Statements about the integration of sustainability risks and the consideration of the principal adverse impacts on sustainability factors in investment activities and the remuneration policy in accordance with Articles 3, 4, 5 of Regulation 2088/19 (SFDR)

Introduction

In order to increase the transparency of investment products on sustainability matters, the European Parliament adopted in November 2019 the Sustainable Finance Disclosure Regulation (also called "SFDR" or Reg. EU 1029/2088). This Regulation requires financial market participants and advisers, and in particular alternative investment fund manager (AIFM), to disclose on their website and in the precontractual and in periodical documentation of their financial products how they integrate sustainability risks in their policies and investment decisions and whether they consider the potential adverse impacts of their investments on the sustainability factors.

In order to comply with those requirements, WRM Capital Asset Management S.à.r.l. (hereinafter also "WRM"), the AIFM of the Group, discloses the following sustainability-related information.

Art. 3 SFDR: integration of sustainability risks in investment decision-making process

Sustainability risks are defined as "an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment" (Art.2, comma 22). For instance, the real estate assets managed by WRM might be exposed to environmental physical risks such as earthquakes, climate-related risks such as sea level rise or changing wind and precipitation patterns (rain, hail or ice storms) provoking floods, landslides or wildfires, etc. Other sustainability risks could occur due to the introduction of regulations and other market incentives (such as changing customer behaviors) that could cause assets with very poor energy or emission performance to lose value, the

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poor health and safety conditions of the building, the involvement of stakeholders (e.g.: tenants) in controversial activities (including exposure to fossil fuels), lawsuits concerning the asset, the deterioration of the urban security and well-being situation, the poor availability or maintenance of public infrastructure and services. When materialized, sustainability risks can reduce the value of the investment.

WRM takes this type of risk into account in its investment decision-making process: as early as the pre-acquisition phase, WRM performs an ESG screening of its potential investments to identify any material risks related to ESG-factors and to decide whether to proceed or not with the investment.

In the post-investment phase, to protect the value of the assets and their profitability, WRM pays particular attention to improving their environmental performance, their resilience to physical risks and increasing their comfort for the occupants when defining the capex plan for the assets under management. Renovations works are carried out on the basis of a costs/benefits analysis, taking into account the economic availability of the Fund, the requests made by Co-investors and Tenants as well as the characteristics of the assets themselves.

In addition to this, WRM started a process for automated monitoring of the energy and GHG emission performance of its Real Estate portfolio to identify real assets not aligned with trajectories of environmental impacts reductions and therefore at risk of depreciation.

Art. 4 SFDR: transparency on consideration of adverse impacts of investment decisions on sustainability factors at Entity level

The SFDR Regulation provides that the AIFMs disclose information about how they consider potentially negative impacts of their investment decisions on ESG sustainability factors or, alternatively, the reasons why such impacts are not considered.

WRM, in compliance with Art. 4 SFDR, does not consider at the moment the principal adverse impacts (hereinafter also “PAIs”) of its investment decisions on sustainability factors.

Given the lack of structured publicly available data for the assessment of the PAIs, the complexity of retrieving ESG data which requires the involvement and willingness to collaborate of various stakeholders (e.g. tenants' willingness to provide

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information on their energy consumption) and the current Entity's organizational structure (i.e. resources and processes in place to manage these activities), WRM has not been so far able to collect and aggregate the qualitative and quantitative data required to regularly measure and reduce for all assets in the portfolio the potential PAIs on sustainability factors.

However, WRM has started specific activities to digitize its real estate portfolio through the implementation of an ESG data monitoring platform and plans to start considering and reporting PAIs at Entity level from 2025 (on 2024 full year data). Through this process, WRM intends monitoring the exposure to fossil fuel activities, the energy efficiency of the assets in the portfolio and their GHG emissions. Additional indicators might be added in the future.

Art. 5 SFDR: transparency on remuneration policies in relation to the integration of sustainability risks

Having regards to Reg. EU 2021/1255 regarding the sustainability risks and sustainability factors to be taken into account by Alternative Investment Fund Managers, and to Art. 5 of SFDR, WRM has begun to review its remuneration policies, and will continue to do so, to ensure that the Top management, the Control Functions and all employees whose professional activities have a material impact on the risk profiles of the AIFM promote sound and effective risk management including ESG factors-related risks.

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