Annex No. 2 of the Prospectus

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

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

Product name: Closed-end special real estate investment fund Baltic Core Property Fund (the **Fund**)

Legal entity identifier: 64880069LM9CNM4UKP98

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:** ___%	☐ 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 ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ 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	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

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

The Fund promotes environmental characteristic and seeks to contribute to climate change mitigation. The key sustainability indicators the Fund uses to measure its contribution to climate change mitigation are:

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

- **Energy performance of buildings.** The Fund's investments are directed toward new-construction buildings with high energy performance ratings that feature efficient heating and cooling systems, modern energy-saving technologies, and high thermal resistance of exterior envelopes, including buildings designed to meet, where applicable, the energy performance and technical selection criteria set forth in the EU Taxonomy.
- **Efficient energy use in buildings.** The Fund promotes energy efficiency in buildings, therefore, in the investments it manages, it implements building automation and management systems that enable the identification of energy-saving opportunities and the efficient management of building systems, as well as by using data-analytics-based energy efficiency services that help identify energy-saving opportunities and ensure the efficient operation of building systems.
- **Sustainable building certifications.** The Fund invests in buildings that hold internationally recognized certifications, such as BREEAM, and that demonstrate a high sustainability rating, including efficient energy consumption and GHG emissions.
- **Use of renewable electricity.** In the buildings it manages, the Fund ensures the use of electricity generated from renewable energy sources by using on-site renewable energy generation facilities and/or purchasing renewable electricity from energy suppliers.

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

Achievement of the environmental characteristics promoted is measured using sustainability indicators:

No.	Sustainability indicator	Unit of measurement	Criterion
1.	Energy performance of buildings	Energy performance class of the building	- For buildings constructed before 31 December 2020: energy performance class no lower than A, or primary energy consumption falling within the top 15% of the country's most efficient buildings based on primary energy consumption; - For buildings constructed after 31 December 2020: energy performance class A++ (NZEB), with a primary energy indicator at least 10%

			lower than the regulatory primary energy indicator required for a nearly zero-energy building (NZEB).
2.	Efficient energy use	Contract for efficient energy management of buildings	- An energy efficiency contract has been concluded for the monitoring and optimization of the building's energy consumption, or the building's management and automation systems comply with Articles 14(4) and 15(4) of Directive 2010/31/EU.
3.	Sustainable buildings certifications	Rating level	- BREEAM or equivalent (New Construction) – Excellent or higher (new construction); - BREEAM or equivalent (In-Use) – Excellent or higher (building in use).
4.	Renewable electricity	Use of renewable electricity	- If technically feasible and economically viable, a solar power system has been installed in the building. - The electricity purchased by the building manager is generated exclusively from renewable energy sources.

Each of the Fund's investments is evaluated based on established sustainability indicators. An investment is considered to promote environmental characteristic if it meets at least 3 of the 4 specified indicators. The Fund's goal is for at least 70% of its investments to promote environmental characteristics.

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?

Sustainable investments are not made through the financial product.

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?

Sustainable investments are not made through the financial product, therefore, the "do no significant harm" principle does not apply. However, the Management Company voluntarily incorporates an assessment of the "do no significant harm" principle into its pre-investment sustainability assessment to the extent practicable, taking into account the nature of the assets and the available data.

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

Sustainable investments are not made through the financial product, therefore, these indicators are not taken into account.

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

Sustainable investments are not made through the financial product.

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.

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 EU criteria.

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.

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

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

x Yes. This product takes into account the principal adverse impacts on sustainability factors throughout the entire investment process (i.e., prior to investing and during ongoing monitoring of the investments):

- **Pre-investment stage.** The following PAI are evaluated: PAI 17 (investments in real estate properties related to the extraction, storage, transportation, or production of fossil fuels), PAI 18 (investments in energy-inefficient real estate properties), as well as the additional PAI 20 (investments in real estate properties that lack waste sorting facilities and do not have a waste disposal or recycling contract in place).
- **Investment holding stage.** Once invested, the Management Company applies the requirements of the Responsible Investment Policy (https://lordslb.lt/atsakingo-investavimo-politika/) and other policies and procedures used in the Management Company's operations, in order to ensure appropriate management and mitigation of sustainability risks at the investee entities. Any issues of concern relating to principal adverse impacts during the development and operational phases (including cases where performance does not improve) are addressed through the Fund's engagement and governance mechanisms at the investee entities.
- A report on performance against the PAI will be provided annually to the Fund's investors.

