

B&I Capital

Adverse Sustainability Impacts Statement

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B&I Capital has had responsible Environmental, Social, and Governance (ESG) practices at the core of company philosophy since the firm's launch in 2007. B&I Capital is a signatory of the United Nations Principles for Responsible Investment (UNPRI) and as such fully complies with the Principles and market's best practice for ESG integration throughout its investment process. B&I Capital invests solely in listed real estate companies, predominantly via the REIT and/or Real Estate Operating Company markets. After a careful consideration and with respect to the company's relatively small size and narrow investment orientation, B&I Capital has decided to opt-out from considering the adverse sustainability impacts of its investment decisions on company and/or product level in accordance with the Sustainable Finance Disclosure Regulation - EU 2019/2088 (SFDR), articles 4 and 7 due to following reasons:

REITs and/or other listed real estate operating companies are typically classified as an industry with high ESG standards and thus with either low or moderate exposure to material sustainability related risks according to independent ESG research providers such as S&P Global Ratings¹ or Sustainalytics².

REITs strive on their own to have high quality ESG as it brings them multiple benefits. For instance, competitive advantages, cost efficient and lucrative assets, better tenant base, access to green funding via the green bond market where high ESG credentials are a must, etc. Likewise, REITs in general tend to follow good governance practices. This may be attributed to the fact that REITs are often listed in developed countries and as such are subjects to regulatory and public scrutiny as well as investor pressure. It is appropriate to highlight that REITs and Developers have different environmental footprints as real estate development is more environmentally challenging. Nonetheless, both positively contribute to the transformation to more efficient and environmentally friendly real estate industry.

REITs tend to be socially conscious without facing major social controversies. REITs adhere to international and/or local social regulations, standards or initiatives safeguarding human and labour rights. It is common to see REITs having board and management diversity policies, employee health and safety programmes, tenant satisfaction programmes, programmes for maintaining good community relations, etc. When evaluating the quality of each REIT's social profile, B&I Capital assumes its high standard and looks for controversies instead.

Despite not considering the adverse sustainability impacts, B&I Capital recognizes ESG as an important factor contributing to long-term value creation and as such gives ESG a high weight within its investment process.

¹ S&P Global Ratings ESG Risk Atlas (2019)

² Sustainalytics ESG Risk Ratings (2020)