

Sustainability-related disclosures

Summary

This financial product named Thylander Property Fund Holding P/S, CVR.no. 41726814 (“Thylander Property Fund or the Fund”) promotes environmental or social characteristics but does not have as its objective sustainable investment.

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40% of sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

The investment strategy of Thylander Property Fund is to invest in real estate assets for rental purposes, primarily located in the Copenhagen area. The objective is to develop a portfolio of robust and stable rental properties.

Environmental characteristics promoted by the Fund are Climate change mitigation and climate change adaptation. The following sustainability indicators are used to measure the attainment of the environmental and social characteristics:

- CO2 intensity
- Energy intensity
- Reuse of building materials
- Climate risk adaptation initiatives
- Biodiversity

In addition, Thylander Property Fund considers Principal Adverse Impact (“PAI”) indicators, as they are defined in the European Supervisory Authorities’ Regulatory Technical Standards (RTS) for SFDR Annex 1. Thylander Property Fund will report on all real estate PAIs in table 1 and 2 and the PAIs for Social and employee matters in table 1.

The environmental and social characteristics are monitored on an ongoing basis throughout the lifecycle of the Fund by the Fund manager who has a dedicated ESG team.

Data sources varies depending on the indicator. Internal control mechanisms such as the two-person rule are set up to ensure data quality. Data on sustainability indicators and PAI metrics are sourced by Thylander and is processed and managed by Thylander and will be stored during the lifetime of the Fund. The proportion of data that are estimated is expected to be very limited, but estimates can occur, and these will be disclosed properly.

ESG due diligence is part of Thylander’s ESG investment policy and the following steps are integrated in all investment processes prior to closing.

Thylander Property Fund does not follow an index to achieve the environmental and social characteristics of the Fund.

No sustainable investment objective

This financial product named Thylander Property Fund Holding P/S, CVR.no. 41726814 (“Thylander Property Fund or the Fund”) promotes environmental or social characteristics but does not have as its objective sustainable investment.

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40% of sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

The sustainable investments undertaken by Thylander Property Fund will be analysed against the EU Taxonomy’s “do no significant harm”-criteria as an integrated part of the Fund’s investment process. The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities.

The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Thylander Property Fund considers Principal Adverse Impact (“PAI”) indicators, as they are defined in the European Supervisory Authorities’ Regulatory Technical Standards (RTS) for SFDR Annex 1. Thylander Property Fund will report on all real estate PAIs in table 1 and 2 and the PAIs for Social and employee matters in table 1.

All investments in the Thylander Property Fund portfolio will adopt Thylander’s Code of Conduct and Supplier Code of Conduct and thereby comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business & Human Rights. This includes a policy that commits the Fund to respect human rights, alignment with the International Labour Organisation’s (ILO) eight core conventions and a human rights due diligence process that is integrated in a ESG due diligence.

The Code of Conduct and the Supplier Code of Conduct can be found on www.Thylander.dk/policies/

Environmental or social characteristics of the financial product

Environmental characteristics promoted by the fund:

- Climate change mitigation: Acquire and own buildings and reduce the GHG emissions in the use-phase by energy efficiency initiatives and thereby contribute to climate change mitigation.
- Climate change adaptation: Analyse all buildings both current and new acquisitions for physical climate risk and implement solutions in line with “Substantial contribution to climate change adaptation” in the EU taxonomy.

Investment strategy

The investment strategy of Thylander Property Fund is to invest in real estate assets for rental purposes, primarily located in the Copenhagen area. The objective is to develop a portfolio of robust and stable rental properties.

All investments undertaken by Thylander Property Fund will be subject to Thylander’s ESG investment policy that incorporates sustainability factors in all steps of the investment process

starting with an initial ESG screening of the investment opportunities and all the way through the asset management phase.

This ESG investment policy can be found on www.thylander.dk/esg/

Good governance practices are an integrated part of Thylander Property Fund's design. Thylander Property Fund will adopt Thylander's Code of Conduct (CoC) that specifies governance and conduct requirements to employees, partners and suppliers. Governance practices are also part of Thylander's ESG due diligence process.

Proportion of investments

Thylander Property Fund will invest 100% in real estate. Across the entire portfolio the Fund will have a minimum allocation of 80% to real estate assets in the Copenhagen area (measured in sqm).

The real estate portfolio is planned to have a segmental allocation of (measured in sqm):

- Residential 40-80%
- Office 20-50 %
- Retail 0-20 %
- Other 0-20 %

The allocations above are planned to be complied with at the end of 2023.

