

Transparency of the promotion of environmental and social characteristics on websites

ERSEL Real Estate Fund ESG

Information pursuant to Article 10 of Regulation (EU) 2019/2088 – SFDR

This notice is based on the guidance contained in Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of information relating to the 'do no significant harm' principle, specifying the content, methodologies and presentation of information on sustainability indicators and adverse sustainability effects, as well as the content and presentation of information related to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, websites and regular reports.

Index

- A. Summary
- B. No sustainable investment objective
- C. Environmental or social characteristics of the financial product
- D. Investment strategy
- E. Proportion of investments
- F. Monitoring of environmental or social characteristics
- G. Methodologies
- H. Data sources and processing
- I. Limitations to methodologies and data
- J. Due diligence
- K. Engagement policies
- L. Designated reference index

A. Summary

ERSEL Real Estate Fund ESG (the “Sub-Fund”) invests at least 85% of its assets into KERVIS REAL ESTATE FUND II (the “Master Fund”). The environmental and/or social objectives promoted by the Sub-Fund are those of the Master Fund. Therefore, look-through principles have been applied for the purpose of this notice.

The Master Fund contributes to the promotion of the following environmental and/or social characteristics:

- Climate change mitigation, through (i) the construction of buildings with higher energy efficiency than their actual state at the time of the investment, characterised by low emissions of fossil fuels and Green House Gases (GHG) as well as (ii) the active management of the environmental performance of the buildings and raising the awareness of the tenants on the use of renewable energy sources (e.g. photovoltaic, LED, thermal collectors, etc.);
- Social and end-user wellbeing, by favouring sustainable mobility and the implementation of redevelopment and the creation of green areas that aim to increase the quality and safety of living for end-users and, more generally, the wellbeing of the inhabitants of the areas affected by the interventions.

. The promotion of these characteristics categorizes the Master Fund as a product pursuant to art. 8 SFDR.

To evaluate the achievement of each environmental and/or social characteristic promoted, the Master Fund, takes into account certain indicators and certifications for monitoring the positive impacts resulting from investment activities. The achievement of each environmental and/or social characteristic will be monitored and evaluated primarily on the basis of energy certifications (by way of example, Energy Performance Certificates or “EPC”) and, if applicable, through certifications of successful remediation and removal of polluting substances. In particular, the Master Fund aims to obtain the qualification of buildings that are efficient from an energy point of view and therefore with a high EPC. For the properties in which the Master Fund invests, in consideration of the historical value, the related legal impositions and the potential constraints applicable to them, the Master Fund's strategy aims at certifications included between class “C” and class “A”. This investment strategy, therefore, aims to improve the energy efficiency of historic buildings, while maintaining those aesthetic and social characteristics that make them also important for the community in which they are located. With regard to the share of investments, the Master Fund promotes compliance with environmental and social characteristics as well as good governance practices but it does not make any sustainable investments.

Finally, the Master Fund has not identified any reference index to determine the achievement of the environmental and/or social characteristics.

B. No sustainable investment objective

The Sub-Fund and the Master Fund promote environmental or social characteristics but do not aim for a sustainable investment.

C. Environmental or social characteristics of the financial product

The Sub-Fund invests at least 85% of its assets into the Master Fund. The Master Fund contributes to the promotion of the following environmental and/or social characteristics:

- Mitigation of climate change, through (i) the construction of buildings with higher energy efficiency compared to their current state at the time of investment, characterized by low emissions of fossil fuels and Green House Gases (GHG) as well as (ii) the active management of the environmental performance of the buildings and of the awareness of the tenants of the buildings themselves on the use of renewable energy sources (e.g. photovoltaic panels, LEDs, thermal collectors, etc.);
- Social and end-user well-being, promoting sustainable mobility and through the implementation of redevelopment interventions and the creation of green areas which aim to increase the quality and safety of living for end-users and, more generally, the well-being of the inhabitants of the areas affected by the same interventions.

