GENESTA

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ENTITY LEVEL DISCLOSURE

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, also referred to as the Sustainable Finance Disclosure Regulation (SFDR)

Genesta Nordic Capital Fund Management S.à r.l. ("**GNCFM**") (LEI: 222100LSIB7AT225E48), the Luxembourg alternative investment fund manager of the Genesta alternative investment fund, and who has appointed its sole parent company, Genesta Property Nordic AB ("**GPN**") as its investment adviser to provide investment advisory and support services in relation to the funds, upon the terms and conditions of the Investment Fund Services Agreement[1]; makes the following disclosures in accordance with Articles 3(1), 4(1) and 5(1) of the SFDR.

SUSTAINABILITY RISK POLICIES – SFDR ARTICLE 3

According to Article 3 of the SFDR, financial market participants shall publish on their website information about their policies on the integration of sustainability risks in their investment decision-making process.

A sustainability risk means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment" pursuant to the definition in SFDR Article 2(22). For Genesta, sustainability risks are risks which, if they were to crystallise, would cause a material negative impact on the value of the portfolios of its funds.

The objective of Genesta's fund management practices is to achieve strong risk adjusted returns in a sustainable manner. The key elements in reaching this are sound and responsible investment and management processes, and strong governance through the entire lifecycle of an investment.

Assessing sustainability risks

Genesta identifies and assesses sustainability risks that may impact the organization's operations and performance through three types of risks:

- Climate related physical risks: The impacts of a changing climate pose significant physical risks to real estate, such as property damage from extreme weather events or rising sea levels.
- Climate related transition risks: Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes. Moreover, this transition can bring about a change in stakeholder demands and expectations, largely driven by increased awareness and knowledge regarding environmental issues. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial risk to Genesta's funds and invested assets.
- Social risks: Genesta's social sustainability risks arise from potential negative impacts that Genesta poses on people and society. This includes any negative impacts Genesta can have on internationally recognized human rights, including labour rights, through its business model, direct operations and value chain. Genesta recognizes that any negative impacts on people and society can carry financial risks both for Genesta itself and the value of its investments. These risks encompass non-compliance issues, damaged reputation, potential legal liabilities, financial penalties, and disruptions to its day-to-day operations.

[1] *The AIFM remains in charge of the risk, compliance, and portfolio management of the AIFs and of implementing the AIFs' investment strategy as well as of communicating this investment strategy to the IA. The Management Committee of the AIFM oversees the supervision of the Risk, Compliance and Portfolio Management functions, therefore including the services/ advice provided by the Investment Adviser.*

Sustainability risks are integrated into our investment decision-making process during the acquisition phase through due diligence processes, as well as in the development and ownership phase, where risks are mitigated and actively monitored. Thus, sustainability risks are assessed on an ongoing basis.

Policies and Codes Guiding Investment Decision-Making Processes

The policies guiding the assessment, monitoring, and mitigation of sustainability risks include, but are not limited to, the following:

- Genesta's Risk Policy
- Genesta's Code of Conduct
- Best Execution Policy
- Conflict of Interest Policy
- Governance Policy
- Compliance Policy
- Portfolio Management Policy
- Remuneration Policy
- Internal Audit Policy
- Valuation Policy
- ESG Pre-Assessment Guideline
- Fund-specific ESG strategies
- Exclusion Policy

The sustainability policies and documents mentioned above are integrated across Genesta's business operations and across our investment phases.

We are currently updating our Risk Policy to reflect best practices for integrating and managing sustainability risk through the lifecycle of an investment. Once finalized, the Risk Policy will provide guidelines on how to identify, measure and manage sustainability risks.

Integrating and managing sustainability risks in the pre-acquisition phase

We include sustainability risks in the investment process from the early beginning and all prospective investments go through a comprehensive due diligence process to identify the key development areas and sustainability risks. The purpose is to identify the sustainability and commercial risks and provide recommendations for addressing these risks in the ownership phase.

For the red flag assessment prior to acquisition, the ESG manager collects sustainability information from the provided sales material or the Transaction Manager to identify and assess sustainability risks.

