

# Sustainable Finance Disclosure Regulation (“SFDR”) Disclosure

## ANNEX IV

### Template periodic 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 Private Markets Fund, FCP-RAIF, Ersel Real Estate Fund **Legal entity identifier:** 2138000B81V6WUUFALK60

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective? [



Yes



It made **sustainable investments with an environmental objective:** \_\_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



not qualify as environmentally sustainable under the EU Taxonomy



It made **sustainable investments with a social objective:** \_\_\_\_%



No



It promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a 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 promoted E/S characteristics, but **did not make any sustainable investments**

**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

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



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

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 Sub-Fund are those of the Master Fund. Therefore, look-through principles have been applied for the purpose of this reporting

The Master Fund has invested in four real estate assets, for which tear-down and refurbishing operations are planned. Therefore, the environmental/social characteristics promoted by the Master Fund have currently been integrated into the design activities, and are related to:

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- Mitigation of climate change, through (i) the realization of buildings with higher energy efficiency compared to the status quo at the time of investment, characterized by low emissions of fossil fuels and Green House Gases (GHG) and (ii) the active management of the environmental performance of the buildings and the awareness of the occupants of the same buildings about the use of renewable energy sources (e.g. photovoltaic panels, led, thermal collectors, etc.);
- Social and end-user well-being, promoting sustainable mobility and through the realization of redevelopment projects and creation of green areas that aim to improve the quality and safety of living for the end-users and, more generally, the well-being of the inhabitants of the areas affected by the same interventions.

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 management company of the Master Fund aims to obtain the qualification of energy efficient buildings and therefore with high Energy Performance Certificates ("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 Fund's strategy aims at certifications between class "C" and class "A".

## ● ***How did the sustainability indicators perform?***

The performance of the chosen indicators to measure the promotion of the Master Fund's environmental and social characteristics is currently not measurable due to the current state of project realization. In the preliminary phase, the design activities aim to achieve environmental and social characteristics through the active management of the environmental performance of the properties.

## ● ***...and compared to previous periods?***

With reference to the reporting period, this section is not applicable to the financial product.

## ● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

This section is not applicable to the financial product.

## ● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

NA

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*How were the indicators for adverse impacts on sustainability factors taken into account?*

NA

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

NA

*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 Union 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.*



## How did this financial product consider principal adverse impacts on sustainability factors?

**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.

At this time the Fund does not take into consideration the negative effects of the investment decisions on the sustainability factors (the so-called "Principal Adverse Impact") because the Manco does not have a set of acceptable data and information to fully assess the potential negative effects of its investments on the sustainability factors

Despite the limitations on data and information available for assets, the Fund, as part of its investment strategy, which aims to achieve positive environmental impacts, monitors the improvement of energy performance of buildings and the impact of construction interventions on green areas, in order to mitigate the negative effects connected to investments.

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Due to the nature of the assets in the portfolio, furthermore, the Fund does not have exposures to the fossil fuel sector.



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period ended 31/12/2023.

Largest investments	Sector	% Assets	Country
AMPERE	Real Estate	22 %	Ital
LARIO/STELVIO	Real Estate	29 %	y
DOMENICHINO	Real Estate	18 %	Ital
TORTONA	Real Estate	31 %	y

The investments of the Master Fund, used for the acquisition of properties, represent 100% of the investments made by the fund up to the date of publication.



**Asset allocation** describes the share of investments in specific assets.

## What was the proportion of sustainability-related investments?

100% of the investments planned by the Master Fund are aimed at promoting environmental/social characteristics.

