ESAF
European Student
Accommodation Core Fund

European Student Accommodation Core Fund's

TCFD Report 2023

ESACF´s climate-related disclosures

European Student Accommodation Core Fund
SCA SICAV-RAIF

Index

Introduction

The Financial Stability Board (FSB), which makes recommendations on the global financial system, established the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 at the request of G20 leaders. This Working Group recognizes the significant threat of climate change in the global economy. The recommendations encourage consistent, reliable, and clear climate-related financial disclosures by allowing investors to take climate-related risks into account.

These recommendations seek to improve the quality and reliability of disclosed information on climate-related risks and opportunities, equipping investors, lenders, insurers and other stakeholders with the metrics and data necessary to conduct comprehensive and consistent analyses of the potential financial impacts of climate change.

It is a tool that allows both financial and non-financial institutions to be aligned with the following points:

- Determine the real price of financial assets by adjusting the effect that the consequences of climate change may potentially have on it.
- Increase measures taken in response to climate-related financial risks.
- Promote annual disclosure of climate-related financial risks by businesses to help create a strong and prepared economy.
- Anticipate imminent legislation.
- Provide a competitive advantage.
- Prepare towards Net Zero, knowing better what the risks and opportunities for business on the road to a net zero emissions economy are.

European Student Accommodation Core Fund SCA SICAV-RAIF, hereinafter "the Fund" or "ESACF", considers responsible ownership a key priority of the Firm. As a medium to long-term investor, the Fund is optimally positioned to make an impact on corporate behaviour.

ESACF has a current portfolio of 46 student accommodations in different locations across Spain and Portugal leased to a third party, hereinafter "MiCampus Living", 38 assets operating and 8 assets under development, which has committed, as lessee, to the Fund's ESG strategy throughout the inclusion of relevant green clauses in the underlying lease agreements (i.e accomplishment of Net Zero Carbon Targets, reduce the exposure to fossil fuels, etc).

SPI General Partner S.A.R.L. (hereinafter "The General Partner" or the "GP"), TMF Management Company S.A (the "AIFM") and Stoneshield Investment Fund Ltd (the "Investment Adviser") believe that material environmental, social and governance ("ESG") factors are an important driver of long-term investment returns from both an opportunity and a risk-mitigation perspective. As such, the AIFM and the Investment Adviser consider sustainability risks and opportunities in their assessment of each investment of the Fund. The AIFM and the Investment Adviser consider such analysis as crucial given that the Fund promotes ESG and is classified as Article 8 under the SFDR.

In line with the Fund's sustainability strategy, as well as with the Paris Agreement and with the objective of limiting the increase in temperature to below 2°C, this report has been developed that reflects the Fund's management in relation to with climate change, following the recommendations of the Task Force on Climate related Financial Disclosures (TCFD).

The report is structured into four thematic areas that represent the core elements of how organizations operate: governance, strategy, risk management, and metrics and objectives.

Through this structure, the Fund´s discloses the risks and opportunities of climate change and its integration into the company's business and activities.

ESACF has committed, as lessee, to the Fund's ESG strategy throughout the inclusion of relevant green clauses in the underlying lease agreements.

Key Points in Response to TCFD Recommendations

The following list shows the 11 recommendations proposed by the Working Group of the Task Force on Climate-related Financial Disclosures and that are described in this report, reflecting the Fund's commitment to its role in achieving sustainable development.

TCFD Recommendations		ESACF's TCFD
Governance	Board oversight	2.1
	Management structure	2.2-2.3
Strategy	Climate Risks & Opportunities	3.2-3.1
	Climate-related impacts	3.3
	Climate Scenario Analysis	3.4-3.5
Risk management	Climate risks' impact assessment	4.1
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Governance

Disclose the organization's governance around climate-related risks and opportunities.

For the General Partner and any other stakeholders to the Fund such as the Investment Advisor or AIFM a strong governance is key to sustainable business operations. They strive to conduct the business according to the highest ethical and legal standards. Corporate governance starts at the Board level and with senior executive leadership.

Its commitment to conducting the business ethically and responsibly across the Fund's main stakeholders, as well as within the businesses and assets that it manages, is reflected and documented in the GP, the Investment Advisor's values, Code of Conduct, policies and processes and ultimately the AIFM's commitments. The Fund´s Code of Conduct and related policies are intended to ensure that either the GP or the Investment Advisor honours its commitment to conducting business in a responsible and ethical manner.

The efficacy of the governance program is monitored through ongoing reviews, a whistle-blower hotline, and annual audit conducted by external independent auditors.

The GP acting on behalf of the Fund is committed to providing a mechanism for Employees to report suspected wrongdoing or dangers in relation to Fund's activities and have those concerns addressed in a timely and confidential manner.

All its portfolio companies and main stakeholders with which it makes business have to adhere to the Fund's supplier code of conduct, which is required to be consistent with its principles.

Executive compensation at ESACF is structured to align the interests of management with the long-term interests of the Fund. This long-term approach ensures that executives understand and enact sustainable, productive initiatives that best serve all its stakeholders.

Following to the above, the Fund values its people and their long-term success. Its human capital strategy is designed to support its people in working toward their potential. Key aspects of this strategy include attracting and retaining people with the capability and the drive to continue to grow and develop, aligning their interests with those of its shareholders and investors through carefully developed compensation programs, providing stretch opportunities which fast track development where appropriate, and creating a positive, diverse and inclusive workplace that encourages and supports stepping outside one's comfort zone and enables strong relationships.

Climate-related commitment

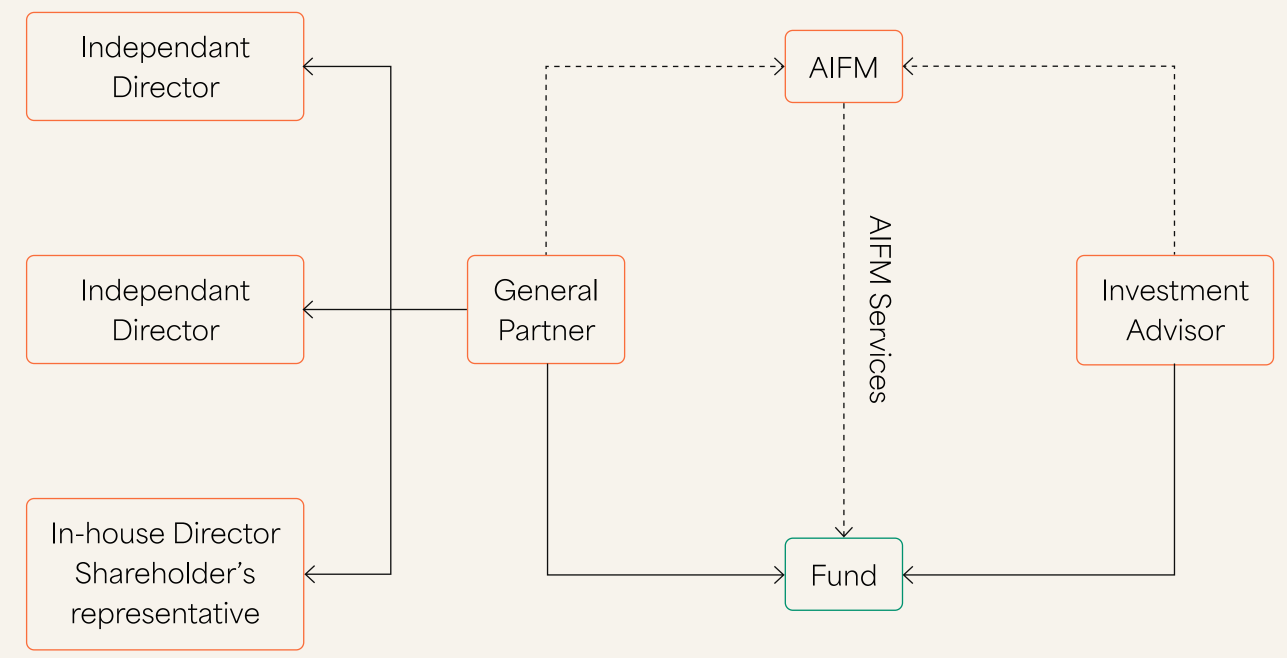
The Fund believes that the world will transition toward a net zero-carbon economy in the future. The Fund through its General Partner is actively contributing and making the relevant decisions to this transition by incorporating the implications of climate change into its underwriting, focusing on assets that are essential for the economies in which it invests and will continue to be so in a net zero-carbon future, and driving operational and other efficiencies which contribute to a reduced impact on the environment.

The Fund is committed to a net zero carbon emissions target by 2040

Board Oversight

Status

Beyond traditional governance issues, including, remuneration and board composition, the Board focuses on other matters that have a meaningful impact on its investments. Environmental Matters and social issues are becoming increasingly important aspects of assessing an investment, and its approach is to incorporate environmental, social and governance (hereinafter "ESG") factors and issues into its investment decision-making process.



Composition

Board of managers: The roles, responsibilities, and procedures of the board of Managers (the "Board" or "the Managers") of the General Partner are set out in the Board's Charter. This Charter of Expectations for Managers supplements the Board's Charter by specifying the expectations on its Directors in terms of personal and professional criteria, share ownership, meeting attendance and identifying possible conflicts of interest and resignation events.

In order to ensure that good governance is carried out, the GP's Board is composed of 2 independent directors and one inhouse director, providing a higher level of independence and in all decisions taken. The role of the Board is to oversee, the business and affairs of the Fund, its underlying subsidiaries, which are conducted by the relevant officers and employees under the direction of the Investment Advisor.

AIFM and Investment Advisor: Therefore, the Board, in consultation with the Investment Advisor and under the supervision of the AIFM, reviews, reports and takes the relevant decisions in the best interest of investors.

Oversight

The GP believes that ESG can have a material impact on long-term investment outcomes. Hence, it has adopted its own approach to ESG based on the following principles:

- Targeted mitigation of its operations on the environment by reducing its exposure to fossil fuels and energy inefficient buildings. The GP is aware of the impact of the Fund assets' and operations on the environment, including climate change. It believes, to address climate change, the world will have to transition to a net zero-carbon economy. It is proactively evolving its portfolio of investments consistent with this imperative: Becoming a Net Zero Carbon Emissions Student Housing Accommodation Platform by 2040.
- To strive to ensure the development, well-being, and health and safety of its residents and employees. Its people must succeed for the Fund to succeed. It places a high priority on creating a safe and inclusive living and work environments, which supports development of potential and personal growth. This is reflected in its processes and extends to the health and safety practices within its portfolio companies.

The Board considers essential the integration of ESG criteria and specifically the fight against climate change in the Funds activities as shown above. It manages climate-related physical and transition risks, as well as climate-related opportunities and considers them in decision-making.

Accountability

The AIFM (under the oversight of the GP) has collective responsibility for the management, direction and performance of the Fund, and is accountable for its business strategy. In this respect and following Annex II of the Fund's Private Placement Memorandum, it embeds climate-related risks and opportunities into its strategy and as such the Fund's Investment Advisor works under such premise.

Its commitment towards making a positive impact in everything it does includes incorporating ESG factors into its investment decisions, starting with the due diligence of potential investments through to the exit process.

For more information regarding the board´s risk management, please refer to section Risk Management.

Management Structure

Climate responsibilities and reporting lines

The Board and managers have specific responsibilities, some of which include climate-related topics. Nevertheless, all the Fund´s employees are responsible for ensuring the delivery of the policies.

The Board responsibilities:

Strategic planning - overseeing the long-term strategic-planning process within the Fund and, at least annually, reviewing, approving and monitoring the strategic plan, including fundamental financial and business strategies and objectives.

Risk assessment - assessing the major risks facing the Fund and reviewing, approving and monitoring the manner of managing those risks. This task includes climate-related risks.

Officers and senior management - overseeing the selection of corporate officers and the evaluation and compensation of senior management.

Succession planning - monitoring the succession of key members of senior management.

