

A close-up photograph of a person's hand in a light blue shirt sleeve resting on a dark laptop screen. The screen displays a grid pattern, and the background is softly blurred with warm, golden light.

eQ's real estate and residential funds ESG report 2022

eQ Asset Management Ltd.

May 2023

ESG highlights of eQ's real estate and residential funds 2022



A carbon neutrality target in terms of in-use energy consumption by 2030

- eQ well on schedule for this



The share of BREEAM In Use -certified properties is increasing



EU Taxonomy alignment assessment of properties started

- Results only in 2023, but based on preliminary estimates, taxonomy alignment is high



Strong performance continues in GRESB results

- Results above the averages of the GRESB respondent group and eQ's comparison group



eQ's real estate investments rose to the highest star grade (five stars) in the PRI 2021 assessment



eQ's real estate and residential funds were accepted as a member of the Green Building Council Finland (FIGBC)

All eQ's real estate funds and eQ Residential II funds are SFDR Article 9 classified funds

eQ's real estate and residential funds in figures



4

Funds

eQ Community Properties (2012)
eQ Commercial Properties (2014)
eQ Residential (2020)
eQ Residential II (2022)

1 272 000

 m²

Area



3,6

mrd. EUR

Real estate assets



eQ is Finland's fourth largest real estate investors.

eQ Asset Management has for several years acted as an active forerunner for sustainable investing. A member and active participant in several organizations.

226

Properties



1180

Tenants



188

GWh

Total energy consumption¹



7741

tCO₂

Emissions¹



BREEAM®

HELSINGIN SEUDUN
KAUPPAKAMARI



RAKLI



↑ ↓ Figures from 31.12.2021

¹The calculations include the properties of the maintenance of which is the responsibility of the owner.

eQ's real estate and residential funds



eQ Community Properties (2012)

- Investments in modern care and social infrastructure properties
- Well diversified portfolio
- Invests in the welfare and social sectors. The investments are distributed geographically in different regions, main focus is on the Helsinki region
- Tenants: private and public operators
- Capital invested: 2 215 MEUR* (12/2022)



eQ Commercial Properties (2014)

- Investments in commercial and office real estates
- Well diversified portfolio
- Main focus of investments are in commercial real estate and in office property
- Strong and trustable tenants
- Real estates are located in Helsinki and Tampere region as well in growth and regional centers
- Capital invested: 1 302 MEUR* (12/2022)



eQ Residential

eQ Residential (2020)

- Investments in residential properties located in the Helsinki region, Tampere and Turku[‡]
- NAV 100 MEUR (=> GAV 330 MEUR)
- Approx. 1,500 units during a 3-year time period)
- Closed ended fund, 05/2021
- Only available for professional investors
- Construction underway, 8 properties already completed, the last construction projects to be started during spring 2023

eQ Residential II (2022)

- Investments in residential properties located in the Helsinki region, Tampere and Turku[‡]
- NAV 100 MEUR (GAV 330 MEUR)
- Approx. 1,500 units during a 3-year time period
- Investment activity started in Q1/2022, first development project started in June 2022
- Closed ended fund, next close Q2/2023
- Only available for professional investors

* The fund's real estate assets are valued quarterly by an external appraiser.

[‡] The eQ Residential funds act as a feeder fund for the separate limited liability companies Oivat Kaupunkikodit, which are engaged in actual housing investment activities. eQ's residential funds are not real estate funds within the meaning of the Real Estate Funds Act and do not comply with the investment restrictions in accordance with that Act.

Sustainability in eQ Group



Sustainability is a key part of eQ's business

- eQ Plc is included in the Nasdaq OMX Sustainability Finland index (40 Finnish companies)
- Sustainability matters on eQ Plc's Board of Directors on a regular basis
- eQ Group's sustainability report
- The goal of sustainable investing is to identify investments that benefit from sustainable operation and their potential for return, and to reduce the risk in investments

A forerunner in sustainable investing

- PRI signatory since 2010
- As a member and active participant in several organizations:



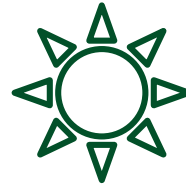
Regular reporting to PRI

Reported areas 2021	Score (max. 100 %)	Star grade*	Median score %	Median grade
<u>Investment & Stewardship Policy</u>	85 %	★★★★☆	60 %	★★★★☆
Private Equity (fund of funds)	90 %	★★★★★	63 %	★★★★☆
Real Estate	93 %	★★★★★	69 %	★★★★☆
Listed Equity - ESG Incorporation	99 %	★★★★★	71 %	★★★★☆
Listed Equity - Voting	57 %	★★★☆☆	54 %	★★★☆☆
Fixed Income - Corporate	78 %	★★★★☆	62 %	★★★★☆

PRI reporting scale is based on star rating (1 star "weak" -> 5 stars "best").

