

**SFDR Article 8 Fund – website disclosure for financial products that promote environmental or social characteristics based on Articles 23 and 24 to 36 [SFDR Delegated Regulation \(EU\) 2022/1288](#)**

**Full name of the SFDR Article 8 Fund:** Smart Markets Luxembourg Fund SCSp (the “Partnership”)

**Legal entity identifier:** Not available

**1. ‘Summary’**

The Partnership is a parallel fund to Smart Markets Fund, L.P., a Delaware limited partnership (“Main Fund” together with the Partnership the “Fund”). This means that the Partnership, subject to the following sentence, will invest *pari passu* with the Main Fund. The Partnership will only make investments which the Alternative Investment Fund Manager (“Manager”) determines are in the best interest of the Partnership. The General Partner has designated Sanne LIS S.A. as the Manager. Core and Value Advisors, LLC is the advisor of the Fund (“Advisor”).

The Fund seeks to invest principally with a core real estate investment strategy and targets leveraged time-weighted returns, net of fees, above NCREIF’s Value Weight NFI-ODCE Index for open-end core real estate funds, over rolling three-year periods through investments in direct or indirect equity interests in multi-family, retail, industrial, office and mixed use properties.

The Partnership regularly takes into account its ESG Strategy when evaluating investment decisions and engaging in day-to-day management of investments. It seeks to implement its’ Environmental, Social Responsibility and Governance Policy and Procedures (the “Policy”) and integrate ESG into the day-to-day activities of the business. The purpose of the Policy is to define the approach and to integrate the consideration of ESG risks and value creation opportunities into investments made.

The Partnership is committed to considering Environmental and Social characteristics in the course of its due diligence and in the monitoring of portfolio investments to the extent reasonably practical, subject to the provisions of the operating agreements, confidential private placement memorandums and investment management agreements applicable, and to maximize investment returns.

**2. ‘No sustainable investment objective’**

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

**3. ‘Environmental or Social characteristics of the financial product’**

The Fund promotes the following Environmental and Social characteristics in accordance with Art. 8 SFDR:

- a) Green Building Certifications and Rating Schemes
- b) Greenhouse Gas (GHG) Emissions

- c) Tenant Satisfaction
- d) Energy Efficiency

#### 4. 'Investment strategy'

*The investment strategy used to meet the Environmental or Social characteristics promoted by the financial product is outlined as follows:*

The Fund seeks to invest principally with a core real estate investment strategy and targets leveraged time-weighted returns, net of fees, above NCREIF's Value Weight NFI-ODCE Index for open-end core real estate funds, over rolling three-year periods through investments in direct or indirect equity interests in multi-family, retail, industrial, office (including life sciences) and mixed-use properties.

The Partnership regularly takes into account its ESG Strategy when evaluating investment decisions and engaging in day-to-day management of investments.

It seeks to implement its' Environmental, Social Responsibility and Governance Policy and Procedures (the "Policy") and integrate ESG into the day-to-day activities of the business. The purpose of the Policy is to define the approach and to integrate the consideration of ESG risks and value creation opportunities into investments made.

The Partnership is committed to consider the Environmental and Social characteristics described above in the course of its due diligence and in the monitoring of portfolio investments to the extent reasonably practical, subject to the provisions of the operating agreements, confidential private placement memorandums and investment management agreements applicable, and to maximize investment returns.

##### a) Green Building Certifications and Rating Schemes

The Manager as advised by the Investment Advisor will maintain 55% of gross asset value ("GAV") of Directly Controlled and Directly Managed Operational Buildings with registered or Certified Green Building Certifications or Rating Schemes from December 31, 2022, onwards.

##### b) Greenhouse Gas Emissions

With respect to assets which provide for Whole Building Energy Consumption Data and which are Directly Controlled and Directly Managed, the Fund will target a 20% intensity reduction in Greenhouse Gas Emissions by 2030, against a 2022 baseline year (on average a 2.5% reduction by year).

