

**GENESTA NORDIC REAL ESTATE Fund II, FCP-SIF****Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, also referred to as the Sustainable Finance Disclosure Regulation ("SFDR")**

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Genesta Nordic Capital Fund Management S.à r.l. ("**Genesta**"), a Luxembourg alternative investment fund manager, makes the following disclosures in accordance with Article 10 of the SFDR.

**SUSTANABILITY-RELATED DISCLOSURES – SFDR ARTICLE 10**

According to Article 10 of the SFDR, financial market participants shall publish and maintain information for each financial product on their websites.

**Summary**

Genesta Nordic Real Estate Fund II, FCP-SIF (the "**Fund**") qualifies as a financial product as referred to in Article 8 of the SFDR given that it promotes environmental and social characteristics.

**No sustainable investment objective**

The Fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

**Environmental or social characteristics of the financial product**

The environmental characteristics promoted by the Fund for the underlying real estate assets are addressed through the following topics: alignment with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation EUR 2019/2088 ("**EU Taxonomy**"), active property renovation strategies to increase energy efficiency and to mitigate climate risks. The social characteristics promoted by the Fund for the underlying real estate assets are addressed through tenant engagement efforts.

**Investment strategy**

The Fund promotes environmental and social characteristics, and a reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund. The characteristics promoted by the Fund will be measured according to the sustainability indicators in the tables below for (i) environmental targets, (ii) social engagement targets and (iii) governance targets.

(i) Environmental targets

Topic	Description	Target before Disposal of Real Estate Asset (unless other timeline is stated)	Measurement
EU Taxonomy	The EU Taxonomy is a classification system for sustainable economic activities. Buying real estate and exercising ownership of that real estate is an EU Taxonomy eligible activity. In order to substantially contribute to the mitigation of climate change, real estate owners have to fulfil the technical screening criteria outlined in the Climate Delegated Act Annex 1 – Mitigation, 7.7 and as part of the “do no significant harm” test screen the activity for potential physical climate risks to define mitigation plans for possible identified risks.	100% of real estate assets (based on market value) will undergo a gap analysis and an alignment action plan will be established to define measures in the real estate assets’ business plans to address any gaps with a view to EU Taxonomy alignment.	Percentage of real estate assets (based on market value) for which a long-term action plan to align with the EU Taxonomy has been established.
Active property renovation strategy to increase energy efficiency and to mitigate climate risks	In recognition that renovation of the building stock is much more sustainable than new construction, the Fund shall actively renovate buildings within its CapEx and risk parameters. The Fund’s carbon management hierarchy prioritizes building efficiency with onsite and offsite energy generation as a second priority. The renovations (e.g. window replacements and/or wall and roof insulations) will also address and mitigate climate risks.	For 100% of real estate assets (based on market value) energy audits will be completed to identify energy reduction plans and the relevant measure derived from such energy audits will be included in the real estate assets’ business plans where feasible.	Percentage of real estate assets (based on market value) with energy audits completed to identify energy reduction plans and the relevant measures derived from such energy audits included in the real estate assets’ business plan where feasible.

(ii) Social engagement targets

Topic	Description	Target before Disposal of Real Estate Asset (unless other timeline is stated)	Measurement
Tenant engagement	A key element of the Fund’s social plan is the promotion of health & well-being to tenants.	Genesta will undertake reasonable best efforts (with a view to data protection and other applicable laws, regulations and rules) to include in any new lease contract provisions relating to tenant space screens which provide information on present energy and wellbeing.	Inclusion of provisions relating to tenant space screens in new lease contracts.

(iii) Governance targets

Topic	Description	Target before Disposal of Real Estate Asset (unless other timeline is stated)	Measurement
ESG risk management	As risk mitigation measures can only be taken for identified risks, a solid ESG risk management shall be	Conduct an ESG materiality assessment across all Fund related activities including the	Existence of an ESG materiality assessment across all Fund related activities including the