As Thylander Property Fund follows Thylander's ESG investment policy all investments in the financial product promote E/S characteristics. This implies that the 40% share of sustainable investment and the remaining part of the portfolio have the same investment purpose which is to manage a stable real estate portfolio with continuous focus on the beforementioned E/S characteristics. By following this investment purpose Thylander Property Fund seeks to increase the share of sustainable investment.

Monitoring of environmental or social characteristics

The environmental and social characteristics are monitored on an ongoing basis throughout the lifecycle of the Fund by the Fund manager who has a dedicated ESG team. This team gathers the data sourced from different sources and internal control mechanisms are set up and these are followed at least on an annual basis. External control mechanisms are not in place yet. However, the Fund Manager is investigating different solutions for an annual external limited assurance.

Methodologies

The following sustainability indicators are used to measure the attainment of the environmental and social characteristics

Environmental indicators:

- CO2 intensity
- Energy intensity
- Reuse of building materials
- Climate risk adaptation initiatives
- Biodiversity

The above sustainability indicators are defined based on the following methodologies:

- CO2 intensity of operations: Measured as kg CO2/sqm/year
- Energy intensity: Measured as kWh/sqm/year
- Exposure to energy-inefficient real estate assets: Share of investments in energy-inefficient assets
- Raw materials consumption for major renovations: Share of raw building materials (excluding recovered, recycled and bio-sourced) compared to the total weight of building materials used in new construction and major renovations
- Climate risk adaptation: Measured as share of real estate assets with a climate risk assessment
- Climate risk adaptation: Measured as share of real estate assets with implementation of climate risk adaptation initiatives if the climate risk assessment suggests such
- Waste production in operations: Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
- 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
- Biodiversity: Share of real estate assets with biodiversity initiatives verified by third party with expert knowledge on biodiversity
- Biodiversity: Share of non-vegetated surface area (surfaces that have not been in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets.

Data sources and processing

Data sources varies depending on the indicator. For utility consumption the data is from either the utility invoices or online portals provided by the utility company. CO2 emission factors are location based and gathered from the utility supplier or the specific electricity grid. Climate risk data is gathered from official Danish sources such as the Danish Environment Agency and external advisors with expert knowledge. Furthermore, data on materials consumption and biodiversity will also be gathered with the help from external experts. Market value of the real estate investments are provided by an external and independent party.

Internal control mechanisms such as the two-person rule are set up to ensure data quality.

Data on sustainability indicators and PAI metrics are sourced by Thylander and is processed and managed by Thylander and will be stored during the lifetime of the Fund.

The proportion of data that are estimated is expected to be very limited, but estimates can occur, and these will be disclosed properly.

Limitations to methodologies and data

In some cases, data is only comparable if data for a certain period is available. E.g., is utility data such as heating due to seasonality. Cases like these will be properly disclosed in the yearly reporting.

These limitations are expected to have minimal or no impact on the attainment of the environmental and social characteristics as this limitation only relates to the year-on-year reporting.

Due diligence

ESG due diligence is part of Thylander's ESG investment policy and the following steps are integrated in all investment processes prior to closing.

ESG screening:

Once an investment opportunity is identified, in the pre-investment phase, the investment team prepares an initial ESG screening. This screening is a high-level preliminary assessment of the ESG risks that the project/investment may be involved in along with the project's relation to the fund's mandate. The potential new business partners are also assessed in terms of their ability to comply with the ESG standards set out in Thylander's Code of Conduct and Supplier Code of Conduct.

Initial analysis/Advisor analysis:

If an investment project is deemed attractive it is analysed further internally, if necessary supported by external professional ESG advisors, to identify any significant ESG issues. Once this initial analysis is finalised the investment project will be passed through an internal decision gate. If a risk is identified that cannot be sufficiently mitigated, then the investment project will be terminated.

Due diligence:

Once the project moves forward, a more thorough and comprehensive evaluation of the sustainability risks of the investment is completed. This is based on our ESG due diligence framework. The outcome of this evaluation is then presented in an ESG due diligence report. The main purpose of this exercise is to identify and manage any specific ESG risks and opportunities for each investment project. The report is prepared by both internal and external ESG advisors.

Engagement policies

The Fund does not have any engagement policies in relation to the environmental and social characteristics.

Designated reference benchmark

Thylander Property Fund does not follow an index to achieve the environmental and social characteristics of the Fund. The environmental and social characteristics are achieved based on the elements described in this disclosure, incl. the listed sustainability indicators.