

Responsible Investment Policy

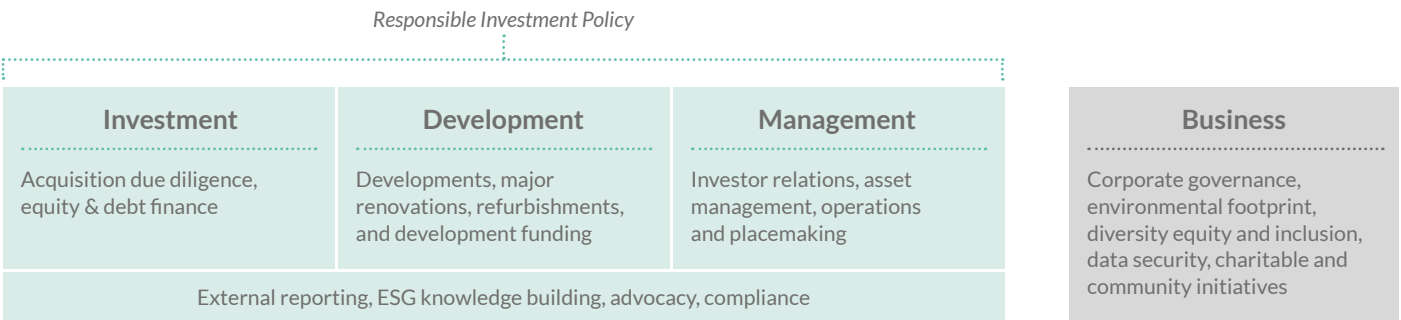
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About Us

Delancey is a UK-based real estate investment management and advisory firm, investing in real estate assets, developments, and related businesses on behalf of global institutions including pension funds, endowments, and family offices. We are a UK specialist and create value from property through innovative strategies, partnerships and decades of industry relationships and transactional experience.

Scope of the Policy

This policy outlines our responsible investment strategy with the objective to provide transparency around our responsible investment beliefs and investment approach. Due to the varied nature of our core business activities, the way we incorporate Environmental, Social, and Governance (ESG) considerations depends on the business activity in question. This policy therefore describes our approach to being a responsible investor, developer, and asset manager. Our corporate responsibility is not covered as part of the scope of this policy.



This policy applies to all funds and client mandates that we manage with changes to implementation depending on the investment strategy at hand. Wherever the approach is different we provide details in this policy.

Responsible Investment Philosophy

Delancey’s core objective is to maximise investment returns in its role as Investment Advisor or Investment Manager on behalf of its clients/joint venture partners and in line with the client’s pre agreed investment strategy and appetite. We have the fiduciary duty to act in the best interests of our clients, which is why we integrate ESG factors into our investment, development, and asset management process.

Beyond our fiduciary duty, we have the responsibility and opportunity to influence numerous environmental and social aspects through our investment and asset management approach. The real estate industry is known for its emissions intensity and impact on communities and individuals, and therefore we believe it is our duty to analyse, consider, and act on ESG risks, opportunities, and impacts as a core part of the work that we do. Our current funds are not marketed as impact-first funds. Instead, we integrate ESG risks, opportunities, and impact as part of our investment analysis and decision-making processes across all stages of the asset lifecycle.

Our commitment to responsible investment has a foundation of four distinct pillars:

- **Value Creation:** ESG factors can significantly impact the performance of our investments. Analysing ESG factors therefore helps identify value creation opportunities for our clients and stakeholders.
- **Risk Mitigation:** ESG factors have the potential to create significant risks for our assets or counterparties. Our approach therefore looks to uncover any ESG related risks to ensure that these are assessed and mitigated.
- **Positive Contribution:** Given the nature of our investments, we have an opportunity to create positive environmental and social impact on our stakeholders and the responsibility to ensure minimizing potential negative impacts. We therefore identify possible impact areas as part of our investment process.
- **Investor Alignment:** We take a collaborative approach to responsible investment with our clients and seek to create outcomes that support their responsible investment strategies. In practice, we do this through additional agreed ESG criteria and objectives, and tailored reporting.