Communications and disclosure policy - adopting a communications and disclosure policy for the Fund that ensures the timeliness and integrity of communications to shareholders and establishing suitable mechanisms to receive stakeholder views.

Environmental, social, governance - reviewing the Fund's approach to environmental, social, governance ("ESG") and climate change matters within its corporate and asset management activities.

Corporate governance - developing and promoting a set of effective corporate governance principles and guidelines.

Internal controls - reviewing and monitoring the controls and procedures within the Fund to maintain its integrity, including its disclosure controls and procedures, and its internal controls and procedures for financial reporting and compliance.

Culture - on an ongoing basis, satisfy itself that the Principals and other executive officers create a culture of compliance throughout the Fund, including compliance with the Code of Business Conduct and its related policies and procedures

Whistleblowers - in conjunction with the Audit Committee of the Board, establish whistleblower policies for the Fund providing employees, officers, Managers and other stakeholders, including the public, with the opportunity to raise, anonymously or not, questions, complaints or concerns regarding the GP's practices, including fraud, policy violations, any illegal or unethical conduct, and any accounting, auditing or internal control matters. The Board or a committee thereof will provide oversight over the whistleblower policies and practices to ensure that any questions, complaints or concerns are adequately received, reviewed, investigated, documented and resolved.

The management responsibilities:

Managers are expected to identify in advance any conflict of interest regarding a matter coming before the Board or its committees and to refrain from voting on such matters. If a Manager is uncertain of the nature or extent of a potential conflict, he or she should seek a ruling on the matter, in advance or at the time of the meeting, from the Chair of the meeting.

The Managers are responsible for informing the Chair of the Board of any change in their personal or professional circumstances that may impact their continued ability to serve the Fund effectively, or if they have been determined by the Board to be independent, that may impact their continued standing as independent Managers.

The Fund has an established governance and risk framework enabling it to identify and review climate-related risks and opportunities, with clear accountabilities. Its Head of Responsible Investments has overall responsibility and reports to the Board of Managers on at least a quarterly basis.

Within the Investment Advisor's duties, reporting, oversight and active management are part of its day-to-day duties when reporting to the Board. At the Investment Advisory level there is an Executive Leadership Team that consists of the most senior executives in the company, with relevant domain and geographical expertise. Several executive members within the Investment Advisor have governance responsibility for climate-related issues including its Chief Operating Officer, Chief Investment Officer and the Managing Directors.

Committees Functions:

Investment Committee:

- Weekly review of Pipeline and sourcing strategies.
- Investment strategies decisions and UW oversight.
- Investment information packages review, analysis and approval.
- Recurrent market update and competitors' analysis.
- Multi-disciplinary team covering whole range of investment related detail plus operational risk management approaches (e.g. underwriting, legal, compliance, tax and operations).
- Ad-hoc meetings to approve executions.

Operations Committee

- Weekly review of Operational & Development Updates on the student housing portfolio.
- Monthly update on trading: On a monthly basis update on P&L comparison BP vs Actuals, Monthly financial closings, Budget Approvals, Verification of product standards compliance (e.g., ESG, GRESB, etc.).
- Detailed & monitoring of each development in progress ensuring compliance with the product definition approved and developed in house.

Throughout 2023 there were various climate change discussions at both the Board and executive meetings to help guide its ambition in this area. These agenda items covered setting and approving the Fund's ESG Strategy and action plan.

Decision-making

The GP's and Investment Advisor's senior management oversee progress towards the Fund's strategic objectives, including climate and sustainability-related objectives. Its ESG policy provides an overview of the management committees that share responsibility for management of various climate and other sustainability-related risks and opportunities.

The General Partner reviews ESG programme progress and receives updates on a regular basis

The Manager is an individual of the highest personal and business integrity and brings outstanding and relevant business or other valuable experience, such as:

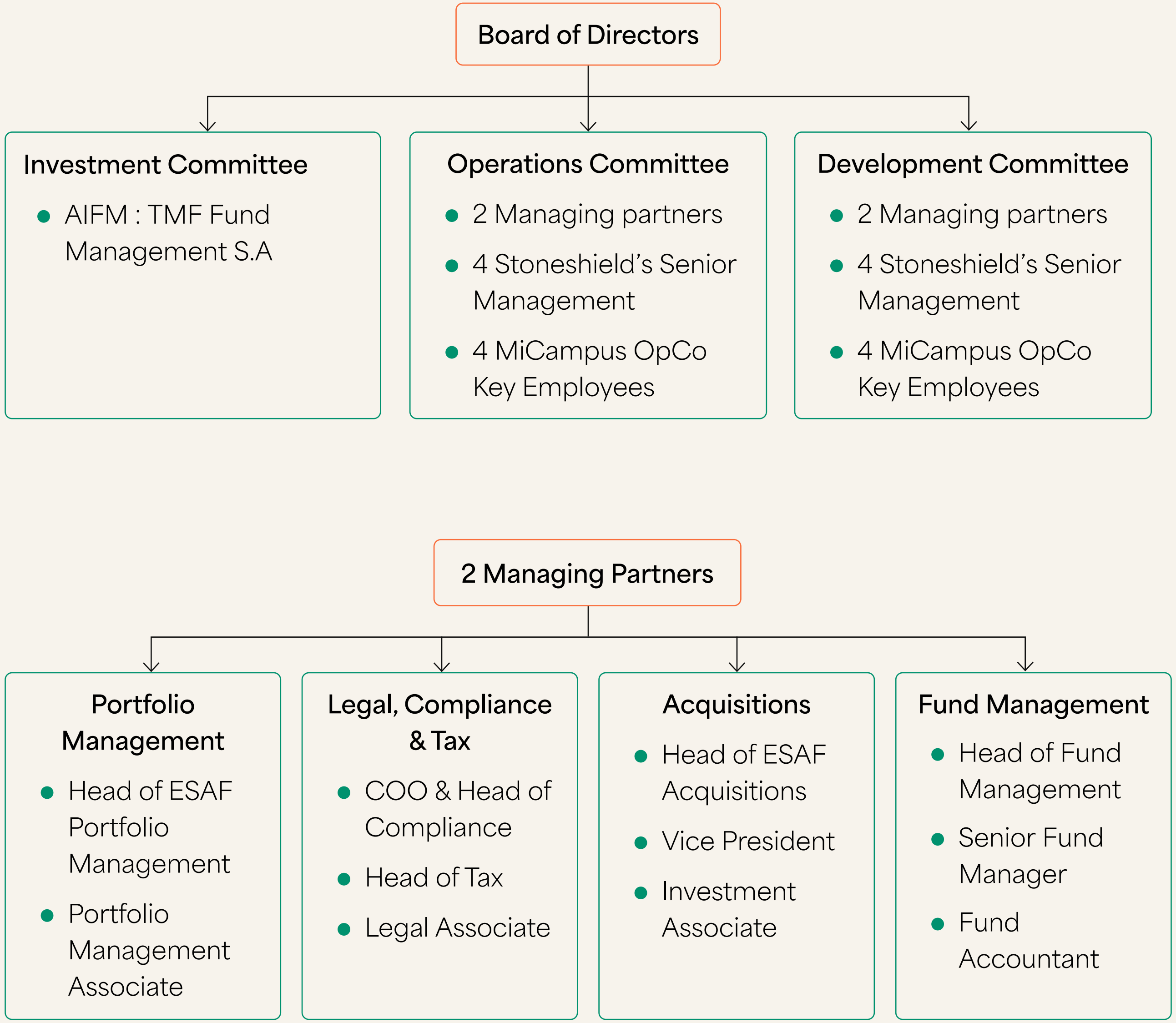
- holds or has recently held a position of high-level responsibility.
- has experience managing a major public investment/management company.
- has experience in multi-industry environment similar to the Fund.
- has a significant ownership interest in his or her company.
- has a broad exposure to or understanding as to policymaking at multi-industry organizations; and/or
- possesses a high level of expertise in areas that are relevant to the Fund.

The Manager contributes to the development of the Fund's strategic alliances, operating businesses and/or investment activities. He is also willing to participate in stakeholder engagement in a way that strengthens the interests of the Fund and enhances trust and reputation among stakeholders.

The Manager contributes to the effective functioning and decision-making of the Board and its committees. In addition, understands and contributes to the broad range of issues that the Board and its committees must consider, including climate-related ones.

Moreover, the Manager does not have a conflict of interest relating to the business and affairs of the Fund or its affiliates and is free to act in the best interests of the Fund. He can devote the time necessary to prepare for and attend meetings of the Board and its committees and to stay informed of significant corporate developments.

The Manager's background adds to the Board's diversity of perspectives.



Incentive and remuneration

The Investment Adviser has formulated the Remuneration Policy in light of its appointment as investment adviser to the Fund. The AIFM wishes to avail itself of the experience, sources of information, advice and assistance available to the Investment Adviser, and has appointed the Investment Adviser to perform various investment advisory and related services in connection with the investments and operations of the Fund. In this context, the Investment Adviser has contractually agreed to take adequate measures to comply with requirements applicable to the AIFM including those on remuneration.

The Remuneration Policy aims to ensure the payment of equitable, competitive remuneration to Key Managerial Personnel ("KMP") and certain other employees having a material impact on the risk profile of the Investment Adviser which is based on individual performance, performance of the Investment Adviser and industry practices. The European Union has introduced a series of legal measures (the primary one being the Sustainable Finance Disclosures Regulation (Regulation (EU) 2019/2088), the "Regulation") requiring firms that manage investment funds or provide investment advice to provide transparency on how they integrate sustainability considerations into the investment process with respect to the investment funds they manage or the investment advice they provide.

The Fund´s Remuneration Policy specifically addresses Article 5 of the Regulation:

"Financial market participants and financial advisers shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks and shall publish that information on their websites".

The purpose of the policy is:

- To determine remuneration based on the Investment Adviser's business outlook, financial position, growth and trends and practices on remuneration prevailing in competitive compensation;
- To align the reward and recognition mechanism directly to the effort, performance, dedication, and achievement relating to the Investment Adviser's operations;
- To attract, retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;
- To 'Pay for Performance' i.e. the remuneration shall be linked to the performance and to strike the right balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the goals of the company; and
- To ensure compliances and maintain high standards to governance.

Integration of sustainability risk in compensation mode

The Investment Adviser believes in aligning remuneration with its core principle of sustainability which itself contributes to long-term value creation and superior performance for all stakeholders. Sustainability risks are incorporated in the design and management of the Investment Adviser's compensation model in a way that discourages unnecessary risk-taking and promotes a sustainable risk management approach to investing.

As such, it has established a compensation structure for its employees comprised of fixed (salary and benefits) and variable (bonus and, for some selected employees, carried interest) components. Sustainability risks are integrated into both components as detailed below.

Fixed Remuneration: The Investment Adviser offers employees a competitive annual base salary plus benefits without consideration of any performance criteria. The base salaries are benchmarked against European industry standards and reviewed annually to adjust against inflation and market changes if necessary. This is to ensure Investment Adviser attracts and retains industry-best talent to achieve superior fund performance and long-term, sustainable value creation. This approach also avoids having too large a proportion of the compensation tied to individual performance as this often leads to high-risk tolerance in investment decision making.

Variable Remuneration: The annual bonus of each KMP and certain other employees having a material impact on the risk profile of the Investment Adviser is dependent on the performance of the individual KMP or employee, the performance of the Fund, and the performance of Investment Adviser generally. The Investment Adviser considers ESG and sustainability risks and opportunity management when setting targets and evaluating performance in our variable remuneration schemes. For fairness and transparency, performance is measured against clear key performance indicators (KPIs) considered suitable for each position, including whether the relevant individual KMP or employee has complied with the Investment Adviser's sustainability policies, including the Investment Adviser's responsible investment policy. This assessment of compliance with the responsible investment policy as well as other quantitative criteria and qualitative criteria will be carried out by senior management.

Employee engagement

Furthermore, investment professionals are assessed on how they incorporate sustainability risks in investment operations e.g., in the valuation model. Carried interest is also granted to select employees based on performance and tenure. Such allocation thereby also considers ESG and sustainability risk management, and performance. It rewards the performance of the employee and ties to long-term, sustainable value creation.

