Sustainability information

In March 2018, the European Commission published an Action Plan on Financing Sustainable Growth (the "EU Action Plan") that set out an EU strategy for sustainable finance. The EU Action Plan identified several legislative initiatives, including 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"). SFDR requires transparency with regard to the integration of evaluations of environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investments made by a financial product ("Sustainability Risks") and consideration of adverse sustainability impacts of the actions financial products and financial market participants.

At the date of this product declaration, it is difficult to predict the full extent of the impact of SFDR and the EU Action Plan on the Fund. The Management Company and the Fund await the further consultation and/or guidance on the level 2 regulatory technical standards (the "RTS"), and the finalization of the RTS. Once published, this declaration and/or the websites of the Management Company may be updated to include further disclosures as required.

Below, investors can find relevant information regarding sustainability considerations the Fund takes into account.

1. Transparency regarding the integration of sustainability risks and sustainable investment

☐ The Fund's objective is sustainable investment

☒ Among other things, the Fund promotes environmental or social characteristics

☐ Sustainability risks are taken into consideration in investment decisions, without the Fund promoting environmental or social characteristics or having sustainable investment as its objective

☐ Sustainability risks are not relevant (explanation below)

Manner in which sustainability risks are integrated into investment decisions

The Investment Manager takes into consideration sustainability risks when making investment decisions. Sustainability risks are defined as environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of an investment and/or returns from that asset. As part of a broader analysis the Investment Manager identifies such sustainability risks and integrates them into its investment decision making and risk monitoring to the extent that they represent actual or potential material risks and/or opportunities to the long-term risk-adjusted returns of the Fund.

Pre investment sustainability risk assessment

- Step one in the property investment selection process is a negative screening on investments that do not live up to the Storebrand Asset Management sustainable Investment Policy, or that hold an ESG standard that cannot be improved properly within acceptable effort or means.

- In step two, an asset-level environmental and/or social risk assessment is conducted as a standard part of the overall due diligence process, along with juridical, financial and technical assessments. The Fund shall to a greatest possible extent consist of properties with high environmental standard, and that hold a third-party environmental classification. This, or the cost of improving these features, along with the potential impact on the value of the investment, is considered explicitly in the selection process. The expectation is that high sustainability quality decreases operating and maintenance costs, demand lower future investments, and is attractive to preferred tenants. A preliminary assessment indicates main challenge areas of the property in order to properly address them by further assessment. Examples of issues that are included in the risk assessments are listed below.

Post investment - sustainability in management and development of standing investments
The post-investment phase covers ESG in the portfolio and property management, monitoring, communication, development and improvement processes:

- Monitor material ESG risks and opportunities in properties and portfolio;
- Based on environmental and social risk assessments develop improvement strategies for the properties' environmental and social performance, green building certifications etc. This is based on setting targets, implementing measures and monitoring development, both in general property management and in development projects;
- General annual reporting to and rating by GRESB (Global Real Estate Sustainability Benchmark) and other relevant

international ESG leadership standards;
- Regular communication to investors and public disclosure on ESG performance.

Risk incident monitoring (post investment)

ESG-related controversies, misconduct, penalties, incidents, accidents, or breaches against the codes of conduct/ethics are monitored for standing investments and processes concerning them, e.g development contracting, facility management, and leasing. Occurred operational risks are reported as incidents. All employees, facility managers, suppliers and contractors have a responsibility to report incidents they discover. Independent Risk Control has a coordinating responsibility for managing these. All incidents are logged and reported regularly to the management team and the board. The management team and the board will then decide on who to inform. If relevant, incidents will be included the group-wide incident registry. If applicable, incidents are reported to regulators and government authorities.

Sustainability risks that may be relevant to the Fund's investments include, but are not limited to:

- Environmental risks: the ability of properties to mitigate and adapt to climate change, energy efficiency and supply, the potential for higher carbon and energy prices, contaminated land, natural hazards, water efficiency and supply exposure to increasing water scarcity and potential for higher water prices, waste management and material resources efficiency challenges, and impact on global and local ecosystems and biodiversity.
- Social risks: product building safety, and labor standards, indoor environmental quality, occupational health and safety and human rights among tenants and service suppliers, employee welfare, education and diversity
- Governance risks: compliance with regulatory requirements, corruption, data & privacy concerns, and supply chain management including labor standards, health and safety and human rights

For further details on how the Fund deals with sustainability risks, please consult the Investment Manager's webpage, the Storebrand Sustainable Investment Policy, and in particular the Storebrand Real Estate part.