##### c) Tenant Satisfaction

The Advisor will conduct Tenant Satisfaction Surveys on behalf of the Manager for the tenants of Directly Controlled Operational Buildings on an annual basis.

The Manager as advised by the Investment Advisor aims to achieve a satisfactory rating of "Average", "Satisfied" or an equivalent rating. Assets that do not obtain a satisfactory rating of at minimum "Satisfied", "Average" or an equivalent score will be required to consider/develop an improvement plan, taking into account how commercially reasonable improvements may be, the current business plan for the asset, applicable lease obligations and the nature of the tenant(s) and the tenant(s) relationship.

##### d) Energy Efficiency

The Advisor will conduct Energy Assessments for Directly Controlled and Directly Managed Operational Buildings with ENERGY STAR scores below 50 by 2030 to the extent that such assessments are commercially reasonable given the current business plans for the assets at any time and report the results to the Manager. After considering such Energy Assessment findings for an asset, the Manager will, based on the advice provided by the Advisor, establish a commercially reasonable capital expenditures plan to reflect energy efficiency improvements of the asset to achieve ENERGY STAR scores above 50.

For new acquisitions that are Directly Controlled and Directly Managed; where ENERGY STAR Scores are below 50, the building will be evaluated within three (3) years from the date of acquisition. After considering such Energy Assessment findings for an asset, the Manager will, based on the advice provided by the Advisor, establish a commercially reasonable capital expenditures plan to reflect energy efficiency improvements of the asset to achieve ENERGY STAR scores above 50.

*The policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance:*

The Advisor has policies and procedures in place to govern the companies that are Directly Controlled and to assess the governance of companies that it does not have direct control of. In all cases, the companies the Fund invests in are formed for the purpose of holding real estate assets (i.e. the companies are not operating/portfolio companies), which are managed on a day-to-day basis by third-party property management companies and/or joint venture partners. The Advisor performs initial and periodic due diligence on all third-party property managers and joint venture partners, all of which must be on an Approved Partner/Manager List for the Advisor to allow its investee companies to contract with. Additionally, annual certification of compliance with governance practices and other matters is completed by third-party property managers and joint venture partners.

Ultimate oversight of the Advisor's governance and oversight practices is performed by its Compliance & Risk Committee. All major advice to the Manager, including regarding companies for the purpose of holding real estate, acquiring real estate, disposing of real estate and other relevant decision points are approved by an expert committee of the Advisor, which also considers the governance practices (and any associated risk) of joint venture partners and third-party property managers when preparing its advice to the Manager.

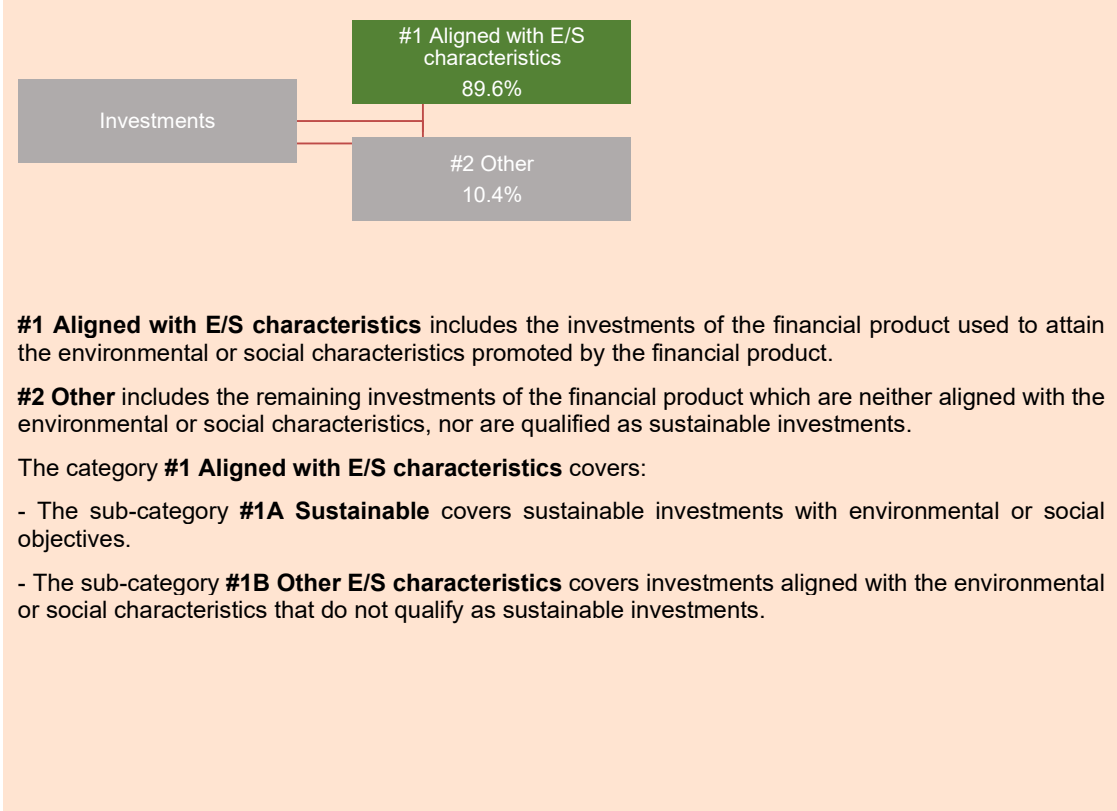
## 5. 'Proportion of investments'

