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## **Transparency of the promotion of environmental or social characteristics (Website Disclosure)**

### **BentallGreenOak Europe Secured Lending III SLP (the "Partnership")**

#### **EU Sustainable Finance Disclosure Regulation ("SFDR"), Article 10**

##### **Summary**

The Partnership will primarily focus on originating loans secured by commercial real estate with a focus on Germany, Ireland, the Netherlands, and the Nordics. The Partnership will concentrate its lending on mid-market loans ranging from €50 million to €100 million and intends to source opportunities from professional and experienced sponsors.

BentallGreenOak is committed to integrating environmental, social and governance ("ESG") considerations, including sustainability risks, into the lending process and asset management of the Partnership's investments. The Partnership promotes environment characteristics as part of its classification as an Article 8 financial product under SFDR and will look to maintain good governance practices through the investment due diligence and management processes. The Partnership does not have a sustainable investment objective within the meaning of Article 9 SFDR.

The environmental characteristics of the Partnerships align with Building Research Establishment Environmental Assessment Method ("BREEAM") for a minimum of a 'Very Good' certification.

The Partnership will integrate the environmental characteristics and ESG considerations into the due diligence and asset management of the Partnership's Investments and to promote its environmental characteristics. BentallGreenOak evaluates and monitors material ESG factors and sustainability risks using a proprietary ESG scorecard. BentallGreenOak will proactively monitor the investments, and the environmental characteristics and engage the sponsor as part of BentallGreenOak's standard in-house loan servicing and asset management.

The Partnership targets that at the end of the Investment Period, including any reinvestment period, at least fifty-five per cent (55%) of all new development Investments made by the Partnership be Green Building Certified Development Projects.

The methodology and data used to measure the attainment of the environmental characteristics are based on achievement of a green building certificate. As the certification is completed by a third-party, the Partnership relies on the third party's accuracy, quality and verification of the data.

The Partnership has not defined a benchmark with regards of attaining the environmental characteristics.

##### **No Sustainable Investment Objective**

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

##### **Environmental or Social Characteristics of the Financial Product**

The Partnership will look to promote environmental characteristics in alignment with the Building Research Establishment Environmental Assessment Method ("BREEAM") for a minimum of a 'Very Good' certification. These characteristics include but are not limited to, the encouragement, adoption of sustainable management practices, design of energy efficient buildings and reduction of energy use, sustainable water use, responsible use of resources (including materials and waste), sustainable

land use, awareness of ecological value on-site, prevention or control of pollution, increased health, wellbeing and safety of building users, and access to sustainable means of transport.

The Partnership shall promote these environmental characteristics by targeting, as at the end of the Investment Period, including any reinvestment period, at least fifty-five per cent (55%) of all new development Investments made by the Partnership be Green Building Certified Development Projects. For this purpose a “Green Building Certified Development Project” shall be any Investment where the financing provided is to be used to finance all or part of a newly developed building or buildings and where such newly developed building(s) is expected to achieve a green building certificate of a minimum of ‘Very Good’ BREEAM, or the equivalent based on the regional schemes available, in each case, as determined by the General Partner at the time such Investment is made.

### **Investment Strategy**

The Partnership will primarily focus on originating loans secured by commercial real estate with a focus on Germany, Ireland, the Netherlands, and the Nordics. The Partnership is focused on making new loans where it is leading the lending process, including the borrower relationship, the credit underwriting and the legal documentation. The Partnership will concentrate its lending on mid-market loans ranging from €50 million to €100 million and intends to source opportunities from professional and experienced sponsors. In certain cases, the Partnership will also make larger loans greater than €100 million where some pricing benefit can be generated by offering a one stop solution. The Partnership will be focused solely on the contractual collection of fees, principal and interest and will not speculate on the potential upside of a real estate asset as it does not control the gain of additional returns. The Partnership will service and asset manage each loan and believes that investment performance is materially enhanced by having its team members manage the lending process from loan origination and pricing to servicing and, in the event of default, loan workout and property asset management, if needed. The Partnership may seek to enhance the returns of certain investments by the economic transfer of the senior-most portion of an investment. This transfer may be done through syndication, sub-participation, assignment or other financing.