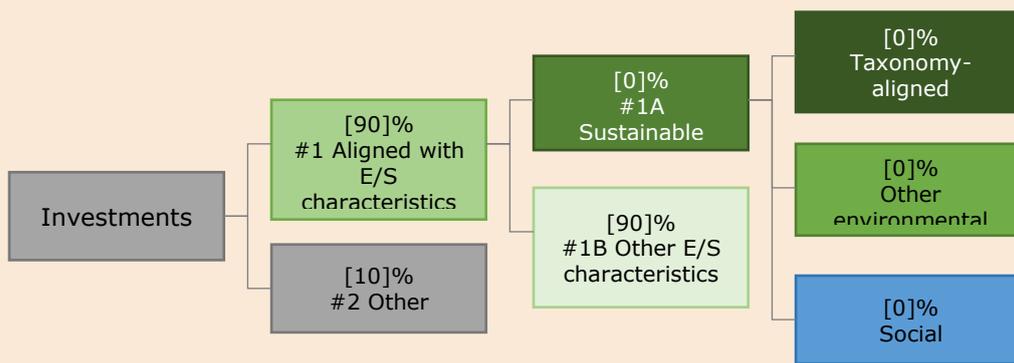
Topic	Description	Target before Disposal of Real Estate Asset (unless other timeline is stated)	Measurement
	implemented into all Fund Management activities	identification, likelihood and impact of risks.	identification, likelihood and impact of risks.
Transparency and communication	Reporting and certifications are the main components of a reliable and transparent ESG communication to investors, government authorities and other stakeholders. Independent third parties like certifiers and/or auditors shall provide additional credibility.	<ol style="list-style-type: none"> <li>1) Annual GRESB submissions, obtaining a 4-Star rating</li> <li>2) Publication of the annual ESG Report and UN PRI report including third party assured data, including the percentage of reduction in total and specific energy consumption and CO2 emissions, as well as the produced amount and ratio of renewable energy and information on TCFD.</li> <li>3) Providing ESG integrated quarterly reporting to investors.</li> <li>4) 40% of real estate assets (based on market value) shall be at least certified as "very good" by BREEAM.</li> </ol>	<ol style="list-style-type: none"> <li>1) GRESB &amp; UN PRI Score</li> <li>2) UN PRI &amp; annual ESG report &amp; TCFD report including data assurance and auditing.</li> <li>3) ESG integrated quarterly report.</li> <li>4) Percentage of real estate assets (based on market value) with a BREEAM certification of at least "very good".</li> </ol>
Join relevant Network Initiatives.	Shaping the public policies, development the investment practices and support the corporate action required to address the long-term financial risks associated with climate change.	Minimum of one activity per year within any network initiative suitable to exchange best practices and to form thought leadership.	Number of activities per year within any network initiative suitable to exchange best practices and to form thought leadership.

In accordance with its investment strategy, the Fund invests in real estate assets either directly or indirectly via real estate companies. In case of an indirect investment via a real estate company, given that such real estate companies do not have employees or substance, good governance checks are limited to annual audit of accounts, timely submission of income tax and VAT return, transfer pricing study and funding documentation.

### Proportion of investments

The Fund plans to allocate a minimum proportion of 90% of the investments to meet the environmental and social characteristics promoted by the Fund in accordance with the binding elements of the investment strategy (#1 in the illustration below). 0% of the investments will qualify as sustainable investments within the meaning of Article 2(17) of the SFDR (#1A in the illustration below).

It is the intention of the Fund, that 90% of the investments are classified under #1B (investments aligned with the environmental or social characteristics that do not qualify as sustainable investments) and that 0% are classified under #1A (sustainable investments) with such sustainable investments also being Taxonomy aligned. The remaining proportion of the investments is expected to be 10% and would qualify as "#2 Other".



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

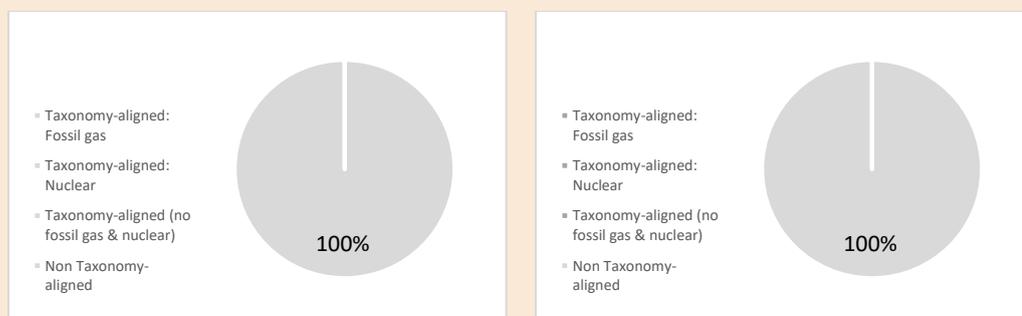
**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

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

- Promotion of the environmental or social characteristics through use of derivatives: Use of derivatives is limited only for hedging purposes, linked to the acquisition, disposal and the financing of real estate assets.
- Minimum extent of sustainable investments with an environmental objective aligned with the EU Taxonomy: The Fund has a minimum proportion of 0% of sustainable investments with an environmental objective aligned with the EU Taxonomy (Taxonomy-aligned in the pie chart below), i.e., investments within the meaning of “environmentally sustainable economic activities” as defined in Article 3 of the EU Taxonomy.
- Investments of the Fund in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy: The Fund does not invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



*\*For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures*

- Minimum share of investments in transitional and enabling activities: 0%

- Minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy: The Fund does not hold sustainable investments.
- Minimum share of socially sustainable investments: The Fund's ESG policy contains social engagement targets but the Fund does not hold socially sustainable investments.
- Purpose and minimum environmental or social safeguards of investments that are not aligned with environmental or social characteristics (see "#2 Other" in the overview above): Investments included under "#2 Other" include cash and derivatives.

