

# Annex II, **SFDR** pre-contractual disclosure

01-2024

Template 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:**

ASR Dutch Core Residential Fund (the 'Fund')

**Legal entity identifier:**

724500APOJJCX4UBTO37

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**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 0%<sup>1</sup> 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**

**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.

<sup>1</sup> The Fund is not restricted to have a minimum percentage of sustainable investments. However, the Fund has sustainable investments as defined by the SFDR and EU Taxonomy. Please see page 6 for the percentages of sustainable investments of the Fund as at 30 September 2023.



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

The Fund promotes various environmental and social characteristics which are set out in its ESG policy. The Fund’s vision on Environmental, Social and Governance (ESG) is to accommodate the interests of tenants and investors in the best possible way by creating and maintaining assets that have long-term value from both a financial and a social perspective, and to achieve this in a sound and responsible manner with engaged and aware partners and employees. To work towards these goals, the Fund has developed an Environmental, Social and Governance (ESG) strategy around three themes:

1. Environment: Dedicated to decarbonisation
2. Social: Making a positive impact on society
3. Governance: Compliant with sustainability regulations

The Fund does not use a formal benchmark to compare its results with those of its peers. However, the Fund does report to the yearly GRESB survey, through which its ESG performance is measured and reported on.

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

The sustainability indicators that are used to measure the attainment of the environmental or social characteristics promoted by the Fund are:

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

**Strategic objectives 2024-2026**

Strategic objectives		Target 2024	Target 2026
	<b>Environmental</b>		
	Energy intensity (kWh / sq.m. / year)	≤ 101	≤ 91
	GHG intensity (kg CO <sub>2</sub> / sq.m. / year)	≤ 17	≤ 13
	On-site renewable energy (installed kWp)	≥ 5,100	≥ 6,200
	Coverage of A & B labels (% of the portfolio)	≥ 85%	≥ 90%
	Climate change adaptation plans (% of properties with a (very) high risk profile)	100% prepared	100% executed
	Enhance local biodiversity	Implement framework	Execute strategy
	<b>Social</b>		
	<b>Community &amp; Tenants</b>		
	Tenant satisfaction rating (score out of 10)	≥ 7.0	≥ 7.0
	Senior housing (# of dwellings, rented out with priority to seniors)	≥ 500	≥ 650
	Addition of affordable dwellings (#)	≥ 450	≥ 650 <sup>1</sup>
	AED coverage (% of the portfolio)	≥ 99%	100%
	<b>Our employees</b>		
	Employee satisfaction rating (eMood® score)	≥ 7.5 / 10	≥ 7.5 / 10
	Personal development		
	- Training (% of annual salaries)	≥ 1%	≥ 1%
- Sustainable employability (% of annual salaries)	≥ 1%	≥ 1%	
Health & well-being (eMood® vitality score)	≥ 7.5	≥ 7.5	
Diversity, equity & inclusion	Execute policy	Execute policy	
	<b>Governance</b>	<b>Compliant</b>	
	Sound business practices	✓	
	Alignment with sustainability guidelines	✓	
	- SDGs	✓	
	- GRESB (yearly survey rating)	★★★★★	

Note: whilst the Management Company will make reasonable efforts to achieve the strategic objectives as set forth above, no guarantee can be given that the strategic objectives can be realised. Due to various risks and uncertainties, actual results may differ materially from the strategic objectives set forth above.

1 During the 2024-2026 period

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.

● **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 promotes one of the climate and environmental objectives as included in article 9 of the Taxonomy Regulation, being the objective 'climate mitigation'. The Fund promotes this objective in its underlying investments, by promoting the stabilization of greenhouse gas concentrations in the atmosphere consistent with the long-term temperature goal of the Paris Agreement.

● **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?**

To ensure the sustainable investments in which the Fund invests, do not do significant harm to any environmental or social objective, various environmental or social sustainability related subjects are monitored, more specifically the indicators for adverse impacts on sustainability factors applicable to real estate assets.

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.

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

The Fund measures and monitors the principle adverse impact on sustainability factors, as described in its ESG policy.

The adverse impact indicators on sustainability factors that the Fund considers are aligned with the ESG Policy and strategic areas of interest and are chosen taking into account materiality, data quality and availability. The following principal adverse impacts are taken into consideration in this statement for investments in real estate assets:

- i) Exposure to fossil fuels through real estate assets;
- ii) Exposure to energy-inefficient real estate assets;
- iii) Greenhouse gas emissions; and
- iv) Energy consumption intensity.