As part of its investment strategy, the Partnership is committed to integrating ESG considerations, including sustainability risks, into the lending and asset management of the Partnership’s Investments and to promote its environmental characteristics.

As part of the credit approval process, BentallGreenOak evaluates and monitors material ESG factors and sustainability risks using a proprietary scorecard developed in collaboration with BentallGreenOak’s Sustainable Investment team. Examples of sustainability risks and ESG factors (and such factors’ associated sustainability risks) considered through the scorecard include, but are not limited to:

- Building certifications;
- Physical climate risks, such as flood, heat stress, hurricanes and typhoons, sea level rise, water stress and wildfire;
- Transition climate risks, such as net zero assessments, renewable energy and carbon offsets;
- Energy performance Certificate (EPC);
- Pollution prevention, such as hazardous waste or emissions to water;
- Biodiversity considerations, such as location near or on biodiverse sensitive area;
- Health and wellbeing features such as air quality;
- Community impacts, such as community engagement and relations; and
- Sponsor’s governance practices.

In its capacity as investment advisor to the Partnership and its AIFM, BentallGreenOak will utilize this scorecard in understanding the loan portfolio’s ESG profile and compare loans to understand the

relative ESG strength of each investment. BentallGreenOak envisages this scorecard will also help guide investment as greater insight and understanding of ESG metrics on a loan-by-loan basis and at the portfolio as a whole will allow BentallGreenOak to strive for investments that achieve high scores and encompass strong ESG qualities. Where relevant, BentallGreenOak will engage with the sponsor where ESG factors or sustainability risks arise or on outliers to improve the ESG qualifications of the investment. Through this process, BentallGreenOak will strive to build a loan portfolio that is resilient to sustainability risks and maximizes its potential across the ESG spectrum.

BentallGreenOak will use the sustainability indicators mentioned under "Methodology" below to measure the environmental characteristics mentioned above.

In terms of a policy to assess good governance practices of the investee companies, investee companies are not applicable to the Partnership's investment strategy as its investments result in it acting as lender as opposed to making equity investments in another.

All sponsors will, however, be assessed on their governance practices as part of the ESG Scorecard described above. This includes assessing for any recorded violations of the UN Global Compact Principles and the Organisation of Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. Know Your Client (KYC) analysis is performed on relevant parties involved in an investment which includes establishing a client risk profile through a monitoring programme with regards to its transactions and activities and based on document collection and risk assessment. All relevant parties identified are screened initially and on an ongoing and daily basis against relevant sanction lists (e.g. UN, EU, OFAC) as well as Politically Exposed Persons (PEP) lists and adverse media.

### **Proportion of Investments**

The Partnership does not have sustainable investments as its objective within the meaning of Article 9 SFDR, nor does it intend to make any sustainable investment as defined in SFDR. However, the Partnership does promote specific environmental characteristics within the meaning of Article 8 of SFDR.

The Partnership shall promote its environmental characteristics by targeting, as at the end of the Investment Period, including any reinvestment period, at least fifty-five per cent (55%) of all new development Investments made by the Partnership be Green Building Certified Development Projects. For this purpose a "Green Building Certified Development Project" shall be any Investment where the financing provided is to be used to finance all or part of a newly developed building or buildings and where such newly developed building(s) is expected to achieve a green building certificate of a minimum of 'Very Good' BREEAM, or the equivalent based on the regional schemes available, in each case, as determined by the General Partner at the time such Investment is made.

The Partnership may make Investments in other investment projects not classified as new development Investments that do not fall into this classification. As the Partnership is a close-end blind pool fund, it is difficult to predict the percentage of investment that will be new development investment or otherwise. The Partnership only makes direct investments which can be held through one of more investment vehicles established by the Partnership.

