

Nrep Decarbonization Policy

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Introduction

Urban Partner's (Urban Partners A/S) is committed to excellence and innovation in sustainable urban development. We are guided by our purpose "We invest to help cities win the battles for our future", and four priorities are driving us to become the world's leading urban investor:

- 1) **Generate attractive risk-adjusted returns** through investing capital with a strong focus on solving urban problems to the benefit of all stakeholders
- 2) **Catalyze healthy urban neighborhoods** creating green and thriving places for people to prosper
- 3) **Pioneer problem-solving partnerships** to bridge the gap between interests of people, cities, and capital
- 4) Decarbonize the built environment **to bring down urban emissions from the staggering 70% of all global emissions¹**

These priorities are at the core of Urban Partner's business activities and investment strategies, including Nrep, Velo, and 2150 (Urban Partners A/S and all its direct and indirect subsidiaries and associated entities).

This policy specifically concerns Nrep, our investment strategy pursuing equity investments in real estate assets. It outlines guidelines for Nrep's steadfast commitment to significantly reduce carbon emissions according to standards set out by The Science Based Target initiative (SBTi). SBTi builds on deep climate science and has gained the necessary momentum to ensure alignment and comparability within industries and across sectors, in line with the Paris agreement and a 1.5C scenario. We believe that wider adaptation of SBTi can accelerate change in the real estate industry.

Rationale

Our fiduciary duty is to create value for our investors and seek opportunities in what defines the future. We firmly believe that our approach of deeply embedding sustainability into our core decision-making will make better real estate and help to de-risk assets within the urban environment. Climate change mitigation and adaptation are at the core of all our investment strategies, and we see vast business opportunities in driving the green transition of real estate. We see strong indications of value creation in focusing on these across our value chain from wider access to investment opportunities, lower vacancy, increased leasing velocity, higher rent, higher exit valuation, better access to financing and more attractive financing terms. New regulatory demands from the EU, governments, cities, and municipalities demonstrate the need for decarbonization and transparency. We welcome regulatory frameworks and requirements that drive impact and intend to stay ahead of these. We will continue to work actively with NGOs and academia to align our approach and efforts with climate science.

Climate change adaptation

In order to achieve a truly sustainable built environment, it is imperative that climate change adaptation, alongside climate change mitigation, is integrated simultaneously. The urgency of adaptation is apparent across the globe as climate hazards are becoming both more frequent and severe leading to catastrophic loss both socially and financially. As such, proactively addressing any physical risks faced by our assets with sophisticated and science-led scenario analyses (including RCP² 8.5) and potential mitigation efforts is an essential aspect of maintaining our license to operate. Our commitment and approach to assessing physical climate risks are embedded in our policies, including [Urban Partner's ESG policy](#) and [Nrep's ESG policy](#).

¹International Energy Agency

²Representative Concentration Pathways; representing potential future levels of greenhouse gas concentrations in the atmosphere



Climate change mitigation

Urban cities are estimated at 70% of global greenhouse gas (GHG) emissions of which the construction and operation of buildings account for approximately 37%.³ Thus, achieving decarbonization in our global economy necessitates the decarbonization of the urban and built environment. Beyond this imperative, decarbonized buildings are also more attractive. To this, we are committed to leading the way in decarbonizing the real estate industry and prioritize investments that have real impact on reducing GHG emissions. Through retrofits, leveraging energy-efficient technologies, and implementing advanced environmental standards in new construction projects, we aim to drive real decarbonization of our sector.

Definition of decarbonization

In this policy, and for Urban Partners, decarbonization refers to the process of reducing greenhouse gas emissions and counterbalancing the impact of remaining emissions, aligning with science-based terminology and guidance for measuring and managing greenhouse gas emissions.⁴ Decarbonizing real estate covers all building emissions (Scope 1, 2 and 3), hereunder whole life emissions including in-use operational and upfront embodied carbon. We account for whole building emissions including owner/landlord spaces, common areas and tenant spaces.⁵

Target group

This policy pertains to all employees and activities of companies belonging to the Urban Partners Group when managing, sponsoring, or advising private equity real estate funds, including Urban Partners Management Company S.A. acting as the alternative investment fund manager (the “AIFM”) of such funds.

