

Areim fund level website disclosures

Sustainable Finance Disclosure Regulation (2019/2088) (the "Disclosure Regulation")

Areim AB ("Areim") makes the following disclosures in accordance with Article 10 of the Disclosure Regulation in relation to Areim Fastigheter 3 AB (the "Fund").

a. Sammanfattning

- b. **Inga mål för hållbar investering:** Denna finansiella produkt främjar miljörelaterade egenskaper, men har inte hållbar investering som mål.
- c. **Den finansiella produktens miljörelaterade eller sociala egenskaper:** Fonden främjar miljörelaterade egenskaper genom att investera i underpresterande och/eller underutvecklade fastigheter, och därefter förbättra deras miljöprestanda. Fondens fastigheter förväntas uppnå en eller flera av följande miljöegenskaper: begränsning av- och anpassning till klimattförändringar; främjande av cirkulära modeller och hållbara material; reducera användandet av farliga kemikalier; samt skydda biologisk mångfald.
- d. **Investeringsstrategi:** En investeringsanalys utförs som del av due diligence-processen för att utvärdera en investerings prestation relaterad till miljön, samt eventuella hållbarhetsrisker och möjligheter. Tillvägagångssätt för att uppnå de miljörelaterade egenskaper som fonden främjar identifieras baserat på resultatet av analysen.

Det är fondens förvaltare (fund manager) som ansvarar för att praxis för god styrning efterföljs, samt för ansvarsfullt företagande som beskrivs i ESG policy samt Etikpolicy.

- e. **Andel av investeringar:** Majoriteten av investeringsobjekten kommer att främja åtminstone en av ovan nämnda miljörelaterade egenskaper och kommer därför vara kategoriserad som '#1 i linje med miljörelaterade/sociala egenskaper'. Eftersom inga investeringsobjekt har som mål att vara hållbara, kategoriseras de som '#1B Andra miljörelaterade/sociala egenskaper'.
- f. **Övervakning av miljörelaterade eller sociala egenskaper:** Förvaltaren (asset manager) är ansvarig för varje investering och är delaktig genom hela investerings livscykel. Investeringsobjektets affärsplan innehåller "value-add initiativ", ESG-mål och en tydlig avvecklingsplan samt strategi för förvaltning över tid gällande de miljörelaterade egenskaperna. Under avvecklingsfasen genomförs också en analys för att bedöma investeringsens hållbarhetsprestanda.

- g. **Metoder:** För att bedöma och följa upp huruvida fonden uppfyller sina miljörelaterade egenskaper används nedan mätmetoder:

Begränsning av och anpassning till klimatförändringar

Främjande av gröna hyresavtal, minskning av utsläpp/energiförbrukning/vattenförbrukning etc.

Anpassning och främjande av cirkulära modeller och hållbara material

Återanvändningen och återvinning av material och reducering av avfall.

Reducera användandet av farliga kemikalier

Årlig uppföljning avseende användandet av farliga kemikalier inom fondens fastigheter.

Skydda biologisk mångfald

Kompensera gröna förluster genom skapande av nya grönområden.

- h. **Datakällor och databehandling:** Areim använder dataplattformen Mestro för att automatiskt samla in in energi- och vattenförbrukningsdata direkt från fondens fastigheter. Avfallshantering för fastigheterna samlas in från externa leverantörer. Övrig relevant data samlas in av fastighetsförvaltarna direkt från fastigheterna. Data rörande växthusgasutsläpp enligt GHG-protokollet baseras på ovan nämnda datakällor och bearbetas separat. Uppgifterna verifieras av en extern revisor.
- i. **Begränsningar för metoder och data:** En del data kommer estimeras på grund av begränsningar rörande vissa fastigheter. Det kan också i vissa fall finnas begränsningar rörande metod och data då fonden inte är majoritetsägare.
- j. **Due Diligence:** ESG-screening genomförs som en del av due diligence-processen. Alla investeringsbeslut som presenteras för investeringskommittéen har tagit ESG faktorer och relevanta hållbarhetsrisker i beaktande. Denna processen syftar till att säkerställa att de miljörelaterade egenskaper som fonden främjar efterföljs och att investeringar med bedömt allvarliga hållbarhetsrisker undviks.
- k. **Engagemangspolicy:** Varje investering har en dedikerad styrgrupp som innefattar fondförvaltaren (fund manager), investeringsanalytikern (investment analyst) och fond-controllern (fund controller). Styrgruppen fokuserar på de miljörelaterade målen i affärsplanen genom att mäta och följa upp på KPI:er.
- l. **Valt referensvärde:** Inget referensvärde har valts för att mäta miljörelaterade egenskaper som främjas av den finansiella produkten.

