

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: Usaldusfond EFTEN Special Opportunities Fund

Legal entity identifier: N/A

Environmental and/or social characteristics

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

<p><input checked="" type="radio"/> <input type="radio"/> Yes</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____%</p> <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____%</p>	<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> 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 0% of sustainable investments</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>
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What environmental and/or social characteristics are promoted by this financial product?

Usaldusfond EFTEN Special Opportunities Fund (hereinafter referred to as the Fund) includes sustainability criteria in the Fund's documentation, that must be followed throughout investment activity. This covers pre-acquisition sustainability performance assessment, sustainable portfolio management for assets acquired and/or (re)developed and reporting to investors. The Fund promotes sustainable management of commercial real estate through green lease management, collection of consumption data and cost-effective improvement of asset sustainability performance which is measured, where applicable, by life-time improvements in EPC ratings and BREEAM certificates.

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

The attainment of environmental characteristics promoted by the Fund will be measured by collecting appropriate energy, heating and water consumption data. Consumption data is used for annual assessment of sustainability performance of the investments. Fund and investment assessments of the assets' EPC and BREEAM ratings and certificates are measured where applicable with the goal of

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

lifetime improvements. Depending on the structure of the investments, where possible, sustainability related criteria will be included in financing terms and conditions.

- **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's objectives are Fund life-time improvements of asset environmental and sustainability performance where cost-effectively possible and feasible, while contributing to climate change mitigation and adaptation to the maximum extent possible. Objective fulfillment will be measured by sustainability indicators, sustainability and energy performance certification levels. Improvement of sustainability indicators lowers the footprint of investment management and ensures cost-effective daily management of the Fund's properties.

- **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?**

When accounting for avoidance of significant harm to any environmental or social objectives, the Fund relies on the EU Taxonomy "do no significant harm" test for real estate investments. As such, the Fund considers "do no significant harm" conditions fulfilled if the asset's climate mitigation criteria substantially align with the Taxonomy principles.

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

The Fund does not currently account for principal adverse impacts on sustainability factors due to limited data of underlying investments. As the Fund's investment portfolio matures and data becomes available, principal adverse impacts will be reconsidered and accounted for.

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

Fund investments are real estate investments that usually remain under direct control of the Fund and the Fund's management company. This ensures the alignment of investment management with OECD and UN guiding principles. In other situations alignment is assured through investment agreement terms.

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 Union criteria.

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

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

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.



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

Yes, _____

No



What investment strategy does this financial product follow?

The investment strategy of the Fund is financing and acquisition of real estate properties located in Estonia, Latvia or Lithuania that may already be or close to being distressed. The Fund is allowed to utilize leverage for financing purposes and each investment shall not constitute more than 25% of the Fund's committed capital.

- **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 Fund's investment strategy does not include binding environmental elements that would exclude potential investments due to its environmental or social characteristics. Nevertheless each potential investment is assessed for sustainability criteria and where appropriate sustainability management plans are drawn up.

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

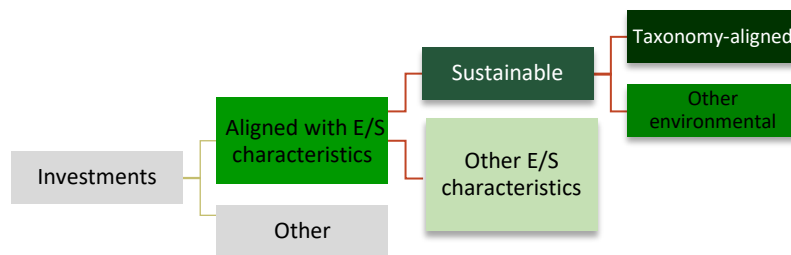
The Fund has no committed minimum rate of reducing scope of investments.

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

All Fund investments are real estate investments that remain under direct control of the Fund and the Fund's management company or will be strictly regulated by investment agreements. This ensures the alignment of investment management with OECD and UN guiding principles and good governance practices.

What is the asset allocation planned for this financial product?

The Fund invests up to 100% of its assets into real estate properties. The Fund may hold up to 20% of its assets in credit institution deposits or other money market instruments for liquidity management purposes. The Fund utilizes sustainability principles established in the Fund's documentation when managing all assets of the Fund to ensure the portfolio promotes environmental characteristics. The Fund has no minimum share of sustainable investments, e.g. the Fund has no obligation to ensure investments are aligned with the EU Taxonomy.



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.

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 **Aligned with E/S characteristics** covers:

- The sub-category **Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

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

Asset allocation describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

The Fund does not use derivatives for the attainment of environmental or social characteristics.



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

The Fund has no minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

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

The Fund has no minimum share of investments in transitional and enabling activities.



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

The Fund has no minimum share of sustainable investments with an environmental objective that is not aligned with the EU Taxonomy.



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

The Fund will not invest into category “Other” assets, which do not align with the investment strategy of the Fund and do not allow the promotion of environmental characteristics.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://eften.ee/en/funds/eften-special-opportunities-fund/>

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.