As a result of the successful sustainability performance at Group level, eQ Plc has been given the international [ISS ESG Prime –rating](#). eQ Plc was among the best tenth in its sector regarding responsible operations.

Functional, safe and healthy premises



1 600
Daycare places

12 000
Students at the schools

2 600
Care homes' care places



21 milj.
Shopping center visitors annually

730
Entrepreneurs



455
Tenants in apartments¹

23
Construction projects



1 200 MWh
Electricity produced by solar power plants in 2022

28
Geoenergy systems²

5 000
Office users



Active participation in organizations

RAKLI HELSINGIN SEUDUN KAUPPAKAMARI



Property development serves the people and environment of the area

¹The number of tenants has been calculated on the basis of valid lease agreements for apartments.

²Two geoenergy systems were under construction at the turn of the year (1 eQ Residential fund and 1 eQ Residential II fund).

Property selection

Property management and rental

Property development and construction

A carbon neutrality target in terms of in-use energy consumption by 2030

- Due diligence reviews: soil, structures, energy efficiency, tenants' information, availability of public transport, etc.
 - Energy-efficient and eco-friendly choices of materials and design decisions
 - Geenergy, solar electricity and green district heating
 - Green building electricity since 2018 and green district heating since 2020
- BREEAM certification for all properties
 - Collection of real estate consumption data (energy, water and waste), monitoring of deviations and measures taken based on the data
 - Tenant cooperation: recommendations regarding sustainability in lease agreements, satisfaction survey twice a year and development of operations together
 - The results of the GRESB sustainability assessment as a work tool in the monitoring and development of sustainability
- eQ:s real estate investments' Supplier Code of Conduct attached to all agreements
 - "Sustainable licence to operate" instructions are included in all construction projects
 - eQ and the contractors used by eQ have zero tolerance for the gray economy, underpayment and illegal labor

Investor reporting

- ESG report once a year
-

Sustainability assessment and reporting 2022



Points (max. 100 %)

93 %

Star rating



Median of respondents %

69 %

Median star rating of respondents



GRESB
Global Real Estate
Sustainability Benchmark

eQ Commercial Properties GRESB assessment



GRESB points

GRESB respondents
avg. 74

Green Star

Comparison group 77



eQ Community Properties GRESB assessment



GRESB points

GRESB respondents
avg. 74

Green Star

Comparison group 73



The goal is to certify all properties to at least "very good" level

eQ Commercial Properties BREEAM certification progress*

68 %

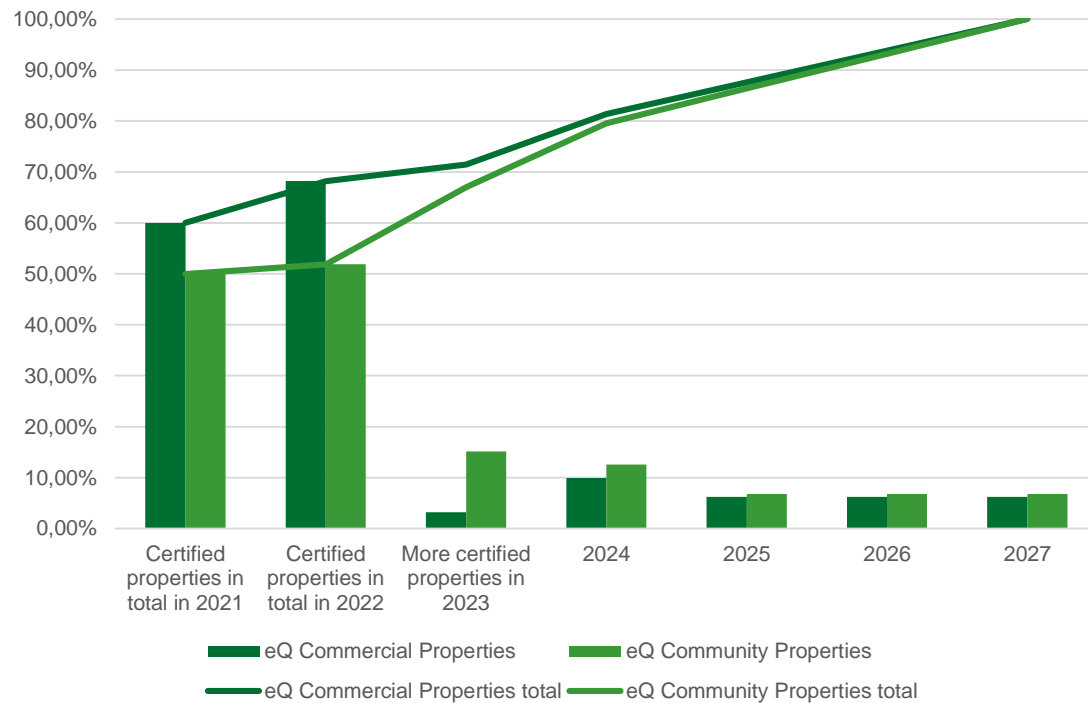
eQ Community Properties BREEAM certification progress*

52 %

* Certified properties (%) of the market value of the fund's properties at the end of 2022.

