

ANNEX 1

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: CapMan Nordic Property Income Fund

Legal entity identifier: Not available, N/A

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*



Yes



It made **sustainable investments with an environmental objective:** ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It made **sustainable investments with a social objective:** ____%



No



It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

In 2022, the Fund promoted all the environmental and social characteristics it targeted. The Fund promoted environmental characteristics in 2022 by initiating smart building automation system projects, installing LED lights, upgrading the heat distribution system in one asset, energy savings campaign by lowering the temperature in feasible assets, purchasing carbon-free electricity for feasible assets, initiated new green building certification projects (DGNB and BREEAM In-Use), and e.g. by continuing the use of SmartVatten to automatically identify water leakages in Finnish and Swedish assets. The Fund promoted social characteristics in 2022 by e.g. conducting a tenant satisfaction survey and action plans to improve the score, and by sending ESG newsletter to tenants as part of Energy Saving Campaign. The Fund followed all CapMan policies.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Environmental and social characteristics promoted by the Fund ("E/S Goals")	Actions 2022	ESG indicators	Performance 2022
<i>Improvement of energy efficiency</i>	<i>The Fund initiated and completed various energy efficiency measures such as smart building automation system projects, lighting upgrades to LED and energy savings campaign during the heating season.</i>	<ul style="list-style-type: none"> • <i>Energy total consumption (MWh)</i> • <i>Energy intensity (kWh/sqm/y)</i> 	<i>Total absolute energy consumption was 10,001.6 MWh (9,908.7 MWh in 2021). This was mainly due to increased number of assets under management. However, the energy intensity was 131.7 kWh/sqm/y (176.3 kWh/sqm/y in 2021). Thus, <u>the energy efficiency improved or reduced by 25% in 2022 compared to 2021.</u></i>
<i>Reduction of greenhouse gas emissions aligned with CapMan Science Based Targets commitment</i>	<i>The Fund created a carbon reduction roadmap in alignment with the CapMan Science Based Targets commitment. In addition to the energy efficiency measures, the Fund purchased carbon-free electricity for feasible assets.</i>	<ul style="list-style-type: none"> • <i>GHG total emissions (tCO₂e)</i> • <i>GHG intensity (kgCO₂e/sqm/y)</i> • <i>Share of renewable or carbon-free energy</i> 	<p><i>Total operational CO₂ emissions were 1,005.8 tCO₂ (1,163.2 tCO₂ in 2021), which is a reduction of 13.5% from the previous year. The GHG intensity was 13.3 kgCO₂/sqm/y (20.7 kgCO₂/sqm/y in 2021). Thus, <u>the GHG intensity reduced or improved by 36% in 2022 compared to 2021.</u></i></p> <p><i>Carbon-free energy reporting will be disclosed in the CapMan Sustainability Report 2022.</i></p>
<i>Reduction of water intensity</i>	<i>Automatized water consumption measurement and water leakage identifying system SmartVatten has been installed to most properties located in Finland and Sweden. Some water appliances have been replaced with water efficient ones.</i>	<ul style="list-style-type: none"> • <i>Total water consumption (m³)</i> • <i>Water intensity (m³/sqm/y)</i> 	<i>This data will be disclosed in the CapMan Sustainability Report 2022.</i>

