

INDICATIVE STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS BASED ON VOLUNTARY DISCLOSURES NOT SUBJECT TO REGULATORY REQUIREMENTS

Financial market participant (not subject to PAI-reporting duty under SFDR¹): BNP Paribas Real Estate Investment Management Luxembourg S.A., 213800URLVBZWIXIBU50

In 2023, BNP Paribas Real Estate Investment Management Luxembourg S.A., 213800URLVBZWIXIBU50, did not consider principal adverse impacts of its investment decisions on sustainability factors due to the lack of available data² and because the entity is below the threshold of 500 employees.

On 30 June 2023 BNP Paribas Real Estate Investment Management Luxembourg S.A. disclosed data related to principal adverse impacts already collected on a voluntary basis. BNP Paribas Real Estate Investment Management Luxembourg S.A. continues with this voluntary approach in 2024 and is publishing available information on a voluntary basis. While BNP Paribas Real Estate Investment Management Luxembourg S.A. initially anticipated fully taking into account principal adverse impacts for the year 2023, this was not possible due to lack of reliable data² and market maturity.³

This statement does not qualify as a disclosure under Art. 4 (1) lit. a, (2) SFDR for year 2023.

However, starting in 2023 for the reference period 2022, BNP Paribas Real Estate Investment Management Luxembourg S.A. (BNP Paribas REIM Luxembourg) does consider the two mandatory indicators and the two additional indicators 18b Greenhouse gas emissions and 19 energy consumption for real estate in its investment decisions on sustainability factors for SFDR Article 8 and 9 financial products. The present statement

¹ Regulation (EU) 2019/2088 of the European Parliament and the Council of 27 November 2019.

² BNP Paribas REIM Luxembourg S.A. strives to publish PAI indicators based on real data. BNP Paribas REIM Luxembourg S.A. focuses its ESG data collection on the assets in its ESG Panel, i.e. those assets in funds classified as SFDR Article 8 or 9, those participating in GRESB and those subject to the French “Décret Tertiaire” Regulation. For assets in Article 6 funds, ESG information is not systemically collected. However, for PAI reporting, BNP Paribas REIM Luxembourg S.A. has worked to collect information for the mandatory indicators from Annex I, Table 1 of regulation 2022/1288 related to this scope of assets. To date, not all real data for additional indicators from Annex I, Table 2 of regulation 2022/1288 is available.

³ Proxy information for real estate PAIs is still limited or not considered reliable. BNP Paribas REIM Luxembourg S.A. considers that using real data provides the most accurate vision of Principal Adverse Impacts of its portfolios. In the future, more reliable proxies may come available for estimating real estate PAIs.



is a voluntary consolidated statement on principal adverse impacts on sustainability factors regarding investments in real estate assets of BNP Paribas Real Estate Investment Management Luxembourg S.A. at entity level.

This statement on principal adverse impacts on sustainability factors covers the reference period from January 1st to 31st of December 2023. For this voluntary reporting for the year 2023, BNP Paribas REIM Luxembourg S.A. decided to include only the two mandatory indicators for real estate assets, namely exposure to fossil fuels through real estate assets and exposure to energy-inefficient real estate assets, due to questions of data availability², reliability, and market maturity.³

Summary of the principal adverse impacts (PAIs)

This statement is established inspired by the rules defined by the Regulatory Technical Standards of Delegated Regulation 2022/1288, supplementing European Regulation 2019/2088, known as SFDR, the Sustainable Finance Disclosure Regulation. Its objective is to assess the principal adverse impacts on sustainability factors (so called PAI) collected from the real estate assets that are the subject of financial investments as part of the fund management department within the BNP Paribas REIM Luxembourg S.A. business line. The PAIs are therefore indicators enabling this assessment. They require a large number of data points for their calculation, the reliability of which may vary depending on whether they are based on data that can be collected without the support or consent of third parties, whether data has to be provided by another entity, and on estimations made by data providers. It can also be noted that investment decisions, with respect to PAIs consideration, depends on the choice of data calculation and estimation they rely upon. Indeed, significant differences on data of certain PAIs have been identified due to choices in calculation and estimation (e.g., methods for estimating energy consumption and selection of GHG emissions factors).

