chair of Van Lanschot Kempen's Management Board, the Chair of Van Lanschot Kempen's Supervisory Board's Audit Committee, and VLK Investment Management's Board.

1.6. Financial and solvency risks

Market risk

The core activity of VLK Investment Management is to manage the assets owned by its fiduciary clients and fund investors. As such, we are not directly exposed to market risks via our assets under management. However, if markets decrease it has an impact on commission income. Such risks also affect the wealth preservation and creation of clients and investors, thereby having an indirect impact on our financial results. Although market volatility increased in 2022, the wide variety of products and solutions we offer, coupled with our diversified client base, helps to cushion this indirect impact to some extent. As such, we classify market risk as low.

Credit risk

VLK Investment Management does not directly face significant credit or counterparty risks. We do not issue loans and are not a formal counterparty to over-the-counter financial transactions (acting as an agent on behalf of clients who are formal counterparties). Our cash balances are entrusted to reliable parties. Our services involve some credit risk when management fees are received from clients. With a diversified client base of generally wealthy clients, credit risk is considered low.

Liquidity risk

Our core activity is to manage the assets of our fiduciary clients and fund investors (and not necessarily our proprietary assets and certainly not as a core activity). We are therefore not directly exposed to liquidity risk via our assets under management, although such risks may indirectly affect our liquidity profile. Fees charged to clients are collected periodically and benefit our liquidity profile. Overall, liquidity risk is considered low.

VLK Investment Management has sufficient qualifying capital and liquidity to meet the prudential capital and liquidity adequacy requirements set by De Nederlandsche Bank (DNB) on an ongoing basis. If the calculation of the capital or liquidity requirement shows that the capital reserves will be inadequate without additional measures, steps will be taken in consultation with Van Lanschot Kempen to increase the amount of capital or liquidity. One possible route would be for any capital or liquidity shortfalls to be made up through capital or liquidity contributions by Van Lanschot Kempen.

1.7. Remuneration policy

Employees working for VLK Investment Management have an employment contract with Van Lanschot Kempen, the parent company of VLK Investment Management. Van Lanschot Kempen's variable remuneration policy applies to all employees (including identified staff) of Van Lanschot Kempen and its subsidiaries, including VLK Investment Management. This means that Van Lanschot Kempen's remuneration policy applies to all employees working for VLK Investment Management, subject to several additional provisions specific to VLK Investment Management. These are described in the remuneration policy and govern the activities of VLK Investment Management.

General principles of VLK Investment Management's remuneration policy

Van Lanschot Kempen pursues a prudent, sound and sustainable remuneration policy in line with the group's strategy, risk appetite, objectives and values. The remuneration policy contributes to sound and effective risk control and does not encourage taking more risks than the company considers acceptable. Van Lanschot Kempen ensures that its remuneration policy is applied across the group.

The following general remuneration policy principles apply to all employees working at VLK Investment Management:

- Outperformance is rewarded;
- A system of differentiated remuneration applies;
- Remuneration is set on a gender-neutral basis;
- An employee's variable remuneration is based on the respective performances of Van Lanschot Kempen, VLK Investment Management and individual employees;
- The assessment of an employee's personal performance is based on both quantitative (financial) and qualitative (non-financial) performance criteria, with some departments applying only qualitative criteria;
- At least 50% of variable remuneration is based on non-financial criteria;
- The performance criteria contain no incentives to take irresponsible risks;
- Appropriate account is taken of the interests of clients when striking a balance between the fixed and variable remuneration components; the performance criteria are determined in such a way as to avoid any conflicts of interest between employees and clients;
- The award of variable remuneration in part reflects Van Lanschot Kempen's long-term objectives;
- When assessing performance on the basis of the performance criteria set, financial performance is adjusted for (estimated) risks and costs of capital;
- Variable remuneration (including the conditional portion) is only awarded or paid if: i) this is reconcilable with Van Lanschot Kempen's financial position and is justified by the performance of Van Lanschot Kempen, VLK Investment Management and the employee concerned; and ii) Van Lanschot Kempen holds the capital buffers as required by the Dutch Financial Supervision Act (Wft) and implementing regulation;
- None of Van Lanschot Kempen's financial services or other activities, remuneration components or structures could lead to a risk of clients being treated without due care, and Van Lanschot Kempen will not introduce such activities, components or structures;
- In the event that Van Lanschot Kempen turns only a modest profit in a given financial year, discretionary bonus pools may be established by Van Lanschot Kempen's Management Board with the approval of its Supervisory Board;

- At the reassessment stage preceding the payment and receipt of variable remuneration, the total variable remuneration may be lowered significantly by applying a hold or claw-back clause – for instance, in the event of incompetent or incorrect conduct on the part of an employee.