The following set of principles act as guiding factors when deciding the quantum of the variable remuneration in any given period:

- Align remuneration with the long-term interests of the Investment Adviser and its shareholders;
- Minimize complexity and ensure transparency;
- Link to annual business performance of the Investment Adviser;
- Promote a culture of meritocracy and is linked to key performance and business drivers;
- Reflective of market competitiveness to attract the best talent; and
- The extent to which the individual has embodied the ESG principles; and (ii) adhered to the fundamental process based elements that are each contained in the Investment Adviser's responsible investment policy.

The Remuneration Policy ensures that the remuneration is competitive to:

- Motivate employees to perform better and develop a strong sense of belonging;
- Attract right talent from the market;
- Retain right employees in the organization; and
- Align with the Investment Adviser's core values and ESG principles.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning, where such information is material.

Integration of climate considerations

The Fund is an open-ended, perpetual, European core real estate vehicle. The Fund is designed to purchase, manage, and sell institutional quality student accommodation assets in the EU Target Countries (as defined in the Private Placement Memorandum) over the long term.

The strategic positioning of the Fund to achieve the target return is based on the following:

Top-down research led portfolio construction: The Fund adopts a research-led core investment strategy that is based on an intrinsic understanding of the life cycle of prime buildings. In its approach to core investing, it focuses on income, ensuring capital preservation and long-term growth.

Prime Assets: The Fund focuses on assets located in the best locations where supply/demand imbalance for student housing is identified. The Fund believes that locational positioning is one of the key drivers of consistent performance and income stability.

Sustainable cashflows: The ability for an asset to always attract occupiers and to sustain cash flow is central to the Fund.

Income enhancement: The Fund looks for hidden unrecognised and unrealised value in all acquisitions. The Fund will look to unlock value through the acquisition of turnkey assets (with a 2Y income guarantee) or stabilized assets with occupancies over 90% and active asset management.

Themed approach: The Fund has very clear, research-led strategies focused on Student Accommodation Real Estate.

On an organizational level, the General Partner (the "GP") aspires to uphold high standards on environmental and sustainability matters and acknowledges the importance of the built environment in matters of environmental sustainability and seeks to adopt good practices in assessing the energy efficiency of its investments.

Business model alignment - Investment strategies

In respect of the Fund, the responsible investment policy (the "Responsible Investment Policy") intends to provide a broad framework for the approach to ESG integration. The Responsible Investment Policy is a guideline for formalizing and focusing responsible investment efforts, while recognising the importance of the built environment in matters of environmental sustainability and that ESG issues have a meaningful impact on delivering investment results for investors. In managing the Fund and in providing non-discretionary investment advice with respect to the Fund, each of the AIFM and the Investment Adviser respectively have regard to the terms of the Responsible Investment Policy when determining what investments, the Fund should make. In doing so, the AIFM and the Investment Adviser will integrate ESG factors (including but not limited to the consideration of sustainability risks) into the investment decision-making process and its investment advice, respectively.

The investment selection process for each proposed real estate asset acquisition follows a structured process through selection, review and approval:

- Pre-due diligence on each real estate asset, during which ESG factors, including sustainability risks, are assessed; and
- Post-due diligence on each real estate asset, during which the results of the initial ESG screening as well as any post-acquisition measures are considered.

Further details on the AIFM's and the Investment Adviser's approach to ESG integration and sustainability-related stewardship can be found at www.esacf.com/esg.

Within that Strategy, the General Partner (under the supervision of the "AIFM") considers that sustainability factors can have a material positive or negative impact on the investment performance. Therefore, consideration of ESG issues is integral to the investment decision making and investment management process, which is summarized in the following strategy:

1. Strategic Risk Framework: The Fund´s investment process and a distinctive value creation approach is constructed and implemented in order to future-proof asset classes, being conscious on the one hand on the fiduciary duty towards investors and on the other hand considering its ESG limits. With this in mind, the AIFM in conjunction with the Investment Adviser strives to ensure an effective response to risk factors through critical exclusions and active ESG risk screening and management. This includes ensuring that mitigation measures, such as improving the carbon performance of the asset (Environmental) or improving students' wellbeing (Social) are underwritten and embedded in the asset business plans. On the other hand, the AIFM in conjunction with the Investment Adviser actively pursues all opportunities to enhance value through green practices, to set and achieve ambitious targets with respect to climate change, e.g. improving carbon performance, obtaining EPC certifications, etc. (Environment) and effect positive social impact and support the well-being of users of the Fund's real estate assets in alignment with the WELL Health-Safety Rating for Facility Operations and Management (Social), while delivering competitive risk-adjusted financial returns. While good governance for real estate assets cannot be assessed at the real estate level itself, the lessor of the real estate assets and other external counterparties and/or service providers engaged in the acquisition, holding and disposal of the real estate assets will be subject to proper initial and ongoing due diligence reviews.

2. Investment Plan: The purpose of the investment plan is to set out the key objectives for the portfolio in the forthcoming year, based on the current portfolio composition and past performance, as well as revised forecasts for each asset in the portfolio based on the latest market forecasts and recommendations and defined milestone program.

3. Investment Selection: Investment selection follows a structured process through selection, review, and approval and involves the investment committee of the Investment Adviser and the investment committee of the AIFM, together the "Investment Committees". The AIFM's investment committee has the objective of delivering the Fund's target return within a pre-defined strategic risk framework and considering the environmental and social characteristics that it promotes. The Investment Adviser's investment committee may include a representative from the General Partner's and the AIFM's ESG teams, providing insight and oversight on relevant topics. Approval for any proposed acquisition is divided into two distinct stages: (1) pre-due diligence, when initial ESG screening is undertaken, and (2) post-due diligence (final approval), when due diligence results and any post-acquisition measures/underwriting are considered. The Investment Committees consider the findings of the pre- and post-due diligence, screening and analysis during the investment selection process. The investment Committees seek to apply an asset-class specific set of criteria when evaluating assets and key counterparties. This information is presented in each deck prepared by the Investment Committees and as otherwise deemed appropriate.

4. Asset Management: Following acquisition, each asset is on-boarded on to an appropriate ESG data monitoring system ("DMS") including the data collected during the DMS profile which is the responsibility of the lessor(s). The Investment Advisor works in collaboration with external specialist advisors, property managers, tenants and third-party data providers and other parties. An ESG action plan is developed for each individual investment, as appropriate for the asset type taking into account the environmental and social characteristics promoted by the Fund. The action plan is based on an assessment of the asset's sustainability performance. The actions and targets are embedded in the asset business plan and executed.

5. Reporting: Yearly reporting is shared with investors and the AIFM where the identified Environmental and Social Characteristics promoted by the vehicle are considered in the portfolio performance (1) Backward looking performance against the Fund's ESG strategy and timeline applicable for the investment strategy include of all metrics and KPIs (2) ESG risk profile, in particular climate change related and long term mitigation plan (under TCFD) (3) Annual ESG action plan and implementation status.

High frequency of investor reporting enhances transparency into Fund governance, operations and developments

Climate Risks and opportunities identification

Climate risks are the negative financial impacts stemming from environmental factors, with physical and transition risks as main drivers. However, there is also a possibility that these changes will be taken advantage of and represent an opportunity for the Company. Below are the climate-related risks and opportunities identified for the Fund's activities.

Physical Risk Assessment

Physical risks arise from the physical effects of increasingly severe and frequent climate- and weather-related extreme events, such as droughts, floods or hurricanes, and from longer-term progressive changes in climate patterns, such as rising average temperatures and changes in rainfall. Such phenomena can cause direct damage to assets and infrastructure or disrupt supply chains, thereby reducing asset values and business profitability.

Physical risks from climate change can be acute (event-driven) or chronic (long-term). They tend to materialize in the medium-to-long term:

- Acute risks: event-driven exposures, including the increase severity of extreme weather events (cyclones, floods, etc.)
- Chronic risks: longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea-level rise or chronic heat.

The Fund has a diversified portfolio of operating assets locates in key education regions across Spain. The following maps show those assets (in operation and development) distributed by region.

Galicia

Lugo
Beds: 169
AMR: € 678
NOI: € 386k

Asturias

Oviedo
Beds: 205
AMR: € 593
NOI: € 697k

Cantabria

Santander
Beds: 415
AMR: € 596
NOI: € 2,886k

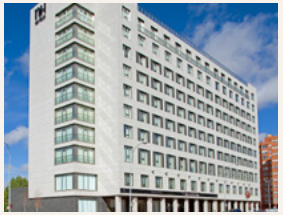
La Rioja

La Rioja I
Beds: 179
AMR: € 432
NOI: € 588k

Aragón

Zaragoza
Beds: 128
AMR: NA
NOI: € 166k

Castillay León



Valladolid
Beds: 240
AMR: NA
NOI: € 983k

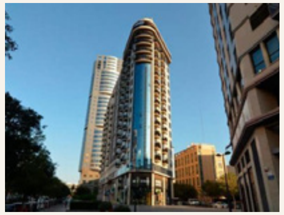
Burgos centro
Beds: 84
AMR: € 738
NOI: € 289k

Burgos
Beds: 157
AMR: € 649
NOI: € 413k

Salamanca
Beds: 306
NOI: € 1,004k

Comunidad Valenciana

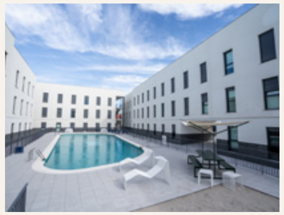
Galileo
Beds: 716
AMR: € 797
NOI: € 4,664k



P. congresos
Beds: 62
AMR: € 795
NOI: € 552k

Mercado
Beds: 17
AMR: € 770
NOI: € 144k

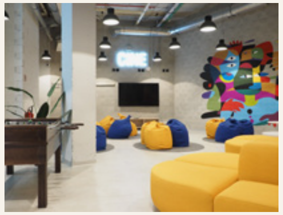
Burjassot I
Beds: 138
AMR: € 451
NOI: € 556k



Alicante I
Beds: 345
AMR: € 517
NOI: € 1,162k

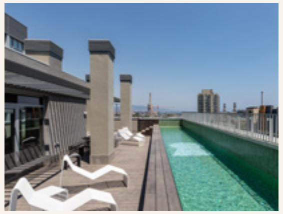
País Vasco

Bilbao I
Beds: 275
AMR: € 656
NOI: €1,754k



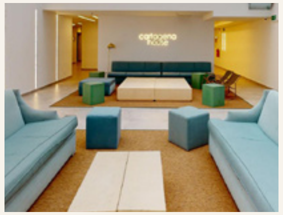
Bilbao II
Beds 105
AMR: € 777
NOI: € 720k

Cataluña



Barcelona
Beds: 382
AMR: € 692
NOI: € 2,733k

Murcia



Cartagena
Beds: 271
AMR: € 656
NOI: € 1,151k

Navarra

Pamplona
Beds: 148
AMR: € 803
NOI: € 903k

Comunidad de Madrid

Getafe Flats
Beds: 134
AMR: € 650
NOI: € 1,020k

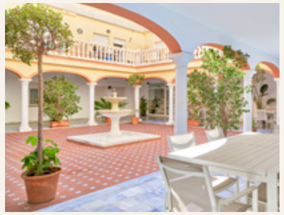
Getafe I
Beds: 260
AMR: € 600
NOI: € 1,271k

