

Sustainability-related website product disclosures

for

**DEAS NORWAY BALANCED PROPERTY FUND AS**

LEI-code: 213800JCZZOQF5VWEZ46

DEAS Fund Management AS

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## 1. SUMMARY

This document provides you with information about DEAS Norway Balanced Property Fund AS (the "**Fund**") in relation to Regulation (EU) 2019/2088, cf. Delegated Regulation (EU) 2022/1288, (the "**SFDR**"). The information is required by law to help you understand the environmental and/or social characteristics and risks of this Fund. This information supplements the pre-contractual information shared with the investors prior to their entry into agreement on investment in the Fund.

This document contains the following information about the Fund:

- No sustainable investment objective
- Environmental or social characteristics of the financial product
- Investment Strategy
- Proportion of investments
- Monitoring of environmental or social characteristics
- Methodologies
- Data sources and processing
- Limitations to methodologies and data
- Due diligence
- Engagement policies
- Designated reference benchmark

DEAS Fund Management AS (the "**AIFM**") deems the Fund to promote environmental and social characteristics in accordance with article 8 of SFDR. The Fund primarily promotes, amongst others, high level of energy efficiency, waste handling, reduction of energy consumption and tenant satisfaction. The Fund does not have a sustainable investment objective as defined in section 2(17) of the SFDR. No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

The AIFM will comply with its sustainability policy when managing the Fund. The Fund will only invest in real estate that is not exposed to extraction, storage, transport, or manufacture of fossil fuels. The minimum proportion of the investments of the Fund used to meet the binding environmental or social characteristics promoted by the Fund is approximately 97% calculated on a fully invested basis measured by exposure to extraction, storage, transport or manufacture of fossil fuels. The remainder will be in cash or other liquid instruments for liquidity management purposes.

Screening and restrictions are used to identify if potential investments comply with the investment strategy and environmental and social characteristics of the Fund. Environmental characteristics of a potential acquisition will be presented to the investment committee of the AIFM together with financial and technical characteristics. If the characteristics fail to meet the environmental or social requirements of the Fund, a strategy of how to improve these characteristics must be presented to the investment committee.

Data on the sustainability indicators used to measure the attainment of the environmental and social characteristics, are obtained directly from third-party technical consultants and the property manager of the assets. The AIFM considers the data quality from the data providers during the due diligence. Data suspected of being incorrect, will be subject to external review and control, and inspections of the assets may be initiated.

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## 1. SAMMENDRAG

Dette dokumentet gir deg informasjon om DEAS Norway Balanced Property Fund AS ("**Fondet**") i samsvar med forordning (EU) 2019/2088, jf. delegert kommisjonsforordning (EU) 2022/1288, ("**SFDR**"). Informasjonen er lovpålagt for å hjelpe deg med å forstå de miljømessige og/eller sosiale egenskaper og risikoer tilknyttet Fondet. Denne informasjonen supplerer den pre-kontraktuelle informasjonen som gis til investorer før det inngås avtale om investering i Fondet.

Dette dokumentet inneholder følgende informasjon om Fondet:

- Sammendrag
- Ingen bærekraftige investeringsmål
- Det finansielle produktets miljøegenskaper eller sosiale egenskaper
- Investeringsstrategi
- Andel av investeringer
- Overvåking av miljøegenskaper eller sosiale egenskaper
- Metoder
- Datakilder og databehandling
- Begrensninger med hensyn til metoder og data
- Aktsomhetsvurdering
- Retningslinjer for engasjement
- Utpekt referanseindeks

DEAS Fund Management AS ("**Forvalter**") anser at Fondet fremmer miljømessige og sosiale egenskaper i samsvar med artikkel 8 i SFDR. Fondet fremmer hovedsakelig høy energieffektivitet, avfallshåndtering, redusert energiforbruk og leietakers tilfredshet. Fondet har ikke et bærekraftige investeringsmål slik det er definert i artikkel 2(17) i SFDR. Det er ikke utpekt en indeks som referanseverdi for å oppnå de miljøegenskapene eller sosiale egenskapene som Fondet fremmer.

Forvalter skal overholde sin bærekraftspolicy ved forvaltningen av Fondet. Fondet vil kun investere i fast eiendom som ikke er eksponert mot utvinning, lagring, transport eller produksjon av fossilt brensel. Minsteandelen av Fondets investeringer som brukes å oppfylle de bindende miljøegenskapene eller sosiale egenskapene som fremmes av fondet er ca. 97% beregnet på fullinvestert basis målt ved eksponering mot utvinning, lagring, transport eller produksjon av fossilt brensel. Gjenværende andel vil være i kontanter eller andre likvide instrumenter for likviditetsstyringsformål.

