

SUSTAINABILITY REPORT

2021

We are making the future of
the real estate industry
more sustainable.



ART INVEST
— REAL ESTATE —



Management Letter	p. 6
Art-Invest Real Estate Overview	p. 8
Sustainability Management	p. 10
Sustainability Strategy	p. 12
Manage to Sustainability – MTS	p. 17
GIN Strategy	p. 20



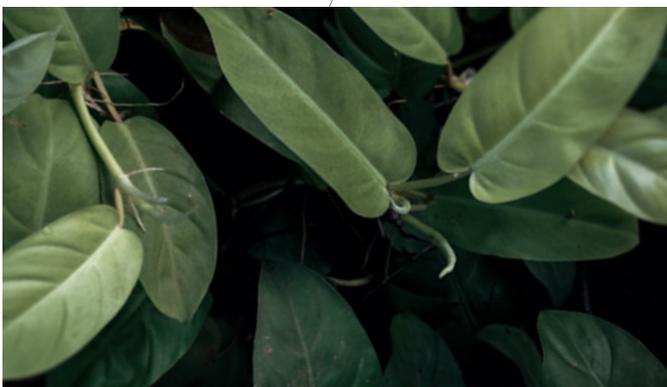
Key Figures	p. 24
Carbon	p. 26
Energy and Resources	p. 30
Transport and Travel	p. 32
HAMMERBROOKLYN Lighthouse Project	p. 33



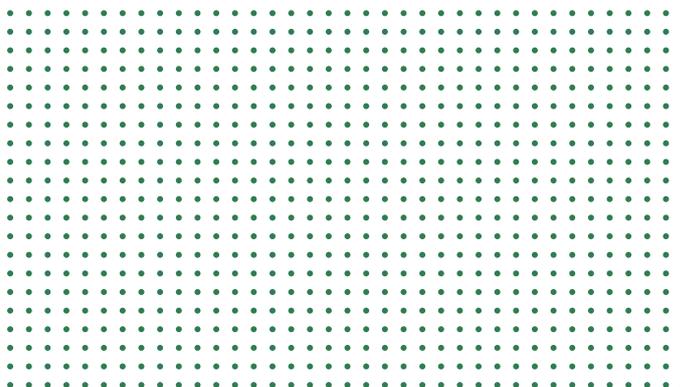
Key Figures	p. 40
People – Working & Developing	p. 42
Work-Life Balance	p. 50
Diversity	p. 53
Stakeholder Engagement	p. 54
Social Engagement	p. 55
Response to Covid-19	p. 56



Compliance & Ethical Principles	p. 62
Regulation	p. 70
Supervisory Board and ESG Committee	p. 72
Investment Approaches	p. 73



Publication	p. 76
-------------	-------





INTRODUCTION

INTRODUCTION

Management Letter



**Dear Ladies and Gentlemen,
Business Partners and Friends of the Company,**

We are delighted to present you with the inaugural Art-Invest Real Estate report on sustainability.

We were well aware as we began preparing this report that, despite having been involved in ESG and sustainability issues for some time and having already implemented many measures, we still had many challenges ahead of us. We will continue to pursue these with determination and rigour. We would like to take you along with us on this journey, showing you our initial progress and giving you an outlook on where we want to go – in a way that is reflective, transparent and certainly capable of further development.

What prompted us to produce this sustainability report? Art-Invest conducts classic B2B business: property development projects, asset management and fund management. We talk openly and directly with our institutional investors, are discreet in our dealings and only seek publicity when there is really something to report. Nevertheless, we know that ESG and sustainability appeal to a wide range of stakeholders with whom we do not have ongoing direct interaction. We have

therefore identified a need for information which we want to satisfy with this report.

Art-Invest Real Estate is already addressing a wide range of issues under the ESG or sustainability heading. Emerging with the Paris Agreement on Climate Change, the UN 2030 Agenda for Sustainable Development defines 17 Sustainable Development Goals (SDGs). There is also an action plan for financing sustainable growth published by the European Commission in March 2018 and the Green Deal published by the EU in 2020. On the basis of these, we, as an integrated property developer, holder of portfolio properties and a fund manager, have developed guiding principles from which our sustainability strategy is derived with corresponding goals. The strategy covers the categories economy, environment, community and society, with short-term, medium-term and long-term goals.

A core component of Art-Invest's corporate culture is addressing factors relevant to achieving these goals. As an owner-managed business, we are aware of our responsibilities. Regardless of legal and

Introduction | Management Letter

regulatory requirements that especially affect us as a fund manager, any measure we propose requires examination as to whether it is meaningful and whether the economics of it make any goals realistic. A further part of the regulatory framework, namely the Taxonomy Regulation, came into force on 01.01.2022. Many questions remain unanswered, with considerable uncertainty in the market being further fuelled by the not altogether uncontroversial political decisions of the EU Commission, such as the classification of nuclear and gas energy as "green".

In addition to the "green" aspects, found under the "E" of ESG, social and governance-related topics complete the sustainability approach and this sustainability report. Art-Invest's most valuable resource is its staff, who are crucial to the success, reputation and continued existence of our company. Providing staff with a workplace that values them, encourages them and responds to their individual needs is important and shapes and reflects our corporate culture. Taking social responsibility means not just being a good employer to our staff, but also contributing positively to society. Accordingly, in 2021 we introduced "Social Days" in all branches.

We understand corporate governance as maintaining the integrity of Art-Invest. Upholding ethical principles, complying with applicable laws and actively working against corruption is a matter of course for us, and consequently we expect the actions of our business partners to also be based on these principles.

