Sustainability- related Financial Product Disclosure

CATELLA ELITHIS ENERGY POSITIVE FUND SCS SICAV-SIF

Registered Office: 16, rue Eugène Ruppert, L-2453 Luxembourg

Topic	Description
Summary	The overall Investment Objectives of the Fund are to generate profits by acquiring Real Estate or participations in Real Estate Companies in the European Economic Area and the United Kingdom to generate sustainable income and capital return in compliance with the limits set forth under applicable law and the Fund Documents and having the purpose of spreading investment risks and affording its Investors the results of the management of its portfolio delivering the following sustainability objectives: 1) the Fund is to invest in and develop assets that will contribute to climate change mitigation by (i) improving energy efficiency and (ii) producing clean and efficient fuels from renewable or carbon-neutral sources in residential developments and operations within the meaning of Article 10 1. (b) and (h) of Taxonomy Regulation. 2) the Fund aims to mitigate housing stress by offering affordable housing to benefit the mid-market segment of the population who have limited access to high quality affordable living. 3) the Fund aims to offer a stable financial return and a competitive risk adjusted return. Robust systems are largely unaffected by external stressors and are able to remain stable and thereby predictable. From a real estate perspective that can be referred to as the ability to retain stable cash flows. The target total return for the Fund equals an IRR, net of fees, of four to six per cent (4% to 6%) per annum, over the Fund's life.
Sustainable investment objective	The Fund aims to invest in and participate in the development of assets contributing substantially to the stabilisation of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement through the avoidance or reduction of greenhouse gas emissions or the increase of greenhouse gas removals in accordance with the provisions of Article 10 of Taxonomy Regulation. The first objective of the Fund is to invest in and develop assets that will contribute to climate change mitigation by (i) improving energy efficiency and (ii) producing clean and efficient fuels from renewable or carbon-neutral sources in residential developments and operations within the meaning of Article 10 1. (b) and (h) of Taxonomy Regulation. Secondly the Fund aims to mitigate housing stress by offering affordable housing to benefit the mid-market segment of the population who have limited access to high quality affordable living. The affordable strategy consists in lowering the total housing cost (i.e. rent, service charges and net energy cost) and achieving a level

	below the market benchmark. With respect to rents, the building will offer medium asking rents considering comparable buildings (robustness concept) at acquisition. With respect to energy, energy invoices of the tenants of the buildings will be compared to the average energy invoice of a French family where the strategy of the Fund consists in bringing them to the lowest possible level. The energy produced by photovoltaic panels and/or other renewable energy sources is sold to the local grid. All of the revenues (net of management costs) are given back to the tenants allowing them to lower their energy bill and consequently their total housing costs. The bioclimatic design as well as the smart home manager “ALADHUN” are additionally helping to reduce the overall energy consumption of the building. At this stage, the whole electricity production will be sold to the grid and the net revenue paid back to the tenants via the service charges. At a later stage, when the electricity storage technology will have improved (notably its cost/efficiency balance), auto-consumption shall be implemented. Thirdly the Fund aims to offer a stable financial return and a competitive risk adjusted return. Robust systems are largely unaffected by external stressors and are able to remain stable and thereby predictable. From a real estate perspective that can be referred to as the ability to retain stable cash flows. The concept is ultimately based on affordable rents, which are in high demand and are able to deliver a higher resilience to external stressors. In times of economic prosperity, all tenants are able to afford their rents. If an economic crisis occurs, some tenant groups are affected intensively, while others are less affected from a drop in wages or an unsecure future employment. In addition, affected tenants need to re-house themselves at a lower price point. The social class and the key workers are likely to receive (some kind of) state support to afford their rent, at least in Europe. The HNWI might lose some of their private capital but also remain able to pay rent. The middle class is the most vulnerable. If one of double earners loses their job, the risk increases that they are not able to afford the rent anymore, but still earn enough to not be eligible for state support. That scenario would increase the cash flow at risk for the property.
No Significant Harm to the sustainable investment objective	The indicators for the assessment of the adverse impacts on sustainability factors taken into account by the Fund, have been selected by the Investment Advisor of the AIFM, are presented in the table below. Details on how are considered are also provided:

Elithis Fund

		GOAL		KPI #	
Environmental	E1 ENERGY	GOAL E1a	100% of new-built properties will have an energy-positive balance on the residential part (based on a primary energy assessment)	KPI E1a	Renewable energy production > non renewable energy consumption Based on a primary energy assessement (BEPOS definition)
		GOAL E1b	100% redevelopment projects offer on-site energy production	KPI E1b	Level (kWh) of on-site energy production
	E2 GHG EMISSIONS	GOAL E2	100% properties will be low in carbon following the 1,5° Pathway according the Paris Agreement	KPI E2	CO_2eq emissions (kg) in operations
Social	S1 AFFORDABILITY	GOAL S1	100% of the portfolio offers affordable housing cost	KPI S1a	100% of the net revenue* from the PV pannels is redistributed to tenants (€ per unit p.a) **net of management costs*
				KPI S1b	Rent + energy costs (€/sqm p.a.) < benchmark
				KPI S1c	Rent + Service charges + energy costs < benchmark
Governance	G1 SKIN IN THE GAME	GOAL G1	Alignment of interests: 10% of the asset management fee will be paid to a foundation or UN organization* if the fund does not reach the impact and financial targets. *to be chosen, linked to climate change	KPI G1	Achievement of impact targets (%)

Catella Group, the Investment Advisor of the AIFM, is a member of the UNPRI and is committed to act in alignment with the principle of responsible investments. The Fund is committed to incorporating the ESG practices into its business strategy and operations. While doing so the Fund will treat partners and suppliers and stakeholders with respect and integrity with the aim of developing lasting and trusted business relationships. The Fund has the objective to provide a positive contribution to solving societal sustainability issues through its operations.

Details:
The ambition of the Fund is to be low in carbon emissions according to the long-term temperature goal of the Paris Agreement and to bring additional and intentional impact to the real estate market by developing building that produce more renewable energy than they consume than non-renewable energy. In this respect, the Fund has identified several sustainable development goals as developed by the United Nations that it will seek to achieve while implementing its investment strategy, being:

	• Goal 3 “good health and well-being”: ensuring healthy lives and promoting well-being for all at all ages; • Goal 7 “affordable and clean energy”: ensuring access to affordable, reliable, sustainable and modern energy for all; • Goal 11 “sustainable cities and communities”: making cities and human settlements inclusive, safe, resilient and sustainable; and • Goal 13 “climate action”: taking urgent action to combat climate change and its impacts.
Investment strategy	The Fund investment strategy contemplates to develop buildings that will have unique features amongst others: • strong environmental impact: buildings will be constructed with a bioclimatic design and will be energy-positive; • social impact: buildings’ units will offer their residents improved affordability due to an energy bill credit resulting from the energy generated by the buildings; • anti-fragile: buildings will provide resilience through its flexibility over time, to adapt to new usage; • digital/nudging/digital coach: buildings will provide digital nudging where a behavioural coach (Adaptive Learning Assistant Device Home Usage Neutral) will be implemented yielding a return on self-improvement in light of for instance reduction of energy costs, carbon emissions and environmental damage as well as risk of energy price increases or supply shortages. Within the residential real estate markets in the Fund target countries, as defined in its constitutive documents, and in line with the sectoral diversification, the Fund’s investment strategy will be centred on markets including the private rented sector (PRS) - multifamily housing projects - as well as other residential properties, namely, student residences, serviced apartments, shared living and senior housing. Within those niche markets, the Fund will aim to invest up to a hundred per cent (100%) of the Total Commitments, calculated at the time of acquisition, on new Developments Projects. The Fund may invest up to thirty per cent (30%) in refurbishment projects/transformation assets (including for instance decarbonisation renovation). Geographically, the focus is to invest at least 70% in the European Union, the Fund will follow a core/core+ strategy and target a four to six per cent (4 – 6%) internal rate of return and seek to reach a gross asset value of more than five hundred million Euros (EUR 500 million), while keeping leverage limited to a thirty per cent (30%) loan-to-value ratio. The binding elements of the investment strategy must be applied by the Fund at any relevant stage of the investment process. It is part of the acquisition approval process and subsequent follow-up by the asset management monitoring and investor reporting processes. The Fund will use a combination of external and internal measurement techniques and the attainment to sustainable investment objective will be monitored including the Carbon Risk real estate framework. The results of the monitoring will be shared on a regular reporting process which include also the investors via an impact dashboard. The “Impact Dashboard” will be used to report the contribution of the asset of the Funds to the achievement of the investment objectives of the