To identify climate related physical risks, a methodology has been developed for conducting physical climate risk assessments on asset level. The methodology follows a 3-step qualitative approach assessing the asset's exposure, sensitivity, and vulnerability to a list of physical climate-related hazards as defined by the EU Taxonomy Regulation (Regulation (EU) 2020/852)[2]. Climate-related transition risks and opportunities are identified and assessed annually or whenever a material change in the fund strategy takes place. The risk identification and assessment process follows a scenario analysis[3], in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

[2] *The methodology follows the criteria set out in Appendix A of the Climate Delegated Act Annex 1 (Annex 1 to the Commission Delegated Regulation (EU) 2021/2139 supplementing the EU Taxonomy (Regulation (EU) 2020/852) and it follows the EU Commission Notice on "Technical guidance on the climate proofing of infrastructure in the period 2021-2027".*

[3] *The transition scenarios used are from the World Energy Outlook report, which is updated annually by the International Energy Association*

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Genesta's social sustainability risks are identified through an assessment of negative impacts on society. The negative impacts can be either caused, contributed to, or directly linked to the AIFs, their operations, their products and services, and their value chain, including through their business relations or own governance shortcomings. These negative impacts are likely to form a risk to the value of the AIFs' investments and the company's cash flow. Genesta recognizes that it can be connected to negative impacts on a wide range of stakeholders and seeks to identify, manage and remedy those negative impacts. To identify those impacts, Genesta implements human rights due diligence (HRDD) in alignment with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, the two key international standards on responsible business conduct.

The due diligence process helps us to identify risks and to integrate mitigation measures that feed into the business plan of each investment. Thus, a detailed business plan including the management of sustainability risks is prepared to assure sustainability risks are integrated into the property development plan before the acquisition of the property.

Integrating and managing sustainability risks in the ownership phase

The sustainability risks identified during the ESG due diligence phase inform the business plan for each of our real estate assets. The business plan outlines how sustainability risks should be monitored and managed during the development and ownership phase of the real estate asset.

Under our active property renovation strategy, we carry out renovations and retrofitting measures with the aim of improving the energy efficiency of our real estate assets and mitigating climate related physical and transition risks.

STATEMENT ON PRINCIPAL ADVERSE IMPACT OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS – SFDR ARTICLE 4

According to Article 4 of the SFDR, financial market participants shall publish on their website information about whether they consider principal adverse impacts of investment decisions on sustainability factors.

Genesta considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is produced to comply with SFDR Article 4(1), point (a), and 4(2). By 30 June each year, starting from 2023, Genesta will publish a report on its principal adverse impacts on sustainability factors in the format of the template set out in Annex I of the Delegated Regulation (EU) supplementing the SFDR with regards to regulatory technical standards (RTS)[4]. Our statement on our principal adverse impacts on sustainability factors can be found on our website.

REMUNERATION POLICY – SFDR ARTICLE 5

According to Article 5 of the SFDR, financial market participants shall publish on their website information about how their remuneration policy is consistent with the integration of sustainability risks.

As stated in the Remuneration Policy, Genesta pays staff a combination of fixed remuneration (salary and benefits) and performance-based remuneration (including bonus). Performance-based remuneration for relevant staff is awarded in a manner which promotes sound risk management and does not induce excessive risk-taking, including in relation to sustainability risks, by taking into account compliance with all policies and procedures, including those relating to the integration of sustainability risks in the investment decision-making process.

Investment-related employees must ensure that an ESG due diligence is carried out in the pre-acquisition phase to identify potential sustainability risks and necessary mitigation measures. These measures are integrated in the real estate asset's business plan and are monitored and managed throughout the lifecycle of the investment. Compliance with related policies are evaluated during the

[4] *Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 (enters into force from January 2023)*

annual performance review and financial consequences may be (but not limited to) a bonus or pay rise/cut for investment-related employees. Non-financial consequences may be (but not limited to) written or verbal recognition, annual awards or career development opportunities. Thus, Genesta acknowledges the importance of integrating sustainability risks into our remuneration policy.

REVIEW OF DISCLOSURES – SFDR ARTICLE 12

According to Article 12 of the SFDR, the website disclosures in Article 3 and 5 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
March 2021	1	Original version of Genesta's SFDR disclosure
August 2023	2	Updated to incorporate the latest guidelines and market practice on SFDR

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