

Areim fund level website disclosures

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

Areim AB ("Areim", the "Manager") makes the following disclosures in accordance with Article 10 of the Disclosure Regulation in relation to Areim Fastigheter 4 (D) AB (the "Fund"). Investments are made by the Fund through a holding company that is jointly owned by the Fund and Areim Fastigheter 4 (Eq) AB.

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 miljökaraktären genom investeringar i fastigheter och relaterade investeringar, genom att fokusera på den gröna omställningen. Fondens miljörelaterade egenskaper är förbättring av fastigheternas miljöprestanda genom energieffektivitet och förnybar energi samtidigt som negativ miljöpåverkan minimeras.
- d. **Investeringsstrategi:** Fondens investeringsstrategi fokuserar på att skapa värde och förbättra tillgångarnas miljöprestanda i linje med Areims ESG-mål, som stödjer 1,5-gradersmålet i Parisavtalet från 2015. En central aspekt av fondens strategi är att utveckla och renovera befintliga byggnader. För att mäta miljöprestanda i fonden används flera olika indikatorer. Fondens förvaltare har åtagit sig att säkerställa att praxis för god styrning för investeringarna efterlevs, och är ansvarig för företagspraxis vilket beskrivs ytterligare i förvaltarens 'ESG policy' samt 'Ethics policy'.
- e. **Andel av investeringar:** Förvaltaren förväntar sig att majoriteten av investeringarna kommer att främja den miljörelaterade egenskapen, därav uppskattas att 95% kategoriseras som 'Nr 1 i linje med miljörelaterade/sociala egenskaper'. Den återstående andelen kategoriseras som 'Nr 2 Inte hållbara', vilket inkluderar kontanter.
- f. **Övervakning av miljörelaterade eller sociala egenskaper:** En styrgrupp vilken inkluderar fondens förvaltare samt dedikerade representanter från asset management, transaktionsgruppen och hållbarhetsteamet säkerställer att fondens miljörelaterade egenskaper efterlevs under hela livscykeln. Förvaltaren ansvarar för efterlevnad och utformar tillsammans med

hållbarhetsteamet anpassade ESG-strategier. Asset management ansvarar för att styra och utveckla investeringen utefter beslutad affärsplan och fastställda mål i linje med fondens miljörelaterade egenskaper.

- g. Metoder:** Förvaltaren utvärderar att miljöegenskaperna uppnås med hjälp av följande mätningar:

Möjliggör den gröna omställningen:

- Energieffektivitet genom att mäta förändring i energiklass
- Kapacitet installerad förnybar el och energi mätt i kW
- Hållbarhetscertifiering genom att mäta % certifierad area per investering
- Andel gröna hyresavtal genom att mäta % gröna hyresavtal per hyresarea respektive hyresintäkter
- Strandningsår enligt CREEM-verktyget fördelat per värde, beräknat som kvoten av det totala bruttotillgångsvärdet (GAV)

- h. Datakällor och databehandling:** Fonden hämtar data direkt från investeringen och dess tekniska förvaltare. Areim använder en dataplattform för insamling och hantering av hållbarhetsdata. Fondens tekniska förvaltare ansvarar för uppföljning och analys av förbrukningsdata. Uppgifterna verifieras också av en extern revisor.

- i. Begränsningar för metoder och data:** Viss data kan komma att estimeras beroende på rapporteringens tidpunkt eller vissa investeringars begränsningar. I de fall fonden saknar majoritetskontroll över investeringarna kan vissa begränsningar av metod och data förekomma.

- j. Due Diligence** Alla investeringsbeslut som tas av Fondens investeringskommitté tar hänsyn till hållbarhet, finansiella mål och affärslogik. Fondförvaltaren ansvarar för att fondens miljöprestanda och affärsplan är i linje med den miljörelaterade egenskapen som fonden främjar.

- k. Policyer för aktieägarengagemang:** Förvaltaren är inte börsnoterad och har därav inte en skyldighet att ha en policy för aktieägarengagemang. Förvaltaren utövar dock ett aktivt och ansvarsfullt ägande i investeringen i största möjliga utsträckning.