For this voluntary reporting for the year 2023, BNP Paribas REIM Luxembourg S.A. decided to include just the two mandatory indicators for real estate assets, namely, exposure to fossil fuels through real estate assets and exposure to energy-inefficient real estate assets. Optional indicators for real estate assets will be reported for the first time for the year 2024, by 30 June 2025. BNP Paribas REIM Luxembourg S.A. and its funds are not invested in investee companies, sovereigns or supnationals and therefore do not disclose the respective PAIs.

The sustainable data market is in complete evolution, particularly on PAI data, which is a new area. Moreover, limited data is collected by asset owners and reported as of today, due to the lack of maturity of the market and the timeline of the EU Regulations. The regulations defining these data and their publication have very recent implementation dates or are still being defined. BNP Paribas REIM Luxembourg S.A. therefore considered in 2023 that this ongoing lack of maturity regarding data collection^{2,3} did not allow PAIs to be taken into account at entity level.

BNP Paribas REIM Luxembourg S.A. 's ambition in 2024 is to be able to rely upon more complete and consistent data and to progressively identify how to best integrate and manage the PAIs within its investment and portfolio management process at entity level.

Exclusions: Real estate mandates for which BNP Paribas REIM Luxembourg is not the Alternative Investment Fund Managers (AIFM) are excluded from the following calculations. Real estate mandates that do not qualify as financial products are excluded from that calculation (e.g., separate

accounts). For debt funds, considering the specificities of these funds and their eminent liquidation no specific approach has been defined.

Indicative description of the principal adverse impacts on sustainability factors based on voluntary disclosures not subject to regulatory requirements

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
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	0.0%	0.0%	<p>- Coverage rate (asset value of assets with data available/total asset value of BNP Paribas REIM Luxembourg S.A.⁴): High (98.79%)⁵</p> <p>- Source of reported data: Data collected by external property manager of AIFM in ESG data management platform.</p> <p>Any asset used to extract, transport or manufacture fossil fuels is considered as</p>	<p>BNPP REIM Luxembourg S.A. is tracking, reporting and monitoring the exposure to fossil fuels through real estate assets for SFDR Article 8 and 9 and partially for SFDR Article 6 financial products. The respective assets are monitored quarterly by Risk Management.</p> <p>Usually, BNPP REIM Luxembourg S.A. is not seeking to invest in real estate assets with fossil</p>

⁴ Real estate mandates for which BNP Paribas REIM Luxembourg is not the Alternative Investment Fund Managers (AIFM) are excluded from the following calculations. Real estate mandates that do not qualify as financial products are excluded from that calculation (e.g., separate accounts). For debt funds, considering the specificities of these funds and their eminent liquidation no specific approach has been defined.

⁵ The following ranges are used for the coverage rates: Low: 0-50% / Medium: > 50-75% / High: > 75%

				<p>exposed to fossil fuels. Excluded from this definition is the storage of fossil fuels for the property's own energy demand (e.g., gas/ oil heating; fuel tanks for emergency generators) and assets that have a subordinate part of income generated from fossil activities (e.g., fuel stations as part of a shopping center). The share is calculated based on the weighted market value of properties with exposure to fossil fuels in comparison to the market value of all properties managed by BNP Paribas REIM Luxembourg S.A⁴ For calculating the share of assets exposed to fossil fuels, only those assets with data available were included in the calculations of the indicator. However, to put this information into perspective, a percentage of data coverage reflecting the total asset value held by BNP Paribas REIM Luxembourg</p>	<p>fuels-related activities as a primary use.</p> <p>Continued efforts are taken to enhance data coverage and quality.</p>
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					S.A. in comparison with the asset value of those assets with data available, is calculated.	
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	40.83%	54.78%	<p>- Coverage rate (asset value of assets with data available/ total asset value of BNP Paribas REIM Luxembourg S.A.⁴): High (91.12%)⁶</p> <p>- Source of reported data: Data collected by external property manager of AIFM in ESG data management platform.</p> <p>“Energy inefficient properties” are defined as properties that (i) were built before December 31, 2020 and have a building energy performance certificate (EPC) with an energy performance class of “C” or worse, or (ii) were built after December 31, 2020 and have a primary energy demand higher than that of a “nearly zero energy</p>	<p>BNPP REIM Luxembourg S.A. is tracking, reporting and monitoring the exposure to energy-inefficient real estate assets for SFDR Article 8 and 9 and partially for SFDR Article 6 financial products. The respective assets are monitored quarterly by Risk Management.</p> <p>Continued efforts are taken to enhance data coverage and quality.</p>

