

Article 10 of the SFDR¹

Website disclosure under Article 8: Promotion of Environmental Characteristic

(a) 'Summary'

Unless expressly provided otherwise or the context otherwise requires, words, expressions and capitalised terms, which are defined in the Information Memorandum shall have the same respective meanings in this disclosure.

Pradera European Long Income Fund SC's, SICAV-RAIF (the "Partnership") is characterised as a financial product falling within Article 8 of the SFDR.

The Partnership promotes environmental or social characteristics, but does not have as its objective sustainable investment. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy Regulation (EU) 2020/852.

The Partnership seeks to promote the environmental characteristic of climate change mitigation (the "Characteristic") by investing a proportion of its assets in Investments which are aligned with the Characteristic.

The Partnership employs a three phase investment strategy to attain its environmental or social characteristics promoted, including (1) Selection, (2) Development and (3) Integration. To measure the attainment of the environmental Characteristics, the Investment Advisor uses external assessments and sets up ESG Targets.

Although the AIFM, in consultation with the Investment Advisor, takes into account ESG Risks in the manner described in the Investment Memorandum in respect of the Partnership, the AIFM does not currently consistently evaluate the adverse impacts of investment decisions made on a uniform set of sustainability factors for the purposes of the SFDR.

The Partnership does not use a reference benchmark to assess its environmental or social performance, albeit progress towards set ESG Targets of its investments is monitored and benchmarked against Carbon Risk Real Estate Monitor ("CRREM"), Global Real Estate Sustainability Benchmark ("GRESB") and Building Research Establishment Environmental Assessment Method ("BREEAM") or any other applicable market certification standard. In addition, through the implementation of the investment strategy, the Investment Advisor actively engages with tenants on ESG issues where there is a reasonable change of influencing their behaviours and positioning positively towards achieving ESG Targets.

(a) 'Zusammenfassung'

Sofern nicht ausdrücklich etwas anderes vorgesehen ist oder der Kontext etwas anderes erfordert, haben Wörter, Ausdrücke und großgeschriebene Begriffe, die im Informationsmemorandum definiert sind, in dieser Offenlegung dieselbe Bedeutung.

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR").

Pradera European Long Income Fund SCSp, SICAV-RAIF (die "Partnerschaft") wird als ein Finanzprodukt charakterisiert, das unter Artikel 8 der SFDR fällt.

Die Partnerschaft fördert ökologische oder soziale Merkmale, hat aber keine nachhaltigen Investitionen zum Ziel. Die Investitionen, die diesem Finanzprodukt zugrunde liegen, berücksichtigen nicht die EU-Kriterien für ökologisch nachhaltige Wirtschaftstätigkeiten, wie sie in der Taxonomieverordnung (EU) 2020/852 definiert sind.

Die Partnerschaft ist bestrebt, das Umweltmerkmal der Abschwächung des Klimawandels (das "Merkmal") zu fördern, indem sie einen Teil ihres Vermögens in Investitionen investiert, die auf das Merkmal ausgerichtet sind.

Die Partnerschaft wendet eine dreiphasige Investitionsstrategie, bestehend aus (1) Auswahl, (2) Entwicklung und (3) Integration, an, um die geförderten ökologischen oder sozialen Merkmale zu erreichen. Um die Umsetzung der Umweltmerkmale zu messen, verwendet der Anlageberater externe Bewertungen und legt ESG-Ziele fest.

Obwohl der AIFM in Absprache mit dem Anlageberater ESG-Risiken in der Weise berücksichtigt, wie sie im Investitionsmemorandum für die Partnerschaft beschrieben sind, bewertet der AIFM derzeit nicht konsequent die negativen Auswirkungen von Investitionsentscheidungen auf eine einheitliche Reihe von Nachhaltigkeitsfaktoren für die Zwecke der SFDR.

Die Partnerschaft verwendet keine Referenzbenchmark, um ihre ökologische oder soziale Leistung zu bewerten, obwohl der Fortschritt in Bezug auf die festgelegten ESG-Ziele ihrer Investitionen überwacht und mit dem Carbon Risk Real Estate Monitor ("CRREM"), dem Global Real Estate Sustainability Benchmark ("GRESB") und der Building Research Establishment Environmental Assessment Method ("BREEAM") oder einem anderen anwendbaren Marktzertifizierungsstandard verglichen wird. Darüber hinaus setzt sich der Anlageberater im Rahmen der Umsetzung der Anlagestrategie aktiv mit den Mietern in Bezug auf ESG-Themen auseinander, wenn die Möglichkeit besteht, ihr Verhalten zu beeinflussen und sich positiv zu positionieren, um die ESG-Ziele zu erreichen.

