

Kinnerton Sustainable Housing Website Disclosure – Sustainable Finance Disclosure Regulation

30 December 2022.

The following regards the oversight and operations of an Sustainable Finance Disclosure Regulation (SFDR) Article 8 Fund managed by Kinnerton Credit Management A/S, referred to collectively as the “Funds”, and individually as the “Fund”, at the date of this disclosure Kinnerton Bæredygtige Boliger/Kinnerton Sustainable Housing II (company no. 42435244) as managed by Kinnerton Credit Management A/S (company no. 39951932) as the AIFM.

Summary

(English)

The Fund promotes environmental and social characteristics but does not have sustainable investment as its primary objective. The Fund's investment strategy is focused on the Danish rental market and includes a focus on middle-income families, seniors, and student housing, and an initial focus on growth cities with short distances to workplaces, supermarkets, and sports facilities, as well as easy access to public transportation and a wide variety of educational opportunities. The Fund invests in buildings that have been certified as sustainable by “DGNB GOLD” certification, which is awarded to buildings that meet high standards of sustainability in terms of their design, construction, operation, and maintenance. The fund also considers investing in real estate assets that are designed and operated in ways that reduce their environmental footprint through the use of energy-efficient technologies, and it promotes social sustainability by providing affordable housing. The Fund monitors its environmental and social characteristics on an ongoing basis using indicators such as LCA, DGNB Gold certification, and adherence to building regulations. The Fund's methodologies for environmental or social characteristics include requirements for standing assets to comply with the Fund's own framework and for development projects to achieve DGNB Gold certification.

(Danish)

Fonden fremmer miljømæssige og sociale karakteristika men har ikke bæredygtige investeringer som sit mål. Fondens investeringsstrategi er fokuseret på udlejning i det danske udlejningsmarked med fokus på udlejning til mellemindkomst familier, ældre og studerende og med indledende fokus på byer i vækst, hvor der er kort til arbejdspladser, indkøbsmuligheder og sportsfaciliteter samt let adgang til offentlig transport og en bred vifte af uddannelsesmuligheder. Fonden investerer i byggerier, der er certificeret som bæredygtig med ”DGNB Gold” certificering, som udstedes til byggerier der har høje bæredygtighedsstandarder i forhold til design, konstruktion, drift og vedligehold. Fonden overvejer også investering i fast ejendom, som er designet og driftet således, at miljømæssige aftryk mindskes ved brug af energieffektive teknologier ligesom det fremmer social bæredygtighed ved at udbyde billige boliger. Fonden overvåger løbene sine miljømæssige og sociale karakteristika ved brug af indikatorer som LCA, LCC og DGNB Gold certificering samt overholdelse af bygningsreglementer. Fondens metoder til miljømæssig og sociale karakteristika indeholder krav til at eksisterende aktiver overholder fondens egne rammer og at udviklingsprojekter opnår DGNB Gold certificering.

No sustainable investment objective

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

Environmental or social characteristics of the financial product

The Fund promotes environmental and social characteristics. It is the Fund's ambition to invest in housing projects with strong environmental and social characteristics as closely aligned with the EU Taxonomy as possible and commercially feasible. The Fund invests in housing projects that are "DGNB GOLD" certified. DGNB is a comprehensive assessment tool that evaluates the environmental, economic, and social performance of a building or urban area over its entire life cycle.

Investment strategy

The Fund's strategy is to invest in newly built residential real estate assets for the Danish rental market. The Fund's strategy is to invest in all real estate assets with a focus on middle-income families, student and senior housing. Geographically the strategy focuses on three primary locations; greater Copenhagen, greater Århus and the "triangle area", with an initial focus on growth cities with short distance to workplaces, supermarkets and sports facilities, medium and affordable rent levels, easy access to public transportation and a wide variety of educational opportunities. Furthermore, a proprietary pipeline of assets through cooperating with real estate developers generated from the credit business seeks to eliminate pipeline risk.

Proportion of investments

The Fund invests directly in buildings that have been certified as sustainable by DGNB GOLD certification. This certification is awarded to buildings that meet high standards of sustainability in terms of their design, construction, operation, and maintenance.