Decarbonization commitment

Nrep pursues real decarbonization. Real decarbonization to us entails pursuing emission reductions in our value chain first and foremost (before looking beyond value chain mitigation), acting now rather than later, and striving for transparency following leading global standards. We believe that the SBTi provides a good framework for real decarbonization.

We have operationalized our belief in real decarbonization by focusing on near-term targets covering our most substantial sources of emissions; upfront embodied emissions from construction of real estate, in-use emissions from operation of real estate, and engagement targets for our indirect investments in real estate companies. These targets cover ~96% of Urban Partners’ emissions⁶

Our near-term targets were submitted to the SBTi for validation in 2024, following the release of the final SBTi Buildings Criteria. We expect validation during Q1 in 2025. The targets are set at corporate level with near-term targets for 2030.

Although focusing our efforts on action now, guided by our near-term targets, we are committed to achieve Net Zero GHG emission before 2050 following the SBTi framework. We intend to set Net Zero targets upon SBTi’s publication of the Financial Institutions Net-Zero Standard.

The SBTi sets out four essential components that comprise a corporate net-zero target:

³ The World Bank

⁴ Science-based standards including the Greenhouse Gas (GHG) Protocol, Partnership for Carbon Accounting Financials (PCAF), the Carbon Risk Real Estate Monitor (CRREM) and the Science Based Targets initiative (SBTi).

⁵ Principles as per Leaders of the Urban Future (LOTUF) in partnership with Systemiq, “Seeing is Believing: Unlocking the Low-Carbon Real Estate Market”, SBTi Buildings Sector Explanatory Document

⁶ Urban Partners’ corporate emissions (covering ~2% of emissions) and remaining investment strategies Velo and 2150 (covering ~2% of emissions)



Near-term science-based target: 5–10-year emission reduction targets in line with 1.5C pathways.

Long-term science-based target: Target to reduce emissions to a residual level in line with 1.5C scenarios by 2050 (no later).

Neutralization of any residual emissions: GHGs release into the atmosphere when the company has achieved their long-term SBT must be counterbalanced through the permanent removal and storage of carbon from the atmosphere.

Beyond value chain mitigation: Taking action outside companies' own value chains to mitigate GHG emissions in addition to their near-term and long-term science-based targets.⁷

Our focus and efforts are first and foremost on reducing value chain emissions. Additionally, we take responsibility by pushing the agenda globally in our industry by supporting transparency frameworks such as SBTi and convening industry leaders. Our work with piloting the SBTi Buildings Criteria and “Leaders of the Urban Future”⁸ are examples of this.

We believe carbon offsets comes with the risk of deviating the focus and obscuring the picture from actual emission reduction efforts. However, once we have reduced value chain emissions to the extent possible, we intend to set an approach for neutralizing any residual emissions.

Our emissions measurement methodology builds on leading international, science-based standards including the Greenhouse Gas (GHG) Protocol, Partnership for Carbon Accounting Financials (PCAF), the Carbon Risk Real Estate Monitor (CRREM) and the SBTi Buildings Criteria.

Scope (Boundary conditions)

Nrep's decarbonisation commitment as well as GHG measurement and disclosure are subject to the following scope i.e., boundary conditions, which follow the GHG Protocol methodology⁹:

a) Definitions:

- Our GHG measurement and disclosure encompasses all greenhouse gases associated with Nrep according to the Kyoto protocol, and reported according to the GHG protocol
- Our GHG measurement and disclosure covers business activities where Nrep has operational control as defined in the GHG Protocol
- Our GHG measurement and disclosure covers whole buildings including tenant-controlled areas as defined by PCAF¹⁰ and SBTi Buildings Sector guidance.¹¹

b) Business areas:

Nrep has operational control in the following business areas:

- Direct investments in real estate assets owned by the following funds:
 - NIP fund
 - NSF funds
 - Portfolio Companies (PCs) owned by the above-mentioned funds, defined as indirect investments in real estate companies, are reported as financed emissions

