

Product name: LCN European Fund IV SLP

Legal entity identifier: 549300TIVXKT8CVYBX15

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

Yes

It will make a minimum of **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

No

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes the environmental characteristic of climate change mitigating through energy efficiency by avoiding investments with an energy performance rating of E or below.

The Fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing or be damaging to social cohesion. The Fund excludes certain companies which have experienced notable sustainability-related controversies, or which are in violation of international norms (unless, in each case, the Investment Adviser considers that the company is taking appropriate steps for material remediation and improvement).

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**
 - % of the portfolio that has an energy performance rating (EPC rating) higher than E
 - % of the portfolio that complies with the social exclusions referred to below
- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable. The Fund will not make any sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable. The Fund does not have a sustainable investment objective and will not make any sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

- Yes, the fund takes into account indicator 10, the share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises and expects a full exclusion of such investments unless the Investment Adviser considers that the company is taking appropriate steps for material remediation and improvement.

Further information on principal adverse impacts on sustainability factors will be made available in the information to be disclosed pursuant to Article 11(2).

No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

LCN Capital Partner's ("LCN") approach to sale-leaseback structuring creates a transparent, predictable, fixed income-like investment with regular, inflation-protected distributions and the security of real estate ownership. Upside potential may be achieved through both underlying real estate appreciation as well as potential tenant credit improvement without prepayment risk.

The Fund's investment objective is to:

- (i) directly originate from and structure transactions with the corporate owner-occupants, who as a result of the transaction become the tenants / corporate obligors ("primary market transactions");
- (ii) target assets that are operationally critical to the tenant;
- (iii) negotiate long-term, triple-net leases with bond indenture-like provisions and contractual rent increases; and
- (iv) utilizing non-recourse, transaction-specific mortgage finance.

Importantly, LCN will independently underwrite both the corporate credit and the real estate in each investment at acquisition and on an ongoing basis, following its proprietary CRI underwriting assessment to assess an investment's suitability for the the fund on a regular basis.

International norms exclusions: The Fund uses the following environmental, social and international norms exclusions to attain the promoted environmental or social characteristics:

Environmental exclusions:

The Fund shall not knowingly invest in any property which has an EPC rating of E or below.

Social exclusions:

The Fund shall not knowingly invest in any company which derives more than 20% of its revenue from any one of the following activities:

- owning or operating real estate used to manufacture illegal drugs, including non-medical cannabis;
- owning or operating real estate used in illegal gambling activities;
- manufacturing or production of pornography; or
- dedicated manufacturing or production of controversial weapons.

In addition, the Fund shall not knowingly invest in the following companies:

- companies that have experienced a notable sustainability-related controversy related to their operations and/or products, where the severity of the social or environmental impact of the controversy is above a certain threshold based on third party data, unless the Investment Adviser considers that the company is taking appropriate steps for material remediation and improvement;
- companies that fail to comply with the UN Global Compact or the ILO fundamental principles, unless the Investment Adviser considers that the company is taking appropriate steps for material remediation and improvement;
- companies that fail to adhere to anti-bribery laws;
- companies that fail to adhere to international sanctions; and
- companies that employ child or slave labor.

The Fund assesses these using publicly available data, company reporting and / or data obtained through news organisations and financial databases such as Bloomberg, Thompson Reuters or CoStar.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements to select the investments to attain each of the environmental or social characteristics promoted by the fund are:

- The Fund shall not knowingly invest in any property which has an EPC rating of E or below.
- The Fund shall not knowingly invest in any property that derives more than 20% of its revenue from any of the activities as listed in the investment strategy.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The Fund does not currently commit to reduce the scope of investments by a minimum rate.

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

As part of its bottom-up, fundamental research process, the Investment Manager incorporates an assessment of an investment's (or its tenant's) corporate governance and business practices in Investment Manager's proprietary CRI underwriting assessment.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

