

Sustainability related disclosures

CT Europe Residential FCP-RAIF

Summary

CT Europe Residential FCP-RAIF (the **Fund**) promotes environmental and social characteristics.

It is categorised as an Article 8 product for the purposes of SFDR¹ by Sanne LIS S.A., the management company of the Fund (the **Management Company**), supported by Columbia Threadneedle REP PM Limited (French Branch) and CT Real Estate Partners GmbH & Co. KG each in its capacity as investment advisor of the Fund (the **Investment Advisor**).

As at the date of this disclosure, the Fund does not hold any investments in its portfolio and as such it is not in scope of the Taxonomy Regulation. Nonetheless, since it is possible that in the foreseeable future the Fund will invest in an undertaking that contributes to the environmental objective, the requirements of the Taxonomy Regulation are taken into account when considering potential investments. Accordingly, the information included in this section will be regularly updated and, if necessary, the appropriate disclosures in accordance with the Taxonomy Regulation will be made once the first asset has been acquired.

The Fund promotes following environmental and social characteristics:

- (a) resilient buildings – environmentally optimised factoring in climate risk and operational efficiencies;
- (b) carbon aware – building fabric, operations and supply chain; and
- (c) community orientated – connected stakeholder engagement.

(the “**ESG Ambitions**”).

The Fund will invest in pan-European PRS. The Fund will design, build and manage high density apartments (and low-density houses) across Europe. Targeting metropolises, metropolitan areas and top cities as they are enhanced by (re)urbanisation. The housing units delivered will provide a mixture of premium, mid-market, affordable and senior living/best accessibility accommodation to deliver a long-term diversified income stream to investors.

In managing the Fund, the Management Company will utilise and promote the Fund’s ESG Ambitions within the implementation of the investment strategy in order to encourage and support the creation of sustainable rental homes that are environmentally optimised, contribute positively to the carbon agenda and engage with residents and other connected stakeholders to promote and create thriving communities community wellbeing.

The Investment Advisor monitors the methodologies and data it uses to monitor attainment of the sustainability objectives of the Fund on an ongoing basis and continuously seeks to improve the way in which sustainability measures are applied.

Terms used in this disclosure and not defined herein have the meaning set out in the Fund’s ESG Sustainability Risk Policy which is available from the Investment Advisor or the Management Company.

¹ Regulation (EU) 2019/2088 of the European Parliament of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector

No sustainable investment objective

The Fund does not have sustainable investment as its objective.

Environmental or social characteristics of the financial product

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- a) resilient buildings – environmentally optimised factoring in climate risk and operational efficiencies;
- b) carbon aware – building fabric, operations and supply chain; and
- c) community orientated – connected stakeholder engagement.

(the “ESG Ambitions”).

Investment strategy

The Fund will invest in pan-European PRS. The Fund will design, build and manage high density apartments (and low density houses) across Europe. Targeting metropolises, metropolitan areas and top cities as they are enhanced by (re)urbanisation. The housing units delivered will provide a mixture of premium, mid-market, affordable and senior living/best accessibility accommodation to deliver a long-term diversified income stream to investors.

In managing the Fund, the Management Company will utilise and promote the Fund’s ESG Ambitions within the implementation of the investment strategy in order to encourage and support the creation of sustainable rental homes that are environmentally optimised, contribute positively to the carbon agenda and engage with residents and other connected stakeholders to promote and create thriving communities community wellbeing.

In managing the Fund, the Management Company will utilise the Investment Advisor’s systematic acquisition and operational approach including:

- ESG factors being core to stock selection;
- specific defined ESG touchpoints through each property lifecycle; and
- transparent assessment and performance measurement, reporting and verification to the Investment Advisor’s Investment Committee and the AIFM’s Portfolio and Risk Team.

The Fund’s approach is also intended to align, where possible, with the UN Sustainable Development Goals. This approach is anticipated to help investors make a broader analysis of the ways their investment affects the economy, society and the environment, which might otherwise be overlooked in conventional analysis of financial materiality.

Proportion of investments

The Fund will invest in pan-European PRS. The Fund will design, build, acquire and manage high density apartments (and low density houses) across Europe. The Fund will target metropolises, metropolitan areas and top cities as they are enhanced by (re)urbanisation. The housing units delivered will provide a mixture of premium, mid-market, affordable and senior living/best accessibility accommodation to deliver a long-term diversified income stream to investors. In managing the Fund, the Management Company will take into account the ESG Ambitions, but it does not have sustainable investment as its objective.