- l. Valt referensvärde:** Inget referensvärde har valts för att mäta miljörelaterade egenskaper som främjas av den finansiella produkten.

a) Summary

- b. No sustainable objective:** This financial product promotes environmental characteristics but does not have this as its objective sustainable investment.
- c. Environmental or social characteristics of the financial product:** The Fund promotes the environmental characteristic through investments in real estate and related investments, with a focus on transition to green in relation to energy efficiency, renewable energy, and improving the environmental performance, while minimizing negative environmental impact. The environmental characteristic promoted by the Fund is enabling the green transition.
- d. Investment strategy:** The investment strategy centers on creating value and enhancing the environmental performance of assets in line with Areim's ESG targets, which support the 1.5°C pathway outlined in the 2015 Paris Agreement. A pivotal aspect of the Fund's approach is retrofitting existing buildings, complemented by the integration of five sustainability indicators to reinforce the promoted environmental characteristics. Good governance practices are monitored by the Manager, ensuring commitment with transparent governance for long-term financial sustainability.
- e. Proportion of investments:** The Manager expects the majority of the Fund's assets to promote the environmental characteristic and therefore approx. 95% is considered to be categorised in “#1 Aligned with E/S characteristics”. The remaining portion falls within the category of “#2 Other”, including cash.
- f. Monitoring of environmental or social characteristics:** A steering group, comprising of the Fund's management, asset management, transaction team, finance, and sustainability team, ensures effective execution of the environmental characteristic for each investment. A Fund Manager oversees compliance and collaborates with the sustainability team to formulate tailored ESG strategies, while an asset manager is responsible for managing and developing the investment in line with the environmental characteristic throughout the entire investment cycle.
- g. Methodologies:** The Manager assesses and monitors the attainment of the environmental characteristic using the below measurements:

Enabling the green transition:

- Energy efficiency by measuring change in the Energy Performance Certificate (“EPC”) rating
- Capacity of installed renewable electricity and energy measured in kW
- Sustainability Certification by measuring the % of certified area of the investment

- Green leases by measuring the % of green leases by lettable area and rental income
 - Stranding year according to CREEM Tool by value, calculated as the ratio of the total Gross Asset Value (GAV)
- h. Data sources and processing:** The Fund uses a sustainability data management platform for direct data sourcing from the assets and technical managers of the Fund. The technical managers of the Fund are responsible for the follow-up and analysis of the consumption data. The data is also verified by an external auditor.
- i. Limitations to methodologies and data:** Some data may be estimated due to the reporting time frame or to limitations regarding some of the assets. In cases where the Fund lacks majority control of investments, some limitations to methodology and data can also occur.
- j. Due diligence:** All investment decisions presented to the Fund's investment committee take into consideration sustainability, financial targets, and business rationale. The Fund Manager monitors sustainability indicators and is responsible for reviewing the alignment of any proposed changes to the business plan against the overall Fund strategy.
- k. Engagement policies:** The Manager is a non-listed asset manager and therefore, it is not obliged to develop engagement policies. However, the Manager exercises active and responsible ownership in the investment to the greatest extent possible.
- 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 this as its objective sustainable investment.

c. Environmental or social characteristics of the financial product

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

- Enabling the green transition

The Fund promotes this environmental characteristic by investing in real estates and real estate related investments with a focus on transition to green in relation to energy efficiency, renewable energy, and improving the environmental performance of the assets in which the Fund invests, while minimising the negative environmental impact of such.

The Fund sets measurable and reportable key performance indicators for environmental improvement to ensure progress in performance of the investments in relation to the environmental characteristic promoted. During the acquisition phase, an in-depth analysis of the business plan strategy is performed, which includes sustainability ambitions and targets.

d. Investment strategy

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

The investment strategy of the Fund is to acquire real estate and engage in real estate related investments with value-add opportunities and enable the green transition by improving the Fund's assets' environmental performance. This investment strategy is based on Areim's overarching ESG target, which is to contribute to the reduction of global carbon dioxide emissions towards the net zero target in line with the 1.5 °C compliant-decarbonization-pathway as set out in the Paris Climate Agreement (2015) of the United Nations.

