

Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors – DEAS Fund Management (Deas Fund Management DK A/S & Deas Fund Management AS) - 2023

Financial market participants: Deas Fund Management DK A/S AIFM (LEI: 549300A58C2PD76LIF74) referred to as “DFM DK” below & Deas Fund Management AS AIFM (LEI: 213800YOZCTXOT68MM27) referred to as “DFM NO” below.

Summary:

DFM DK and DFM NO consider the most significant adverse impacts of investment decisions on sustainability factors. As licensed AIFMs, DFM DK and DFM NO are authorized to manage alternative real estate investment funds.

The PAI statement has been prepared in compliance with Annex I of Commission Delegated Regulation (EU) 2022/1288 under the SFDR. The reporting reference period is from January 1, 2023, to December 31, 2023. Emission data is derived from location-based emission factors, while energy intensity is calculated using actual consumption data where available. In cases where such data is unavailable, estimates based on Energy Performance Certificates (EPCs) are applied.

It should be noted that certain managed financial products, specifically Article 6 funds, do not incorporate PAI indicators at the product level. However, their associated adverse impacts are included in this statement to ensure transparency at the consolidated level. Additionally, for the managed ground rent funds, DEAS Tonttirahasto II Ky and DEAS Tonttirahasto Ky, energy consumption data is not applicable due to the nature of these funds, which only own the land plots. As a result, data from these funds has been excluded from the calculations for energy intensity, energy efficiency and greenhouse gas emissions, and these funds do not take PAI into consideration. For the Danish funds, energy intensity is calculated based on primary energy demand as derived from EPC labels.

Principal adverse impact on sustainability indicators for real estate assets:

The mandatory and optional principal adverse impact (PAI) indicators for real estate assets have been selected based on their relevance to the real estate fund products and the specific

characteristics of the activities. The targets for these indicators are aligned with the long-term objectives from the real estate funds managed.

Mandatory PAI indicators applicable for investments in real estate.

17. Exposure to fossil fuels through real estate assets.

18. Exposure to energy-inefficient real estate assets (EPC C or below).

Optional indicators selected for reporting on the managed real estate assets.

18. Greenhouse Gas Emissions.

19: Energy consumption intensity

20. Waste production in operations.

Targets for PAI Indicators

Indicator 17: Achieve zero exposure to fossil fuels through real estate assets by 2030.

Indicator 18: Ensure all properties meet a minimum Energy Performance Certificate (EPC) rating of C by 2030. It is recognized, however, that properties with a C rating will still be classified as energy-inefficient real estate assets.

Indicator 18: Reduce greenhouse gas emissions in alignment with the long-term targets of the underlying funds, with reductions planned for 2030 and 2050.

- Three funds have committed to achieving net-zero emissions by 2050, including offsetting emissions, with interim reduction targets for 2030 consistent with the Paris Agreement. An additional fund aims to adopt the same targets in 2024/2025.

Indicator 19: Reduce energy consumption in line with the long-term targets of the underlying funds, with reductions planned for 2030 and 2050.

- Three funds have committed to achieving net-zero emissions by 2050, including offsetting emissions, with interim reduction targets for 2030 consistent with the Paris Agreement. An additional fund aims to adopt the same targets in 2024/2025.

Indicator 20: All properties equipped with waste sorting facilities.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies							
Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Data coverage	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
		Scope 2 GHG emissions	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
		Scope 3 GHG emissions	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
		Total GHG emissions	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
	2. Carbon footprint	Carbon footprint	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
	13. Board gender diversity	Average ratio of female to male board members in investee	N/A	N/A	N/A	N/A	Not applicable to our

		companies, expressed as a percentage of all board members					Investment activities.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]		Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	N/A	Not applicable to our Investment activities.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	N/A	N/A	N/A	N/A	Not applicable to our Investment activities

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Data coverage	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0.1%	N/A	100%	One property, accounting for 0.1% of the total AUM value, is exposed to fossil fuels (a gas station).	The objective is to have a portfolio with no exposure to fossil fuels through real estate assets. The fund is

							considering selling the property. No new investments will be made in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	63.1%	N/A	100%	63.1% of AUM is exposed to energy-inefficient real estate assets, because they have a EPC label below B.	In line with the fund's ESG strategies and the target of achieving a minimum Energy Performance Certificate (EPC) rating of C by 2030, the exposure is expected to decrease, primarily due to energy improvements identified through energy label screenings.

Other indicators for principal adverse impacts on sustainability factors

Indicators applicable to investments in real estate assets

	Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions generated by real estate assets (metric tons of CO ₂)	43	N/A	The reported Scope 1 emissions are based on location-based emission factors.	N/A
			Scope 2 GHG emissions generated by real estate assets (metric tons of CO ₂)	9.151	N/A	The reported Scope 2 emissions are based on location-based emission factors. This approach ensures coverage but introduces some level of uncertainty due to variations in data quality and availability.	Moving forward, priority will be given to collecting actual consumption data for the funds where this is currently unavailable.



