

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: *ERSEL REAL ESTATE FUND*
Legal entity identifier: 2138009Z1Q45K8COET42

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.

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 ____% 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



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

What environmental and/or social characteristics are promoted by this financial product?
 ERSEL Real Estate Fund (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 SubFund are those of the Master Fund. 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.

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

The Master Fund 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 firstly on the basis of energy certifications (e.g. Energy Performance Certificates) and, if applicable, through certifications of remediation and removal of pollutants. In particular, the Master Fund aims to obtain the qualification of energy efficient properties and therefore with high-efficiency certification for the Energy Performance Certificates ("EPC"). In consideration of their historical value of the properties in which it invests, the relevant legal requirements and the potential constraints applicable to them, the Master Fund's strategy aims at EPC certifications between class "C" and class "A". The investment strategy, therefore, aims to improve the energy efficiency of historic buildings, while maintaining those aesthetic and social characteristics that also make them important to the community in which they are located.

● ***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?***

Not applicable.

● ***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?***

Not applicable.

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

Not applicable.

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

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

Not applicable.

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?

☐ Yes

☒ No



What investment strategy does this financial product follow?

The Master Fund invests in real estates, or portfolios of real estates, already built, having predominantly residential, office and hotel destination of use, in order to restore, renovate (including demolition and reconstruction), refurbish, and/or convert them to residential use, including through the implementation of measures aimed at limiting negative environmental externalities, as well as in rights in rem over such assets, including those arising from licences. In particular, the Master Fund intends to promote the mitigation of the climate change effects through the construction of energy-efficient buildings, characterised by low emissions of fossil fuels and GHG, as well as the active management of the environmental performance of buildings and the raising of awareness on the use of renewable energy sources (e.g. photovoltaic, LEDs, thermal collectors, etc.) by the tenants of the buildings. The Master Fund's investments will include, inter alia, the installation and maintenance of devices and equipments to increase energy efficiency and, where possible, for the production and use of renewable energy, as well as for the measurement, tuning and control of the energy performance of the buildings. Furthermore, the Master Fund intends to make investments that generate a positive impact for both the territory and the end-users by promoting sustainable mobility, for example, via the implementation and maintenance of charging stations for electric vehicles in buildings and in parking spaces pertaining to buildings, including parking spaces for electric bicycles and/or electric scooters.

- ***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 Master Fund considers the following elements to be binding:

- increase in the energy efficiency of the property being invested in, compared to its initial status
- location in areas with good infrastructure in terms of public transportation
- possibility of setting up private green areas or external green areas for common use by condos.

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 by the Master Fund.

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

Not applicable

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

The Master Fund's investment policy envisages the possibility invest in real estate companies and, on a residual basis, in companies whose purpose is considered instrumental for the achievement of the Master Fund's objectives. The Master Fund will assess companies' good governance practices on the basis of the following main parameters:

- presence of sound management structures - quality of relations with staff - staff remuneration
- compliance with tax regulations
- necessary requirements and authorisations for the exercise of the activity, where applicable
- no environmental or occupational health and safety disputes
- implementation of anti-corruption and anti-mafia policies
- implementation of codes of ethics and/or conduct (also for the purposes of Legislative Decree 231/2001).



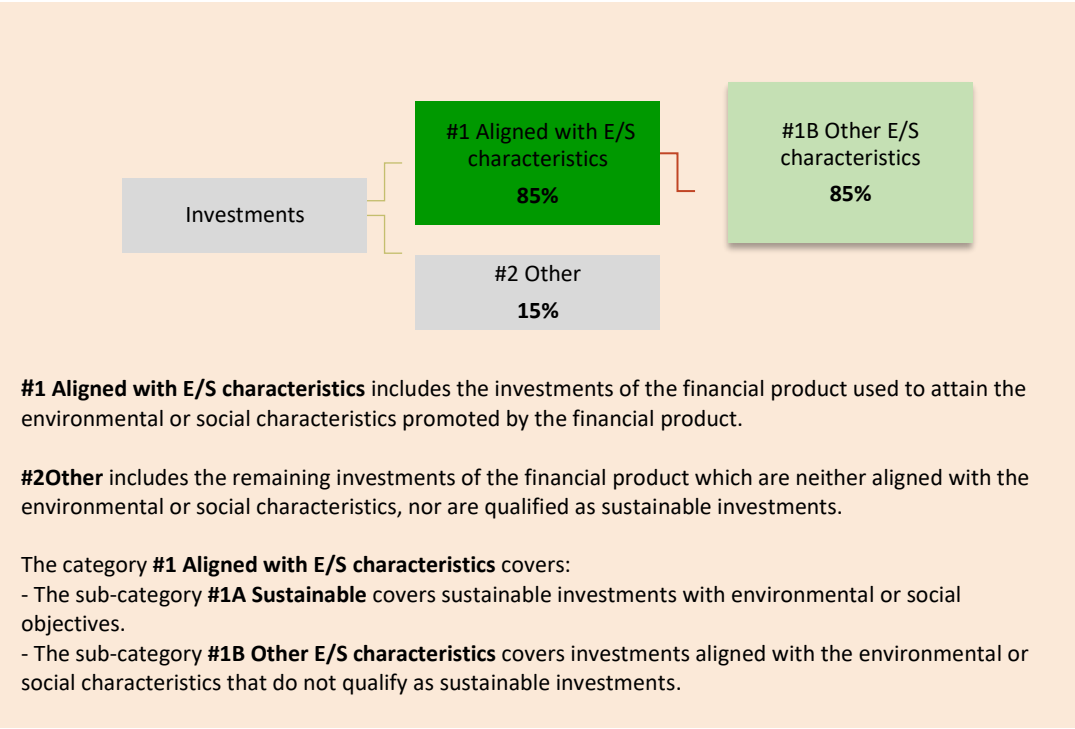
What is the asset allocation planned for this financial product?

