

Confidential, Proprietary and Trade Secret

October 2024

VÄRDE

# ESG: Investment Case Studies

Proven Experience. Global Perspective. Long-Term Partnership.

---

# Important Disclaimers

The information contained in this document (this "Presentation") is qualified in its entirety by the following Important disclaimers, all of which must be read in connection with this Presentation. This Presentation is intended for sophisticated investors for informational purposes only and is not intended to constitute investment advice or recommendations or financial, legal or tax advice by Värde Partners, Inc. or any of its affiliates (collectively, "Värde" or the "Firm") or any other party. A recipient of this presentation should consult with its own legal, business and tax advisors with respect to financial, legal and tax advice. Unless otherwise indicated, information, data, strategies and opinions included in this Presentation are provided as of the date hereof, and are subject to change without notice based on market and other developments. Therefore, neither the delivery of this Presentation at any time, nor any sale of interests in any Fund (as defined below), shall under any circumstances create an implication that the information contained herein is correct as of any time after such date. Neither the Securities and Exchange Commission nor any state securities administrator has approved or disapproved, passed on or endorsed the merits of this Presentation or the securities referenced herein.

This Presentation is not intended as and does not constitute an offer to sell any securities or a solicitation of an offer to purchase any investment product or any interest in any fund (each a "Fund") managed by Värde in any jurisdiction to any person or entity. Such an offer or solicitation may be made only by the Confidential Private Offering Memorandum of a Fund (the "Memorandum") and the governing documents of such Fund. This Presentation does not purport to be complete and is qualified in its entirety by, and any offer or solicitation will be made only through, a Memorandum and will be subject to the terms and conditions contained therein and in the governing documents of the applicable Fund. If you are considering whether to invest in a Fund, you should not rely on this Presentation, but should rely solely on the information in the Memorandum and in the governing documents of the applicable Fund. The Memorandum describes certain risks and conflicts of interest relating to an investment in a Fund and should be reviewed in its entirety to determine whether investing in a Fund is suitable for you in light of, among other things, your financial situation, need for liquidity, tax situation, and other investments. If the descriptions or terms in this Presentation are inconsistent with or contrary to the are subject to a variety of risks described in the Memoranda and Värde's Form ADV Part 2. Investments in the Funds are suitable only for qualified investors that fully understand the risks of such investments. The information contained herein does not take into account the particular investment description in or terms of a Memorandum, partnership agreement, memorandum and articles of association (as applicable) or other documents, the Memorandum, partnership agreement, memorandum and articles of association (as applicable) or such other documents shall control. Investments in the Funds objectives, financial situation, need for liquidity, or tax situation of any specific person or entity who may receive it. Furthermore, Värde undertakes no obligation and assumes no liability or responsibility (whether express or implied) to any person or entity receiving this Presentation. Värde is not acting as an investment adviser with respect to any investor's decision to invest in any Fund. Attachments to this Presentation or other materials made available in connection with any Fund may have additional important disclaimers, which you should read. Värde Partners Europe Limited ("VPE"), an affiliate of the Firm, is authorized and regulated by the Financial Conduct Authority and only acts for its affiliates to whom it provides regulated investment advisory and transaction arrangement services. VPE does not act for potential investors in connection with the raising of, or subscription to, a Fund and will not be responsible to potential investors for providing them with protections afforded to clients of VPE or be advising them on their subscription. No representative of the Firm has authority to represent otherwise.

This Presentation is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to law or regulation, or which would subject Värde or a Fund to any authorization, registration or licensing requirement within such jurisdiction. This Presentation is confidential and contains commercial and financial information, trade secrets and/or intellectual property of Värde. This Presentation is intended only for the person or entity to whom it has been furnished and under no circumstances may a copy be shown, copied, transmitted, or otherwise given to any person or entity other than the authorized recipient. Any reproduction or disclosure of the contents of this Presentation, in whole or in part, and any re-use of this Presentation by non-intended or non-authorized recipients, in each case, without the prior written consent of Värde is prohibited. If you are not an intended recipient of this Presentation, please notify Värde and delete any copies or printouts of this Presentation and do not read, act upon, print, disclose, copy, retain or redistribute any portion of this Presentation. If you or any of your clients (as applicable) receives a request under any applicable public disclosure law to provide, copy or allow inspection of this Presentation or other information regarding or otherwise relating to any Fund, you agree (at your own cost and expense) to (i) provide prompt written notice of such request to Värde, (ii) assert all applicable exemptions from disclosure available under law and (iii) cooperate with Värde and its affiliates to seek to prevent or limit such disclosure or to obtain a protective order or other assurance that the information regarding or otherwise relating to any Fund will be accorded confidential treatment.

