

– PIMCO Commercial Real Estate Lending Europe Fund –

Sustainability-related disclosures

Product Name	LEI Number
PIMCO Commercial Real Estate Lending Europe Fund SCSp (the “Fund”)	549300JQZIKHVXZSDS45
PIMCO Commercial Real Estate Lending Europe Fund Euro Feeder SCSP (the “Euro Feeder”)	549300CI7MFB6USHUQ41
PIMCO Commercial Real Estate Lending Europe Fund Non-Euro Feeder SCSP (the “Non-Euro Feeder”)	5493009QGPBAVTNIHW50

Version History	Date	Comment
v1	16 September 2024	Disclosures uploaded to PIMCO’s investor portal to comply with Article 10 of the SFDR and of the Delegated Act.
v2	25 November 2024	Disclosures updated to align with updates to the Memorandum of the Fund.

IMPORTANT NOTICE

THIS DISCLOSURE IS PROVIDED PURSUANT TO EUROPEAN UNION REGULATORY REQUIREMENTS AND IS NOT INTENDED FOR USE BY INVESTORS OUTSIDE OF THE EUROPEAN UNION.

This disclosure is made in respect of the Fund pursuant to Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”) as supplemented by the Commission Delegated Regulation 2022/1288 of 6 April 2022 (the “**Delegated Act**”).

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR AN INVITATION TO SUBSCRIBE TO INTERESTS OF THE FUND OR ANY OTHER ALTERNATIVE INVESTMENT VEHICLE FOR WHICH PACIFIC INVESTMENT MANAGEMENT COMPANY LLC, A DELAWARE LIMITED LIABILITY COMPANY (“**PIMCO**” OR THE “**INVESTMENT MANAGER**”) SERVES AS AIFM, THE PORTFOLIO MANAGER OR THE INVESTMENT MANAGER, AND THE INFORMATION PRESENTED IN THIS DOCUMENT SHOULD NOT BE RELIED UPON BECAUSE IT IS INCOMPLETE AND MAY BE SUBJECT TO CHANGE.

The term “**PIMCO**” as used in this disclosure refers to the group to which the Fund and the Investment Manager belong, together with each of their respective associates from time to time. References to “we”, “us” or “our” in this document are references to PIMCO and not, for the avoidance of doubt, to any PIMCO investment professional.

In case of inconsistencies between this document and the Memorandum of the Fund, the Memorandum of the Fund shall prevail. Defined terms not otherwise defined have the meaning given to them in the Memorandum.

(a) Summary

No Sustainable Investment Objective

The Fund promotes environmental characteristics but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The Fund promotes environmental characteristics but does not have as its objective sustainable investment meaning that the Fund is classified as an Article 8 fund under the SFDR.

Investment strategy

The investment strategy of the Fund is primarily focused on privately originated commercial real estate loans secured by a first mortgage on real estate assets in Europe, which are undergoing some form of transition to a more stabilized state. The strategy is implemented by an evergreen fund structure to aid investors in managing their exposure through time, and PIMCO will seek to fluidly deploy and re-deploy capital across real estate sectors and geographies, over different economic cycles. PIMCO has developed an approach to ESG in connection with commercial real estate financing activities for the Fund that focuses on: (i) energy efficiency; and (ii) refurbishments that are, in the view of PIMCO, expected to achieve an improvement in energy performance.

Proportion of Investments

The Fund will allocate 100% of capital into loans that promote environmental characteristics as every borrower must provide upfront and periodic EPCs to the Fund. The Fund will draw down capital on an “as needed” basis and is generally expected to invest such capital in the short-term. Until this capital has been deployed towards investments that are aligned with the E/S characteristics, it may represent up to 30% of the investments of the Fund and will not be used to promote E/S characteristics (#2 Other). These investments will include cash, cash equivalents and derivatives, respectively used for liquidity management and hedging purposes. As such, a minimum of 70% of the total investments of the Fund will be invested in loans that are #1 Aligned with the E/S characteristics promoted by the Fund.

