

Statement on principal adverse impacts of investment decisions on sustainability factors



Table 1

<p>Financial market participant - Quantum Immobilien Kapitalverwaltungsgesellschaft mbH - LEI: 529900NILSUJ7UJVZ033</p>		
<p>Summary</p> <p>Quantum Immobilien Kapitalverwaltungsgesellschaft mbH (529900NILSUJ7UJVZ033) and its wholly owned subsidiary, Gentum Immobilien Kapitalverwaltungsgesellschaft mbH, (together "Quantum") consider principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Quantum.</p> <p>The subject of this documents is mandatory information on the influence of the principal adverse impact of investment decisions on sustainability factors. Quantum takes the principal adverse impact on sustainability factors in the investment decisions on directly held real estate, as well as relevant adverse impacts of the investment decisions on environmental factors into account. For this purpose, Quantum established internal policies, risk management procedures, and digital solutions. According to the Sustainable Finance Disclosure Regulation, sustainability factors are environmental, social and employee concerns, respect for human rights and the fight against corruption and bribery. These adverse impacts become measurable through sustainability indicators. The ability to consider the most significant adverse sustainability impacts depends largely on the availability of relevant information. In relation to real estate investments, examples of sustainability indicators are energy efficiency or energy consumption of real estate as well as investments in fossil fuels, which are supported by real estate.</p> <p>The principal adverse impact of investment decisions on sustainability factors of the funds managed by Qunatum, the strategies for determining and weighting them, and the relation of these sustainability factors to international standards that Qunatum recognizes are set out below. Investment decisions in connection with the investment of the KVG's own funds are not covered by the scope of application. Quantum administers real estate funds as a service KVG, which is why the mandatory indicators "fossil fuels" and "energy efficiency", as well as a further optional indicator "energy consumption" are considered in this statement.</p> <p>This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022</p>		
Fossil fuels	Energy efficiency	Energy consumption
0,27%	24,58%	0,30 GWh/m²
<p>For the three indicators mentioned, this statement reports the adverse impacts on sustainability factors in the reference period, as well as explanations on how these were identified and assessed. At the same time, the declaration describes measures taken in the reference period and planned measures for the coming reference period to mitigate and avoid principle adverse impacts. Quantum has established processes to continuously measure and evaluate the principle adverse impacts, e.g. by adding requirements to the acquisition process or establishing a review of the indicators in the risk management process. For funds that have imposed specific requirements on themselves regarding the observance of the principle adverse impacts (pursuant to Art. 7 SFDR), compliance was checked both in the acquisition process and on an ongoing basis. In addition, methods were developed to estimate or extrapolate data not yet available as best as possible according to a best-effort approach. These approaches are also continuously reviewed, at least annually, and adjusted if necessary.</p>		

Description of the principal adverse impacts on sustainability factors						
Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Indicators applicable to investments in real estate assets						
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	0,14%	n/a	<p>100% of Quantum's investments were applicable to the "fossil fuels" indicator (eligibility).</p> <p>In order to determine the share of investments in real estate related to the extraction, storage, transport or production of fossil fuels, there was a data coverage of 100%. The fossil fuel ratio is calculated as the value share of the asset of the total portfolio.</p> <p>In order to determine the ratio, the activities carried out by the tenants in the property were taken into account, irrespective of which industry the tenant belonged to.</p>	In order to reduce the adverse impact, processes were initially implemented in the reference period to be able to measure and evaluate the adverse impact in the acquisition and ownership phase. In the next reference period, the risk management department will consider the indicator in the risk scoring.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	24,58%	n/a	<p>100% of Quantum's investments were applicable for the "energy efficiency" indicator (eligibility).</p> <p>To determine the share of investments in properties with poor energy efficiency, there was a data coverage of 100%. Energy efficiency is based on energy performance certificates with a rating equal or above B with A+ constituting the highest level.</p> <p>In order to comply with the "best effort" approach, certain assumptions were made if the data were not complete:</p> <ul style="list-style-type: none"> Energy certificates without a signature were currently taken into account in full in the calculation. Energy performance certificates that were no longer valid were taken into account if no new energy performance certificates were available. 	In order to reduce the adverse impact, processes were initially implemented in the reference period to be able to measure and evaluate the adverse impact in the acquisition and ownership phase. In the next reference period, the risk management department will consider the indicator in the risk scoring.

