Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Quantum Immobilien Kapitalverwaltungsgesellschaft mbH - LEI: 529900NILSUJ7UJVZ033

Summary

Quantum Immobilien Kapitalverwaltungsgesellschaft mbH (529900NILSUJ7UJVZ033) takes into account the principal adverse impacts of its investment decisions on sustainability factors. This statement is the consolidated statement on the principal adverse impacts on sustainability factors of Quantum Immobilien Kapitalverwaltungsgesellschaft mbH.

The subject of this document is mandatory information about the impact of the principal adverse impacts of investment decisions on sustainability factors. Quantum considers the principal adverse impacts on sustainability factors in investment decisions for directly held real estate, as well as the relevant adverse impacts of investment decisions on environmental factors. To this end, Quantum has established internal policies, risk management procedures, and digital solutions. According to the Sustainable Finance Disclosure Regulation, sustainability factors include environmental, social, and employee matters, respect for human rights, and the fight against corruption and bribery. These adverse impacts are measurable through sustainability indicators. The ability to consider the most significant adverse impacts on sustainability largely depends on the availability of relevant information. In the context of real estate investments, examples of sustainability indicators include the energy efficiency or energy consumption of properties, as well as investments in fossil fuels supported by real estate.

The principal adverse impacts of investment decisions on sustainability factors of the funds managed by Quantum, the strategies for their determination and weighting, and the relevance of these sustainability factors to international standards recognized by Quantum are presented below.

Investment decisions related to the investment of the KVG's own funds are not within the scope of application.

Quantum manages real estate funds as a service KVG, which is why the mandatory indicators "fossil fuels" and "energy efficiency" as well as an additional optional indicator "energy consumption" are considered in this statement.

This statement on the principal adverse impacts on sustainability factors refers to the reference period from January 1 to December 31, 2023.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	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	0	0	No investments in companies	-
		Scope 2 GHG emissions	0	0	No investments in companies	-
		Scope 3 GHG emissions	0	0	No investments in companies	-
		Total GHG emissions	0	0	No investments in companies	-
	2. Carbon footprint	Carbon footprint	0	0	No investments in companies	-
	3. GHG intensity of investee companies	GHG intensity of investee companies	0	0	No investments in companies	-
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	0	No investments in companies	-
	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	0	0	No investments in companies	-

		renewable energy sources, expressed as a percentage of total energy sources				
	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	0	0	No investments in companies	-
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	0	0	No investments in companies	-
Water	8. Emission to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	0	No investments in companies	
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	0	0	No investments in companies	

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	0	0	No investments in companies	
	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	0	0	No investments in companies	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0	0	No investments in companies	-

	13. Boarder gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	0	0	No investments in companies	-
	14. Engagement in umstrittenen Waffen 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	0	0	No investments in companies	-
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG-Emissions	GHG intensity of investee countries	0	0	No investments in sovereigns and supranationals	-
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	0	0	No investments in sovereigns and supranationals	-

		treaties and conventions, United Nations principles and, where EN 11 EN applicable, national law				
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	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	0,2%	0,2%	Only one property includes a gas station and therefore falls into this category.	No measures planned
Energy efficiency	18. Exposure to energy-inefficient real estate assets	hare of investments in energy□inefficient real estate assets	37,4%	41,8%	The proportion of properties with poor energy efficiency has decreased due to greater devaluation of older properties and the acquisition of new buildings	Measures tailored to individual properties are being reviewed as part of the management process.
Other indicators for principal adverse impacts on sustainability factors						
Indicators for investments in real estate						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period

Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets	n/a	n/a	Cannot be determined based on the data available	-
		Scope 2 GHG emissions generated by real estate assets	n/a	n/a	Cannot be determined based on the data available	-
		Scope 3 GHG emissions generated by real estate assets	n/a	n/a	Cannot be determined based on the data available	-
		Total GHG emissions generated by real estate assets	n/a	n/a	Cannot be determined based on the data available	-
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0,0001	0,0003	94.35% of Quantum's investments were applicable for the "energy consumption" indicator (suitability). When determining the energy consumption of properties in GWh per square meter, actual data were used if available. In addition to real data, estimated data were also considered based on the best-effort approach. Properties that were under construction during the reporting period and were not heated or cooled with energy (e.g., warehouses, above-ground and underground parking	To reduce the adverse impacts, processes were initially implemented during the reference period to measure and assess the adverse impacts during the acquisition and ownership phases. In the next reference period, the risk department will incorporate the indicator into the risk assessment. Quantum intends to expand its ESG data platform and achieve qualitative improvements in 2024. This will enable the determination of targeted measures to improve the sustainability position. Based on this, technical and AI-

					garages) were not considered in the determination of the indicator (non-applicable assets). It should be noted that due to the current state of data collection, a significant portion of the energy consumption data consists of estimates and benchmark information. Therefore, the informational value of these data for the properties is limited. To determine the indicator, the final energy consumption and final energy demand from existing energy certificates were used, provided these data were indicated in the energy certificates. Thus, the values given here do not represent the actual energy consumption of the properties in the reference year. Energy certificates without a signature were fully included in the calculation. Energy certificates that were no longer valid were considered if no new energy certificates were available.	supported measures will be carried out in combination with property-specific analyses and subsequently compared with the predefined goals. After the analysis, the asset management will implement appropriate measures to improve the energy efficiency level in collaboration with specialist planners and executing trades. Furthermore, Quantum has entered into a collaboration with "right. based on science" to develop a property-specific tool that measures the performance of the properties against the 1.5-degree target of the Paris Climate Agreement of 2015. We aim to establish a key performance indicator (KPI) that facilitates benchmarking in the real estate industry as well as across sector classes.

					"Non-applicable assets" were not included in the numerator of the data coverage ratio.	
Waste	20. 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	n/a	n/a	Cannot be determined based on the data available	
Resource consumption	21. 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	Cannot be determined based on the data available	
Biodiversity	22. Land artificialisation	Share of non-vegetated EN 18 EN 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	Cannot be determined based on the data available	

Description of Strategies for Identifying and Weighting the Principal Adverse Impacts on Sustainability Factors

The integration of ESG aspects into all business areas of Quantum Immobilien Kapitalverwaltungsgesellschaft mbH and its wholly-owned subsidiary, Gentum Immobilien Kapitalverwaltungsgesellschaft mbH (together "Quantum"), contributes to the long-term preservation of the value of the properties held, as well as to the adaptation to changing legal and societal requirements. Quantum, therefore, considers the principal adverse impacts of investment decisions on sustainability factors ("adverse sustainability impacts" or "PAI") at the corporate level.

The aim of considering adverse sustainability impacts is to measure, weight, and, if necessary, take measures to limit the identified negative sustainability impacts of investment decisions on sustainability factors. Sustainability factors are divided into environmental, social, and employee matters, respect for human rights, and the fight against corruption and bribery. Possible adverse sustainability impacts on sustainability factors are measured using sustainability indicators.

Quantum considers, in addition to the two mandatory indicators "fossil fuels" and "energy inefficiency" at the corporate level, an optional indicator as well.

Quantum believes that the relevance of the individual optional indicators, and thus the adverse sustainability impacts, can vary depending on the specific use of the properties. Therefore, Quantum differentiates between the purposes of use: residential, office, light industrial, retail, and parking, when selecting the optional indicators. This differentiation ensures that different optional indicators are selected, measured, documented, and reported for different uses at the corporate level. According to Quantum, only through such differentiation can the most important optional indicator for each type of use be selected.

