

## Environmental and/or social characteristics

Product name: HB REAVIS REAL ESTATE INVESTMENT FUND – HB REAVIS IRF

Legal entity identifier: 222100I3N6XODRU1KA05

**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



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

Yes  No

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> _ <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> _ <hr/>	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

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

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

The environmental and/or social characteristics promoted by the Sub-Fund are climate change mitigation objective and global human rights and labour standards.

**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?**
  - The sustainability indicators used by the financial product to measure the attainment of its sustainable investment objectives are the sustainable

standards on respective real estate markets, mainly -compliance with BREEAM, LEED or similar or higher standards.

- ***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

----- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

- Not applicable

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

- 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.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**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 financial product as its investments acquires directly or indirectly individual or a portfolio of standing buildings (or a respective share or participation in such buildings) where there are no compulsory sustainability criteria of such investments specified in the financial product's investment policy (although such criteria are considered in the investment decision process and the sustainability compliance is the long term investment objective of the financial product).

The financial product seeks to maximize the value via investing in properties which in the past proved to bear characteristics of a prime-commercial real estate property which as such implies to have a top-tier tenants portfolio being located in prime or strategic locations and soundly built from both technical and architectural point of view. The financial product seeks to enhance value of properties by contracting an excellent lease management in order to maximize property income.

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

- ***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?***

There is no measurement of sustainability criteria due to the nature of the underlying investments.

- ***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?***

The exercise of determining whether a borrower maintains good governance practices will be covered by the Investment Manager's pre-investment due diligence, in the exercise of its discretion.



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

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

The financial product seeks to maximize the value of its investments by (i) investing in properties with characteristics of a prime-commercial real estate property which as such implies to have a top tier tenants portfolio being located in prime or strategic locations and built from both technical and architectural point of view, and (ii) investing in other collective investment undertakings, listed bonds, shares or other similar equity securities of SPVs and/or joint-venture structures and assets under development.

Most of the assets (at least 75 %) will be invested in shares or other similar equity securities of SPVs and/or joint-venture structures holding commercial real estates with BREEAM, LEED or similar or higher standards certificates.

The rest of the assets (up to 25 %) will be invested in:

a) other collective investment undertakings, provided that the aggregate value of the investment in the shares or other similar equity securities issued by such collective investment undertakings may not exceed more than 20% of the assets of the financial product ;

b) listed bonds, provided that the value of the investment in such bonds shall not exceed more than 25% of the financial product's assets and that the bonds issued by one issuer or issuers belonging to the same consolidated group may not exceed more than 25% of the assets of the financial product;

c) shares or other similar equity securities of SPVs and/or joint-venture structures; and

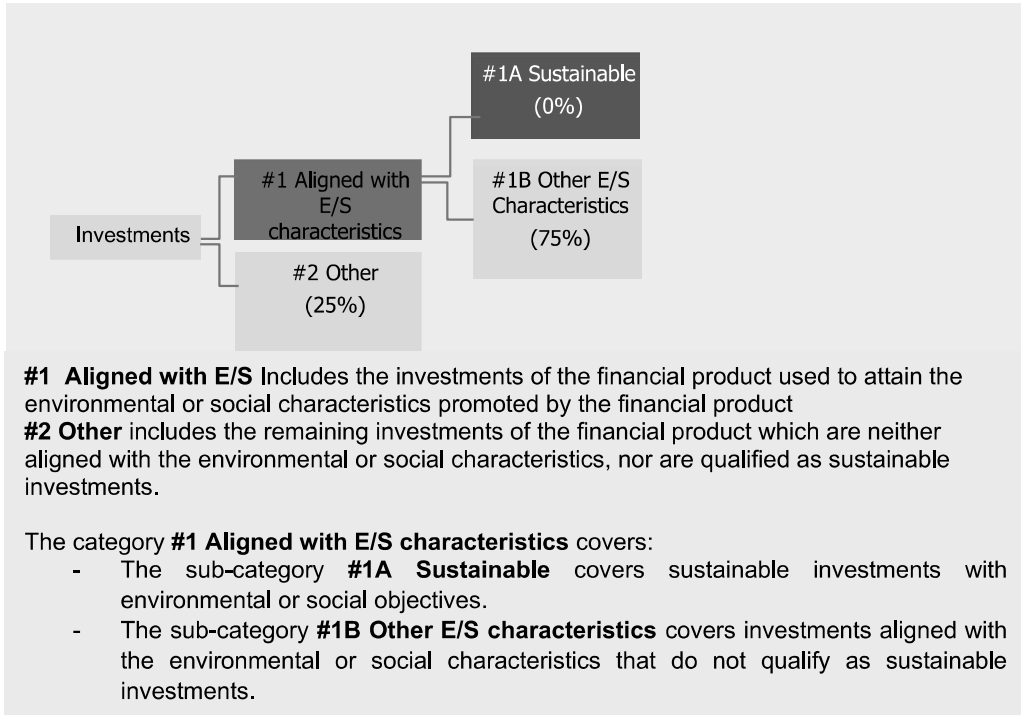
d) assets under development, provided that the aggregate value of the assets under development may not exceed more than 25% of the assets of the financial product.

