

**Information pursuant to Article 10 of Regulation (EU) 2019/2088 –**

**Transparency of the promotion of environmental and social characteristics on websites**

**“KREF II – Closed-end Real Estate Italian Reserved Alternative Investment Fund”**

**A. DESCRIPTION OF ENVIRONMENTAL AND SOCIAL CHARACTERISTICS**

The KREF II Fund (the “Fund”) promotes environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 (“SFDR”) but does not make sustainable investments pursuant to Regulation (EU) 2020/852 (“Taxonomy”).

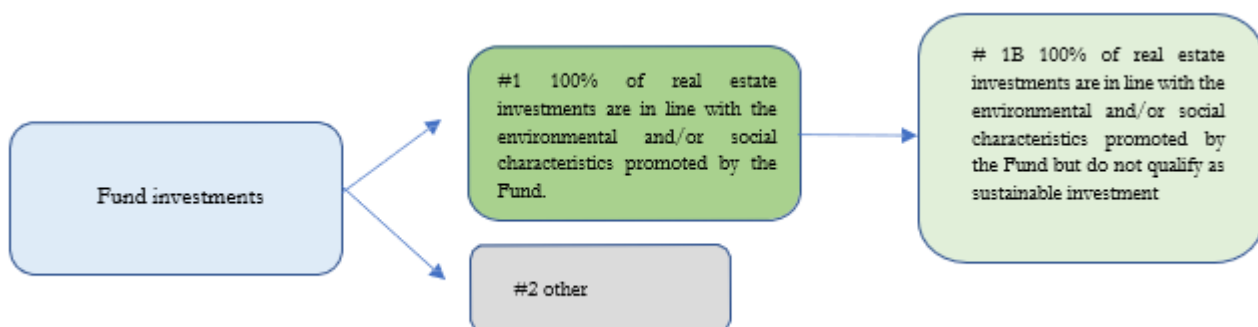
On the basis of the investment policy, the Fund contributes to the promotion of the following environmental and/or social characteristics:

- Mitigation of climate change, by (i) constructing properties with higher energy efficiency than their actual state at the time of investment, with low fossil fuel emissions and greenhouse gas (GHG) emissions, and (ii) active management of the environmental performance of the properties and raising awareness among the tenants of the properties on the use of renewable energy sources (e.g. photovoltaic panels, LEDs, thermal collectors, etc.);
- Social and end-user well-being, promoting sustainable mobility and redeveloping and creating green areas that aim to increase the quality and safety of living for end-users and, more generally, the well-being of residents of the areas affected by the works.

The investments underlying this financial product do not take into account EU criteria for environmentally sustainable economic activities.

**B. COMPOSITION OF INVESTMENTS**

The Fund invests in properties ensuring the promotion of environmental and social characteristics, while not investing in economic activities that qualify as environmentally sustainable according to the EU taxonomy or that have a social objective.



In accordance with the Management Regulations, the Fund may invest in:

- real estate assets and real estate rights (including those arising from real estate leases that are transferable and from concession relationships);
- equity investments, including controlling investments, in real estate companies;
- financial instruments (including units or shares of other Italian or foreign real estate collective investment undertakings).

## **C. METHODS USED TO ASSESS, MEASURE AND MONITOR ENVIRONMENTAL AND SOCIAL CHARACTERISTICS**

In order to assess the achievement of each environmental and/or social characteristic promoted by the Fund, the SGR takes into account certain indicators and certifications for monitoring the positive impacts of the investment activities.

The achievement of each environmental and/or social characteristic will be monitored and assessed primarily on the basis of energy certificates (for example, Energy Performance Certificates) and, where applicable, through certificates of reclamation and removal of polluting substances.

In particular, the Management Company aims to achieve the categorisation of properties as energy-efficient, with highly rated Energy Performance Certificates<sup>1</sup> (“EPCs”). Specifically, for the properties in which it invests, in view of their historical value and the associated statutory taxation and potential restrictions that apply to them, the Fund’s strategy aims for Class “C” to Class “A” certification.

This investment strategy therefore aims to improve the energy efficiency of historic properties, while maintaining the aesthetic and social characteristics that also make them important for the community in which they are located.

## **D. INFORMATION PURSUANT TO ARTICLE 8 SFDR**

As part of the investment process adopted by the SGR, the potential investments of the Fund are assessed through due diligence which involves, *inter alia*, the measurement of sustainability parameters identified in a specific checklist. These parameters, as well as other parameters (where relevant), are also taken into account during the analysis and definition phase of the real estate strategy for the individual assets invested in.

In particular, when assessing individual properties for potential investment, the SGR takes into account the possibility of meeting sustainability parameters – following the renovation, restructuring, renovation and/or conversion of the target properties – as well as the possibility of obtaining specific certifications issued by professionals or accredited bodies at national and/or international level. In particular, the Management Company aims to achieve the categorisation of properties as energy-efficient, with highly rated EPCs.

As part of the Fund's investment strategy and in order to achieve the environmental and/or social characteristics it promotes, the Management Company considers the following elements to be binding:

- an increase in the energy efficiency of the property invested in, compared with the initial situation;
- location in areas with good public transport infrastructure;
- the possibility of creating private green areas or shared outdoor green areas for condominiums.

The Fund does not invest in real estate projects that do not allow for the development and upgrading of assets in line with the environmental and/or social characteristics promoted by the Fund.

The SGR does not use benchmarks to measure the achievement of each environmental and/or social characteristic promoted by the Fund.

The Fund does not take into account the main negative effects on sustainability factors.

## **E. INFORMATION PURSUANT TO ARTICLE 11 SFDR**

Information on the extent to which environmental and social characteristics are achieved is provided in the Fund’s periodic reports

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<sup>1</sup> It should be noted that the final EPC rating is currently expressed within 10 energy classes ranging from G (least efficient) to A (most efficient).