Monitoring of environmental or social characteristics

The Fund will collect energy performance certificates (‘EPCs’) and exclude assets with an EPC rating of E or below unless there is a business plan in place to improve the EPC rating to above E within the full term of the loan. For developments, retrofits and/or refurbishments, which are expected to represent in excess of 50% of the Fund’s investments, the Fund will exclude investments in loans that finance projects that fail to enhance the environmental profile of the assets being financed upon completion of the business plan. In order to assess, measure and monitor the environmental characteristics promoted, PIMCO relies on various widely accepted data sources, including: EPCs, BREEAM (Building Research Establishment Environmental Assessment Method); the LEED (Leadership in Energy and Environmental Design) certification developed by the USGBC and NABERS UK.

Methodologies

PIMCO relies primarily on internal research for decision-making. The Fund will collect EPCs (or local jurisdiction equivalent) for every property for which it lends against to measure the attainment of each of the environmental or social characteristics promoted by the Fund. Using such certificates the Fund can measure how its capital has improved the property's energy performance rating over time.

Data sources and processing

In order to assess, measure and monitor the environmental characteristics promoted PIMCO relies on various widely accepted data sources, including EPCs, BREEAM, the LEED certification developed by the USGBC; and NABERS UK.

Limitations to methodologies and data

The criteria outlined above are applied upon investment selection. In each case, the relevant business plans are or will be established and implemented by the sponsor. Accordingly, PIMCO has limited or no ability to control or affect the outcome of the sponsor's business plan, including whether the objectives of the business plan will be achieved. However, PIMCO will seek to reasonably monitor the provision of the EPCs and/or relevant building certificates by sponsors and, if not provided by a sponsor, PIMCO will follow-up with and request the relevant EPC and/or building certificate from a sponsor.

Due diligence

The Fund will only lend against a property that has an EPC and the sponsor is able to share the EPC documentation with PIMCO. The Fund will exclude investment in any loan that is secured against a property with an EPC lower than level D, unless the sponsor can demonstrate that use of the Fund's debt capital will be used for capex to raise the EPC level. With respect to development assets, the Fund will exclude financing of any development assets that are expected to receive an EPC rating below D upon completion of the construction of such asset. The criteria outlined above are applied upon investment selection.

Engagement policies

The Investment Team engages collaboratively with sponsors, encouraging them to improve their ESG practices and influence long-term improvement in the energy performance of their property assets, to capture both economic and environmental benefits.

Designated reference benchmark

No index has been designated as a reference benchmark for the purpose of attaining the environmental characteristics promoted by the Fund.

This summary was prepared in English and is being translated to other official languages of the European Union. In case of any inconsistencies or conflict between the different versions of the summary, the English language version shall prevail.

(b) No Sustainable Investment Objective

This Fund promotes environmental characteristics but does not have as its objective sustainable investment.

(c) Environmental or Social Characteristics of the financial product

PIMCO has developed a comprehensive approach to ESG in connection with commercial real estate financing activities, which focuses on (i) energy and carbon related data collection and (ii) refurbishments that achieve an improvement in energy performance or that reduce carbon intensity.

The Fund actively promotes the improvement in energy performance of commercial real estate within the European market. The Fund will only lend against a property that has an existing energy performance certificate ('EPC') (or local jurisdictional equivalent) and this EPC must be supplied to PIMCO prior to the loan being completed or, with respect to development assets, as soon as reasonably practicable following completion of construction. Furthermore, the Fund will exclude from the portfolio any property that has an EPC rating below level D, unless the sponsor for the transaction can demonstrate that using the Fund's debt capital it will improve the EPC of the property to a higher level. The Fund will also exclude financing of any development assets that are expected to receive an EPC rating below level D upon completion of the construction of such asset.

(d) Investment Strategy

The investment strategy of the Fund is primarily focused on privately originated commercial real estate loans secured by a first mortgage on real estate assets in Europe, which are undergoing some form of transition to a more stabilized state. It is housed in an evergreen fund structure, to aid investors in managing their exposure through time, and PIMCO will seek to fluidly deploy and re-deploy capital across real estate sectors and geographies, over economic cycles.