A more detailed description of our remuneration policy can be found on our website, vanlanschotkempen.com, including a further description of how the fixed and variable remuneration components are drawn up. The policy also describes the criteria that form the basis for determining the amount of variable remuneration, which non-standard rules apply for employees in control functions, and which parts of the variable remuneration are conditional. The policy also describes the governance in relation to the annual determination of variable remuneration.

VLK Investment Management remuneration in 2022

On 31 December 2022, VLK Investment Management managed 79 alternative investment funds (AIFs) and 32 undertakings for collective investment in transferable securities (UCITS). On that date, total AuM for AIFs amounted to €12,511 million, and for UCITS to €9,981million.

The table below provides information on the remuneration of identified staff. VLK Investment Management's identified staff are employees, including management, whose activities have a material influence on our risk profile or that of the funds we manage. It includes employees performing senior management, risk-taking or audit roles, as well as employees whose remuneration amounts to at least the same as that of the categories of employees who hold senior management or risk-taking positions.

The figures in the table below are the most recently available and refer to VLK Investment Management's 2022 financial year, with the amounts in the table allocated on the basis of total fund assets on 31 December 2022.

The allocation of fixed and variable remuneration is carried out as follows:

Total payment (fixed and variable) * Total assets VLK Investment Management

In keeping with Article 1:120 (2) of the Dutch Financial Supervision Act (Wft), we report that no individual at VLK Investment Management received any remuneration in 2022 in excess of €1 million.

	Senior management*	Other employees	All employees
Number of employees (FTE average 2022)	11	193	205
Remuneration in 2022 (€1)			
Total fixed remuneration	€3,974,769	€25,164,671	€29,139,439
Total variable remuneration**	€977,355	€6,152,051	€7,129,407

* Erik van Houwelingen and Ernst Jansen are directors of VLK Investment Management, and their allocation is therefore included in the table in the "senior management" category.
** In keeping with Dutch laws and regulations, variable remuneration relates to 2022 variable remuneration as recognised in profit or loss.

Out of the 205 FTEs in total, 32 work outside the Netherlands.

1.8. Van Lanschot Kempen Investment Management

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 VLK Investment Management. 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, 6 April 2023

Management Board, Van Lanschot Kempen Investment Management

W.H. van Houwelingen E.J.G. Jansen

2. Consolidated 2022 financial statements

2.1. Consolidated balance sheet at 31 December 2022 (before result appropriation)

(€1,000)		2022	2021
Assets			
Intangible assets	1	**4,318**	**5,050**
Tangible assets	2	**123**	**123**
Deferred tax assets	3	**-**	**1,218**
Receivables from related parties	4	**48,345**	**32,510**
Current receivables, prepayments and accrued income	5		
Management fees receivable		45,274	37,207
Tax and social insurance premiums		-	719
Other receivables, prepayments and accrued income		7,963	1,446
		53,237	**39,372**
Cash and cash equivalents	6	**245**	**285**
Total assets		**106,267**	**78,558**
Equity & liabilities			
Equity	7		
Paid-up and called-up share capital		92	92
Premium reserve		6,700	6,700
Translation reserve		63	151
Other reserves		26,278	23,410
Undistributed profit		23,680	27,509
		56,812	**57,862**
Provisions	8		
Deferred tax liabilities		1,114	1,230
Other provisions		495	523
		1,609	**1,753**
Current liabilities, accruals and deferred income	9		
Management fees payable		10,821	8,777
Amounts owed to related parties		35,155	3,510
Tax and social insurance premiums		1,550	3,968
Other liabilities, accruals and deferred income		320	2,688
		47,846	**18,943**
Total equity and liabilities		**106,267**	**78,558**

