

**Template pre-contractual 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: ELOV8

Legal entity identifier: 5299008617MI1JSUO484

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum 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 promotes E/S characteristics, but **will 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 Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

ELOV8 Investments should support the objective of the Paris Climate Agreement to limit the global temperature rise to 1.5 degrees Celsius if possible, but at the very least below 2.0 degrees Celsius when compared to the pre-industrial era, considering the individual characteristics of the assets and depending on the energy generation after refurbishment. For this reason, the environmental

characteristics promoted by ELOV8 are to make a positive impact on decreasing CO<sub>2</sub> emissions or energy use.

No reference benchmark has been designated for the purpose of attaining the environmental characteristics of the Fund.

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

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Recording and evaluating indicators relative to their industry average of ELOV8's assets, if available:

- Specific energy consumption or demand (operational) (kWh / m<sup>2</sup> / p.a.)
- CO<sub>2</sub> emissions based on the energy certificate (Scope 1 and Scope 2 emissions in kg CO<sub>2</sub> (kg CO<sub>2</sub>/ m<sup>2</sup> / p.a.))
- The permanent decrease in the primary energy demand of an individual property after undergoing revitalization in comparison to its primary energy demand at the time of purchase (expressed as %)
- The permanent decrease in CO<sub>2</sub> emissions of an individual property after undergoing revitalization in comparison to its CO<sub>2</sub> emissions at the time of purchase (expressed as %)
- For liquidity (also: cash reserve): the taxonomy compliance quota.

The indicators are reported for each investment individually, as well as aggregated to the whole portfolio in order to measure to what extent the characteristics promoted were met.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

**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.



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

Yes, \_\_\_\_\_

No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

## What investment strategy does this financial product follow?

The fund aims to follow the decarbonization pathways leading up to 2050. For each type of use, the fund will create pathways based on the respective countries in which the properties are located to measure the required reductions needed in order to achieve the targets. These measures promote the energy efficiency in buildings and emission-free energy production. However, decarbonization pathways are not specifically identified as a separate environmental target to enable the fund to acquire properties that are already significantly energy-inefficient today and improve them based on the defined KPIs (such as a minimum 50% reduction in primary energy) and contribute to the transformation of the energy transition.

A specific plan of action will be created upon purchasing the properties. It will ensure that each property is upgraded within 5 years from the following year-end after the transfer of ownership, benefits and responsibilities. ELOV8 creates an action plan during the purchase audit, which includes specific steps that must be taken into account for implementing measures. These steps are binding and must be factored into the purchase calculation to ensure all requirements are met. If the measures are not implemented (for whatever reason) within the specified timeframe or if the requirements for alignment with the promoted environmental characteristics for ELOV8 are not met, even after implementing the measures, the property will automatically fall out of the investment quota of at least 50% aligned with the promoted environmental characteristics.

ELOV8 will invest a minimum of 50% of the total value of the fund to meet one or more of the defined environmental criteria after undergoing energy modernization or that are already meeting them. Additionally, if the fund holds operational properties that already underwent energy modernization, it will insure that at least 50% of these properties meet one or more of the defined environmental criteria. The value of properties is measured based on the valuation reports of the properties after undergoing modernization. If modernization has not taken place yet, it is based on the purchase report plus the calculated planning costs for revitalizing each property. To achieve the environmental characteristics, ELOV8 has defined the following environmental criteria:

- Achieving at least a 50% reduction in primary energy demand, within a 5 year timeframe, through demand-driven and energy-efficient building refurbishment from the time of property purchase
- Achieving at least a 50% reduction in CO2 emissions, within a 5 year timeframe, through demand-driven and energy-efficient building refurbishment and the use of environmentally friendly and low CO2 energy carriers from the time of property purchase

- Align with the CRREM 1.5° decarbonization pathway within a 5 year timeframe from the time of property purchase
- For liquidity (also: cash reserve): Taxonomy compliance (in the meaning of a sustainability ratio)

ELOV8 aims to identify the potential of existing properties, acquiring them in a fair manner, implementing efficient strategies in a timely manner, and creating revitalized properties in a resource-efficient way. To attain these goals, the CO<sub>2</sub> emissions (Scope 1 and 2) and primary energy demand or consumption generated by the property at the time of acquisition will be determined. These values will form the foundation of a sustainable decarbonization and energy reduction strategy for the respective countries in which the properties are located in order to clearly determine the reductions required to achieve the aforementioned targets.