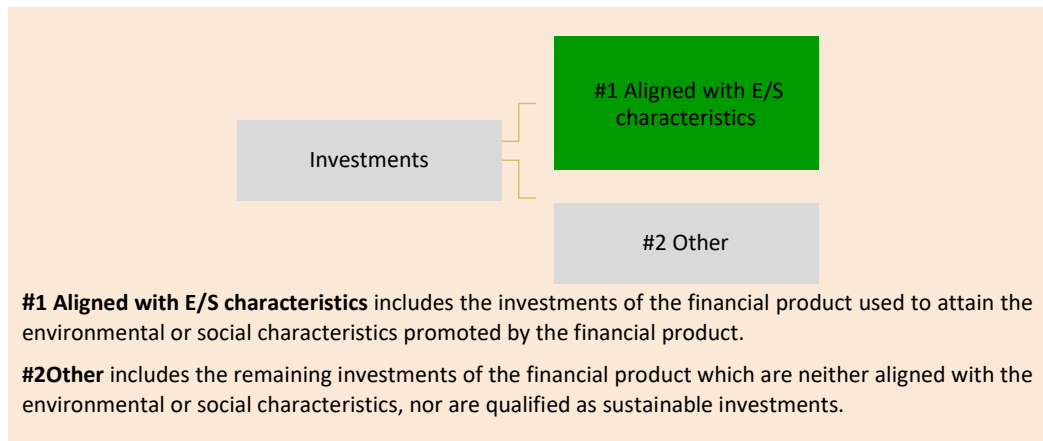
Therein, governance and governance practices are assessed at tenant, group and guarantor levels. This involves financial statements and operating, management and - to the extent applicable - sponsor performance reviews employing historical data as well as any proprietary data that is obtained via leases and direct engagement with tenant management. In addition, information in and from (credit) ratings, company and industry research, but also general and specialist news sources as well as conversations and engagement with tenant / group / guarantor peers, competitors and advisors is employed. This ongoing research and dialogue provides an on-the-ground idea of tenant credit, governance and performance, industry insight and general current information, which is absorbed into the regular CRI reports and investment management process.



What is the asset allocation planned for this financial product?

The planned asset allocation is that a minimum of 80% of the Fund's investments will be aligned with the E/S characteristics.

The remaining proportion of the investments in category #2 Other will be held as cash and cash equivalents and for hedging purposes. There are no minimum environmental or social safeguards applied.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable. The Fund will use derivatives for hedging purposes only, and not to attain the promoted environmental and social characteristics.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund does not currently commit to invest in any Sustainable Investments within the meaning of the SFDR. Consequently, the minimum share of EU Taxonomy-aligned investments is 0%.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

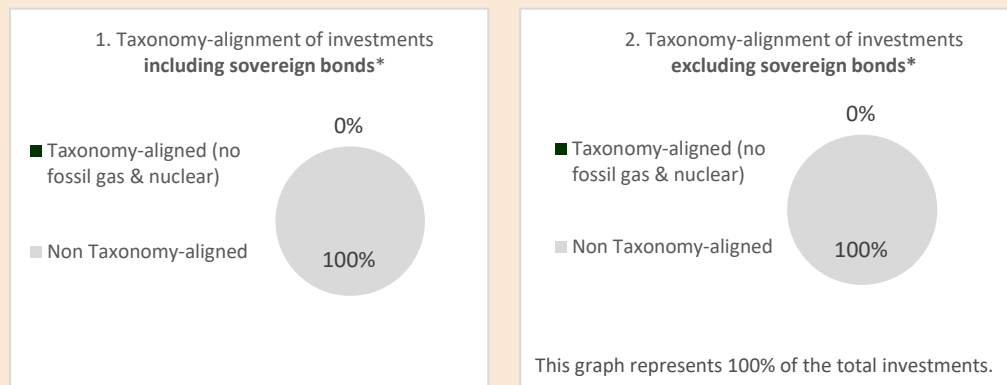
Asset allocation describes the share of investments in specific assets. Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

- Yes:
- In fossil gas In nuclear energy
- No

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.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



● **What is the minimum share of investments in transitional and enabling activities?**

The Fund does not currently commit to invest in any Sustainable Investments within the meaning of the SFDR. Consequently, the minimum share of investments in transitional and enabling activities is 0%.

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

The Fund does not currently commit to invest in any Sustainable Investments within the meaning of the SFDR. Consequently, the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 0%.



What is the minimum share of socially sustainable investments?

Not applicable. The Fund does not commit to make any Sustainable Investments within the meaning of the SFDR.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Cash and cash equivalents and hedging instruments are included under “#2 Other”. Their purpose is to provide hedges to the fund. There are no minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

There is no specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes.



Where can I find more product specific information online?

More product-specific information can be found on the Fund’s data room:
<https://services.intralinks.com/web/?br=4716096012#workspace/13052175/documents>