No

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

What investment strategy does this financial product follow?

The investment strategy of this financial product is to generate returns for Investors through investments in income-generating high-end commercial and mixed-use real estate properties located in central urban areas in Lithuania, Latvia, Estonia, Finland, Sweden, Denmark, Poland, and Germany.

The product does not make sustainable investments as defined in Article 2(17) of the SFDR, but promoted environmental characteristics are integrated into the various stages of the investment process.

- ***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?***

Mandatory investment strategy elements applied when selecting investments:

Screening: A thorough due diligence review, including an ESG due diligence procedure, is carried out before any investment decision. Each investment is assessed through an ESG screening process, which includes document analysis, energy audits, compliance assessments and, where necessary, consultations with external experts. The screening covers:

- Determining the building's energy performance class;
- Assessing sustainability certifications (e.g., BREEAM ≥ EXCELLENT);
- Assessing the potential for using renewable electricity;
- Identifying the need for building modernization/retrofitting;
- Assessing physical risks (e.g., climate events) and transition risks (e.g., regulatory changes);
- Verifying that the investment does not breach the Management Company's exclusion list.

Decision: Priority is given to buildings that are economically attractive, already meet or can meet the established sustainability criteria during the investment period, and do not pose significant risks (including those related to sustainability), or where such risks have been assessed and are expected to be effectively managed.

Management: Measures for monitoring and optimizing energy consumption are implemented, automated building management systems are installed and used, and/or energy efficiency and monitoring contracts are established. Progress is monitored according to established indicators.

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

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

Not applicable to this financial product.

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

The Fund invests only in special purpose vehicles that are directly controlled by the Fund. The Fund follows the good governance practices approved by UAB "Lords LB Asset Management" (hereinafter, the Management Company), as set out in the Management Company's policies and procedures.

The Fund complies with the Management Company's approved Responsible Investment Policy (https://lordslb.lt/atsakingo-investavimo-politika/), which requires the Fund to observe good governance practices by:

- Supporting the United Nations Global Compact and contributing to the Sustainable Development Goals (SDGs);
- Adhering to the United Nations-backed Principles for Responsible Investment (UN PRI);
- Following the sustainable and responsible investment governance framework established by the Management Company;
- Integrating sustainability risk into the investment decision-making process;
- Complying with the Management Company's approved Exclusion List and refraining from investing in activities that violate international human rights, as well as avoiding controversial investments in harmful economic sectors.

The Fund discloses good governance practices to investors in accordance with the GRESB standard, which provides a systematic framework for assessing and comparing the quality of companies governance and accountability toward stakeholders. GRESB (Global Real Estate Sustainability Benchmark) is a globally recognized assessment standard used to evaluate the environmental, social and governance (ESG) performance of real estate and infrastructure companies, funds and investment firms. The GRESB assessment is based on a standardized questionnaire covering various aspects of ESG performance, allowing investors to compare the sustainability levels of investee entities.

