*ANNEX II*

**Template 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**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Amaron Real Estate Fund (D) and (E) AB **Legal entity identifier:** 559370-1468

559370-1518

**Environmental and/or social characteristics**

|  |
| --- |
| **Does this financial product have a sustainable investment objective?**  |
| **Yes** | **No** |
| It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%in economic activities that qualify as environmentally sustainable under the EU Taxonomyin economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomywith a social objective |
| It will make a minimum of **sustainable investments with a social objective:** \_\_\_%  | It promotes E/S characteristics, but **will not make any sustainable investments**  |

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

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

The environmental attributes that the fund promotes consist of investing in underperforming or underdeveloped properties by improving their environmental performance.

**Amaron promotes high environmental standards in its investments through:**

* a careful analysis of each holding from an ESG perspective pre investment (includes thorough ESG-DD before the acquisition as well as an business plan for each asset to increase the ESG performance of the asset)
* exclude targets that do not meet Amaron’s ESG policy and requirements
* influence the holdings in the right direction in terms of environmental characteristics in particular

**Pre investment opportunities are evaluated on the following, but not exclusively, criteria where the fund evaluates the potential to transition assets towards a greener profile**

1. **As a first step to evalute an investment opportunity the following aspects to promote environmental characteristics are considered**
	1. the investment objects transition potential from fossil fuel exposure to a more green profile
	2. prevailing ESG profile. Examples of indicators that Amaron look at:
		* energy consumption, location, transport, waste management and potential impact from climate change
		* ESG clauses in existing contracts, green electricity contracts with existing tenants, data security and GDPR, compliance with laws and directives
2. **Assuming that the objects is still of intrest after step 1, we order a legal due diligence where we look at a number of different environmental issues linked to the object. This is done to ensure there is no risk pertaining to our ambition to move the asset to a greener profile. Examples of aspects considered are:**
	1. Presence of asbestos, PCB and radon or other environmental pollutants
	2. Environmental reports/investigations and liability investigations for the past ten years
	3. Information about what activities were previously conducted at the Property
	4. Information about hazardous substances used at the Property

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

**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.

The following indicators are used to measure the attainment of each of the environmental characteristics promoted by Amaron:

* + Conversion/upgrade of properties (incl. energy efficiency)
		- % of managed assets that has undergone upgrading
	+ Environment & climate focus in the investment process
		- % of acquisitions evaluated on all KPIs
	+ Supply chain for service and renovations
		- Number of suppliers who have signed Amaron's ethics policy
	+ Business ethics
		- Number of suppliers and partners who have signed Amaron's ethics policy to comply with our environmental and social criteria
	+ Create a long-term, sustainable, financial return
		- % of the fund's holdings (in value) that are transferred to green assets.



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

Yes, \_\_\_\_\_\_

No

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

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

**The fund's strategy for promoting environmental and social characteristics and implementing the strategy in the investment process is based on:**

* **Select properties/companies**
	+ A fundamental starting point for Amaron's property portfolio management is that properties with sustainable business models which include sustainable operations that demonstrate social responsibility in a longer perspective constitute better long-term investments than less sustainable properties. This starting point means that Amaron selects the most sustainable investment in the investment processes in cases where the analysis identifies such an investment as the best for the fund's investors. In cases where two investment alternatives are otherwise equivalent, we actively reward/invest in the more sustainable investment alternative.
* **Opt out of properties/companies**
	+ Amaron’s ethical investment guidelines exclude the acquisition of, or ownership in properties/companies which in any way prevents Amaron from influencing the ESG profile of an investment over time, or which in some other way hinders or opposes Amaron's ESG Policy and work towards aligning its investment strategy with Principles for Responsible Investment’s (PRI) stated objectives. Amaron has not chosen any index as a reference value due to Amaron's assessment that no fair index in relation to Amaron’s real estate investments could be identified. Amaron has chosen to work towards being a sustainable investor by following the six principles set by PRI.
* **Influence properties/companies**
	+ An important part of Amaron's work with ESG factors in its investments is to make sustainable changes in the property portfolio the Company manages through influence. This may involve changing a property's electricity contract(s) to a greener option, deciding on renovations or additional insulation that contributes to reduced energy consumption or higher actual utilization of a property's surface. It can also include the choice of climate-smart materials when renovating properties, recycling, additional insulation, installation of solar energy panels, quick-closing doors or airlocks as well as the installation of charging stations for the tenants' electric cars or other measures that contribute to reducing the climate impact of the investment.

***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?***

1. In cases where two investment alternatives are otherwise equivalent, the more sustainable investment alternative must be chosen.
2. Potential for a significant upgrade in the asset from “brown” to “green”.
3. No ownership in, properties/companies, which in any way prevents Amaron from influencing the sustainability work of an investment over time, or which in some other way hinders or opposes Amaron's work in fulfilling PRI's stated objectives.

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

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

Corporate governance relates to how the company’s board of directors practice and implements sound management structures, execute compensation, strategic alignment and ensures that conflicts of interests are avoided/managed. Amaron is committed to integrating Corporate Governance factors at all stages of the fund´s investment-, management- and divestment phases. Amaron´s board ensures that sound governance practices are implemented throughout the entire fund structure, which includes the investee companies.

In order for Amaron to fulfil the company's ESG goals, it is of the utmost importance that stakeholders such as tenants, suppliers, contractors, municipalities, and contractors actively contribute to such goals. Amaron ensures this by including ESG characteristics in relevant agreements, and to perform reviews and controls.

During the management period the portfolio manager reviews all the Fund’s Investments using the individual assets’ Business Plans to ensure the Real Estate Investments follow their expected objectives. The topics covered in the Business Plans not only include financial results, but also results related to sustainability, social characteristics how the implementation of sound governance practices have been carried out on an investee level. The results of the review are reflected in the Business Plan for the next period.

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

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

The majority of investments of the Fund are intended to attain the promoted characteristics by following the investment strategy, as above, including the binding elements and good governance practice, and therefore Amaron considers all assets to be included within the “#1 Aligned with E/S characteristics” category. As no investments are intended to be categorized as sustainable investments, all investments are categorized as “#1B Other E/S characteristics”.

**#1 Aligned with E/S** **characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category #1 Aligned with E/S characteristics addresses:

- The Subcategory #1A Sustainable covers sustainable investments with environmental or social objectives.

- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

The fund will from time to time hold cash positions due to e.g., sale of assets or new investors. This cash has been included in the “#2 Other” section above. Thus minimum safeguards analysis is thus not applicable.



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

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

* [Amaron Real Estate Fund – Amaron](https://amaron.se/amaron-real-estate-fund-2/)