

## **Article 10 – Website Disclosure**

### **a) Summary**

The alternative investment fund called “Delphine” (the “**Fund**”), managed by Kryalos (the “**Management Company**”), promotes Environmental and Social Characteristics (the “**E/S Characteristics**”) pursuant to art. 8 of Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”), but does not have a sustainable investment as its objective. Therefore, in accordance with Article 10(1) SFDR, this disclosure sets forth certain information related to the Fund and characteristics thereof.

The Fund’s Management Company identifies and implements initiatives to improve the E/S Characteristics of the properties in which the Fund's assets are invested which are aimed at enhancing sustainability features of the real estate investments and consisting of (i) achievement and/or maintenance and/or improving of green building certifications (GBCs), (ii) assessment and implementation of energy efficiency measures targeting an improvement of EPC class, (iii) non-exposure to fossil fuels through real estate assets, (iv) ensuring sustainable operation of the assets and promoting tenant engagement.

The investment of the Fund is focused on real estates for offices located in Italy. Overall, the Fund is targeting 100% of all its real estate investments to align with the promotion of E/S Characteristics.

To ensure that E/S Characteristics are met across the asset and during the duration of the Fund, the characteristics are monitored on an ongoing basis using quantitative and qualitative metrics and indicators selected internally by the Management Company, including disclosure of certain Principal Adverse Impacts (PAIs).

The specific methodologies used to measure the attainment of the characteristics are specified in section g) of this document.

Data used to measure the achievement of E/S Characteristics is collected both during the investment selection phase and during the ordinary and extraordinary ongoing management of the assets, either directly or through appointed entities, and it is stored in an internal digital system.

The limitations of the methodologies used arise in particular from the complex data availability and possible inaccuracies of the technological tools for collecting such data currently on the market in addition to insufficiently established standards for monitoring E/S Characteristics.

The Management Company integrates ESG criteria in the different phases of the Fund investment process. In particular, the Management Company, before the acquisition of each asset, performs due diligence screenings to exclude potential investments that are not consistent with the ESG criteria identified by the Management Company and to identify those possible investments that, on the contrary, stand out for positive ESG value generated.

The Management Company carries out a number of engagement initiatives towards its stakeholders and, in particular, to raise the awareness among tenants towards ESG issues.

### **b) No sustainable investment objective**

The Fund promotes environmental or social characteristics but does not have a sustainable investment objective.

**c) Environmental or social characteristics of the financial product**

The Fund promotes E/S Characteristics pursuant to art. 8 of SFDR.

In particular, the Fund's Management Company identifies and implements initiatives to improve the E/S Characteristics of the properties in which the Fund's assets are invested which are aimed at enhancing sustainability features of the real estate investments and consisting of (i) achievement and/or maintenance and/or improving of green building certifications (GBCs), (ii) assessment and implementation of energy efficiency measures targeting an improvement of EPC class, (iii) non-exposure to fossil fuels through real estate assets, (iv) ensuring sustainable operation of the assets and promoting tenant engagement.

**d) Investment strategy**

The investment of the Fund is focused on real estates for offices located in Italy. The 100% of the properties in which the Fund is invested shall be object of specific interventions aimed at achieving and/or maintaining and/or improving "green building certifications", as well as implementing energy efficiency measures with the aim of improving EPC energy class concerning the E/S Characteristics of the properties (it is understood that no energy efficiency measures are requested: (i) for assets with an EPC energy class equal to "B" or higher, or (ii) when no efficiency measures are actually possible from a technical point of view). The Fund currently includes two assets located in Milan, Italy.