⁷ SBTi Corporate Net-Zero Standard V1.2, page 13

⁸ Seeing is Believing: Unlocking the Low-Carbon Real Estate Market. Leaders of the Urban Future in partnership with Systemiq. June 2024

⁹ Urban Partners' internal Accounting manual for calculating climate impact includes further details on scope, baseline and calculation methodology

¹⁰ PCAF: Accounting and Reporting of GHG Emissions from Real Estate Operations, version 1.0 - march 2023

¹¹ SBTi: SBTi Buildings Sector Science-Based Target-Setting Guidance Version 1.0 – Release of the final Building Sector Science-Based Target-setting criteria August 28, 2024



under Scope 3, Category 15: Investments. PCs are required to set their own Science-Based Targets and subject to follow the guidance in this policy¹².

Other real estate assets managed by Nrep are excluded, since Nrep does not have operational control following the definition of the GHG protocol.

c) Business activities:

The identified main business activities in terms of emissions volume within Nrep’s real estate business are property operation and construction:

In-use operational emissions: Covers operational GHG emissions from total energy consumption and refrigerant leakage in standing real estate assets (including both owner/landlord and tenant consumption).

- GHG protocol Scope 3, Category 13: Downstream Leased Assets
- Measured based on actual and estimated energy consumption and refrigerant leakage in reporting year

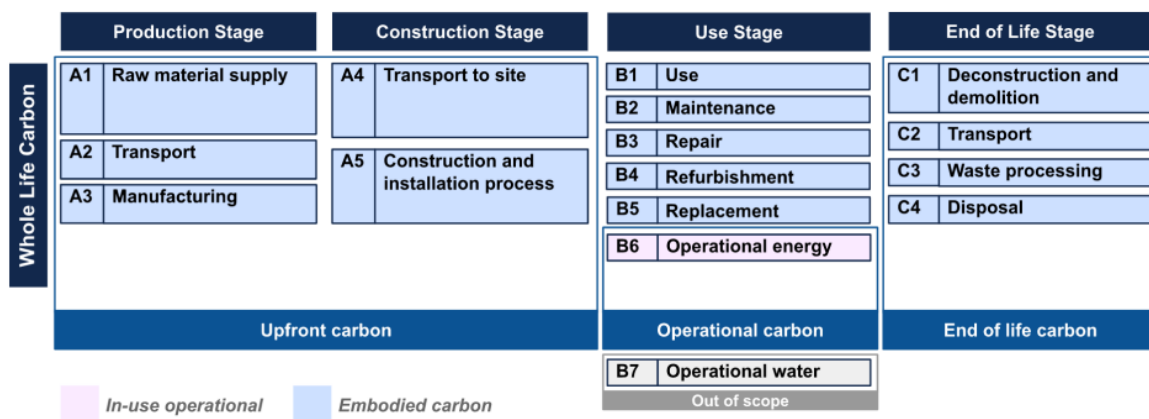
Construction, upfront embodied emissions: Covers upfront embodied emissions from new construction projects, acquisitions of new build projects, and major renovation projects:

- GHG protocol Scope 3, Category 2: Capital Goods
- Life-Cycle Assessments (LCAs) conducted for emission calculation. Including LCA phases A1-A5 (see Figure 1)
- Including construction projects completed in the reporting year
- Excluding projects where Nrep is not the first owner, according to the SBTi Buildings sector guidance.

Nrep measures whole life GHG emissions for all construction projects including own developments, build-to-let, build-to-sell, forward purchases, forward funding, development management agreements (DMA etc.) with LCAs¹³:

- Mandatory modules: A1-A3, A4-A5, B1, B4, B6, C1-C4 (See Figure 1)
- Recommended LCA modules: B2, B3, B5

Figure 1: LCA stages



¹²SBTi Buildings Sector Explanatory Document, SBTi Private Equity Sector Guidance

¹³Nrep’s internal LCA Guideline specifies our requirements further for LCA



Nrep discloses whole life emissions for build-to-sell real estate assets, including upfront embodied emissions and expected emissions from the future use and end-of-life treatment of those assets:

- GHG protocol Scope 3, Category 11: Use of sold products
- GHG protocol Scope 3, Category 12: End-of-life of sold products

Targets

Our targets inform our day-to-day decisions regarding new investments, new developments and asset management. Our targets go above and beyond the near-term goals of the Paris Agreement as defined by Carbon Risk Real Estate Monitor (CRREM) and SBTi.