Aiming for carbon neutrality in energy consumption by 2030

Certification plan for properties



- The goal is to apply for a BREEAM In Use certificate for all properties in eQ's real estate and residential funds, with a level of at least "Very Good".
- In the examination of the so-called first certifications. Assuming that the certifications are renewed.
- The Y-axis shows the percentage of all of the total market value of the fund's properties.
- A property in the eQ residential funds is only certified when the certification conditions are met (e.g. occupancy rate over the last 12 months on average > 80%).

Taxonomy – energy efficiency of properties

- Finding out whether the property is in the top 15 percent nationally in terms of energy efficiency
 - In practice, energy classes A and a large part of B, depending on the property type



Taxonomy – climate risk review

- A climate risk review is also carried out for the properties
- The climate risk analysis assesses which physical climate risks (chronic and acute) may affect the properties during their expected lifetime:
 - Temperature-related (e.g. temperature fluctuations),
 - Wind-related (e.g. changes in wind conditions),
 - Water-related (changes in precipitation conditions such as rain and snow, rising sea levels, flooding, etc.) or
 - Related to land masses and soil (deterioration of the soil, runoff of waterlogged slopes, landslides, etc.).
- In addition, adaptation solutions are evaluated to reduce identified physical climate risks that are essentially related to the properties.

” Results will not be available until 2023, but based on preliminary estimates, the shares of taxonomy-aligned properties in the funds will be significant in the long term.

Local, large energy projects underway



eQ Commercial Properties fund: Martinsillantie 10, Espoo, Kauppakeskus Liila



- A large geothermal system (approximately 20 kilometers to be drilled in total)
 - Produces heating 2600 MWh and cooling 300 MWh
- Further expansion of the solar power plant (165 MWh), total production capacity of the power plant 745 MWh - the largest power unit in a single property of the fund when completed

eQ Commercial Properties fund: Antaksentie 4, Retail Park Vantaanportti

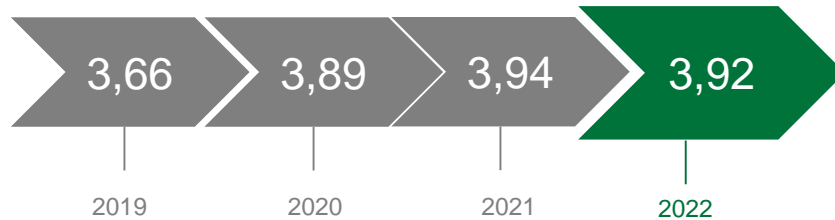


- A large geothermal system (about 16 kilometers to be drilled in total)
 - Produces heating 2300 MWh and cooling 240 MWh
- Additional expansion of the solar power plant (325 MWh), total production capacity of the power plant 460 MWh