How we define E, S, and G

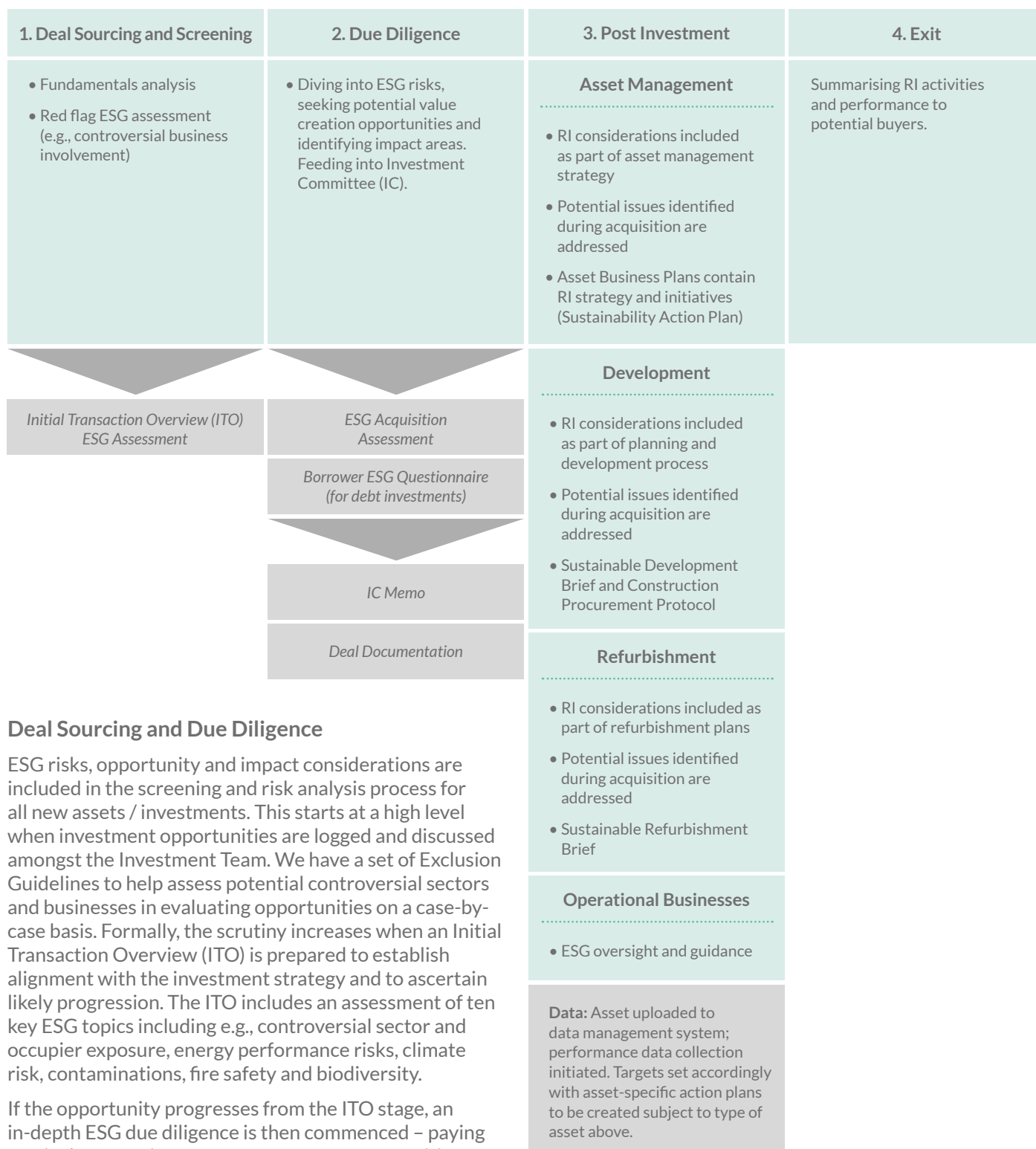
We look at ESG issues through the lens of exposure to and management of investment risks and opportunities, and the impact on stakeholders. In practice, depending on the type of asset analysed, the actual key performance indicators (KPIs) used to define an ESG issue may differ (e.g., some assets having specific regulatory requirements, or development assets having different certifications compared to operational assets etc.).

