

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: fair-finance real estate sustainable fund

Legal entity identifier: 13800SJH1PY3ZJS8M81

ISIN: LU2404031028

Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** ____%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



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

The fund invests in immovable property that meets strict environmental and social sustainability requirements.

The fund is certified with the Austrian “*Umweltzeichen für Finanzprodukte*”, which is a licensed label for sustainable financial products that invest by following ecological and ethical-social guidelines. The certification is valid until April 2026.

A methodically comprehensive approach is depicted, and sustainable evaluations are undertaken in accordance with the applicable “*Sustainable Investment Guideline*”.

The “*Sustainable Investment Guideline*” by fair-finance integrates sustainability factors such as environmental, social and employee issues, as well as respect for human rights and the combat against corruption and bribery, in its specific investment process.

The sustainability of real estate is assessed using a rating system developed by the Investment Manager for new and existing properties.

This rating system is divided into four categories: (i) location, (ii) energy, (iii) building material and (iv) ethics.

Exclusion criteria are defined, which in any case also correspond to the minimum standards of the Austrian “*Klima:aktiv*” certificate (in case of real estate investments in Austria) or equivalent in other jurisdictions.

According to the investment process, sustainability is comprehensively defined in terms of responsible investment with high ethical (affordability, corporate governance, avoidance of negative environmental influences), social (infrastructure in the vicinity, noise pollution, barrier-free access to apartments) and environmental (energy efficiency, problematic substances, use of renewable energies, building ecology, thermal comfort, construction work) standards.

No reference benchmark has been designated for the product for the purpose of attaining the environmental and social characteristics.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability of real estate properties is assessed using a rating system developed by the Investment Manager for new and existing properties.

The rating is based on the following four groups of criteria:

- 1) Location, infrastructure, mobility of residents, natural hazards, immissions
- 2) Energy efficiency, thermal comfort, use of renewable energy
- 3) Ecological assessment of building materials, resources, problematic materials, construction, indoor air quality, third-party usability
- 4) Ethics and transparency

Exclusion criteria are defined, which in any case also correspond to the minimum standards of the Austrian “*Klima:aktiv*” certificate (in case of real estate investments in Austria) or equivalent in other jurisdictions.

The sustainability rating is a standardised procedure to demonstrate the sustainable quality of a property. The benchmark for quality is the fair-finance sustainability standards, as set out in the fair-finance explanatory notes “*Sustainable Real Estate*”.

The rating takes into account the defined requirements as well as the positive and negative criteria of the “*Sustainable Investment Guideline*” by fair-finance. The rating criteria also take

into account the requirements of the Austrian Eco-label UZ 49 "*Sustainable Financial Products*".

The sustainability rating model of fair-finance is intended to contribute to the UN Sustainable Development Goals (SDGs), addressing the following goals in particular:

SDG 1 No Poverty
SDG 3 Good Health and Well-Being
SDG 6 Clean Water and Sanitation
SDG 7 Affordable and Clean Energy
SDG 9 Industry, Innovation and Infrastructure
SDG 10 Reduced Inequalities
SDG 11 Sustainable Cities and Communities
SDG 12 Responsible Consumption and Production
SDG 13 Climate Action
SDG 15 Life on Land

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The fund does not intend to make sustainable investments.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The fund does not intend to make sustainable investments.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The fund does not intend to make sustainable investments.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund itself takes into account the OECD Guidelines for Multinational Enterprises as well as the UN Guiding Principles on Business and Human Rights including the Guiding Principles and Rights according to the eight fundamental conventions within the declaration on Fundamental Principles and Rights at Work established by the International Labour Organization (ILO) and the International Bill of Human Rights.

The fund also expects its business partners to recognise the bespoke international Guidelines and Principles.

The fund does not and also will not aim for holding any direct stakes in companies.



Does this financial product consider principal adverse impacts on sustainability factors?

☒

Yes.

☐

No

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.

The consideration of adverse impacts on sustainability factors is an integrative part of the strategy of the manager of the fund (the AIFM).

