

# **Sustainability-related disclosures**

Savills IM Asia Pacific Income And Growth  
Fund FCP-RAIF – Sub-Fund A (“Sub-Fund A”)

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# 1. Savills IM Asia Pacific Income And Growth Fund FCP-RAIF – Sub-Fund A ("Sub-Fund A")

## Summary

The Savills IM Asia Pacific Income And Growth Fund FCP-RAIF (the Fund) is considered by Savills Investment Management (Luxembourg) S.à r.l. (the Management Company) to fall within the scope of Article 8 of the EU's Sustainable Finance Disclosure Regulation (SFDR), as a fund that promotes environmental and/or social characteristics.

This disclosure sets out the Fund's approach to sustainable investing and the ways in which sustainability risks and factors are integrated into portfolio management decisions and how environmental and/or social characteristics are promoted by the Fund. This includes:

- A summary of the key environmental and social characteristics of the Fund, covering mainly carbon reduction, focusing on reducing energy consumption and transitioning the assets in the Fund to low carbon buildings;
- Confirmation that all assets in the Fund's portfolio are subject to the sustainability criteria set out in the Fund's ESG programme which is focused on the compliance with the objective of reducing carbon emissions;
- Confirmation that as an Article 8 product the Fund has certain sustainability characteristics but does not have sustainable investment as its objective and that the Fund, as the date of these disclosures, does not invest in "sustainable investments" as defined by Article 2(17) SFDR;
- An explanation of the how the Fund assesses sustainability risks, factors and opportunities and implements a targeted action plan in relation to its assets;
- The indicators that are used to measure success such as (i) the floor space in sq m in the Fund with a costed carbon reduction plan, (ii) the energy use of the occupiers, (iii) the proportion of green leases with tenants and (iv) the proportion of assets undertaking a physical climate risk assessment;
- The monitoring process for collecting the environmental and social data relevant to the indicators;
- The key industry aligned methodologies that are used;
- Approach to occupier engagement; and,
- The process for identifying data quality issues and the mitigations in place for ensuring this does not impact adversely on the Fund.

The Fund operates under the Savills IM Responsible Investment Policy. Under this policy, the Management Company identifies the specific material sustainability risks to the Fund and integrates these into its investment decision making process, as well as considering the material adverse impacts of its investment decisions on relevant sustainability factors. Additional information regarding how the Management Company accounts for adverse impacts in relation to the Fund will be disclosed in due course, in line with the requirements of SFDR.

## No sustainable investment objective

The Fund promotes environmental or social characteristics but does not have as its objective sustainable investments.

At the date of this disclosure, the Fund does not invest in sustainable investments as defined by Article 2(17) of the SFDR, however, it may do in the future. If so, the relevant sections of these disclosures will be updated accordingly.

## Environment and/or social characteristics of the financial product

- Sub-Fund A promotes the environmental characteristic of carbon reduction, focusing on reducing energy consumption and transitioning the assets in Sub-Fund A to resilient, low carbon buildings.
- Sub-Fund A monitors carbon reduction through a bespoke framework (the "ESG Programme"). The Management Company has determined broad commitments, against which Sub-Fund A has set detailed objectives and responsibilities. These include the binding criteria, detailed below, alongside other objectives with themes across the ESG spectrum. Consequences relevant to the environmental characteristic being promoted include: improved environmental data capture for baselining and monitoring performance; formulating climate adaptation plans and undertaking net zero carbon audits.
- Sub-Fund A has not designated a benchmark for the purpose of attaining the environmental characteristic promoted by it.
- Sub-Fund A operates under the Savills IM Responsible Investment Policy (which can be found on the Savills IM website: [www.savillsim.com](http://www.savillsim.com)). Under this policy, the Management Company together with Savills Investment Management LLP as Investment Adviser, identifies the specific material sustainability risks to Sub-Fund A and integrate these into the investment decision making process. This is along with considering the material adverse impacts of its investment decisions on relevant sustainability factors.
- The Management Company will prioritise where practicable the reduction of carbon emissions and energy data collection. The Management Company will also report on wider sustainability indicators which may include:
- % floor space in sq m in Sub-Fund A with a costed net zero carbon plan by 2040, aligned to the Carbon Risk Real Estate Monitor ("CRREM") - an open-source tool developed by academics with and for the real estate sector to monitor decarbonisation using a 1.5°C pathway against quantifiable energy and carbon benchmarks or regional or local equivalent pathways/benchmarks
- Occupier energy use, reported as kWh/m<sup>2</sup>
- % of green leases offered to tenants
- % of assets undertaking a physical climate risk assessment