2.2. Consolidated profit and loss account for the year ended 31 December 2022

(€1,000)		2022	2021
Income			
Management fees	10	130,575	118,280
Revaluation results		-722	340
Other income	11	1,133	11
Total income		**130,987**	**118,631**
Expenses			
Staff costs	12	46,745	41,100
Amortisation of intangible assets	1	724	798
Depreciation of tangible assets	2	31	86
Other operating expenses	13	48,017	39,723
Total expenses		**95,517**	**81,707**
Operating result		**35,470**	**36,924**
Interest income		-	87
Interest expenses		116	3
Interest result	14	**-116**	**84**
Result before tax		**35,354**	**37,008**
Tax	15	11,674	9,499
Result after tax		**23,680**	**27,509**

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

General

The purpose of VLK Investment Management ("the company") is to manage and administer the assets of third parties, and to provide advice to and invest in, manage and finance other enterprises and companies. VLK Investment Management 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 NV in 's-Hertogenbosch. The company's annual accounts are included in the consolidated annual accounts of Van Lanschot Kempen NV 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.

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 denominated in euros, the euro being both the functional and reporting currency. Unless stated otherwise, all amounts are presented in thousands of euros. The totals may not always match the sum of the individual values due to rounding.

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, VLK Investment Management's Management Board 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 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

VLK Investment Management is a 100% subsidiary of Van Lanschot Kempen. VLK Investment Management (UK) Ltd is a 100% subsidiary of VLK Investment Management. Van Lanschot Kempen has it registered office at Hooge Steenweg 29, ‘s-Hertogenbosch.

Van Lanschot Kempen Investment Management’s financial data are fully consolidated in the financial statements of Van Lanschot Kempen. Operationally, Van Lanschot Kempen Investment Management 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 VLK Investment Management and its group companies are consolidated. A group company is a legal entity in which VLK Investment Management 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 for which significant influence can be exercised over business and financial policy are valued at net asset value. If the valuation of a participating interest's net asset value is negative, it is valued at nil. If and in so far as VLK Investment Management 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 recognised 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 VLK Investment Management for valuation and determination of the result.

Related parties

Van Lanschot Kempen qualifies as a related party of VLK Investment Management and VLK Investment Management (UK). 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.

Cash flow statement

VLK Investment Management does not prepare a cash flow statement as it is consolidated in the cash flow statement of Van Lanschot Kempen, which is filed at the trade register and is available on Van Lanschot Kempen's website.

2.4. Accounting policies

General

VLK Investment Management 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 specified. The consolidated balance sheet and consolidated profit and loss account contain references to the notes in Section 2.5 below.

Intangible assets

Intangible assets with a limited useful life (such as client relationships) are valued at acquisition date on the basis of the present value of expected future cash flows and subsequently amortised over their estimated economic life.

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

Tangible assets

Equipment used within VLK Investment Management 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 change over time, these are disclosed as changes in estimates. Decommissioned equipment is stated at the lower of cost price or realisable value.

Impairments

VLK Investment Management 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

VLK Investment Management applies IFRS 16, as allowed by the Dutch Accounting Standards Board. 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. In 2022, the amount for short-term leases totalled € 486,000 (2021 € 493,000).

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 reasons 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 time 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. Deferred tax is recognised at nominal values. Deferred tax assets are only recognised in so far as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

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 of these liabilities.

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 fees

Management fees include fees earned for management activities, fiduciary and related activities by which VLK Investment Management 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 include (but are not limited to) audit fees, regulatory costs, registration fees, depositary and administration agent fees.

Other income

Other income comprises income not directly related to 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 these are payable to staff or the tax authorities. Pension costs and variable remuneration for the period are charged on to VLK Investment Management 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 the 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 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, VLK Investment Management forms a tax entity with Van Lanschot Kempen. For the purpose of corporate income tax, VLK Investment Management also forms a tax entity with Van Lanschot Kempen. Settlement takes place between Van Lanschot Kempen and VLK Investment Management, based on the taxable result.

Article 402

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

2.5. Notes to the consolidated balance sheet and profit and loss account

BALANCE SHEET

1 Intangible assets

Changes in intangible assets can be broken down as follows:

(€1,000)	2022	2021
At start of year	5,050	5,836
Amortisation	-730	-786
At end of year	**4,320**	**5,050**
Historical cost	9,200	9,200
Accumulated amortisation	4,880	4,150
At end of year	**4,320**	**5,050**

Intangible assets represent the carrying value of the client relationships 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). These client relationships are valued at acquisition date on the basis of the present value of expected future cash flows and subsequently amortised over the estimated economic life at a rate of 14.2% and 6.7% per annum respectively. No impairment to these assets was recognised in 2022 or 2021. The acquisition of the fiduciary management activities in the United Kingdom was fully written off in 2022.