The Principle Adverse Impacts (PAIs) deriving from Delegated Regulation (EU) 2020/1288 which are taken into consideration for the real estate fund are:

- a) Exposure to fossil fuels through real estate assets
- b) Exposure to energy-inefficient real estate assets

These PAIs are taken into consideration according to the investment strategy of the fund, they also constitute relevant valuation factors within the investment process.

Ad a) The fund has no exposure to fossil fuels through real estate assets; this means there is no share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels whatsoever.

Ad b) The fund aims at an exposure to energy-inefficient real estate assets as low as possible. The valuation of "energy-inefficient" objects is conducted through the examination of the energy certificates of the real estate properties.

In order to limit the exposure to energy-inefficient real estate assets and assess the attainment of the objective, a threshold has been defined for the fund:

Energy-inefficient real estate assets are described as real estate that has an overall energy efficiency lower than "C" (according to Austrian energy certificates and the equivalent in other jurisdictions).

The share of energy-inefficient real estate shall be determined in line with the provisions set up by the internal fair-finance-rating for sustainable real estate in the current version.

Due to the investment objective of the fund, which is investing in real estate properties, no consideration of other PAIs from Table 1 and no consideration at all of PAIs from Tables 2 and 3 is performed. The fund does not have any investments in investee companies. Therefore, no data is available and/or gathered.

Concerning the additional indicators for real estate in Table 2 (Greenhouse gas emissions, Energy consumption and Waste), no data is available as of the date of publication of this document.

Information concerning principal adverse impacts in the context of periodic reporting can be found in the respective Annex IV to the annual report of the fund.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The investments of the fund will be predominantly in the following type of real estate which are exclusively situated in a Member State of the European Union or in a contracting state to the agreement of the European Economic Area:

- (a) Developed land;
- (b) Land under development, provided the circumstances allow to expect the conclusion of the development within a reasonable period of time and provided that the total cost of acquisition of such land under development and the value of land under development already forming part of the assets of the fund does not in the aggregate exceed forty per cent (40%) of the total Net Asset Value of the Sub-Fund;
- (c) Undeveloped land earmarked and suitable for immediate development, provided that the total cost of acquisition of such undeveloped land and the value of undeveloped land forming part of the assets of the fund does not in the aggregate exceed thirty per cent (30%) of the total Net Asset Value of the fund;
- (d) Building rights, properties built on third party land (should this type of real estate be located in the Republic of Austria, this shall be limited to the definition of *Superädifikate* in terms of § 435 of the Austrian Civil Code) land held in joint ownership and the ownership of the common parts of a condominium in consideration of the value limits indicated under paragraphs (b) and (c).

In the selection of the real estate investments, the fund shall focus on immovable property that meets strict environmental and social sustainability standards. In assessing the viability or otherwise of the prospective investment, the fund shall take into consideration both quantitative and qualitative criteria including the use and life cycle of the immovable property, the infrastructure, the ecological impact of real estate projects and the materials used.

The fund invests in immovable property with focus on residential properties in Austria and Germany. The preservation and refurbishment of existing buildings is preferred to new construction, with focus on residential properties and social properties such as nursing homes, schools or student and social housing. The manager of the fund strives to continuously improve the sustainability of the properties it owns.

With regard to the investment universe, a combination of exclusion (negative selection) and positive selection criteria are used.

According to the investment process, sustainability is comprehensively defined in terms of responsible investment with high ethical (affordability, corporate governance, avoidance of

negative environmental influences), social (infrastructure in the vicinity, noise pollution, barrier-free access to apartments) and environmental (energy efficiency, problematic substances, use of renewable energies, building ecology, thermal comfort, construction work) standards.