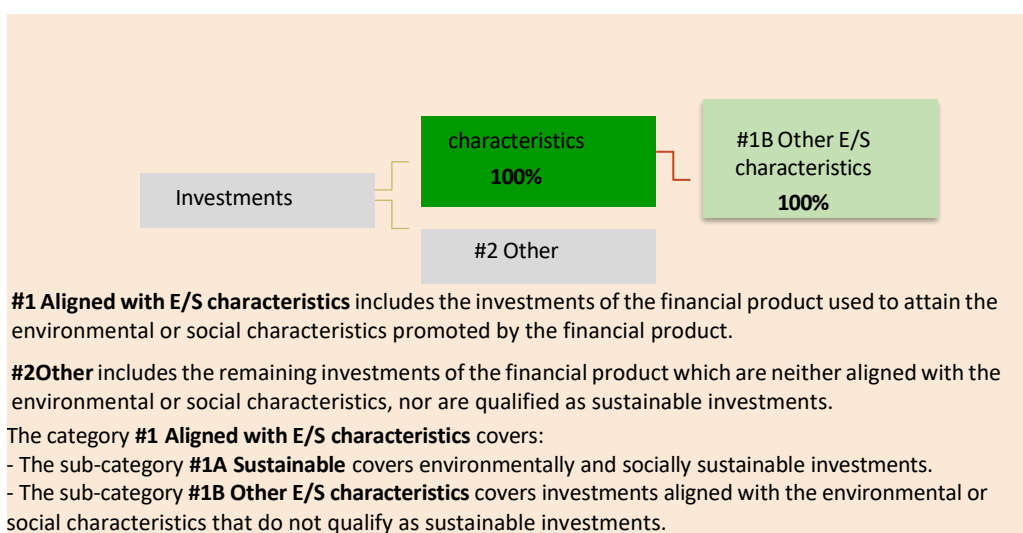
### What was the asset allocation?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations

switching to fully 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.

The Sub-Fund invested 100% of its assets in the Master Fund, net of cash and money market instruments. The Master Fund has invested 100% of the funds collected in assets whose design and construction characteristics will be in line with the promotion of the environmental and social characteristics that the Fund intends to promote, without having carried out an alignment analysis to the EU Taxonomy for investments in economic activities that qualify as environmentally sustainable or having a social objective to date.



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● *In which economic sectors were the investments made?*

The Master Fund invested in the real estate sector for residential purposes.

**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.

**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

In accordance with the pre-contractual information prepared, with the regulatory requirements of the EU Taxonomy, and considering that the real estate projects subject to investment are still in the design phase, the level of alignment with the Taxonomy is currently 0%. However, ad hoc assessments are currently underway to evaluate the necessary interventions to ensure compliance with the technical screening criteria presented by the delegated acts of the EU Taxonomy, and to obtain reliable data on the degree of alignment.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas

In nuclear energy



No

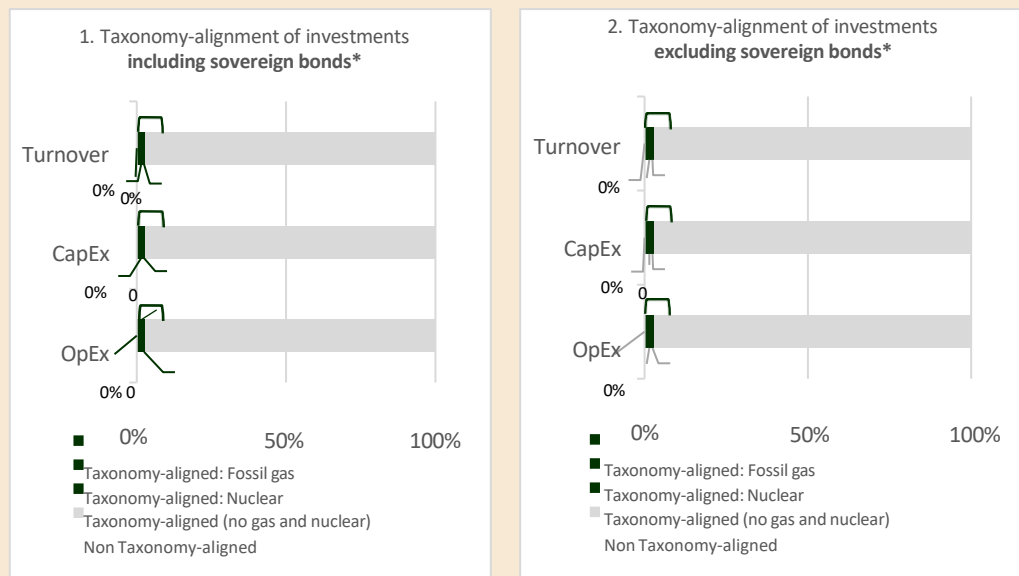
Taxonomy-aligned activities are expressed as a share of:

- **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.