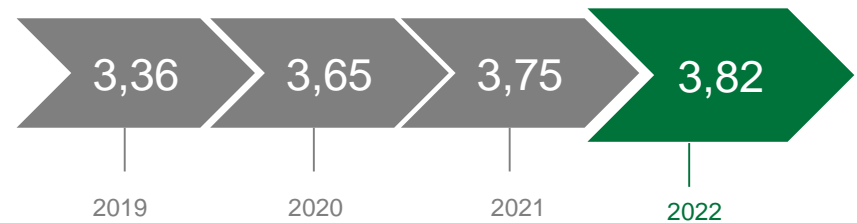
Tenant satisfaction



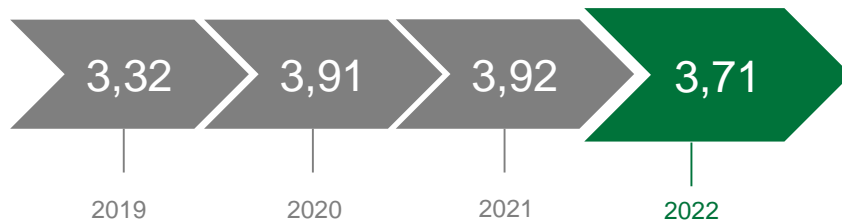
Suitability of the properties*



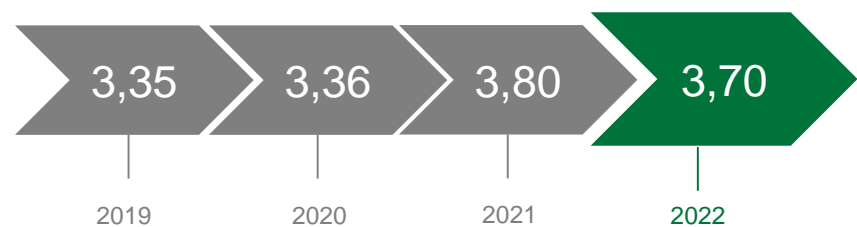
Manager services*



Property maintenance services*



eQ as an owner



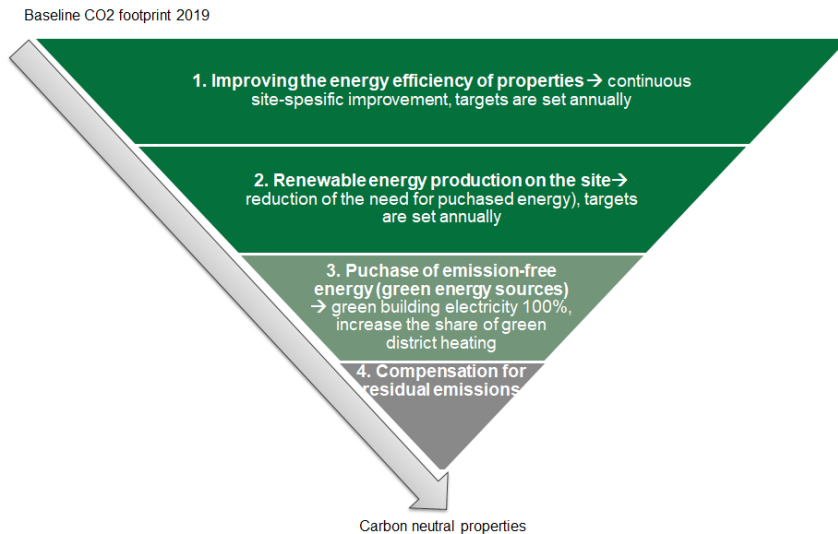
* These grades include several questions in the survey.
Less than 3 = poor results, 3,00 - 3,50 = moderate results, 3,50 - 4,00 = good results and more than 4,00 = excellent results

The purpose of the survey is to collect information on the satisfaction of tenant of properties and to identify areas for development both for individual properties and for eQ's own operations and processes

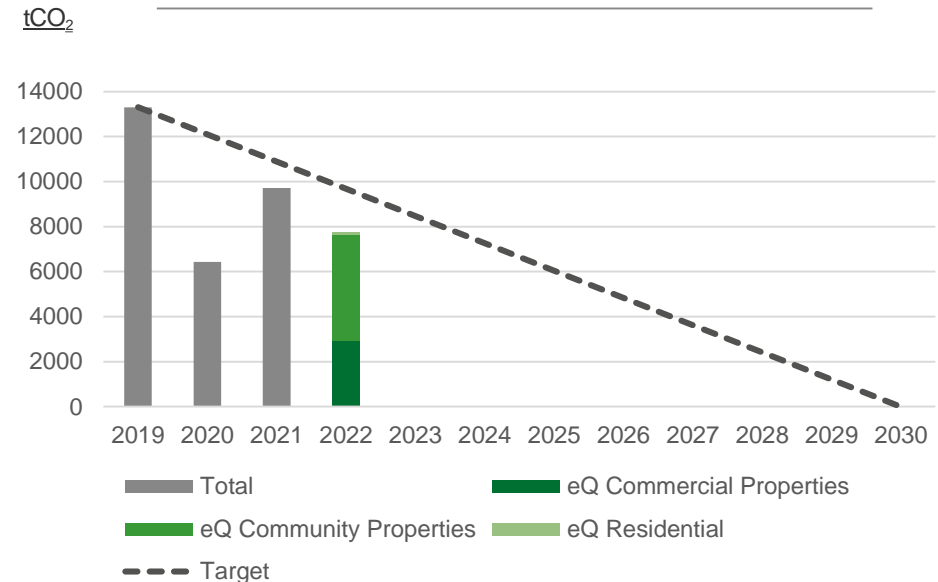
eQ's real estate and residential funds' road map towards carbon neutrality