Retrofitting existing buildings is a key strategy of the Fund, which brings many benefits as it utilizes the embodied carbon already invested in the buildings' structures and materials. In contrast, new construction requires a significant number of new materials and energy to build from scratch, contributing to a higher initial environmental footprint.

Further, the Fund's investment strategy involves the following elements aimed at fostering the environmental characteristic promoted by the Fund:

- increasing the energy efficiency of the assets by improving the EPC rating,
- add on-site capacity of renewables at suitable assets,
- striving for 100% utilization of renewable energy in the Fund's assets,
- targeting to obtain Sustainability certification for the assets of the Fund, and
- targeting all leases to be classified as green leases by the time of divestment.

- 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 the Manager's commitment to creating long-term financial sustainability with transparent governance.

Where applicable, the Manager assesses good governance practices of the investee companies through:

- performing in-depth investment analysis in relation to ESG parameters of the investee companies (regarded as an interdependent parameter with other relevant focus areas like financial and market analysis, investment rationale etc.),
- comprehensive due diligence procedures (including legal, financial and tax due diligence) prior to any final investment decision in accordance with the Areim's Policy on Investment Decisions and Procedures,
- ongoing and continuous monitoring of activities throughout the holding period in accordance with the Areim's ESG Policy, and
- exercising active and responsible ownership by supporting the investee companies' business in the development of strategy, business plans and target formulation.

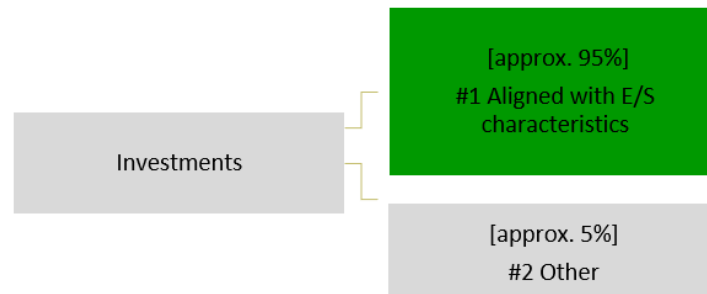
The Manager is committed to responsible corporate behaviour which is also reflected in the Fund management by Areim. The Manager is well equipped to ensure a robust and effective governance structure from a sustainability perspective.

The Manager's commitment to responsible corporate behavior is further described in the ESG Policy and Ethical policy.

e. Proportion of investments

The majority of the Fund's investments are intended to have direct exposures in promoting the environmental characteristic by following the investment strategy noted above including the good governance practice, and therefore the Manager considers that approximately 95% of the assets to be in "#1 Aligned with E/S characteristics" category.

The remaining portion falls within the category of "#2 Other" as there are certain assets, including cash to pay fees and other expenses, that are not intended to attain the environmental characteristic of the Fund and therefore considered to be other types of exposures.



f. Monitoring of environmental or social characteristics

As part of the acquisition process, an investment analysis and a due diligence process are 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 Fund's investment committee and in the business plan of the investment if the investment opportunity is pursued. Further, during the hold period the Fund monitors the promoted environmental characteristic as part of the annual business plan review process, taking into account the respective investment's environmental performance in relation to the promoted environmental characteristic.

To ensure effective monitoring and execution of the attainment of the promoted environmental characteristic, a steering group is formed for each investment, comprising dedicated resources from the Fund management, asset management, transaction team, finance, and sustainability team.

Additionally, a Fund Manager is appointed and assigned to the relevant Fund managed by Areim, responsible for ensuring the Fund's and its respective investment's compliance with specific investment criteria, as outlined in the Fund's investment agreement and followed by the Fund's investment committee when making investment decisions. This includes adherence to certain targets, investment strategy, restrictions, and risk profiles. The Fund Manager collaborates with the sustainability team to formulate, implement, and monitor ESG strategies tailored to each Fund.

