

Sustainability considerations

The present document aims at providing an overview over the AIFM's approach to integrate sustainability risks within the investment decision-making process of the AIFM as well as a description on principal adverse impacts of investment decisions on sustainability factors, in line with the key requirements of Regulation 2019/2088.

Integrating sustainability risks in the investment cycle

The AIFM has established a permanent risk management function (RM function), which identifies and takes into account, among others, sustainability risks throughout its risk management processes and has integrated sustainability within the risk management system. In this context, the RM function also plays a key role during the investment process, providing its insight on potential risks for upcoming transactions.

First of all, prior to any investment decision and AIF launch, the RM function establishes a risk profile of the AIF, defining the targeted overall risk exposure of the AIF while, among others, reflecting the risk appetite of investors. During this process, sustainability risks are also subject to the risk analysis.

Second, during the investment process of the AIFM, the RM function is involved in the assessment of any potential investment opportunity and provides its assessment prior to any investment decision. In this context, sustainability risks are included in the overall assessment, which is documented through a Risk Memorandum and submitted to the portfolio management function / Investment Committee.

Through the Risk Memorandum, an assessment of potential sustainability risks is provided. Such an assessment may include among others an analysis of short term or long-term physical risks, transition risks such as policy/regulatory changes, reputational risks or governance risks. In addition, the overall impact on the AIFM's and AIF's risk exposure is assessed, also analyzing the alignment with the defined risk profile of the managed AIFs.

The RM function may thus raise any concerns about the transaction, incl. in relation to sustainability risks, and provide its recommendation on whether to pursue or abort any given deal.

Throughout the lifetime of the managed AIFs, the RM function will assess compliance with the risk profiles of managed AIFs and incorporate sustainability risks in order to mitigate any adverse development for the AIF. The defined risk profile of AIFs will be revised regularly and kept up to date.

Adverse impacts of investment decisions on sustainability factors

The AIFM does currently not consider adverse impacts of its investment decisions on sustainability factors. In fact, the AIFM manages AIFs with non-controlling debt participations in real estate properties and is not actively participating in the governance and decision taking processes of the underlying properties. In addition, the final closing of the single sub-fund has occurred. Hence, for the existing funds no adverse impact analysis is conducted.

Please note that the AIFM is considering amending this approach in case of future investments, especially with reference to controlling equity positions of real estate properties.