(b) 'No sustainable investment objective'

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. The financial product does not currently consider the principal adverse impacts of its investments on sustainability factors.

(c) 'Environmental or social characteristics of the financial product'

The Partnership seeks to promote the environmental characteristic of climate change mitigation (the "Characteristic"), by investing a proportion of its assets in investments which will be aligned with the Characteristic but does not have as its objective sustainable investment.

The AIFM, in conjunction with the Investment Advisor, has identified the following sustainability indicators against which it will measure the extent to which the Partnership's investments promote the Characteristic:

Energy Performance Certificates – The Partnership will invest in assets which have a minimum rating of “C” (or, where an asset has not yet obtained such rating, such asset is in the opinion of the investment Advisor of a standard to obtain such rating) and are in compliance with local regulations and requirements.

BREEAM In-Use Certification Rating or any other applicable market certification standard – The Partnership will invest in assets which have obtained a minimum rating of “three stars” equivalent to a “Good” rating from BREEAM (or, where an asset has not yet obtained such rating, such asset is in the opinion of the Investment Advisor of a standard to obtain such rating).

Viable pathway to improving performance – The Partnership will invest in assets whose promotion of the Characteristic, in the view of the AIFM (in conjunction with the Investment Advisor) has the potential to be improved through a targeted development plan by, for example, reducing its direct greenhouse gas emissions (Scope 1 and Scope 2) against measurable targets through the installation of low carbon equipment or the use of renewable energy sources.

(d) ‘Investment strategy’

The Partnership will look to invest (directly or indirectly via participations in Real Estate Companies) in Real Estate in the form of long income real estate in primarily the Target Countries to deliver reliable income returns. The Partnership’s primary focus will be on the grocery sector which is characterised by inflation-linked leases let to dominant and market leading operators with strong financial covenants.

With the objective of achieving the target returns of the Partnership, the AIFM, in conjunction with the Investment Advisor, intends to source grocery long income acquisition opportunities in the key economic growth regions of the Target Countries which display sound location and demographic fundamentals and promote the environmental Characteristic of climate change mitigation.

The AIFM’s approach (in conjunction with the Investment Advisor) to selecting investments for the Partnership has three main phases: selection, development and integration.

(1) Selection

In the selection phase, in addition to being reviewed against certain other considerations outlined in the Information Memorandum, the potential investments are analysed to ascertain whether there are any related environmental and/or social risks/opportunities. As a general matter, the Partnership intends to invest in assets, which exhibit the European Union’s recommended energy intensity levels for retail assets in the Partnership’s Target Countries. The Partnership is looking to invest in assets which have:

- **Energy Performance Certificates** in place with a minimum required rating from “A” to “C” and be in compliance with local regulations or the Partnership will otherwise seek to obtain such certification during the Term;
- **BREEAM In-Use Certification**, or any other applicable market certification standard, rated “three stars” equivalent of a “Good” rating and above, or otherwise seek to obtain such rating during the Term.

The Partnership intends to look into Energy Performance Certificates and a BREEAM In-Use Certification or any other applicable market certification standard for all investments, which promote environmental and/or social characteristics i.e. 50% of the Partnership portfolio. Where the assets do not have a BREEAM In-Use Certification, or the rating is below “three stars” the Partnership can still invest in the asset, but will formulate a plan to improve the rating of the asset over the holding period.

In addition, all assets are screened against controversy exclusions such as violation of human rights, bribery, corruption, land contamination, health and safety concerns by external consultants within the due diligence process.

(2) Development

Following the acquisition of an Investment, the AIFM in conjunction with the Investment Advisor intends to establish a development plan for that Investment, part of which will include an ESG strategy and action plan that identifies how the environmental attributes of the Investment may be improved and any identified ESG Risks mitigated, with the related ESG Risks for each Investment being monitored at least annually. To the extent applicable to an Investment, the ESG strategy and action plan will include a plan to enhance the Investments promotion of the Characteristic and improve the metrics for that Investment in relation to the identified sustainability indicators (see above).

In particular, the teams responsible for the day-to-day management of an Investment will carry out building, technical and biodiversity surveys, tenant satisfaction surveys and put in place and execute improvement plans.