Environmental	Social	Governance
Environmental issues cover an asset or company's impact (negative and positive) on its surrounding environment as well as the risks and opportunities that the environment may pose on the performance of the asset or company.	Social issues cover an asset or company's impact (negative and positive) on its stakeholders (employees, customers, suppliers, occupiers, and communities) as well as the risks and opportunities that social issues may pose on the performance of the asset or company.	Governance issues cover an asset or company's system of business practices, controls, and operational processes. These issues evaluate governance risks and opportunities to the asset or company.
• Energy Efficiency • Climate Change and Emissions • Waste Management • Water Management • Pollution, Contamination and Hazardous Materials • Biodiversity • Building Materials • Transport	• Health, Safety, and Wellbeing • Occupier and Community Engagement • Labour Management • Human Rights and Modern Slavery • Diversity, Equity, Inclusion and Accessibility	• Traditional Governance Factors (accounting, tax, ownership structure, shareholder rights, etc.) • Business Ethics • Oversight and Leasing • Accreditations and Certifications

Responsible Investment Approach

Over the past years, we have worked to formalise our approach to responsible investment, and we continue to actively seek ways in which we can improve.

Responsible Investment Process



Deal Sourcing and Due Diligence

ESG risks, opportunity and impact considerations are included in the screening and risk analysis process for all new assets / investments. This starts at a high level when investment opportunities are logged and discussed amongst the Investment Team. We have a set of Exclusion Guidelines to help assess potential controversial sectors and businesses in evaluating opportunities on a case-by-case basis. Formally, the scrutiny increases when an Initial Transaction Overview (ITO) is prepared to establish alignment with the investment strategy and to ascertain likely progression. The ITO includes an assessment of ten key ESG topics including e.g., controversial sector and occupier exposure, energy performance risks, climate risk, contaminations, fire safety and biodiversity.

If the opportunity progresses from the ITO stage, an in-depth ESG due diligence is then commenced – paying particular attention to any concerns or opportunities raised in the ITO. To assist in the consideration of ESG risks, opportunities and areas of impact, an ESG Acquisition Assessment document is used to guide and prompt investigation during the due diligence period.

The ESG Acquisition Assessment raises a range of potential impacts for consideration at the progressive stages of the acquisition process, each stage requires ESG considerations to be reported upon and the respective documentation to be completed. Our teams collaborate with external experts where necessary to complete detailed reviews.

Delancey RI Process and Universe of ESG Issues

	Controversial Sector and Business Involvement	Environmental	Social	Governance
Initial Transaction Overview	• Potential controversial sector issues • Occupier / tenant involvement in environmentally or socially harmful activities	• Energy Performance Risks • Building Certifications • Physical Climate Risk • On-Site Land Contamination • Biodiversity	• Occupier Safety • General risks or opportunities	• Traditional Governance factors assessed separately from ESG ITO
ESG Acquisition Assessment	• Exposure to fossil fuel related businesses • Exposure to energy-inefficient real estate assets	• Energy Efficiency • Climate Change and Emissions • Waste Management • Water Management • Biodiversity • Building Materials • Transport	• Health, Safety and Wellbeing • Occupier and Community Engagement • Labour Management • Human Rights and Modern Slavery • Diversity, Equity, Inclusion, and Accessibility	• Business Ethics • Oversight and Leasing • Accreditations and Certifications
	Investment risk and alignment with business values.	Issues looked at for investment risk, value creation opportunities, and areas of positive and/or negative impact. Potential implications to CAPEX, future income uncertainty, reputational concerns, asset stranding risk etc. included in Investment Committee Memo.		