## Investment Strategy

- The investment policy and strategy of Sub-Fund A is set out in the offering memorandum of the Fund (the "Offering Memorandum"), please see in particular section 7 ("Details of Key Terms"), sub-section 7.2 ("Investment Objective, Powers and Restrictions") thereof.
- For the successful implementation of the sustainability strategy of Sub-Fund A, the Management Company ensures that the relevant sustainability risks, factors and opportunities are identified and incorporated on a continuous basis, i.e. into every stage of the property lifecycle: property acquisition, asset management, development / refurbishment / fit-out and disposal. This is considered and monitored by the ESG Programme. ESG assessments carried out as part of the ESG Programme may lead the Management Company to implement measures to improve the ESG ratings and lower the identified risks through a structured asset improvement plan. This may include occupier engagement and encouragement to improve practices in relation to energy efficiency.
- ESG Programme in line with carbon reduction pathway

Sub-Fund A must meet with at least one of the following:

- (i) As part of the ESG Programme, Sub-Fund A aims to carry out a CRREM analysis (or equivalent) for 100% of non-residential assets at acquisition. Or, where accurate data or a regionally-appropriate benchmark is not available at acquisition, this will be undertaken by the later of the following dates: two years from acquisition of the asset and two years from the date hereof. For each asset held more than two years, the analysis will be carried out and the results reported every two years.  
  
By the later of the dates that are respectively two years from acquisition of the asset and the date hereof, a costed carbon reduction plan must be in place.
- (ii) 100% of non-residential assets will be offered green lease clauses when agreeing new leases, except in circumstances where local legislation would prevent this. Green lease clauses accepted will include "minimum requirements" such as data sharing commitments. The number of tenants accepting these green lease clauses will be tracked.
- (iii) Energy data shall be collected for a minimum of 30% of the commercial lettable area of the portfolio of the assets in Sub-Fund A. Whilst not a binding element, best efforts will be made to maximise energy data collected each year to support monitoring of carbon reductions so that the coverage is greater than 30%.
- (iv) All assets within Sub-Fund A with a holding period of more than three years from the date hereof must complete a physical climate risk assessment- identifying the hazards to the asset arising from a changing climate and proposed mitigation or adaptation measures- and associated action plan. This complements the environmental characteristic of carbon reduction as a building cannot be resilient and support the transition to a greener economy if there are climate hazards on site which have not been mitigated.

These above mentioned objectives may be subject to a reassessment and may therefore be amended from time to time in which case these disclosures will be amended accordingly.

a) Binding elements of the strategy

The implementation of a defined ESG Programme is binding on the Management Company in respect of Sub-Fund A. Unless otherwise stated, the binding elements of the investment strategy, detailed below, are applicable to 100% of invested assets (i.e. Assets that are aligned with the environmental characteristics promoted).

The binding elements of the investment strategy are thus the binding elements of the ESG Programme, whereas at least one of the following four binding elements of the ESG Programme must be met:

#### Binding Element 1

As part of the ESG Programme, Sub-Fund A aims to carry out a CRREM analysis (or equivalent) for 100% of non-residential assets at acquisition. Or, where accurate data or a regionally-appropriate benchmark is not available at acquisition, Sub-Fund A will conduct this analysis by the later of the following dates: two years from acquisition of the asset and two years from the date hereof. For each asset held more than two years, the analysis will be carried out and the results reported every two years. By the later of the dates that are respectively two years from acquisition of the asset and the date hereof, a costed carbon reduction plan must be in place.

#### Binding Element 2

100% of non-residential assets will be offered green lease clauses when agreeing new leases, except in circumstances where local legislation would prevent this. Green lease clauses accepted will include "minimum requirements" such as data sharing commitments. The number of tenants accepting these green lease clauses will be tracked.

#### Binding Element 3

Energy data shall be collected for a minimum of 30% of the lettable commercial area of the portfolio of the assets in Sub-Fund A.

#### Binding Element 4

All assets within Sub-Fund A with a holding period of more than three years from the date hereof must complete a physical climate risk assessment - identifying the hazards to the asset arising from a changing climate and proposed mitigation or adaptation measures - and associated action plan.

#### b) Good governance

As Sub-Fund A invests in real assets and does not invest in companies with employees, the good governance assessment of the investee companies is therefore not relevant in the investment decision process of Sub-Fund A. However, Sub-Fund A makes sure that governance issues are assessed in the materiality assessment to identify the most material risks, which include namely modern slavery and corruption as well as violations of human rights and labour laws.

## Proportion of investments

100% of invested assets (ie. Assets that are aligned with the environmental characteristics promoted) in Sub-Fund A's portfolio are subject to the sustainability criteria set out in the ESG Programme and are thus used to meet the environmental characteristics promoted by Sub-Fund A.

