

## PARETO REAL ESTATE CREDIT FUND

Pre-contractual disclosure of a product that promotes  
environmental/social characteristics

### Environmental and/or social characteristics

This product:

- Promotes environmental or social characteristics, but not have as its objective a sustainable investment
  - It does not invest in sustainable investments
  - It invests partially in sustainable investments
    - In activities aligned with the EU Taxonomy
    - In activities not aligned with the EU Taxonomy
- Has sustainable investment as its objective

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### What environmental and/or social characteristics are promoted by this financial product?

The characteristics promoted by this product are the promotion of more environmentally sustainable buildings. The product aims to incentivize owners of real estate to improve the sustainability performance of buildings through reducing energy usage, improve the energy mix, reduce waste, increase recycling, lower water usage, as well as to use sustainable building materials.

The product offers bilateral bonds or loans with security in real estate that have sustainable-linked terms and conditions in line with internationally recognized principles. Each sustainability-linked bond or loan have pre-determined, objective KPIs that measure the sustainability performance. This may for example be energy usage or the attainment of certain sustainable building certifications.

## **What investment strategy does this financial product follow?**

The loan documentation in each investment will as a main rule provide for sustainability-linked terms that incentivize the Issuers to achieve quantitative, pre-determined and regularly monitored sustainability objectives through Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs). The real estate debt will, as a main rule, be issued in line with the Sustainability-Linked Bond Principles as adopted by the International Capital Markets Association, or, if relevant, equivalent principles applicable for direct loans.

The KPIs and SPTs will be tailored to each investment and will typically be focused on:

- Energy (energy usage, energy efficiency and energy mix)
- Water usage
- Waste handling and recycling
- Mobility investments that reduces reliance on fossil fuel transport
- Working conditions (air quality, temperature, lighting, acoustics)
- Nature preservation (green spaces, land repatriation)
- Building materials
- Green building certification

## **What are the binding elements for the investment selection?**

Each investment is subject to an ESG analysis and ESG due diligence to determine sustainability risks, which may lead to the exclusion of certain investments and which form the basis for determining KPIs and SPTs.

## **How is the strategy implemented in the investment process on a continued basis?**

Each investment decision is made basis an ESG analysis and ESG due diligence, in addition to traditional financial analysis and due diligence. The terms and conditions for each loan will, as a main rule, be sustainability-linked, based on factors or issues that emanate from the ESG-analysis and due diligence.

## **What is the policy to assess good governance practice of the borrowers?**

The Fund Manager has a responsible investment policy that states that an ESG analysis shall be part of every investment decision. This analysis also covers governance issues. The ESG due diligence for the product is based on a proprietary ESG DD-questionnaire, where governance issues are one of three sections to be scrutinized. This will be part of the investment decision.

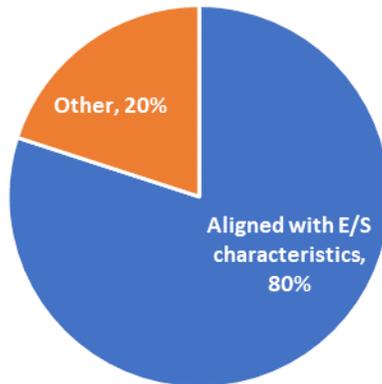
## **Where can I find further details on the investment strategy?**

Further information can be found in the Investment Memorandum of the financial product and on the website of the promoter of the product in the Sustainability section.

## **What is the asset allocation planned for this product?**

The product may invest in all real estate segments, however, the majority of the portfolio is expected to represent exposure to the following segments: office, hotel, retail, residential, logistics, industrials and public, special purpose buildings (such as schools, university buildings, pre-schools, nursing homes and public courts). Emphasis will be based on modern buildings with creditworthy tenants, central location with regards to tenants' activities and predictable maintenance costs. The product may invest in real estate credit across the Nordic region, excluding Iceland.

PREC Planned Asset Allocation



**What investments are included under “Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The category “Other” may include investments with superior credit quality or risk/reward, and will be subject to the same ESG due diligence process and minimum standards as other types of investments.

**To which objectives do the sustainable investments contribute to and how do they not cause significant harm?**

The sustainable investments contribute to the objective of reducing energy usage and overall GHG emissions from buildings to combat climate change and promote climate change adaption. They do not cause significant harm as the required investments to achieve the objectives are generally minimal and do not cause meaningful adverse impact.

**Does this product take into account principal adverse impacts on sustainability factors?**

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No

**Can I find on-line more product-specific information?**

This product is marketed to professional investors only. You can find more information about Pareto Alternative Investments and its policies and actions regarding sustainability on [www.paretoai.no](http://www.paretoai.no).