

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** Amaron Residential Real Estate Fund D och E AB

**Legal entity identifier:** 559489-1813, 559489-3538

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It <b>promotes E/S characteristics, but will not make any sustainable investments</b>

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

Amaron Residential Real Estate Fund (the “Fund”) promotes environmental and social characteristics through the acquisition of modern, high quality multifamily properties with high environmental standards. This is achieved by primarily investing in residential properties that has been granted a climate Certificate (“Green Certificate”). The Fund may also acquire modern properties which have the right fundamentals to obtain a Green Certificate by specific add-on investments during the investment’s holding period.

By investing in properties that have or are likely to get a Green Certificate, the Fund promotes the following environmental characteristics, in line with the United Nation’s Sustainable Development Goals:

**Goal no 7 – Affordable and clean energy**

- Increase the share of renewable energy in the world
- Double the increase of energy efficiency



### Goal no 11 – Sustainable cities and communities

- Mitigate the negatives the effects of natural disasters
- Reduce urban environmental impact



### Goal no 13 – Climate action

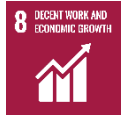
- Strengthen resilience to and adaptability to climate-related disasters



The Fund also promotes the following social characteristics:

### Goal no 8 – Decent work and economic growth

- Protect of worker's rights and promote safe and sound working environment



### Goal no 16 – Peace, justice and strong institutions

- Fight corruption and bribery
- Ensure responsive, including and representative decision making



No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this financial product.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The primary indicator used to measure the attainment of the environmental characteristics promoted by the Fund is whether or not the Fund's investments have received a Green Certificate. The Fund will prioritize investments in properties that have a Green Certificate meeting the following qualifications:

- (1) MiljöByggnad Silver or Gold, issued by Sweden Green Building Counsel,
- (2) Svanen or Svanen iDrift, issued by The Nordic Swan Ecolabel, or
- (3) equivalent Green Certification, e.g. BREEM-SE issued by Sweden Green Building Counsel.

Properties with Green Certificates ensures the Fund's promotion to the environmental characteristics as the properties are analysed and reviewed by third party professionals on the basis of underlying indicators. Such indicators include, but are not limited to, the following areas in the process of attaining its Green Certificate:

- Energy consumption
- Location and transport
- Land contamination
- Materials
- Hazardous substances
- Potential climate change impact
- Waste management

For investments that does not already have one of the above-mentioned Green Certificates, Amaron will use similar indicators during the management period in the process of receiving such Green Certificates.

The indicators used to measure the attainment of the social characteristics promoted by the Fund includes, but are not limited to:

- Health and safety
- Community development
- ESG clauses in existing leases
- Data protection and privacy
- Compliance with laws and regulation

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.



*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

### **Does this financial product consider principal adverse impacts on sustainability factors?**

- Yes, the Fund considers adverse impacts on sustainability factors including the indicators for principal adverse impacts applicable for investments in real estate assets relating to (1) fossil fuels, and (2) energy efficiency.

As part of the acquisition process, Amaron carries out a due diligence process for investment analysis, which includes an evaluation of potential sustainability risks and opportunities, as well as potential adverse impacts on sustainability factors.

During the due diligence procedure of each potential investment, Amaron either selects, deselect or identifies specific measures to be implemented in order to ensure consideration to relevant risks, opportunities or adverse impacts on sustainability factors caused by the underlying assets of the Fund.

Based on the results of the due diligence process, Amaron creates a sustainability activity plan for each property with specific measures to be implemented during the investment and management period. The sustainability activity plan is approved by the portfolio manager of the Fund and the Board of Directors in Amaron.

The indicators to be met in the sustainability activity plan varies for each individual property, but may, for example, involve the instalment of additional insulation, solar energy panels, rapid-closing doors or airlocks or the installation of charging stations for the tenants' electric cars, in order to improve the attainment of the Fund’s environmental and social objectives.