At the date of this disclosure, Sub-Fund A does not invest in sustainable investments as defined by Article 2(17) of the SFDR, however, it may (but does not commit to) do in the future.

At the date of this disclosure, Sub-Fund A does not invest in sustainable investments neither under Article 2(17) of the SFDR nor under the EU Taxonomy and therefore does not have any sustainable investments with an environmental objective. The minimum sustainable investments with an environmental objective aligned with the EU Taxonomy is therefore 0%. Sub-Fund A may (but does not commit to) invest in such sustainable investments in the future.

## Monitoring of environmental or social characteristics

### a) Audit

- Monitoring is undertaken at various stages and for different purposes.
- The Fund carries out sustainability audits to:
  - establish the current building performance, covering energy, water, waste, and health & wellbeing and to understand operational set-up as the basis for developing a sustainability management plan
  - identify technological and operational saving opportunities to form the basis of a detailed sustainability action plan and where relevant, to complete a cost benefit analysis
- The Fund also regularly monitors energy consumption to identify trends and outliers in consumption that can then be investigated with property managers.
- The Fund uses an external ESG consultant to collate data streams relevant to ESG performance to allow the Fund to measure performance.

### b) Monitoring of the CRREM assessment

- The Fund monitors the relevant data to comply with its ESG Programme, in particular in the context of the CRREM (or equivalent) assessment. The assessment may be unable to provide an accurate representation of the Fund's position on the net zero trajectory, so the Fund will annually track a costed net zero implementation plan by 2040, which will be in place by the later of the dates that are respectively two years from the asset being acquired and the implementation of these disclosures.

### c) Consideration of principal adverse impacts

- To monitor the environmental and social characteristics of Sub-Fund A, the principal adverse impact indicators are identified and considered. All investment decisions in relation to the Fund broadly consider the principal adverse impacts of those decisions. The Management Company, together with the Investment Adviser, consider (i) the exposure to fossil fuels through real estate assets and (ii) exposure to energy-inefficient real estate assets, in line with the indicators related to real estate assets provided under SFDR. It is however acknowledged that the indicator for energy-inefficient real estate assets is not best suited to the regions in which Sub-Fund A invests as these are outside of the European Union where Nearly Zero Energy Buildings and Energy Performance Certificates do not apply. Sub-Fund A will instead provide a reasonable alternative to portray asset energy efficiency. In addition, the following voluntary principal adverse impact indicators are also considered: (i) GHG emissions (scope 1, 2 and 3) and (ii) energy consumption.
- Qualitative and/or quantitative reporting on the above-mentioned indicators will be included in the dedicated section in the periodic report relating to Sub-Fund A.

## Methodologies

Measurement and disclosure are vital parts of responsible property investment, and the participation in Global Real Estate Sustainability Benchmark (GRESB) provides an effective means to achieve this. GRESB provides a means of measuring a product's environmental performance and benchmarks this against the environmental and social performance of 450 other real estate companies and funds. More information on GRESB can be found at <http://gresb.com/>.

The Fund also undertakes:

- Appropriate green building certifications where this adds value to the portfolio
- Reviews of the performance data collated on its behalf by external ESG consultants, as noted above.

## Data sources and processing

In addition to the Savills IM in-house team, Savills IM uses a range of ESG data providers and seek to align with particular environmental standards as described in "Methodologies" above.

## Limitations to methodologies and data

Available ESG and sustainability data has its limitations particularly environmental data because this research is still emerging. We regularly review the data providers we source from, and we continuously seek to improve transparency, disclosure and data provision in relation to the Fund. Where data gaps exist, for example where we are unable to capture carbon emissions or energy consumption from our occupiers, we will use reference benchmarks to make informed estimates and be transparent where this process has been applied. A target will then be put in place to reduce reliance on estimations so that eventually we are reporting actual emissions. In case data gaps pose challenges to make an informed decision and ensure alignment of the Fund with its sustainable strategy, our responsible investment specialists, together with the dedicated fund team, jointly recommend mitigation actions. This could include testing an approach on a single asset before applying that approach to the whole Fund.

## Due diligence

Due diligence is carried out at various points in the investment cycle and for different purposes. The Management Company conducts detailed sustainability due diligence for all acquisitions. The intention is to understand the ESG risks and opportunities at the earliest stage in the lifecycle, in line with the ESG Programme applicable by the Fund This includes, for example:

- Deal sourcing
- Environmental screening for climate risk and green building certification
- Acquisition due diligence

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- Undertake environmental site condition assessments (e.g. pollution risk, toxic materials) but also review energy efficiency to ensure any improvements needed are costed into the asset management plan.