The investment strategy of the Fund aims to construct a downside protected portfolio of first mortgage loans secured by European commercial real estate assets, with a focus on generating current income. The Fund generally expects to focus on providing shorter maturity floating rate loans in transitional situations, but there will also be a focus on lending against more stable assets in less liquid markets or property sectors. The Fund intends to target institutional-quality borrowers who own assets primarily located in central business districts, in or near dense population clusters or in areas that are in the path of growth. PIMCO anticipates that the Fund will be diversified across office, multi-family, industrial, hotel, and other property sectors. Over time, the returns of the investment strategy are expected to predominantly be comprised of income.

The Fund's flexible investment strategy is designed to facilitate the fluid deployment and redeployment of capital. The breadth of opportunity across countries and real estate sectors is designed to allow PIMCO to exercise discipline, avoiding countries and sectors that are crowded and pivot deployment to locations in which PIMCO see the greatest opportunity, while helping the Fund to navigate multiple economic cycles.

In addition, the Fund's approach to ESG more comprehensively encompasses the following elements as part of the investment process:

- Seek to enter into an agreement with sponsors to deliver energy and carbon related data on an annual basis;
- Seek to collect and analyse energy and carbon related data in the technical due diligence for transactions; and
- Evaluate material ESG factors using our proprietary methodology

The Fund will collect energy performance certificates (EPCs) and exclude assets with an EPC rating of E or below unless there is a business plan in place to improve the EPC rating to above E within the full term of the loan. With respect to development assets, the Fund will exclude financing of any development assets that are expected to receive an EPC rating below D upon completion of the construction of such asset.

For developments, retrofits and/or refurbishments, which are expected to represent 40% of the Fund's investments the Fund will exclude investments in loans that finance projects that fail to enhance the environmental profile of the assets being financed upon completion of the business plan. The enhancement of the environmental profile is assessed using a variety of widely accepted measures, including, but not limited to, energy performance certificates, or BREEAM scores, or LEED ratings, or NABERS UK ratings, or custom carbon assessments, or other measures of an asset's environmental profile. An enhancement is defined as the expected improvement of one or more of these scores or ratings or as the sponsor's pursuit of an above average score or rating and can be measured using the sponsor's targeted environmental profile for the assets being financed as outlined in the sponsor's business plan.

PIMCO seeks to ensure that good governance practices are followed by sponsors for all assets being financed, as it believes that there are certain corporate activities or behaviours that it does not wish to be associated with. This is done by setting clear expectations with respect to transparency and accountability, including with respect to sustainability, for all of the Fund's assets. Attention is paid to the contractual relationships of the Fund, taking into consideration executive pay, bribery and corruption, political lobbying and donations, working conditions, tax strategy, and other relevant factors.

(e) Proportion of Investments

The Fund does not commit to investing a minimum percentage of its capital in investments that qualify as "sustainable investments", within the meaning of SFDR, for the purpose of attaining the environmental and social characteristics promoted by the Fund.

The Fund will allocate 100% of invested capital into loans that promote environmental characteristics as every borrower must provide upfront and periodic EPCs (or local equivalent) to the Fund, or with respect to development assets, as soon as reasonably practicable following the completion of the construction of the development asset in question..

The Fund will draw down capital on an "as needed" basis and is generally expected to invest such capital in the short-term. Until this capital has been deployed towards investments that are aligned with the E/S characteristics, it may represent up to 30% of the investments of the Fund

and will not be used to promote E/S characteristics (#2 Other). These investments will include cash, cash equivalents and derivatives, respectively used for liquidity management and hedging purposes.

As such, a minimum of 70% of the total investments of the Fund will be invested in loans that are #1 Aligned with the E/S characteristics promoted by the Fund.