Screening og restriksjoner anvendes til å identifisere om mulige investeringer er i samsvar med Fondets investeringsstrategi og miljømessige- og sosiale egenskaper. Miljøegenskaper for et mulig kjøp vil presenteres for investeringskomiteen til Forvalter, sammen med dets tekniske- og økonomiske egenskaper. Dersom egenskapene ikke oppfylle de miljømessige eller sosiale kravene til Fondet, må en strategi for hvordan disse egenskapene kan forbedres presenteres for investeringskomiteen.

Data om bærekraftsindikatorer som brukes til å måle oppnåelsen av miljømessige og sosiale egenskaper, er hentet direkte fra tredjeparts tekniske konsulenter og eiendomsforvalter. Forvalter vurderer datakvaliteten fra dataleverandørene under aktsomhetsvurderingen (*due diligence*). Data som mistenkes for å være feil, vil bli gjenstand for ekstern gjennomgang og kontroll, og inspeksjoner av investeringene kan igangsettes.

## **2. NO SUSTAINABLE INVESTMENT OBJECTIVE**

This Fund promotes environmental and/or social characteristics but does not have as its objective sustainable investment. The Fund does not commit to making any sustainable investments.

## **3. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT**

The Fund primarily promote the following environmental and/or social characteristics, which investments in the real estate assets may be characterised by:

- Reduced level of energy consumption
- High level of energy efficiency
- Level of water consumption
- Waste handling
- Climate risk and vulnerability assessments and adaption solutions
- Tenant satisfaction

## **4. INVESTMENT STRATEGY**

### **4.1** *The investment strategy used to meet the environmental or social characteristics promoted by the financial product*

The Fund's investment objective is to construct and manage a diversified portfolio of assets in order to deliver a core return, while taking advantage of opportunities to improve income levels and capital values where they arise, as further set out in the regulatory information memorandum ("**RIM**") of the fund as well as the shareholders agreement ("**SHA**") for the Fund.

Sustainability risks are incorporated and considered in the due diligence process of the AIFM, as well as when following up the investments during the Fund's ownership period. At the same time, the AIFM considers sustainability opportunities that are material to the real estate investments of the Fund. The AIFM will comply with its sustainability policy when managing the Fund. Further, the Fund will only invest in real estate that is not exposed to extraction, storage, transport, or manufacture of fossil fuels.

Asset selection is impacted by both bottom-up and top-down factors. Every asset held must have a specific sustainability action plan within 12 months of acquisition, with the aim of managing material sustainability issues and maximizing sustainability opportunities.

### **4.2** *The policy to assess good governance practices of the investee companies*

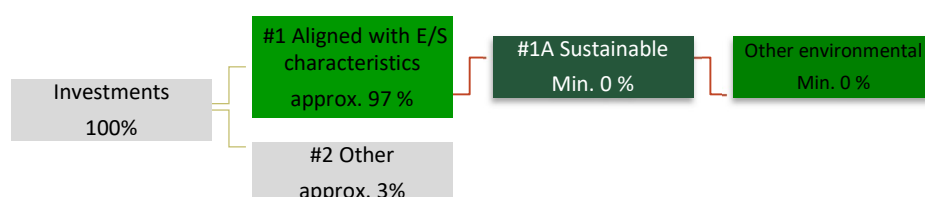
The assessment of good governance practices is based on policies and procedures designed to ensure adequate ongoing monitoring of sound management structures, labor relations, remuneration of staff and tax compliance of investee companies. The Fund invests exclusively in real estate through investments in companies whose sole activity is the ownership of the underlying rental property or properties. No guarantee can be made that these investments will be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principle on Business and Human Rights.

## **5. PROPORTION OF INVESTMENTS**

The AIFM will follow the investment strategy in the RIM, the SHA and this document when managing the fund, and integrate sustainability factors and risks in its investment process and decisions as further set out herein. As such, the AIFM will consider environmental and/or social

characteristics for all its investments. The Fund does not commit to making any sustainable investments.

The minimum proportion of the investments of the Fund used to meet the binding environmental or social characteristics promoted by the Fund is approximately 97% calculated on a fully invested basis measured by exposure to extraction, storage, transport or manufacture of fossil fuels. However, this may vary from time to time depending on e.g., liquidity management, sales and acquisitions etc. The remainder will be in cash or other liquid instruments for liquidity management purposes.