The Advisor reports on and considers the application of the Environmental and Social characteristics promoted by the Fund for all its Directly Controlled assets, noting the following exceptions:

- a) Green Building Certification and Rating Scheme; the associated 55% target coverage is only applicable to Directly Managed Operational Buildings.
- b) Greenhouse Gas Emissions; the intensity reduction target is only applicable to assets that have Whole Building Energy Consumption Data and that are Directly Managed.
- c) Tenant Satisfaction; surveys are only performed on Operational Buildings.
- d) Energy Efficiency; commitments relating to Energy Assessments are applicable only to Directly Managed assets. However, Energy Assessments are also conducted on assets that are not Directly Managed in the normal course of business.

Directly Controlled assets comprise at least 85% of the total fund GAV. The remaining investments of the Fund seek to achieve the broader objectives of the Fund, including instruments which are used for

the purposes of hedging and for which data are lacking, as well as cash held as ancillary liquidity, please see below #2. Further details on the purpose of such investments are set out below. Minimum environmental or social safeguards are not necessarily considered.



*Direct and indirect exposures*

The Fund has been formed to acquire multi-family, industrial, retail, office (including life sciences) and mixed-use properties located in the United States. The Fund may make investments in direct or indirect equity interests of any type (including interests in real estate companies and joint ventures) in multi-family, retail, industrial and office (including life sciences) properties, including mixed-use properties comprising two or more of such property types.

**6. ‘Monitoring of environmental or social characteristics’**

The Partnership has engaged the external service provider RE Tech Advisors, LLC (“Consultant”) to monitor, assess, analyse and report on the Environmental and Social characteristics promoted by the Partnership.

The Consultant performs the following services (the “Services”) for the Partnership with respect to the Environmental and Social characteristics:

- a) Assessing ESG data for target acquisitions;
- b) Tracking utility consumption GHG emissions by assets, tracking scope 1 and 2 emissions, in accordance with GHG protocol;