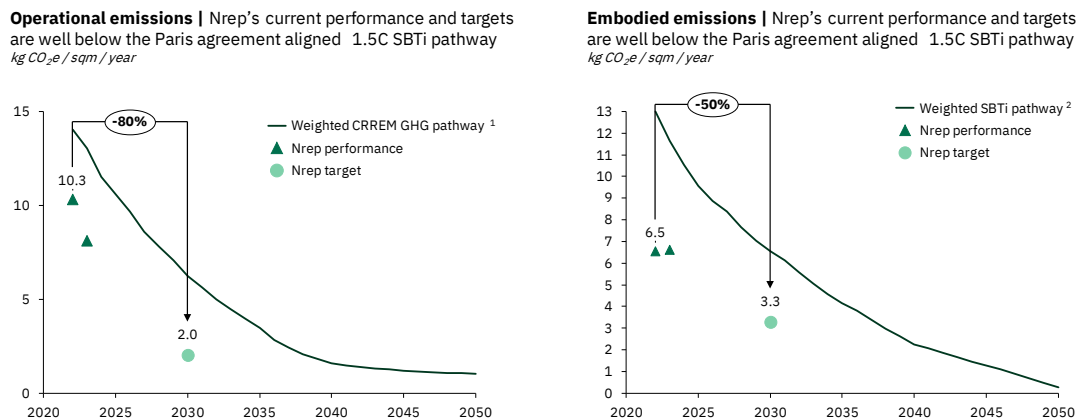
Our Science-based targets submitted to SBTi¹⁴, pertaining specifically to Nrep:

- Urban Partners commits to reduce scope 3 **in-use operational GHG emissions** from direct investment in buildings 80% per m² by 2030 from a 2022 base year.
- Urban Partners commits to reduce **upfront embodied scope 3 GHG emissions** from direct investments in new buildings 50% per m² by 2030 from a 2022 base year.
- Urban Partners commits to **100% of its eligible real estate companies' portfolio** by invested value **setting SBTi validated targets by 2030** from a 2022 base year.
- Urban Partners **commits to install no new fossil fuel equipment** that are owned or financially controlled by the company in its building portfolios from 2025.

Our targets covering portfolio temperature alignment:

- Operational emissions: Urban Partners commit to maintain portfolio average GHG operational emission intensity aligned with Paris Agreement 1.5C scenario¹⁵
- Upfront Embodied emissions: Urban Partners commit to ensure that upfront embodied emissions from development projects completed from 2025-2030 are aligned with Paris Agreement 1.5C on average¹⁶

Figure 2: Nrep targets, operational and upfront embodied emissions



1. CRREM is a framework that aligns operational emissions of real estate with Paris Agreement 1.5C target.
2. SBTi pathway for embodied emissions is a framework that aligns embodied emissions from development of buildings with Paris Agreement for 1.5C target

¹⁴ Pending validation by SBTi

¹⁵ According to CRREM definition and 1.5C GHG pathway

¹⁶ According to SBTi embodied emissions pathway (SBTi Buildings Sector Science-Based Target-Setting Guidance Version 1.0 – Release of the final Building Sector Science-Based Target-setting criteria August 28, 2024)



Our targets covering energy use intensity (EUI):

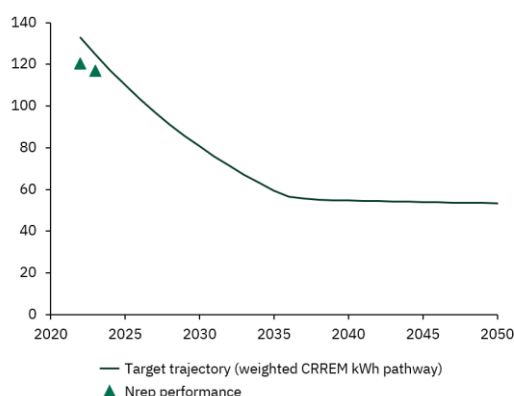
Reducing energy consumption is key to achieve real decarbonization of building operations. We target energy use intensity in alignment with the goals of the Paris agreement as defined by CRREM:

- Urban Partners commit to maintain portfolio average EUI aligned with Paris Agreement 1.5C scenario¹⁷ at all times

The scope for energy use intensity targets is the same as described above for in-use, operational emissions.