An asset manager is appointed and assigned to the respective investment of the Fund, with the responsibility of ensuring that the investment is managed and developed in consideration of the promoted environmental characteristic. The designated asset manager is involved through the entire investment cycle, including engaging in the investment's due diligence process, and the formation and implementation of the business plan strategy at acquisition respectively during the hold period.

g. Methodologies

The Fund Manager assesses and monitors the attainment of the environmental characteristic using the below measurements:

To assess the performance of the Fund's environmental characteristic, the Fund measures the performance of energy efficiency, capacity of installed renewables, sustainability certification, green leases and the alignment with the Paris alignment as stranding year according to the Carbon Risk Real Estate Monitor Risk Assessment Tool ("CRREM Tool").

- Energy efficiency
 - Energy Performance Certificate ("EPC") rating by value, calculated as the ratio of the total Gross Asset Value (GAV)
 - EPC rating by square meter, calculated as the ratio of the total lettable area
- Capacity of installed renewables
 - The capacity of installed renewable electricity from solar panels (KW)
 - The capacity of installed renewable energy from geothermal (KW)
- Sustainability Certification
 - The % of the certified area, calculated as the ratio of the certified floor area of the total lettable area
 - The % of the certified area, calculated as the ratio of the value covered over the Gross Asset Value (GAV)
 - The % of certified assets, calculated as the ratio of the number of certified assets over the total number of assets
- Green leases
 - The % of green leases by lettable area, calculated as the ratio of the lettable area covered by green leases over the total lettable area (excluding vacancy)
 - The % of green leases by rental income, calculated as the ratio of the rental income covered by green leases over the total rental income per reporting year (excluding vacancy)
- Stranding year according to CRREM Tool
 - Stranding year by value, calculated as the ratio of the total Gross Asset Value (GAV)
 - Average stranding year, calculated as the ratio of the total Gross Asset Value (GAV)

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 a sustainability data management platform to collect EPC ratings, installed capacity renewables, sustainability certification levels and green leases. The Fund sources data directly from the assets and technical managers in respect of direct owned assets. When the investment is in a structure such as an operational company or Joint Venture that organisation has the responsibility for collecting its data through its systems and suppliers.

When calculating the sustainability indicators outlined in section g, lettable area is used as the area metric when applicable as this aligns with the financial reporting of the Fund. The GAV, consisting of an external valuation, is used as the valuation metric as it allows for the most accurate and representative distribution of the value in the fund on a property level and consequently on an aggregated level.

b. The measures taken to ensure data quality

The process of quality checks of the data is in place to assure a high level of data quality, for example by performing coverage checks within the data platform. The data platform collecting sustainability data directly from the investments also mitigates any errors in data collection.

The technical managers of the Fund are responsible for the follow-up of the consumption data to ensure data quality within the system, and analysis of data is performed periodically through an energy optimization agreement. Annually, the investments are assessed as part of the review of the business plan of the Fund, where the sustainability indicators are also reviewed and assessed. If any inconsistencies or abnormality of data is noted, it will be further investigated and resolved at that point in time.

The data is also verified by an external auditor.

c. How data is processed

Most of our integrated and systematic environmental work is data-driven and done in our daily operations.

To calculate the stranding year the CRREM Tool (being a market standard tool) is used.

d. The proportion of data that is estimated

Data retrieved from the data platform is 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 of the investments, there may be some limitations to methodologies and data.

j. Due diligence

All investment decisions presented to the Fund's investment committee take into consideration sustainability, in addition to the financial targets and business rationale.

The Fund Manager monitors the investments' sustainability indicators and is responsible for reviewing any proposed changes to the business plan of the investments to be in line with the Fund portfolio and overall Fund strategy, including the attainment of the environmental characteristic. There are no additional internal or external controls associated with the due diligence process unless deemed necessary.

k. Engagement policies

The Manager is a non-listed asset manager. Therefore, it is not obliged to develop engagement policies referred to in Article 3g of Directive 2007/36/EC of the European Parliament and of the Council.

However, the Manager exercises active and responsible ownership in relation to the operational real estate companies that the Fund invests in, to the greatest extent possible given the size of the ownership stake, by supporting the business in the development of strategy, business plans, target formulation and management work as well as through representation on the board, election and/or investment committees, to foster the attainment of the environmental characteristic promoted by the Fund.

l. Designated reference benchmark

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