a. Summary

- b. **No sustainable investment objective:** This financial product promotes environmental characteristics but does not have as its objective sustainable investment.
- c. **Environmental or social characteristics of the financial product:** The Fund promotes environmental characteristics by investing in underperforming or underdeveloped real estate and improving their environmental performance where relevant. The investments of the Fund are expected to attain one or more of these environmental characteristics: climate change mitigation and adaptation; promotion of circular models and sustainable materials; reduction of hazardous chemicals; and protection of biodiversity.
- d. **Investment strategy:** An investment analysis is performed during the due diligence process, evaluating an investment's environmental performance and potential sustainability risks and opportunities. Based on the findings, actions are identified that meet the environmental characteristics promoted by the Fund.

The fund manager is committed to ensuring good governance practices of the investments and is responsible for corporate behavior as further described in the ESG policy and Ethical policy.

- e. **Proportion of investments:** The majority of the assets is expected to attain at least one of the promoted environmental characteristics and to be categorized in “#1 Aligned with E/S characteristics”. As no investments are intended to be sustainable investments, all investments are categorized as “#1B Other E/S characteristics”.
- f. **Monitoring of environmental or social characteristics:** The asset manager is responsible for monitoring of each investment throughout the investment lifecycle. The investment Business Plan includes value-add initiatives, ESG targets and a clear exit strategy or plan for long-term management for the environmental characteristics. Additionally, an analysis is conducted during the divestment phase to review the investment's sustainability performance.
- g. **Methodologies:** The Fund's attainment of environmental characteristics are assessed and monitored by using the below measurements:

Climate change mitigation and adaptation: Promotion of green lease agreements, reduction of emissions, energy consumption and water use, etc.

Promotion of circular models and sustainable materials: Re-use and re-cycling of materials and minimization of waste.

Reduction of hazardous chemicals: Reduction of chemical use through annual monitoring of the use of chemicals in the Fund's properties.

Protection of biodiversity: Addition of new green landscaping to compensate for the green losses.

- h. **Data sources and processing:** Areim uses the data platform, Mestro, which automatically collects energy and water consumption data directly from the properties of the Fund. Waste management data for properties are gathered from suppliers. Other relevant data is gathered by the Asset Managers directly from the properties. The GHG emission data is based on the data noted above and processed separately. The data is also verified by an external auditor.
- i. **Limitations to methodologies and data:** Some data are expected to be estimated due to the limitations of certain properties. Further, where the Fund does not have majority control, there may be some limitations to methodologies and data.
- j. **Due diligence:** ESG screening is incorporated during the due diligence process. All investment decisions take into consideration ESG, including relevant sustainability risks, which may lead to the abandonment of an investment. This process ensures that investments are expected to attain the environmental characteristics promoted by the Fund.
- k. **Engagement policies:** Each investment has a dedicated steering group including the fund manager, investment analyst and fund controller, focusing on the environmental action points included in the Business Plan with KPIs for follow-up and regular monitoring.
- l. **Designated reference benchmark:** No index has been designated as a reference benchmark to meet the environmental characteristics promoted by the financial product.

b. No sustainable investment objective

This financial product promotes environmental characteristics, but does not have as its objective sustainable investment.

c. Environmental or social characteristics of the financial product

The Fund promotes the following environmental characteristics in the meaning of Article 8 in Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

Areim is committed to being a carbon net zero business by 2030 and strives to develop environmentally smart properties, trying to reduce the Fund's climate impact as much as possible through a "reduce and reuse" approach as well as making environmentally sensible material choices.

The Fund promotes environmental characteristics by investing in underperforming or underdeveloped real estate by targeting buildings and construction projects and improving their environmental performance where relevant. The investments of the Fund, where there is majority control, are expected to attain one or more of the environmental characteristics listed below as appropriate:

- Climate change mitigation and adaptation
- Promotion of circular models and sustainable materials
- Reduction of hazardous chemicals
- Protection of biodiversity

d. Investment strategy

- a. The investment strategy used to meet the environmental or social characteristics promoted by the financial product

As part of the acquisition process, an investment analysis due diligence process is performed including, amongst other areas, evaluation of an investment's environmental performance and potential sustainability risks and opportunities. Based on the findings, potential mitigating actions are identified which can be performed during the hold period to increase the building's environmental performance. Findings and conclusions are included in the final investment memorandum to the Investment Committee and in the Business Plan of the investment if the investment opportunity is pursued.