<i>Increase the waste recycling rate and improvement in waste management</i>	<i>Waste recycling guidelines were provided to tenants. All operational properties were equipped with facilities for waste sorting.</i>	<ul style="list-style-type: none"> • Total amount of generated waste (t) • Recycling rate (%) 	<i>This data will be disclosed in the CapMan Sustainability Report 2022.</i>
<i>Increase in tenant environmental awareness</i>	<i>Tenant newsletters were sent out to tenants in 2022 as part of the energy savings campaign. In addition, recycling guidelines were provided to tenants.</i>	<ul style="list-style-type: none"> • Qualitative description 	<i>See the description in column "actions 2022".</i>
<i>Seeking green/sustainable building certifications</i>	<i>The Fund initiated a significant number of green building certification projects for properties located in Finland, Sweden and Denmark.</i>	<ul style="list-style-type: none"> • Number of certified buildings (% per sqm, % per amount of properties) 	<i>This data will be disclosed in the CapMan Sustainability Report 2022.</i>
<i>Carry out annual tenant surveys and improve overall tenant satisfaction</i>	<i>The Fund sent tenant satisfaction surveys to all tenants.</i>	<ul style="list-style-type: none"> • Net Promoter Score (NPS) • Overall satisfaction 	<i>The overall satisfaction score of the respondents was 4.3 out of 5.0. The Net Promoter Score (NPS) was -26.</i>
<i>Conduct annual ESG property audits</i>	<i>ESG checklist was introduced to traditional annual property audits. ESG checklist and property audit were conducted for all asset under management, apart from new acquisitions which went through the Technical, Environmental and ESG Due Diligence.</i>	<ul style="list-style-type: none"> • Completion, Y/N 	<i>Y</i>
<i>Providing ESG training for its employees to improve general ESG competence</i>	<i>CapMan Real Estate provided various ESG themed training sessions to the Fund employees among other CapMan Real Estate employees. Topics ranged from EU Taxonomy, green building certifications, embodied carbon and SFDR.</i>	<ul style="list-style-type: none"> • Qualitative description 	<i>5 separate ESG themed training sessions were held for CapMan Real Estate ("CMRE") employees. All CMRE employees were invited.</i>
<i>Development of Supplier Code of Conduct and requiring suppliers to sign it</i>	<i>CapMan Group initiated the project to create and develop a CapMan Supplier Code of Conduct. A draft version was completed in 2022. The work will continue in 2023.</i>	<ul style="list-style-type: none"> • Qualitative description 	<i>The Fund will implement the Supplier Code of Conduct, once it's finalized.</i>
<i>Following all CapMan policies and principles</i>	<i>The Fund followed all CapMan policies and principles.</i>	<ul style="list-style-type: none"> • Qualitative description 	<i>See the description in column "actions 2022".</i>

Table 1. Environmental and social characteristics promoted by the Fund and performance in 2022.

● How did the sustainability indicators perform?

The Fund monitors the progress of its environmental and social characteristics by mandatory and optional PAIs for real estate and other selected indicators. Please find the other selected indicators and their performance in 2022 in table 1.

The Fund's performance in terms of mandatory and optional PAIs for real estate in 2022 was as follows:

PAI	Indicator	2022	2021 (reference year)
Mandatory PAI	<u>Exposure to fossil fuels through real estate assets:</u> Share of investments in real estates involved in the extraction, storage, transport or manufacture of fossil fuels	0 %	0 %
	<u>Exposure to energy-inefficient real estate assets:</u> Share of investments in energy-inefficient real estate assets	75.7 %	76.1 %
Selected optional PAIs for real estate	<u>GHG emissions:</u>		
	- Scope 1 GHG emissions generated by real estate assets	185 tCO _{2e}	185 tCO _{2e}
	- Scope 2 GHG emissions generated by real estate assets	352 tCO ₂	490 tCO ₂
	- Scope 3 GHG emissions generated by real estate assets	469 tCO ₂	488 tCO ₂
	- Total GHG emissions generated by real estate assets	1,006 tCO ₂	1,163 tCO ₂
	<u>Energy consumption intensity:</u> Energy consumption in GWh of owned real estate assets per square meter	0.00013	0.00018
	<u>Waste production in operations:</u> Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract	0 %	0 %

Table 2. Principal adverse impact indicators monitored by the fund.

● **...and compared to previous periods?**

The Fund's performance of mandatory and optional PAIs for real estate in the previous period (2021) can be seen from the table above.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

In 2022, the Fund did not have any sustainable investments under management, which is why this question is not relevant.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

In 2022, the Fund did not have any sustainable investments under management, which is why this question is not relevant.

— **How were the indicators for adverse impacts on sustainability factors taken into account?**

CapMan AIFM Oy ("CapMan") considers principal adverse impacts of its investment decisions on sustainability factors. The Fund monitors and reports real estate mandatory principal adverse impact related indicators on fossil fuels and energy efficiency (see table 2), and optional indicators on GHG emissions, energy consumption and waste production (see table 2).