The Sub-Fund will at any time invest at least 85% of its assets into the Master Fund net of cash and money market instruments. The Master Fund invests 100% of its portfolio in real estate assets 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 have a social objective. The category #2 Other includes investments of the financial product 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.

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) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



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

Not applicable.



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

The expected proportion of the Sub-Fund's and the Master Fund's investments aligned with the EU taxonomy is 0%.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

☒

No

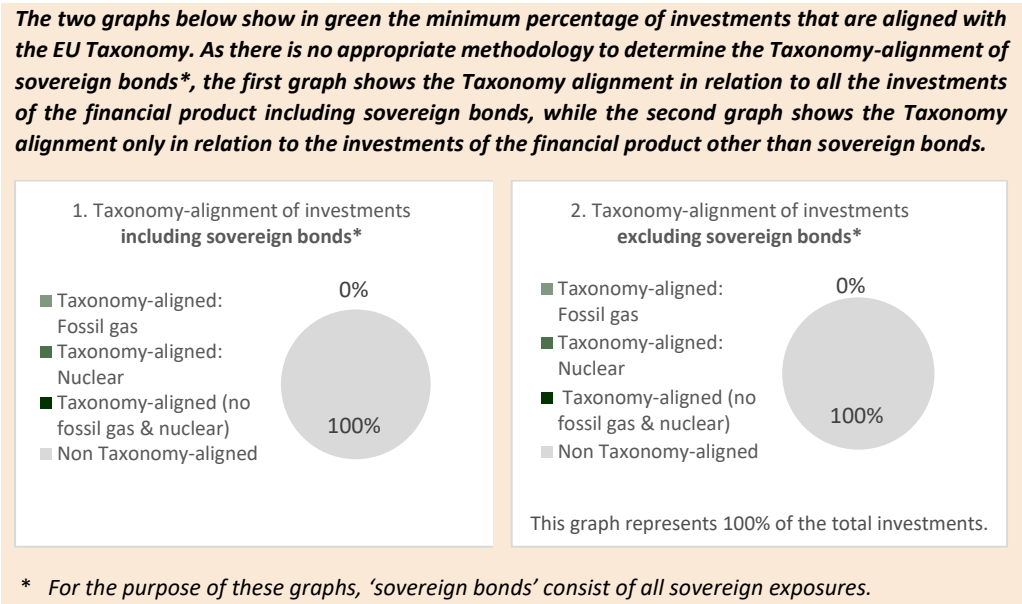
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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 environmentally sustainable economic activities under the EU Taxonomy.



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

Not applicable



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

Not applicable.



What is the minimum share of socially sustainable investments?

Not applicable.



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

In accordance with the investment policy of the Sub-Fund, investments included in #2 Other are contributing to the efficient portfolio management of the Sub-Fund. The category #2 Other includes investments of the financial product 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. For the category #2 Other, minimum social and environmental safeguards apply, insofar as company-level sustainability data are available. Companies need to be compliant with the UNGC principles or OECD Guidelines for Multinational Enterprises and not involved in very severe controversies regarding environmental, social or governance issues or in socially controversial activities



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?

Not applicable

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable

- *How does the designated index differ from a relevant broad market index?*

Not applicable

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable



Where can I find more product specific information online?

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

For the Sub-Fund additional information can be found in the section headed "RTS Disclaimers" of the following website: www.ersel.it/en/ersel-group/sustainability For the Master Fund additional information can be found in the section headed 'Environmental, Social and Governance' of the following website: <https://www.kervissgr.com/>

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