On the behalf of PROMETHEUS
Closed-end Real Estate Alternative Investment Fund
Reserved to Professional Investors

Milan, 19th September 2024

Article 10 – Website Disclosure

a) Summary

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

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

The investment of the Fund is mainly focused on real estates for office and/or retail use located in Italy, already built or to be restored, reconverted, restructured, renovated, completed and/or enhanced. Overall, the Fund is targeting 100% of all its real estate investments to align with the promotion of E/S Characteristics. The Fund currently includes one asset located in Milan, Italy. This is a major renovation office project.

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

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

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

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

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

b) No sustainable investment objective

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

c) Environmental or social characteristics of the financial product

The Prometheus Fund (the Fund) promotes Environmental and Social Characteristics (E/S Characteristics) pursuant to art. 8 of SFDR.

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

d) Investment strategy

The investment of the Fund is mainly focused on real estates for office and/or retail use located in Italy, already built or to be restored, reconverted, restructured, renovated, completed and/or enhanced. The Fund currently includes one asset located in Milan, Italy. This is a major renovation office project.

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

(A) Pre-due diligence screening to exclude potential investments that are not consistent with the ESG criteria identified by the Management Company and to identify possible investments that stand out (actually or potentially) for positive ESG value generated. In this regard, it is outlined that no investment shall be made in real estate assets: (i) intended for activities prohibited by the biodiversity conservation legislation; (ii) used for the extraction, storage, transportation or production of fossil fuels; (iii) leased (exclusively or predominantly) to tenants engaged in manufacturing or marketing activities or whose activities are related to firearms, armaments, military-type supplies or ammunition, pornography and prostitution. Additional assets can be excluded from time to time by the Management Company also as a result of specific needs that investors can have to this effect;

(B) ESG assessment (in addition to the other due diligence activities) in order to identify the alignment with (i) the E/S characteristics of the asset being potentially invested; (ii) possible areas for improvement of the asset with reference to E/S characteristics. In addition to the ESG assessment, specific ESG due diligence activities may be also carried out on a case by case basis;

(C) Asset management activities including the use of appropriate ESG clauses in agreements with third parties; managing, monitoring and reporting of ESG performances of the properties and considering any ESG features of the asset in the related divestment phase.

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

e) Proportion of investments

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

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

f) Monitoring of environmental or social characteristics

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

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

The E/S Characteristics are implemented and monitored during two stages applicable to the investment:

- Phase I. Refurbishment[1];
- Phase II. Asset management.

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

g) Methodologies for environmental or social characteristics

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

A. Achievement and maintenance of green building certifications – During refurbishment and asset management phase, the most widely used and internationally recognized "green building" standards and certification schemes developed by independent third parties are achieved and maintained (such

[1] Refurbishment' is defined as a renovation that includes an intervention on the building envelope for an incidence higher than 50% of the total gross dispersion surface of the building and the refurbishment of the heating and/or air conditioning system serving the entire building for winter and/or summer. This definition is provided by the Interministerial Decree dated 26th June 2015 on the "Application of energy performance calculation methodologies and definition of prescriptions and minimum requirements for buildings", Annex 1.

as LEED, WELL, BREEAM In Use protocols). The Management Company targets to achieve and maintain at least one GBC. In particular, the indicators used to measure the attainment of this E/S Characteristic are: (i) for the assets under refurbishment, targeting during construction works at least one GBC and after works completion, achievement of the targeted GBC (a minimum of one) within the deadline required by the certification body; and (ii) during the asset management phase, maintenance of a valid GBC. The achievement of green building certifications will be tracked and the renewals will be verified within the expiration dates.

B. <u>Implementation of energy efficiency measures targeting an improvement of EPC class</u> – For these purposes the Management Company, for the assets under refurbishment only, ensures that the refurbishment shall be aimed at improving also the energy efficiency of the assets implementing measures within the aim of improving the EPC energy class of the assets (in any case within the limits of the related capex budget envisaged by the business plan of the Fund. Furthermore, both during the refurbishment phase (if any) and the asset management phase, the Management Company calculates and monitors the Principal Adverse Impact ("PAI") (mandatory) indicator for real estate concerning the exposure to energy inefficient assets. The assets without a valid EPC will be consiered as "energy inefficient".

   It is understood that no energy efficiency measures are requested when it is not actually possible from a technical point of view. In addition, for the assets under refurbishment only, the Management Company foresees the installation of a BMS (Building Management System) throughout the asset. The BMS can provide electronic control over equipment's operation. Installation and testing are required.

C. <u>Non-exposure to fossil fuels through real estate assets</u> – The Fund does not have (and shall not have in the future) any investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels. The Management Company during the asset management phase, calculates and discloses the PAI (mandatory) indicator for real estate concerning the exposure to fossil fuels through real estate assets.

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

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

- All assets are equipped with facilities for waste sorting and covered by a waste recovery or recycling contract. Moreover, the Management Company discloses the PAI (optional) indicator for real estate concerning the waste. In particular, this indicator consists of the share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract;
- 100% of tenants receive semi-annual requests from landlord to share energy consumption data;
- 100% of new leases offered by the Management Company contain green clauses. The green clauses entail at least one annual meeting between tenants and landlord to discuss possible improvements, if any, in the sustainable operations of the building and semi-annual sharing of energy consumption data by tenants. In addition, the Management Company calculates and discloses – if sufficient energy consumption data coverage is available – the PAI (optional) indicator for real estate concerning the energy consumption (energy consumption intensity). The green clauses require tenants' acceptance in order to be included in signed leased contracts.

h) Data sources and processing

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

Data used to assess the E/S Characteristics promoted by the Fund is collected and stored in internal digital systems, and the Management Company conducts an overall review, where possible, to monitor their quality. For the characteristic related to the inclusion of green clauses in 100% of new offered leases, The Management Company will prepare a new lease template including the green clauses and state the date since which the template will be adopted for the preparation of the offered leases.

i) Limitations to methodologies and data

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

j) Due diligence

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

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

Please see Section d) for further details.

k) Engagement policies

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

Please see Section g) for further details.

l) Designated reference benchmark

Not applicable