

## Premico Residential Fund III

### Article 10 SFDR

### Website disclosure for an article 9 Fund

Article 9 funds are required to disclose the following information on their website:

#### 1. Table

Table summarizing all the amendments done, the date and the management in charge of the approval, as per the follow table\*:

<u>Version</u>	<u>Date</u>	<u>Brief Summary</u>	<u>Approved by</u>
<u>1.0</u>	<u>18.10.2023</u>		

\*Financial market participants and financial advisers shall keep the information published on their websites in accordance with this Regulation up to date

#### 2. Summary

This document provides the investor with detailed information about the Fund in relation to the sustainable investment objective of the Fund, in accordance with art. 10 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (as amended) (“SFDR”), and art. 37 to 49 of the Commission Delegated Regulation (EU) 2022/1288 (as amended) (“RTS”). This document should be read in conjunction with other relevant regulatory documentation so the investor can make an informed decision.

The fund makes only sustainable investments through investing only in operationally carbon neutral (in terms of energy consumption) residential real estate in Helsinki Metropolitan Area, Tampere and Turku. The Fund aims to contribute to climate change mitigation by building and investing only in EU taxonomy aligned energy efficient buildings and maximising the use of renewable energy to minimize carbon emissions. As a part of the acquisition process the fund engages the construction companies of the target assets to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Principal adverse impacts are taken into account throughout the investment period including for the purposes of determining that the investments are sustainable investments within the meaning of article 2(17) SFDR. In order to determine whether investments are achieving or impacting the Fund's sustainability objective, the carbon emissions and energy consumption of the Real Estate Assets is monitored against a set of parameters or metrics. In addition, the Fund uses international standards and frameworks such as BREEAM, Net Zero Carbon Building Commitment and Global Real Estate Sustainability Benchmark (GRESB) to analyse the assets during the investment and operational phase.

Currently, a suitable reference benchmark is not yet available for the Fund. When available, the AIFM, with the support of the Investment Advisor, will assess its usability and decide on its deployment separately. Prior to this, success in the objective of reducing carbon emissions will be made in accordance with the Net Zero Building Commitment and EU taxonomy criteria for new construction.

### **3. Sustainable investment objective**

The Fund is committed to diligent integration of ESG aspects in all its investments and considers climate change related risks and opportunities in the investment decision making process. The Fund aims to contribute to climate change mitigation and thus contributing to the process of holding the increase in the global average temperature to well below 2°C and pursuing efforts to limit it to 1,5 °C above pre-industrial levels, as laid down in the Paris Agreement by building and investing in energy efficient buildings and maximising the use of renewable energy to minimize carbon emissions. The Real Estate Assets are residential buildings in Finland, mainly in the Helsinki Metropolitan Area.

### **4. No significant harm to the sustainable investment objective**

The objective of the Fund is to ensure that its investments do not significantly harm any sustainable investment objective. A number of principles have been identified to assess and mitigate the ESG risks of investments and not cause significant harm. The Fund develops five principles to mitigate the negative impact risk:

1. The Fund uses the relevant taxonomy Do No Significant Harm criteria to identify the potential material adverse impacts and deselects assets which do not meet these.
2. The Fund always seeks to mitigate ESG impact risk: the Fund seeks to mitigate the risk of its investments by assessing the ESG performance at the level of prospective investments and at the level of partner companies during screening and due diligence. Reviewing ethical guidelines will for instance be part of the ESG assessment in the due diligence process and sustainability aspects will be part of the target evaluation and constructions plans.
3. The Fund helps investments improve their ESG performance: the Fund actively stimulates investments to improve their ESG performance, by collecting data and stakeholder feedback and undertaking annual tenant satisfaction surveys as well as

providing residents with apartment-specific water measurement and heating control and reporting. Also heating and cooling will be primarily sourced from on-site or off-site renewable sources, with small amounts of offsets if necessary.

4. The Fund promotes ESG excellence among its stakeholders: In order to contribute to the dialogue to further ESG in the Finnish real estate industry, the Fund engages with constructors to manage health and safety and labour rights issues in the supply chain. Furthermore, the 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. 65 Premico Group, to which the Fund belongs, has partnered with authorities and stakeholders to develop the “Plastic Roadmap”, a pilot project which examines the recycling of plastic materials in the construction sites (stage 1) and aims at reducing the use of plastic in buildings and replacing it with recyclable materials (stage 2). The Fund will benefit from this “Plastic Roadmap” as it will only invest in Real Estate Assets that have undergone stage 1 mentioned hereabove.

5. Regarding its investment universe, the Fund requires workplace accident prevention policies from the contractors and follows and measures work safety on the construction sites on a weekly basis. Moreover, the Fund will not invest in projects or contract with stakeholders where cases of corruption and bribery have taken place.

The Fund operates in a clearly defined limited residential sector in Finland, which has advanced legislation in terms of Human and Labour rights, very low corruption score, transparent society and competent authorities. The Fund has policies and practices in place in proportion to its operations to ensure alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

## **5. Environmental or social characteristics of the financial product**

The Fund targets in climate change mitigation and alignment with EU taxonomy criteria where the economic activity of the Fund is carried out in compliance with minimum social safeguards.

