



Article 10 (SFDR)

Website disclosure for an Article 8 fund

Lords LB European Property Fund SCA, SICAV-RAIF

31st July, 2023

Product name: Lords LB European Property Fund SCA, SICAV-RAIF (the "Fund")		Legal identity identifier: B269415	
Does this financial product have a sustainable investment objective?			
<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No	
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __% <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy		<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it had a proportion of 50 % of sustainable investments <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective	
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __%		<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments	



A. Summary

In English:

The Fund aims to construct an asset portfolio which consists of properties that are already sustainable.

The Fund will contribute to climate change mitigation by promoting the usage of renewable energy, improving the efficiency of the buildings as well as minimizing non-renewable energy use and carbon emissions throughout the lifecycle of the buildings.

All investments are evaluated against indicators applicable to the real estate such as greenhouse gas emissions, waste, resource consumption where applicable, exposure to fossil fuels, energy efficiency and consumption. The Fund will target assets at least with:

- energy class A+
- certified at least BREEAM Very good and greater.

The Fund will take into account Principal Adverse Impact (PAI) indicators, which are applicable to real estate investments. The data to monitor and track the sustainability-linked indicators and performance of the Fund will be mainly received from tenants, asset managers and/or maintenance managers of the buildings. Each year, the Fund will participate in GRESB, to receive the ESG performance benchmark, however, no benchmark has been designed for the Fund.

During the due diligence of a planned investment, the need to evaluate different aspects of the investment object is considered, which may differ depending on the type of the investment asset, i.e. financial, tax, legal, technical and other types of due diligence (if needed) are conducted.

Finally, the UAB “Lords LB Asset Management” which is appointed by the AIFM as an Investment advisor and Global Distributor of the Fund (hereinafter “Lords LB Asset Management”) does have an Active Ownership policy, which encourages engagement with investee companies with regard to sustainability-linked risks and opportunities.

In French:

Le Fonds a pour objectif de constituer un portefeuille d'actifs composé de propriétés déjà durables. Le Fonds contribuera à l'atténuation du changement climatique en encourageant l'utilisation d'énergies renouvelables, en améliorant l'efficacité des bâtiments et en réduisant au minimum la consommation d'énergie non renouvelable, ainsi que les émissions de carbone tout au long du cycle de vie des bâtiments.

Tous les investissements sont évalués par rapport à des indicateurs applicables à l'immobilier, tels que les émissions de gaz à effet de serre, les déchets, la consommation de ressources, le cas échéant, l'exposition aux combustibles fossiles, l'efficacité énergétique et la consommation. Le Fonds visera des actifs caractérisés, à minima, par ce qui suit :

- classe énergétique A+ ;
- un niveau de certification BREEAM Très bon et supérieur.

Le Fonds prendra en compte les indicateurs de principales incidences négatives (PAI, pour Principal Adverse Impact en anglais) applicables aux investissements immobiliers. Ce sont principalement les locataires, les gestionnaires d'actifs et/ou les responsables de la maintenance des bâtiments qui fourniront les données nécessaires au contrôle et au suivi des indicateurs de durabilité et des performances du Fonds. Chaque année, le Fonds participera au GRESB pour recevoir les indicateurs clés de performance ESG, sans toutefois qu'aucun critère de référence n'ait été conçu pour le Fonds.

Au cours de la phase de vérification préalable d'un investissement prévu, il est nécessaire d'évaluer différents aspects de l'objet de l'investissement, qui peuvent différer selon le type d'actif concerné, c'est-à-dire que des vérifications préalables financières, fiscales, juridiques, techniques et autres (si nécessaire) sont menées.

Enfin, la société à responsabilité limitée (UAB) lituanienne « Lords LB Asset Management », désignée par la directive AIFM comme conseiller en investissement et distributeur mondial du fonds (ci-après « Lords LB Asset Management »), applique une politique d'actionnariat actif qui encourage l'engagement auprès des entreprises bénéficiaires en ce qui concerne les risques et les opportunités liés à la durabilité.



B. No significant harm to the sustainable investment objective

How are the indicators for adverse impacts taken into account?

All investment opportunities qualifying as sustainable are screened against indicators applicable to the real estate investments such as greenhouse gas emissions, waste, resource consumption where applicable, exposure to fossil fuels, energy efficiency and consumption.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Investment Advisor has a Code of Conduct, which outlines the respect for internationally recognized human and labour rights, international initiatives such as the UN Declaration on Human Rights, OECD Guidelines for Multinational Enterprises and the International Labour Organisation. What is more, the Lords LB Asset Management has a Responsible Investment Policy, which outlines the incorporation of UN PRI in each new investment.