	Fund including new acquisitions. This dashboard will provide information on the targets of the impact strategy, measures the current impact score of the assets and monitors the progress of the assets' environmental and social long-term targets. The policy and strategy implementation will be governed by several Investment Committees (the 'IC'). The IC of Catella Residential Investment Management GmbH, as Investment Advisor, governs the impact/ESG aspects in all its acquisitions and recommends the acquisition to the Fund's own IC in the Grand Duchy of Luxembourg, which reviews and endorses the overall proposition to the AIFM for final approval.
Proportion of investments	The Fund aims to invest a 100% in assets which qualifying as sustainable investments with an environmental objective. The Fund will make a minimum of sustainable investments with a social of 100%.
Monitoring of sustainable investment objectives	The Fund will monitor compliance with the sustainability indicators used to measure attainment of the sustainable investment during the different phases of the Fund life. The fund will use a combination of external and internal measurement techniques including the Carbon Risk Real Estate Monitor (CRREM) framework. The results of the monitoring will be reported using an impact dashboard. By implementing an Impact Dashboard, evaluation can be performed whether new acquisitions are in alignment with the impact strategy and can be acquired. This dashboard describes the targets of the impact strategy, measures the current impact score of the assets and monitors the progress of the assets' environmental and social long-term targets.
Methodologies	The following methodologies are used to measure the attainment of the sustainable investment objectives: The Fund shall use global real estate sustainability benchmark ("GRESB") as reference benchmark for the purpose of attaining the sustainable investment objective it has set. GRESB is a global ESG benchmark for real assets comprising of indicators on environmental and social factors. The Fund is reviewed amongst other funds within the same peer group annually. The benchmark figures are changing over time in order to challenge funds in reaching long term goals for sustainable investments. It is further noted that the Fund is committed to participate and report its ESG activities in the annual GRESB survey. The Fund has the objective of reducing carbon emissions and the real estate sustainability benchmark ("GRESB") will be used to measure the attainment to the sustainable investment objective. The index qualifies as an EU Climate Transition Benchmark or an EU Paris-aligned Benchmark under Title III, Chapter 3a of Regulation (EU) 2016/1011. For further information on the benchmark and the methodology for calculation please refer to the following website: https://gresb.com/. The Fund will measure the attainment of affordable housing as follows: one hundred per cent (100%) of the revenues (net of management costs) from the photovoltaic panels shall be redistributed to tenants (Euros/unit per year). Revenues of the photovoltaic panels are verifiable through the contract signed with the energy providers (price), on-site meters (volume) and annual service charges reconciliations (PM). Affordability will be measured by taking the total housing costs of the assets (rent + service charges + energy costs) and comparing it to the average total housing costs provided by the French government. For further information t please refer to the following website: https://www.statistiques.developpement-durable.gouv.fr/energie

<table>
<tr><td></td><td>https://www.insee.fr/fr/statistiques</td></tr>
<tr><td>Data sources and processing</td><td>The Fund will report on sustainable investment objectives by taking direct asset data. The Environmental Goal is calculated with consumption data of the building which is provided automatically through the smart home manager. The social goal is calculated based on the rent. The details KPI can be found in this table:
<table>
<tr><td>KPI E1a</td><td>Renewable energy production > non renewable energy consumption based on a primary energy assessment
(BEPOS definition)</td></tr>
<tr><td>KPI E1b</td><td>Level (kWh) of on-site energy production</td></tr>
<tr><td>KPI E2</td><td>CO_2eq emissions (kg) in operations</td></tr>
<tr><td>KPI S1a</td><td>100% of the revenue* from the PV panels is redistributed to tenants (€ per unit p.a.)
* net of management costs</td></tr>
<tr><td>KPI S1b</td><td>Rent + energy costs (€/sqm p.a.) < benchmark</td></tr>
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</table></td></tr>
<tr><td>Limitations to methodologies</td><td>The reporting is mainly based on real asset data but publicly available data and the use of estimates in some cases. These limitations are not considered to materially limit the monitoring or attainment of the promoted characteristics as both self-reported and public data is subject to internal checks and government data. Where estimated data is used it will be based upon reasonable assumptions and appropriate comparators.</td></tr>
<tr><td>Due diligence for sustainability characteristics</td><td>The due diligence process implemented by the investment advisor of the AIFM include among the others the following areas of investigations: Legal, Environmental, Technical, Tax, Financials, Transaction structuring including acquisition financing, Market analysis and location, Asset valuation, fragility analysis and ESG. The ESG due diligence covers among the others the following aspects: Stranding and physical risk assessment including “do not significant harm” review.</td></tr>
<tr><td>Engagement policies</td><td>The governance goal of the fund is a 10% reduction of the management fee if the fund targets are not reached. The investment manager is engaged to reach the financial as well as the non-financial targets.</td></tr>
<tr><td>Attainment of sustainability investment objectives</td><td>Please refer to section Methodologies.</td></tr>
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