Nordhavn, 12 - 05 - 2022

Kereby

Applied accounting principles

Base data methodology

Our reporting period is aligned to our financial year, which is set to the calendar year – 1 January to 31 December 2021.

For 2021, our reporting scope / overall data coverage is divided into the following:

- Kereby offices (domicile properties – rented or owned)
- Main portfolio of rented out properties (except properties defined “non-core”)

Organizational boundaries

We have chosen to define our organization in line with the control approach (operational control – GHG p. 18), where a company accounts for the emissions from operations over which it has operational control. As Kereby ApS is the only man-co in the Danish group, we define all the Danish companies in the group as being under operational control by Kereby ApS.

Our main portfolio consists of rental properties with approx. 80 % residential units and 20 % commercial units (commercial leases typically located on the ground floor in the residential building) with which we have the full operational control in general, except tenants' electricity (electricity in rented space).

Omissions from the portfolio due to characteristics

Non-core properties are defined as properties which have characteristics that are not aligned with our portfolio and therefore cannot be compared to the core investments. This includes villas, almost empty properties and 100 % commercial rental properties. These properties are considered outliers, as they have significantly different characteristics from our core investments. The non-core properties represent less than 1 % of our total portfolio.

Framework

We have chosen to apply the GHG protocol definitions of the various scopes of emission. In addition to this, our reporting is based on the following principles (GHG p.8).

- Relevance
- Completeness
- Consistency
- Transparency
- Accuracy

Scopes

We report our emissions in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard with emissions reported under the following categories:

- **Scope 1 –** Direct emissions (Car fuel and gasoline)
- **Scope 2 –** Indirect emissions (market-based) (District heating consumption in portfolio, electricity and district heating consumption in domicile properties)

For scope 2, we have calculated the emissions by location-based and market-based approach, but to ensure that the CO2 footprint from our own operations is presented as accurately as possible, we have chosen to base our target on the market-based approach, where we use supplier-specific emission factors for Kereby's district heating and electricity consumption.

Furthermore, we have decided to include our tenant´s district heating in our scope 2, since we (the landlord) have the control over building-isolation, heating systems and overall heating-span and distribution of our leased-out assets. The tenant is only able to affect the heating of their lease to a certain extent and cannot improve emissions from district heating in a significant way, whereas we have the full authority to introduce and implement operating policies at the properties. We therefore do not consider it essential to have 100% authority to make operational decisions concerning district heating for the purpose of optimising energy consumption and reducing emissions, hence the decision to include tenant´s district heating in our scope 2[1].

Definition of each indicator

Scope	Source	Unit
Scope 1 GHG emissions	Combustion of car fuel (diesel and petrol)	TCO2
Scope 2 GHG emissions	District heat consumption	TCO2
Scope 2 GHG emissions	Purchased electricity consumption in offices /domiciles	TCO2

Data collection

Scope 1:

Utility data for car fuel across the group are collected via vendor reports of fuel purchases during the accounting period. The reports show the complete list of purchased litres. Furthermore, we have ensured that all fuel purchases are registered by providing employees with purchase cards. The total quantity is summarised and multiplied with DEFRA 2021 conversion factor as described in the section on calculation.

Scope 2:

[1] This is in line with what is described by a North American industry association:
Under the operational consolidation (control) approach, a company reports 100% of the building emissions under Scope 1 and Scope 2 if it has the full authority to introduce and implement its operating policies at the building. However, having operational control does not mean that a company necessarily has the authority to make all decisions concerning an operation… it does mean that a company has the authority to introduce and implement its operating policies.

District heating

Copenhagen municipality's utility provider HOFOR's data are collected from the supplier's CRM system capturing consumption real time data for the reporting period (AMR).

For assets located in areas serviced by other utility companies, the annual consumption statement and final billing is used so that the full year/annualized invoicing period ending in the "reporting period" is proxied as the reporting period's consumption despite potentially different cut off dates. Leased Kereby offices are based on the landlord's heating/service charge invoices. For areas reporting on the relevant consumption data, the rent roll gross leaseable areas used in the groups statutory and management reporting is used, unless the utility supplies heating to third party users through the asset's central heating central.

Electricity

Electricity for domicile office buildings is gathered using a consumption-based approach, where all invoices received and booked in the accounting period are compiled to calculate the consumption of electricity.

Electricity consumption in common areas and vacant spaces are calculated based on cost data, thus using the cost-based approach. This is achieved by extracting all invoiced amounts paid to all electricity providers from all invoice payment systems (direct accounts payable management and Direct debit).

Calculation

Scope 1:

Scope 1 emissions consist of combustion of car fuel in company cars as well as cars provided for employees at work and in private. Car travel emissions are calculated compiling total litres purchased in the accounting period multiplied by the official 2021 DEFRA conversion factors for Diesel (average bio-fuel blend – described by DEFRA as standard diesel bought from any local filling station).

Scope 2:

District heating

We apply the market-based approach for district heating for tenants. The total consumption is multiplied by a supplier-specific emission factor supplied by HOFOR.

Electricity

Emission on electricity is calculated applying the market-based approach, multiplying industry emission factor (RE-DISS Residual European Mix - EP RESIDUAL MIX (European Residual Mix 2020)) to the electricity consumption for the period.