The negative criteria for real estate defined by the “Sustainable Investment Guideline” by fair-finance include the following:

- Asbestos: The reorganization and/or disposal of containing asbestos materials is not feasible or only at untenable high expenditure.
- Execution of construction, airtightness and room quality: The minimum requirements as per *klima:aktiv* basic criteria 2014 are not fulfilled. (Concerns new building objects and comprehensively refurbished objects). The minimum requirements as per *klima:aktiv* basic criteria 2014 are not fulfilled. (Concerns only new building objects).
- Building ecology: An index value OI3BGF >200 of the existing or planned building construction of the total building on the basis the ecological index 3 which represents the greenhouse potential, the sour potential and the need of not renewable energetic resources.
- Lead pipes: The rehabilitation or disposal of lead-containing materials is not feasible or only at unreasonably high costs.
- Energy efficiency, Recording energy consumption, Climate-damaging substances (avoidance of HFCs), Summer fitness, Feasibility studies: The minimum requirements as per climate-active (*klima:aktiv*) basis criteria 2014 are not fulfilled. (Concerns new buildings and comprehensively refurbished objects)
- Wood preservatives indoors: The refurbishment or disposal if wood preservatives are identified indoors cannot be performed or only with unacceptably high costs.
- Infrastructure in closer area: None and/or less than 2 facilities for covering the needs of daily life in closer area (periphery 1.000m) available.
- Contaminating in the soil: The clean-up or disposal of contaminants in the soil is not or only with unreasonable effort feasible.
- Noise pollution: The noise emission level at the location is > 25dB above the emissions planning guidelines as per ÖNORM S 5021 (concerns only new building objects).
- Tenant: The share of total rental income of the total building of companies or institutions that are excluded from investment according to the negative criteria in chapter 3 point A. is more than 10 % and the duration of these leases is more than 5 years. Furthermore, fair-finance will not conclude leases with companies or institutions or extend leases that are excluded from investment in accordance with the negative criteria in chapter 3 point A and do not meet the legal requirements.

The positive criteria for real estate defined by the “Sustainable Investment Guideline” by fair-finance include the following:

- Good infrastructure in the vicinity
- High overall energy efficiency and low global warming potential

- High energy quality of the building envelope and opportunities for sustainable renovation
- High share of renewable energy
- Good ecological assessment of building materials and constructions
- Good quality and low pollution of indoor air
- Avoidance of critical or problematic substances or contaminated sites
- Low or no hazards due to natural hazards and imissions
- Minimal noise pollution
- High mobility for the residents (bicycle parking, infrastructure in the vicinity)
- Barrier-free access to the apartments
- Good third-party ability
- Assisting the residents in avoiding negative environmental influences (reduction of energy and water consumption, waste separation and the subsequent recycling of waste)
- Compliance with ethical principles (corporate governance) and high transparency

● ***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?***

The investment objective of the Fund is to produce positive returns by investing in the real estate industry. Herby, the Fund may invest in immovable property either directly or indirectly including Real Estate Companies. The fund may also invest in existing companies or other similar entities that invest directly or indirectly in real estate.

When selecting properties, the focus is on a sustainable return and a positive long-term performance. The criteria for sustainable asset investment are consistently taken into account in investment decisions, which is why the fund was also awarded the Austrian Eco-label.

With regard to the investment universe, a combination of exclusion (negative selection) and positive selection criteria is used.

According to the investment process, sustainability is comprehensively defined in terms of responsible investment with high ethical (affordability, corporate governance, avoidance of negative environmental influences), social (infrastructure in the vicinity, noise pollution, barrier-free access to apartments) and environmental (energy efficiency, problematic substances, use of renewable energies, building ecology, thermal comfort, construction work) standards.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not apply a minimum rate to reduce the scope of the investments considered prior to the application of its investment strategy.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