2 Tangible assets

Changes in equipment can be broken down as follows:

(€1,000)	2022	2021
At start of year	123	209
Investments	30	-
Depreciation	-31	-86
At end of year	**123**	**123**
Historical cost	2,352	2,322
Accumulated depreciation	-2,229	-2,199
At end of year	**123**	**123**

(€1,000)	Software	Alterations & repairs	IT & communications equipment	Total
At 1 January 2022	7	107	9	123
Investments	-	-	30	30
Disposals	-	-	-	-
Depreciation	7	14	10	31
At 31 December 2022	**-**	**93**	**29**	**123**

Cumulative (€1,000)	Software	Alterations & repairs	IT & communications equipment	Total
Acquisition costs	2,021	213	118	2,352
Cumulative depreciation	2,021	120	89	2,230
At 31 December 2022	**-**	**93**	**29**	**123**

Depreciation is applied at the following rates:

- Software: 20% per annum;
- Alterations & repairs: 20% per annum;
- IT & communications equipment: 20% per annum.

No impairments were recognised in 2022 and 2021.

3 Deferred tax assets

Changes in deferred tax assets were as follows:

(€1,000)	Tax losses
At 1 January 2021	220
(Charged/credited)	
- Revaluation	-
- To profit and loss	998
At 31 December 2021	**1,218**
(Charged/credited)	-
- Revaluation	-84
- To profit and loss	-1,134
At 31 December 2022	**-**

Unrecognised tax losses amounted to €8,754,000 and relate to carry forward losses incurred by Van Lanschot Kempen Investment Management (UK) Ltd. in 2021 and 2022. As the United Kingdom applies no time limit for offsetting losses, these tax losses can be carried forward indefinitely.

4 Receivables from related parties

This item comprises receivables (loro accounts, current accounts, payable tax) from 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 these amounts or the risks to future cash flows. No interest is charged on the balance. The fair value approximates the carrying amount due to the short-term nature of these receivables; provisions for bad debts are recognised where necessary.

5 Current receivables, prepayments and accrued income

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

Management fees receivable

This relates to the balance of management fees receivable and discounts payable involving the same counterparties, which are settled simultaneously but had not yet been settled by 31 December 2022. Management fees receivable have a term of less than one year.

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.

6 Cash and cash equivalents

This item comprises bank balances with a term of less than 12 months which are readily available to Van Lanschot Kempen Investment Management.

7 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 relate to VLK Investment Management (UK) Ltd. and can be broken down as follows:

(€1,000)	2022	2021
At start of year	151	30
Currency exchange difference on translation	-88	121
At end of year	63	**151**

Other reserves

Changes in reserves can be broken down as follows:

(€1,000)	2022	2021
At start of year	23,410	22,607
Profit distribution (undistributed profit previous year)	27,509	18,750
Dividend payments	-25,000	-18,000
Share plans	-20	83
Other changes	38	30
Foreign exchange difference	341	-60
At end of year	**26,278**	**23,410**

Undistributed profit

The undistributed profit for the current financial year amounts to €23,679,800. The Management Board is proposing to distribute a dividend in the amount of €20,000,000, equivalent to € 99,009.901 per share. The difference between the result after tax of €23,679,800 and the dividend to be distributed, amounting to €3,679,800, will be added to Other reserves. The financial statements do not yet reflect this proposal.

8 Provisions

Deferred tax liabilities

Change to deferred tax liabilities can be specified as follows:

(€1,000)	2022	2021
At start of year	1,230	1,288
Additions	-	-
Amortisation Intangible assets	-115	-96
Corporate income tax charge	-	-
Rate change	-0	38
At end of year	**1,114**	**1,230**

Upon the acquisition of VermogensParaplu Beheer BV, a deferred tax liability of €1,675,000 was recognised in 2017, which is being amortised on a straight-line basis over a period of 15 years. Of this provision, €999,000 can be classified as longer than one year.

Other provisions

Changes in other provisions can be broken down as follows:

(€1,000)	2022	2021
At start of year	523	-
Additions	-	523
Foreign exchange difference	-28	-
Release	-	-
At end of year	**495**	**523**

A provision is a liability of uncertain timing or amount. A provision is included in the balance sheet 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 relates to a received legal claim.

9 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. The fair values approximate the carrying amounts due to their short-term character.