As part of the liquidity management, ELOV8 excludes the possibility of ELOV8's liquidity being invested in companies or assets that have not endorsed the principles of the UN Global Compact or in those that are known to have significant violations of these requirements.

- ***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 this financial product?***

The binding elements of the investment strategy used to select the investments to achieve the environmental characteristics promoted are the following:

- A specific plan of action will be created upon purchasing the properties. It will ensure that each property is upgraded within 5 years from the following year-end after the transfer of ownership, benefits and responsibilities to meet at least one of the environmental criteria.
- To fall into the investment quota, investments need to meet at least one of the environmental criteria at the end of the development period of 5 years or to have binding development plans to meet one or more of the defined environmental criteria.
- ELOV8 excludes the possibility of the funds liquidity being invested in companies or assets that have not endorsed the principles of the UN Global Compact or in those that are known to have significant violations of these requirements.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

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

This section is not applicable to the investment fund as it focuses solely on direct or indirect investments in real estate in line with the fund's investment strategy. The investment strategy of the fund does not encompass investments in companies, specifically excluding real estate companies from its definition of companies.

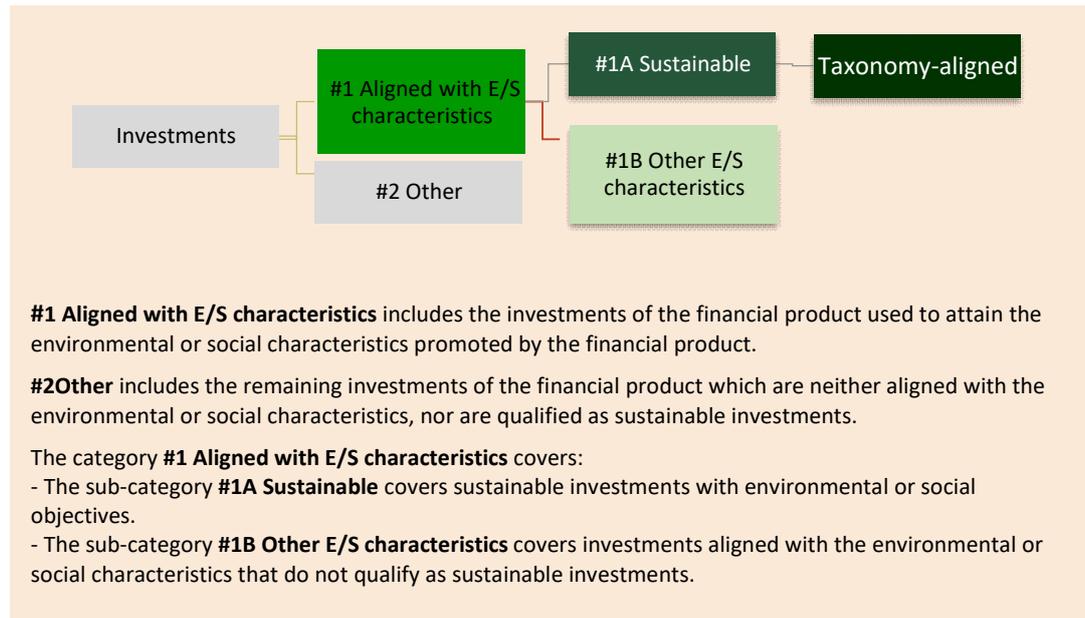
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

The partnership will invest continuously more than fifty percent (50%) of its assets in Real Estate Assets or into Real Estate Vehicles or into taxonomy-compliant liquidity and intends to achieve this quota within the first four years after the incorporation.