⁶ The following ranges are used for the coverage rates: Low: 0-50% / Medium: > 50-75% / High: > 75%

				<p>building” (“NZEB” according to national law).</p> <p>The “construction date” is defined as the date of application for a building permit.</p> <p>Assets for which it’s not mandatory under local energy law to have an EPC are excluded from the coverage of the indicator. Assets for which the EPC level, NZEB value, or local reference value for NZEB are unknown, are excluded from the calculation and not part of the data coverage.</p> <p>The share is based on the weighted market value of properties with poor energy efficiency in comparison to the market value of all properties managed by BNP Paribas REIM Luxembourg S.A.⁴ For calculating the share of inefficient assets, only those assets with data available were included in the calculations. However, to put this information into perspective, a percentage of data coverage reflecting the</p>	
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					total asset value held by BNP Paribas REIM Luxembourg S.A. in comparison with the asset value of those assets that have data available, is calculated.	
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Description of policies to identify and prioritize principal adverse impacts on sustainability factors

Principal adverse impacts on sustainability factors refer to adverse impacts of investment decisions on sustainability factors that mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

As a financial market participant, BNP Paribas REIM Luxembourg S.A. did not consider the impact of the underlying investment on sustainability factors in 2023. However, the entity discloses the already integrated processes for 2023 on a voluntary basis.

While BNP Paribas REIM Luxembourg S.A. initially anticipated fully taking into account principal adverse impacts for the year 2023, this was not possible due to lack of reliable data² and market maturity.³ BNP Paribas REIM Luxembourg S.A. is collecting data for the reference period 2024 in order to take into account principal adverse impacts of its investment decisions on sustainability factors on entity level and will publish a PAI Statement by 30 June 2025.

For the avoidance of doubt, BNP Paribas REIM Luxembourg S.A. does not consider the principal adverse impacts on sustainability factors for derivative instruments, liquidity, real estate mandates for which BNP Paribas REIM Luxembourg is not the Alternative Investment Fund Manager (AIFM) or real estate mandates that do not qualify as financial products (e.g. separate accounts) or debt funds. Furthermore, the data collection process described is rolled out in phases. Therefore, integration of assets in the ESG data management collection process is an incremental process. BNP Paribas REIM Luxembourg S.A. is transparent regarding the data coverage to avoid misunderstanding.

BNP Paribas REIM Luxembourg S.A. does not have a Stewardship Strategy since the investment strategy is to invest in direct and indirect real estate assets and debt financing of direct and indirect real estate assets.

Analysis of real estate assets: BNP Paribas REIM Luxembourg S.A. collects sustainability data correlating with PAI indicators within its ESG data management platform (among others data collection of energy-, water-, waste and electricity consumption; EPC Certificates; GHG Emissions).

Responsibility for the implementation of those policies: The BNP Paribas REIM ESG Global Team is responsible for the elaboration of BNP Paribas REIM Luxembourg's approach on adverse sustainability impacts and BNP Paribas REIM Luxembourg S.A.'s fund management teams are responsible for implementing this policy in its portfolios.

