

ESG: Investment Case Studies

Proven Experience. Global Perspective. Long-Term Partnership.

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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
- Reduction in scope 1 and scope 2 greenhouse gases emissions by 67% since FY21

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

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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 ~\$1,000/month versus average off-campus rents of \$1,700/month²)

ESTIMATED DEMAND & SUPPLY FOR NYC STUDENT BEDS¹

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.

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

Outcome – with the mine completed on budget and on schedule, they paid down our debt and the investment generated strong returns

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Asia Private Credit: Financing to One of the Largest Renewable Platforms in India



Lending against a scaled-up platform backed by marquee global investors in a recession proof industry

Investment Overview

- Executed multiple investments, including mezzanine debt, project-level financing and sponsor-level mezzanine debt
- Capital deployed to support large-scale pumped storage projects (PSPs), enabling round-the-clock renewable power and grid stability in India
- Platform backed by marquee global investors including sovereign wealth funds such as GIC and ADIA

ESG Consideration

ENVIRONMENT IMPACT

- Group operates an installed renewable energy capacity of ~5.5 GW, generating ~19bn units of clean energy annually. This output electrifies ~130bn households in India and prevents ~60mn tons of CO2 emissions each year
- Significant portions of Group's asset base are financed via USD green bonds and aligned with internationally-recognized green bond principles and reporting standards

GOVERNANCE & OVERSIGHT

- Group maintains a formal ESG framework aligned with international standards (IFC Performance Standards, Green Bond Principles), with ESG risk integrated into enterprise risk management
- Regular sustainability and ESG disclosures, including reporting on emissions avoided, renewable generation, and social initiatives

SOCIAL CONSIDERATIONS

- Responsible project execution and community engagement around large-scale PSP and renewable assets, including local employment, safety standards, and infrastructure development
- Pumped storage assets are grid-critical infrastructure. Assets are structurally aligned with India's national energy security, grid reliability, and decarbonization objectives

ESG-aligned assets where policy support, contracted revenues, and strategic investor backing enhance downside protection and long-term value creation

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