For the purposes of the management of the Fund, the Management Company integrates ESG criteria in the different phases of the Fund investment process. In particular, the Management Company performs:

- (A) Pre-due diligence screening to exclude potential investments that are not consistent with the ESG criteria identified by the Management Company and to identify possible investments that stand out (actually or potentially) for positive ESG value generated. In this regard, it is outlined that no investment shall be made in real estate assets: (i) intended for activities prohibited by the biodiversity conservation legislation; (ii) used for the extraction, storage, transportation or production of fossil fuels; (iii) leased (exclusively or predominantly) to tenants engaged in manufacturing or marketing activities or whose activities are related to firearms, armaments, military-type supplies or ammunition, pornography and prostitution. Additional assets can be excluded from time to time by the Management Company also as a result of specific needs that investors can have to this effect;
- (B) ESG assessment (in addition to the other due diligence activities) in order to identify the alignment with (i) the E/S characteristics of the asset being potentially invested; (ii) possible areas for improvement of the asset with reference to E/S characteristics. In addition to the ESG assessment, specific ESG due diligence activities may be also carried out on a case-by-case basis;
- (C) Asset management activities including the use of appropriate ESG clauses in agreements with third parties; managing, monitoring and reporting of ESG performances of the properties and considering any ESG features of the asset in the related divestment phase.

The Fund does not typically invest in companies, although the Fund Management Rules allow for this possibility. Should the Fund invest in companies, the Management Company assesses the good governance practices of these investee companies (in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance). Should these companies serve solely as investment vehicles, the evaluation of E/S Characteristics will be conducted with reference to the assets owned by such companies.

**e) Proportion of investments**

Overall, the Fund is targeting 100% of all its real estate investments to align with the E/S Characteristics. The following categories are excluded from the population of investments subject to the calculation of the portion of the Fund's investments aligned with the E/S Characteristics: cash and other residual investments permitted by the fund management rules including derivatives and collateral received under derivatives.

In particular, the Fund can make, on an ancillary and residual basis, investments in one or more of the categories of assets indicated by the provisions of Article 4 of Ministerial Decree no. 30/2015, including in derivative financial instruments exclusively for the purpose of hedging interest rate risk and inflation risk, which are not intended for the pursue of the environmental and social characteristics promoted by the Fund.

**f) Monitoring of environmental or social characteristics**

To ensure that E/S Characteristics are met across the asset and during the duration of the Fund, the E/S Characteristics are monitored on an ongoing basis using quantitative and qualitative metrics and indicators selected internally by the Management Company and including certain Principal Adverse Impacts (PAIs).

In relation to the achievement of green building certifications, the Management Company relies on the most widely used and internationally recognized "green building" standards and certification schemes developed by independent third parties.

The E/S Characteristics are implemented and monitored during two phases of the investment life cycle:

- Phase I. Acquisition (if any)
- Phase II. Asset management

The Management Company puts in place data collection and monitoring processes to verify indicators associated with each E/S Characteristic.

**g) Methodologies for environmental or social characteristics**

The specific methodologies used to measure the attainment of the characteristics are:

A. Achievement or maintenance or improving of green building certifications (GBCs) - For these purposes the Management Company relies on the most widely used and internationally recognized "green building" standards and certification schemes (such as LEED, WELL, BREEAM) developed by independent third parties. The Management Company targets to achieve and/or maintain and/or improving at least one GBC. In particular, the indicators used to measure the attainment of this E/S Characteristic are: (i) for the new acquisitions (if any), carrying out a pre-assessment to evaluate the feasibility of achieving at least one GBC (such as LEED, WELL, BREEAM); it is understood that this metric does not apply to assets that already have a GBC at the date of acquisition; and (ii) during asset management phase, the achievement of at least one GBC within two years since new acquisitions (if any) and the maintenance of at least one valid GBC. The achievement of GBCs will be tracked, and the renewals will be verified considering the related expiration dates.

B. Assessment and implementation of energy efficiency measures targeting an improvement of EPC class – For these purposes the Management Company: (i) before proceeding with a new acquisition (if any), carries out an EPC assessments to evaluate the feasibility of improving the energy class; and (ii) during the asset management phase, calculates and monitors the Principal Adverse Impact ("PAI") (mandatory) indicator for real estate concerning the exposure to energy inefficient assets relying on the expertise of external providers to carry out energy efficiency assessments and within two years from the EPC assessment, implements recommended energy efficiency interventions targeting an improvement of EPC class.

