

ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Funding Affordable Homes SICAV SIF S.A.

Legal entity identifier: 254900YV1OCBXJKWS76

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="radio"/> Yes	<input type="radio"/> <input type="radio"/> <input type="radio"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ____% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input checked="" type="checkbox"/> It made sustainable investments with a social objective: 100%	<input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

To what extent was the sustainable investment objective of this financial product met?

The sustainable investment objective of Funding Affordable Homes ("FAH") is to help alleviate the chronic shortage of affordable housing in the UK by offering a valuable source of funding to the sector, delivering more homes, tangible and measurable social benefits as well as providing attractive, stable and progressive returns to investors.

The Fund's investment approach, in respect of its objective, is to maximise social impact while delivering sustainable financial returns to investors by investing in affordable homes, meaning homes for rent or shared ownership where the rents or purchase costs are below full market value. FAH's portfolio of 886 homes across 11 projects includes general needs affordable housing and specialist housing for people with additional support needs, including extra care, homelessness housing and supported living.





Monitoring for this year's Annual Impact Report, produced by leading social impact advisory firm The Good Economy ("TGE") once again confirmed that FAH has continued to meet its sustainable investment objective, including at output and outcome level. This includes output data relating to the delivery, quality, affordability and social need for FAH's schemes, as well as outcome data gathered through interviews and surveys with residents of FAH's schemes, which suggests the homes are having a positive impact on people's lives.

- *How did the sustainability indicators perform?*
- *...and compared to previous periods?*

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

The sustainability indicators which measure the attainment of FAH's sustainable investment objectives are included in the Fund's proprietary Impact Performance Assessment Framework, developed in conjunction with TGE. The framework assesses performance across five key Impact Objectives – Social Need, Additionality, Affordability, Quality of Management and to Fund High Quality Sustainable Developments. Metrics of those sustainability indicators or Impact Objectives is shown below for both 2023 and 2024.

Certain metrics weakened over the 12-month period, including % of homes meeting the National Space Standards ("NSS"), and the % of homes with an Energy Performance Certificate (EPC) rating of A or B, as a result of Fund's latest acquisition Sterling Gardens, Newbury. However, it should be noted that most of these homes are only marginally below the NSS, and as such 89% of homes meet, or are within, 5% of the NSS. With respect to EPC's, the Fund is looking at strategies to improve the EPC ratings of this asset to bring it in line with the Portfolio average.

Impact Objective	Sustainability Indicator	2023	2024
Social Need	Total number of homes provided	732	886
	% of homes provided in the 20% most deprived local authorities	46%	40%
	Potential number of people housed	c.1,300	c.1,600
Additionality	% of schemes with TGE Additionality Rating "High"	78%	70%
Affordability	Average rental discount to market rent	35%	34%
	% of general need rented homes at or below Local Housing Allowance	81%	85%
Quality of Management	% of partner RPs compliant with RSH's Governance and Viability Standards	100%	100%
	% of health and safety compliance measures meeting target at year end	100%	99%
	% of homelessness residents in receipt of support alongside their accommodation	100%	100%



Fund high quality sustainable developments	% of homes with an EPC rating A or B	100%	83%
	% of homes meeting National Space Standards	88%	76%
	% of homes meeting Decent Homes Standard	100%	100%
	Total capacity of renewable energy production	38.73 kW (Measured across three schemes where renewables currently present)	46.61 kWh (Measured across four schemes where renewables currently present)

How did the sustainable investments not cause significant harm to any sustainable investment objective?

The investments made by the Fund do not harm sustainable investment objectives as the Fund's approach to investment ensures that social and environmental considerations are an integral part of the investment process. Investments are assessed both internally and externally to ensure that they align and will contribute positively towards the sustainable investment objective of the Fund. In addition, the independent impact report commissioned by the Fund, produced on an annual basis, identifies where there are potential risks and areas of improvement in order that these can be incorporated into asset management plans to enable the assets to move towards a positive contribution through engagement with relevant stakeholders.

The Fund takes a holistic approach to ESG, by embedding environmental and governance considerations into the operation and management of the Fund. Whilst social impact is the primary consideration of the Fund, this is not at the expense of environmental and governance considerations which remain a key focus to ensure the Fund's long-term alignment with the sustainability investment objective.

How were the indicators for adverse impacts on sustainability factors taken into account?

The Fund has identified the following mandatory and optional indicators for adverse impacts on sustainability factors:

- Exposure to fossil fuels;
- Exposure to energy inefficient real assets;
- Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract; and
- Carbon emissions in kgCO₂ per sqm per year.