D. Investment strategy

The Sub-Fund invests at least 85% of its assets into the Master Fund. The Master Fund intends to invest in already built properties, or portfolios of properties, mainly intended for residential, office and hotel use, with the aim of restoring, refurbishing (including demolition and reconstruction), renovating, and/or converting for residential use, also through the implementation of interventions aimed at containing negative environmental externalities, as well as real rights on such assets, including those deriving from concession relationships.

In particular, the Master Fund intends to promote the mitigation of the effects of climate change through the construction of buildings with high energy efficiency, characterized by low emissions of fossil fuels and GHGs as well as the active management of the environmental performance of buildings and of the raising awareness on the use of renewable energy (e.g. photovoltaic panels, LEDs, thermal collectors, etc.) by the tenants of the buildings themselves. The investments of the Master Fund envisage, among others, the installation and maintenance of devices for energy efficiency in the buildings and, where feasible, for the production and use of renewable energies, as well as for the measurement, regulation and control of the energy performance of buildings.

The Master Fund also intends to make investments that generate intrinsic benefits both for the territory and for end users by promoting sustainable mobility, for example, through the installation and maintenance of charging stations for electric vehicles in buildings (and in spaces used pertaining to the buildings) or the preparation of parking spaces for bicycles and/or electric scooters.

As part of the Master Fund's investment strategy and with the aim to achieve the promoted environmental and/or social characteristics, the following binding elements are considered:

- the increase in the energy efficiency of the property subject to investment, compared to the initial situation;
- location in areas with good infrastructure in terms of public transport;
- the possibility of creating private green areas or outdoor green areas commonly used by condominiums.

The Master Fund does not invest in real estate projects that do not allow for the development and redevelopment of assets in line with the environmental and/or social characteristics promoted.

E. Proportion of investments

The Sub-Fund invests at least 85% of its assets into the Master net of cash and money market instruments. The Sub-Fund may make investments that are neither aligned with environmental or social characteristics nor qualify as sustainable investments, both equity and debt instruments, which may represent up to 15% of the investment portfolio of the Sub-Fund, net of cash and money market instruments.

The Master Fund invests in real estate ensuring the promotion of environmental and social characteristics, while not investing in economic activities that qualify as environmentally sustainable according to the EU taxonomy or having a social objective.

Without prejudice to the paragraph above, in accordance with the Master Fund Rules, the Master Fund may invest in:

- real estate assets and rights in-rem rights on such assets (including those arising from real estate leasing contracts and/or administrative concessions);
- equity holdings in real estate companies including controlling interest;

- financial instruments (including units/shares of other Italian or foreign real estate collective investment schemes).

the Master Fund's assets may be invested, within the limits and under the conditions provided for by the regulatory provisions in force from time to time, to a residual extent and in any case not more than one third of the Master Fund's total assets, in money market instruments, negotiable securities, bank deposits and shareholdings in companies whose purpose is instrumental to real estate investment.

When deemed appropriate in the interest of the Master Fund's capital stability, the Master Fund may make use of techniques and operations, including derivative financial instruments, exclusively for the purpose of hedging risks, including currency risks and risks arising from borrowing. The Master Fund may also hold cash for treasury needs.

F. Monitoring of environmental or social characteristics

The Sub-Fund invests at least 85% of its assets into the Master Fund. In order to assess the achievement of each environmental and/or social characteristic promoted by the Master Fund, the latter takes into account certain indicators and certifications for monitoring the positive impacts resulting from the investment activities. Specially, the achievement of each environmental and/or social characteristic will be monitored and assessed principally on the basis of energy certifications (e.g. Energy Performance Certificates) and, if applicable, through the certifications of remediation and removal of chemicals. In particular, the Master Fund aims to obtain the qualification of energy efficient buildings and therefore with high Energy Performance Certificates. For the real estate in which it invests, in consideration of the historical value, of the relative legal impositions and of the potential constraints applicable to the same, the Master Fund's strategy aims at certifications between class "C" and class "A". This investment strategy, therefore, aims to improve the energy efficiency of historic buildings while maintaining the aesthetic and social characteristics that make them important to the community in which they are located.

