

VIGA RE II A/S

Sustainability-related website disclosure

Summary

VIGA RE II A/S ("the Fund") promotes environmental characteristics subject to the definition of Article 8(1) of the Regulation (EU) 2019/2088 ("the SFDR"). Hence, this disclosure represents the reporting required according to Article 10 of that Regulation.

The Fund works to generally integrate environmental, social and governance considerations into its investment decisions. Further, an active ownership approach is applied to manage investment assets in according to this strategy as outlined in the ESG Policy of the Fund. In this regard, focus areas of the Fund include energy efficiency and energy sources which can affect the level of rent that a property can support.

Key ESG indicators are monitored through asset holding periods, and measures are taken to ensure continued improvement of asset performance. This is done by regular collection of direct data, which are measured according to official reporting methodologies of the SFDR. Data is gathered by the Fund and processed in partnership with an external consultancy, who performs checks of the reporting information.

If relevant, engagement is made with tenants and third-party contractors to ensure alignment with the ESG Policy.

No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have it as its objective sustainable investment.

Environmental or social characteristics of the financial product

In general, it is the Fund's ambition to minimize the negative impacts that the Fund's activities have on environmental and social factors. The Fund aim to do that by setting clear targets and having a holistic understanding of the environmental and social factors that the activities of the Fund will impact.

The main negative impacts that the Fund's activities contribute to are greenhouse gas emissions through the consumption of energy for heating and electricity. As such, the Fund promotes environmental characteristics including improved energy efficiency, increased share of renewable energy and reduced GHG emissions.

The Fund employs a ESG integration strategy to operationalize the environmental characteristics promoted by the Fund. This is further outlined in the ESG Policy.

A reference benchmark has not been designated for the purpose of attaining the environmental characteristics promoted by the Fund.

Investment strategy

The investment strategy of the Fund is to invest in core residential properties in the Copenhagen area with central locations, low vacancy risk and sound ESG considerations as outlined in the Fund's ESG Policy.

To meet the environmental characteristics of the financial product, the Fund measures the attainment of these through monitoring and reviewing the performance of specific sustainability indicators:

1. Exposure to energy-inefficient real estate assets
2. Share of non-renewable energy consumption of real estate assets
3. Total GHG emissions generated by real estate assets per square meter

Investments are made based on careful in-depth due diligence, intensive hands-on management, and leverages the organization's network within properties and financial industries.

VIGA RE Management ApS is becoming a signatory of the United Nations Global Compact and the United Nations Principles for Responsible Investments. Further, the Fund plans to participate in assessments of the GRESB real estate program. These frameworks serve as the foundation for the Fund's ESG due diligence framework against which all investments of the Fund are screened.

If any material ESG risks are identified in the due diligence phase, relevant mitigating actions are identified. The Fund then seeks to obtain contractual protection limiting any ESG risks to the extent possible during the negotiation

process. After concluding any transaction, all ESG activities related to the project are communicated to the asset management team and relevant ESG risks and opportunities are included in asset action plans.

Monitoring and reporting on ESG activities are presented as a quarterly review alongside financial reports.

Good governance practices of transaction counterparties and asset operators are considered as part of all investment decisions, including sound management structures, employee relations, remuneration of staff, and tax compliance. The assessments are integrated in pre-investment processes as part of the applied due diligence framework. During the investment period, good governance practices are then subject to continuous oversight and evaluation.

Proportion of investments

All investments of the Fund are planned to be aligned with the promoted environmental characteristics in accordance with the binding elements of the investment strategy of the Fund.

The Fund does not plan to make sustainable investments subject to the definition of the SFDR and/or the definitions of the Regulation (EU) 2020/852 ("EU Taxonomy"). However, investments made by the Fund may notwithstanding be aligned with these definitions, although such dispositions are not intentionally pursued by the activities of the Fund.

Monitoring of environmental or social characteristics

The Fund monitors the promoted environmental characteristics, and the sustainability indicators used to measure the attainment of each of those characteristics, throughout the lifecycle of the financial product by:

- Annually gathering data and externally reporting on the sustainability indicators. This is done as part of the Fund's obligation to publish periodic reports on the sustainability performance of the financial product subject to Article 11 of the SFDR.
- Undertaking annual assessments of the reporting on adverse impacts of real estate assets in the portfolio of the Fund. This includes comparison of historical performance on the indicators as well as an evaluation of progress towards any defined goals and associated needs to define action plans to support these.

Methodologies for environmental or social characteristics

In order to measure how environmental characteristics promoted by the Fund are met, the following methodology is employed for the assessment of the defined sustainability indicators.

Exposure to energy-inefficient real estate assets

$$\frac{((\text{Value of real estate assets built before 31/12/2020 with EPC of C or below}) + (\text{Value of real estate assets built after 31/12/2020 with PED below NZEB in Directive 2010/31/EU}))}{\text{Value of real estate assets required to abide by EPC and NZEB rules}}$$

Share of non-renewable energy consumption of real estate assets

Measured as the share of non-renewable energy consumption of real estate assets compared to renewable energy consumption, expressed as a percentage of total energy consumption.

Renewable energy consumption is defined as consumption of energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogas.

Non-renewable energy consumption is defined as other sources than referred to as renewable energy.

Total GHG emissions generated by real estate assets per square meter

Measured as total GHG emissions from scope 1, 2 and 3 generated by real estate assets, expressed relative to the total floor area of real estate assets in square meters.

Greenhouse gas (GHG) emissions are defined according to Article 3, point (1) of Regulation (EU) 2018/842 of the European Parliament of the Council.

Scope 1, 2 and 3 GHG emissions are defined as the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council.

Data sources and processing

Data used to measure the attainment of environmental characteristics promoted by the Fund is gathered from direct sources. These include individual EPC documentation and invoiced energy consumption figures.

Required data are initially gathered by the Fund. To ensure data quality, data sources are then externally checked by a third-party sustainability consulting company. This partner organization is further responsible for processing the data and providing necessary sustainability disclosures in collaboration with the Fund.

Estimations may be used in case of missing available data. However, it is the intention that only a limited proportion of reported data is based on estimations.

Limitations to methodologies and data

The Fund invests in real estate assets where data can be gathered directly to monitor progress on environmental characteristics promoted by the Fund. There may be minor limitations regarding overall quality and completeness of this data, however, these are not expected to materially compromise the adequacy of the used data.

Due diligence

An ESG due diligence is performed prior to all potential acquisitions.

Each assessment follows a similar due diligence format, which integrates sustainability risks and adverse impacts as defined by the SFDR. Further, the format incorporates considerations related to the Fund's membership of the UN PRI and UN Global Compact as well as its participation in the GRESB real estate assessment programme.

The sustainability aspects reviewed during the due diligence phase include environmental, social and governance factors. Impacts that have been identified as particularly material to the Fund include contributions to greenhouse gas emissions from consumption of energy for heating and electricity. Further, the considered sustainability aspects also include the Principal Adverse Sustainability Indicators applicable to investments in real estate assets as included in Annex I to the Commission Delegated Regulation (EU) 2022/1288.

During the review of sustainability aspects, it is assessed whether risks related to each aspect could cause material negative impact to the value of the investment. Further, it is also assessed whether the acquisition of the asset may itself cause adverse impacts on the sustainability aspects during the holding period.

Where it material negative impacts are identified, these must either be mitigated and/or addressed in a subsequent plan for management and monitoring of the investment.

Engagement policies

As investments are only made within real estate assets, the Fund does not implement engagement policies in accordance with Article 3g of Directive 2007/36/EC. However, where it is found relevant, general engagement is made with tenants and third-party contractors to ensure implementation of the ESG Policy.