Management fees payable

This item concerns management fees that had not yet been settled at 31 December 2022 and that cannot be set off against outstanding receivables.

Amounts owed to related parties

This item concerns a current account with related party Van Lanschot Kempen with a maturity 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 the fourth quarter of 2022.

Other liabilities, accruals and deferred income

This relates to accruals, human resources and accounts payable to suppliers.

PROFIT AND LOSS ACCOUNT

10 Management fees

Total management fees increased by 10% in 2022 compared with 2021 and can be broken down as follows:

(€1,000)	2022	2021
Management fees	112,569	103,792
Service fee income	21,805	21,941
Service fee expenses	-3,798	-7,453
Total management fees	**130,576**	**118,280**

Of the total management fees, €124,680,974 relates to the Netherlands (2021: €112,608,000) and €5,894,737 to the UK (2021: €5,672,000).

11 Other income

Other income comprises other advice fees.

12 Staff costs

(€1,000)	2022	2021
Salaries	35,262	33,011
Pension costs	3,844	3,314
Social security contributions	3,075	2,624
Other staff costs	4,563	2,151
Total staff costs	**46,745**	**41,100**

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.

Pension costs allocated to the reporting period are charged on to VLK Investment Management 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 had an impact on equity of - €19,813 (2021: €83,041). Of the total expenses arising from share-based payments, €0 is included in Salaries (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 the discounted value of expected dividends during the vesting period.

Conditional depositary receipts for shares will vest if:

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

Average number of staff

Staff working at VLK Investment Management NV are employed by Van Lanschot Kempen. The average number of staff employed on a full-time basis between 1 January and 31 December 2022 was 205 (2021: 179). The increase in the number of staff compared with 2021 is due to hiring more staff. The average number of staff working outside the Netherlands was 32 (2021: 26.6).

Management Board remuneration

VLK Investment Management's Management Board comprised two members in the 2022 financial year. Management Board remuneration in 2022 amounted to €1,046,387, compared with €141,017 in 2021 – the increase explained by the change in our organisational structure. The Management Board members hold positions within Van Lanschot Kempen and are part of the allocated internal costs for VLK Investment Management, with a percentage of the Management Board remuneration being allocated to VLK Investment Management.

13 Other operating expenses

(€1,000)	2022	2021
ICT costs	12,609	10,177
Charged-on overheads	18,144	14,464
News services	5,621	4,878
Accommodation costs	3,460	2,803
Commercial costs	605	537
Consultancy fees	4,278	2,886
Fund costs	1,589	3,865
Office costs	1,690	208
Administration costs	-	50
Other	20	-143
Total other operating expenses	**48,017**	**39,723**

The independent auditor's fees related to VLK Investment Management are disclosed in note 29 of the consolidated financial statements of Van Lanschot Kempen. This is in line with Article 2: 382a.3 of the Dutch Civil Code.

14 Interest result

Total interest income includes €0 from group companies (2021: €86,610). Total interest expenses from group companies amounted to €115,923 (2021: €2,165).

15 Tax

(€1,000)	2022	2021
Deferred taxes	-	-285
Income tax expense from previous years	-7	-34
Income tax expense for the current financial year	11,682	9,818
	11,674	**9,499**

	%	%
Effective tax rate	33.0%	26.0%
Applicable tax rate	25.8%	25.0%

The effective tax rate exceeds 25.8% mainly because of unrecognised deferred tax assets in the UK for 2022 fiscal losses, which is included in 'Other' in the table below.

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

(€1,000)	
Result before tax according to the financial statements	**35,354**
CIT based on statutory rate of 25.8%	9,121
Tax non-deductible costs	282
Income tax previous years	-7
Change in deferred income tax	
Tax rate difference foreign operations	318
Other	1,961
Corporate income tax	**11,674**
Effective corporate tax rate	33.0%

16 Contingent liabilities

Off-balance sheet liabilities relating to fiscal unity

For VAT and income tax purposes, VLK Investment Management NV forms a tax entity with Van Lanschot Kempen NV. VLK Investment Management NV and Van Lanschot Kempen NV are both severally and jointly liable for the tax liabilities of the combination.

Liabilities not recognised in balance sheet:

(€1,000)	31-12-2022	31-12-2021
Office rental obligations		
< 1 year	325	319
≥ 1 year < 5 years	-	-
≥ 5 years	-	-
Total	**325**	**319**

The remaining term of the rental agreement is eight months in 2022.