G. Methodologies

The Sub-Fund invests at least 85% of its assets into the Master Fund. In order to assess the achievement of each environmental and/or social characteristic promoted by the Master Fund, the latter takes into account certain indicators and certifications for monitoring the positive impacts resulting from the investment activities.

The achievement of each environmental and/or social characteristic will be monitored and assessed principally on the basis of energy certifications (e.g. Energy Performance Certificates) and, if applicable, through the certifications of remediation and removal of chemicals.

In particular, the Master Fund aims to obtain the qualification of energy efficient buildings and therefore with high Energy Performance Certificates. For the real estate in which it invests, in consideration of the historical value, of the relative legal impositions and of the potential constraints applicable to the same, the Fund's strategy aims at certifications between class "C" and class "A".

This investment strategy, therefore, aims to improve the energy efficiency of historic buildings while maintaining the aesthetic and social characteristics that make them important to the community in which they are located.

Neither the Sub-Fund nor the Master Fund take into consideration the principal adverse impacts on sustainability factors ("PAI").

H. Data sources and processing

The Sub-Fund invests at least 85% of its assets into the Master Fund. For the properties in which the Master Fund invests, in consideration of the historical value, the related legal impositions and the potential constraints applicable to them, the Master Fund's strategy aims at certifications included between class "C" and class "A", released by a certification entity registered in the regional SACE list. This investment strategy, therefore, aims to improve the energy efficiency of historic buildings, while maintaining those aesthetic and social characteristics that make them also important for the community in which they are located.

I. Limitations to methodologies and data

The Sub-Fund invests at least 85% of its assets into the Master Fund. Considering that the Investment Manager of the Master Fund does not currently envisage that the following affect compliance with the environmental and social characteristics promoted by the Master Fund, the limitations of the methodologies described above derive in particular from the availability of data and the possible inaccuracies of the technological instruments currently present on the market for collecting such data. However, the methodologies in place follow the best market practices currently available, also through the use of estimates and external consultants/providers.

J. Due diligence

The Sub-Fund invests at least 85% of its assets into the Master Fund. As part of the investment process adopted by the Investment Manager of the Master Fund, the evaluation of potential investments of the Master Fund is carried out through the performance of due diligence activities that include, inter alia, the measurement of sustainability parameters identified in a special checklist. These parameters, as well as other parameters (where relevant), are also taken into consideration during the analysis and definition of the real estate strategy of the individual assets to be invested in. When evaluating the individual properties subject to potential investment, the Master Fund takes into account the possibility of satisfying - at the end of the requalification, restructuring, renovation and/or reconversion of the target properties - sustainability parameters as well as the possibility of obtaining specific certifications issued by professionals or bodies accredited at national and/or international level. In particular, the Master Fund aims to obtain the qualification of energy efficient buildings and therefore with high EPC. For the real estate in which it invests, in consideration of the historical value, of the relative legal impositions and of the potential constraints applicable to the same, the Master Fund's strategy aims at certifications between class "C" and class "A". This investment strategy, therefore, aims to improve the energy efficiency of historic buildings while maintaining the aesthetic and social characteristics that make them important to the community in which they are located.

K. Engagement policies

The Sub-Fund invests at least 85% of its assets into the Master Fund. Neither the Management Company of the Sub-Fund, nor the Investment Manager of the Master Fund currently provide for the adoption of commitment policies, of a direct nature, to be implemented during the management of the investments underlying respectively the Sub-Fund and the Master Fund. Nonetheless, the Investment Manager of the Master Fund aims to promote the adoption of good practices and aims to increase the commitment to integrate sustainability factors into investment decisions.

L. Designated reference index

The Sub-Fund invests at least 85% of its assets into the Master Fund. The Master Fund has not designated any reference index for the promotion of the environmental and/or social characteristics of the Master Fund.