Any past performance described herein is not indicative, or a guarantee, of future results. You should not assume that the performance of any specific investment or investment strategy will be profitable or equal to corresponding past performance levels. Any investment or investment strategy can be impacted by numerous factors, including market and economic conditions, and may result in a loss to investors. As with any investment, there can be no assurance that any investment objectives or strategies will be achieved or that an investor will not lose a portion or all of its investment. Any rates of returns described in this Presentation reflect particular moments in time and such returns may not be possible to replicate given the unique set of circumstances wherein investments were purchased or sold. Investors should draw their own conclusions regarding Värde's and the Funds' relative performance in the market. All financial information in this Presentation related to Värde or any Fund is unaudited. Any risk management or mitigation processes or actions discussed refer to efforts to monitor and manage risk but should not be confused with and do not imply no or low risk. You may contact Värde to ask any questions you may have with regard to this Presentation, including questions about the procedures and methodologies used to calculate the investment returns.

# Important Disclaimers

There is no assurance that any of the investments discussed herein will remain in a Fund at the time you receive this Presentation or that investments sold have not been repurchased. It should not be assumed and there is no guarantee that any of the transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions Värde makes in the future will be profitable or will equal any investment performance discussed herein. The investments discussed in this Presentation were made by Värde and its affiliates through, and on behalf of, one or more Funds. None of the investments were made by Värde directly. Any investments discussed in this Presentation do not represent any Fund's entire portfolio and in the aggregate may represent only a small percentage of such Fund's portfolio holdings. In addition, any future investments by any Fund may differ from previous investments made by Värde or its affiliates in a number of respects. This Presentation does not include information regarding each investment or investment strategy pursued by Värde. However, additional information regarding any investment related to any Fund may be requested by the recipient of this Presentation.

Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "expect," "anticipate," "estimate," "forecast," "initiative," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "intend," "evaluate," "pursue," "seek," "may," "would," "could," "should," "believe," "potential," "continue," or the negative of any of those words or similar expressions intended to identify forward-looking statements. Due to various risks and uncertainties, actual events or results or the actual performance of a Fund may differ materially from those reflected or contemplated in such forward-looking statements. Investors are cautioned not to place undue reliance on forward-looking statements.

Any target performance information stated herein or elsewhere is not intended to predict any Fund's performance; instead, such information is meant to help explain how Värde intends to construct such Fund's portfolio and what investments Värde intends to pursue in light of Värde and its affiliates' experience with similar transactions. Such target performance information is intended to indicate the returns that Värde has observed in the market generally and is based on a number of factors, including, for example, observed and historical market returns, projected cash flows, projected future valuations of fund investments, relevant market dynamics (including capital markets, interest rates and other factors), anticipated contingencies and regulatory issues all of which are unpredictable in nature.

This Presentation is based on information provided by Värde and its affiliates and other third-party sources and data believed to be reliable; however, neither Värde nor any of its affiliates has independently verified or guarantees the accuracy or validity of such information. None of Värde, or any of its respective advisors, agents, affiliates or partners, members or employees assume responsibility for or make any representation or warranty, express or implied, with respect to the accuracy, adequacy, validity, or completeness of the information contained in this Presentation.

Any estimates included in this Presentation are based upon assumptions that Värde considers reasonable as of the date hereof and were not prepared with a view towards public disclosure or compliance with any published guidelines. Actual results may vary significantly from the estimates. The assumptions on which estimates are based may require modification as additional information becomes available and as economic and market developments warrant. Any such modification could be either favourable or adverse. The information contained herein may change at any time without notice and there is no duty to update the person or entity to whom this information is provided.