Monitoring of environmental or social characteristics

Under the period of fund ownership, an annual sustainability appraisal will be conducted on every property in the Fund's portfolio. The review will consider factors such as:

- Reducing energy intensity
- Maintaining/ improving energy efficiency as necessary, improving energy efficiency standards (via an energy efficiency rating)
- Reducing flood risk and improving climate resilience

The appraisal will also detail the Investment Advisor's assessment of these risks, present a succinct forward plan to mitigate any identified environmental risk in line with financial objectives and provide the associated capital expenditure, if any, in executing their plan.

The managing agent for each property will be bound to a property management agreement with ESG performance standards. KPIs are to be determined locally, but to include as a minimum undertaking periodic residents' surveys and maintaining an up to date resident ESG guide.

The performance reports for each asset are disclosed with the regular external reporting to investors and oversight is provided internally by the Investment Advisor's Investment Committee in addition to the Management Company's portfolio and risk management teams.

Methodologies

In managing the Fund, the Management Company currently measures the attainment of its ESG Ambitions using the Investment Advisor's responsible property investment framework and appraisal methodology (the "European Residential ESG Framework"), which is taken into account for each scheme:

- (a) screening for environmental risks and opportunities - ESG due-diligence covering flood risk, contamination risk, energy efficiency rating;
- (b) sustainable fit-out and operation - set prescribed targets around flexibility, adaptability, and key environmental impact areas;
- (c) regular asset ESG appraisal - review interventions made and forward plan asset ESG strategy in line with financials;
- (d) screening against carbon profile and renewables mix - establish energy use intensities, extent of renewables generation and capture, evaluate opportunities to improve;
- (e) embodied carbon - support low carbon design choices and materials selection and promote use of local supply chains;
- (f) green lease obligations - encourage occupiers to sign green leases with clauses that support the asset management ESG strategy;
- (g) demographic trends - understand local appeal, ambition, preferences and infrastructure and position accordingly;
- (h) promotion of inclusive culture - set processes and criteria that encourage a diverse mix amongst all connected stakeholder groups; and
- (i) stakeholder surveys and community feedback - formalise clear methodologies, frequencies and accessible channels to stimulate and circulate constructive opinions.

The detailed metrics and indicators for adverse impacts as set out in Annex I of the Regulatory Technical Standards for SFDR (the “RTS”) will be taken into account and reported on, where relevant to the Fund, in compliance with the timing requirements of SFDR and this disclosure will be updated accordingly. However, the metrics currently used by the Investment Advisor to measure attainment of the ESG Ambitions, as set out in the European Residential ESG Framework, have been specifically developed for the purposes of the Fund and provide detailed information to investors on Fund specific sustainability indicators, providing a way for investors to understand how the Fund’s ESG Ambitions have been achieved and its overall sustainability impact.

Data sources and processing

Various external and internal data sources are used throughout the lifecycle and hold period of an investment. A number of these are identified in the ESG Sustainability Risk Policy of the Fund, including GRESB performance. A designated scoring system is applied to each investment on an annual basis to provide a transparent measurement which is disclosed to investors.

Limitations to methodologies and data

Available ESG and sustainability data has its limitations. The Investment Advisor monitors the methodologies and data it uses to monitor attainment of the social objectives of the Fund on an ongoing basis and continuously seeks to improve the way in which sustainability measures are applied.

The nature of direct real estate investments means that not all measures can be applied to each and every investment.

The measurement process and metrics used are fully transparent. Some use accredited external sources while others have been designed by the Investment Advisor. The framework is reviewed on a three year basis to ensure adherence with the evolving landscape. The Framework is overseen at the Investment Advisor.

Due diligence

Each investment must adhere to minimum investment criteria, which includes the ESG requirements as defined in the ESG Impact Framework and standard real estate fundamentals. The process for review and approval is managed by the Investment Advisor’s Investment Committee and the Management Company’s portfolio and risk management teams. The Investment Advisor engages a number of external specialist consultants to consider sustainability risks and opportunities as part of acquisition due diligence which is fed into its advice to the Management Company. An integral part of that due covers ESG aspects such as flood risk, contamination risk, energy efficiency rating

Engagement policies

The Fund is a direct real estate investment product and in control of all interventions. Engagement in this context is with tenants and suppliers. Ambitions for engagement and improved outcomes with both are captured and measured using the Framework.

One of the ESG Ambitions of the Fund is to promote a community oriented, connected stakeholder engagement. The Fund:

- promotes inclusive culture by encourage a diverse mix amongst all connected stakeholder groups; and
- promotes stakeholder surveys and community feedback by designing clear methodologies, frequencies and accessible opinion channels to stimulate and circulate constructive opinions.

Benchmark

There is currently no benchmark which can be used by real assets funds to adequately measure the attainments of social or environmental objectives. As such, the Fund currently uses detailed qualitative and quantitative reporting to investors on a regular basis.