



LEADCREST

Responsible

Investment Policy

October 2024



About LeadCrest Capital Partners

Founded by a team of experts with a global track record, LeadCrest Capital Partners is the sole European fund exclusively dedicated to sale-leaseback and build-to-suit investments.

Our grass roots approach allows us to build strong long-term relationships based on trust and “together we grow” mindset.

Dedicated regional teams create off-market opportunities and foster enduring connections with our business allies, driven by a shared commitment to deliver value for shareholders, clients, and employees alike.

We have strong expertise in all asset classes - ranging from traditional commercial real estate to highly specific operational properties - with a particular focus on the consumer goods, industrials, healthcare and education sectors. As stewards of capital, we are committed to integrating environmental, social, and governance considerations into our investment process to promote sustainable and responsible practices.



Our Promise

As a sole asset manager and European fund exclusively dedicated to sale-leaseback and build-to-suit investments LeadCrest Capital Partners acknowledges the pivotal role that environmental, social, and governance factors play in shaping investment value and risk. We are committed to staying abreast of emerging regulations and policies that influence the future landscape of real estate investing. In doing so, we uphold their principles wherever possible, thereby demonstrating our dedication to supporting our tenants throughout their journey. This approach not only augments value for our clients and stakeholders but also aligns seamlessly with our fiduciary responsibilities.



Scope & Purpose

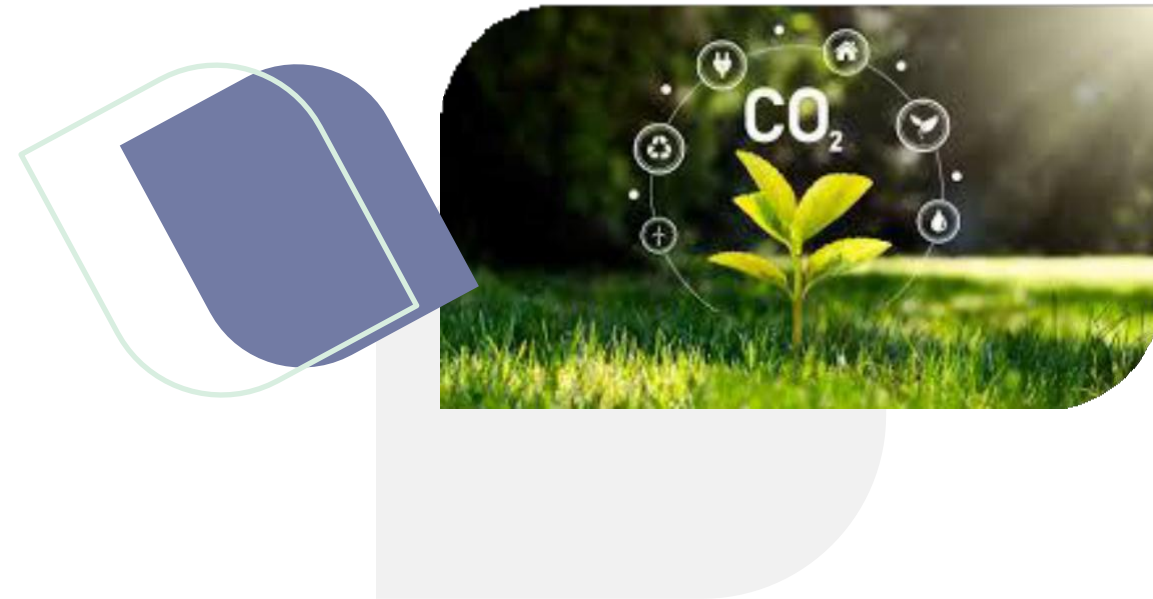
Scope

This Policy applies to LeadCrest Advisory Capital Partners S.à r.l. and its affiliates as well as to the funds advised and/or managed by them.

This Responsible Investment Policy document maps out the Environmental, Social and Governance (“ESG”) policy relating to all funds and mandates managed by LeadCrest Capital Partners.

This document sets out how ESG related matters are considered in LeadCrest investment processes, responsibilities and how the ESG strategy is implemented.

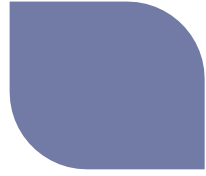
The contents of this Policy are subject to annual review.