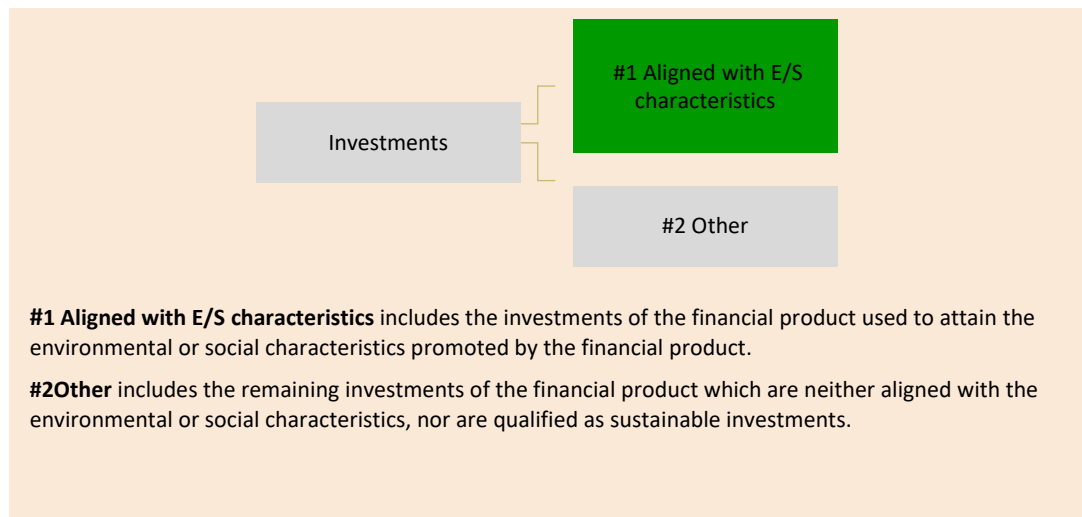
If a use case of investments in companies arose, the fund would assess good governance practices of those companies as an integrative part of its processes by applying a standardised internal procedure (also in accordance with the provisions of the Austrian Ecolabel).



What is the asset allocation planned for this financial product?

The fund invests predominantly (i.e. at least 51%) in residential real estate as described above and may invest up to 49% in liquid assets (bank deposits, money market instruments, loans with a maximum term of 3 years, etc.). The fund shall at all times hold at least five per cent (5%) in Net Asset Value of the fund in the form of liquid assets.

Asset allocation describes the share of investments in specific assets.



● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

In order to meet its investment objective, the Fund may take positions, both long and short, in order to benefit from value changes of real estate and real estate related securities. There is

no obligation for the fund manager to attain the environmental or social characteristics promoted by the fund by using derivatives.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund promotes environmental and/or social objectives, but does not intend to make sustainable investments with an environmental objective.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

☐

Yes:

☐

In fossil gas

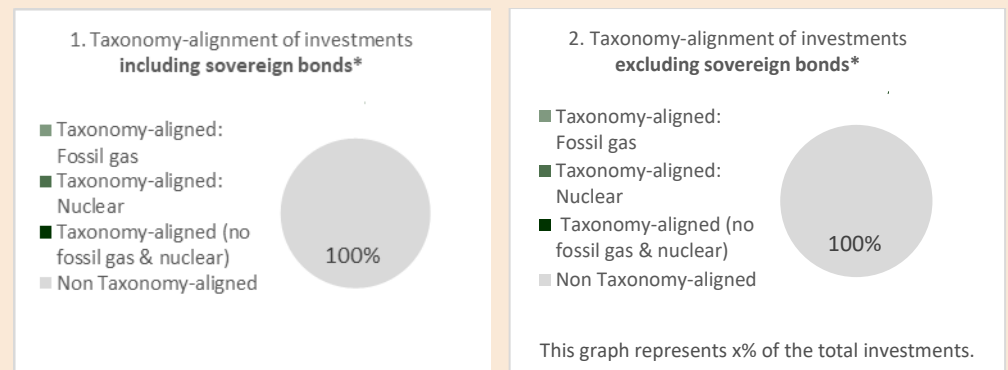
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In nuclear energy

☒

No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- **What is the minimum share of investments in transitional and enabling activities?**

N.a.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N.a.



What is the minimum share of socially sustainable investments?

N.a.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The fund may from time to time also trade in liquid instruments up to a total of forty-nine per cent (49%) of the Net Asset Value. The fund shall at all times hold at least five per cent (5%) in Net Asset Value of the fund in the form of liquid assets.

All investments included under “other” must also comply with the minimum safeguards set up by the “*Sustainable Investment Guideline*” by fair-finance.



Where can I find more product specific information online?

More product-specific information can be found on the website:

[Offenlegung art10SFDR ffREsusfund 20230929.pdf \(fair-finance-am.com\)](#)

[fair-finance Asset Management - fair-finance Asset Management \(fair-finance-am.com\)](#)