Sustainability-related disclosure pursuant to Article 9 (1) and (3) of SFDR

Product name/legal identifier: Catella Elithis Energy Positive Fund SCS SICAV-SIF (the "**Fund**")

Sustainable investment objective

This Fund:

☐ Promotes environmental or social characteristics, but does not have as its objective a sustainable investment

- ☐ It does not invest in sustainable investments
- ☐ It invests partially in sustainable investments

☒ Has sustainable investment as its objective. 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

Has a reference benchmark been designated for the purpose of attaining the sustainable investment objective of the Fund?

■ Yes

☐ No

1 **What environmental and/or social characteristics are promoted by the Fund?**

- ***What sustainability indicators[1] are used to measure the attainment of the environmental or social characteristics promoted by the Fund?***

The objective of the Fund is to become a residential investment fund with leading environmental (energy-positive) and social credentials alongside providing stable returns to its investors. The Fund is additionally providing new supply to the markets (focus on new build apartments).

2 **What investment strategy[2] does the Fund follow?**

[1] Sustainability indicators measure how the environmental or social characteristics promoted by the Fund are attained.

[2] Investment strategies guide investment decisions based on factors such as investment objectives and risk tolerance.

The Fund is a Luxembourg-based investment fund which provides institutional investors with access to Catella Group's flagship pan-European residential investment platform. The Fund's investment strategy is to invest in and manage a core and manage-to-core diversified portfolio of modern and affordable residential developments. Geographically, the focus is on core markets in Europe including France, Germany and the Benelux. The Fund will follow a core strategy and target a five to six per cent (5 – 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 Fund will be investing in energy-positive towers with a balanced return-/ risk-profile and with significant strong long-term value growth potential. Primarily focused on assets with stable, low volatility and steady cash-flows.

- ***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 the Fund?***

The Fund has integrated the strategy in its 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 will be monitored, including the Carbon Risk Monitor - CRREM, and reported via an Impact Dashboard to be included in the Investor Reporting. 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.

- ***How is that strategy implemented in the investment process on a continuous basis?***

The Fund contemplates to develop buildings that will have unique features amongst others:

- strong environmental impact: towers will be constructed with a bioclimatic design and will produce more energy than they consume;
- social impact: towers' units will offer its resident improved affordability due to energy bill credit resulting from the energy generated by the towers;
- anti-fragile: towers will provide resilience through its flexibility over time, to adapt to new usage;
- digital/nudging/digital coach: towers 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;
- New supply: the Fund will invest at least seventy per cent (70%) of the Total Commitments in new build assets (development projects).

Within the residential real estate markets in the Target Countries 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 five point five to six point five per cent (5.5 - 6.5%) internal rate of return and seek to reach a gross asset value of more than one billion Euros (EUR 1 billion), while keeping leverage limited to a thirty per cent (30%) loan-to-value ratio.

- ***What is the policy to assess good governance practices[3] of the investee companies?***

The policy and strategy implementation will be governed by several Investment Committees (the '**IC**'). The IC of Catella Residential Investment Management, 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.

- ***Where can I find further details on the investment strategy?***

Further details of the investment strategy of the Fund can be found in the Private Placement Memorandum and INREV Standard Questionnaires (INREV DDQ, INREV Impact DDQ).

What is the asset allocation planned for the Fund?

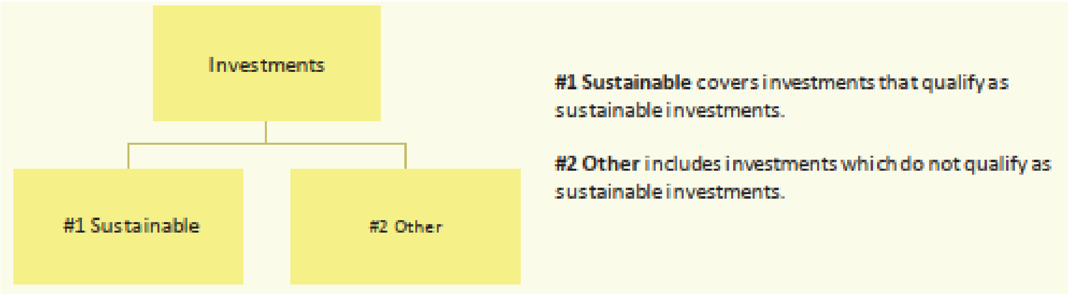
The Fund shall target the following geographical allocation:

- European Union with over seventy per cent (70%) of the Total Commitments being invested the Target Countries.

