

An aerial photograph of London, England, featuring the River Thames, the Shard skyscraper, and various city buildings. The image is overlaid with a semi-transparent blue filter.

Sustainability – Related Disclosures

Article 10

DELANCEY

Article 8 – DV5 Fund

Summary

The DV5 Fund is designed to invest in commercial real estate and commercial real estate related assets in the United Kingdom and the Republic of Ireland, and to carry on all activities which are necessary or incidental thereto, with a view to producing income and capital profit. The investment objective of the Fund is to target growth opportunities in sectors such as residential, logistics, life sciences, as well as dislocation opportunities. The Fund promotes pre-defined environmental and social characteristics focused on climate change and stakeholder engagement. The Fund implements an ESG integration and ESG engagement approach.

No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have sustainable investments as its objective.

Environmental and social characteristics of the financial product

Whilst DV5 does not have sustainable investment as its sole objective, it will promote key environmental, and social characteristics across all investments. These characteristics will be managed through an ESG policy and strategy for the Fund with associated action plans, and quantifiable metrics and targets to promote accountability and transparency.

The environmental and social characteristics promoted by the Fund are detailed below:

Environmental

- Net Zero Carbon: Significant reductions in emissions by 2030, with the long-term target of Net Zero Carbon by 2050. To be achieved via asset level action planning and application of the energy hierarchy, reduction of consumption, improvement of energy efficiency and increasing use of onsite and offsite renewables
- Physical Climate Risk: Assessment of climate risk will be incorporated into investment analysis and decision making, including scenario analysis
- Green Certifications: New developments and standing assets will obtain green building certifications (e.g., BREEAM New Construction / In Use or other sustainability ratings), increasing coverage of total floor area over time

Social

- Tenant / Customer Satisfaction: Tenants / Customers will be invited to participate in a regular satisfaction survey regarding ESG, health and wellbeing matters
- Community Impact: Engage with tenants, stakeholders and the wider community in placemaking and engagement initiatives
- Employee Engagement: All staff will complete annual ESG training to contribute to supporting the implementation of fund ESG policies

Investment strategy

DV5 is a Real Estate Fund pursuing value-add and opportunistic real estate investments across the UK. The investments will be sourced, acquired, managed and sold under a Responsible Investment framework.

DV5 is opportunistic in nature and is focused on direct and indirect real estate investments where interventions from a sustainability perspective can help drive value while also positively contributing to solving sustainability challenges in the real estate space.

All potential investments go through an ESG assessment during the deal sourcing and due diligence phase, followed by active engagement and the implementation of either a sustainability action plan or sustainable development plan post-acquisition. The sustainability actions are monitored on an ongoing basis and included in the business plans for the assets.

Good governance of investment companies

The Fund is expected to make direct and indirect real estate investments. Whilst the Fund's primary focus is on direct real estate assets, there may be instances where performance on corporate governance factors of investment companies becomes relevant, for example if the Fund invests in a company in a real estate-related business. In these instances, the quality of corporate governance is a key criterion of the investment policy and process. The responsible investment policy seeks to identify and evaluate companies' performance on key governance factors, including but not limited to business conduct and ethics, organisational and board structure, tax transparency, quality of accounting practices, key persons, and ownership control. Post investment, the asset management and Responsible Investment team will engage with management to monitor governance practices and the corporate sustainability strategy.

Proportion of investments

The Fund is expected to invest 100% of its investments in direct and indirect real estate assets and will promote the characteristics defined above.

Monitoring of environmental and social characteristics

The investment, asset management and development teams monitor asset-specific ESG performance and the Responsible Investment team has oversight of the environmental and social characteristics promoted by the Fund. ESG factors are assessed throughout the asset lifecycle, starting at the deal sourcing and investment stage, and ending at the exit stage. Sustainability action plans or sustainable development briefs, depending on the asset type (operational vs development/major refurbishment), will be established and monitored on an ongoing basis and included in business plans for the assets. Performance against the E and S characteristics and related metrics promoted by the fund are assessed and reported on a quarterly basis.

Methodologies

Covered under '*Monitoring of environmental and social characteristics*' and '*Engagement policies*', since the promotion of environmental and social characteristics are enacted through active engagement and ongoing monitoring of the assets in the Fund.

Data sources and processing

The investment adviser has partnered with a third-party to assist with ESG data collection and management. The data is either sourced through automated meter readings (AMR), collected on site visits, through engagement with on-site teams and property management companies, or from tenants. ESG data is hosted in a data management system, which allows for streamlined reporting and management of asset-specific action plans. Data is collected and quality controlled on a quarterly basis. The proportion of estimated data will vary depending on the asset and the KPI in question as well as for landlord and tenant-controlled areas.

Limitations to methodologies and data

The investment adviser is conscious of challenges with collecting high quality data in the real estate industry, and is working with partners, occupiers and third-party consultants to improve both accuracy and coverage over time. Specifically, limitations exist for tenant-controlled areas where direct access may not be possible and therefore requires working together with tenants to encourage them to provide the data. The Fund will report in line with the Global Real Estate Sustainability Benchmark (GRESB) and adhere to the reporting methodologies recommended by the GRESB guidelines.

Due diligence

All investments are required to go through an initial ESG assessment pre-investment. This includes an initial transaction overview as well as an in-depth due diligence on key ESG risks. Findings are summarised in the Investment Committee (IC) memorandum and taken into account in the investment decision.

Engagement policies

The Delancey Responsible Investment policy summarises the approach to Responsible Investment and engagement post-investment for the investment adviser. Engagement is actioned through investment, asset management, and development activities. ESG considerations are embedded as part of this engagement and in particular potential issues identified during the acquisition stage are addressed. A sustainable development brief or action plan is created for each asset, which includes specific environmental and social considerations.

Designated reference benchmark

The Fund does not have a designated reference benchmark for the purpose of attaining the above characteristics.