Strategic priorities for achieving carbon neutrality targets in the coming years



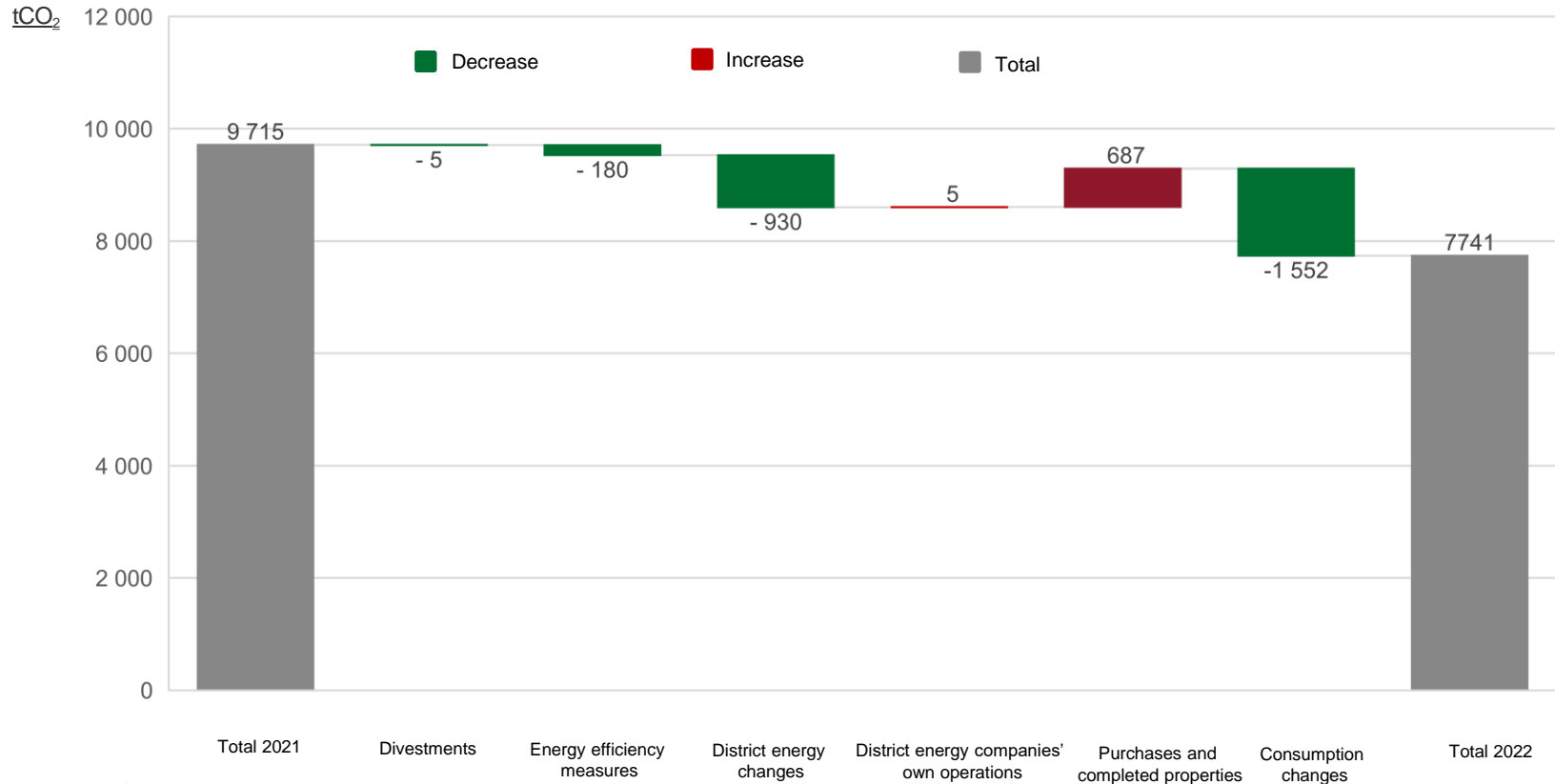
Carbon footprint 2019-2030



*The final value for 2021 has been corrected. The estimate of the 2022 realization has been made using the emission factors published by the energy companies in 2021. The information will be updated when the new emission factors for 2022 have been published.

- The carbon footprint mainly consists of district heating, because the electricity purchased by almost all properties is green.
- Properties whose maintenance is the owner's responsibility are included in the calculations (72 items in 2019, 66 items in 2020, 82 items in 2021 and 109 items in 2022).
- Carbon footprint at the end of 2022 7 741 tCO₂:
 - eQ Commercial Properties fund 2 926 tCO₂
 - eQ Community Properties fund 4 704 tCO₂
 - eQ Residential fund 111 tCO₂

The 2022 events' impact on the carbon footprint



- The carbon footprint mainly consists of district heating, because the electricity purchased by almost all properties is green. About 50% of green district heat is produced by methods that do not require combustion.
- Properties whose maintenance is the owner's responsibility have been included in the calculations (109 items, of which 10 properties from the eQ Residential fund).
- The carbon footprint of 2022 consists of: eQ Commercial Properties fund 2,926 tCO₂, eQ Community Properties fund 4,704 tCO₂ and eQ Residential fund 111 tCO₂.
- Energy efficiency measures: include e.g. adjustment measures and equipment modernizations.
- District energy changes: from district heating to green district heating.
- The district energy companies' own operations (e.g. visible in the change in the emission coefficient): The emission coefficient describes the amount of emissions generated in relation to the amount of the product or service produced. Emission factors are used to determine the carbon footprint.
- Consumption changes: e.g. winter weather (cold, damp, etc.) increases the need for heating energy, and is reflected in the carbon footprint of district heating. Consumption also shows possible energy saving campaigns.