In addition, The Fund considers investing in sustainable buildings and assets with reduced environmental impact, through energy-efficient technologies and social sustainability through affordable housing. All investments must align with the Fund's binding investment strategy to prioritize sustainability and well-being. The Fund's real estate asset allocation aims for minimum environmental and social safeguards.

Monitoring of environmental or social characteristics

The fund monitors its environmental and social characteristics on an ongoing basis.

Specifically, the following indicators are used to measure the attainment of its environmental and social characteristics:

- Life Cycle Assessment (LCA)
 - In the early stages, an LCA calculation is prepared.
 - CO2 emissions and costs from materials are an important parameter in the decision-making process.
- New Build Sustainability certification
 - DGNB gold certified properties
- Accessibility, Liveability, Employee Safety and Reduction of Carbon Footprint
 - Achieved through adherence to strict Building Regulations for new builds which include compliance to energy use thresholds.

Methodologies for environmental or social characteristics

The Fund follows policies with requirements to its standing assets and own development projects. Standing assets are required to comply with the Fund's own produced framework. Development projects are required to achieve a New Build certification of DGNB Gold. This methodical work with the assets is made to ensure attainment of the environmental and social characteristics.

Life cycle assessment (LCA) are a tool that can be used by the Fund to evaluate the environmental and economic impacts of a property or investment over its entire lifecycle.

The Fund work with LCA in several ways:

- Identifying opportunities for environmental improvement: By conducting an LCA, the Fund can identify the environmental hotspots or impacts of a property or investment and identify opportunities for improvement.
- Reporting on environmental performance: The Fund uses the LCA data to report on the environmental performance of its properties or investments and to demonstrate its commitment to sustainability.

Overall, by working with LCA, the Fund gains a comprehensive understanding of the social and environmental impacts of its properties and investments and makes informed decisions about how to optimize their performance.

Data sources and processing

The Fund relies on a variety of data sources and processing techniques to make informed investment decisions. Some of the data sources and processing techniques include:

- Market research: The Fund gathers market research from various sources, such as real estate listings, government data, industry reports, and news articles, to better understand local and regional real estate markets.
- Property data: The Fund access property data from sources such as property appraisals, inspections, and real estate listings to assess the quality and value of individual properties.
- Financial data: The Fund reviews financial data such as rent rolls, income statements, and balance sheets to evaluate the financial performance and risk profile of a property or portfolio.

By using these and other data sources and processing techniques, fund managers can gain a deeper understanding of real estate markets and identify investment opportunities that align with their investment strategy and risk profile.

Limitations to methodologies and data

Data and methodological limitations relevant to the Fund's operation and social and environmental characteristics are not unique to the Fund, but represent common challenges for measuring, interpreting, and reporting ESG relevant information.

The Fund expects an ongoing process to increase data coverage and data quality, in line with how the general ESG reporting area evolves with new international best practices and accounting standards going forward.

These limitations do not affect the attainment of the environmental and social characteristics.

Overall, the limitations to data and methodologies highlight the importance of conducting thorough due diligence and being mindful of potential risks when evaluating and managing real estate investments.

Due diligence

The Fund performs a thorough due diligence process and may use external consultants to assess environmental risks before investing in a property development. The Fund considers various environmental factors, such as noise and air pollution, carbon footprint, soil pollution, and water (Including DGNB opportunities), as part of its risk and value assessment. If material environmental issues are identified during due diligence, they are prioritized and included in investment papers for review by the Investment Committee before an investment is approved.

Engagement policies

The Fund does not have a formal engagement policy. The Fund however, does have engagement activities, such as partnering with local organizations and businesses to support economic development and job creation in the communities where the fund's properties are located. Engaging with stakeholders, including tenants, community members, and local governments, to understand their needs and concerns and to identify opportunities for collaboration and impact. Disclosing information about the fund's social and environmental performance and impact to stakeholders.

Designated reference benchmark

A specific reference benchmark index is not designated.