- c) Collecting utility consumption data with a view to achieving Whole Building Energy Consumption Data for assets;
- d) Training property managers to ensure utility data is correctly entered into ENERGY STAR Portfolio Manager;
- e) Reviewing ENERGY STAR Portfolio Manager accounts for accuracy, completeness and tracks/monitors the scores;
- f) Setting baseline Carbon Usage Intensity (“CUI”) for applicable years and advising on related long-term GHG emission/CUI targets;
- g) Advising on vendors to provide Energy Assessments;
- h) Tracking the performance of Energy Assessments across the portfolio;
- i) Advising on the potential for (and related costs) Green Building Certifications and Rating Schemes;
- j) Reviewing the Green Building Certification status of buildings on a quarterly basis;
- k) Issuing ESG surveys annually to all Directly Controlled assets;
- l) Modelling decarbonization for all Directly Controlled assets, incorporating Energy Assessments data and planned capital improvements and/or changes to property operations;
- m) Categorizing assets as Directly Managed (or Indirectly Managed) in a manner consistent with GRESB;
- n) Tracking of the portfolio/assets; GAV, Asset Type, Directly Controlled vs. Indirectly Controlled, Directly Managed vs. Indirectly Managed, Operational Buildings vs. Development Assets, Green Building Certifications and Rating Schemes and Whole Building Energy Consumptions Data status (and associated/annual quarterly reporting related to the aforementioned);
- o) Preparing annual reporting (the “SFDR Reporting”) required by Article 8; and
- p) Reviewing Tenant Satisfaction Surveys performed by any ‘survey vendor’ engaged with by the Advisor for the purpose of SFDR Reporting, retains historical satisfaction surveys and advises to additional inclusions.

With respect to the aforementioned Services, the following procedures and controls are in place:

- a) Consultant reviews data entered via Energy Star Portfolio Manager for accuracy;
- b) Consultant strategically reviews reporting methodologies to be compliant with industry outlines and frameworks, especially in relation to carbon;
- c) Consultant provides underlying data for Advisor review;
- d) A Data Assurance audit is performed on the Fund by an independent firm;
- e) The Advisor reviews the SFDR Reporting, and supporting documentation, and all other quarterly and annual reporting provided by the Consultant relating to the aforementioned Services; and
- f) The Manager reviews SFDR Reporting and other ESG reporting provided by the Advisor.

## 7. ‘Methodologies for environmental or social characteristics’

- a) Green Building Certifications and Rating Schemes

The Manager will show the level of attainment of the Environmental Characteristic Green Building Certifications and Rating Schemes by the Fund in the annual report in reference to the percentage of gross asset value (“GAV”) of Directly Controlled and Directly Managed Operational Buildings with registered or Certified Green Building Certifications or Rating Schemes. The Manager will receive the respective data from the Advisor.

b) Greenhouse Gas (GHG) Emissions

The Advisor will track Scope 1 and 2 GHG emissions as a result of building operational energy consumption of Directly Controlled and Directly Managed Operational Buildings with Whole Building Energy Consumption Data and attempt to obtain and track Scope 3 GHG emissions as they relate to tenant-controlled energy consumption. The Advisor will report the collected data to the Manager.

c) Tenant Satisfaction

The Advisor will conduct Tenant Satisfaction Surveys for the tenants of Directly Controlled Operational Buildings on an annual basis and report the results to the Manager.

d) Energy Efficiency

The Advisor will conduct Energy Assessments for Directly Controlled and Directly Managed Operational Buildings with ENERGY STAR scores below 50, where commercially reasonable. For new acquisitions that are Directly Controlled and Directly Managed; where ENERGY STAR scores are below 50, the building will be evaluated within three (3) years from the date of acquisition. The Advisor will report the data collected to the Manager.

**8. Website section ‘Data sources and processing’ for financial products that promote environmental or social characteristics**

*The data sources used to attain each of the Environmental or Social characteristics promoted by the Partnership:*

a) Green Building Certifications and Rating Schemes

The Advisor may disclose the certified buildings via direct communication to the Consultant or certified buildings may be searched by rating scheme databases based on physical address. The certifications of buildings are reviewed on a quarterly basis. Buildings registered via a rating scheme database are assigned with a Project ID and will be reported in the Consultant’s database, if available.

b) Greenhouse Gas (GHG) Emissions

All available building utility data consumption will be tracked in ENERGY STAR® Portfolio Manager. Each building is noted to be under direct or indirect management in the Consultant’s database. Building operational GHG emissions are reported as scope 1 or 2, if the building is under direct management. Building operational use will be disclosed by the Advisor or the property management company to discern appropriate property classification. The Advisor will track all indirectly managed buildings, where data consumption is available. Indirectly managed assets will be noted as scope 3. The Advisor continues to increase building consumption data and further assets with Whole Building Energy Consumption Data will be included in the reporting metrics.