Purpose and Objective

The purpose of this Responsible Investment Policy is to illustrate how ESG-related matters are considered in LeadCrest investment processes and how the ESG responsibility is governed, and the ESG strategy is implemented

LeadCrest acknowledges that ESG issues impact investment funds and investors’ returns. The ESG Policy aims to enhance value for the stakeholders of LeadCrest by aligning the approach and processes with the fiduciary responsibility.



ESG Investment Principles

On 2 March 2022, LeadCrest became signatory of the [UN Principles for Responsible Investment](#) and decided to exclude certain category of assets and/or assets whose tenants derived a part or all of their income from sources that the company believes to be harmful for the climate, planet and society.

Our Commitment

By signing the following principles, LeadCrest commits to adopt and implement them, where consistent with its fiduciary responsibilities. LeadCrest believes this will improve its ability to meet commitments to beneficiaries as well as better align their investment activities with the broader interests of society.

- 01 We will incorporate ESG issues into investment analysis and decision-making processes.
- 02 We will be active owners and incorporate ESG issues into its ownership policies and practices.
- 03 We will seek appropriate disclosure on ESG issues by the entities in which it invests.
- 04 We acceptance and implementation of the Principles within the investment industry.
- 05 We will work together to enhance its effectiveness in implementing the Principles.
- 06 We will report on its activities and progress towards implementing the Principles.



Exclusions

Scope of Exclusions

LeadCrest Capital Partners is prohibited from investing in any project or asset to be leased to any tenant that would be excluded under this policy. Investments in real estate where more than 20% of contractual rent comes from tenants who are excluded issuers and granting of new leases (including any extensions or renewals) to such tenants are not allowed.

The exclusions are also prohibited in any investments by prohibiting either indirect exposure to those via the use of derivatives from any excluded issuers or direct investment in any financial instruments when issuer derives income from any excluded activities (above the relevant revenue thresholds).

Segregated mandates will be consulted as to whether they wish to opt out from the Policy. LeadCrest Capital Partners aim to apply the exclusions to all funds and mandates it manages or advises.

ESG Integration in the Investment Process



Initial Screening & Due Diligence Phase

An initial high-level ESG screening as well as exclusion criteria analysis in relation to LeadCrest's exclusion list is conducted in the sourcing and screening phase of new potential investment opportunities.

LeadCrest approach to real estate ESG due diligence for acquisitions includes a standard set of services and consultant briefs to identify ESG Factors, risks, and opportunities for each asset and portfolio.



Investment Monitoring & Asset Management

Following the Real Estate ESG due diligence, an asset-specific ESG asset management plan is created for each investment based on ESG, Technical, and Environmental Due Diligence.



Engagement

LeadCrest aims to partner with tenants and other stakeholders to implement best practices by providing advice, tools, and expertise to implement ESG initiatives and measure progress.

We continually refine our collaborative approach by integrating green leases with incentivized data-sharing processes and comprehensive analysis

Initial Screening

ESG Investment Approach

A key component of LeadCrest's investment philosophy is to establish partnerships with carefully selected companies in sectors with long-term growth prospects and ESG values. Furthermore, LeadCrest portfolio construction is driven by top-down portfolio strategy and specialised origination process combined with market-driven asset level opportunities.

The LeadCrest Investment Team periodically undertakes research to identify mega trends, as well as investment risks and opportunities, including those related to ESG. The Investment Team monitors ESG trends and incorporates them into fund strategy recommendations as appropriate.

An initial high-level ESG screening as well as exclusion criteria analysis in relation to LeadCrest' exclusion list is conducted in the sourcing and screening phase of a new potential investment opportunities.

Investment Due Diligence

The real estate ESG due diligence includes the screening through following framework:

1. Environmental Assessment

1. Flood risk assessment
2. Contamination risk assessment
3. Hazardous building material assessment
4. Regulatory alignment

2. ESG Due Diligence

1. Energy efficiency assessment
2. Greenhouse gas emissions assessment
3. Decarbonization potential assessment

3. Technical Due Diligence

1. Technical building risk assessment (e.g. fire safety)

The results of the real estate ESG assessments are assessed for each investment opportunity and presented to the IAC for final decision making.