<sup>1</sup> 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.

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The graphs below show in green the percentage of investments that were 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.



This graph represents x% of the total investments.

\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.

● **What was the share of investments made in transitional and enabling activities?**

N.A.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N.A.

● **What was the share of sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.**

N.A.

● **What was the share of socially sustainable investments?**

N.A.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

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## **What investments were included under “other”, what was their purpose and**

No investments are included in the “Other” category, net of cash and money market instruments, as all the assets of the Sub-Fund have been invested in the Master Fund, and the Master Fund allocated its portfolio for the promotion of environmental/social characteristics. The Master Fund's assets may however, as necessary, invest in money market instruments, marketable securities and bank deposits and financial derivative instruments, the latter for the sole purpose of hedging risks including currency risk and risks arising from borrowing. The Master Fund may also invest in companies for the purpose of real estate investment. In addition, the Master Fund may hold cash for treasury needs



## **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The Master Fund has introduced, during 2023, the inclusion in the portfolio of two further underlying assets (Domenichino and Tortona), in addition to the two assets introduced during 2022 (Ampere and Lario/Stelvio). Among the activities initiated, there are operations of change of use in residential form, among other things by carrying out redevelopment and creation of green areas aimed at increasing the quality and safety of housing for end users. Therefore, the activities of pursuing the environmental and social characteristics of the Fund are also planned in the planning phase.

In order to promote environmental and social characteristics such as climate change mitigation and the social well-being of end users, the MF design actions, with related work to be conducted directly and/or indirectly, will aim at promoting such characteristics. In particular, the Manco is committed to promoting active management of the *performance* of properties from the planning phase and to increase the awareness of the properties' occupants on the use of renewable energy sources (e.g. photovoltaic panels, LEDs, thermal collectors, etc.). Moreover, it aims to support sustainable mobility and the implementation of redevelopment and creation of green areas aimed at enhancing 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.

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Particular attention will be dedicated to improving the energy efficiency of the properties compared to the status quo at the time of investment. Indeed, during evaluations of individual properties subject to potential investment, the Manco takes into account the possibility of meeting - at the outcome of redevelopment, renovation, renewal and/or conversion of target properties - sustainability parameters, as well as the possibility of obtaining specific certifications issued by nationally and/or internationally accredited professionals or bodies.

The Manco therefore aims to achieve the qualification of energy-efficient properties and therefore equipped with a high Energy Performance Certificate (EPC), ranging between class "C" and class "A". During the reference period, through appropriate restoration, renovation (including demolition and reconstruction), renewal and/or conversion for residential use, also through the implementation of actions aimed at containing negative environmental externalities, the properties held by the Master Fund aim to improve their energy efficiency, achieving a higher energy class. The Master Fund therefore, through the application of this strategy, aims to increase the energy performance of the properties, while maintaining those aesthetic and social characteristics that will also make them important for the community in which they are located. Furthermore, within the scope of its investment strategy and with the aim of achieving the environmental and/or social characteristics promoted by the Fund, the Manco considers the following criteria as binding:

- location in areas with good infrastructure in terms of public transport;
- the possibility to create private green areas or external common green areas for condominiums.

The Master Fund, therefore, does not invest in real estate projects that do not allow for development and refurbishment operations in line with the environmental and/or social characteristics promoted by it.



## How did this financial product perform compared to the reference benchmark?

N.A.

### ● How does the reference benchmark differ from a broad market index?

N.A.

### ● *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?*

N.A.

### ● *How did this financial product perform compared with the reference benchmark?*

N.A.



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

● *How did this financial product perform compared with the broad market index?*

N.A.