It is understood that no energy efficiency measures are requested:

- a. for assets with an EPC energy class equal to B or higher; or

b. when no efficiency measures are actually possible from a technical point of view.

C. Non-exposure to fossil fuels through real estate assets – The Management Company: (i) for the new acquisitions (if any), ensures that no investment shall be made in real estate assets used for the extraction, storage, transportation or production of fossil fuels; and (ii) during the asset management phase calculates and discloses the PAI (mandatory) indicator for real estate concerning the exposure to fossil fuels through real estate assets, both during the acquisition and asset management phase of the investment.

In particular, the indicator used consists of the value of real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels divided by the total value of real estate assets of the Fund.

D. Sustainable operation and promoting tenant engagement - During the asset management phase of the investment, the Management Company measures the alignment with this E/S Characteristic based on the following indicators:

- 100% of landlord managed areas are equipped with facilities for waste sorting and covered by a waste recovery or recycling contract. Moreover, the Management Company discloses the PAI (optional) indicator for real estate concerning the waste. In particular, this indicator consists of the share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract;
- 100% of landlord managed areas are covered by electricity from green power (contracts with Guarantees of Origin) by 31.12.2025;
- 100% of tenants receive semi-annual request from landlord to share energy consumption data;
- 100% of new leases offered contain green clauses. The green clauses entail at least one annual meeting between tenants and landlord to discuss possible improvements, if any, in the sustainable operations of the building ('green committee'), semi-annual sharing of energy consumption data by tenants, green power contracts for the provision of electricity in tenants' areas.

In addition, the Management Company calculates and discloses – if sufficient energy consumption data coverage is available – the PAI (optional) indicator for real estate concerning the energy consumption (energy consumption intensity).

#### **h) Data sources and processing**

Data used to measure the achievement of E/S Characteristics is collected both during the investment selection phase and during the ordinary and extraordinary ongoing management of the assets, either directly or through appointed entities, utilizing internal systems and/or external providers.

Data used to assess the E/S Characteristics promoted by the Fund is collected and stored in internal digital systems, and the Management Company conducts an overall review, where possible, to monitor their quality.

#### **i) Limitations to methodologies and data**

Limitations of the methodologies described above arise in particular from the complex data availability and possible inaccuracies of the technological tools for collecting such data currently on the market in addition to insufficiently established standards for monitoring E/S Characteristics. However, the methodologies used follow the best market practices currently available, including the use of external consultants/providers, and the Management Company does not currently expect these limitations to affect compliance with the E/S characteristics promoted by the Fund.

#### **j) Due diligence**

The Management Company integrates ESG criteria in the different phases of the Fund investment process. In particular, the Management Company, before the acquisition of each asset, performs due diligence screenings to exclude potential investments that are not consistent with the ESG criteria identified by the Management Company (so called "negative screening") and to identify those possible investments that, on the contrary, stand out (actually or potentially) for positive ESG value generated. Furthermore, in addition to the other due diligence activities provided by the internal policies and procedures, the Management Company performs an ESG assessment on each potential investment, in order to identify the alignment with the E/S Characteristics of the asset being potentially invested and possible areas for improvement of the asset with reference to E/S Characteristics. In addition to the ESG assessment, specific ESG due diligence activities may be carried out, on a case-by-case basis according to the actual characteristics of the asset under examination.

Furthermore, during the asset management phase the Management Company manages, monitors and reports ESG performances of the properties.

Please see Section d) for further details.

**k) Engagement policies**

The Management Company carries out a number of engagement initiatives towards its stakeholders and, in particular, to raise awareness among tenants toward ESG issues. In fact, the engagement policies are the core part of one of the E/S Characteristics of the Fund, namely the Sustainable Operations and Tenant Engagement.

Please see Section g) for further details.

**l) Designated reference benchmark**

Not applicable