Vendors, suppliers and related parties will have to follow sustainable procurement plans and make sure to follow local rules and regulations of working conditions as well as if not in place to establish human rights and anti-corruption policies and/or procedures.



C. Sustainable investment objective of the financial product

What is the sustainable investment objective of this financial product?

Environmental characteristics promoted by this financial product:

- Energy Consumption - assess measures to further improve the inherent energy efficiency of the building and support efficient management throughout all operations.
- Transport - address the design and provision of transport and movement infrastructure to encourage the use of sustainable modes of transport.
- Land use and biodiversity - focus on sustainable land use, habitat protection and creation where applicable, and improvement of long-term biodiversity for the building's site and surrounding land.
- Waste and circularity - encourage sustainable management and reuse to reduce the waste arising from the operation of the building.
- Water - focus on identifying means of reducing potable water consumption over the lifetime of the building and minimizing losses through the leakage.
- Pollution mitigation - aim to reduce the impact of the building on surrounding communities and the environment arising from light pollution, noise, and other sources.



D. Investment strategy

What investment strategy does this financial product follow?

The Fund targets sustainable buildings with the aim to enhance access to sustainable properties in the region. It will encourage the use of renewable energy on-site. On a social side, the Fund will emphasize the good health & well-being of its tenants.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

To attain the characteristics promoted, the Fund applies criteria to the selection of underlying assets as part of their investment decision-making process. The selection criteria may not be disapplied or overridden by the AIFM or Lords LB Asset Management and comprise:

- Energy level A+ and greater;
- BREEAM Very good and greater;
- Where applicable, rooftop solar panels of circa 10KW;
- Additional EV charging and bike storage places.

What is the policy to assess the good governance practices of the investee companies?

Not applicable as the Fund is investing companies which will hold the buildings, but will not have any employee relations or management structures.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the Fund considers the principal adverse impacts on sustainability factors, which is performed by considering the PAIs applicable to the real estate investments from Table 1 of Annex I of Regulation (EU) 2022/1288, as further described in preceding sections of this document.

More information on principal adverse impacts on sustainability factors is available in the periodic reporting under Article 11(2) of the SFDR.

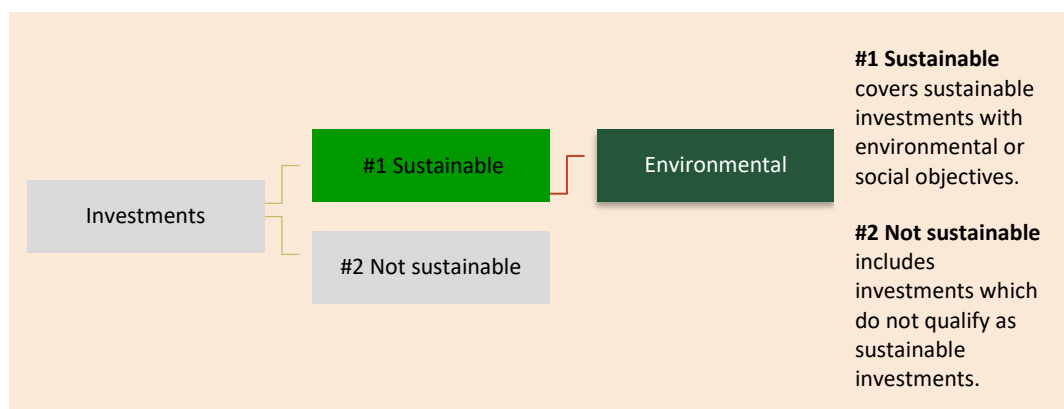
☐ No



E. Proportion of investments

What is the planned asset allocation for this financial product?

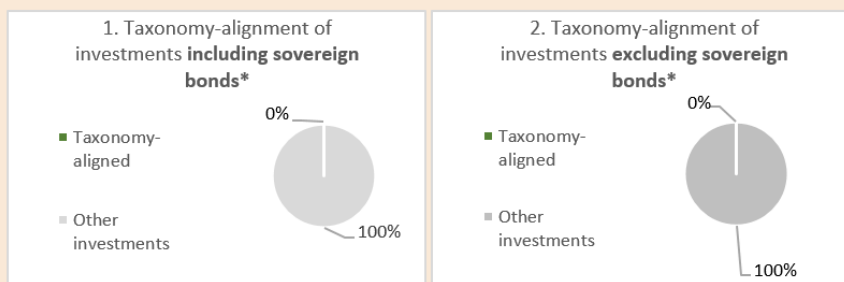
The Fund will invest at least 50% of its proceeds in eligible projects that qualify as sustainable investments (#1 Sustainable). The Fund is allowed to hold up to 50% of its proceeds in cash, cash equivalents, and/or other liquid marketable assets (#2 Not sustainable).