*#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 covers:*

*- The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives.*

## 6. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

Data on the sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the Fund are obtained directly from third-party technical consultants and the property manager of the assets. The data is verified before it is included in the sustainability assessment performed by the AIFM. Where the relevant data for a given indicator is subject to change, e.g., energy consumption of a building, the data will be recollected regularly and at least annually.

The environmental and social characteristics, as well as the above-mentioned sustainability indicators, are monitored prior to an investment being made by collecting information on the environmental and social characteristics set out above. After closing, information is gathered and monitored frequently.

## 7. METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The sustainability indicators to measure the attainment of the environmental characteristics promoted by the fund are:

- Energy consumption (reduced consumption kWh/m<sup>2</sup>),
- The levels of energy efficiency (Energy Performance Certificate A or B),
- Water consumption (reduced consumption in litre/m<sup>2</sup>),
- Waste handling covered by a waste recovery or recycling contract,

- Climate risk and vulnerability assessment in accordance with Annex A of the technical screenings criteria,
- Implementation of adaption solutions as per the climate risk and vulnerability assessment, and
- Ensure that buildings are not exposed to extraction, storage, transport, or manufacture of fossil fuels.

The sustainability indicator used to measure social characteristics by the fund is tenant satisfaction (increase in net promoter score). Furthermore, green building certifications (BREEAM) and peer group scoring (GRESB) are used to measure the qualitative and quantitative quality of the investment. In addition, the AIFM will consider site-specific factors such as opportunities within energy and water consumption, waste handling and flood risk as well as regional and global factors including long term climate impacts and technological change.

## **8. DATA SOURCES AND PROCESSING**

### **8.1 *Data sources used to attain each of the environmental or social characteristics promoted by the financial product;***

One of the primary sources of processed data is information collected and provided by the property manager and presented to the AIFM through an ESG dashboard. The data is verified annually by an independent third party.

During the pre-investment phase, access to such information is restricted to what the seller and their property manager provides for in the due diligence process. Obtained data is typically used for exclusion of investments exposed to extraction, storage, transport, or manufacture of fossil fuels. Furthermore, the AIFM collects from external data sources relevant to the investment. An assessment is made by the AIFM together with the property manager, in order to assess how the asset could be brought up to the minimum level of environmental and social characteristics, in case the current state is inferior. Such data may be used to supplement and/or to verify the information provided by the property manager.

### **8.2 *Measures taken to ensure data quality;***

The AIFM considers the data quality from the data providers during the due diligence. If data is suspected to be incorrect, in whole or in part, such data will be subjected to external review and control, and inspection of the asset/real estate may be initiated by the AIFM or the transaction team of the AIFM.

Further, data is subject to internal verification processes, initiated by the AIFM or the transaction team of the AIFM, before it is included in the measurement of the social and environmental characteristics promoted by the Fund. In addition, existing assets in the portfolio are subject to internal verification processes initiated by the AIFM, asset manager and/or the property manager.

### **8.3 *How data are processed;***

Data is processed through the systems of the property manager, structured in a database and shared with the fund team through a power business intelligence (BI) dashboard.

Data is registered and saved throughout the lifetime of the Fund.

**8.4** *Proportion of data that are estimated.*

The proportion of data that are estimated is 0%.

**9. LIMITATIONS TO METHODOLOGIES AND DATA**

**9.1** *Limitations to the methodologies and data sources*

Methods to meet the environmental and social characteristics of the Fund comprises data from external data sources. There can be no guarantee that data provided by the property manager, or third parties is complete and accurate. Furthermore, lack of corporate disclosures or data gaps between providers may cause further limitation to the methodologies and data sourcing.

**9.2** *How such limitations do not affect how the environmental or social characteristics*

Where limitations in the methodologies and data have been identified, the AIFM will seek to mitigate this risk through its own assessment and take any appropriate remediation as necessary. Whilst it is impossible to completely eliminate the risk of impact of an external data vendor error, the AIFM does conduct its own reviews and inspections where it believes investments have been misclassified.

**10. DUE DILIGENCE**

Screening and restrictions are used as a tool to identify if potential investments comply with the investment strategy and environmental and social characteristics of the Fund. The due diligence comprises of an internal and external control. The internal control consists of reports, describing the investment in terms of the sustainability characteristics of the fund, while the external control consists of reviewing external data documenting the environmental and social characteristics of the potential investment.

**11. ENGAGEMENT POLICIES**

Active ownership is not a characteristic of the Fund, and no engagement policies has been prepared for the Fund.

**12. DESIGNATED REFERENCE BENCHMARK**

There is no reference benchmark designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.