# Real Estate: Hotel-to-Student Housing Conversions in Large U.S. Cities



## Acquisition and conversion of distressed urban hotels into student housing

### Investment Overview

- Joint venture with an experienced real estate platform specializing in opportunistic hospitality investments
- JV acquires attractively-priced assets in partnership with universities to provide more affordable, attractive student housing solutions in supply-constrained markets
  - Assets are leased to educational institutions, helping to solve the large undersupply of student housing in major U.S. cities
- Current exposure includes properties in New York City, Boston, Providence, and the Bay Area

## ESG Consideration

### MORE AFFORDABLE, PURPOSE-BUILT STUDENT HOUSING

- Existing supply and demand imbalance imposes high costs of living and pushes students towards lower quality, multi-family rentals in less desirable areas
- Led by Värde, JV offers a housing solution tailored to students, with leases matching university calendars, 24/7 security, and resident advisors on each floor
- Additional supply significantly reduces costs for students and promotes access to safe, quality housing (e.g. JV's New York City assets provide student housing at ~\$1,200/month versus average off-campus rents of \$1,700/month<sup>2</sup>)

### ESTIMATED DEMAND & SUPPLY FOR NYC STUDENT BEDS<sup>1</sup>

School	Enrollment	School Provided Beds	Off-Campus Need
NYU	51,123	13,000	38,123
Manhattan Community College	25,063	0	25,063
CUNY - Hunter College	22,879	650	22,229
NYC College of Technology	13,767	0	13,767
CUNY - Queens College	16,481	506	15,975

### LONG-TERM PARTNERSHIP WITH UNIVERSITIES & COMMUNITIES

- Management company integrates with non-profit university partners, providing classroom space and programming to augment the student experience
- Influx of students contributes to urban revitalization and community development

1. Source: Hawkins Way Capital. 2. Source: Värde estimates. Any past performance described herein is not indicative, or a guarantee, of future results. The information provided in this Presentation (including any reference to a particular security or investment) should not be considered a recommendation to purchase or sell any particular security or investment but is provided for illustration purposes only. There is no assurance that any of the investments discussed herein will remain in a Fund's portfolio at the time you receive this Presentation or that investments sold have not been repurchased. The investments discussed do not represent a Fund's entire portfolio and in the aggregate may represent only a small percentage of a Fund's portfolio holdings. It should not be assumed and there is no guarantee that any of the transactions or holdings discussed were or will prove to be profitable or equal to corresponding past performance levels, or that the investment recommendations or decisions Värde makes in the future will be profitable or will equal any investment performance discussed herein. Any investment or investment strategy can be impacted by numerous factors, including market and economic conditions, and may result in a loss to investors. This Presentation does not include information regarding each investment or investment strategy pursued by Värde. You may request additional information regarding any investment related to any Fund. Please also see "Important Disclaimers" at the beginning of this Presentation for additional information and considerations. Note: The investments noted here do not represent the entirety of any Värde portfolio and are chosen to represent what Värde believes to be illustrative examples of how Värde can potentially integrate ESG considerations across Värde's primary investment segments.

# Asset-Based Finance: Mezzanine Warehousing Financing Backed by European Consumer Receivables



Mezzanine investment secured by consumer receivables originated by an established European department store

## Investment Overview

- Facility backed by consumer receivables originated by a major European department store. The company offers a wide range of affordable consumer and family products with a strong repeat customer base
  - Unique integrated credit offering provides consumers flexibility to finance purchases across the retail platform
- Industry-leading cyber security and fraud protection for safe online shopping

## ESG Consideration

### STRONG CORPORATE GOVERNANCE

- Large company with established procedures and sound management practices
- Measurable ESG impact given adherence to EU reporting requirements

### SUSTAINABLE RETAIL OPERATIONS

- Emphasis on supply chain transparency and sustainable sourcing
- Production processes with environmentally friendly materials and corporate partnerships to support textile recycling

### RESPONSIBLE CONSUMER LENDING PRACTICES

- Thorough underwriting process includes credit check and affordability assessment to verify suitability for both parties
- Financial education resources to help customers with liability management
- Clear, consistent communication regarding terms and conditions
- Payment reminders to keep customers on track