As of the date hereof, the top investments of the financial product are following:

<b>Largest investments</b>	<b>Sector</b>	<b>% Assets</b>	<b>Country</b>
<i>Twin City C</i>	<i>Commercial real estate</i>	<i>25%</i>	<i>Slovak Republic</i>
<i>Twin City B</i>	<i>Commercial real estate</i>	<i>24%</i>	<i>Slovak Republic</i>
<i>Aupark HK</i>	<i>Commercial real estate</i>	<i>23%</i>	<i>Czech Republic</i>
<i>CBC II</i>	<i>Commercial real estate</i>	<i>10%</i>	<i>Slovak Republic</i>
<i>CBC I</i>	<i>Commercial real estate</i>	<i>18%</i>	<i>Slovak Republic</i>

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?**

The financial product may invest in derivatives for hedging or risk management purposes, not for the attainment of the sustainable investment objective.



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

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.

Not applicable.

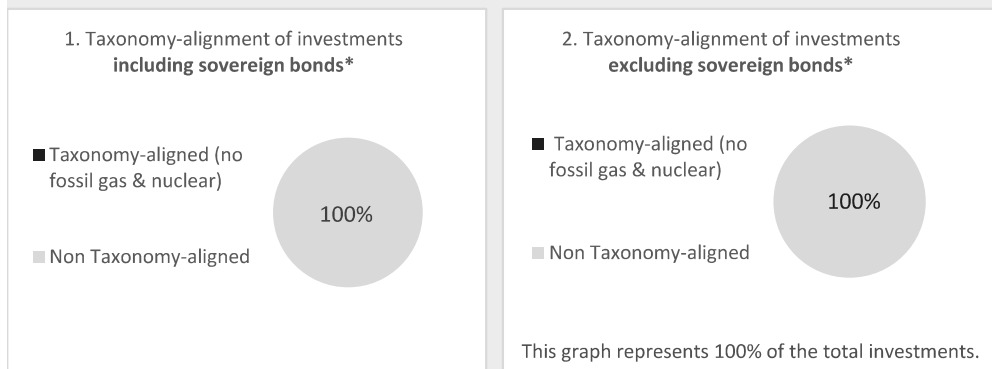
**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

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.*



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

The sub-fund has no minimum proportion of investment in transitional or enabling activities. .

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

Not applicable.



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



<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.



## 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?

The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities due to (i) their nature - derivatives, bank deposits at sight, including cash held in current accounts with a bank accessible at any time or (ii) the nature of the investment strategy and objective of the financial product.



## 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?

No reference benchmark been designated for the purpose of attaining the environmental or social characteristics promoted by this financial product.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable

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

Not applicable

- ***How does the designated index differ from a relevant broad market index?***

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable

**Reference benchmarks** are indexes to measure whether the financial product whether the financial product attains the environmental or social characteristics they promote.



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

More product specific information can be found at <https://cereif.hbreavis.com/en/>