As part of its investment activities, ELOV8 promotes environmental characteristics – according to the European Union’s sustainability regulations for financial products (Regulation (EU) 2019/2088, “Disclosure Regulation”). As part of this investment strategy ELOV8 commits to investing a minimum of 50% of its investments in assets that are aligned with ELOV8’s promoted characteristics.



ELOV8 promotes environmental characteristics but does not commit to making any sustainable investments. As a consequence ELOV8 does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. However, if ELOV8 might choose to invest in liquidity or assets that fulfill the technical screening criteria of the EU Taxonomy, the ratio of such investments will be disclosed. The ratio is derived from the formula pursuant to Art. 17 para. 1 of Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory standards ("RTS Disclosure Regulation"), which is the "market value of all taxonomy-compliant investments of the financial product in environmentally sustainable economic activities / market value of all investments of the financial product", resulting in "the degree to which investments are made in environmentally sustainable economic activities". The "investments of the financial product in environmentally sustainable economic activities" are taxonomy-compliant assets. The market value is based on the respective fair value of the investment. Furthermore, the ratio of assets that are aligned with ELOV8’s promoted characteristics is derived from the formula "market value of all assets that are aligned with ELOV8’s promoted characteristics of the financial product / market value of all investments of the financial product", resulting in "the degree to which investments are aligned with ELOV8’s promoted characteristics". The market value is based on the respective fair value of the investment. The market value of assets is measured based on the valuation reports of the assets after undergoing modernization. If modernization has not taken place yet, it is based on the purchase report plus the calculated planning costs for revitalizing each assets.

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

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.

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

Not applicable.



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

While ELOV8 does consider environmental characteristics, it does not include sustainable investments as defined by the EU taxonomy. Therefore, the minimum percentage of sustainable investments with an environmental objective, in accordance with the EU taxonomy, is 0%.

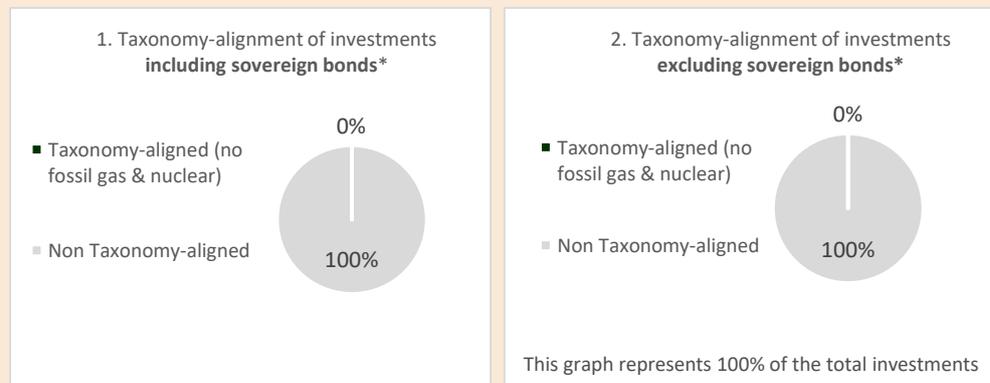
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas     In nuclear energy

No

*The two graphs below show in green the minimum percentage of investments that are 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.*



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

- **What is the minimum share of investments in transitional and enabling activities?**

As ELOV8 does not commit to make investments which are aligned with the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

<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.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to 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.

**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.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

ELOV8 promotes environmental characteristics but does not commit to making any sustainable investments. As a consequence ELOV8 does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



### **What is the minimum share of socially sustainable investments?**

Not applicable.



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

In addition to the aforementioned investments in assets that meet ELOV8’s defined requirements to be aligned with the environmental characteristics, ELOV8 also invests in assets that do not meet these criteria within the investment limits set out in Chapter III Number 1 of the Offering Document. Their purpose is the liquidity management of the fund. For these investments no minimum environmental or social safeguards were set.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable.



### **Where can I find more product specific information online?**

More product-specific information can be found on the website:

More information on the promotion of environmental characteristics by ELOV8 can be found on the website: <https://crfm.commerzreal.com/>