Figure 3: Nrep energy use intensity target

Energy Use Intensity | Nrep's current performance is below the Paris agreement aligned 1.5° CRREM EUI pathway
kWh / sqm / year



Baseline

Nrep and Urban Partners have established a full baseline GHG inventory for the year 2022. The same scope is applied for the baseline as outlined in the [Scope \(Boundary conditions\)](#) section (i.e., all Nrep's Scope 1, 2 and 3 emissions using a whole building approach and applying operational control as per the GHG protocol, PCAF and SBTi). The baseline includes all emissions from Nrep's real estate funds that fall under Scope 3 (in accordance with the guidelines of PCAF¹⁸, CRREM¹⁹ and SBTi²⁰). A location based approach, as recommended by SBTi Buildings sector guidance, is applied. Market based GHG emissions will be disclosed separately.

Table 1. Nrep 2022 Baseline, main business activities

Business activity (year)	GHG protocol classification	Absolute emissions (location-based)	Emission intensity (location-based)
In-use, operational emissions	Scope 3, Category 13: Downstream leased assets	194,504.1 tCO ₂ e	10.3 kg CO ₂ e/m ² /year
New construction, upfront embodied emissions	Scope 3 Category 2: Capital goods	24,464.7 tCO ₂ e	6.5 kg CO ₂ e/m ² /year ²¹

¹⁷ According to CRREM definition

¹⁸ PCAF: Accounting and Reporting of GHG Emissions from Real Estate Operations, version 1.0 - march 2023

¹⁹ CRREM Risk Assessment Reference Guide – V2

²⁰ SBTi: SBTi Buildings Sector Science-Based Target-Setting Guidance Version 0.2.1 - Draft for Pilot Testing December 12, 2023

²¹ The baseline assumes a 50-year expected property life



Nrep and Urban Partners documents its technical approach to emissions measurement in our internal Accounting Manual for Greenhouse Gas Emissions.

Monitoring, disclosure and validation

Nrep is monitoring GHG emissions from operations by tracking actual energy consumption and refrigerant leakage for standing assets with a whole building approach. We seek to obtain energy data from tenant-controlled areas by accessing data through 3rd party databases and by way of data sharing obligations in lease contracts. Nrep estimates energy consumption and refrigerant leakage where actual data is unavailable. Nrep is monitoring GHG emissions from construction by conduction LCAs on all new construction projects.

Urban Partners has disclosed its GHG footprint including the energy use intensity (kWh/m²/yr) for the reporting years 2022 and 2023 following the principles of the GHG Protocol, PCAF and SBTi. The disclosure for 2024 including progress towards our targets will be published as part of Urban Partners Impact Report during H1 2025.

Nrep and Urban Partners GHG emissions baseline and reduction targets are expected to be validated by SBTi during Q1 2025.

Target and baseline recalculation

We commit to ensuring our targets are compared against a representative baseline. This includes annually reviewing significant changes in our portfolio, including acquisitions and divestments. If there are significant changes to our business activities and property portfolio composition, or base year inventory, we will review and recalculate targets.

We follow the methodology of the GHG Protocol and SBTi Buildings Criteria for target recalculation and re-baselining. This commitment demonstrates our dedication to accurately measuring and reporting our emissions, maintaining transparency, and aligning our decarbonization efforts with the latest information available.