CapMan seeks to limit its exposure to the fossil fuel sector through its activities as well as tenant relationships. CapMan seeks to improve energy efficiency and reduce energy consumption (intensity) of its properties during its ownership. The energy improvements can be a result from energy investments (e.g. on-site renewable energy investments) or for example tenant engagement. CapMan seeks to engage with property managers, its tenants and other stakeholders to improve energy efficiency of its properties over their life cycle and to meet its short and long-term targets.

CapMan has committed to the Science Based Targets initiative, using the Private Equity Sector Science-Based Targets Guidance, which includes investments in private equity, infrastructure and real estate. In addition, CapMan is in the process of establishing a Net Zero roadmap including target year for when CapMan will be Net Zero. To this end, CapMan is setting short-term GHG emission reduction targets by 2027 and 2032 on a 2021 baseline, as well as establishing the long-term Net Zero year. CapMan collects and discloses data from its investments on Scope 1, 2, and 3 emissions. CapMan is an active owner and drives the green transition and energy efficiency of its properties. The Fund has created a roadmap to achieve short-term emission targets 2027 and 2032, which includes energy efficiency measures, nudging tenant behavior and purchase of guarantees of origin certified green electricity and district heating products, when available.

CapMan Real Estate is committed to equip the assets under management with facilities for waste sorting and a waste recovery or recycling contract.

— **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

In 2022, the Fund did not have any sustainable investments under management, which is why this question is not relevant. However, CapMan is committed to work towards compliance with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

CapMan AIFM Oy ("CapMan") considers principal adverse impacts of its investment decisions on sustainability factors.

CapMan seeks to limit its exposure to the fossil fuel sector through its activities as well as tenant relationships. CapMan seeks to improve energy efficiency and reduce energy consumption (intensity) of its properties during its ownership. The energy improvements can be a result from energy investments (e.g. on-site renewable energy investments) or for example tenant engagement. CapMan seeks to engage with property managers, its tenants and other stakeholders to improve energy efficiency of its properties over their life cycle and to meet its short and long-term targets.

CapMan has committed to the Science Based Targets initiative, using the Private Equity Sector Science-Based Targets Guidance, which includes investments in private equity, infrastructure and real estate. In addition, CapMan is in the process of establishing a Net Zero roadmap including target year for when CapMan will be Net Zero. To this end, CapMan is setting short-term GHG emission reduction targets by 2027 and 2032 on a 2021 baseline, as well as establishing the long-term Net Zero year. CapMan collects and discloses data from its investments on Scope 1, 2, and 3 emissions. CapMan is an active owner and drives the green transition and energy efficiency of its properties. The fund has created a roadmap to achieve short-term emission targets 2027 and 2032, which includes energy efficiency measures, nudging tenant behavior and purchase of guarantees of origin certified carbon-free electricity and district heating products, when available.

CapMan Real Estate is committed to equip the assets under management with facilities for waste sorting and a waste recovery or recycling contract.

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 2022



What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Kiinteistö Oy Business Park Plaza Halo	Office	11.55%	Finland
Kiinteistö Oy Quartetton Cello	Office	10.66%	Finland
Stamholmen 70 PropCo ApS	Warehouse/office	9.32%	Denmark
Søllerødgade 15-19 K/S	Niche living	9.13%	Denmark
Tonsbakken Holding ApS	Logistics/office	9.00%	Denmark
Particentralen 8 AB	Niche living	8.49%	Sweden
CMNPI Sunrock HoldCo AB	Warehouse/office	7.08%	Sweden
Kryddpepparn HoldCo AB	Industrial/logistics	6.56%	Sweden
Kiinteistö Oy Helsingin Osmontie 38	Office	6.54%	Finland
Koy Espoon Porarinkatu 1	Niche living	6.30%	Finland
CMNPI Sintrupvej	Warehouse/office	3.21%	Denmark
CapMan Hotels II FCP-RAIF	Hotels	2.96%	Finland, Sweden

What was the proportion of sustainability-related investments?

83.21% of the assets under management promote E/S characteristics as described in table 1.