Events after the reporting period

Four of its 10-strong small-cap team have decided to leave Van Lanschot Kempen Investment Management, effective 1 May 2023. The continuity of the team's investment process is safeguarded by the Head of Small Cap Strategy and his team of five small-cap managers, complemented by experienced sector specialists from Van Lanschot Kempen Investment Management's other investment teams. Van Lanschot Kempen's management is fully committed to the small-cap strategy and is proud of the expertise in small-cap investing. Van Lanschot Kempen Investment Management is currently working on getting the team back to full strength.

3. Company financial statements 2022

3.1. Company balance sheet at 31 December 2022 (before result appropriation)

(€1,000)		2022	2021
Assets			
Financial assets	1	**1,061**	**1,828**
Intangible assets		**4,318**	**4,764**
Tangible assets		**94**	**118**
Deferred tax assets		**60**	**-**
Receivables from related parties		**43,179**	**31,796**
Current receivables, prepayments and accrued income			
Management fees receivable		43,486	32,071
Other receivables, prepayments and accrued income		5,628	1,326
		49,114	**33,397**
Cash and cash equivalents		**132**	**174**
Total assets		**97,959**	**72,077**
Equity & liabilities			
Equity	7		
Paid-up and called-up share capital		92	92
Premium reserve		6,700	6,700
Other reserves		26,278	23,410
Translation reserve		63	151
Undistributed profit		23,680	27,509
		56,812	**57,862**
Provisions			
Deferred tax liabilities		1,143	1,229
		1,143	**1,229**
Current liabilities, accruals and deferred income			
Management fees payable		8,708	8,692
Amounts owed to related parties		29,001	904
Tax and social insurance premiums		1,366	2,534
Other liabilities, accruals and deferred income		930	856
		40,004	**12,986**
Total equity and liabilities		**97,959**	**72,077**

3.2. Company profit and loss account for the year ended 31 December 2022

(€1,000)		2022	2021
Result from participating interests	1	-5,888	-3,579
Company result after tax	1	29,568	31,088
Result after tax		**23,680**	**27,509**

3.3. Notes to the company balance sheet and profit and loss account

BASIS OF PREPARATION

General

The company 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 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; with regard to participating interests in which insufficient data is available for adopting these principles, the valuation principles of the respective participating interest are applied.

Initial measurement of purchased participating interests is based on the fair value of the identifiable assets and liabilities at the time of purchase. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

Notes to individual items in the company financial statements

For the other individual items, the disclosure is included as per the consolidated financial statements.

1 Financial assets

Participating interests include the following company:

- VLK Investment Management (UK) Ltd, in which 100% of paid-up capital is held.

Changes in financial assets break down as follows:

(€1,000)	2022	2021
At 1 January 2022	1,828	4,959
Adjustments prior year	-	-9
Capital addition	5,295	-
Result from participating interests	-5,888	-3,579
Share plans	20	83
Currency translation differences	-193	374
At 31 December 2022	**1,061**	**1,828**

7 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) 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 premium reserve is freely distributable.

Other reserves

Changes in other reserves can be broken down as follows:

(€1,000)	2022	2021
At start of year	23,410	22,607
Profit distribution (undistributed profit previous year)	27,509	18,750
Dividend payments	-25,000	-18,000
Share plans	-20	83
Other changes	38	30
Translation differences	341	-60
At end of year	**26,278**	**23,410**

Undistributed profit

(€1,000)	2022	2021
At start of year	27,509	18,750
Profit distribution	-27,509	-18,750
Result for the financial year	23,680	27,509
At end of year	**23,680**	**27,509**

Staff

Average number of staff

Staff working at VLK Investment Management are employed by Van Lanschot Kempen. The average number of staff employed on a full-time basis between 1 January and 31 December 2022 was 174 (2021: 154. The average number of staff working outside the Netherlands was 2 (2021: 1).

Amsterdam, 6 April 2023

Management Board, Van Lanschot Kempen Investment Management

W.H. van Houwelingen

E.J.G. Jansen

4. Other information

4.1. Profit appropriation

Pursuant to Article 31, paragraph 1 of VLK Investment Management'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.

4.2. Independent auditor's report

The independent auditor's report may be found on page 41.

Independent auditor's report

To: the general meeting of Van Lanschot Kempen Investment Management N.V.