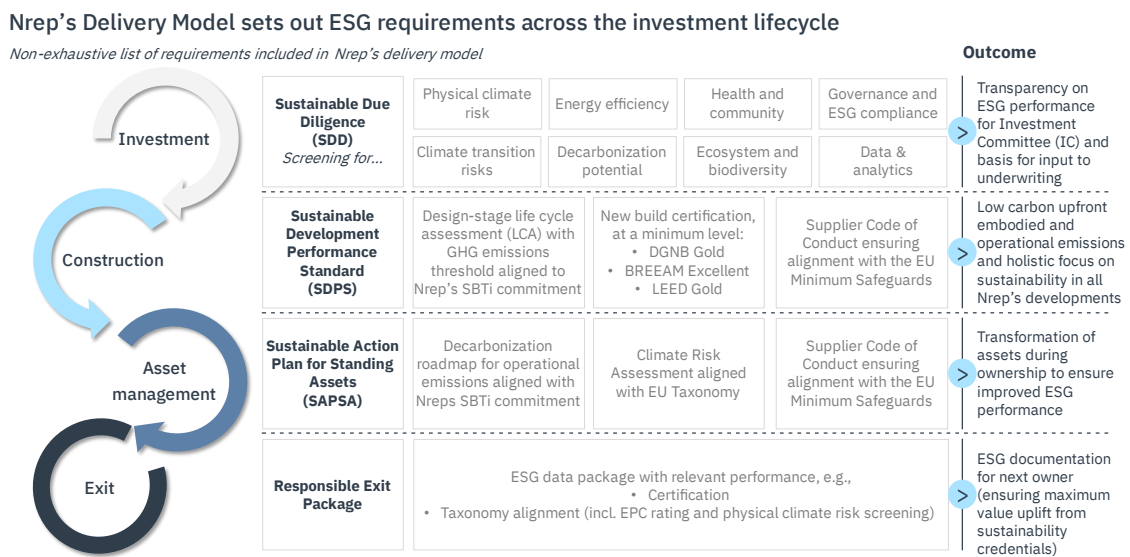


Implementation

Nrep’s Sustainability Delivery Model

Our path to decarbonizing our real estate portfolio is systematically integrated in Nrep’s investment, development and asset management process with our sustainability delivery model. It serves as the foundation to integrate climate action into Nrep’s investment, development and asset management process and decision-making. In the investment phase we deploy the Sustainable Due Diligence (SDD). Following an investment approval, the ongoing evaluation revolves around our operational sustainability framework, which we have developed to ensure systemically and scaled sustainability impact in our asset management and project development: SDPS, SAPSA and a Responsible Exit Package.

Figure 4: Nrep’s Delivery Model



Sustainability due diligence

Nrep’s SDD is a sustainability analysis which includes a detailed assessment of risk and value creation opportunities, and it is mandatory for all investment decisions. Identified risks are further investigated in subsequent steps to assess whether they can be mitigated. This process includes conducting both pre- and post-mitigation assessments to better understand the potential impact and effectiveness of mitigation measures. In our SDD, each of the criteria listed in Figure 4 above has a concrete target to be met e.g., minimum requirements for energy efficiency and GHG emissions in compliance with the CRREM²² pathways, screening of existing animal species and plants, and the adaptability of the building. The investment committee will review key findings from the SDD as well as core elements of the mitigation and impact plan incl. costs. Assets will be evaluated on these criteria both before and after mitigation. The SDD model is continuously reviewed and updated.

Climate Action Template

As part of the Sustainability Due Diligence, and for all of Nrep’s standing assets, we utilize a tool called The Climate Action Template (CAT). The CAT is an internally developed assessment tool designed to evaluate the climate performance of Nrep’s assets. Its primary function is to create individual transition plans for our assets. The tool is used to assess every asset’s current performance (using data available about the asset’s energy characteristics) to create asset level transition plans specifying capex, opex savings, energy, and carbon impact.

²² CRREM Risk Assessment Reference Guide – V2



The individual transition plans for every asset comprise key mitigation levers shown in the below consolidated transition plan for Nrep (Figure 5), which we have identified as the most effective and impactful initiatives to reduce, avoid and capture GHG emission. Our mitigation levers are categorized following our main emission sources; operation and construction activities. Furthermore, we are working with financial incentives spanning across operation and construction activities.