During the management period, the portfolio manager is responsible for monitoring all property investments, including its sustainability effects such as energy efficiency and electricity consumption. The portfolio manager reviews and follows up on all investments annually to ensure that every investment meets its expected financial and sustainability-related goals.

The long-term goal of the sustainability activity plan is to obtain a Green Certificate, if not already in place; to reduce any negative impact on sustainability factors; or to further promote the Fund’s environmental and social objectives.

- No

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



### **What investment strategy does this financial product follow?**

**The investment strategy** guides investment decisions

The fund aims to provide investors with attractive risk-adjusted returns through diversified multifamily residential real estate assets in Sweden. The strategy includes acquisition, holding, management, and sale of properties for long-term capital growth and stable income. Value creation will be enhanced through active property asset management, re-leasing, and real estate transactions.

Geographically, the Fund will only acquire assets in Sweden, and focus on regions such as the Greater Stockholm, Mälardalen, and Southern Sweden with growing economies and favourable demographics.

The Fund will not acquire residential development projects or land for development purposes, unless it is part of a residential portfolio which is acquired. In such case, the land and/or residential project will be divested in an orderly manner. Furthermore, the Fund will not acquire properties without a controlling ownership.

The average holding period on a property level is estimated to seven (7) to ten (10) years which may be adjusted based on market cycles. The term of the Fund allows a maximum holding period of ten (10) years after the Final Closing Date, plus a possible prolongation of one (1) + one (1) years, if Amaron deems the prolongation to be beneficial for the Partners in order to allow for the orderly realisation of the property investments.

Individual property investments will typically range between SEK 100 million and SEK 500 million, with a leverage ratio of up to fifty (50) percent on portfolio level. Investments will be made directly or indirectly, through debt and equity instruments, including subordinated debt linked to portfolio performance.

Amaron's goal is that all of the Fund's properties will have received Green Certificates by the time the Fund is closed and the property portfolio is to be divested.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

Amaron's due diligence process constitutes a mandatory process which all potential investments in the Fund must be subjected to. In this process, it is mandatory to conduct an analysis of sustainability risks, opportunities and adverse impacts on sustainability factors.

As each underlying asset, i.e. property, may be exposed to different risks and opportunities, and may cause a various degree of negative effects to sustainability factors, the binding elements of the Fund's investment strategy consists of the sustainability activity plans for each individual underlying asset.

For this reason, Amaron shall monitor and ensure that the activity plan is followed by the caretakers of each property in order to promote the Fund's environmental and social characteristics.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The investment strategy is mandatory as from its first closing. This means that the Fund has made no commitment to reduce the scope of the investments.

- ***What is the policy to assess good governance practices of the investee companies?***

Governance practices will be assessed as part of the due diligence process by analysing and measuring certain indicators described under section 'What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?' above, i.e.:

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ESG clauses in existing leases
- Data protection and privacy
- Compliance with laws and regulation

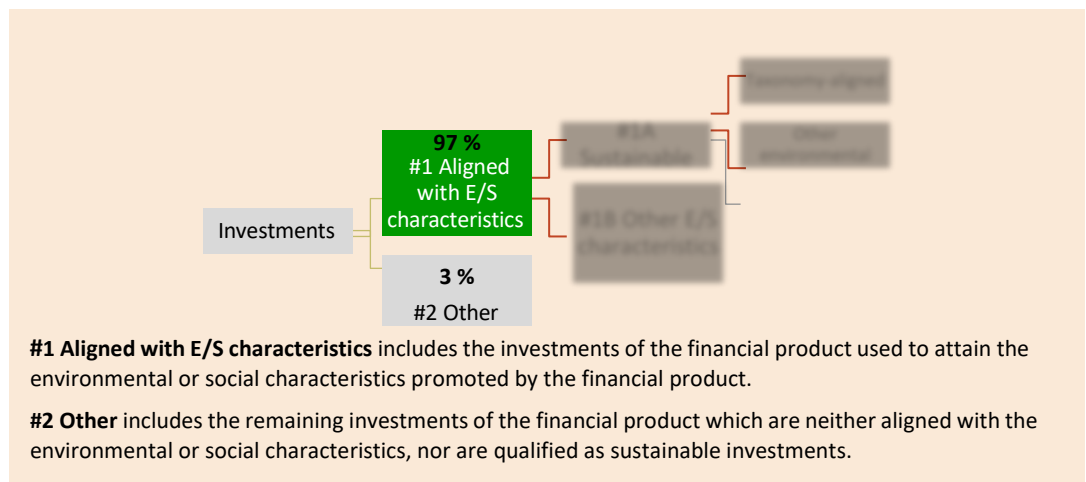
Furthermore, the Fund will not acquire properties without a controlling ownership. Therefore, Amaron use its influence, when possible, during the management period to promote good governance practices such as diversity, anti-corruption and respect for human rights.