ESG metrics

eQ Commercial Properties



Total consumption and CO2 emissions:	Coverage %		Coverage %		Coverage %		Set targets
	2021	2021	2020	2020	2019	2019	
✓ Energy consumption, MWh:	70 116 ¹	73%	84 007 ²	78 %	91 731 ³	85 %	TETS 7,5% 2017-2025
✓ Carbon footprint, tCO2:	13 797	73%	13 781	78 %	11 530	80 %	Carbon neutrality in energy consumption 2030
✓ Water, m3:	67 242	69%	100 185	78 %	104 886	82 %	Not yet, in process
✓ Waste, t:	718	37%	1 110	52 %	987	41 %	Not yet, in process

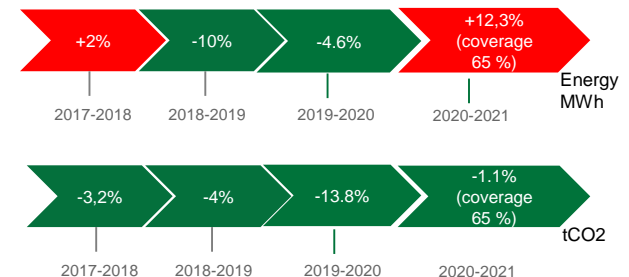
¹Share of renewable energy 50 823 MWh. ²Share of renewable energy 31 408 MWh. ³Share of renewable energy 24 789 MWh
The source of key figures is used eQ Commercial Properties GRESB report.

- Coverage of less than 100 % is due to the fact that no consumption data has been obtained for some of the properties for which tenants are responsible for maintenance.
- Included in the Real Estate Energy Efficiency Agreement (TETS) from 2019. The TETS-based energy efficiency target for 2025 is 7.5% of 2018 energy consumption. The energy saving target for 2025 is 7,076 MWh / a.

Number of properties:	2022	2021	2020	2019
✓ Solar power plants:	17	12	8	5
✓ Geothermal systems:	6	2	-	-
✓ Breem In-Use -certifications	35	30	14	12

- The use of geoenergy and solar electricity is always being studied at new sites
- In 2020, eQ has switched to green district heating in Espoo, Vantaa, Jyväskylä, Järvenpää, Kuopio, Turku and Tampere
- The purpose of certifications is to analyze the site and obtain information about the site's performance, current status and development needs
- The goal is to certify all sites and the Part I section is rated "Very good"

Like-for-like consumption changes GRESB



- Like-for-like means, that the property amount at the turn of the year is compared to the turn of the following year (same properties included throughout the year, purchased properties are not included).
Source: GRESB.

ESG metrics

eQ Community Properties



Total consumption and CO2 emissions:	Coverage %		Coverage %		Coverage %		Set targets
	2021	2021	2020	2020	2019	2019	
✓ Energy consumption, MWh:	82 290 ¹	78%	63 594 ²	71 %	64 966 ³	72 %	TETS 7,5% 2017-2025
✓ Carbon footprint, tCO2:	17 124	79%	10 748	72 %	9 477	72 %	Carbon neutrality in energy consumption 2030
✓ Water, m3:	188 437	71%	141 827	64 %	154 596	60 %	Not yet, in process
✓ Waste, t:	521	19 %	853	37 %	263	14 %	Not yet, in process

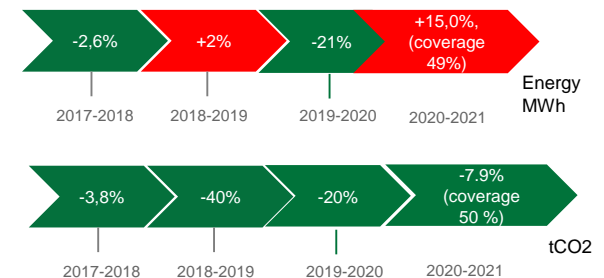
¹Share of renewable energy 35 704 MWh, ²Share of renewable energy 22 019 MWh ja ³Share of renewable energy 6 653 MWh
The source of key figures is used eQ Community Properties GRESB report.