Methods for Selecting the Optional Indicator

To select the optional indicator, it is necessary to weight sustainability indicators based on certain parameters regarding the potential adverse sustainability impacts associated with the respective indicators. This is done primarily based on the parameters: probability of occurrence, severity of the principal adverse impacts, and degree of irreversibility. Additionally, Quantum considers the optimization potential and the impact on Quantum as a company.

Probability of Occurrence

By probability of occurrence of the principal adverse impacts regarding a sustainability indicator or the likelihood of occurrence, Quantum understands the relative assessment of the probability of the negative impacts occurring ("relevance"). Quantum has chosen a percentage rating, where 0% represents an impossible event and 100% a certain event.

Impact on Quantum

Additionally, the negative impacts of the PAI on Quantum as a company and the investment assets managed by Quantum are considered. This is done by the relative assessment of the degree of possible negative impacts on Quantum's business, especially the impact of the PAI as a purchase price-relevant factor. The assessment is point-based, where 0 represents no negative impact and 3 represents a high negative impact. However, this criterion should not have a decisive influence on the selection of the

optional indicator. Therefore, the optional indicators are weighted both considering and without considering this parameter. If the two assessments result in different optional indicators having the highest score and thus being selected, the optional indicator with the highest score without considering the parameter "impact on Quantum" will be considered.

Severity of the Principal Adverse Impacts

By "severity of the principal adverse impacts," Quantum understands the degree of potential negative impacts on the environment and society. For the evaluation and selection of the optional indicator, the estimated degree of relative negative impact on the environment and society is considered, with 0 = non-existent and 3 = high degree of impact.

Degree of Irreversibility

The selection, evaluation, and prioritization of the optional indicators are also carried out based on the potentially irreversible nature of the adverse impacts ("degree of irreversibility"). Here, the relative assessment of the irreversibility of adverse impacts is considered using a point-based assessment, where 0 = low degree of irreversibility and 3 = high degree of irreversibility.

Optimization Potential

Finally, Quantum uses the criterion "optimization potential" to evaluate the optional indicators. By this, Quantum understands the relative assessment of the optimization potential in terms of improving the current values to the PAI through measures that Quantum can initiate (e.g., switching energy supply to renewable energy sources, structural measures such as insulation). The evaluation of the individual optional indicators is point-based, with a maximum of 3 points, where a value of 3 represents the highest optimization potential.

Determination and Evaluation of the Optional Indicators

Based on the aforementioned parameters, Quantum has evaluated and weighted the optional indicators. Differentiation was made between the different uses of the portfolios managed by Quantum to account for the fact that the relevance of sustainability indicators and the associated PAI varies depending on the use of a property. The parameters "severity of the principal adverse impacts" and "degree of irreversibility" are considered independently of the specific use, as the specific use is irrelevant for these parameters.

The portfolios managed by Quantum with the use of parking are currently not considered in the context of PAI consideration at the corporate level due to their specific characteristics. As of the effective date of this guideline, Quantum manages three portfolios with the focus on parking. Quantum will transparently state in the PAI statement whether and, if so, how many portfolios with the focus on parking are managed. For completeness, Quantum has still evaluated the aforementioned parameters for the use of parking.

Error Margins

The methods for selecting the optional indicators described above reflect Quantum's assessment at the time of creating this PAI guideline. It cannot be ruled out that Quantum may need to adjust this assessment in the future due to changing circumstances or a different assessment. This may also result in a different optional indicator being selected. Quantum will therefore regularly review whether the described selection is still accurate and make adjustments if necessary.

The evaluation and determination of the selected optional indicator are based on the data sources presented below. Currently unavailable data are supplemented by estimates or projections. This may lead to inaccuracies and deviations from actual values. The proportion of estimated or projected data depends heavily on individual circumstances and cannot be generalized. However, Quantum will include a corresponding note in the PAI statement and indicate that the actual values may differ. Quantum will also strive to obtain missing data to provide more precise values in the future.