(3) Integration

In the integration phase, the ESG strategy and action plan is implemented. Progress towards set ESG targets is monitored, benchmarked against CRREM, GRESB and BREEAM In-Use or any other applicable market certification standard and reported against (including in compliance with the periodic reporting requirements under Article 11 of Regulation (EU) 2019/2088).

The ESG strategy and action plans will be reviewed annually (1) to adjust for any external regulatory changes; (2) to confirm continued for alignment with the overall portfolio strategy; and (3) to confirm progress against the Partnership’s targets, ongoing promotion of the Characteristic and that an Investment continues to meet the identified sustainability indicators.

The Partnership invests in real assets and not in investee companies so will not have to assess good governance practices of the investee companies.

(e) ‘Proportion of investments’

The Partnership seeks to allocate 50% investments into assets which promote the Characteristic but do not qualify as sustainable investments. The other 50% will be invested in assets, which do not promote environmental or social characteristics but display sound location and demographic fundamentals and fixed income characteristics.

(f) 'Monitoring of environmental or social characteristics'

Following the acquisition of an Investment, the AIFM in conjunction with the Investment Advisor intends to establish a development plan for that Investment, part of which will include an ESG strategy and action plan that identifies how the environmental attributes of the Investment may be improved and any identified ESG Risks mitigated.

The ESG strategy and action plan will include a plan to enhance the Investments promotion of the Characteristic and improve the metrics for that Investment in relation to the identified sustainability indicators.

In particular, the teams responsible for the day-to-day management of an Investment will carry out building, technical and biodiversity surveys, tenant satisfaction surveys and put in place and execute improvement plans.

Whilst not all assets in which the Partnership invests will promote the Characteristic at time of investment, the AIFM, assisted by the Investment Advisor, will seek to put in place and implement a strategy and development plan for each asset with the aim of enhancing those assets during the holding period, so as to bring them in line with the sustainability indicators outlined above.

(g) 'Methodologies'

The methodology used to measure the attainment of the environmental characteristic promoted by the Partnership is part of the third phase ("Integration") of the investment strategy and will be reviewed annually.

(h) 'Data sources and processing'

The Partnership invests in Real Assets and not investee companies but will rely on the European Union's recommended energy and greenhouse gas emissions intensity levels for retail assets and certification for investments to attain the environmental Characteristic promoted by the financial product. The energy data obtained for investments will be collected by an external software provider, checked by the Investment Advisor and verified by a sustainability consultant to ensure its quality. Energy data and greenhouse gas emissions will be reported to GRESB on an annual basis and checked against the CRREM decarbonisation pathway.

(i) 'Limitations to methodologies and data'

Some limitations may arise due to the limited data, however those limitations will not affect the environmental Characteristic. The AIFM, in conjunction with the Investor Advisor, will actively engage with tenants to obtain data. Where it is not possible, the AIFM in conjunction with the Investor Advisor will appoint the sustainability consultant to estimate the missing energy data to be able to assess investments' progress against their decarbonisation pathways.

(j) 'Due diligence'

Robust due diligence is conducted on all potential investments that have passed the initial screening phase. Under this framework, the potential investments are analysed with CRREM to ascertain where they are on their decarbonisation pathway and whether there are any related

environmental risks/opportunities. In addition, the potential investments are screened for serious violation including in respect of human rights, bribery, corruption, land contamination and health and safety concerns.

A detailed assessment of investment performance against these themes is performed to determine whether there are any unmanageable risks (“red flags”) that would hold the transaction.

The ESG Risks will then be evaluated more thoroughly through a combination of the Investment Advisor’s own due diligence and that performed by third parties (including through financial, tax, technical and environmental surveys), the findings of which will be presented to the Investment Advisor’s investment committee for approval.

The Investment Advisor will not recommend an investment in asset which has serious violations of any of the foregoing. If the decision to invest is made, as standard practice, the ESG Targets are formulated.

The investment committee papers will include potential for improvements, opportunities in terms of green certification (EPC, BREEAM In-Use or any other applicable market certification standard), renewable energy, water conservation and waste management. Where ESG Risks are identified, an Investment may still be made if it is felt that such ESG Risks can be managed and/or mitigated.

(k) ‘Engagement policies’

The Partnership invests in Real Assets and not investee companies but has a sound governance model to identify, monitor and mitigate ESG risks. Through the implementation of the investment strategy, the AIFM in conjunction with the Investment Advisor will actively engage with tenants on the ESG issues where there is a reasonable change of influencing their behaviours and positioning positively.

(l) ‘Designated reference benchmark’

No reference benchmark has been designated for the purpose of attaining the Characteristic promoted by the Partnership.

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