- Coverage of less than 100 % is due to the fact that no consumption data has been obtained for some of the properties for which tenants are responsible for maintenance.
- Included in the Real Estate Energy Efficiency Agreement (TETS) from 2019. The TETS-based energy efficiency target for 2025 is 7.5% of 2018 energy consumption. The energy saving target for 2025 is 7,076 MWh / a.

Number of properties:	2022	2021	2020	2019
✓ Solar power plants:	12	7	5	1
✓ Geothermal systems:	18	17	14	22
✓ Breem In-Use certifications	58	31	17	10

- The use of geogeneity and solar electricity is always being studied at new sites
- In 2020, eQ has switched to green district heating in Espoo, Vantaa, Jyväskylä, Järvenpää, Kuopio, Turku and Tampere
- The purpose of certifications is to analyze the site and obtain information about the site's performance, current status and development needs
- The goal is to certify all sites and the Part I section is rated "Very good"

Like-for-like consumption changes GRESB

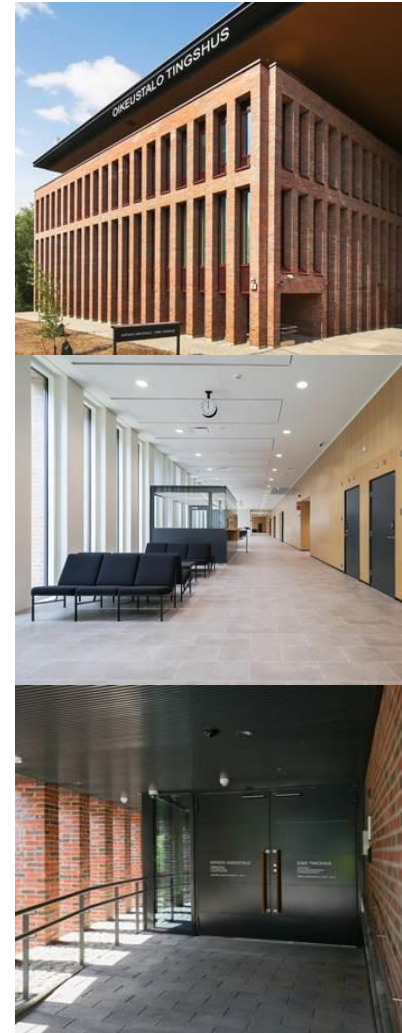


- Like-for-like means, that the property amount at the turn of the year is compared to the turn of the following year (same properties included throughout the year, purchased properties are not included).
Source: GRESB.

Property example: Espoo's new courthouse



- Built by eQ Community Properties fund
- About 8 600 m² ja 200 office workstations as well as customer service and meeting room facilities
- The tenant is Senaatti-kiinteistöt, which has leased the premises to judicial administration operators (Länsi-Uudenmaan käräjäoikeus, Ulosottolaitos ja Syyttäjälaitos)
- The courthouse is carbon neutral in terms of heating, cooling and electricity
 - Energy consumption is monitored using a comprehensive energy measurement system connected to building automation, allowing the building's energy efficiency to be optimized
 - Environmental certificate according to [BREAM](#) New Construction 2016 (Very Good level)
 - The best A energy class¹



¹Energy classes: A – the house has its own energy production, B – very low energy demand or passive house, C – New construction typical, D – 1990s district heating, pellet or geothermal house, E – 1980s district heating house tai F – 1970s oil-heated house Source: <https://www.yit.fi/asunnot/kestava-asuminen/energiatodistus>.

eQ Residential funds¹ – Realization of sustainability



Environmental certifications

- All properties are certified as BREEAM In-use target level "Very Good".
- The properties are only certified when the certification conditions are met (e.g. occupancy rate in the last 12 months on average > 80 %).

Sustainability and sustainable energy solutions

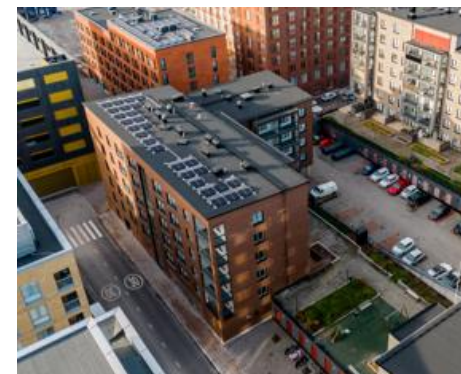
- Solar power plant in all residential properties
- Two properties using geogeneity are ready and two are under construction. In addition, there is one property under construction with heating using an air-to-water heat pump. All other properties use green district heating.
- In addition to solar electricity, all properties use green electricity.
- All properties are new and all properties of eQ Residential II fund are basically energy class A.