### **Monitoring of Environmental or Social Characteristics**

After loan funding, BentallGreenOak will proactively monitor the investments, and the environmental characteristics through regular monitoring and reporting as part of BentallGreenOak's standard in-house loan servicing and asset management. This includes reviewing and updating the ESG Scorecard described above and in particular, monitoring the sponsor's performance against its business plan and otherwise to assess whether the underlying real estate remains on track to become a Green Building Certified Development Project. BentallGreenOak seeks to actively manage the environmental

characteristics it promotes through close contact with the sponsor and applying its in-depth understanding of both the borrower's business plan and the underlying property and market.

### **Methodologies**

The methodology (and sustainability indicators) used to measure the attainment of the environmental characteristics is:

- As at the end of the Investment Period, including any reinvestment period, the percentage of all new development investments that are classified as a "Green Building Certified Development Project". "Green Building Certified Development Project" is any Investment where the financing provided is to be used to finance all or part of a newly developed building or buildings and where such newly developed building(s) is expected to achieve a green building certificate of a minimum of 'Very Good' BREEAM, or the equivalent based on the regional schemes available, in each case, as determined by the General Partner at the time such Investment is made.

### **Data Sources and Processing**

The data source used to assess whether or not the environmental characteristics are attained is the provision or not of a green building certificate of a minimum of 'Very Good' BREEAM, or the equivalent based on the regional schemes available. As the issuance of such green building certification is assessed and completed by a third-party, BentallGreenOak and the Partnership relies on the third party's accuracy, quality and verification of the data used by it when determining to issue the green building certificate, such as BREEAM. Throughout BentallGreenOak's asset management process, it will review progress on achieving a green building certificate.

Data received (i.e. the green building certificates) is not processed. As BentallGreenOak requires the issuance of a green building certificate by the third-party provider to assess the environmental characteristics, no proportion of the data BentallGreenOak receives and uses for its assessment are estimates.

### **Limitations to Methodologies and Data**

Limitations on the methodologies and data used to assess the attainment of the environmental characteristics promoted by the Partnership may include the dependency on the third-party completing the green building certification and any deficiencies or limitations that may be present as part of their assessment and issuance processes.

Given the attainment of the Partnership's environmental characteristics is assessed upon the issuance or the expected issuance of such green building certification only, BentallGreenOak does not consider such limitations will affect the environmental characteristics promoted by the Partnership.

### **Due Diligence**

When providing investment advice, BentallGreenOak will use a proprietary ESG Scorecard to identify and measure the ESG strengths and weaknesses of each loan and understand the ESG qualities and sustainability risks on an individual investment and portfolio basis. The assessment considers the business plan, the underlying property, relevant third-party assessments and the sponsor itself. This includes assessing sustainability risks and the Partnership's environmental characteristics.

Through this tool, BentallGreenOak plans to carefully derive a score on the ESG profile of the loan considering the business plan, the underlying property and the sponsor itself. BentallGreenOak will utilize this scorecard in understanding the loan portfolio's ESG profile and compare loans to understand the relative ESG strength of each investment. BentallGreenOak envisions this scorecard will also help guide investment as greater insight and understanding of ESG metrics on a loan-by-loan basis and the Partnership as a whole will allow BentallGreenOak to strive for investments that achieve

high scores and encompass strong ESG qualities. Through this process BentallGreenOak will strive to build a loan portfolio that is resilient to ESG risks and maximizes its potential across the ESG spectrum.

In addition, where appropriate, coordination with internal and external third-party experts and formal business plan covenants will be utilized to ensure that ESG strength is maintained. BentallGreenOak will support the Partnerships' investment manager by regularly and rigorously assessing the risk profile of the underlying real estate markets and each asset within the Partnership's portfolio with a focus on preservation of capital and downside protection.

#### **Engagement Policies**

BentallGreenOak will engage with the sponsor as part of our asset management process utilizing its ESG Scorecard to ask an array of questions related to the environment, social well-being, and their governance policies. This allows the Partnership to obtain a comprehensive picture of the ESG qualities the property and the sponsor are promoting. Where we see outliers from industry norms or previous transactions, BentallGreenOak will engage with the sponsor to better understand if improvements are possible.

#### **Reference Benchmark**

The Partnership has not defined a benchmark with regards of attaining the environmental characteristics.