

REVCAP
REAL ESTATE VENTURE CAPITAL MANAGEMENT

ESG POLICY

OVERVIEW

The Real Estate Venture Capital Management LLP (Revcap) Environmental, Social and Governance (“ESG”) Policy describes our commitment to sustainability, including mitigating environmental impacts, addressing relevant social issues and maintaining sound governance procedures.

OBJECTIVE

The objective of this policy is to affirm our commitment to achieving long term sustainable outcomes through our real estate assets, across our supply chain and in the communities in which we operate. The policy describes the overall intentions and direction of Revcap related to environmental and social performance. It provides a framework for the setting of its ESG objectives and targets.

SCOPE

This policy covers:

Revcap corporate offices operations (in the UK and Europe), all investment vehicles (“funds”) from our three principal investment lines: Joint Venture Equity, Platform Investment and Core Plus Capital (in the UK and Europe), established after (and including) Kitty Hawk Capital Partners V (“KHCP V”, established 2019).

POLICY OWNER

ESG Representative: Georgina Elliott, Head of ESG.

The Head of ESG will be supported by the Sustainability Team (made up of senior management representatives from our principal investment lines).

POLICY APPROVER

Investment Committee, Revcap

EFFECTIVE DATE

December 2023

REVIEW DATE

December 2024

REVCAP OVERVIEW

Revcap is an independently owned private equity real estate business **that was formed in 2004, that targets small and medium sized real estate joint ventures**. Revcap invests equity in joint ventures with proven local partners through three principal investment lines:

JOINT VENTURE EQUITY

Joint Venture Equity investments are made alongside co-investing local operating partners and usually involve Revcap funding 50-90% of the total equity requirement.

PLATFORM INVESTMENTS

Platform Investments are made into real estate operating businesses where there is a compelling underlying real estate strategy and the potential to create brand value in a management platform.

CORE PLUS CAPITAL

Core Plus investments are made where asset management can create or sustain a long term, institutional quality, cash flow in smaller real estate assets

The firm has invested in over £11 billion of European real estate, raised over £4 billion of equity capital since formation in 2004 and co-invested alongside over 160 Local Operating Partners in more than 520 transactions.

INTRODUCTION

Sustainability encompasses a broad range of issues that may of themselves, or in combination, have a material impact on the risk/return characteristics of our investments. Our goal is to adopt a policy aimed at embedding a culture of sustainability in our entire investment process, accompanied by hard data, regular monitoring and ambitious targets.

We are implementing a best practice approach to sustainability to drive investments along sustainable and responsible criteria. We measure the sustainability performance of our funds with recognised external benchmarks. We also use third-party certification schemes for appropriate local property markets.

Reflecting the central importance of sustainability, our Sustainability Team (made up of senior management representatives from our principal investment lines) oversees and reviews our sustainability objectives, strategies and approach. The Sustainability Team strives for continual improvement across all our real estate portfolios. The Sustainability Team sets sustainability strategies and objectives and ensures incorporation of these into property operations.

POLICY REQUIREMENTS

This Policy applies to all of Revcap's operating business and all funds established since, and including, KHCP V in 2019. It sets out the sustainability commitments and intents for all employees, suppliers, contractors and joint venture partners operating with and under Revcap. In addition to meeting the minimum requirements of this Policy, Revcap employees and certain funds will also need to comply with local or entity specific requirements, policies, and procedures including where they exceed the requirements of this Policy.

POLICY PRINCIPLES

Revcap is committed to achieving long term sustainable outcomes through our real estate assets, across our supply chain and in the communities in which we operate. Our sustainability framework addresses environmental, social and governance issues, in order to:

- Enhance value and minimise risk for our investors
- Deliver exceptional real estate experiences for our customers and tenants
- Perform in line with global best practice
- Develop our employees' and partners' sustainability knowledge so they can be advocates, and,
- Foster a culture which embraces sustainability as a genuine core value.

The following principles guide our approach to sustainability in Revcap:

- Deliver risk-adjusted investment performance by integrating ESG considerations into our investment processes - and document this at each stage of the investment process.
- Implement sustainable practices through innovation and the sharing of best practices across our portfolios.
- Act responsibly as a steward for the natural environment by addressing environmental impacts whilst also enhancing operational efficiency and values.
- Recognise social impact and have consideration for the local communities in which our assets reside.

Application of these principles increases the appeal of a property to both tenants and investors, and reduces operational costs and risks, resulting in improved risk-adjusted returns. Long-term value of a property investment is strengthened by increasing climate change resilience and limiting the risk of regulatory non-compliance or the erosion of its competitive position in the market.

To ensure that the above principles are met, an environmental management system (EMS) has been established, aligned to the internationally recognised standard, ISO 14001. This framework enables the structured amalgamation of our sustainability objectives and targets. It will assist in the development and continual improvement of environmental performance to the benefit of the business, stakeholders and, ultimately, society at large.

The following pages detail our principal commitments.

01. MANAGEMENT OF OUR ENVIRONMENTAL IMPACT

We acknowledge that our operations have both a direct and indirect impact upon the environment. We are committed to pollution prevention, protection of the environment, compliance with all relevant legal obligations and integrating sustainability and climate risks into all processes and stages of the investment life-cycle.

ENERGY & CLIMATE

We understand and acknowledge the reality of human-induced climate change and we're taking strong action to de-carbonise and adapt our real estate portfolio. This involves highly energy-efficient buildings, running on renewable energy. We know we need to adapt to the impacts of climate change. We will implement climate resilience measures to protect our tenants and our investors from climate extremes.