GRESB disclosure covers:

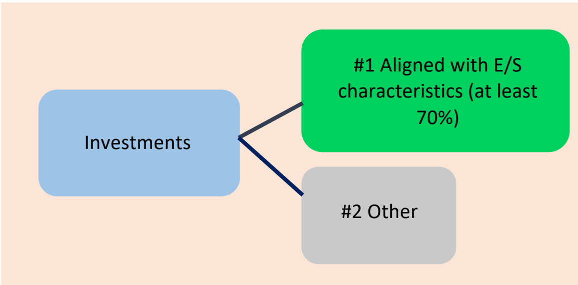
- **Governance structure:** clearly defined governing bodies, board composition, presence of independent members, and accountability.
- **Risk management:** integrated assessment of ESG risks and opportunities at the strategic and operational levels.
- **Policy application:** clear policies on environmental protection, social responsibility, anti-corruption, supply chain, and other relevant areas.
- **Operational transparency:** open and regular disclosure of ESG information, including targets, results achieved, and annual progress reports

- **Stakeholder engagement:** active engagement with tenants, employees, local communities, and other groups.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

At least 70% of the Fund's asset value will be invested, in accordance with the mandatory elements of the investment strategy, in investments that either already meet or do not yet meet specific environmental criteria, with the aim of ensuring compliance with these criteria by the end of the Fund's management term. The remaining portion of the investments is not required to meet the specified environmental criteria, but must implement the environmental and social safeguards set forth in the Management Company's Responsible Investment Policy.



- #1 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.
- #2 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.

Sustainable investments will not be made through the financial product.

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

  Not applicable to this financial product.

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

The Fund does not undertake to invest in economic activities that contribute to an environmental objective, as defined in Article 2(17) of Regulation (EU) 2019/2088. Pursuant to Article 6 of Regulation (EU) 2020/852, the "do no significant harm" principle applies only to investments related to a financial product that take into account the EU criteria for environmentally sustainable economic activities. The Fund does not undertake to make any sustainable investments, including those aligned with the EU Taxonomy, therefore, the investments of the financial product do not take into account the EU criteria for environmentally sustainable economic activities.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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 environmentaly sustainable economic activities under the EU Taxonomy.

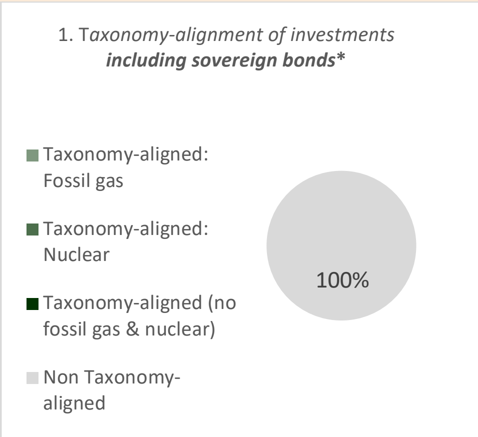
Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

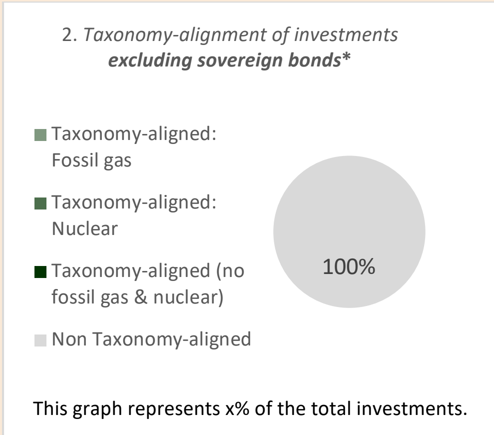
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

x No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

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

The Fund does not commit to making any investments in transitional and enabling activities, including those aligned with the EU Taxonomy.

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

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[1]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.

The Fund does not commit to making any sustainable investments, including those that are not aligned with the EU Taxonomy but that pursue an environmental objective.

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

What is the minimum share of socially sustainable investments?

Not applicable to this financial product.

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

Investments classified as "#2 Other" are not required to promote specific environmental or social criteria, but must implement the environmental and social safeguards set forth in the Management Company's Responsible Investment Policy.

The primary objective of these investments may be financial returns, capital preservation, liquidity management, diversification, taking advantage of specific market opportunities, or other objectives, without regard to ESG criteria.

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?

Index not specified.

Where can I find more product specific information online?

More product-specific information can be found on the website: https://lordslb.lt/bcpf/.