Carbon price risk assessment

Carbon pricing risk assessment is conducted for all Nrep assets under management. It serves as a sensitivity analysis by way of a shadow price applied to residual emissions. The sensitivity analysis is presented to the Investment Committee and considered in investment decisions. The carbon price level is set to 90 EUR / ton CO₂e and revised periodically to reflect market carbon pricing.

Decarbonization levers

Nrep develops and maintains individual transition plans for every standing asset. Transition plans comprise key mitigation levers which we have identified as the most effective and impactful initiatives to reduce, avoid and capture GHG emission. Our levers are categorized following our main emission sources; operation and construction activities.

In-use operational decarbonization levers

The decarbonization of our operation builds on two main topics: energy efficiency and renewable energy supply. Making buildings more energy efficient is the most impactful way to decarbonize real estate operations, prioritizing emission reductions within our product and value chain.

We are working with the following levers to decarbonize operations in new construction projects and as a retrofit in standing assets.

Energy efficiency:

- High efficiency building envelope
- High efficiency installations
- Integrated energy systems
 - On site production of renewable energy using solar PV and geothermal energy
 - Energy storage
 - Heat recovery systems
 - Electrified heating and cooling systems, e.g. heat pump technology
 - Intelligent energy management systems

Renewable energy procurement:

- Procurement of electricity generated from renewable sources off site following the definition of RE100²³
- Procurement of zero or low GHG emitting district heating and cooling

The decarbonization impact of renewable energy procurement affects market based GHG emissions and are not accounted for in location based GHG emissions.

Construction mitigation levers (embodied carbon emissions)

Nrep uses LCAs at the very initial design stages to improve the way we build. Conducting LCA scenario analysis already at the initial stages of concept design is crucial to reduce emissions from construction, as the majority of the footprint is locked in during the initial phases of the development process. Subsequent design changes are often challenging from an economic and process perspective.

²³ RE100 Technical Criteria, 12 December 2022



LCA is used as a tool to achieve GHG reductions throughout the building design process (see [Business activities](#) section). Nrep’s internal LCA Guideline specifies our requirements further for LCA and for materials including environmental product declaration requirements

Building Design levers:

- Maximize space utilization: challenge function, reduce emissions per user
- Optimize building design and avoid over-engineering
- Use biogenic building materials
- Use low carbon building materials
- Design for disassembly and reuse of building materials

Within our built programs and framework agreements with contractors we include detailed material requirements and disclose a minimum percentage of reuse materials. We work closely with the contractors to identify and ensure the project includes the least emitting embodied carbon emissions while fulfilling our other sustainability objectives and criteria.

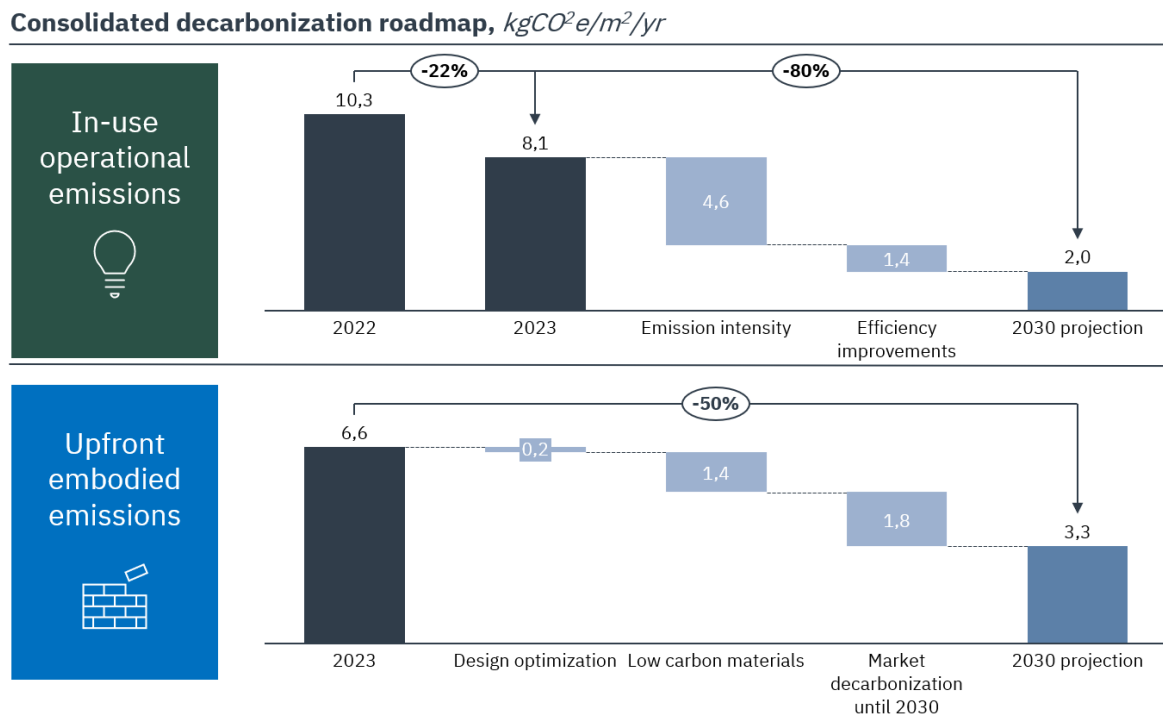
Construction site levers:

- Electrified construction sites
- Reduce waste

Decarbonization roadmaps

Our individual asset transition plans are aggregated forming our portfolio wide decarbonization roadmaps. Our internal roadmaps includes aggregated estimated capex requirement, expected opex savings, impact on EUI and GHG intensity as well as abatement costs which help us identify the most efficient mitigation levers.

Figure 5: Consolidated decarbonization roadmap





Allocation of Responsibilities

Management and oversight of environmental related risks are integrated into Nrep's general organizational management structure and processes for managing risks to ensure the long-term economic value of our assets.

- **The Board of Directors** of the AIFM is ultimately responsible for oversight and direction of the sustainability performance of the AIFM and Nrep's funds.
- **The Supervisory Risk Committee** of Urban Partners Management Company S.A., where relevant, are responsible for corporate-wide monitoring of the sustainability performance.
- **The Sustainability team** is responsible for providing the strategy, tools, systems and expertise required to enable the organization and ensure quality. The Head of Sustainability also participates as an observer on the Investment Committee or provides input / recommendation to the Investment Committee.
- **The Investment Committee (IC)** of the AIFM will review key findings from the sustainability due diligence ("SDD") and core elements of a mitigation and impact plan for each asset as well as the cost of that plan. The overall purpose of the IC is to discuss the acquisition or divestment, and to decide on all acquisitions and divestments, as well as take part in larger asset management decisions. The IC thoroughly challenge and validate every transaction proposal.

Document Owner

Head of Decarbonization at Urban Partners.

Review and Revision

Risk monitoring

Supervisory Risk Committee of Urban Partners Management Company S.A. will review the identification and mitigation of environmental, social and governance risks on a quarterly basis to ensure adequate risk management.

Nrep's in-house sustainability team is responsible for coordinating and monitoring environmental and social issues both on vehicle and organization levels.

Periodic review

Author	Review	Amended	Date	Version
Johan Hallgren Madsen	Marco Lippi	N/A	30-12-2022	1.0
Johan Hallgren Madsen	Marco Lippi	Annual Review: GHG Baseline and pending target revision following SBTi	31-12-2023	2.0
Johan Hallgren Madsen	Marco Lippi	Annual Review: GHG Baseline and target revision	31-12-2023	3.0
Johan Hallgren Madsen	Urban Partners Head of Sustainability and Nrep COO	Annual Review: Science Based Targets submission	18-12-2024	4.0



References

- Corporate Sustainability Reporting Directive (CSRD)
- The Carbon Risk Real Estate Monitor (CRREM)
- EU Energy Efficiency Directive
- Greenhouse Gas (GHG) Protocol
- Partnership for Carbon Accounting Financials (PCAF)
- RE 100 Technical Guidance
- Science Based Targets initiative (SBTi) Buildings Sector guidance
- Science Based Targets initiative Corporate Net-Zero Standard

Supporting documentation

- Nrep ESG Policy
- Nrep LCA Guideline
- Urban Partners ESG Policy