Annually, the fund manager reviews all the investments using the Fund's Business Plan to ensure the investments follow their expected goals and objectives. The results of the review are reflected in the Business Plan for the next period. The topics covered in the Business Plan not only include economical results, but also results related to sustainability and how investments continue to attain their expected environmental characteristics. The Business Plan is followed up regularly on an investment level.

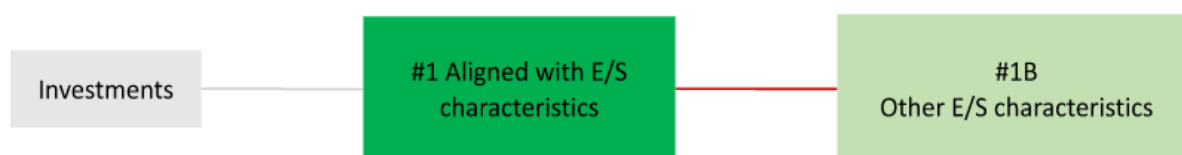
- b. The policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance

Delivering sustainable results is Areims commitment to creating long-term financial sustainability with transparent governance whilst empowering people to do the right things in the right manner. Good governance of the investee companies, including management structures, employee relations, remuneration of staff and tax compliance, where relevant, is the foundation of a responsible business, and an important part of this work is to be sustainable and responsible for the long term.

The fund manager is committed to responsible corporate behavior as further described in the Sustainability Commitment Document. This is also reflected in the Real Estate Investment that the Fund invests in. The fund manager is well equipped to ensure robust and effective governance structure from a sustainability perspective.

e. Proportion of investments

As noted above, the Fund invests in underperforming or underdeveloped real estate by targeting buildings and construction projects and improving their environmental performance where relevant. Thus, throughout the lifecycle of the Fund, the investments are ensured to attain at least one of the characteristics promoted by following the relevant investment strategy and good governance practice. By the time of divestment, the majority of the Fund is expected to be aligned with the environmental characteristics. Therefore, the majority of the assets is considered to be in “#1 Aligned with E/S characteristics” category at the time of divestment. As no investments are intended to be sustainable investments, all investments are categorised as “#1B Other E/S characteristics”.



f. Monitoring of environmental or social characteristics

The asset manager is responsible for each investment and is involved throughout the entire investment cycle, including due diligence and Business Plan strategy during the transaction phase, execution of the Business Plan with primary responsibility and in the divestment phase. The asset manager reports to the fund manager and fund controller on a regular basis. In addition, the fund manager, investment analyst and fund controller form a steering group to ensure successful execution of the Business Plan.

Furthermore, the steering group meets on a regular basis and with the aim to have a forward-looking approach, where different experiences and competences develop the investment and Business Plan in the best possible way. Together, the steering group updates the Business Plan and strategy for an investment at least once a year or more frequently if needed.

The Business Plan includes value-add initiatives, ESG targets and a clear exit strategy or plan for long-term management, including the environmental characteristics noted above for the Fund. If any activities within a Business Plan will not be achieved, the asset manager raises it to the steering group who together defines a proposed solution which is then recommended to the Investment Committee. The fund manager is responsible for reviewing any proposed changes to the Business Plan to be in line with the fund portfolio and overall fund strategy, including the attainment of environmental characteristics.

During the divestment phase, in-depth divestment analysis is conducted and presented by those appointed responsible within the Transaction Group. It includes analysis on each investment’s sustainability performance including the comparison against the up-to-date Business Plan and the impact on sustainability goals and objectives.

g. Methodologies

The Fund's methodologies on assessing the attainment of environmental characteristics are noted below.

The Fund's approach for climate change mitigation and adaptation and promotion of circular models and sustainable materials is defined by development of environmentally smart properties, reducing their climate impact through a "reduce and reuse" approach, and careful selection of materials and services.

Climate change mitigation and adaptation

- Reduce emissions, energy consumption and water use;
- Ensure the purchase of fossil free electricity for all assets;
- Certifying investments and development projects in line with acknowledged environmental certifications available in the markets we are active in; and
- Promote green lease agreements.

Promotion of circular models and sustainable materials

- Increase re-use and re-cycling of materials and minimize waste in re-constructions and tenant improvements; and
- Promote the treatment methods of waste according to the waste hierarchy: reduce, reuse, recycle, energy recovery and landfill when relevant.

Reduction of hazardous chemicals

The Fund works to reduce chemical use through annual monitoring of the use of chemicals in the Fund's investments. For new construction and renovation, materials listed in Byggsvarubedömningen are used. The aim is to identify hazardous chemicals and to replace them with more environmentally friendly alternatives.

