

ASAF – SICAF

Sub-Fund B

Art.10 - Transparency of the promotion of environmental and/or social characteristics and the sustainable investments on the websites

Summary

The SICAF - ASAF (also "ASAF - SICAF in Gestione Esterna S.p.A." or "SICAF"), managed by Prelios SGR, qualifies as a reserved Italian alternative investment fund (FIA) characterised by a multi-fund structure. SICAF is currently composed of two sub-funds, both classified under Article 8 of EU Regulation 2088/2019 - SFDR.

Sub-Fund B invests directly or indirectly in Core Plus properties, mainly used for student housing, located in the main Italian cities. Through its investments, this sub-fund also aims to promote environmental and/or social characteristics in accordance with art. 8 SFDR, making a positive contribution to the mitigation of climate change by investing in buildings with high energy efficiency and/or suitable for social inclusion by increasing the number of student residences.

For the purpose of promoting the above characteristics, various elements are taken into consideration, such as (i) negative and positive screening processes, (ii) safeguards, in the case of procurement contracts, (iii) the possible existence of instruments to monitor consumption and/or of green lease agreements.

At least 65% of the investments promoted by the Sub-Fund are directed toward achieving social or environmental characteristics.

The achievement of each social and/or environmental characteristic is monitored and evaluated based on a three macro-step approach:

- ex-ante identification of key metrics (KPIs) associated with the UN SDGs;
- definition of expected targets for the development of the identified KPIs over the holding period of the target investment;
- periodic monitoring (reporting) of sustainability.

Data needed to assess and monitor the achievement of social and/or environmental characteristics are collected, either directly or through third parties, during the due diligence and monitoring process.

The SGR subjects each investment opportunity presented to the Board of Directors or Chief Executive Officer (where applicable) to ESG due diligence, performed by the Fund Management structure.

No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

Sub-fund B actively contributes to the promotion of sustainability characteristics through investments **that can contribute to generating a positive social and/or environmental impact**, as they are intended to finance buildings characterised by high energy performance and at the same time to increase student housing, fostering social inclusion.

The Sub-Fund promotes the following social and environmental characteristics in line with some of the United Nations Sustainable Development Goals ("**UN SDGs**"), including but not limited to:

- **Environmental:**
 - Energy efficiency/energy efficiency improvement
 - Reduction of environmental impacts
 - Responsible and sustainable use and management of natural resources
- **Social:**
 - Tenant well-being
 - Accessibility
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Investment strategy

The Sub-Fund adopts the following ESG investment strategies in order to promote social or environmental characteristics:

- ✓ a negative screening process;
- ✓ a positive screening process (provision of sustainability indicators/KPIs, also based on the SDGs, defining targets for improvement/maintenance);
- ✓ alignment with the main LEED and/or BREEAM environmental sustainability protocols
- ✓ appropriate safeguards, in the case of procurement contracts, such as but not limited to: guarantees of good performance (performance bonds), penalties in relation to adherence to deadlines, safeguards in the areas of anti-mafia certifications, money laundering, staffing and occupational safety.

Proportion of investments

At least 65% of the investments promoted by the Sub-Fund are directed toward achieving social or environmental characteristics. For the remainder, the SGR reserves some flexibility to make investments that do not promote social or environmental characteristics and that are not aligned with the United Nations Sustainable Development Goals.

Monitoring of environmental or social characteristics

Ongoing monitoring after the completion of a transaction is an essential part of any investment. Data on properties are collected and processed to measure the performance of the selected KPIs for each investment, identify any anomalies, and evaluate any improvement measures:

- during the holding period, on at least an annual basis, periodic monitoring of the social and environmental characteristics promoted is carried out, including the collection of data relevant to the evaluation and monitoring of the selected KPIs;
- on an annual basis, in addition, the Funds' management team analyzes the selected KPIs to assess and quantify the relevant performance.

Downstream of the monitoring process, a report is expected, at least annually, addressed to the Sustainable Finance Committee and the Board of Directors of the SGR according to the current policy, which includes the KPIs aimed at defining the ESG profile of the Funds

Methodologies for environmental or social characteristics

The achievement of each social and/or environmental characteristic will be monitored and evaluated based on a four macro-phase approach, the final results of which will also be monitored by the Risk Management structure:

- **Origination & pre-assessment:** preliminary assessment of all potential investment transactions is carried out to verify compliance with the limits set by the responsible investment policy and the negative screening policy adopted by the Management Company;
- **Due diligence:** the SGR Fund Management team formulates ex-ante expectations for the development of the defined KPIs, including investment sustainability assessments in the functional documentation for the approval of each transaction;
- **Identifying target KPIs:** identifying KPIs for real estate assets in line with the SDGs, and closing the deal by formalising the environmental and/or social characteristics to be promoted through the selected KPIs;
- **Periodic monitoring (reporting) of sustainability:** the SGR monitors on an ongoing basis the status and development of sustainability metrics based on an annual report.

Data sources and processing

Data needed to assess and monitor the achievement of social and/or environmental characteristics are collected, either directly or through third parties, during the due diligence process. Where possible, external or public databases and sources are also used.

In order to ensure data quality, checks are carried out to identify possible bias. The impact that different sources have on investment decisions is also assessed.

Data are received in different modes of transmission, which may vary from information transmitted by email or received through automated processes. The second is the mode that is preferred to avoid any form of operational risk or unnecessary human intervention. The data received are entered within internal databases so that they are always available to the Fund for various evaluations. Whenever possible, point-in-time data are always preferred. Limited to sporadic situations where point data are not available, estimation procedures are used, giving adequate disclosure of the proxies used.

Limitations to methodologies and data

The SGR is in the phase of careful evaluation of the data available to date, however, the SGR is aware of this obligation to disclose the Website under EU Delegated Regulation 2022/1288 - which, as mentioned above, remains subject to change. The SGR will fully comply with this disclosure requirement and more generally with the Delegated Regulation in line with the entry into force of the final legislation.

Due Diligence

The SGR subjects each investment opportunity presented to the Board of Directors or Chief Executive Officer, where applicable, to ESG due diligence, which is an integral part of the analysis criteria and helps to define the investment through property analysis.

ESG due diligence is carried out by the Fund Management structure with the possible support of third-party advisors.

In order to identify the ESG indicators associated with individual investments, a reference framework («KPI Framework») has been set up, in which the KPIs for the investments of individual Sub-Funds are identified. At least maintenance/improvement KPIs must be selected for each investment and must include the following:

- for the Social Pillar: housing with social purposes promoted by the Fund, eligible beneficiaries under municipal agreements and estimated economic benefit for the beneficiary; and
- for the environmental Pillar: recovery of built areas, improvement of energy performance and exposure to fossil fuels.

Engagement policies

Engagement techniques consist of constructive dialogue with stakeholders to discuss how to manage ESG risks and capture business opportunities associated with sustainability challenges.

The SGR uses a proactive approach focusing on long-term and financially relevant ESG opportunities and risks that may influence the assessment of investment opportunities and the ability to create value. The Fund's primary objective is to create value for investors including through the achievement of KPIs identified at the individual investment level.



Designated reference benchmark

No index has been designated as a benchmark to meet the environmental or social characteristics promoted by the financial product.