What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why, and what the minimum share of transitional and enabling activities)

The Fund does not currently commit to invest in any sustainable investment within the meaning of the EU Taxonomy. However, the position will be kept under review as the availability of reliable data increases over time.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

As the Fund does not commit to invest in any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund is committed to a minimum of 50% of sustainable investments contributing to an environmental objective aligned with SFDR, but no EU Taxonomy alignment share is set for now.

What investments are included under “#2 Not Sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

Prior to complete allocation, or in the case of early repayment, funds will be kept in cash, cash equivalents, and/or other liquid marketable assets.

What is more, the balance of circa 50% of the Fund’s GAV can be allocated to lesser sustainable assets with the aim to enhance their sustainability credentials throughout the duration of the investment programme.

These investments do not follow any minimum environmental or social safeguards.



F. Monitoring of sustainable investment objective

What sustainability indicators are used to measure the attainment of the sustainable investment objective by this financial product?

The following sustainability indicators are being used to measure the attainment of the sustainable investment objective of the Fund:

- Energy use (MWh and MW/h/m2);
- Generation/usage of renewable energy (%);
- GHG emissions
- Exposure to energy-inefficient real estate assets;
- Assigned energy efficiency class;
- Sustainability rating (inter alia BREEAM) and certifications;
- Water use (m3 and M3/m2).

How are the sustainable investment objective and the sustainability indicators monitored throughout the lifecycle of the financial product and what are the related internal/external control mechanisms?

The Fund manager, analysts and ESG manager of Lords LB Asset Management continuously monitor and assess the underlying investments’ performance with a focus on identified sustainability indicators. The data mainly will be received from tenants, asset managers and/or maintenance managers of the buildings.

Each year the Fund will submit its performance results to the GRESB to receive the ESG benchmark compared to its peers and receive the external evaluation of how the Fund is performing.

What is more, the internal audit of the Lords LB Asset Management is conducted yearly, hence sustainability field, its risk management and procedures are within the scope as well.



G. Methodologies

What is the methodology to measure the attainment of the sustainable investment objective using the sustainability indicators?

The performance of each investment will be evaluated annually and compared to the previous 5 years, when available.

The performance of these indicators (mainly environmental) will be assessed together with the established KPIs if any.

As mentioned, the Fund will provide its performance to the GRESB, which will provide the comparison of the Fund to its peers.



H. Data sources and processing

What are the data sources used to attain the sustainable investment objective of the financial product including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?

To assess the promotion of the characteristics, the internal Lords LB Asset Management's database is used. The data mainly will be received from tenants, asset managers and/or maintenance managers of the buildings. For some of the indicators, such as GHG the internal calculation platform is used, which is based on internationally recognized protocols and tools.



I. Limitations to methodologies and data

What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the sustainable investment objective and the actions taken to address such limitations)

As sustainability indicators and its calculation are rather new for some participants in the industry, there is still a lack of consistency in the data collection and gathering process. However, as active owners and engaging with the related parties, we will stress and address the importance and need to collect the required data for us to be able to calculate the performance of sustainability indicators.



J. Due diligence

What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

AIFM and Lords LB Asset Management have an investment making decision procedures according to which due diligence and detailed valuation procedures are ensured. During the due diligence of a planned investment the need to evaluate different aspects of the investment object is considered, which may differ depending on the type of the investment asset, i.e. financial, tax, legal, technical and other types of due diligence (if needed) are conducted. Lords LB Asset Management may use reliable and professional third parties for the purposes of the due diligence of an investment object.



K. Engagement policies

Is engagement part of the environmental or social investment strategy?

☐ Yes

☒ No, but the Lords LB Asset Management has an Active Ownership strategy, which encourages the Fund manager to engage with investees about Sustainability risks and opportunities, address applicable ESG factors and stress its importance and relevance, depending on the managed assets and investment strategy.



L. Attainment of the sustainable investment objective

Has a reference benchmark been designated?

☐ Yes

☒ No, the only performance comparison Fund will receive is the GRESB sustainability benchmark.