- Inventories of hazardous built-in materials and pollutants such as asbestos, PCB and radon are included in the environmental due diligence in the transaction process. Identified issues are taken care of in the development of the investment.

Protection of biodiversity

The Fund makes sure to do no significant harm to the existing wild-life and fauna in the outdoor areas connected to the Fund's assets in the development projects of the Fund. When changing land use and adding new buildings we add new green landscaping to compensate for the green losses.

- For each asset, undertake a biodiversity study, prior to major renovations according to the relevant environmental certification method and criteria, to ensure that green measures are in line with best practice recommendations and in accordance with local and regional priorities.

h. Data sources and processing

a. The data sources used to attain each of the environmental or social characteristics promoted by the financial product

The Fund uses the data platform Mestro, which automatically collects energy consumption data, such as heating, electricity, cooling, and water, directly from the investments of the Fund.

Waste management data for investments are gathered from suppliers using cloud services of which the Fund then retrieves from.

Other relevant data is gathered by the asset managers directly from the investments.

b. The measures taken to ensure data quality

The process of quality checks of the data is in place to assure high levels of data quality, for example by performing coverage checks within Mestro. Mestro retrieving consumption data directly from the investments also mitigates any errors in data collection. The technical managers of the Fund are responsible for the system and the follow-up of the data to ensure data quality. Further, analysis of data is performed periodically through energy optimization agreement.

Further, to assure environmental data quality, our environmental consultancy delivers a comprehensive environmental report, which covers GHG emissions and is produced in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/ WRI) GHG Protocol; the Corporate Accounting and Reporting Standard, including the GHG Protocol Scope2 Guidance. The GHG Protocol is considered current best practice for corporate greenhouse gas emissions reporting. The data is also verified by an external auditor.

c. How data are processed

Most of our integrated and systematic environmental work is data-driven and done in our daily operations. Mestro is used to follow up on the electricity data of the Fund's investments where the energy consumption is measured and followed up on asset level and aggregated to fund level.

The GHG emission data is based on the data provided from Mestro, which is gathered from the investments' suppliers. The GHG emission data is then processed separately by our environmental consultancy.

d. The proportion of data that are estimated

Data retrieved from Mestro are striving towards 100% coverage. Due to limitations in some of the properties technical standards and set ups, some data are expected to be estimated data until the properties are updated.

i. Limitations to methodologies and data

As noted above in *Section h. Data sources and processing*, there may be estimation made in the data collected from some of the properties where there are limitations. Further, where the Fund does not have majority control, there may be some limitations to methodologies and data.

j. Due diligence

During the deal due diligence process, we incorporate ESG screening to better manage risks, to improve returns and to protect down-side. All investment decisions presented to the Investment Committee take into consideration ESG, in addition to the financial targets and business rationale. To fulfill this commitment, the fund manager is focused on actively contributing to environmentally sustainable development of the investments.

In addition, as part of the investment analysis due diligence process undertaken in accordance with the Manager's Policy on Investment Decisions and Procedures for Real Estate Funds, before any investment decision is made on behalf of the Fund, any potential Sustainability Risks are investigated and assessed. Sustainability Risks are considered in the investment decisions by the fund manager's investment committee and may lead to the abandonment of an investment, which ensures that the investments are expected to attain the environmental characteristics promoted by the Fund.

The sustainability risks associated with an investment in the Fund include, but are not limited to:

- Climate risks
- Energy performance certification
- Green financing
- Embedding social benefits within and around our investment

The due diligence process should, at a minimum, consider the following areas: company, tax/VAT, technical, promotion of environmental characteristics and principal adverse impacts, legal, tenants and leases and operating costs. Due diligence process should follow Areim's Transaction Process and Due Diligence Template. Third party experts may be retained to assist in the evaluation of these areas when the requisite expertise is not available from amongst Areim and the Fund employees. The Head of Investments will appoint responsible persons to conduct the Due Diligence and negotiations and the financial discussions.

k. Engagement policies

Areim is an independent Nordic property owner and fund manager with the vision to invest in new shapes of progress, for society and beyond, with a vision to deliver value to all stakeholders by balancing strong financial results with sustainable developments.

Each investment has a dedicated steering group including members of the fund

management, the asset management and the investment team focusing on the environmental action points included in the Business Plan with KPIs for follow-up and regular monitoring.

I. Designated reference benchmark

No index has been designated as a reference benchmark to meet the environmental characteristics promoted by the financial product.