These specific indicators for adverse impacts on sustainability factors have been taken into account in the following manner:

- i) **Exposure to fossil fuels through real estate assets**  
Exposure to fossil fuels through real estate assets is measured in terms of the share of real estate investments involved in the extraction, storage, transport or manufacture of fossil fuels. The Fund has no exposure to fossil fuels.
- ii) **Exposure to energy-inefficient real estate assets**  
Exposure to energy-inefficient real estate assets is measured as real estate assets with an energy C-label or lower. As at 30 September 2023, 18.7% of the Fund's assets are inefficient real estate assets.
- iii) **GHG emissions**  
GHG emissions generated by real estate are measured as Scope 1, 2 and 3 emissions. As at 31 December 2022, the Fund's GHG intensity is 22 kg CO<sub>2</sub> / sq.m. / year. Coinciding with its net zero target, the Fund has set the objective to reduce its GHG emissions, achieving a net zero portfolio in 2045. Measured in kg CO<sub>2</sub> equivalents / sq. m., achieving GHG neutrality ahead of its 2045 net zero target.

iv) **Energy consumption intensity**

Energy consumption intensity is measured as kWh of owned real estate assets per square meter. As at 31 December 2022, the Fund's Energy consumption intensity is 105 kWh / sq.m. / year. Coinciding with its net zero target, the Fund has set the objective to reduce the Energy consumption intensity, achieving a net zero portfolio in 2045.

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

The Fund is committed to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. As such, a.s.r. real estate has implemented policies, processes and procedures to ensure alignment with aforementioned guidelines which are continuously improved.



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

Yes,

The Fund considers principal adverse impacts on sustainability factors by drawing up its own annual ESG policy which sets out specific sustainability objectives, including the Fund's considered adverse impacts on sustainability factors. The Fund's principal adverse impacts on sustainability are disclosed in the annual report.

No



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

The strategy of the Fund is predominantly to buy, hold and unlock reversionary potential of residential (rental) real estate in the Netherlands that generate predictable and stable returns and will continue to do so in the future, taking into account the trends and development in the residential real estate market.

The focus of the portfolio is defined by sub-segments (based on location and occupier types) in the residential market to secure the core character of the portfolio. The investment policy focuses on a diversified portfolio with regards to location, occupier characteristics and residential types. This ensures long-term portfolio quality.

In executing the strategy, the Fund focusses on the following aspects:

- Core residential investments;
- Best performing agglomerations and cities;
- Target groups;
- Affordable housing; and
- Sustainability.

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) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.



● **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 binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics, are the binding elements as reflected in the Environmental, Social and Governance policy of the Fund. The main ESG considerations in the selection of investments are the ESG strategic objectives which can be found under the question 'What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?'

● **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 made no commitment to reduce by a minimum rate the scope of investments considered prior to the application of the strategy as set out above. The Fund has real estate in its portfolio that does not yet meet the requirements as set out above. These real estate assets have objectives in order to meet the requirements.

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

Not applicable. The Fund does not invest in corporate bonds or shares of (listed) companies.

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

The asset allocation of the Fund is 100% towards direct real estate assets. All assets of the Fund align with the E/S characteristics, since the Fund's objectives apply to the entire portfolio. As at 30 September 2023, 81.2% of the Fund's investments qualify as sustainable investments under the SFDR (#1A), based on fair value. As at 30 September 2023, 0% of the Fund's investments qualify as Taxonomy-aligned. SFDR and EU Taxonomy legislation regarding the required minimum safeguards on human rights that was interpreted differently than before, resulted in 0% of the Fund's investments to qualify as Taxonomy-aligned.

Due to the complexity of implementing the minimum safeguards, with the OECD guidelines being revised in mid-2023, we have found that not all obligations of the minimum safeguards are demonstrable met. Although there is no reason to assume that human rights are (partly) being violated due to the actions of a.s.r. real estate, it is currently insufficiently clear whether the measures a.s.r. real estate has taken to manage human rights risks are in line with the OECD guidelines and UNGPs.

In 2024, the AIF Manager's policy and control framework will be refined to again be compliant with the required minimum safeguards on human rights. Would these requirements have been in place, 61.9% of the Fund's investments would qualify as Taxonomy-aligned as at 30 September 2023.