Credit Due Diligence

LeadCrest Credit ESG Due Diligence approach assesses various aspects related to ESG factors within a company. The key points covered include:

1. **ESG Policy and Decision Making:**
 - a. Presence of a formalized ESG policy.
 - b. Description of responsibilities in ESG-related decision making.
2. **ESG Goals and Incentives:**
 - a. Clear ESG-related goals/KPIs for senior management.
 - b. Financial incentives for achieving ESG performance targets.
3. **Regulatory Compliance:**
 - a. Compliance with environmental permits/licenses/consents.
 - b. No regulatory issues/non-compliance/enforcement actions in the last three years.
 - c. Disclosure of sustainability or ESG-related controversies, misconduct, penalties, incidents, or accidents in the last five years.
4. **Environmental Efforts:**
 - a. Integration of climate-related risks and opportunities in the organization's strategy.
 - b. Measurement and reduction targets for environmental factors like energy consumption, water consumption, GHG emissions, and waste production.
 - c. Consideration of environmental certifications and renewable energy
5. **Climate Change Impacts and Regulations:**
 - a. Identification of legal, financial, and commercial impacts of climate change on business.
 - b. Awareness of relevant laws and regulations related to ESG and climate change.
 - c. Presence of an officer or employee responsible for climate change or environmental measurement and reporting.

Credit Due Diligence

6. **Social Initiatives:**
 - a. Approach to employee safety, wellbeing, diversity, and inclusion.
 - b. Assessment and monitoring of modern slavery risk.
 - c. Contributions towards local welfare or charity and support for community causes/initiatives.
7. **Governance:**
 - a. Incorporation of governance factors such as business ethics and corporate governance.
 - b. Policies and practices for addressing, monitoring, and reporting on material governance risks and opportunities.
 - c. Details of board diversity and revenue sources from potentially controversial activities.
8. **Commitment to ESG Frameworks:**
 - a. Participation in ESG-related initiatives or frameworks such as GRI and TCFD.
 - b. Availability of ESG or sustainability reports.

As part of the credit ESG due diligence, LeadCrest also considers the investment exclusions.

This comprehensive approach aims to evaluate a tenant company's ESG performance across various dimensions, from policy formulation to implementation and impact assessment.

The results of the credit ESG assessments are assessed for each investment opportunity and presented to the IAC for final decision making.

ESG Reporting

Our goal for 2025 is to deploy advanced technology to build scalable systems that streamline the collection and analysis of tenant emissions data, allowing us to accurately quantify our global carbon footprint, optimize water and waste management, and set ambitious, long-term reduction targets.



LeadCrest seeks to proactively prevent and mitigate instances of non-compliance with this ESG policy.

LeadCrest commits to being transparent with its investors, partners, and stakeholders and providing consistent, clear and comprehensive reporting. The reporting typically includes an annual ESG update, meetings, and ad-hoc updates.

As a signatory to UN PRI, LeadCrest is committed to publicly report to UN PRI framework annually.

LeadCrest European Fund II SCSp is an Article 8 fund as per the EU SFDR. LeadCrest aims to disclose information addressed by the SFDR in relevant pre-contractual documentation and periodic reporting to investors as well as on its website.



Built-to-Suit Investments

In real estate development, integrating sustainable practices into built-to-suit strategies is crucial for shaping urban landscapes sustainably.



Impact Opportunity

Sustainable construction offers benefits such as energy efficiency, reduced carbon footprint, and improved occupant well-being. Prioritizing sustainability not only meets tenants' eco-conscious demands but also future-proofs investments against regulatory shifts.

Additionally, sustainable buildings often yield higher rental rates and property values, ensuring long-term financial viability.

Ultimately, embracing sustainable real estate construction within built-to-suit strategies is essential for creating resilient, resource-efficient communities.



PROJECTS WE ARE PROUD OF

Progress is impossible without change, and those who cannot change their minds cannot change anything.

Georges Asmar

Managing Director, Portfolio Manager

Ny Højtoft

Social Infrastructure co-investment

LeadCrest Capital Partners is delighted to partner with Autismeforeningen, National Association for Autism in Denmark, on behalf of AkademikerPension. The mission of the partnership is to develop new modern adult autism facilities for Boligfonden Autisme, a specialised autism care provider founded by Autismeforeningen. The first DKK 130 million project in Hvalsø, Denmark was completed in November 2024.



Georges Asmar

*Managing Director and Portfolio Manager
LeadCrest*

"At LeadCrest, we try to be responsible for everything we do. And with Ny Højtoft, we are helping to solve a societal need, while at the same time making a good investment for our members"



Søren Møller-Larsson,

Head of Real Estate at Akademiker Pension

"We benefited from LeadCrest's unique expertise in Europe in structuring such type of transactions. Their support was instrumental in getting this complex partnership across the finish line."



LEADCREST

Contact Us

Ewa Romanska

Director of Marketing & ESG

email: eromanska@leadcrestcap.com