TRANSITION TO A LOW CARBON ECONOMY

Revcap will strive for best practice to support our society's transition to a low carbon economy. Our ESG strategy will duly consider the pursuit of net zero carbon from all three scopes of greenhouse gas emissions.

WASTE MANAGEMENT

We recognise our role in reducing the waste generated by our building users. We will implement where possible, waste management infrastructure, work to reduce the volume of waste we send to landfill and increase the proportion that is recycled or composted. We will work with our stakeholders to phase out single-use plastic and move to compostable packaging wherever possible. We aspire to support the creation of a 'circular economy'.



Principal Commitments

WATER EFFICIENCY

We will improve water efficiency by reducing wastage and harvesting or reusing water where practical.

BIODIVERSITY & HABITAT

We will use native and locally adapted plants in our landscaping to create habitats and support local biodiversity.

02. OUR COMMITMENT TO A SUSTAINABLE SOCIETY

Sustainability is a core part of our business culture and a central pillar of our business strategy. We will educate and enable our stakeholders about how we can work together to achieve our sustainability goals.

STAKEHOLDER ENGAGEMENT

Meaningful engagement with our stakeholders on key issues, to help build an inclusive, sustainable society.

HEALTH & WELLBEING

We will work to identify and effectively manage safety, physical and mental health to protect our communities, employees, contractors, tenants and customers, and continually improve our processes. We will strive to provide the best indoor environmental conditions for our tenants to support their wellbeing, including indoor air quality.

CULTURE & COMMUNITY DEVELOPMENT

Our success rests on the strength of the communities in which we operate, so we partner with community organisations to deliver positive social outcomes.

TRANSPORT & MOBILITY

We will implement best practice standards of accessibility. We encourage walking, running or cycling to and from our assets, and ensure people can find out how to get there using public transport. We will support the transition to non-polluting transport by providing, for example, charging points for electric vehicles.

03. OUR COMMITMENT TO OUR EMPLOYEES

Revcap values its employees highly and fully recognises that maintaining a driven and contented workforce is essential in delivering continued success. To support this, we are committed to:

DIVERSITY & EQUAL OPPORTUNITIES

We encourage a respectful, inclusive culture where different perspectives are heard and supported, and our people feel comfortable expressing all aspects of their identity at work.

ESG TRAINING & AWARENESS

We will educate and enable our employees to support our Sustainability Strategy.

EMPLOYEE REMUNERATION

Revcap employs a remuneration programme that is competitive and fair. The programme aims to attract, reward and motivate Revcap employees to deliver on objectives and success. We commit to incorporation of ESG measures into our employee incentive plans.

04. ETHICS & GOVERNANCE

We employ clear rules to encourage exemplary day-to-day behaviour and to enable innovation while managing risk in a stringent regulatory environment.

POLICIES & PROCESSES

We will maintain a comprehensive set of policies and processes to identify and manage our governance, social and environmental risks during the acquisition, development and operation of our real estate assets. We will use wording in our lease agreements with our tenants and our contracts with our joint-venture partners to help us collectively achieve sustainability goals.

SUPPLY CHAIN

We will implement processes to minimise ESG-related risks in our supply chain, consistently apply minimum sustainability performance standards and strive for best practice in our procurement with the aim of making all our assets free of, or safe from, hazardous materials and identifying and addressing the risk of human rights abuses including modern slavery, child labour and working conditions.

TRANSPARENCY & REPORTING

We are committed to measuring and transparently disclosing our sustainability performance. We participate in third party rating systems to independently benchmark our sustainability performance and identify areas for improvement.

HUMAN RIGHTS

We take our responsibility to uphold international human rights standards very seriously and are committed to respecting human rights standards across our investment activities, internal operations and supply chains. We oppose any form of human trafficking, slavery or forced labour, child labour, discrimination and inequalities and seek to identify and manage any actual or potential human rights impacts across our business. We recognise that meeting international human rights standards, can help prevent and mitigate actual and potential negative outcomes, and lead to better financial, reputational and operational risk management for our stakeholders.

EXCLUSIONS

Revcap practices reflect legally required exclusions and seeks to avoid investments that are not aligned with our core investment principles or are found to be in breach of minimum standards of responsible business practice, based on international norms. Furthermore, Revcap will specifically look to exclude investments in thermal coal, tar sands, fur, genetic testing and pornography / other sex industries.

CONFLICTS OF INTEREST

Revcap has a fiduciary duty to manage conflicts of interest fairly, including those relating to responsible investment, and in the best interests of Revcap's stakeholders. Revcap's Compliance Manual and written Conflicts of Interest Policy & Register, identifies potential and actual conflicts, mitigating controls and how Revcap manages or prevents them. The arrangements to manage potential conflicts of interest include the appointment of a Compliance Officer, robust governance arrangements, management reporting, segregation of functions and independence, information barriers, avoiding inappropriate influence being brought to bear in the way clients are treated, declining to act and policies in relation to staff activities.

CONCLUSION

Revcap's ESG Policy serves as a foundation upon which we can achieve measurable 'ESG' impacts across our property portfolios. By adopting a disciplined approach, we aim to achieve more resilient, sustainable property portfolios which we believe will ultimately enhance value and deliver better performance for our clients. Our focus is on embedding sustainable investing across every aspect of our activities, and across the entire life-cycle of every property. We are committed to setting ambitious but practical targets to continually improve our performance and ensure independent measurement of our progress. We will report on an annual basis, at fund-level, against commitments made within this policy, as we progress on our sustainable journey.

This Policy is available publicly and communicated to all employees, joint venture partners, investors, contractors and suppliers.

Andrew Pettit / Will Killick / François Guiraud / Nick West

REVCAP

December 2023