## **6. The Fund’s sustainable Investment policy**

The AIFM, with the advice of the Investment Advisor, follows an active investment management approach and is firmly convinced that sustainable Real Estate Assets go alongside with the economic added value of the investment product. Through the implementation of SFDR Article 9 and EU Taxonomy, environmental aspects are anchored in the investment process in line with the requirements and recommendations of established industry standards such as BREEAM and the Global Real Estate Sustainability Benchmark (GRESB).

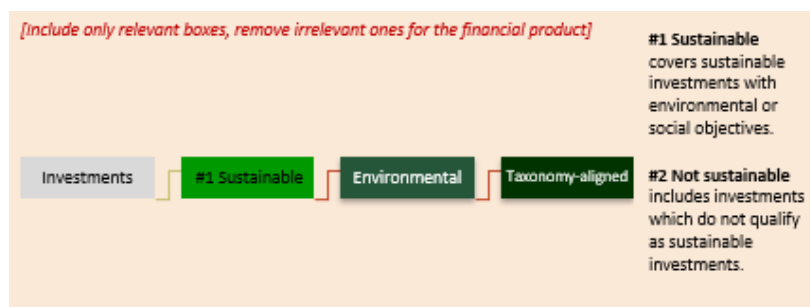
The Fund invests in residential real estate in Finland. The Fund will assemble a sustainable real estate portfolio with a strong income component and securing value through targeted measures such as investment in high-quality real estate as well as value creation. The Fund aims to achieve

attractive financial risk adjusted return alongside a meaningful and measurable positive social and environmental impact. The Fund sets the following environmental criteria:

1. Reduce operational CO2 emissions by investing in energy efficient buildings which use partially or wholly renewable energy. The buildings will comply with the Net Zero Carbon Building Commitment as defined by the World Green Building Council.
2. Minimize energy consumption during occupancy by investing in buildings with the highest energy efficiency (A-class) and being BREEAM certified.
3. Support the production of green energy by installing geothermal energy and solar panels on every building where technically and economically possible and buying the remaining energy needs from renewable energy sources.

## 7. Proportion of Investments

The Fund makes only investments (ie.100 % of all investments) that are sustainable with environmental investment objective. Moreover, all assets (ie. 100 % of all investments) will be taxonomy aligned as they will be constructed in alignment with EU Taxonomy criteria.



## 8. Methodologies and sustainability indicators

In order to determine whether investments are achieving or impacting the Fund's sustainability objective, the carbon emissions and energy consumption of the Real Estate Assets is monitored against a set of parameters or metrics. These metrics are selected from standardized catalogues and supplemented by personalized metrics. The Fund has selected the following main indicators to measure the investment objective:

- Operational CO2 and refrigerant emissions and avoided emissions
- Embodied carbon and whole life emissions across the whole lifecycle of the building by carrying out LCAs
- Water consumption per apartment
- Energy consumption
- Share of renewable energy (on site and off site)
- Amount, method, and service provider of carbon compensation (if any)

The sustainable investment objective pursued by the Fund will be measured with set of metrics that will be updated over time as new investments will be made. The Fund applies the metrics on a case by case basis, for each potential investment, as relevant for such investment. In addition, the Fund uses international standards. The main international reference frameworks for the Fund are BREEAM, Net Zero Carbon Building Commitment and Global Real Estate Sustainability Benchmark (GRESB).

## **9. Data Sources and processing**

The data that is used to measure operational CO<sub>2</sub> and refrigerant emissions and avoided emissions is collected from energy providers and analysed by the investment advisor.

Embodied carbon and whole life emissions across the whole lifecycle of the building are assessed based on LCAs that are carried out by external advisors. Data used in the LCAs is provided by the construction companies. The LCAs are partly based on forward looking estimates.

Water consumption per apartment is measured based on actual consumption data that is collected from meters that are installed in the assets.

Energy consumption is measured based on actual consumption data that is collected from meters that are installed in the assets.

## **10. Principal adverse impacts**

Principal adverse impacts are taken into account throughout the investment period including for the purposes of determining that the investments are sustainable investments within the meaning of article 2(17) SFDR. The Fund monitors and records the investments in order to consider PAI on sustainability factors upon completion of the building works.

## **11. Due diligence**

A comprehensive due diligence is performed in connection with each acquisition. In addition to customary financial and legal due diligence, following criteria is verified for each asset before final investment decision:

- Attainment of BREEAM Very good (or better) or LEED Gold (or better) certification confirmed by an external assessor
- Attainment of Energy class a confirmed by an external assessor
- Alignment of EU taxonomy criteria for new construction confirmed by an external assessor
- Construction company is required to engage to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.
- On site energy production is preferred and an availability of off-site renewable energy in the target location is verified if needed.
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## **12. Engagement policies**



Know how **Know you**

The fund requires the construction companies of the real estate assets to engage with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.