

## Website product disclosure

4 September 2023

### a) Summary<sup>1</sup>

Industrifinans Eiendomsfond AS "The Fund" is subject to several information, disclosure and reporting obligations in accordance with "Lov om offentliggjøring av bærekraftsinformasjon i finanssektoren mv.". The Act implements, among other things, the rules in Regulation (EU) 2019/2088 Sustainable Finance Disclosure Regulation ("SFDR") and Regulation (EU) 2020/852 ("Taxonomy Regulation").

The Fund is classified as an article 8 fund according to the SFDR, i.e. that the Fund promotes environmental characteristics, but does not have as its objective sustainable investments. Through its ownership and board influence, the Fund reduce the proportion of properties in the portfolio that are not energy efficient, and reduce energy consumption in the properties in the portfolio. The Fund will avoid unwanted climate risk by limiting the investments in real estate directly involved in fossil fuels to 20% of the total value of the portfolio.

The goal is to maximize investors' long-term returns, through an investment strategy that focuses on a combination of predictability and value potential.

### b) No sustainable investment objective<sup>2</sup>

This financial product promotes environmental and social characteristics but does not have a sustainable investment objective.

### c) Environmental or social characteristics of the financial product<sup>3</sup>

The Fund has a mandate to own 10-60% in real estate projects. Other owners will be clients of Industrifinans Direkte Investeringer AS. Thus, the Fund does not have 100% control over the underlying properties, but will, through its share of ownership and board influence, promote the following environmental characteristics:

- Avoid unwanted climate risk by limiting investments in real estate involved in the extraction, storage, transport or production of fossil fuel low, and not exceeding 20% of the portfolio's total value
- Reduce the proportion of properties in the portfolio that are not energy efficient

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<sup>1</sup> (EU) 2022/1288 Article 25

<sup>2</sup> (EU) 2022/1288 Article 26

<sup>3</sup> (EU) 2022/1288 Article 27

- Reduce energy consumption in the properties in the portfolio

#### **d) Investment strategy<sup>4</sup>**

The Fund aims to maximize the Investors' long-term return through distributions to Investors, value development and sale of the Fund's assets when this is appropriate. The manager will use its expertise to assess which investment opportunities that have the best value potential. Through the opportunity to differentiate the equity share in each independent project, the Fund will be able to create a portfolio that overall optimizes the Fund's return targets.

The Fund's investment strategy focuses on a combination of mitigation of risk and value potential. Thus it is essential to uncover, as well as manage, climate risk linked to the investments. Furthermore, the Manager expects that energy-efficient buildings will have a higher value potential over time than energy-inefficient buildings.

Based on this, when assessing new investments, the Fund will survey:

- Current environmental characteristics, e.g. energy consumption and energy labeling, remaining lifetime of windows and ventilation systems
- Potential investments and operational improvements that will improve the properties' environmental characteristics. This could be the installation of solar panels, replacement of ventilation systems and windows.
- Risk of changed framework conditions as a result of the green transition (for example, changed requirements from tenants, increased financing costs, changed transport patterns)
- Risk of changed framework conditions as a result of global warming (for example floods)

The Fund is organized and managed in line with the requirements of the Securities Trading Act and the Act on the management of alternative investment funds, as well as the Act on the publication of sustainability information in the financial sector.

In connection with the acquisition of new properties, a new board will be established which will follow relevant legislation, such as the Shares Act and possibly the Openness Act, etc. The board will consist of representatives of the shareholders and the Fund's manager.

The Fund only acquires properties in Norway. The portfolio companies will be audited by a Norwegian auditor.

The Fund is not expected to invest in companies with employees. Guidelines have therefore not been drawn up for good management practices related to remuneration and safeguarding of employee rights.

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<sup>4</sup> (EU) 2022/1288 Article 28

#### **e) Proportion of investments<sup>5</sup>**

100% of the investments are in accordance with environmental characteristics / social characteristics, so that all the investments of the financial product are used to achieve the environmental characteristics or the social characteristics that the financial product promotes.

#### **f) Monitoring of environmental or social characteristics<sup>6</sup>**

To ensure that environmental and social characteristics are met throughout the lifecycle of the fund, the ESG process above is applied and monitored on an ongoing basis with a regularity of at least once a year.

#### **g) Methodologies for environmental or social characteristics<sup>7</sup>**

The Fund will measure the achievement of the environmental characteristics mentioned in point c) the following way:

- 1) Percentage share of the portfolio that is involved in extraction, storage, transport or production of fossil fuel
- 2) Monitor the energy label of the properties in the portfolio over time
- 3) Total energy consumption for the portfolio

There is a goal to reduce energy consumption on the properties in the portfolio by 5%. There is also a goal to implement energy-saving measures on the properties, as well as the installation of renewable energy sources such as solar panels.

No specific indicators have been designated for social conditions.

#### **h) Data sources and processing<sup>8</sup>**

In order to measure the achievement of each of the environmental or social characteristics promoted by the financial product, the Fund shall use available consumption data for energy

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<sup>5</sup> (EU) 2022/1288 Article 29

<sup>6</sup> (EU) 2022/1288 Article 30

<sup>7</sup> (EU) 2022/1288 Article 31

<sup>8</sup> (EU) 2022/1288 Article 32

consumption through meter readings, as well as third-party calculated energy labeling of the building in accordance with the current Norwegian standard.

**i) Limitations to methodologies and data<sup>9</sup>**

A limitation to the method chosen under point g), is that calculation methods for energy labeling can be changed. A change to the calculation method can, for example, result in a building that was previously classified as energy class C no longer meeting the requirements.

Regarding the selection of the data sources that follow under point j), a possible limitation will be that indirect energy use, such as the selection of building materials, is taken into account.

**j) Due diligence<sup>10</sup>**

The Fund has integrated sustainability risk into its investment decisions in such a way that all properties must undergo full due diligence, which includes ESG-related factors. The manager assesses the desired sustainability risk in the portfolio against the Fund's overall objective of maximizing the investors' long-term return, through a combination of predictability and value potential.

**k) Engagement policies<sup>11</sup>**

Industrifinans AIF-forvalter AS is obliged to act in accordance with the Fund's investment strategy, including sustainability strategy. The boards of the project company are obliged to act in accordance with Norwegian law.

The Investment Manager believes stewardship plays an important role in positively influence companies' long-term management of material ESG risks. This helps to protect shareholder value and have a positive impact on society. Voting and engagement is used to drive improvements in areas where investee companies are performing below expectations.

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<sup>9</sup> (EU) 2022/1288 Article 33

<sup>10</sup> (EU) 2022/1288 Article 34

<sup>11</sup> (EU) 2022/1288 Article 35