Methodologies to select optional PAI: These 5 optional PAI for real estate assets, on which BNP Paribas REIM Luxembourg S.A. pays particular attention to are not reported voluntarily in reference period 2022 and 2023. The selection of these PAIs will be specified in BNP Paribas REIM Luxembourg S.A.'s approach on adverse sustainability impacts, once defined, thus making it possible to maintain an overall consistency between fund and entity level and investment and fund management process.

Any associated margin of error: Although the share of data directly collected is relatively high for the two mandatory PAI indicators (PAI 17: 98.79% PAI 18: 91.12%) it has remained too low for the remaining optional PAI indicators in 2023.² Therefore, the negative impacts of real estate assets assessed with these remaining indicators could not be sufficiently well captured. The data collection process described earlier is rolled out in phases. Therefore, integration of assets in the ESG data management collection process is an incremental process. BNP Paribas REIM Luxembourg S.A. is transparent regarding the data coverage to avoid misunderstanding.

Data sources: The data is collected by external technical experts during the investment process and by property and asset managers of BNPP REIM Luxembourg S.A. during the holding period. BNP Paribas REIM Luxembourg S.A. cannot rely on external providers due to the fact that it is invested in real estate assets.

Engagement policies

As BNP Paribas REIM Luxembourg S.A. invests in buildings and not in companies, this is not relevant. BNP Paribas REIM Luxembourg S.A.'s engagement activities relate to tenants and Property Managers, including green leases, energy consumption data collection, regular meetings on ESG subjects, etc. This includes offering standard green leases clauses in all new leases, collecting energy consumption data for funds with ESG commitments, and organising regular meetings with Property Managers and Tenants to discuss ESG subjects and actions plans. Efforts are also undertaken to encourage investors to upgrade existing Article 6 funds towards Article 8 and Article 9 funds and to develop ESG commitments for all new funds launched by the AIFM.

References to international standards

BNP Paribas REIM Luxembourg S.A. is signatory to the UN's Principles for Responsible Investment (PRI).

BNP Paribas REIM Luxembourg S.A. has not yet identified a specific prospective climate scenario as reference for its consideration of PAIs for real estate assets.

Historical comparison

PAI	2022 value and associated coverage	2023 value and associated coverage	Comments
Fossil Fuels: 17. Exposure to fossil fuels through real estate assets	0.0% Coverage rate of 89.71% (High)	0.0% Coverage rate of 98.79% (High)	Coverage rate has largely increased between 2022 and 2023.
Energy efficiency: 18. Exposure to energy-inefficient real estate assets	54.78% Coverage rate of 79.74% (Medium)	40.83% Coverage rate of 91.12% (High)	Coverage rate has largely increased between 2022 and 2023.

About BNP Paribas REIM

With BNP Paribas REIM, you invest in REAL ESTATE AS LIVING ASSETS.

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BNP Paribas REIM, a business line of BNP Paribas Real Estate, provides a wide range of real estate funds and investment solutions for investors, based on strong convictions.

Deeply European, we have a close understanding of local markets, a view of every square metre, every street, every neighbourhood, every urban eco-system.

With our 340 employees, we care for assets as we care for living beings, aiming to build a better living environment for our 250+ institutional investors and 140,000+ private investors.

We believe in ESG to reconcile social, environmental and financial performance.

We apply innovation in order to better adapt to the risks and opportunities of today and tomorrow.

At the end of 2023, BNP Paribas REIM managed €26.1 billion of living European assets on behalf of institutional and private investors.

BNP Paribas Real Estate Investment Management is composed of regulated entities in the following countries: France, BNP Paribas Real Estate Investment Management S.A.; Italy, BNP Paribas Real Estate Investment Management Italy SGR; Germany, BNP Paribas Real Estate Investment Management Germany GmbH; UK, BNP Paribas Real Estate Investment Management UK Limited; Luxembourg, BNP Paribas Real Estate Investment Management Luxembourg S.A.

Each of the legal entities responsible for offering products or services to their customers is referred to in the product documentation, contracts and related information.



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