Report on the financial statements 2022

Our opinion

In our opinion, the financial statements of Van Lanschot Kempen Investment Management N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group ('the company together with its subsidiaries') as at 31 December 2022, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of Van Lanschot Kempen Investment Management N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2022;
- the consolidated and company profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

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

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

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Independence

We are independent of Van Lanschot Kempen Investment Management N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (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).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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 Group 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, as well as the outcomes.

We refer to section 'Risks and risk management – Internal fraud' of the director's report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the Group's system of internal control and in particular the fraud risk assessment, as well as amongst others the code of conduct, whistle blower procedures and the 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. We performed inquiries with the management board and a selection of senior management members to evaluate their fraud awareness, the group (internal) control environment in relation to fraud, the 'tone at the top' and entity level controls.

As part of our process of identifying fraud risks, we evaluated, discussed and assessed fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether the respective fraud risk factors indicate that a risk of material misstatement due to fraud is present or should be defined in light of the audit of the financial statements.

Based on this assessment and an overall evaluation, we identified the following fraud risks and performed the following specific procedures:

Identified fraud risk	***Our audit work and observations***
The risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in. In this respect, specific consideration is given to: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; and • possible management bias in management estimates. In assessing the fraud risk and discussing and evaluating the interrelation between incentive/pressure, opportunity and rationalisation, we consider; 1. authenticity of documentation, 2. validity of respective data used, and 3. accuracy of calculations made in relation to management's estimates as an important cornerstone of our fraud related specific audit work. We also considered the risk of management override of controls in relation to our audit work on IT systems and environment.	We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT systems and the possibility that these lead to violations of the segregation of duties. We have selected journal entries based on risk criteria and conducted specific audit activities for these entries. These procedures include, amongst others, inspection of the entries to source documentation. We also performed fraud related specific audit work on important estimates of management. In this context, we paid specific attention to the following estimates: • the measurement of the intangible assets; • the measurement of the deferred tax assets; • other provisions (including a legal claim); and • the revenue over the fourth quarter of the year 2022. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

Identified fraud risk	*Our audit work and observations*
The risk of fraud in revenue recognition (management fees) As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions or assertions give rise to the risk of fraud in revenue recognition. The risk of fraud in revenue recognition is specifically identified in the management fees income stream due to the diversity in calculations and agreements in place, specifically focused on the accuracy and cut-off risk.	Where relevant to our audit, we assessed the design and tested the operating effectiveness of the internal control measures related to revenue recognition. This includes both automated controls (e.g. system calculations and segregation of duties in the core applications) and (IT dependent) manual controls (e.g. monthly reconciliations). We also paid specific attention to the access safeguards in the relevant IT systems and the possibility that this could lead to breaches of the segregation of duties. For the management fees income stream, we designed and performed substantive procedures which comprise for example: independent recalculation of a selection of management fees based on the underlying net asset value and contractual conditions, testing of a sample of transactions with reconciliation to underlying supporting documentation (e.g. contract, invoices, bank statements) also covering the cut-off risk. As part of our journal entry testing, queries have been run to identify higher risk journal entries, specifically on the management fees income stream, based on pre-defined risk criteria (unusual account combination) and we assessed their appropriateness through the substantiation with supporting evidence. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition of management fees.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures, evaluated the authenticity of audit evidence obtained and evaluated whether any findings were or could be indicative of fraud or non-compliance.

Audit approach going concern

The management board performed their assessment of the Company's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern (hereafter: going-concern risks). Our procedures to evaluate the management board's going-concern assessment included, amongst others:

- considering whether management's going-concern assessment includes all relevant information of which we are aware as a result of our audit and inquire with management regarding management's most important assumptions underlying their going-concern assessment. These assumptions include the capital and liquidity position, financial performance and current macroeconomic context and uncertainty;
- as the Group is a wealth management organisation, we evaluated the developments in respect of funding, liquidity and solvency of the Group.
- evaluating management's 2023 budget, current developments in the industry and all other relevant information of which we are aware as a result of our audit; and

- performing inquiries of management as to their knowledge of going-concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to management board's assumptions and judgements used in the application of the going-concern assumption.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we concluded that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our 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 such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the management board

The management board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and 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 framework 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 in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 6 April 2023
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J. Brouwer RA

Appendix to our auditor's report on the financial statements 2022 of Van Lanschot Kempen Investment Management N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

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 consisted, among other things of the following:

- 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 intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. 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, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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

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