(f) Monitoring of Environmental or Social Characteristics

In order to assess, measure and monitor the environmental characteristics promoted PIMCO relies on various widely accepted measures, including:

- EPCs (Energy Performance Certificates) are used to benchmark the energy efficiency of real estate assets with a rating scale from A (most efficient) to G (least efficient). An EPC contains information about an asset's energy use and typical energy costs as well as recommendations about how to improve the asset's energy efficiency.
- BREEAM (Building Research Establishment Environmental Assessment Method) is an international scheme that provides independent third-party certification of the assessment of the sustainability performance of buildings. The main output from a certified BREEAM assessment is the rating. A certified rating reflects the performance achieved by a project and its stakeholders, as measured against the standard and its benchmarks. The BREEAM ratings range from Acceptable (In-Use scheme only) to Pass, Good, Very Good, Excellent to Outstanding and it is reflected in a series of stars on the BREEAM certificate.
- The LEED (Leadership in Energy and Environmental Design) certification process was developed by the US Green Building Council ('USGBC'). The system was differentiated according to the requirements of the different construction tasks. Points are awarded for the criteria of LEED theme areas. Depending on the number of points awarded, a project can achieve one of four LEED rating levels: Certified, Silver, Gold or Platinum.
- NABERS UK is a system for rating the energy efficiency of office buildings across England, Wales, Scotland and Northern Ireland. NABERS UK measures and rates the energy use of offices and helps identify areas for savings and improvements. It provides a rating from one to six stars for offices (1 star or poor, 2 stars or below average, 3 stars or average, 4 stars or good, 5 stars or excellent, 6 stars or market leading).

(g) Methodologies

PIMCO relies primarily on internal research for decision-making. The Fund will collect EPCs (or local jurisdiction equivalent) for every property for which it lends against to measure the attainment of each of the environmental or social characteristics promoted by the Fund. Using such certificates the Fund can measure how its capital has improved the property's energy performance rating over time.

(h) Data Sources and Processing

As noted above, in order to assess, measure and monitor the environmental characteristics promoted PIMCO relies on various widely accepted data sources, including:

- EPCs (Energy Performance Certificates);
- BREEAM (Building Research Establishment Environmental Assessment Method);
- The LEED (Leadership in Energy and Environmental Design) certification developed by the USGBC; and
- NABERS UK.

The above mentioned data sources are controlled by reputable third parties, which operate and license (as applicable) the data sources. The scoring/rating methodologies for each data source are standardised and determined by such third party organisations. PIMCO is not involved in, or able to, influence the rating/scoring for any loan.

(i) Limitations to Methodologies and Data

The criteria outlined above are applied upon investment selection. In each case, the relevant business plans are or will be established and implemented by the sponsor. Accordingly, PIMCO has limited or no ability to control or affect the outcome of the sponsor's business plan, including whether the objectives of the business plan will be achieved. In order to ensure that such limitations do not affect the Fund's attainment of the environmental and social characteristics it promotes,, PIMCO will seek to reasonably monitor the provision of the EPCs and/or relevant building certificates by sponsors and, if not provided by a sponsor, PIMCO will follow-up with and request the relevant EPC and/or building certificate from a sponsor. PIMCO will also seek to reasonably monitor the expected EPC rating of a development asset by, among others, engaging with the relevant developers and project managers at the due diligence stage as well as the initial phases of construction, and including environmental-related reporting and obligations in the loan documentation.

(i) Due Diligence

The Fund will only lend against a property that has an EPC and the sponsor is able to share the EPC documentation with PIMCO.

The Fund will exclude investment in any loan that is secured against a property with an EPC lower than level D, unless the sponsor can demonstrate that use of the Fund's debt capital will be used for capex to raise the EPC level. With respect to development assets, the Fund will exclude financing of any development assets that are expected to receive an EPC rating below D upon completion of the construction of such asset. The criteria outlined above are applied upon investment selection.

(k) Engagement Policies

The Investment Team engages collaboratively with sponsors, encouraging them to improve their ESG practices and influence long-term improvement in the energy performance of their property assets, to capture both economic and environmental benefits.

(l) Designated Reference Benchmark

The Fund has not designated a reference benchmark for the purpose of meeting the environmental or social characteristics promoted by it.

(m) Additional product-specific information

More product-specific information can be found in the pre-contractual template and periodic reports, which are attached to the PPM and annual reports respectively. Such documentation is made available upon request by contacting PIMCO.