Leganés
Beds: 153
AMR: € 810
NOI: € 513k

Aranjuez
Beds: 153
AMR: € 578
NOI: € 176k

Madrid
Beds: 191
AMR: € 987
NOI: € 1,758k

Andalucía



Málaga
Beds: 212
AMR: € 427
NOI: € 903k

Armendariz
Beds: 177
AMR: € 697
NOI: € 779k

Estanislao
Beds: 435
AMR: € 638
NOI: € 1,879k

Bormujos
Beds: 150
AMR: € 347
NOI: € 384k

UPO
Beds: 144
AMR: € 442
NOI: € 420k

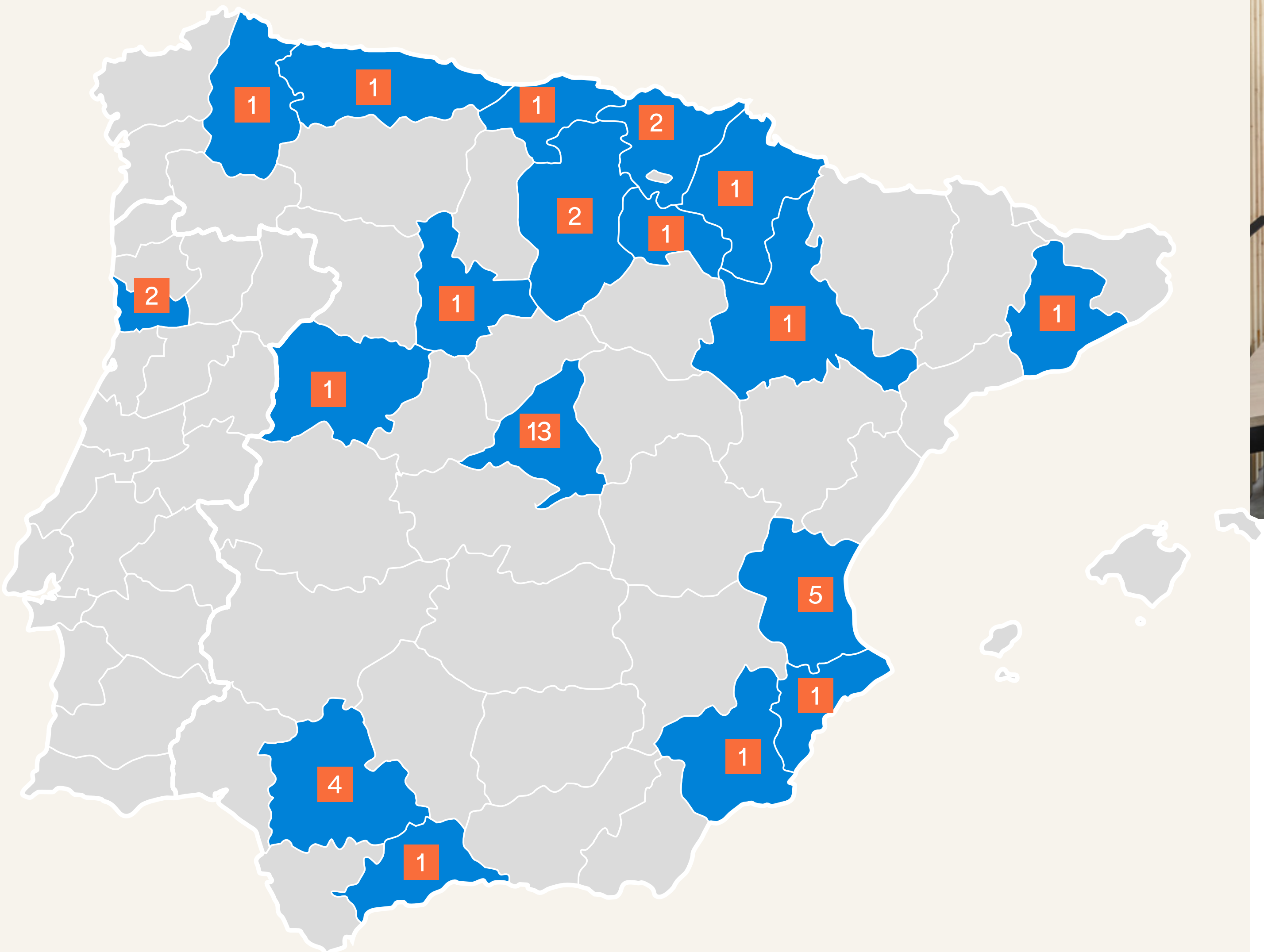


Figure 1. Operating assets

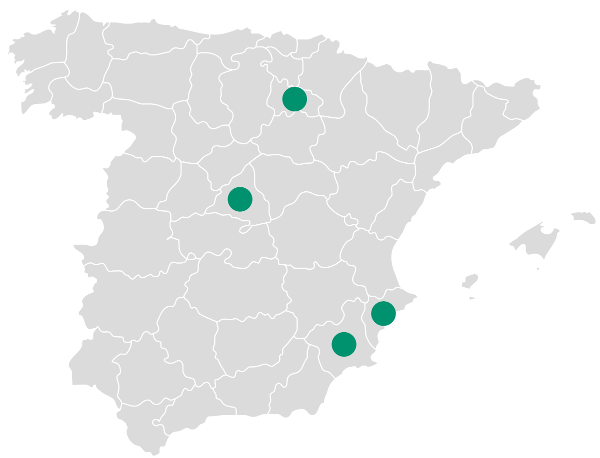


Figure 2. Forward purchase properties

The Fund's assets are mainly located to a greater extent in the northern communities, the Valencian Community, Andalusia, also with assets in the Community of Madrid and Catalonia.

Taking into consideration the climate-related risks that must be taken into account for the EU Taxonomy Regulation, as well as the TCFD recommendations, research has been carried out in reports of the Intergovernmental Panel on Climate Change (IPCC), the Ministry for the Ecological Transition and the Demographic Challenge (MITECO), the Meteorological Agency (AEMET), among others, to identify the most relevant climate risks in terms of severity and probability in these communities.

The following time horizons are considered:

- 0-5 years: short-term
- 5-10 years: medium-term
- 10+ years: long term

The physical climate risks identified are:

Physical Risks

Climate Drivers	Risk	Main affected- Time Horizon
Chronic	Sea-level raise	Long term
	Higher temperatures	
	Higher concentration of GHG in the air	Short – Medium Term
Acute	Droughts	Short – Medium Term
	Floods	
	Increased frequency of strong winds and hail	

Transition Risk Assessment

The effects of climate change are increasingly being felt around the world, and social and economic pressure for a low-carbon transition is building. Transition risks arise from policymaking, technology, market sentiment changes and reputation in response to climate change.

For the real estate sector, much attention has been paid to extreme weather events and other climate-driven consequences (physical risks), but transition risks must also be considered. Potential transition risks include rising costs due to the pricing-in of carbon emissions (through carbon taxes and pricing schemes), market effects, technological disruptions, legal liabilities, energy efficiency and other regulations and reputational risks, all of which can impact property values.

Proactive management of real estate transition risks is essential in the face of rising regulatory expectations around emissions and energy efficiency and growing concerns about climate change from real estate market participants.

Below are transition risks in the categories recommended by the TCFD; technological, market, reputational and legal, identified applicable to the Fund's's activity.

Transition Risks

Climate Drivers	Risk	Main affected-Time Horizon
Policy and legal	Legislation focused on climate change that can lead to higher operating costs. For example, climate risk disclosure obligations or alignment with the EU Taxonomy, CO_2 prices, carbon credits, among others	Short - Medium -Long Term
Technological risks	Technological advances in renewable energy, energy storage, energy efficiency and carbon capture and storage to aid in the transition to a low-carbon economy could render the Fund's current systems obsolete.	Medium Term
Market risks	Market decisions can affect demand as investors preferences, energy prices, and asset revaluation change.	Short - Medium Term
	Uncertainty in investors' appetite towards investing in the Fund	
Reputation risks	The Fund's, Investment Adviser's and GP reputation can be affected due to failure to comply with the Private Placement Memorandum, new regulations (SFDR, EU taxonomy) or poor environmental performance (for example, having a high carbon footprint).	Short - Medium -Long Term

Climate-related opportunities

As the economy decarbonizes, real estate actors can use their locations, connections to utility systems, local operational footprints, and climate intelligence to create new revenue streams, improve asset value, or launch entirely new businesses.

In the same way that climate change can generate risks and negative impacts for the Fund, there is a possibility that these changes will be taken advantage of and represent an opportunity for the Fund. Below are the climate-related opportunities identified for the Fund's activities.

Cimate-related opportunities

Type	Opportunity	Risk	Time Horizon
Market	**Change in investor behaviour**	Take into consideration investor expectations and ESG commitments (e.g., energy efficiency and sustainability criteria).	Short term
	Improvement of the environmental performance	There is an opportunity to improve the ROI through environmental performance investment.	Short term
Resilience	**ESG Integration & Insights**	Incorporating material climate considerations into active investment decisions & ESG. Research could mitigate identified risks, reducing vulnerability, and provide reputational benefits by demonstrating commitment to sustainable development.	Short term
Technology	**Digitalization**	Implement digital platforms to help collecting data and monitoring. It can identify where improvement can be made in more cost efficient and climate friendly ways or inform investors and users about their climate footprints, to achieve energy efficiency goals and improve people's well-being.	Medium term

Climate-related impacts

In line with the real estate industry best practices and regulatory expectations the Fund considers climate risks through the lens of physical risks and transition risks.

Physical risks reflect the risks associated with long-term changes in the climate and with more extreme weather events which may impact future business activities. The impacts on the value of investments, held on behalf of clients, caused by direct or indirect physical climate changes and events; risk to its businesses and property assets and those of its suppliers and other partners caused by climate events.

Transition risks reflect the risks stemming from changes in the economy that will be required to limit long-run temperature rises, including higher or lower rates of demand growth, costs or risk profiles to companies, sectors, or asset classes. These may include new or enhanced corporate climate change laws and regulations, changes in investor demand for climate-focused products, and more volatility in financial markets as asset prices adjust to reflect the increasing regulation of carbon emissions.

Climate-related financial impacts

Real estate owners and investors will need to improve their climate intelligence to understand the potential impact of revenue, operating costs, capital costs and asset capitalization rate. This includes developing analytical capabilities to constantly assess physical and transition risks. The analyses should cover both direct effects on assets and indirect effects on the markets, systems and societies with which the assets interact.

The table below shows the climate-related impacts and may affect the Fund's business model.

Risk	Financial impacts
Policy and legal	• Increasing operating costs (i.e gas, electricity, etc.). • Write-offs, asset impairment and early disposal of existing assets as not compliant with the Private Placement Memorandum, local regulations, etc. • Reduction of investor returns for "out to date" real estate assets. • Reduction of investor appetite in art.6 funds. • Reduction of rental income due to tenant's appetite in "out to date" student housing.
Technological	• Research and development (R&D) expenditures in new and alternative technologies (i.e digitalization). • Capital investments in technology development (i.e digitalization). • Costs to adopt/deploy new practices and processes.
Market	• Reduced demand for real estate assets due to shift in investor preferences. • Abrupt and unexpected shifts in energy costs. • Re-pricing of assets and portfolio. • Lower valuations appraisals.
Reputation	• Incapability of successfully fund raising. • Reduction of investor appetite for such for the marketed Funds. • Reduction of management fee income as a consequence of the above.
Physical chronic risks	Direct • Increased capital expenditure • Increased maintenance costs as physical risks increase. • Disruption in business operations in assets due to extreme weather events.
Physical acute risks	Indirect • Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations • Increased operating costs. • Reduction of rental income due to tenant's appetite in "out to date" student housing. • Reduced rental income or other incomes from lower rents on commercial areas, food and beverage, etc. • Write-offs and early disposal of existing assets • Lower valuations appraisals.

Opportunity	Financial impacts
Market	• Increased revenues thanks to access to new markets and emerging markets (e.g. partnerships with governments, banks in development). • Increased revenues due to new investors interest.
Resilience	• Increase in market value thanks to resilience planning integrated in the business strategy • Decreased operational costs when implementing resilience strategies to be prepared to extreme weather events. (e.g. renewable energy, water efficiency measures).
Technology	• Increased expenses due to implementing digital platforms. • Implemented digitalization can reduce operational costs as processes become more efficient and improves the speed of response to any unexpected change anomaly (e.g. leaks, accurate energy and water consumption, GHG emission).