c) Tenant Satisfaction

The Advisor will distribute tenant satisfaction surveys to the tenants for the assets in the Fund. The delivery will be inclusive of all properties at the time the survey is conducted. The responses will be collected from all surveys to provide a quantitative metrics. The Advisor will disclose the collective results through a deliverable report.

d) Energy Efficiency

Buildings will be benchmarked in ENERGY STAR to determine the score. For assets, for which Energy Assessments will be conducted, the records of the Energy Assessments with recommended action plans will be retained on the property and via the Consultant's database.

*The measures taken to ensure data quality:*

a) Green Building Certifications and Rating Schemes

Acceptable Green Building Certifications and Rating Schemes are those recognized by GRESB, Appendix 5a & 5b1, as of 2023, in addition to future certifications that may receive recognition. The buildings will provide awarded Green Building Certificates from the respective rating scheme platform, or certified assets are reviewed against the respective rating scheme database, except where a building code has been established that meets or exceeds the recognition of those listed by GRESB.

b) Greenhouse Gas (GHG) Emissions

Upon acquisition or transition of property management, the property teams will be trained via webinar to enter the utility data into ENERGY STAR Portfolio Manager. The property manager will coordinate with bill pay service providers who pay the utility invoices and invoice the tenants on behalf of the property management company to provide utility bills. For utility data updated by the property manager, the property manager will confirm that each meter's end-use and data coverage (i.e. whole building (landlord and tenant data for the entire building), common area or exterior) and the associated square footage. Where data coverage type needs more clarification, the Consultant will request additional context from property managers to understand the meter entries. The Advisor will provide confirmation of each property management type. The Consultant will verify the entries provided to distinguish if the energy consumption represents the whole or part of the property. The Energy use intensities will be compared to the Consultant's averages as a second verification of energy data coverage. The Advisor will have the building operational energy consumption and/or GHG emission scopes third-party verified and/or assured against industry standards.

c) Tenant Satisfaction

The Advisor will internally retain the annual results from tenant satisfaction surveys and provide the Consultant annually with the results from the tenant satisfaction survey to be stored in its internal database. The Consultant will retain survey results and allow a comparison of progress.

d) Energy Efficiency

The Advisor will annually review the data of the buildings below the ENERGY STAR rating of 50 and review the progress of the Energy Assessments.

*How data are processed*

a) Green Building Certifications and Rating Schemes

The registered building Project ID will be verified against the rating scheme database or via confirmation through emails, certificates or awarded scores from the organization. A specific process has been established for new acquisitions and for the annual evaluation of the rating scheme.

b) Greenhouse Gas (GHG) Emissions

The bill pay service providers will push the data to ENERGY STAR Portfolio Manager. The property manager will provide a signed Letter of Authorization (LOA) to the utility company to provide property utility data via a direct utility connection to ENERGY STAR Portfolio Manager. Where applicable, the property manager will acquire signed LOA from tenants.

c) Tenant Satisfaction

The Advisor will provide the current list of Operational Buildings and will provide evidence of who received the survey to the Consultant. The Advisor will provide survey questions or the template survey that was delivered to the tenants, to the Consultant.

d) Energy Efficiency

The ENERGY STAR Portfolio Manager will retain records of the historical data to show the progress over time. Where Energy Star scores are not available, but a property has whole building energy consumption, the building intensity will be compared to the average energy use intensity in alignment with U.S. Energy Use Intensity by Property Type. Where an ENERGY STAR Score or property is below the industry average, the property will conduct an energy assessment.