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The table below shows the Fund's performance on the indicators above based on 2023 data.

PAI Indicators		Data Coverage	
PAI mandatory	% Assets involved in fossil fuel industry	0%	100%
PAI mandatory	% Energy inefficient assets	13%	100%
PAI optional	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract	0%	100%
PAI optional	Carbon emissions in kgCO2 per sqm per year (2023)	14.06	100%

Note: Carbon emission data based off EPC calculations

Commenting on the PAI indicators in the table above:

- Exposure to fossil fuels – none of the Fund's real estate assets are involved in the extraction, storage, transport or manufacture of fossil fuels;
- Exposure to energy inefficient real assets – 87% of the Fund's real estate assets are rated EPC A or B. The remainder of the assets, which were acquired by the Fund this year, are EPC C and FAH is considering strategies for improvement;
- Assets not covered by a waste recovery or recycling contract – 100% of the Fund's real estate assets are covered by a recycling contract for resident waste; and
- Carbon emissions – the average emission across the Fund's real estate assets is 14.06kg per sqm per year.

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

The Fund operates in line with the investment and real estate adviser's "Responsible Company Mission" as set out in its Sustainability Report 2022 and detailed in its Corporate Social Responsibility policy, which outlines that:

"We value and operate in accordance with the principles of protection of human rights, such as those set out in the United Nations Universal Declaration, in our business activities and in our relationships with our partners, clients and suppliers and the communities we serve. We apply a zero-tolerance policy to the risks of corruption, money laundering and the financing of terrorism. These commitments are embodied in the Group's values and culture. The Group's Corporate Social Responsibility policy details our positioning in line with the five areas of the United Nations Global Compact: governance, human rights, labor, environment and anti-corruption. The Responsible Purchasing Charter, signed by our suppliers, also guarantees a reciprocal commitment to these themes to value and operate in accordance with the principles and protection of human rights, such as those set out in the United Nations Universal Declaration, in our business activities and in our relationships with our partners, clients and suppliers and the communities we serve."



How did this financial product consider principal adverse impacts on sustainability factors?

Social performance is assessed at all stages of the investment process – from initial investment opportunity screening, through holding and to potential exit. In order to meet its sustainable investment objective, all elements of the strategy for selecting investment to attain this objective are binding and intrinsic to the operation and management of the Fund.

Each of the Fund's investment opportunities are externally assessed by TGE, a leading social impact advisory firm based in the UK, to ensure it meets the sustainability and impact criteria required. The screening and diligence process considers impact risk, as defined by the Impact Management Project. Impact risks are monitored on an annual basis through the independent Impact Report, authored by TGE, in which the potential risks and areas for improvement are identified. These factors are then considered through the annual social impact reporting process (undertaken by TGE) to ensure ongoing compliance with the sustainability objectives. The report is disclosed publicly for transparency.

FAH assesses the indicators for adverse impacts for real estate, as identified by SFDR, through the screening and diligence process for each investment opportunity. For example, this includes assessing EPC ratings, which shows that 87% of the portfolio is rated EPC A or B. 13% of assets are rated EPC C (a consequence of the Fund's most recent investment Newbury, meaning the portfolio has a small exposure to energy inefficient assets – FAH is looking at strategies to improve the EPC ratings of this asset to bring it in line with the Fund average). FAH does not consider that it is materially exposed to this adverse indicator.

Asset allocation describes the share of investments in specific assets.



What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is the financial year ending 30 June 2023

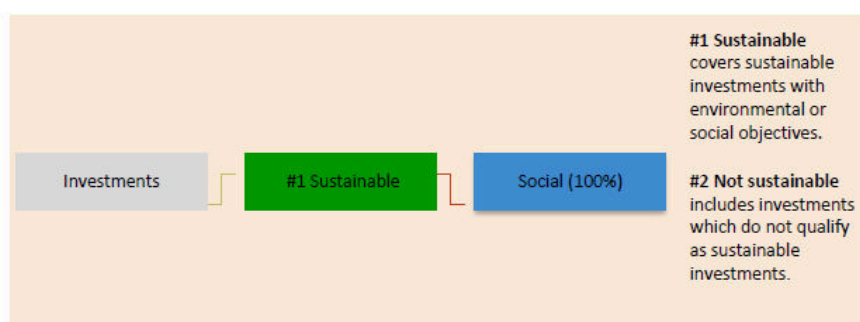
Largest investments	Sector	% Assets	Country
<i>Island Point</i>	<i>Social RE</i>	<i>24%</i>	<i>UK</i>
<i>Newbury</i>	<i>Social RE</i>	<i>15%</i>	<i>UK</i>
<i>Northampton</i>	<i>Social RE</i>	<i>11%</i>	<i>UK</i>
<i>Harwich</i>	<i>Social RE</i>	<i>8%</i>	<i>UK</i>
<i>Ryde</i>	<i>Social RE</i>	<i>8%</i>	<i>UK</i>
<i>Other Social RE assets each below 10% in the UK</i>	<i>Social RE</i>	<i>34%</i>	<i>UK</i>



