Pre-contractual 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: Vesteda Residential Fund **Legal entity identifier: 724500GA1ZREYP7XO676**

Environmental and/or social characteristics

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 80% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ 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	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes environmental characteristics, being energy reduction of the portfolio and mitigation of elevated climate risks, as reflected in the sustainability indicators as set out below. The promoted environmental characteristics are met for the set targets on climate mitigation and climate adaptation. No reference benchmark has been designated.

The Fund regards the assets of the portfolios with energy label A, B or C (so called "green labels"[1]) as aligned with environmental characteristics. Assets with energy label D and below are not regarded as aligned with environmental characteristics.

The Fund regards the assets of the portfolio with energy label A or B[2] as "sustainable investments".

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

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The Fund uses the following sustainability indicators to measure the environmental characteristics:

- Energy consumption intension of the Fund (metric: energy consumption in kWh of owned real estate assets per square meter); For this metric, the actual energy consumption is used and always extrapolated to 100% coverage.
- Investments with a green (A,B,C) energylabel (metric: share of investments with a green energylabel).
- Investments that have no to a mid physical climate risk (metric: share of investments in market value where no to a mid-climate risk is identified); this includes all 6 physical climate risks combined, being: flooding due to levy breach, flooding due to extreme rainfall, wildfires, drop in groundwater levels, rise in groundwater levels and heat stress. The physical climate risk assessment is done by an in-house tool that is created by experts to assess these risks. The tool uses high quality data from www.klimaateffectatlas.nl and includes building specific information to determine the risk exposed.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The objective of the sustainable investments is climate mitigation. The Fund contributes to this objective by reducing the energy demand of the real estate portfolio.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

[1] In line with the Energy Performance Building Directive (EPBD) 2009/91/EC and Nederlands Technische Afspraak (NTA 8800:2022)

[2] This is in line with the definition of "inefficient real estate" as set out in Annex 1 of the Regulation (EU) 2019/2088, which states that real estate assets with EPC of C or below are deemed "inefficient".

By taking the indicators of table 1 of Annex 1 for real estate and the relevant indicator of table 2 of Annex 1 (energy consumption intensity) into account.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Fund assesses, for its sustainable investments, whether the Fund's real estate are not involved in the extraction, storage, transport or manufacture of fossil fuels. Furthermore, the Fund checks whether the sustainable investments stay below the thresholds set by Vesteda for indicator 18 of Table 1 of Annex I (exposure to energy-inefficient real estate assets) and the relevant adverse sustainability indicator from Table 2 of Annex I (energy consumption intensity) of the SFDR Delegated Regulation (EU) 2022/1288.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

For the purpose of this disclosure, these guidelines and principles are not applicable because Vesteda invests only directly in real estate assets and not in companies.

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 EU criteria.

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

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

Does this financial product consider principal adverse impacts on sustainability factors?

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.

✖ Yes

The Fund assesses the following principle adverse impact indicators every year:

1) exposure to fossil fuels through real estate assets;
2) exposure to energy-inefficient real estate assets; and
3) energy consumption intensity.

Based on the outcomes of the assessment, it is determined whether (furher) action needs to be taken.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund's strategy stems from the Investment Guidelines as set out in the Terms and Conditions of the Fund. The strategic principles for the basis for an annual Business Plan, that needs to be approved by the participants of the Fund. The approved Business Plan in its turn forms the basis for the annual strategy, including investments.

In the Business Plan, Vesteda has committed to become Paris Proof by 2045. Vesteda's goal for 2030 is to realise a 60% energy reduction in kWh/sqm compared with 1990; for this purpose, it has developed a CO_2 Roadmap, outperforming government Paris Proof targets. In order to achieve this target, Vesteda's sustainability improvement plans are integrated in Vesteda's technical standards which are applied when acquiring, renovating and maintaining Vesteda's real estate assets. Vesteda applies its technical standards to assess whether (potential) investments comply with Vesteda's sustainability and technical requirements. These standards are, in some cases, even higher than national and local regulations and legislation and also take into consideration the Technical Screening Criteria for climate change mitigation and adaptation in relation to the EU Taxonomy Regulation. In addition, Vesteda uses an ESG risk-framework to determine a sustainability impact score for each new-build, renovation project and standing real estate assets. This contributes to a broader scope on relevant sustainability risks and factors. As a result, each potential project is assigned a sustainability impact score based on various indicators.