Data Sources

Quantum collaborates with external service providers for data collection, who collect the data for Quantum quarterly and provide Quantum with the results of these data collections. The identification and weighting of the PAI depend significantly on the availability of corresponding data. Not all assets managed by Quantum as a capital management company have sufficient data and information to measure and determine adverse sustainability impacts. Quantum will endeavor to regularly review the data situation and try to optimize it. In exceptional cases, estimates may be used. If data for the annual PAI statement are estimated or projected, this will be indicated by corresponding notes in this PAI statement.

Data Source "Fossil Fuels"

To evaluate the mandatory indicator fossil fuels regarding PAI, Quantum determines the proportion of investments in properties involved in the extraction, storage, transport, or production of fossil fuels based on the property documents on an area basis.

Data Source "Energy Inefficiency"

To evaluate the adverse sustainability impacts of the energy inefficiency indicator, energy performance certificates, especially for residential properties, are used. This applies equally to existing properties and the acquisition of additional properties. Currently, however, up-to-date energy performance certificates are not fully available, especially for existing properties. Quantum strives to update and complete the data basis to provide reliable information on this indicator. For commercial properties, energy performance certificates are also considered. Unlike energy performance certificates for residential properties, those for commercial properties in Germany currently do not include a letter scale for classifying energy classes. Therefore, an adjustment of the energy performance certificates without a letter scale is necessary for evaluating the proportion of energy-inefficient commercial properties based on the aforementioned formula. Quantum has decided to apply the BVI method in its current version for evaluating properties with energy performance certificates without a letter scale. The same applies to updating and completing the data basis as mentioned for residential buildings.

Data Source "Energy Consumption"

Quantum records the energy consumption for heating (heating and hot water), general electricity, and tenant electricity for most real estate investments in new buildings and existing properties as part of an annual portfolio screening. In this process, the heat consumption is directly requested from the utility companies and differentiated by energy source (district heating, natural gas, etc.). The energy consumption for general electricity is taken from the available bills. Since data for tenant electricity are not available, this is estimated on a flat-rate basis. The Smart Meter project is currently being implemented. The goal is to read the consumption data directly on the property via smart meters to obtain more detailed data on consumption.

Responsibility

The management is responsible for this PAI guideline. The management approved this PAI guideline on June 26, 2023. The management remains responsible for the implementation of the strategies and procedures outlined in this PAI guideline. The legal department will regularly review whether the strategies and procedures outlined in this PAI guideline comply with current legal and regulatory requirements and actual implementation and will adjust this PAI guideline to changing requirements if necessary. The adverse impacts on the selected sustainability indicators are measured and documented quarterly on March 31, June 30, September 30, and December 31.

Engagement Policy

Due to the nature of its business, Quantum has not implemented engagement policies in accordance with Article 3g of Directive 2007/36/EC.

Reference to internationally recognized standards

Quantum signed the United Nations Principles for Responsible Investment (PRI) in 2020. As a member of the Institute for Corporate Governance in the German Real Estate Industry (ICG), the German Investment and Asset Management Association (BVI) and the European Association of Investors in Non-Listed Real Estate Vehicles (INREV), Quantum also works in accordance with the relevant codes of conduct and guidelines for sustainable real estate portfolio management. Quantum's corporate governance is also based on the principles of the UN Global Compact. Quantum regularly carries out sustainability reporting in accordance with the criteria of the German Sustainability Code (DNK) and the performance indicators of the Global Reporting Initiative (GRI), and also assesses selected investment properties in accordance with the Global Real Estate Sustainability Benchmark (GRESB for short) in order to measure sustainability performance in comparison with other funds and continuously improve it in the coming years. Selected properties are also DGNB-certified.

Historical comparison

Compared to the previous reporting period, an improvement was achieved in the area of properties with poor energy efficiency. This is primarily due to market-related factors such as a stronger devaluation of older properties with poorer technical equipment. There has been no change for PAI 17, as Quantum is still only invested in one property that is involved in the extraction and storage of fossil fuels.