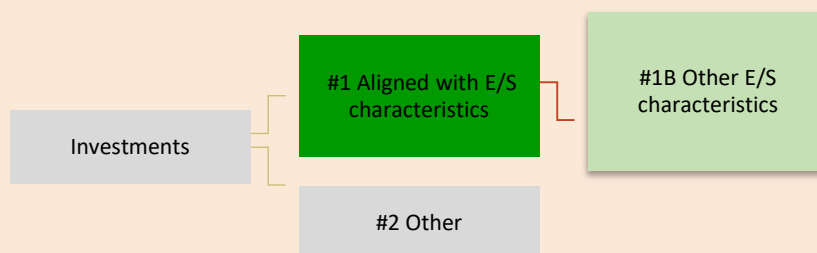
Minimum environmental safeguards are defined in CapMan's internal policies, processes and guidelines.

● What was the asset allocation?

In 2022, 83.21% of the real estate investments within the Fund were classified as "1B Other E/S characteristics", which promoted environmental and social characteristics but did not qualify as sustainable investments.

In 2022, the remaining 16.79% of the investments are included in "#2 Other" which consisted of cash and cash equivalents, investments held for hedging purposes, investments for diversification purposes, investments in a diversified portfolio or investments for which there is insufficient data.

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.



● In which economic sectors were the investments made?

The fund invests in real estate and in 2022 the subsectors were industrial/logistics, office and niche living.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

In 2022, the Fund did not have any sustainable investments under management, which is why this question is not relevant.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

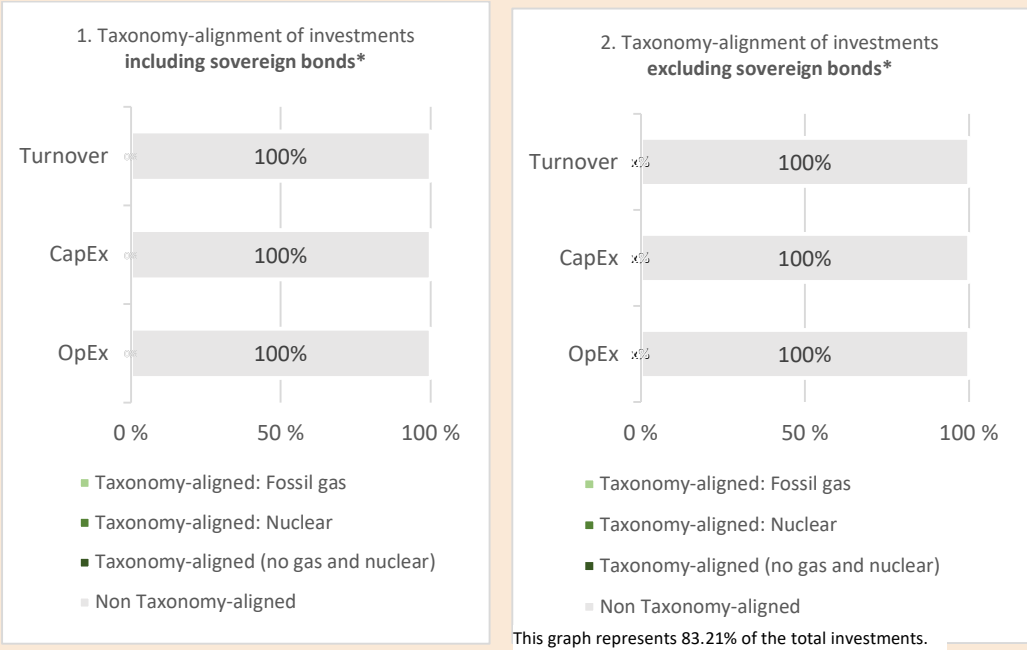
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

☐ Yes:

☐ In fossil gas
☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.

● **What was the share of investments made in transitional and enabling activities?**

In 2022, 83.21% of the Fund’s investments included transitional activities as part of the Science Based Targets commitment and the aligned carbon reduction activities such as switching to guarantee of origin certified carbon-free energy. For clarity, the Fund did not invest in transitional or enabling activities in accordance with EU Taxonomy regulation (renovation of existing buildings) in 2022.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

The share of EU Taxonomy alignment remained the same as the previous reference period (0%).