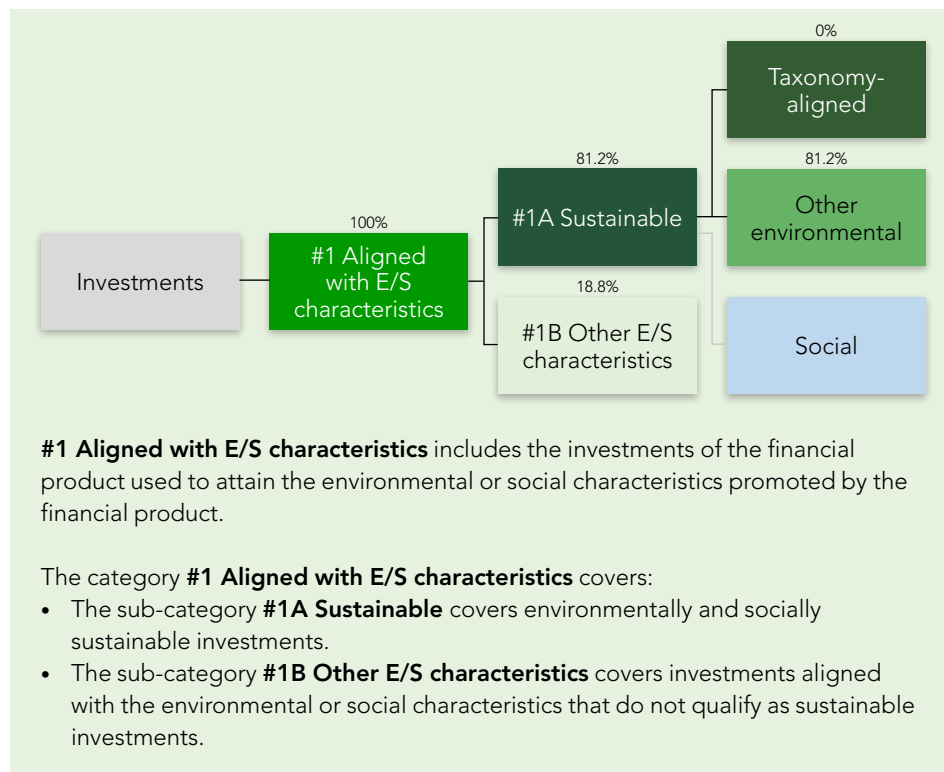
**Enabling activities**

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.

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



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

The Fund does not use derivatives.



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

As at 30 September 2023, 0% of the Fund’s investments are aligned with the EU Taxonomy. SFDR and EU Taxonomy legislation regarding the required minimum safeguards on human rights that was interpreted differently than before, resulted in 0% of the Fund’s investments to qualify as Taxonomy-aligned.

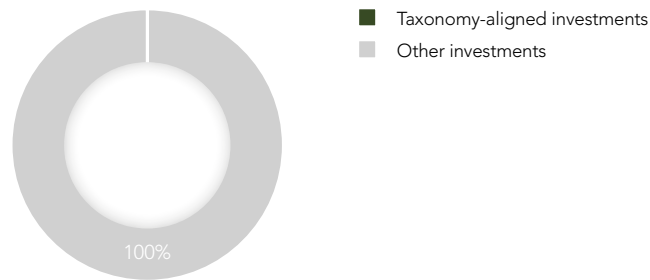
Due to the complexity of implementing the minimum safeguards, with the OECD guidelines being revised in mid-2023, we have found that not all obligations of the minimum safeguards are demonstrable met. Although there is no reason to assume that human rights are (partly) being violated due to the actions of a.s.r. real estate, it is currently insufficiently clear whether the measures a.s.r. real estate has taken to manage human rights risks are in line with the OECD guidelines and UNGPs.

In 2024, the AIF Manager’s policy and control framework will be refined to again be compliant with the required minimum safeguards on human rights. Would these requirements have been in place, 46.4% of the Fund’s investments would qualify as Taxonomy-aligned as at 30 September 2023.

The Fund has not set an objective for a minimum extent of sustainable investments with an environmental objective aligned with the EU Taxonomy. However, the Fund has set various strategic objectives that can directly or indirectly lead to a higher EU Taxonomy aligned score. The Fund calculated the percentage based on turnover, which represents the percentage of gross rental income coming from taxonomy-aligned assets. As ESG is an integral part of the Fund’s maintenance and capital expenditure plan, no distinction is made between the costs borne in light of taxonomy-alignment and other investments.

## 1. Taxonomy-alignment of investments

Percentage



Note: No break down including- and excluding Sovereign bond exposure is included in diagram, as the Fund does not invest in sovereign bonds.

### ● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>2</sup>?**

Yes:

In fossil gas

In nuclear energy

No

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

These are not applicable for the real estate investments of the Fund, as low-carbon alternatives are readily available (transitional) activities and there are no relevant targeted enabling activities.



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

As at 30 September 2023, 18.8% of the Fund's investment are sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. The Fund has not set an objective for a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



### **What is the minimum share of socially sustainable investments?**

The Fund has not set an objective for a minimum share of socially sustainable investments. However, the Fund has set various social objectives for the community & tenants and its employees. These objectives include the increase of tenant satisfaction and addition of affordable dwellings in the portfolio. For a full overview, please see the table under: What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?



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

None, as all the investments of the Fund are classified as investments that align with E/S characteristics.

<sup>2</sup> 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.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

This question is not applicable, as no specific index has been designated as a reference benchmark.



**Where can I find more product specific information online?**

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

<https://en.asrealestate.nl/investments/asr-dutch-core-residential-fund>