Amaron must participate in general meetings of the real estate companies of which the Fund is an owner or co-owner. Decisions to participate at general meetings of portfolio companies are made by Amaron's portfolio manager. Amaron normally has a full mandate to implement sustainability-related improving measures in all properties under Amaron's management. Amaron has committed to comply with its ESG policy by using its voting rights for this purpose.



### What is the asset allocation planned for this financial product?

All investments in properties that have or are likely to get a Green Certificate are considered as investments that are aligned with the environmental and social characteristics promoted by the Fund. The planned asset allocation for the Fund is thus that 97 % of the total assets are aligned with environmental and social characteristics, even if the individual performance of underlying assets will differ during the management period. However, there will be no restrictions regarding the proportion of the total portfolio that must have Green Certificates during the investment or management period.



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

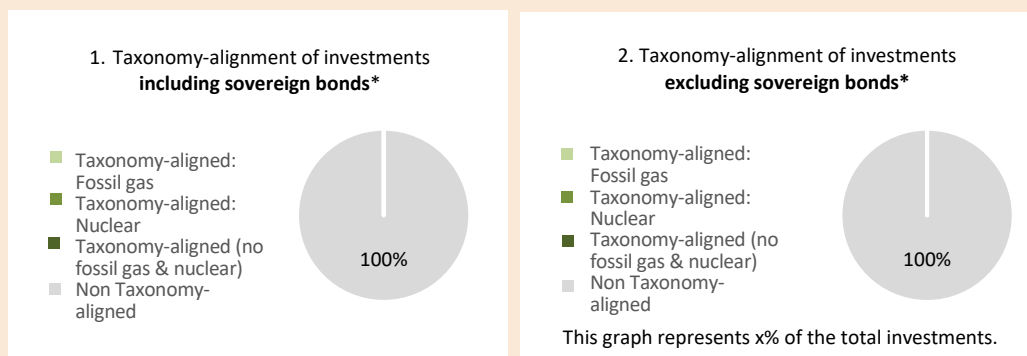
As described above, the goal is for all of the Fund's assets to have Green Certificates by the time the Fund is liquidated. However, there are no restrictions regarding the proportion of the total portfolio that must have Green Certificates during the investment or management period. For this reason, the Fund will not apply a threshold for a minimum share of sustainable investments with an environmental objective, regardless of whether such sustainable investments are aligned with the EU Taxonomy or not.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- Yes
  - In fossil gas
  - In nuclear energy
- No


The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

The Fund has no objective to make a minimum share of investments in transitional or enabling activities.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Fund has no objective to make a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy for the reasons explained under section 'To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?' above.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The Fund may from time to time have up to 3 % in cash liquidity.

In extraordinary circumstances, although it is unlikely, the Fund may invest in properties that are exposed to unpreferable sustainability risks or cause adverse impacts on sustainability factors to the point that they are not aligned with the Fund’s environmental or social characteristics. In such cases, the Fund may have a larger proportion of investments included under #2 Other.



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

<https://www.amaron.se/sustainability/>