What was the proportion of sustainability-related investments?

What was the asset allocation?

100% of FAH's portfolio are sustainable real estate investments, which contribute to the Fund's social objectives.



To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

In which economic sectors were the investments made?

The Fund invests only in direct unlisted Real Estate assets, providing Affordable Housing in the UK.



To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

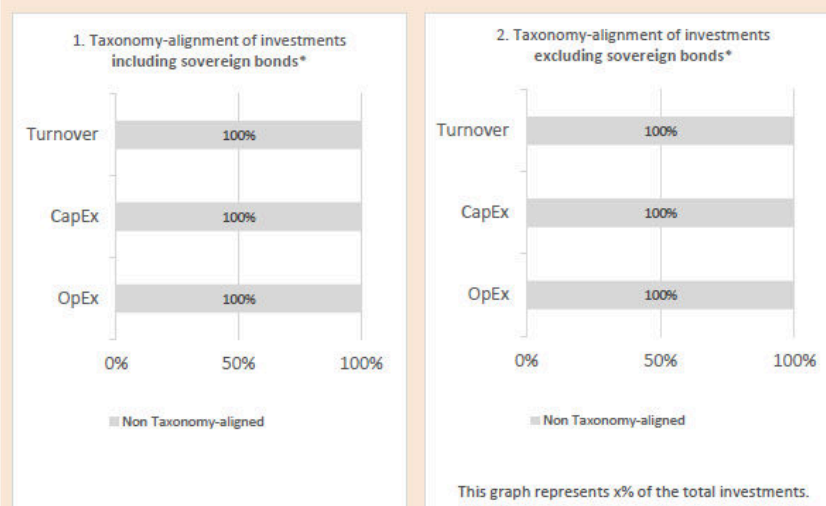
The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● What was the share of investments made in transitional and enabling activities?

0%

● How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

N/A

What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

N/A



What was the share of socially sustainable investments?

100%



What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

N/A

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



What actions have been taken to attain the sustainable investment objective during the reference period?

FAH acquired one new scheme during the reference period – a completed development of 119 homes in Newbury, West Berkshire. The social impact of this scheme was assessed prior to acquisition by FAH's social impact Advisory Committee (internal) and TGE (external) using the Impact Performance Assessment Framework. To ensure its sustainable investment objective continue to be met, FAH carries out regular monitoring of its portfolio. This includes monitoring data and key performance indicators at each scheme relating to voids, repairs, health and safety, resident satisfaction and, where relevant, regulatory assessments (e.g. CQC ratings). In addition, FAH visits schemes at least every six months, and commissions TGE to conduct an annual social impact report. As FAH is not actively involved in the day-to-day management at a scheme level, this monitoring is essential to ensure the homes continue to benefit people's lives and to identify where FAH needs to take action to attain its sustainable investment objective.

Overall, FAH ensures that impact considerations are integrated into the investment process from screening, to asset management and monitoring and to any potential future exit. This supports FAH's attainment of its sustainable investment objective both when deploying money to new schemes, and on an ongoing basis once schemes are operational. FAH also continued to integrate environmental considerations during acquisition and on an ongoing basis, participating in GRESB and utilising third-party assessments such as BREEAM In Use, to identify asset management initiatives to improve the environmental performance of the schemes for the benefit of society and the schemes' residents.



How did this financial product perform compared to the reference sustainable benchmark?

The Fund does not currently use a designated benchmark for the purpose of assessing sustainable investment objectives. The Fund continues to monitor best practise in the investment sector within which it acquires assets, improving and enhancing relevant monitoring and measurement metrics and methodologies.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

● How did the reference benchmark differ from a broad market index?

N/A

● How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?

N/A

How did this financial product perform compared with the reference benchmark?

● N/A

● How did this financial product perform compared with the broad market index?

N/A