Impact of sustainability risks on returns

The impacts of sustainability risk may be numerous and vary depending e.g. on the specific risk, asset and asset location. The assessment of the likely impact of sustainability risks on the Fund's return will therefore depend to a great extent on the portfolio asset composition. Loss of value due to the occurrence of sustainability risks may arise e.g. in the form of fines, decreed investments, increased operating costs, reduced lease rates, increased vacancy, physical damage to the asset or its capital, supply chain disruption, inability to obtain additional capital and reputational damage. A sustainability risk event or condition may impact a specific investment or may have a broader impact on an economic sector, geographical or political region [or country] which may impact the portfolio of the Fund in its entirety.

The Fund may be able to avoid or mitigate the sustainability risks mentioned above to some extent through the application of the Storebrand Sustainable Investment Policy, and in particular the Real Estate part.

2. Sustainability-related characteristics promoted in the management of the Fund

☒ Environmental characteristics (e.g. assets' reduced impact on the environment and climate)

☒ Social characteristics (e.g. building related tenant, supplier and neighborhood health and safety)

☐ Good governance practices (e.g. anti-corruption)

☐ Other sustainability aspects

Environmental characteristics that are promoted and how they are met

- GHG emissions and energy efficiency are two characteristics closely related, as energy consumption stands for the largest part of emissions from operations. These are seen to be among the most important environmental indicators, Absolute and intensity indicators are monitored. Reduction measures are assessed and integrated into asset strategies and implementation plans, as well as in day-to-day technical operation and optimization.
- Environmental certification (BREEAM or equivalent) of all properties is an overall goal. Until the major part of the portfolio holds a certificate, the certified share of total property investment is the main indicator and target. Thereafter, increase in certificate grade over time is seen as a good environmental indicator covering a broad spectrum of sustainability qualities. BREEAM for projects is applied for relevant projects, while BREEAM In-Use is for standing investments. BREEAM grade improvement plans are integrated into asset implementation plans.

Social characteristics that are promoted and how they are met

- Tenant satisfaction, overall and on indoor environmental quality in particular, are social characteristics of great importance to both tenant and landlord. Annual tenant satisfaction surveys give valuable feedback to the improvement plans that the property management team works on during the year.
- Employee satisfaction and engagement is measured monthly. This gives ground for frequent adjustments and measures to improve satisfaction and overall engagement score.

3. Consideration of Adverse Sustainability Impacts

The Investment Manager relies on the Storebrand Sustainable Investment Policy and in particular the Real Estate part in the negative screening of, and active ownership in, potential investments to manage potential adverse impacts that can result from the Fund's investment activities.

Further details can be obtained at Storebrand Real Estate SFDR.

4. Benchmarks

☒ The Fund has the following benchmark index comparing ESG achievements

☐ No benchmark index has been chosen for comparing ESG achievements

The Fund uses the Global Real Estate Sustainability Benchmark, GRESB, as benchmark for overall comparison of ESG achievements. The GRESB Real Estate assessment is an investor-driven global ESG benchmark and reporting framework that covers ESG characteristics in two dimensions – both management and performance. This includes for management: Leadership, Policies, Reporting, Risk Management, Stakeholder Engagement, and for performance: Risk Assessment, Targets, Tenants & Community, Energy, GHG, Water, Waste, Data Monitoring & Review, Building Certifications. The score is also distributed to Environment, Social and Governance factors separately.

The assessment process is based on validation, objective scoring and peer benchmarking. GRESB aims to increase alignment to SFDR requirements (from 60 – 70 % alignment in the 2020 version) and provide a simple way for GRESB Participant and Investor Members to meet their regulatory reporting requirements, Read more about GRESB here, and about the SFDR Gap Analysis here. The scoring methodology is found here.

5. International standards

The Investment Manager, which is part of Norway's Storebrand Group, has signed and adheres to: the UN Principles for Responsible Investment (2006), OECD, ILO, UN Global Compact (2000), Tobacco-Free Finance Pledge (2018), Fossil-free Sweden (2016), Net Zero Asset Owner Alliance (2019), CDP (2015), Montreal Pledge (2015) and TCFD.

The Fund ensures that suppliers to standing investments minimum comply with UN Global Compact, the ILO convention and Storebrand's ethical rules concerning the environment, human rights, working conditions and business ethics e.g anti-corruption.