Adaptation and mitigation

The Fund is already implementing strategies to adapt to climate change and mitigate any possible impact that climate change can deliver. The Fund promotes a variety of environmental and social characteristics, through some of the direct and indirect investments it makes related with long-term carbon reduction, lower energy use and/or reduce exposure to energy inefficient assets, and social and community infrastructure.

The Fund has established a series of targets that are associated with these characteristics and has the intention of monitoring a variety of sustainability indicators, including:

- Attainment of Net Zero Carbon Emissions by 2040.
- Energy performance certificates.
- Energy consumption / intensity.
- 'WELL Health-Safety' rating for Facility Operations and Management.

The performance of the above sustainability indicators will be tracked and reported on. These sustainability indicators will be used to measure the attainment of each of the environmental and social characteristics promoted by the Fund and will be included in the Fund's mandatory periodic report. More information regarding these indicators and targets can be found in section Metrics and Targets.

In addition to the strategies that the Fund has integrated, there are some measures that must be taken into consideration to reduce the possible impacts that the effects of climate change may generate on the Fund and its portfolio. These measures are, among others, a compilation of the measures detected, some of which may be already being implemented at this time:

Measures against physical impacts:

1. Energy saving measures:

- Building energy demand reduction: Improving the thermal insulation of the building envelope and installing high-efficiency insulating glass with solar control.
- Enhanced energy performance of the air conditioning system: using heat recoverers to increase energy efficiency.
- Installation of Building Management System (BMS): When applicable, this system will improve performance and reduce energy consumption through instant control and monitoring.
- Biodiversity Measures: Using local species that do not harm the local ecosystem and have low water demands.
- Operation of critical facilities in the event of a power outage: Achieve this by installing photovoltaic solar energy for electrical generation. Depending on each building's architecture, the installation of photovoltaic solar panels on the roof may be viable, or PV cells could be installed in windows or skylights.
- Implementation of renewable energies: Whenever possible, incorporate renewable energy sources.
- Digitalization of portfolio: Implement digital platforms to collect data and monitor performance. These platforms can identify opportunities for more cost-efficient and environmentally friendly improvements or inform investors and users about their climate footprints, ultimately helping to achieve energy efficiency goals and enhance people's well-being.

2. Water saving measures:

- Reuse of gray and rainwater: This involves using gray and rainwater for non-potable purposes in anticipation of water consumption restrictions during droughts. The following measures are proposed in this regard:
  - Reusing rainwater for irrigating garden areas or plant cover
  - Reusing graywater from sinks and showers to flush toilets and urinals.
- Utilization of xerophilous species in garden areas: The use of xerophilous (drought-resistant) species in garden areas allows for the minimization of irrigation requirements and, consequently, reduces water consumption.
- Backup systems for water supply: The installation of water tanks for emergency water supply provides the capability to maintain building operations in the event of a network water supply interruption.

3. Measures against floods:

- Organization of uses in the building: Possible flooding resulting from climate change can damage the building's facilities. To address this:
  - Prohibit any potentially polluting uses on lower floors to prevent the potential spread of toxic substances during a flood.
  - Place essential facility/infrastructure elements required for the building's operation on plinths or elevated benches above ground level.
- Use of water-resistant material.

4. Measures against wind and hail:

- Use of elements resistant to strong winds and hail
- Maintenance and inspection of elements exposed to wind and hail

5. Air quality:

- Air quality control: Utilize CO (ppm) and CO_2 (ppm) measurement units to monitor air quality, with deviations indicated in accordance with RITE values and INSH indoor air quality guidelines. These units should be monitored through the BMS, with the implementation of automatic primary air inlet regulation based on the monitored values.

Measures against transition impacts:

1. Measures against increased operational costs:

- On-site production of renewable energy
- Implementation of measures to reduce energy consumption.

2. Against asset obsolescence:

- Prioritize technological updates.
- Establish regulatory prospecting programs to anticipate, to the extent possible, new requirements.

3. Against reduced tenant's apetite

- Continuous commercial attention to tenants' needs can enable the early activation of strategies that mitigate this impact, such as building readjustments to meet new technological needs, among other approaches.

4. Reduction of investor returns for "out to date" real estate assets:

- Apply the measures indicated to address increases in operational costs and reduced demand, while also focusing on operational excellence techniques that protect against potential future decreases in cost-effectiveness.

5. Incapability of successfully fund raising:

Some actions to gain financial benefits from adapting to climate change may include:

- Accessing incentives and subsidies. Governments and organizations frequently offer financial incentives, subsidies, or tax breaks to companies adopting climate-friendly practices.
- Enhancing brand reputation and customer loyalty. Proactively addressing climate change can improve a company's brand reputation.
- Risk mitigation and insurance cost reduction.
- Accessing financing and green investments. Many financial institutions and investors prioritize environmentally responsible companies.

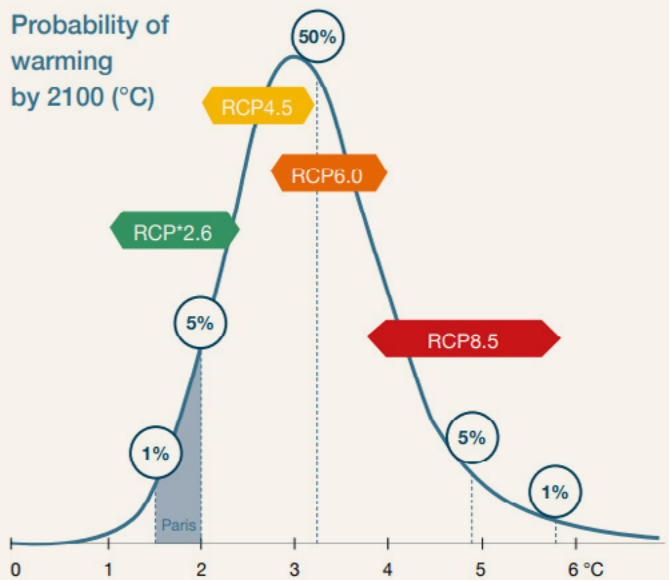
It's important to note that the financial benefits of climate change adaptation may vary depending on factors such as location, size, and specific adaptation measures that are already being implemented by the Fund.

Climate Scenario Analysis

Climate scenario analysis, as with other types of risk modelling, is a method of assessing the exposure of the Fund and its portfolio, to climate related risks to interpret their potential financial impact. It employs scenario analysis to help understand the potential impacts of its investments, to support its risk and opportunity identification, and to inform its associated strategic response. It allows the Fund to understand the most at-risk areas and prioritize these for its active ownership efforts. It has assessed the exposure of its holdings to both physical and transition risks under multiple climate scenarios using well-established third-party models to ensure transparency and interpretability. It views the results of the scenario analysis through a variety of lenses, examining risk exposure by sector and geography.

The three scenarios have been taken into consideration:

- 1.5°C- Orderly- Net Zero 2050: is an ambitious scenario that limits global warming to 1.5 °C through stringent climate policies, reaching net zero CO_2 emissions in 2050. This scenario can be associated with the IPCC RCP2.6 scenario.
- 1.5°C- Disorderly- Divergent Net Zero: reaches net-zero by 2050 but with higher costs due to divergent policies introduced across sectors and a quicker phase out of fossil fuels.
- 2.6°C – Nationally Determined Contributions (NDCs): which implies a long-run temperature rise of 2.6°C by 2050, and close to 4°C by 2100. This scenario can be associated with the IPCC RCP4.5 scenario.



The 1.5°C- Orderly- Net Zero 2050 scenario can be associated with the **IPCC RCP2.6** which have the following characteristics or assumptions:

- In policy terms, it is the closest to the Paris Agreement to contain warming to "well below 2°C" with the goal of reaching 1.5°C.
- Based on a rapid stabilization and eventual reduction in the level of GHG in the atmosphere after 2050.
- Increase in the expected median temperature for 2100 of 1.6°C, with a range of 1.0-2.8°C that allows for uncertainties in the climate system.
- Sea level rise of 0.45 m, with a range of n 0.3m and 0.8m.

Taking into consideration that the Fund is already implementing measures that are aligned with the Paris agreement, there are two scenarios to be considered:

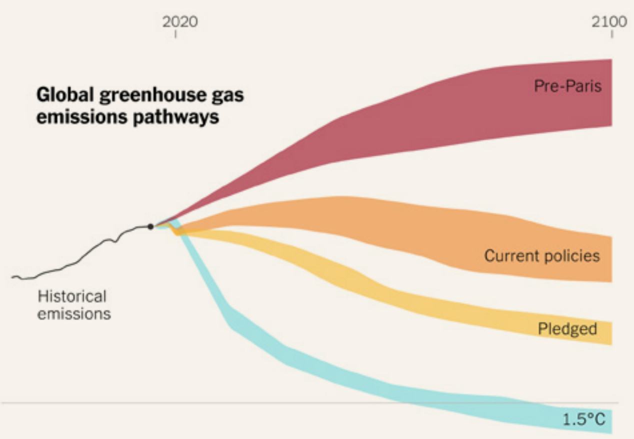
- Most optimistic scenario such as 1.5°C- Orderly- Net Zero 2050 or RCP2.6: the Fund could continue applying the roadmap planned within its business model, paying greater attention to the transition aspect, since it will this scenario assumes that climate policies are very stringent and are introduced immediately.
- However, a more pessimistic scenario such as 2.6°C – Nationally Determined Contributions (NDCs) or RCP4.5 would assume that transition risks are relatively low, and the Fund would have to pay greater attention to physical risks and implement measures against possible impacts as the risks are higher.

Paris Agreement Alignment

However, the Fund strongly supports the objectives of the Paris Agreement. It is committed to playing a constructive role in the decarbonisation of the global economy and serving the long-term interests of its clients.

The goal of the 2015 Paris Agreement is to "hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C".

The more ambitious objective of keeping warming to 1.5°C requires emissions to reach 'net zero' by 2050 according to the Intergovernmental Panel on Climate Change (IPCC). The 'net' in net zero means any residual emissions from hard-to-abate industries need to be removed from the atmosphere through technology or nature-based solutions.



Global greenhouse gas emissions pathways 2100
Source: The New York Times

While much more needs to be done by policymakers to achieve the Paris goals, an energy transition is underway, and the Fund incorporates this into its investment decisions. The Fund also stand ready to rapidly scale up its ambitions if and when governments raise their policy ambition. In the meantime, the Fund´s calibrated approach to Paris alignment is founded on the following core principles:

- The Fund develop innovative Paris-aligned and net zero solutions for clients, setting ambitious climate-related goals.
- As responsible stewards on behalf of its clients, the Fund expects companies' business plans to reflect the long-term climate-related risks and opportunities they face.
- The Fund advocates for more stringent regulatory frameworks so that global policy sends Paris-aligned signals to capital allocators.
- The Fund undertakes rigorous climate-related research, drawing on sophisticated tools and data. This allows us to assess the risks and opportunities related to climate change, integrate this into our investment processes and report on climate metrics to provide transparency to our clients.

Net Zero by 2040

Additionally, the Fund has already committed to investors to become NET ZERO by 2040, and it has developed a Decarbonization Policy that comprises the commitments acquired by the Fund to become NET ZERO by the year 2040, thus a scheduled decarbonization plan has been developed, aligned with the Science Bases Targets (SBTi), that must be complied and aligned with by all the Stakeholders. Being one of the main challenges that the Fund has to face in the following years, as it implies transforming and adapting the business model, enabling the reduction of the environmental impact while promoting the growth of the portfolio and operations. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

Assessment of resilience

Definition of Roadmap and ESG Master Plan

Mace Spain has been appointed to define of a tailor-made ESG roadmap for the Fund's portfolio, aligned with its sustainability strategy and requirements, and with the actions underway, will be delivered according to the following phases:

Phase I. Analysis

- Preliminary analysis of the real estate portfolio situation with regards to sustainability, and the objectives and requirements established by the investors or other stakeholders.
- The Mace Spain team has analysed in depth the ESG strategy and requirements of the Fund, to adapt it in the best possible way and in time to the real estate portfolio. The actions already underway were also analysed to establish synergies and complete the process map in a coherent manner.
- Materiality analysis. The objective is to identify and analyse the relevant sustainability aspects of the company and to draw a matrix showing the material issues for the company and its stakeholders.
- Identification of stakeholders. The objective of this exercise is to know who the Fund's stakeholders are; to prioritize the strategic ones; and to be aware of their requirements to incorporate in the report how and in what way the Fund responds to their expectations. This will also help to identify weaknesses and strengths, which the company will be able to consider to make further progress on the road to sustainability.
- Risk analysis if a consistent sustainability strategy is not applied.
- Analysis of opportunities derived from the definition and development of an integrated sustainability strategy, including green funding, assessment in sustainability indexes, and a Corporate Social Responsibility report.
- Sustainability strategy analysis of competitors, both at a national and international level.
- Benchmarking the strategies of the competitors to analyse the differentiation potential of the strategy established for "MiCampus Living".