The first properties of the eQ Residential fund included in the 2022 carbon footprint calculation

- The carbon footprint of the eQ Residential fund is 111 tCO₂ in 2022.
- 10 properties are included in the calculation.



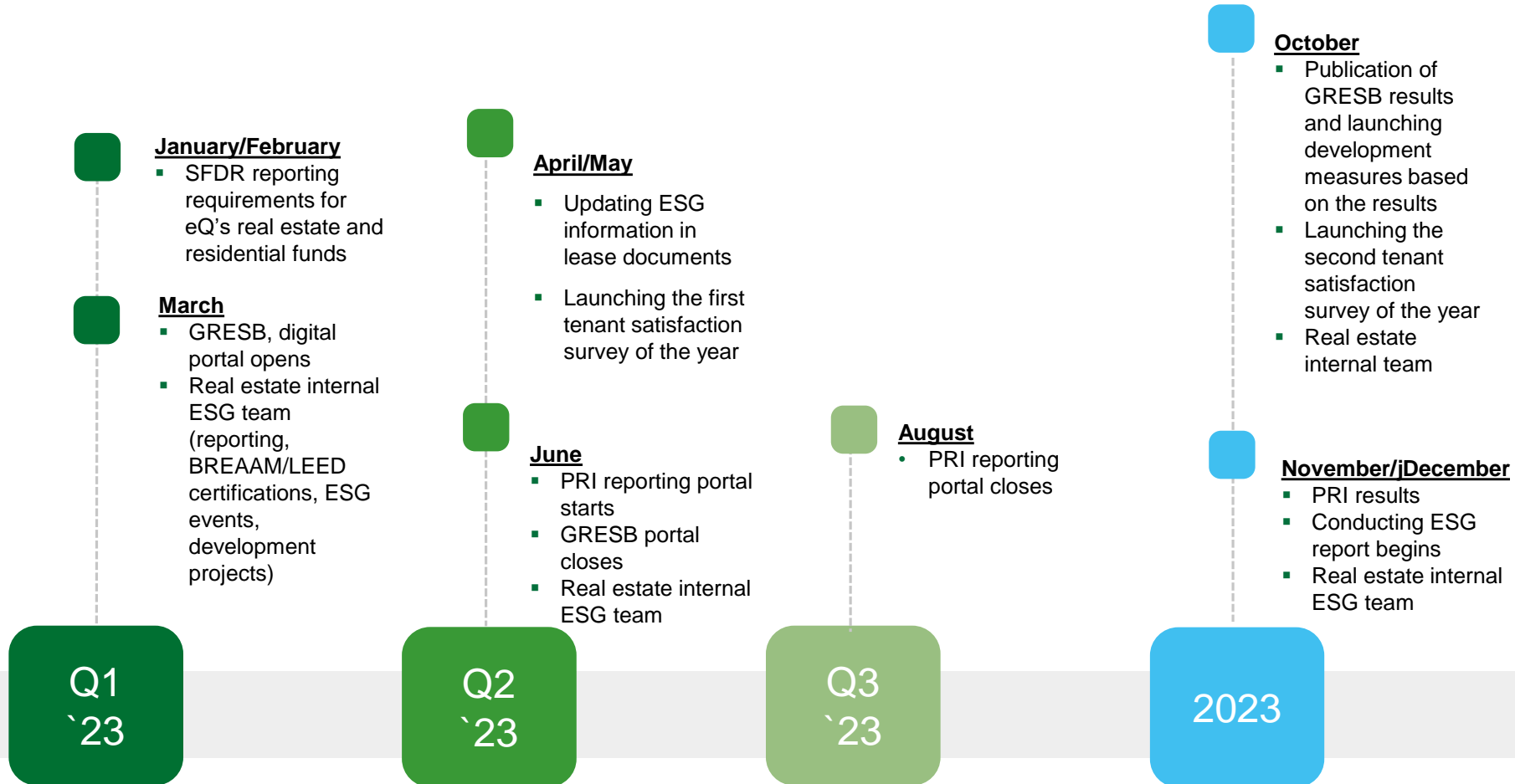
All eQ residential funds have solar power plants. A photo from the eQ Residential fund's work site in Helsinki Kannelmäki, Asunto Oy Helsingin Vanhaistentie 1 C.



The eQ Residential fund's first project using geogeneity was completed in Turku Herttuankulma in the fall of 2022. A photo of the eQ Residential fund's property Turku Herttuankulma, Asunto Oy Turun Malin Trällinkuja 1.

¹eQ's residential funds are not real estate funds within the meaning of the Real Estate Funds Act and do not comply with the investment restrictions in accordance with that Act.

ESG in the fund's annual calendar 2023



The implementation of the carbon neutrality roadmap for eQ's real estate and residential funds continues



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