In addition, Vesteda aims to have a low-risk climate-risk portfolio and therefore will address all identified elevated risks. By 2025 Vesteda aims to have mitigated the very high risks (2% of units in portfolio) and to have planned actions for all other elevated risks, based on in-depth analysis.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The main performance goals set out in the most recent Business Plan are:

- Energy reduction in KWh/m ≈ 60% in 2030 (compared to 1990), a.o. by generating green energy labels and lowering the actual energy consumption;
- All elevated climate risks mitigated or measures planned for 2025 at the latest.

In 2020, Vesteda identified the main climate risks affecting residential real estate at a portfolio level. In 2021 and 2022, these six risks were investigated in more detail by including building specifications in the scores, mainly relevant for heat stress and flooding due to heavy rainfall. Vesteda aims to have a low risk portfolio and therefore it will address all identified elevated risks. By 2025 Vesteda aims to have mitigated the higher risks (2% of units in portfolio) and have planned actions for all the other elevated risks, based on in-depth analysis.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

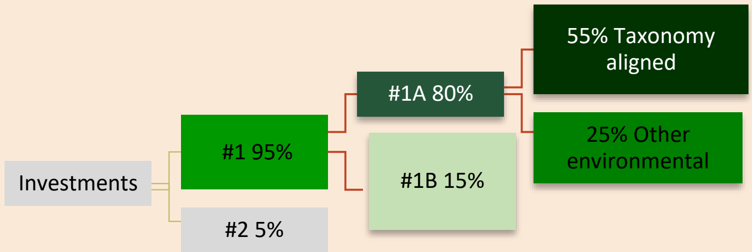
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Not applicable because the Fund invests only directly in real estate properties and not in companies.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

As the common metric used is market value, all percentages are expressed as a % of the total market value of the portfolio to indicate the sustainability balance within each category.



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

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.

(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

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

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[3]?

☐ Yes

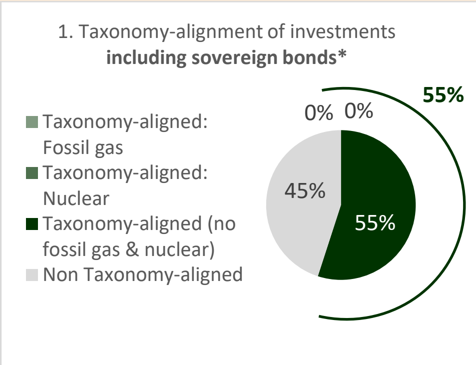
☐ In fossil gas ☐ In nuclear energy

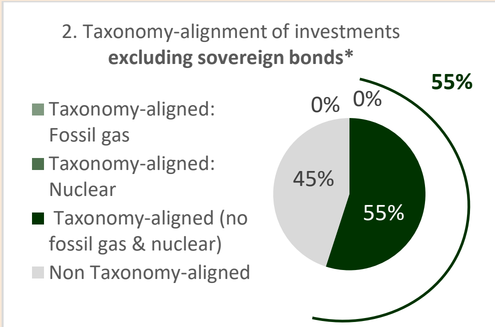
☒ No

[3] 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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentaly sustainable economic activities under the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are 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.





This graph represents 100% of the total investments.

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

What is the minimum share of investments in transitional and enabling activities?

0%

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective is 80% of the total portfolio. Minimal 55% of the portfolio falls within that category and is also EU Taxonomy alligned, which means 25% or less is not EU Taxonomy alligned.

What is the minimum share of socially sustainable investments?

0%

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This represents real estate assets that do not have label A,B or C. There are no further minimum environmental or social safeguards.

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

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

There is no designated reference benchmark.

Where can I find more product specific information online?

More product-specific information can be found on the website:

www.vesteda.com/nl/zakelijk/duurzaamheid/sustainability-related-disclosures