## Engagement Policies

The Fund actively engages with the tenants of its properties regularly and across a number of issues as the Management Company aims to continually improve the properties within its portfolio. The Management Company continually seeks open and collaborative engagement with tenants also with the aim of improving ESG reporting across areas such as water, waste and energy usage and with the aim of improving the overall sustainability of the properties in line with the relevant asset plan.

In accordance with the requirements of SFDR a German translation of the summary section of this disclosure is appended below.

## 2. Appendix

### 2.1 German

Offenlegungspflicht Website.

#### Nachhaltigkeitsbezogene Offenlegungspflichten

##### Savills IM Asia Pacific Income And Growth Fund FCP-RAIF – Teilfonds A („Teilfonds A“)

###### Zusammenfassung

Da der Savills IM Asia Pacific Income and Growth Fund FCP-RAIF (der **Fonds oder der Teilfonds A**) ökologische und/oder soziale Merkmale bewirbt, fällt er nach Ansicht von Savills Investment Management (Luxembourg) S.à r.l. (die **Verwaltungsgesellschaft**) in den Anwendungsbereich von Artikel 8 der EU-Verordnung über nachhaltigkeitsbezogene Offenlegungspflichten im Finanzdienstleistungssektor (Sustainable Finance Disclosure Regulation – **SFDR**).

In der vorliegenden Offenlegung werden die Vorgehensweise des Fonds in Bezug auf nachhaltiges Investieren, die Methoden zur Einbeziehung von Nachhaltigkeitsrisiken und -faktoren in die Entscheidungen des Portfoliomanagements und die Art und Weise der Bewerbung ökologischer und/oder sozialer Merkmale seitens des Fonds dargelegt. Dies beinhaltet:

- eine Zusammenfassung der wichtigsten ökologischen und sozialen Merkmale des Fonds, die sich vor allem auf die Verringerung des Kohlendioxidausstoßes beziehen, wobei der Schwerpunkt auf der Verringerung des Energieverbrauchs und der Umstellung der Vermögenswerte des Fonds auf kohlenstoffarme Gebäude liegt;
- die Bestätigung, dass sämtliche Vermögenswerte im Portfolio des Fonds den Nachhaltigkeitskriterien unterliegen, die im ESG-Programm des Fonds dargelegt sind, das auf die Einhaltung der Zielsetzung der Verringerung des Kohlendioxidausstoßes ausgerichtet ist;
- die Bestätigung, dass der Fonds als Artikel 8-Produkt bestimmte Nachhaltigkeitsmerkmale aufweist, aber keine nachhaltigen Investitionen zum Ziel hat und dass der Fonds zum Zeitpunkt der vorliegenden Offenlegung nicht in „nachhaltige Investitionen“ im Sinne von Artikel 2 Absatz 17 der SFDR investiert;
- eine Erläuterung dahingehend, wie der Fonds die Nachhaltigkeitsrisiken, -faktoren und -chancen bewertet und einen gezielten Aktionsplan in Bezug auf seine Vermögenswerte umsetzt;
- die zur Messung des Erfolgs herangezogenen Indikatoren wie beispielsweise (i) die im Fonds enthaltene Grundfläche (in m<sup>2</sup>) mit kalkuliertem Plan zur Verringerung des Kohlendioxidausstoßes, (ii) der Energieverbrauch der Bewohner, (iii) der Anteil grüner Mietverträge mit den Mietern und (iv) der Anteil von Vermögenswerten, die das physische Klimarisiko bewerten;
- den Überwachungsprozess zur Erfassung der für die Indikatoren relevanten Umwelt- und Sozialdaten;
- die wichtigsten branchenüblichen Methoden, die angewendet werden;
- die Vorgehensweise zur Verpflichtung der Bewohner; und
- das Verfahren zur Ermittlung von Datenqualitätsproblemen und die vorhandenen Abhilfemaßnahmen zur Sicherstellung des Verhinderns nachteiliger Auswirkungen auf den Fonds.

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Die Tätigkeit des Fonds unterliegt der verantwortungsbewussten Investitionspolitik von Savills IM. Im Rahmen dieser Politik ermittelt die Verwaltungsgesellschaft die wichtigsten spezifischen Nachhaltigkeitsrisiken für den Fonds und bezieht diese in ihren Investitionsentscheidungsprozess ein. Darüber hinaus berücksichtigt sie die wichtigsten nachteiligen Auswirkungen ihrer Investitionsentscheidungen auf relevante Nachhaltigkeitsfaktoren. Zusätzliche Informationen darüber, wie die Verwaltungsgesellschaft nachteiligen Auswirkungen in Bezug auf den Fonds Rechnung trägt, werden zu gegebener Zeit im Einklang mit den Anforderungen der SFDR offengelegt.

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