					<p>If the reference area of the energy performance certificates is 20% less than the available rental area and this deviation is not confirmed as correct, this was chosen as an indication that further energy performance certificates are missing. For this reason, the market values for these buildings were only taken into account proportionally in the quotas.</p> <p>If the reference area of the energy certificates is 20 % larger than the available rental space, the market value of the building was fully taken into account in the quotas.</p> <p>Missing energy certificates were classified as inefficient</p> <p>*Non-eligible assets were not included in the numerator of the data coverage ratio.</p> <p>Energy performance certificates without letter classification (this applies in Germany and Poland) were converted into a letter classification based on the energy information contained in the energy performance certificate using the so-called "BVI method". The method follows the procedure in German energy performance certificates for residential buildings, where the classification in the colour scales is made based on the final energy demand or consumption. Thus, the classification into the efficiency classes is made based on the final energy consumption shown in the energy performance certificate (for energy consumption certificates) or the primary energy demand (for energy demand certificates). The classification is made on a percentage basis according to the efficiency class limits for residential buildings specified in Annex 10 of the Building Energy Act (GEG) and on the basis of the maximum values for primary energy demand or final energy consumption shown on the energy performance certificates. A building is classified as energy efficient if its primary energy demand or final energy consumption is within the first 30% of the specified maximum values.</p>	<p>Following the analysis, Asset Management implements suitable measures to improve the energy efficiency level in cooperation with specialist planners and the trades carrying out the work. Furthermore, Quantum entered into a collaboration with "right. based on science" to develop a real estate specific tool to measure asset performance vs. the 1,5 degree goal defined by the paris climate accord in 2015. We are striving for a KPI to ease benchmarking in real estate but also across sector classes.</p>
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Other indicators for principal adverse impacts on sustainability factors						
Additional CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Energy consumption	19. energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0,30 GWh/m ²	n/a	<p>94.35% of Quantums investments were applicable to the "energy consumption" indicator (eligibility). In determining the energy consumption of the properties in GWh per square metre, there was a data coverage of 82.14%. In addition to real data, estimated data was also taken into account according to a best-effort approach. Properties that were under construction during the reference period and were not heated or cooled using energy (e.g. warehouses, multi-storey and underground car parks) were not taken into account when determining the indicator (non-eligible assets). It should be noted that due to the current state of data collection, a significant proportion of extrapolations and benchmark information is taken into account for data on energy consumption. Accordingly, the informative value of this data for the properties is limited.</p> <p>To determine the indicator, the final energy consumption and final energy requirements from the existing energy performance certificates were used, provided that this data was given in the energy performance certificates. The values given here therefore do not indicate the actual energy consumption of the properties from the reference year.</p> <p>Energy certificates without a signature were taken into account in full in the calculation. Energy performance certificates that were no longer valid were taken into account if no new energy performance certificates were available. "Non-eligible assets" were not included in the numerator of the data coverage ratio</p>	<p>In order to reduce the adverse impact, processes were initially implemented in the reference period to be able to measure and evaluate the adverse impact in the acquisition and ownership phase. In the next reference period, the risk management department will consider the indicator in in the risk scoring.</p> <p>Quantum aims to implement an ESG data platform in 2023 to determine the starting position for targeted actions to improve its sustainability position. Based on this, technical and AI-supported measures in combination with real estate-specific analyses will be carried out and, in the further course, compared with the targets defined in advance. Following the analysis, Asset Management implements suitable measures to improve the energy efficiency level in cooperation with specialist planners and the trades carrying out the work. Furthermore, Quantum entered into a collaboration with "right, based on science" to develop a real estate specific tool to measure asset performance vs. the 1,5 degree goal defined by the paris climate accord in 2015. We are striving for a KPI to ease benchmarking in real estate but also across sector classes.</p>

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The integration of ESG aspects into all of Quantum's business areas also helps to maintain the long-term value of the properties held and to adapt to changing legal and social requirements. Quantum therefore considers the most important adverse effects of investment decisions on sustainability factors at company level.

The aim of considering adverse sustainability impacts is to measure and weight the negative impacts of investment decisions on sustainability factors and, if necessary, to take measures to limit the negative sustainability impacts identified. Quantum also considers an optional indicator in addition to the two mandatory indicators "fossil fuels" and "energy inefficiency" at company level.

Quantum is of the opinion that the relevance of the individual optional indicators and thus also the adverse sustainability impacts can vary depending on the specific type of use of the properties. For this reason, Quantum differentiates between residential, office, light industrial, retail and parking uses when selecting the choice indicators. This can lead to different choice indicators being selected, measured, documented and reported for different types of use at company level. In Quantum's opinion, this differentiation is the only way to select the most important choice indicator for each type of use.

The adverse effects on the selected sustainability indicators are measured and documented quarterly on March 31, June 30, September 30 and December 31.

Engagement policies

Quantum is not subject to the legal scope of Directive 2007/36/EC therefore Quantum will not disclose any further information on its participation policy.

References to international standards

Quantum signed the United Nations Principles for Responsible Investment (PRI) in 2020. As a member of the Institute of Corporate Governance in the German Real Estate Industry (ICG), the German Investment and Asset Management Association (BVI) and the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), Quantum also operates in accordance with the corresponding rules of conduct and guidelines for sustainable real estate portfolio management. In its corporate governance, Quantum is also guided by 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).

For selected investment assets, Quantum also carries out an assessment according to the Global Real Estate Sustainability Benchmark (GRESB for short) in order to measure sustainability performance in comparison with other funds and to continuously improve it over the coming years. Selected properties are also DGNB certified.

Historical comparison

The report was prepared as of 6/30/2023 for the reporting period 01/01/2022 to 12/31/2022 for the first time.

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