In addition, the Fund shall target the following sectoral allocation:

- Residential with over seventy per cent (70%) of the Total Commitments.

[3] Good governance practices include sound management structure, employee relations, remuneration of staff and tax compliance.



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

The Fund does not contemplate to invest large scale in assets which do not qualify as sustainable investments or (#2 Other) as becoming such by making an impact with sustainable improvements, therefore max. 30% of the Fund can be invested in standing assets. For these investments that do not qualify as sustainable investments, we will consider all options to modify the building to meet environmental standards combined with healthy and affordable living standards.

- ***How does the proportion and use of such investments not affect the delivery of the sustainable investment objective?***

The Fund has the focus to invest in new build energy positive buildings. But 80% of the buildings in year 2050 are already constructed. To make existing buildings more sustainable from the environmental and social perspective would be the target for the #2 other assets. An extensive due diligence will take place before each acquisition reviewed and reported on a regular basis. The Fund has a long-term hold focus. Investments which do not meet the sustainable investments objectives, will require an action plan in order to have the asset improved over time.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the Fund?***

The Fund does not contemplate to engage on a structural basis in using derivatives to achieve the sustainable investment objectives. The use of green certificates would only be considered as "bridge" investment towards a real change of the asset.

- ***How will sustainable investments contribute to a sustainable investment objective and not significantly harm any sustainable investment objective?***

We will always try to find the balance or to mitigate between conflicting sustainable investment objectives. But the combination of energy-positive (environmental target) and social impact (energy production surplus for the tenant) at market construction costs delivers a unique position.

- ***How are indicators for adverse impacts*****4** ***on sustainability factors taken into account?***

The Fund will use a combination of external and internal measurement techniques and will be monitored and reported via an ESG/Impact Dashboard. Implicitly the indicators relating to adverse impacts on environmental and social factors are taken into account in this process. Furthermore, the Investment Adviser to the Fund is a company of Catella. As member of the Catella Group, we follow policies and guidelines with respect to Code of Conduct, Diversity & Equality, and Incident Management. Furthermore, as regulated fund, we also have to adhere to the policies and guidelines in this respect of the AFM. Indicators for adverse impacts on factors like employee matters and respect for human rights, anti-corruption and anti-bribery matters are governed via these policies.

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

Catella Group 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. Our overarching aim is to provide a positive contribution to solving societal sustainability issues, through operation of the Fund.

Details:
The ambition of the Fund is to be carbon neutral and to bring additional and intentional impact to the real estate market by developing towers that produce more energy than they consume. 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.

[4] Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption

Does this product take into account principal adverse impacts on sustainability factors?

■ Yes

☐ No

Can I find I find more product specific information online?

More product-specific information can be found on the following websites:

- https://www.catella.com/residentialfunds; and https://www.catella.com/en/germany/property-funds-germany/residential-investment-management/esg-at-catella-residential-im/elithis-catella-partnership

Is a specific index designated as a reference sustainable benchmark to meet the sustainable investment objective?

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

GRESB is used as reference benchmark. For further information on the benchmark and the methodology for calculation please refer to the following website: https://gresb.com/.

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

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.

- ***Why and how does the designated index differ from a relevant broad market index?***

The Fund is committed to participate and report its ESG activities in the annual GRESB survey.

Does the financial product have the objective of a reduction in carbon emissions?

Yes, the Fund has the objective to reduce carbon emissions and be 100% carbon neutral. One of the main objectives of the Fund is to build and construct energy-positive buildings.

The strategy is two-fold:

1) creating energy positive residential buildings; and

2) reducing carbon emissions by transforming/modernising standing assets.

