

# Pre-contractual disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

**Product name/legal identifier:** EAB Value Added Fund III Ky (the “Partnership” or the “Fund”).

The Partnership is or will be an alternative investment fund formed with EAB Fund Management Ltd as its alternative investment fund manager (the “AIFM”). Investors will participate in the Fund as limited partners (the “Limited Partners”) and a Finnish limited company, a group company of the AIFM, will act as its general partner (the “General Partner”).

The document discloses the manner in which sustainability risks are integrated into the Fund’s investment decisions and the results of the assessment of the likely impacts of sustainability risks on the returns of the Fund pursuant to Articles 6 and 8 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 (“SFDR”). This document is attached to the document that discloses information pursuant to Article 23 of the EU Alternative Investment Fund Managers Directive (2011/61/EU; the “AIFMD”) and the Finnish Act on Alternative Investment Fund Managers and the Decree of the Ministry of Finance 226/2014 (which implements the requirements of Article 23(1) and Article 23(2) of the AIFMD). The product promotes environmental and social characteristics but does not have as its objective a sustainable investment. All the companies in which an investment is made in, must follow good corporate governance practices. Therefore, the product is regarded as a product within the meaning of Article 8 of the SFDR.

This document is supplemental to and should be read in conjunction with the other documentation relating to the Partnership, including the final form of the fund agreement relating to the Partnership (the “Fund Agreement”). All information set forth herein is confidential. Any investment in the Partnership will be subject to the final terms of the Fund Agreement.

## Environmental and social characteristics

This product promotes environmental and social characteristics, but does not have as its objective a sustainable investment. Sustainability matters are evaluated in all the investments of the Fund, and separate sustainability targets will be set to part of the investments.

<p>1. Has a reference benchmark been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product?</p>	<p><i>No reference benchmark has been designated.</i></p>
<p>2. What environmental and/or social characteristics are promoted by this financial product?</p>	<p><i>This financial product promotes environmental and social characteristics. The Fund will make ESG (environmental, social and corporate governance) considerations when selecting investment opportunities. As an example, the Fund will consider ESG aspects as a part of its due diligence process with respect to a potential investment target. All the ESG aspects will have an equal weight.</i></p>
<p>3. What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?</p>	<p><i>The environmental factors analyzed and targeted are related to reducing direct and indirect CO2 emissions, renewable energy produced, increasing energy efficiency reducing water usage and total weight of</i></p>

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	<p>waste by type and disposal method. The social characteristics analyzed and targeted are related mainly to tenant satisfaction that is monitored through surveys and measures are taken to improve satisfaction through improving the conditions in the properties e.g. through better spatial planning, improving the services offered and improving the infrastructure of the properties (heating, air conditioning, lighting etc.).</p>
<p>4. What investment strategy does this financial product follow?</p>	<p>Pursuant to the Fund's investment strategy (as described in a more detailed manner in the Art. 23 disclosures documents and the Fund Agreement), the purpose of the Fund is to make investments in commercial properties (office, retail, logistics and industrial properties) with value-added strategy based on changing the purpose of use, leasing, lease repositioning and enlargements, in each case with pre-assessed medium to low development risk. Part of the investments can also be made in other type of properties, such as residential and hotel properties.</p>
<p>5. 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?</p>	<p>The integrated ESG elements of the investment strategy are concentrated on reducing directly and indirectly the GHG (greenhouse gas) emissions and also promoting increased energy efficiency. Directly and indirectly these actions should support the goal of combating climate change. Furthermore, of importance is the reduction of water usage and waste productions. Also, social factors related to tenant satisfaction are also considered.</p>
<p>6. How is that strategy implemented in the investment process on a continuous basis?</p>	<p>The investment team managing the Fund and the compliance and risk management department of the AIFM closely monitors the investment guidelines and acts when a breach or a possible breach of the guidelines is detected.</p>
<p>7. What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</p>	<p>This is considered to not be applicable to this Fund.</p>
<p>8. What is the policy to assess good governance practices of the investee companies?</p>	<p>The governance practices of potential investment targets are evaluated in connection with due diligence processes.</p>

	<p><i>As a result of the due diligence process, the Fund will either exclude the target or if deemed feasible, will cause the target to promote sustainability factors in the target's business. With regards to corporate governance, the factors that are analyzed are related to anti-competitive behavior, bribery and corruption, business ethics and controversies related to taxes and subsidies. The Fund will also gather relevant ESG data from the targets.</i></p>
<p>9. What is the asset allocation planned for this financial product?</p>	<p><i>The Fund seeks to form a portfolio where (measured by gross value or acquisition costs):</i></p> <ul style="list-style-type: none"> <li>- <i>at least 50% of the portfolio consists of Investments with stable cash-flow, and</i></li> <li>- <i>no more than 50% of the portfolio consists of other types of Investments such as (i) add-value assets (whereby returns would be generated by construction (including new buildings), leasing and cost optimization), (ii) zoning development assets (whereby returns would be generated by changing the purpose of use and/or increasing permitted building volume) and/or (iii) turn-around assets.</i></li> </ul>
<p>10. What investments are included under the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investment? What is their purpose and are there any minimum environmental or social safeguards?</p>	<p><i>The Fund's investments have full alignment with the environmental and social characteristics of the Fund's investment strategy.</i></p>
<p>11. How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</p>	<p><i>Potentially the Fund may use derivatives to hedge against interest rate risk. These instruments help the Fund to manage the risks not aligned with its primary investment focus of making investments to real estate properties.</i></p>
<p>12. How will sustainable investments contribute to a sustainable investment objective and not significantly harm any sustainable investment objective? How are</p>	<p><i>The goal of the investment strategy is to make sustainable real estate investments. This includes the energy efficiency investments that reduce energy consumption intensity in the properties.</i></p>

indicators for adverse impacts on sustainability factors taken into account?	<i>This in turn reduces the GHG (greenhouse gas) emissions directly and indirectly. Furthermore, water usage and total weight of waste by type and disposable method are monitored, and the Fund actively seeks to reduce water usage, amount of waste and increase the recycling rate in its investments. Also, the Fund seeks to improve the tenant satisfaction in the properties it owns. This in turn contributes to producing more satisfactory and safe workplaces.</i>
13. Are sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?	<i>Yes, they are aligned with these guidelines and principles.</i>
14. Does this financial product take into account principal adverse impacts on sustainability factors?	<i>Yes</i>
15. Can I find I find more product specific information online?	<i>Product-specific information can be found on the website: <a href="https://www.eabgroup.fi/vastuullinen-sijoittaminen">https://www.eabgroup.fi/vastuullinen-sijoittaminen</a> [information to be updated]</i>
16. Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes?	<i>No index has been designated.</i>
17. How does the designated index differ from a relevant broad market index?	<i>Not applicable.</i>
18. How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product and with the investment strategy?	<i>Not applicable.</i>