Phase II. Definition of general objectives and global strategy

- An initial approach by Mace Spain with general objectives and a global sustainability strategy based on the conclusions of the previous assessment.
- Combined analysis of technical-economic feasibility of the initial proposal.
- Definition of a final global sustainability strategy to be developed by "MiCampus Living", including general objectives which helps maximize the benefit-investment ratio in an optimal manner.

Phase III. Definition of a Sustainability Master Plan

Combined definition of a Sustainability Master Plan which covers the objectives and strategy defined in Phase II, including:

- Specific actions, differentiating type of action, difficulty of the action, and impact of the action to the strategy.
- Schedule, differentiating short, medium, and long-term measures.
- CAPEX to be incorporated to the Investment Plan of the Company.

It should be noted that the ESG action plan also include the strategy for the optimal web-based disclosure of significant corporate information regarding sustainability performance, and of the actions resulting from the definition of the tailor-made sustainability roadmap and masterplan for "MiCampus Living", particularly everything related to investment decisions on the risks and opportunities derived from climate change.

Risk management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Risk identification enables effective categorization and control of risks. The risk profile assessment (RPA) and top and emerging risk identification are two core processes that assist the GP, AIFM and Investment Adviser identify climate-related risks with respect to the Fund's real estate portfolio.

They cover all risk types and reveal potential threats to its business plan and strategic targets, helping us monitor its risk profile consistently across subsidiaries.

Results enabled risk teams to evaluate their climate and environmental risk management and potential gaps based on best practices. The assessment evolves as the Fund learns from experience, new data, methodologies, and regulation.

Climate risks' impact assessment

The Fund has a materiality assessment which determines the most significant climate-material items affecting the underlying real estate portfolio. It enables managing the intensity/exposure of the real estate portfolio to climate change. It is essential in determining its strategy and priorities.

The assessment covers climate-related and environmental risks to material and nonmaterial Businesses over specific time horizons (from short to long). It treats climate risk as a regular balance-sheet risk.

Risk taxonomy, heatmaps and exposures calculation form the basis for classifying portfolios and their potential impact from climate risks. They are designed to show the value chain of business activities, regardless of their original NACE classification. The internal climate change risk taxonomy recognizes sectors directly exposed to physical and transition climate risks. It classifies sectors based on guidelines issued by the Task Force for Climate Related Financial Disclosures (TCFD) and the United Nations Environment Programme Finance Initiative (UNEP FI), enriched with credit expert knowledge and industry best practices.

Based on the impacts detected, an assessment of the risk posed to each region has been carried out. In this assessment process, the variables severity and probability have been used:

- In the **severity variable**, it is considered how much the impact of a certain climate risk could affect an asset by evaluating it within the extreme conditions in which the analysis is being carried out, considering the current state of each of the assets.
- In the **probability variable** it is assessed how possible it is that each of the climatic risks occurs and directly affects the asset in question.

The valuation scale used is three levels (low, medium, and high) in the two axes, the following matrix being the one that determines the importance of the physical risks identified.

Impact level		Probability		
		Low	Medium	High
Severity	Low	Low	Low	Medium
	Medium	Low	Medium	High
	High	Medium	High	High

In the analysis that has been carried out it has been considered each asset in the portfolio, where the degree of **severity (S)** and **probability (P)** values have been assigned to each of the impacts to obtain an **impact (I)** level. The latter refers to an organization's vulnerability to negative impacts. The importance of the material risk has been established for each risk and community.

In the case of physical risks, the level of risk has been evaluated according to the exact location of the building and its characteristics. The output of the matrix for physical risks´ impacts is as follows:

	España																	
	Galicia			Asturias			Cantabria			Basque Country			Navarre			Castille and Leon		
Physical Risks	S	P	I	S	P	I	S	P	I	S	P	I	S	P	I	S	P	I
Sea-level raise	M	H	H	M	H	H	M	H	H	M	H	H	L	L	L	L	L	L
Higher temperatures	M	L	L	M	L	L	M	L	L	M	L	L	M	M	M	M	L	L
Higher GHG concentration in the air	L	M	L	L	M	L	L	L	L	L	H	M	L	M	L	L	L	L
Droughts	L	L	L	L	L	L	M	M	M	L	L	L	M	M	M	M	H	H
Floods	L	M	L	L	M	L	L	M	L	M	M	M	L	L	L	M	M	M
Increased frequency of strong winds and hail	M	M	M	M	M	M	M	M	M	M	M	M	L	M	L	L	M	L

	España																					Portugal		
	La Rioja			Aragón			Comm. of Madrid			Andalusia			Region of Murcia			Valencian Comm.			Catalonia			Porto		
Physical Risks	S	P	I	S	P	I	S	P	I	S	P	I	S	P	I	S	P	I	S	P	I	S	P	I
Sea-level raise	L	L	L	L	L	L	L	L	L	H	H	H	H	H	H	H	H	H	M	H	H	M	L	L
Higher temperatures	M	M	M	M	M	M	M	H	H	M	H	H	M	H	H	M	M	M	M	M	M	M	M	M
Higher GHG concentration in the air	L	M	L	L	M	L	M	H	H	M	H	H	M	M	M	M	H	H	M	H	H	M	M	M
Droughts	M	M	M	L	L	L	M	L	L	M	M	M	M	L	L	M	L	L	M	H	H	M	M	M
Floods	M	M	M	L	L	L	L	L	L	H	H	H	H	H	H	H	H	H	M	H	H	M	L	L
Increased frequency of strong winds and hail	M	M	M	M	M	M	M	M	M	L	M	M	M	M	M	M	M	M	M	M	M	M	L	L

From the evaluation carried out, it has been possible to identify by type of risk and by community the probability of the physical climate risk happening and affecting the buildings, the severity with which this risk could affect the asset with the current characteristics and the magnitude of the impact that is the consequence of the two variables.

The risk of sea-level rise is high for assets located in Valencia, Murcia and Andalusia, followed by Cantabria, Basque Country, Asturias, Galicia and Catalonia. The flood risk has been evaluated depending on several factors, including proximity to rivers and the sea or altitude level; topographic maps have been consulted for the identification of these. Likewise, the Environmental Due Diligence Audits preformed for each asset included the flooding risk probability, also taken into consideration for this evaluation.

On the side of the risk of higher temperatures, in the Community of Madrid there is a high probability of exposure, due to the gap between the minimum and maximum temperature of the region. In the case of Andalusia and Murcia, the risk is high due to severe heat waves. For this risk, insulation systems or renewable energy facilities can reduce the vulnerability of the building.

To determine the magnitude of the impact on the risk of droughts, the days of the Monitor of the Meteorological Equity of AEMET (State Meteorological Agency) specific to the location of the assets have been analysed, as well as the characteristics of each one to face the risk. The communities with the highest exposure to this risk are Catalonia and Castilla y León.

To evaluate the level of impact on strong winds and hails, the records of maximum wind gusts of recent decades have been consulted in the order of magnitude of the basic wind speed value of the CTE (Ministry of Housing, 2006) for return periods of 50 years in the areas where the assets of the portfolio are located. Depending on the zone, the risks vary between moderate and high for strong winds. It is considered that the buildings are up to date with the regulations regarding the static and dynamic wind loads on the site (Ministry of Housing, 2006. CTE).

Finally, regarding greenhouse gases, the data published by MITECO has been collected from the Spanish System of Inventory and Projections of Emissions into the Atmosphere of greenhouse gases and atmospheric pollutants (SEI). Although since 2005 the data on greenhouse gas emissions into the atmosphere have been progressively improving, the results nowadays remain not as favourable. The autonomous communities most affected are Andalusia, Catalonia, Valencian Community and Madrid.

In the case of transition risks, the level of risk has been evaluated at the Fund´s level.

The output of the matrix for transition risks´ impacts is as follows:

Markets in general, and particularly the real estate market, usually suffer significant impacts due to market fluctuations as a result of various factors such as economic crises, variations in interest rates and investors' appetite.

As seen in the matrix above, that ESACF's portfolio is exposed to a greater extent to medium-high-level transition impacts (that is, high severity or/and high probability of occurrence), specifically to the Policy and Legal risks together with technological and reputation risks.

The reasoning behind this analysis is due to the scenario chosen by the 1.5º-Orderly-Net Zero 2040 Fund. It is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies, innovation, and up-to date technologies, that assumes that ambitious climate policies are introduced immediately. It is the most demanding and strict climate-risk scenario. This means that the Fund needs to secure a fast reaction and adapt to all fast-moving changes.

	Transition Risks			
	Policy and Legal	Technological risks	Market Risks	Reputation rsks
S	Medium	Medium	Medium	Medium
P	High	Medium	Low	Medium
I	High	Medium	Low	Medium

European Student Accommodation Core Fund risk management

With the best talent and network around the world, the Fund uses a thematic investment strategy and distinctive value creation approach to future-proof companies, "creating superior returns to our investors and making a positive impact with everything we do".

Since the incorporation of the Fund, responsible ownership has been a constant. As a medium to long-term investor, the Fund is ideally placed to influence corporate behaviour. At a time when the typical holding period of an investment can be measured in years or even months, its aim to support companies throughout their business and market cycles gives us great credibility with the management of those underlying companies or businesses.

The Fund takes a long-term approach towards everything it manages, ensure an alignment of interests with its investors and foster collaboration across the Fund to optimize its performance and all the underlying portfolio companies.

The Fund´s DNA is based on: (i) a disciplined, bottom-up forensic underwriting with prudent use of leverage, (ii) a focus on supply-constrained and recession-resistant sectors, and (iii) expert management of institutional / core-like products and execution of value-add strategies (iv) integration of ESG factors in the entire investment cycle. Indeed, ESG is an important consideration in its investment and asset management processes. The Fund has a dedicated ESG team that enables us to prudently respond to the growing range of environmental and social issues.

The Fund´s goal is to achieve the best possible risk-adjusted returns for its investors, considering all factors that go beyond the investment performance and which affect the people and the environment. It is the Fund´s conviction that climate risk has become an investment risk, and that integrating climate and sustainability considerations into the investment decision process will enable us build more resilient portfolios and achieve the before mentioned long-term, risk adjusted returns the Fund must operate with high standards of integrity, particularly given the breadth of its operations and relationships. This is reflected in its governance practices and its compliance protocols.

Integration of climate risks

The Fund´s investment approach

As previously mentioned, the GP and AIFM oversee that the Investment advisor tailors its ESG due diligence to each investment and create post-investment remediation plans for material ESG considerations. For all potential investments, internal and external experts, and a variety of ESG frameworks are used to identify material ESG factors.

This analysis includes everything from ensuring environmental, legal and regulatory compliance to the identification of opportunities to add value or mitigate risk in the Fund´s portfolio. Its investment teams ensure (among others) that an ESG due diligence guidelines has been carried out.

ESG is integrated into all aspects of investment decision-making and ongoing portfolio management, including portfolio construction, financial models and business plans, investment valuations, monitoring portfolio performance and engaging with their management teams. This includes (but is not limited to) incorporating climate change into its long-term capital market assumptions (expected returns) and stress testing the impact of historic and forward-looking scenarios (including climate and other systemic risks) to help balance risk while working to meet return objectives.