### **Monitoring of environmental or social characteristics**

Throughout the lifecycle of the Fund, the promoted environmental and social characteristics of the investments are monitored using the sustainability indicators set out in the tables above. According to Genesta's responsible investment policy and given that the Fund will not acquire new real estate assets, the environmental and social characteristics are monitored during the ownership phase, where risks are mitigated and active monitoring of environmental key performance indicators ("KPIs") are ensured. Thus, the environmental and social characteristics are assessed on an ongoing basis.

The monitoring activities are conducted using internal and external control mechanisms. The internal control mechanisms include reports to Genesta and Genesta's ESG steering committee. Specifically, the ESG managers are responsible to review the business plan and report progress to Genesta and Genesta's ESG steering committee once a year. The external control mechanisms include an independent assurance program provided by a third-party ESG specialist. Specifically, environmental and social KPIs are reported in the quarterly and annual sustainability reports and assured by the independent assurance program.

### **Methodologies for environmental or social characteristics**

The Fund uses the sustainability indicators and measurements set out in the tables above to measure how the promoted social and environmental characteristics of the Fund are met.

### **Data sources and processing**

The data sources used to attain each of the environmental or social characteristics promoted by the financial product include, but are not limited to, the following:

- Energy Bills;
- Waste hauler bills and statistics;
- Water bills;
- Meter readings (preferred automated readings; if not available, manual readings);
- On-site inspections; and
- Market and location-based emission factors.

To ensure data quality plausibility checks are run regularly within the quarterly data collection process. Plausibility checks are being performed for all data points, discrepancies are being discussed with the data owner and corrected. Outliers are marked and explained with e.g. a footnote in reports and other publications, if applicable. The data are collected by the property managers and processed by an external ESG consultant.

The data for 2022 will be partially estimated given that such data is in the process of being collected, e.g. from tenants.

### **Limitations to methodologies and data**

Information obtained from third parties is accepted at face value; Genesta believes this

information to be reliable but does not guarantee its accuracy.

Limitations to environmental KPIs:

- Effects on energy efficiency are when available calculated on absolute consumption. Where absolute data is not available, the calculations represent theoretical models based on the EPC calculations and the information available from the valid EPCs.
- To use absolute data, data has to be made available by the previous owner or energy provider and/or by tenants.
- Limited tenant data: tenant data might not be available as tenant's contracts and meters are handled separately.

Limitations to social data: Information obtained from suppliers and subcontractors has been accepted at face value; Genesta believes this information to be reliable but does not guarantee its accuracy.

As stated above, the data is only partially available to date and, hence, will partially be estimated. However, given that such estimation is used to assess KPIs, the Fund should nevertheless be able to use such data when assessing its environmental or social objectives.

### **Due diligence**

The Fund is currently in the divestment phase, i.e. it will not acquire any new real estate assets but will hold its real estate assets until such real estate assets will be divested in line with their relevant business plans. Environmental and social characteristics will still be monitored during the remaining holding and divestment phase.

### **Engagement policies**

The Fund employs engagement policies as set forth above in the section outlining environmental and social characteristics of the financial product.

### **Designated reference benchmark**

The Fund does not designate a reference benchmark in the meaning of SFDR but relies on the GRESB as a benchmark. GRESB has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund. GRESB is aligned with the characteristics promoted by the Fund, as GRESB takes multiple ESG dimensions into account, while cross references to standards like the UN SDG's or TCFD ensure a holistic approach.

Insight into the GRESB process can be found here: <https://www.gresb.com/nl-en/real-estate-assessment/> .

Detailed information on how data is validated and scored can be found here: [https://documents.gresb.com/generated\\_files/real\\_estate/2022/real\\_estate/scoring\\_document/complete.html](https://documents.gresb.com/generated_files/real_estate/2022/real_estate/scoring_document/complete.html).

## REVIEW OF DISCLOSURES – SFDR ARTICLE 12

According to Article 12 of the SFDR, the website disclosure in Article 10 of the SFDR shall be kept up to date and a clear explanation of any amendments shall be published.

Date of review	Version no.	Description of amendment
December 2022	1	Original version of the Fund's SFDR disclosure
April 2023	2	Additional comment that the designated reference benchmark is not a reference benchmark in the meaning of the SFDR

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