Furthermore, the (external) certification of the buildings will ensure the high-quality standards prevailing in the market. Energy consumption accounts for a large proportion of a building's environmental footprint. Data measurement and consistent reporting will help to cut energy use and decrease the associated costs. Energy audits will be performed on the standing assets which will potentially be transformed to more sustainable assets. The energy audits include a zero measurement of the carbon emission for the asset and decarbonisation plans (including capex to improve the sustainability of the building).

Overall three main drivers are important for the reduction in carbon emissions:

- Building operations: 'energy-positive' residential buildings produces more energy than it consumes.

- Resilience of the building: The buildings are constructed in a modular and flexible manner. Changes in use over time (f.e. from Residential to Offices) can be made with marginal costs. Expands the lifetime of the building.

Digital Coach: Behavioral psychology and energy awareness are employed in a patented Elithis software application, a tenant's 'smart app', a fully dynamic, integrated, smart system providing a unique, interactive and flexible tenant customer experience, allowing to inform the tenant through a personalized virtual assistant, when it's time to control their heating and ventilation through both thermostats and automatic blinds that allow sunlight in or shield it out. The patented software also allows the tenant to monitor energy consumption, receive instant alerts, manage their incentive bonuses, set up a home automation system, submit service requests among other services.

Sustainability-related disclosure pursuant to Article 5 of Taxonomy Regulation

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 Fund has developed and used process and products innovations with the aim of achieving two particular goals in relation to **climate change mitigation** as further explained below.

Improvement of energy efficiency (except for power generation activities)

The apartments in Elithis buildings to be invested in by the Fund will consist of a smart home device “ALADHUN” (Adaptive Learning Assistant Device Home Usage Neutral). This is an energy consumption management system which monitors, controls and reduces energy consumption by tenants. The algorithm interacts with tenants to make them aware of the actions to reduce their consumption and the tenant's participation to attain it.

The local operator or community manager is furthermore fed with data to further deploy community initiatives that anchor deeper behavioural change. Concretely, the tenant’s behaviour is nudged by an app which allows him or her to control heating, lighting, power outlets, shutters and blinds.

The energy consumption is monitored by the app and shows water consumption, electricity use, heating and ventilation. The ALADHUN 1.0 version deployed in a previous project has shown that the energy efficiency can be improved by 20-30% compared to average residential buildings. The version 2.0 is ready in its prototype and shall be deployed in the Fund’s assets.

The mitigation impact can be measured as it reduces both energy costs and carbon emissions by a compare and contrast analysis. Furthermore, it shields tenants for the risk of sudden energy price hikes and supply shortages as it nudges in favour of the locally produced energy of the tower.

Production of clean and efficient fuels from renewable or carbon-neutral sources

Investments of the Fund will contribute to climate mitigation by producing clean and efficient fuels from renewable or carbon-neutral sources.

Properties to be held by the Fund will generate electricity locally with photovoltaic panels on the roof and/or the *façade*. They will be equipped with a BIPV (Building Integrated PhotoVoltaic) coating, a technological process of active glazing incorporating photovoltaic elements. This will enable both the construction of an energy-positive building where the usage of on-site produced energy is maximised and an income for the from the resale of the surplus of clean energy produced.

The produced surplus electricity will be sold to an electricity supplier through a subscription agreement and fixed price/kWh. The profits will be partially used to cover maintenance costs of the equipment and the rest re-distributed to the tenants via a credit on the individual service charges. The annual resale rebate of photovoltaic electricity are expected to represent an average of two hundred and thirty Euros (EUR 230) per year per apartment.

The Fund aims to develop and implement adaptation solutions in a view to contribute substantially to climate change adaptation in the course of the building of its portfolio of assets of within the meaning of Article 11 of Taxonomy Regulation.

Further information on the proportion of investments in environmentally sustainable activities are provided in Appendix II to the PPM.

While pursuing the above environmental objectives, the Fund aims to ensure that investments in its portfolio do not significantly harm any of the other environmental objectives being climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems within the meaning of SFDR and Taxonomy Regulation. The Investment Policy and Objectives are implemented by the Fund and the AIFM with a view to ensuring a continued compliance with:

i) minimum safeguards aligned with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights; and

ii) technical screening criteria as developed by the European Commission from time to time in relation to the environmental objectives set forth above.