The investment advisor then provides a detailed memorandum to the Investment Committee outlining the merits of the transaction and disclosures relating to risks, including material ESG issues, and potential mitigation strategies. All investments made by the GP on behalf of the Fund must be approved by the AIFM's Investment Committee and must incorporate ESG matters into their evaluation.

Upon an asset acquisition, the Fund creates a tailored integration plan to ensure that all material matters, including ESG risks and opportunities. ESG risks and opportunities are actively managed by the lessor with guidance from its in-house investment teams, primarily through representation on oversight bodies where all financial, operational, and strategic elements of the business are reported, considered, and where appropriate, approved. This allows us to draw on local expertise, which provides valuable insight given the wide range of asset types and locations in which we invest. Certain key performance indicators are reported regularly to the applicable reporting line or other oversight body.

The risk management practices implemented by its third party AIFM are actively monitored by the GP and complement its investment approach and explicitly include ESG-related matters. We ensure that active management of all material financial and operational risks, including ESG risks, are reflected in risk management programs of its portfolio of assets and are monitored as part of its overall risk management profile.

Having defined the type(s) of positive and negative impacts that may result from investments and chosen metrics to track their progress, it is important to articulate the approaches through which investment teams will manage that impact. This includes mitigating negative impacts and enhancing positive ones. The traditional responsible investing spectrum that starts with ESG exclusions and ends with impact investing.

Managing for impact is different from measuring impact. It is not the amount of impact created or avoided that is important. What matters is the way in which impact is integrated and managed in the investment process and the degree to which impact is systematically considered alongside other fundamental drivers. For ESG integration strategies, impact may be considered only if material to investment performance and to mitigate risk, while impact investing approaches consider impact systematically alongside financial performance with the goal of maximizing both.

Policies and guidance

For the Fund, ensuring that the implications of the climate risks and opportunities are considered within the Fund's strategy is essential to achieve its goals. Among others, the Investment Adviser has established a Responsible Investment Policy for the Fund which sets long-term ESG objectives and defines clear short and medium-term milestones for achieving these long-term ESG objectives.

The Fund has approved the following policies that considers ESG factors:

- Responsible Investment Policy
- ESG Policy
- ESG Investment Principles Statement
- Whistle-blower Policy
- Anti-Bribery and Corruption Program
- ESACF - Environmental transaction Policy
- Paris Alignment statement
- Code of Conduct
- ESACF - ESG transaction policy
- Remuneration policy

Metrics & targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Sustainability highlights and achievements

The Fund has embedded its core ESG principles in all activities directly undertaken across the business. This includes deploying its operating capabilities in ensuring that its investment and portfolio oversight activities address ESG considerations, that its governance and compliance activities are effective to the Fund, that it provides information on ESG activities to its investors, and increasingly provide investment opportunities that enable its investors to achieve their own ESG investment objectives.

Each of its real estate assets have its own ESG considerations that reflect specific business requirements or is under the process of stablishing such considerations. As part of the Fund´s role as owners of businesses, it expects “MiCampus Living” to implement strong ESG practices that are aligned with its principles and strategy while being suitable and responsive to their business requirements. The Fund approach in each case reflects the nature of the asset or business, and how it owned it, although the objectives in each case reflect a responsible approach to the relevant ESG considerations.

In most cases, the Fund invests in ways that allow it to have a degree of influence or control over the asset or business, known as “control positions.” This enables it to bring its experience and influence on bear, including on ESG matters. The Fund monitors and support the efforts of its portfolio companies through board oversight, policy guidance, ongoing reporting and other mechanisms.

In summary, the Fund aims to create sustainable value and impact by acting responsibly while aligning the interest of its investors, stakeholders and employees. The Fund´s focus on stakeholder alignment, long-term horizon and fostering a collaborative culture are foundational to its achieving superior results.

The Fund believes that doing the right thing for its people, the environment and its communities lead to better results for all its stakeholders.

The Fund strives to embed environmental, social, governance and resilience (ESG) best practices throughout its real estate investment, asset management, risk management and talent management processes.

The Fund has recognized that its business activities have a wide-ranging social, environmental and economic impact. By being at the forefront of identifying and influencing the drivers of change and shaping its investment strategies accordingly, it will continue to deliver strong returns to its investors in the long term and support creation of positive environmental and social outcomes.

The Fund´s approach enables it to acquire and safeguard future-proof its assets, ensuring they have enduring appeal as homes, leisure destinations and workplaces among others. In order to deliver back to the society part of its benefits the Fund focused on 3 different areas:

1. Environmental excellence: Driving environmental improvements at its assets reduce operating costs, carbon emissions and the use of natural resources. This helps attract and retain occupiers and ensure that it appropriately manages environmental risk.

2. Socio-economic benefit: Ensuring socio-economic outcomes by being an active participant in communities. Creating high quality places, aligned with their surroundings, driving economic growth and supporting employment opportunities and skill development.

3. Smart and connected: In today´s digitalized world, smart and digital infrastructure is crucial to the competitiveness and success of countries, cities and buildings as well positively impacting inhabitants. Understanding the changes in connectivity and new solutions to new challenges means that it will more effectively identify investment opportunities.

Mitigation & CapEx plan

The GP, AIFM and Investment Advisor consider key that sustainability considerations are incorporated as an integral part of the decision making. Therefore, the Fund's strategy integrates climate-related risks and opportunities with the aim of achieving greater resilience and sustainability.

Below are the actions that are part of the Fund's strategic plan that prioritize measures to adapt and mitigate identified climate-related risks, physical and transition.

Likewise, to have a more complete view of the impact on the company's financial planning, the forecast of the cost that will represent the actions focused on mitigation and adaptation to climate-related risks in the short, medium and long term is included.

Financial planning

Forecast of the cost that will represent the actions focused on mitigation and adaptation to climate-related risks in the short, medium and long term.

- Short term: 2022-2026
- Medium term: 2027-2031
- Long term: 2032-2040

High priority action	Short term	Medium term	Long term
Boiler replacement	2.496.795 €		
Photovoltaic solar energy	1.195.384 €		
Certified green energy	629.191 €	1.065.887 €	2.364.444 €
Waste management plan	25.000 €		
Medium priority action	**Short term**	**Medium term**	**Long term**
Energy audits	90.400 €		
Energy management system	42.070 €	56.277 €	124.838 €
Lighting renovation	7.492 €		
Awareness days	12.364 €	23.206 €	51.477 €
Implementation of aerators	100.000 €		
Circular waste model	20.000 €		
Low priority action	**Short term**	**Medium term**	**Long term**
Preventive maintenance	3.972.818 €	6.585.065 €	14.607.565 €

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Recurring physical measures

The Fund and “Mi Campus Living” are involved in sustainability evaluation systems such as BREEAM and WELL. The objectives of these certifications go beyond regulatory requirements and focus on incorporating the best sustainability practices in buildings. Likewise, the Fund and “Mi Campus Living” as operator, will evaluate their environmental, social and governance (ESG) performance that they exercise in their real estate assets over time.

As a result of these activities, the Fund puts into practice during 2023 the best practices in sustainability in their portfolio through a series of measures mentioned below:

- SYB02: Glare Control - Additional Blinds.
- SYB 13: Drinking Water provision - Water dispenser.
- AG 01: Water Consumption Monitoring - Water meters.
- AG 02-03: Water Efficiency of Appliances: Toilets and urinals.
- AG 05: Water Efficiency of Appliances: Showers - Flow reducer.
- AG 09: Shut-Off Valves - Installation of shut-off valves.
- TRA 01: Alternative Transportation - Lockers in changing rooms and bike racks.
- USE 02: Ecological Elements of Green Zones - Local fauna.
- USE 03: Ecological Elements of Green Areas - Outdoor planters.
- SE 4: Provide emergency resources.
- SH 5: Promote a smoke-free environment.

Below is the CapEx associated with each measure. It is also indicated on which asset these actions were implemented:

Measures	SYB02	SYB 13	AG 01	AG 02-03	AG 05	AG 09	TRA 01	USE 02	USE 03	SE 4	SH 5
CapEx	**2.975 €**	**21.000 €**	**3.284 €**	**5.978 €**	**99.013 €**	**12.740 €**	**2.400 €**	**4.000 €**	**7.000 €**	**29.400 €**	**312 €**
Oviedo	x	x	x	x	x	x	x	x	x	x	x
Leganés										x	x
Galileo	x	x		x	x	x	x	x	x	x	x
Santander		x	x	x	x	x		x	x	x	x
Cortes		x		x	x		x	x	x	x	x
Burjassot		x	x	x	x		x	x	x	x	x
Bilbao		x		x	x					x	x
Maldonado		x	x	x	x					x	x
Burgos centro		x	x	x	x					x	x
Aranjuez		x	x	x	x					x	x
Lugo		x	x	x	x		x			x	x
Armendariz	x	x	x	x	x	x				x	x
Bormujos		x	x	x	x					x	x
Malaga		x	x	x	x					x	x
Pamplona		x	x	x	x		x			x	x
Alicante					x						x
Barcelona					x						x
San Mames					x						x
Getafe					x						x
Getafe Flats					x						x
Sinesio Madrid					x						x
Burgos					x						x
Cartagena					x						x
Estanislao					x						x
Logroño					x						x
UPO											x

Disclosure of energy, water, and waste consumption

Energy and water consumption

The energy and water consumption shown below corresponds to the period from January 1, 2022, to December 31, 2022 for the portfolio of assets operated by MiCampus. Therefore, the year 2022 will be taken as the baseline year. It will serve as a reference for the Fund to track the consumption or emissions- reduction performance over time.

Consumption type	Metric	Unit
Diesel fuel consumption	24.920,00*	l
Natural gas consumption	5.547.380,80	kWh
Electricity consumption	10.267.055,59	kWh
Water consumption	166.470,36	m³

*The diesel fuel consumption pertains to a single asset that needed to produce energy from a generator set for a brief period due to technical issues with the energy company. This issue has been resolved, and the asset is now operating normally without any diesel fuel consumption.

1 - Methodology and assumptions for electricity consumption:

For most of the portfolio, the reference input data was electricity consumption bills. However, for 3 assets, Cortes, Maldonado and Getafe flats, this information was not available, and the data collected through the Deepki digital tool was used as a reference source in this case.

It should be noted that an anomaly was detected for the month of May in the UPO asset, with extremely high consumption that did not correspond to reality (177,475 kWh). Litigation is underway with the supplier to correct this data, and instead an estimated consumption based on internal "Micampus Living" data has been applied for this month.

2 -Methodology and assumptions for natural gas consumption:

There are 12 residences with natural gas consumption in the portfolio. Also in this case, the reference source was the direct reading of the invoice. In the case of four assets, estimates had to be made for a specific month based on the intensity of energy consumption in the previous and following months.

3 - Methodology and assumptions for diesel consumption:

There is only one asset in the portfolio with diesel consumption: Pamplona. No anomalies were observed, so no estimates were made.

4 - Methodology and assumptions for water consumption:

For residential water consumption, the reference source is the corresponding bills, except for Alicante, where the data comes from the Deepki platform. Most of the time, living area consumption and PCI are recorded separately.

Disclosure of GHG emissions

Disclosure of GHG emissions is crucial to understand the exposure to climate-related risks and opportunities. Disclosure of both absolute emissions across the Fund´s activity organization and relevant emissions intensity provides insight into how a given organization may be affected by policy, regulatory, market, and technology responses to limit climate change.

The period that has been considered for the carbon footprint calculations is from January 1, 2022, to December 31, 2022. Therefore, the year 2022 will be taken as the baseline year. It will serve as a reference for the Fund to track the consumption or emissions- reduction performance over time.

