Fokus Fund Management A/S ("FFM") manages alternative investment funds ("AIF") on behalf of institutional, professional and semi-professional investors.

Below, FFM describes how sustainability risks are integrated in the investment decision-making processes. In addition, the remuneration policy's compliance with the integration of sustainability risks is also covered and there is also information concerning the investment decision's negative impacts on the sustainability factors.

Sustainability risks in investment decisions

Fokus Fund Management ("FFM") integrates sustainability risks as part of its investment decision-making processes. Sustainability risks are defined as environmental, social or governance issues or circumstances that, if they materialise, would have an actual or potential significant negative impact on the value of an investment. Sustainability risks can impact the returns customers get. Sustainability risks are monitored, assessed and mitigated on an ongoing basis and are part of the basis for making decisions about investments. Sustainability risks are identified in connection with the acquisition of real estate and when investing in the fund's own properties, including development and investment projects.

FFM has identified the following sustainability risks which are integrated in its decision-making processes via the application of FFM's policies and business processes for risk management, investment processes and portfolio management. The list is not exhaustive and will be updated on an ongoing basis.

- *Physical risks - for example, risks related to floods, storms and temperature increases*
  More frequent and more extreme weather events (heat waves, cloudbursts, floods, fires and storms) and persistent climate changes may have a negative impact on properties. This may involve higher operating and maintenance costs or a direct negative impact on the market value.

- *Transition risks - for example, risks related to the demand for sustainable properties*
  In the transition to a greener and more circular economy, transition risks arise in the form of political, legal or technological changes and from changes to preferences, consumption patterns or the like which may have a negative impact on the market value of properties.

- *Vacancy risks - for example, due to significant changes to the economy or higher demand for leases in sustainable properties*
  If there is a higher demand for sustainable leases and properties fail to meet these requirements, this may result in higher vacancy rates.

- *Credit risks*
  If the AIF's creditors offer better terms for loans for sustainable activities and the managed AIF does not meet the requirements in question or if the properties with, for example, a certain energy label have worse opportunities for taking loans, this may result in a risk of poorer financing terms.

- *The risk of unsatisfied investors due to the property's sustainability profile or lower liquidity in the AIF's shares*
  If the AIF's investors are unsatisfied with AIF's current sustainability profile or if they choose to invest in other parts of the real estate sector, this may result in it being harder to maintain the number of and/or attract investors to the AIF.

Remuneration

FFM ensures that the remuneration policy is in accordance with FFM's integration of sustainability risks. The purpose of the remuneration policy is to ensure that the principles for setting salaries is in accordance with and promotes a healthy and effective risk management approach. Pursuant to FFM's remuneration policy, one of the important criteria for putting together a variable remuneration package is compliance with FFM's principles related to the integration of sustainability risks, including ensuring that there has not been any excessive risk taking in terms of sustainability risks.