Any past performance described herein is not indicative, or a guarantee, of future results. The information provided in this Presentation (including any reference to a particular security or investment) should not be considered a recommendation to purchase or sell any particular security or investment but is provided for illustration purposes only. There is no assurance that any of the investments discussed herein will remain in a Fund's portfolio at the time you receive this Presentation or that investments sold have not been repurchased. The investments discussed do not represent a Fund's entire portfolio and in the aggregate may represent only a small percentage of a Fund's portfolio holdings. It should not be assumed and there is no guarantee that any of the transactions or holdings discussed were or will prove to be profitable or equal to corresponding past performance levels, or that the investment recommendations or decisions Värde makes in the future will be profitable or will equal any investment performance discussed herein. Any investment or investment strategy can be impacted by numerous factors, including market and economic conditions, and may result in a loss to investors. This Presentation does not include information regarding each investment or investment strategy pursued by Värde. A recipient of this Presentation may request additional information regarding any investment related to any Fund. Please also see "Important Disclaimers" at the beginning of this Presentation for additional information and considerations. Note: The investments noted here do not represent the entirety of any Värde portfolio and are chosen to represent what Värde believes to be illustrative examples of how Värde can potentially integrate ESG considerations across Värde's primary investment segments.



# Corporate Credit: Investment in a Canadian Gold Producer & Developer



Lending to a performing, high-quality gold mining company in a relatively defensive sector

## Investment Overview

- Canadian gold-mining company with two established mines and a transformational project under development that required financing for completion
  - The new gold mine would be one of the largest in Canada and significantly increase the Company's production and cash flow generation
- Compelling opportunity to invest in secured debt with an attractive yield and strong downside protection

## ESG Consideration

### UNDERWRITING & DUE DILIGENCE

- Värde anticipated the potential for ESG risks often associated with mining. As such, significant time was invested in performing diligence on the Company's environmental, safety, labor, and governance characteristics, along with leveraging a third-party ESG risk analytics report
- Sustainalytics ranked this company in the top 20% compared to peers in terms of ESG risk (i.e., better than 80%)

### SUSTAINABLE MINING OPERATIONS

- The company maintains a robust environmental policy, emphasizing stewardship through best-in-class water recycling, sourcing of power, and waste collection
- Partners with top universities and research institutes to develop environmental solutions and advance sustainable mining performance worldwide

### STRONG CORPORATE GOVERNANCE & LABOR RELATIONS

- The company has an independent board and management team with extensive experience in the mining sector. This is supplemented by relationships with leading technical consultants
- The firm has very strong relations with its workers and a rigorous, industry-leading safety protocol
- Consistently receives recognition as a sector leader in ESG stewardship

**By getting comfortable with the ESG elements of this opportunity, we were able to make this attractive investment and have generated strong returns.**

Any past performance described herein is not indicative, or a guarantee, of future results. The information provided in this Presentation (including any reference to a particular security or investment) should not be considered a recommendation to purchase or sell any particular security or investment but is provided for illustration purposes only. There is no assurance that any of the investments discussed herein will remain in a Fund's portfolio at the time you receive this Presentation or that investments sold have not been repurchased. The investments discussed do not represent a Fund's entire portfolio and in the aggregate may represent only a small percentage of a Fund's portfolio holdings. It should not be assumed and there is no guarantee that any of the transactions or holdings discussed were or will prove to be profitable or equal to corresponding past performance levels, or that the investment recommendations or decisions Värde makes in the future will be profitable or will equal any investment performance discussed herein. Any investment or investment strategy can be impacted by numerous factors, including market and economic conditions, and may result in a loss to investors. This Presentation does not include information regarding each investment or investment strategy pursued by Värde. A recipient of this Presentation may request additional information regarding any investment related to any Fund. Please also see "Important Disclaimers" at the beginning of this Presentation for additional information and considerations. Note: The investments noted here do not represent the entirety of any Värde portfolio and are chosen to represent what Värde believes to be illustrative examples of how Värde can potentially integrate ESG considerations across Värde's primary investment segments.