For our debt strategies, the sourcing and due diligence stage includes a borrower ESG questionnaire, whereby emphasis is placed on assessing the quality of the counterparty's ESG practices, and we apply the same screening and risk analysis process as carried out for our equity investments.

Our DV5 Fund (equity fund) is classified as an Article 8 Fund under the EU Sustainable Financial Disclosure Regulation (SFDR). As such, it has its own pre-determined E and S characteristics that it formally seeks to promote. More detail on our SFDR disclosure is available on our website, in the fund pre-contractual disclosures and periodic reporting, and on request.

As mentioned above, we evaluate any controversial sector and business involvement during our investment process with Exclusions Guidelines to ensure that our investment practices follow all applicable laws regulations, economic sanctions, and pay heed to market sentiment. We have agreed specific investment restrictions for some client mandates to align with their needs.

Execution and Closing

Once the due diligence has been conducted, an Investment Committee Memorandum (IC Memo) will be written and presented to the Committee for its approval. A summary of the ESG Acquisition Assessment is required to be provided within the IC Memo.

Post-Investment

Delancey carries out investment advisory and investment management activities in private markets and real estate assets specifically, focusing on the UK market. Whilst not being a direct signatory to the UK Stewardship Code at present, we support the Code's objectives and many of the principles are relevant for how we are responsible owners of the assets on behalf of our clients.

Stewardship is a natural part of the asset management and development process where assets are proactively improved through their lifecycle. Collaborative efforts on stewardship are done through engaging with tenants, on-site teams, local authorities, charities, lawyers, and sustainability experts.

Our Responsible Investment strategy outlines our approach to being a responsible developer, manager, and investor, and we engage with our stakeholders to influence risk management, value creation, and positive environmental and social outcomes. We also seek to actively engage with the wider investment community, academia, industry groups and peers on topics that are in the best interests of our stakeholders.

For our equity investments, once an investment has been made or an asset has been acquired, the findings from the pre-investment stage will help develop the sustainability plan for the asset. The approach depends on the type of the asset in question:

- **Operational Assets:** ESG considerations are embedded as part of the asset management strategy and potential issues identified during the acquisition stage are addressed. A formal Sustainability Action Plan will be created for each asset.
- **Development Assets:** ESG considerations are embedded as part of the planning and development process and potential issues identified during the acquisition stage are addressed. A Sustainable Development Brief will be created for each asset and reviewed at each development milestone. Furthermore, construction activity is governed by Contractor Procurement Protocols and Minimum Building Contract requirements, which set our expectations for construction contracts. All current development schemes must achieve a minimum BREEAM 'Excellent' rating for commercial property, with an aspiration for 'Outstanding', depending on the sector. Current development schemes also must achieve an EPC certificate of B or better and for residential property targeting a BREEAM UK New Construction: Residential 'Very Good' rating (previously 4-star Home Quality Mark). Other standards are also considered on a case-by-case basis.
- **Refurbishment Assets:** ESG considerations are embedded as part of the refurbishment plan and potential issues identified during the acquisition stage are addressed. A Sustainable Refurbishment Brief will be created for each asset, aiming for all refurbishments to achieve a minimum EPC of B and achieving a minimum BREEAM 'Excellent' rating, subject to the sector and size of the project.
- **Operational Businesses:** Autonomy is given to operational businesses to manage their ESG strategy. However, we have ultimate oversight of their processes, provide the direction of travel, and support the teams through ongoing dialogue and guidance.

Our Key Service Provider (KSP) onboarding and certain procurement processes have been updated, and as part of such, Delancey now formally considers a third-party contractor's ESG practices to ensure they meet the standards required.

We have partnered with a third-party to assist with ESG data collection and management. ESG data is hosted in a data management system, which allows for streamlined reporting and management of asset-specific action plans. Data quality and coverage is a key focus area across all our funds, and we are in the process of creating a formal occupier engagement strategy to improve in both areas over time, whilst also establishing strong relationships with our stakeholders.