In 2022, the total portfolio emissions were 3,946,353 kgCO_2eq. Among these, 1,068,683 kgCO_2eq represent direct emissions (Scope 1), primarily from the consumption of natural gas and diesel. Additionally, 2,597,124 kgCO_2eq correspond to indirect emissions from the electricity consumed (Scope 2). Moreover, 280,545 kgCO_2eq are attributed to indirect emissions along the “MiCampus Living” value chain.

For direct emissions, the calculation accounts for CO_2, N_2O, and CH_4 emissions. Using emission factors for natural gas from the "June 2023 Report - Ministry of Ecological Transition: Emission Factors for Carbon Footprint Registration, Compensation, and Carbon Dioxide Absorption Projects", values of 0.0182 kg CO_2/kWh, 0.000016 kg CH_4/kWh, and 0.0 kg N_2O/kWh. Consequently, N_2O emissions are zero, and the negligible value of CH_4 (0.000016) can be considered negligible. This suggests that the emission factor for natural gas is 0.182 kg CO_2 equivalent per kWh. For other categories, only CO_2 emissions are relevant.

The following table shows the GHG emissions per assets type or activity:

			Unit	Location-based	Market-based
SCOPE 1	CATEGORY 1	Diesel fuel	kgCO_2eq	67.807,32	67.807,32
		Natural Gas	kgCO_2eq	1.009.623,31	1.009.623,31
	TOTAL SC. 1 DIRECT EMISSIONS		kgCO_2eq	1.077.430,63	1.077.430,63
SCOPE 2	CATEGORY 2	Electricity (supplies)	kgCO_2eq	1.663.263,01	2.693.948,28
	TOTAL SCOPE 2		kgCO_2eq	1.663.263,01	2.693.948,28
SCOPE 3	CATEGORY 3	Business travels	kgCO_2eq	17.970,33	17.970,33
	CATEGORY 4	Water	kgCO_2eq	30.297,61	30.297,61
		Waste	kgCO_2eq	21.105,55	21.105,55
	CATEGORY 5	Tenants consump	kgCO_2eq	334.441,54	215.816,40
	TOTAL SCOPE 3		kgCO_2eq	403.815,03	285.189,88
SCOPE 2&3	TOTAL DIRECT EMISSIONS		kgCO_2eq	2.067.078,03	2.979.138,16
TOTAL (SCOPE 1 + 2 + 3)			kgCO_2eq	3.144.508,66	4.056.568,79
TOTAL (SCOPE 1 + 2 + 3)			**tCO_2eq**	**3.144,51**	**4.056,57**

Methodology

1 - Scope

The activities considered in the carbon footprint calculation fall within the limits of those carried out in the offices (management and administration) and in the organization's portfolio of assets. Construction and renovation activities conducted by external organizations are not included in the calculation. The organization accounts for all greenhouse gas (GHG) emissions and absorptions from facilities over which it has operational control.

“MiCampus Living” has operational control with certain restrictions on the activities mentioned above. The carbon footprint calculation is performed with the following scope:

Scope 1: Direct GHG emissions from stationary combustion sources, including diesel and natural gas.

Scope 2: Indirect GHG emissions associated with the generation of electricity acquired and consumed by the organization.

Scope 3: Indirect GHG emissions from the company's value chain, which includes business trips (hotel stays and transportation by plane, train, car, and bus), water consumption, treatment of generated waste, and energy consumption by tenants (in the two buildings operated by NH).

2 - Base line year

Data from year 2022 has been selected as the base line year because it is the first year with a complete, verifiable and available GHG inventory. This base year will be reviewed and recalculated in the event of a structural change in reporting or organizational boundaries, a change in calculation methodologies, or the discovery of material error(s).

In subsequent years, if a new reporting category is added to any of the Scopes (for example, refrigerant leaks), and any of the changes represent more than 10% of the total carbon footprint, then, the base line year must be recalculated.

The accuracy and representativeness of this base line year will be re-evaluated each year.

3 - Methodology

The calculation methodology used in the carbon footprint calculation is compatible with the international standard EN ISO 14064-1:2019 and the GHG Protocol Corporate Accounting and Reporting Standard.

Climate-related indicators and targets

The Fund believes that climate change poses a serious threat and that addressing the climate crisis is integral to building resilient businesses. Its key areas of focus currently are:

1. Measuring GHG emissions to better manage the implications
2. Accelerating the transition to clean energy
3. Prioritizing the transformation and management of green buildings

Within its business the Fund continues to prioritize the investment in, and development of, energy and operational efficiency, which adds value to its business and tenants. It has begun to actively measure water and waste within its offices as well as several of the businesses and assets that it manages. The Fund believes that businesses that operate responsibly regarding water use and waste will be more sustainable over the long term.

The Fund through the GP recognises the importance of the identification, assessment, and management of climate-related risks, as well as its integration into the risk management processes, reflected in this document. In this respect, the GP has identified the following sustainability indicators that will enable the Fund to achieve the promotion of the environmental and social characteristics:

- Long-term carbon reduction
- Lower energy use / Reduce exposure to energy inefficient assets
- Social and community infrastructure

E/S Characteristics promoted	Sustainability indicator
Long-term carbon reduction	**Net Zero by 2040: The Fund targets Net Zero Carbon ("NZC") Emissions by 2040. For these purposes:** 1. "Net Zero" means a Carbon Emissions target aligned to recognized initiatives such as the Science Based Targets initiative ("SBTi") Criteria. The Fund's Net Zero program will be aligned with SBTi from the date on which the Fund was launched, i.e. 31 March 2023, but it won´t be submitted to SBTi until 2025 considering the expected growth of the Fund's portfolio. 2. "Carbon Emissions" means: a) Scope 1 Emissions (i.e. direct emissions of a company from owned and controlled sources); b) Scope 2 Emissions (i.e. indirect emissions of a company from the generation of purchased energy); and c) Scope 3 emissions (i.e. all indirect emissions not included in Scope 2). For property investments that are not yet Net Zero, the Fund aims to achieve NZC Emissions by 2040 by achieving the below-listed milestones: • Between 2023 and 2027, the Fund will apply a carbon reduction target of 20% with respect to Scope 1 and 2 Emissions. • Between 2027 and 2032, the Fund will apply a carbon reduction target of: (i) 50% of Scope 1 and 2 Emissions; and (ii) 30% of Scope 3 Emissions. The Fund aims to reduce at least 42% of its Scope 1 and 2 emissions by 2030, following which a compensation plan for residual emissions shall be put in place. • Between 2032 and 2037, the Fund will apply a carbon reduction target of 70% with respect to Scope 1, 2 and 3 Emissions. For property investments that achieve Net Zero, the Fund will seek to maintain NZC Emissions for the duration of the lifecycle of the relevant real estate asset. Disclosures in this document may develop and be subject to change due to ongoing improvements in the data provided to, obtained by and analysed in respect of the Fund.

E/S Characteristics promoted	Sustainability indicator
Lower energy use / Reduce exposure to energy inefficient assets	The Fund will use the following sustainability indicators to measure the attainment of this environmental characteristic promoted by the Fund: 1. Energy performance certificates; and 2. Energy consumption / intensity
Social and community infrastructure	The Fund will promote good practices in well-being issues for the occupants of the real estate assets by earning internationally recognized ratings. Over a 4-year period commencing in 2023 and ending in 2026, the Fund will seek to achieve the 'WELL Health-Safety' rating for Facility Operations and Management across the entirety of the Fund's portfolio. From 2026, the Fund will seek to maintain this internationally recognized rating across the entirety of the Fund's portfolio. In addition, and over the same 4-year period commencing in 2023 and ending in 2026, the Fund will implement the 'Value to Society' methodology to measure the social value impact of the assets and the Fund itself. From 2026, the Fund will measure and seek to at least maintain but ultimately to improve this 'Value to Society' methodology. The WELL Health-Safety Rating for Facility Operations and Management is a roadmap for driving resilience into the center of business policies and operational plans, focused on operational policies, maintenance protocols and emergency plans (spaces clean and sanitized, health benefits and services, communication of health and safety efforts, emergency plans and assess air and water quality). Through the "Value to Society" methodology, the Fund will measure and establish key performance indicators ("KPIs") (i) for social issues, (ii) for assigning monetary values, (iii) to identify and evaluate the impact generated by the activity and (iv) for the assets and the Fund to make better decisions among different stakeholders, communities and the environment.

These sustainability indicators will be used to measure the attainment of each of the environmental and social characteristics promoted by the Fund and will be included in the Fund's mandatory periodic report.

Data are derived from multiple external sources such as energy provider, Lessor, and technical audit. Data are controlled by the Lessor's ESG team for each asset and input in a licensed IT tool and exported and monitored in internal monitoring tools. No external data service providers are used.

Decarbonization targets

The Fund has aligned the decarbonization plan with the SBTi and commits to present it by 2025 for assessment and review. Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.

The decarbonization plan that has been developed, aligned with the Science Bases Targets (SBTi) is as follows:

- **2023** — Full measurement of the carbon footprint for scope 1, 2, & 3
- **2027** — 20% emissions reduction in scope 1 & 2
- **2030** — 42% emissions reduction in scope 1 & 2
Development of a carbon offsetting plan for residual emissions
- **2032** — 50% emissions reduction in scope 1 & 2
30% emissions reduction in scope 3
- **2037** — 70% emissions reduction in scope 1, 2 & 3

2040 NET ZERO

Resources

1. General

https://www.fsb-tcfd.org/

https://www.fsb-tcfd.org/press/fourth-tcfd-status-report-highlights-greatest-progress-to-date-on-tcfd-adoption/#:~:text=Since%20last%20year's%20report%2C%20the,total%20to%20over%202%2C600%20globally

https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf

https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf

2. Governance and Risk Management

ESACF's Responsible Investment Policy: https://esacf.com/wp-content/uploads/2023/03/Responsible-investment-policy.docx

Remuneration Policy: https://esacf.com/wp-content/uploads/2023/03/Remuneration-Policy.docx

Further details on the AIFM's PAI statement: https://www.tmf-group.com/

3. Strategy (Risks, opportunities and scenario analysis)

https://www.nytimes.com/interactive/2021/10/25/climate/world-climate-pledges-cop26.html

https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

https://www.un.org/sustainabledevelopment/

https://www.miteco.gob.es/es/prensa/pniec.aspx

https://www.thecroforum.org/wp-content/uploads/2019/01/CROF-ERI-2019-The-heat-is-on-Position-paper-1.pdf

https://climateanalytics.org/blog/2022/new-pathways-to-15c-interpreting-the-ipccs-working-group-iii-scenarios-in-the-context-of-the-paris-agreement/

4. Metrics and targets:

Sustainability-related Disclosures section: https://esacf.com/esg

Disclosures of GHG emissions: https://www.miteco.gob.es/content/dam/miteco/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factoresemision_tcm30-479095.pdf

GHG emissions calculations: https://ghgprotocol.org/corporate-standard

Disclosure

This TCFD report provides insights into ESACF and may contain certain statements that, other than historical facts, possibly involves forward-looking statements concerning ESACF's climate and other sustainability-related strategies, plans and targets. Please note that the latter outlined in this report do not constitute guarantees or assurances. The Fund advises that forward-looking statements are influenced by a multitude of assumptions, risks, and uncertainties, which are subject to change over time. Such statements reflect conditions as of their respective dates of issuance, and ESACF does not assume any obligation or commitment to update them. It's crucial to recognize that actual outcomes may substantially deviate from the expectations presented in these forward-looking statements, and future results may differ significantly from historical performance.

For an in-depth discussion of factors that can lead to divergent results, as well as additional influences on forward-looking statements, please refer to The Fund's Annual Report, accessible on The Fund's website. The inclusion of information in this TCFD report should not be construed as a characterization regarding the materiality or financial impact of that information.

This document includes non-financial metrics that are susceptible to measurement uncertainties arising from inherent limitations in both the nature of the data and the methods employed to derive it. The use of different but acceptable measurement techniques can yield significantly different results, and the precision of these techniques may also fluctuate. The information provided herein is accurate as of December 2023, and The Fund retains the right to enhance its measurement techniques and methodologies in the future.

ESAF

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