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

In 2022, the Fund did not have any sustainable investments under management, which is why this question is not relevant.



What was the share of socially sustainable investments?

In 2022, the Fund did not have any sustainable investments under management, which is why this question is not relevant.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

For the other ancillary assets, including cash, cash equivalents and hedging instruments, no minimum environmental or social safeguards have been put in place.

In addition to the ancillary assets, “other” investments include investments in a diversified portfolio - CapMan Hotels II FCP-RAIF. In 2022, the CapMan Hotels II FCP-RAIF fund was classified as an Article 8 financial product and promoted environmental and social characteristics but did not invest in sustainable investments.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Fund has taken action to promote environmental and social characteristics, which are defined in table 1.

Regarding GHG emissions, CapMan has committed to the Science Based Targets initiative, using the Private Equity Sector Science-Based Targets Guidance, which includes investments in private equity, infrastructure and real estate. In addition, CapMan is in the process of establishing a Net Zero roadmap including target year for when CapMan will be Net Zero. To this end, CapMan is setting short-term GHG emission reduction targets by 2027 and 2032 on a 2021 baseline, as well as establishing the long-term Net Zero year. CapMan collects and discloses data from its investments on Scope 1, 2, and 3 emissions. CapMan is an active owner and drives the green transition and energy efficiency of its properties.

During 2022, the Fund created a roadmap to achieve short-term GHG emission targets 2027 and 2032, which includes energy efficiency measures, nudging tenant behavior and purchase of guarantee of origin certified carbon-free electricity and district heating products, when available. In 2022, carbon-free electricity was purchased to most of properties located in Finland and Sweden.

Regarding energy efficiency and intensity, CapMan started an energy saving campaign for the heating season 2022-2023. During the initiative, the temperature was lowered by one degree on average at applicable retail and office buildings, while ensuring the health and safety of the premises. CapMan Real Estate also encouraged its tenants to participate in the initiative via newsletters. In addition, the Fund initiated and completed various energy efficiency measures such as smart building automation system projects, lighting upgrades to LED and other upgrades.

Waste sorting facilities were provided to all assets under management.

Regarding water consumption and intensity, smart water metering and water leakage identification system SmartVatten has been installed and applied to most properties located in Finland and Sweden. The system alarms relevant personnel about possible water leakages, which minimizes moisture risks and retains property value.

An updated tenant satisfaction survey was sent out to tenants in the Fund. The results were assessed and measured were planned to increase tenant satisfaction in the future.

BREEAM In-Use and DGNB In-Use green building certifications projects were initiated to assets located in Sweden, Finland and Denmark.

The Fund participated in the GRESB Real Estate Assessment for the first time to obtain benchmark information regarding ESG management and performance of the Fund. The Fund received 2 stars (out of 5) from the GRESB Real Estate Assessment 2022. The Fund achieved 65 points (out of 100). GRESB average score was 74 points.

Various ESG training sessions were arranged for CapMan Real Estate personnel covering also the Fund's personnel. The training topics ranged from green building certifications, LCA, embodied carbon, climate risks, SFDR and EU Taxonomy.

All CapMan policies were followed.

For more details, please see table 1.



How did this financial product perform compared to the reference benchmark?

There is no designated reference benchmark or index in the market. However, the Fund applies GRESB Real Estate Assessment to obtain benchmark information regarding ESG management and performance of the Fund.

● How does the reference benchmark differ from a broad market index?

There is no designated reference benchmark or index in the market.

● How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

There is no designated reference benchmark or index in the market.

● How did this financial product perform compared with the reference benchmark?

There is no designated reference benchmark in the market. However, the Fund applies GRESB Real Estate Assessment to obtain benchmark information regarding ESG management and performance of the Fund. The Fund received 2 stars (out of 5) from the GRESB Real Estate Assessment 2022.

● How did this financial product perform compared with the broad market index?

There is no designated reference benchmark or index in the market.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.