## 9. 'Limitations to methodologies and data'

The Advisor has conducted due diligences on both the Consultant and other Third-Parties and confirmed that each has security, disaster recovery and business continuity procedures and systems in place, and are able to recover data in the case of a disaster, cyber security incident or other system failure. Data that is included in SFDR Reporting relating to Green Building Certifications and Rating Schemes, GHG Emissions and Energy Assessments is provided quarterly by the Consultant to the Advisor, and in the case of any system failure at the Consultant, the Advisor would be able to work with the Consultant to reconstruct the data required for SFDR Reporting. Additionally, the Advisor engages with Third-Parties to conduct Tenant Satisfaction Surveys during the year with such data being maintained by the provider, the Advisor and also the Consultant. Should the provider of Tenant Satisfaction Surveys lose data or not be able to provide services for any reason, the Advisor can engage with another provider. Energy Assessments are provided by a plethora of firms and such reports are maintained by the provider, Advisor and Consultant. With respect to Green Building Certifications and Rating Schemes ("GBCs"), it takes a significant amount of time to obtain them, and the related reporting of the status of GBC's takes a further significant amount of time after such GBC's are maintained. As such there is not any risk of not being able to obtain and report on such GBCs.

Greenhouse Gas Emissions accuracy is dependent on the data input into ENERGY STAR Portfolio manager and is subject to change as information is updated. Not all properties are currently eligible for ENERGY STAR Scores. Tenant Satisfaction Scores are dependent on completeness of the tenants. Such methodologies and actual (or potential) limitations do not affect how the Environmental and Social characteristics are promoted by the Partnership.

## 10. 'Due diligence'

a) Green Building Certifications and Rating Schemes

*New Acquisitions*



If the building is disclosed to have a green building certification or rating, it must be validated via a certificate or via the rating scheme database. The Advisor will evaluate the eligibility of the building to pursue any operational green building certifications or rating and required criteria.

*Post-acquisition*

If the building does not hold a certificate or rating, the building will complete a feasibility case to evaluate additional criteria to achieve an operational certification or rating. The building will be evaluated in the proceeding annual green building/ rating analysis.

The evaluation of the existing portfolio prior to the Partnership disclosing as an Article 8 SFDR financial product was performed by the Consultant and the Advisor and certifications and rating schemes (and the associated data) were reviewed and recorded.

b) Greenhouse Gas (GHG) Emissions

*New Acquisitions*

The Advisor will request the energy or emission intensity for each building to evaluate the energy efficiency to adhere to the predefined characteristic. The buildings with emission intensity more than double the predefined characteristic, should underwrite capital investment for improvement.

*Post-Acquisition*

The Advisor will request the ownership transfer of all ENERGY STAR Portfolio Manager accounts. The Advisor will prioritize the monitoring of energy consumption. Buildings with emissions intensity exceeding the target by more than 25% will undergo an energy assessment with a pathway for improvement.

The evaluation of the existing portfolio prior to the Partnership disclosing as an Article 8 SFDR financial product was performed by the Consultant and the Advisor and the procedures relating to how metrics are recorded, where metrics are recorded and data review were performed in determining the 2022 baseline.

c) Tenant Satisfaction

The Advisor will provide the current list of operational properties and will provide evidence of who received the survey to the Consultant. The Advisor will provide survey questions or the template survey that was delivered to the tenants, to the Consultant.

d) Energy Efficiency

*New Acquisitions*

The Advisor will request access to ENERGY STAR account of prospective property to evaluate ENERGY STAR score and will evaluate energy efficiencies via a property condition report or equivalent energy audit. The Advisor will determine capital investments to improve energy efficiency for low performing assets.

*Post-Acquisition*

For buildings with ENERGY STAR scores below 50, the Advisor will complete an energy assessment. The Advisor will implement an energy efficiency plan which includes the planned capital expenditures for performance improvement.

The evaluation of the existing portfolio prior to the Partnership disclosing as an Article 8 SFDR financial product was performed by the Consultant and the Advisor and the ENERGY STAR scores were reviewed and recorded.

**11. 'Engagement policies'**

Engagement is not part of the environmental or social investment strategy.

**12. 'Designated reference benchmark'**

An index has not been designated as a reference benchmark to meet the environmental characteristic promoted by the financial product.

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