We work closely with our operational business assets on various ESG topics, including data management. Ultimately, they have the autonomy to implement the systems that work best for them and will provide data to us on a quarterly basis. We assist them with guidance on best practice where needed.

For our debt investments, we actively engage with our counterparties during the pre-investment stage, and, where necessary, will require the borrower to improve their ESG practices and share ESG data as part of the deal documentation. Compared to our equity investments, we have relatively less influence over the asset-level sustainability improvements by the counterparty but will look to embed specific ESG requirements and assist them with guidance on best practice where needed.

Exit

ESG performance may feed into the exit decision and when readying an asset for sale. A summary of key ESG topics will be highlighted to the investment and asset management teams and can be provided to potential buyers.

Reporting and Transparency

Delancey will report our ESG performance through disclosure in alignment to industry standards, including the following:

- **Annual Sustainability Report:** Disclosures reported with reference to Global Reporting Initiative (GRI) standards covering corporate and investment related activities.
- **Annual fund-level reporting:** Where applicable, annual Fund reports will include ESG information as recommended by the INREV Sustainability Reporting Guidelines.
- **SFDR:** We provide periodic disclosures in compliance with SFDR requirements where funds are registered in European markets.

- **UN PRI:** As a signatory since 2021, we report to the UN PRI on an annual basis.
- **GRESB:** DV5 is participating in GRESB; some assets in DV4 have already been reporting in line with GRESB since 2015.
- **TCFD:** We have undertaken an exercise to assess alignment with TCFD guidelines and are voluntarily reporting in line with TCFD in our annual Sustainability Report.
- **Tailored reports:** We provide quarterly reports to investors which includes ESG. Some of our funds have specific investor.

Governance

The ultimate oversight and leadership on responsible investment rests with Delancey's Executive Directors determining the commitment and direction at an organisational level. The RI approach is then overseen by Delancey's Responsible Investment Committee (RIC), which comprises senior members across the business, including the Chief Investment Officer, Chief Compliance Officer, Director of Development, Director of Asset Management, Finance Director, Compliance Director, and the Directors of Responsible Investment and ESG. Other employees may be invited to attend all or part of a meeting as required. The RIC reports into the Executive Directors.

The RIC meets on a quarterly basis to review ESG-related practices and progress. The RI policy is formally reviewed on an annual basis. Sub-groups are responsible for implementing objectives for each of the identified policy areas. The Terms of Reference are available on request.

Our Responsible Investment team comprises our Responsible Investment Director, ESG Director, and ESG Manager and is supported by third-party sustainability consultants, who assist with e.g., data collection, training, and physical and transition climate risk modelling.

Delancey also has an established Governance and Operational Board. The Governance and Operational Board meets every eight weeks to discuss key governance, regulatory, compliance, operational risk and any other operational matters, to consider any governance or regulatory issues arising in respect of new mandates/fundraising, to confirm all compliance reporting deadlines have been/will be met, and to consider and plan for any significant changes to governance, regulatory or statutory/ legislative obligations.

Finally, it is important to highlight that within Delancey's responsible business culture, responsible investment accountability lies with all employees.

ESG Capabilities

We provide ESG training to all staff on a quarterly basis, with ad hoc sessions scheduled as and when needed. Our Responsible Investment Director and ESG Director are responsible for our ESG Capability Building Strategy, which includes team-specific training sessions, rolling out online training, updating our ESG guidance documents and internal knowledge base on our Intranet site. Beyond training for our own teams, we also host ESG sessions for our operational businesses and will look to organise training for property managers, on-site teams, and contractors.

As mentioned in the Governance section, we are also supported by third-party sustainability consultants bringing complementary skills on data management, compliance, and climate modelling among other topics.

Advocacy

Delancey is committed to collaborating with industry groups, peers, academia, and investors on ESG matters and promoting best practice regarding Responsible Investment. Specifically, we are a signatory to the UN Principles of Responsible Investment, member of INREV report to GRESB for some of our assets and funds. As our processes evolve, we will seek to become members and supporters of other initiatives that are aligned to our values and additive to our objectives.