			Scope 3 GHG emissions generated by real estate assets (metric tons of CO ₂)	15.472	N/A	The reported Scope 3 emissions are based on available data, primarily reflecting tenant energy consumption. However, some data is currently unavailable for certain funds, and efforts are being made to improve data collection for these funds to improve the accuracy and completeness of reported emissions.	Moving forward, priority will be given to collecting actual consumption data for the funds where this is currently unavailable.
			Total GHG emissions generated by real estate assets (metric tons of CO ₂).	24.666	N/A	Three of our funds have committed to achieving net-zero emissions by 2050, with interim reduction targets for 2030 consistent with the Paris Agreement. An additional fund aims to adopt the same targets in 2024/2025.	Screenings and initiatives to improve energy efficiency and reduce CO ₂ emissions are ongoing across the managed funds.
Energy consumption	2. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0.000146	N/A	Energy consumption intensity Energy consumption in GWh of owned real estate assets per square meter 0.000146	Continuous efforts are being made to implement energy-saving initiatives and upgrade building systems, with the goal of reducing energy intensity over time in alignment with the fund's sustainability strategies and targets.	
Waste	3. Waste production in operations	Share of real estate assets not equipped with facilities for	0.0%	N/A	N/A	On target.	



			waste sorting and not covered by a waste recovery or recycling contract				
Resource consumption	4. Raw materials consumption for new construction and major renovations		Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations	N/A	N/A	N/A	No new construction or major renovations in the funds managed by DFM NO and DFM DK.
Biodiversity	5. Land artificialisation		Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets	N/A	N/A	N/A	N/A

Alternative Investment Funds

The following Alternative Investment Funds are managed by DFM DK and DFM NO

Article 8 Funds

- DEAS Property Fund Finland I
- DEAS Tonttirahasto II Ky
- DEAS Swedish Balanced Property Fund
- DEAS Norway Balanced Property Fund
- DEAS Eiendomsfond Norge I

Article 6 Funds

- Dansk Ejendomsfond I
- Ejendomspartnerselskabet af 1/7 2003
- DEAS Invest I Holding
- DEAS Tonttirahasto Ky

Data Coverage

Most of the data is based on actual consumption. However, certain energy consumption figures are estimated using Energy Performance Certificate (EPC) labels. These estimates are applied to both energy intensity and greenhouse gas emissions. Furthermore, data availability for Scope 3 emissions remains limited, introducing some level of uncertainty in the reported data, particularly for metrics reliant on estimations or with incomplete coverage.

Description of policies for identifying and prioritizing the most significant negative impacts on sustainability factors

1. Responsible investment policy

Deas Fund Management has a Responsible Investment Policy to identify, manage, and mitigate significant environmental, social, and governance (ESG) risks.

Established on June 1, 2021, and updated in 2022 to align with the EU Sustainable Finance Disclosure Regulation (SFDR), the policy integrates sustainability into the investment process. Key ESG risks, such as natural disasters, demographic shifts, and tenant sustainability demands, are assessed for financial materiality. Sustainability risks are thoroughly evaluated before investment approval, and investments with disproportionate risks are rejected. ESG risks are monitored continuously and reviewed annually or when significant changes occur, ensuring integration into risk management strategies and compliance with regulatory standards.

Sustainability policy: <https://deas-asset.com/en/who-we-are/sustainability-policy>

2. Investment Approach and Process

Deas Fund Management integrates sustainability into every stage of the investment process to address negative impacts on sustainability factors while maximizing ESG opportunities. ESG risks, including energy efficiency, carbon emissions, and social factors, are systematically identified and assessed during due diligence to align investments with fund ESG targets and international standards. Annual investment plans outline specific ESG actions and long-term goals, such as reducing carbon emissions and improving energy efficiency. Progress is reviewed mid-year, with adjustments made as needed. The Investment Board oversees ESG strategies, ensuring transparency and accountability.

Policy on Active Ownership

This is not relevant, as the funds own the properties directly.

International Standards

Company Level - DEAS Fund Management

- DEAS Asset Management has been a signatory to the Principles for Responsible Investment (PRI) since 2022.
- DEAS Asset Management has implemented a Supplier Code of Conduct that aligns with international standards. In the coming years, the focus will be on ensuring suppliers formally adhere to this Code of Conduct and conducting ongoing due diligence to verify compliance.

Fund Level

- Three funds managed by DEAS Fund Management report to the Global Real Estate Sustainability Benchmark (GRESB), which assesses and benchmarks the environmental, social, and governance (ESG) performance of real estate portfolios and assets.
- ESG fund strategies are aligned with specific UN Sustainable Development Goals (SDGs).
- Fund ESG strategies that consider both transition- and physical risks.

Asset Level

- For a selection of the managed funds, the Carbon Risk Real Estate Monitor (CRREM) tool is utilized to assess climate-related risks.
- Certifications such as BREEAM, DGNB, and LEED are obtained for various assets to ensure adherence to recognized sustainability standards.
- A selection of properties is regularly screened for alignment with the EU Taxonomy. Furthermore, for most properties in Article 8 funds, risk and vulnerability assessments have been conducted in accordance with the Taxonomy Regulation.

Historical Comparison

Comparative figures will be provided as part of the PAI statement for 2024, which will be published no later than June 30, 2025. However, comparisons may be challenging due to changes in the funds managed over time, as well as ongoing improvements in data quality.