As a market participant, we are active not only locally with our properties, but also contribute ideas and opinions to numerous bodies such as the German Property Federation (ZIA) and the BVI Bundesverband Investment und Asset-Management e.V. federal association. We are also part of the ECORE initiative, which aims to develop sustainability benchmarking reporting, as well as the Social Impact Investing Initiative organised by the Institute for Corporate Governance in the German real estate industry.

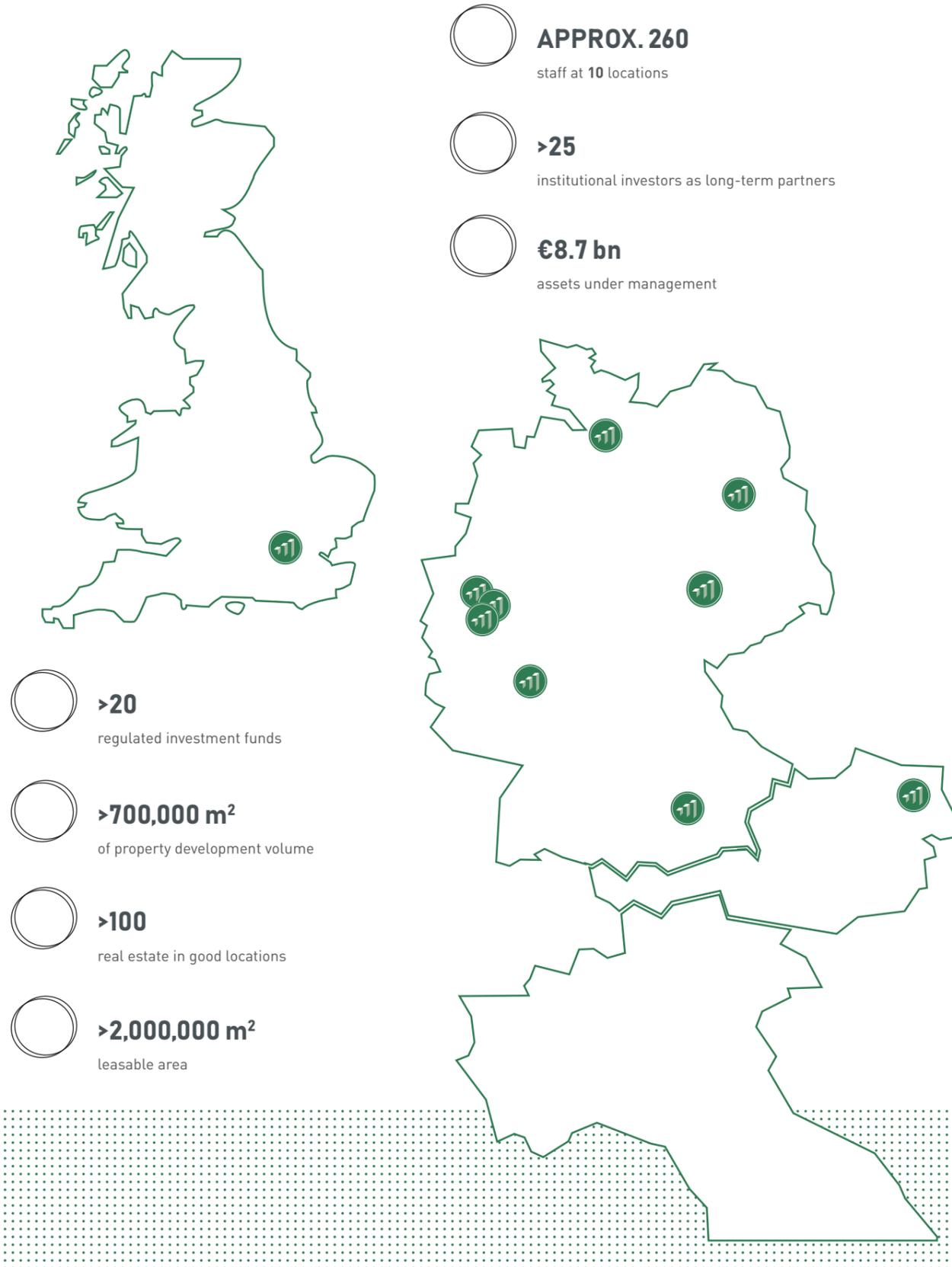
All this and much more is covered in our inaugural sustainability report. We wish you an interesting read and look forward to an ongoing exchange with you!

*Art-Invest Real Estate
Management Board*

INTRODUCTION

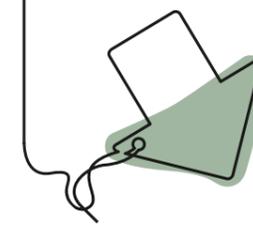
Art-Invest Real Estate Overview

OUR GROUP IN FIGURES



SUSTAINABILITY TIME LINE

- 2015** Signing of the Paris Climate Agreement
- Since 2016** EU Action Plan
- 2018** First ESG enquiries
- 2020** Further development of sustainability guidelines and strategy
- 2020** First GRESB participation
- 2021** ECORE participation
- 2021** UN PRI signatory
- 2021** Mandatory use of the green lease standard
- 2021** Pilot project analysed according to taxonomy requirements and the decarbonisation pathway
- 2021** Development of a management process for transferring non-sustainable buildings



2023

Art-Invest Group becomes carbon-neutral



INTRODUCTION

Sustainability Management

SUSTAINABILITY MANAGEMENT



Philipp Schedler
Senior Sustainability Manager

Sustainability is a topic that has in recent years dramatically gained in importance. Art-Invest Real Estate has also incorporated sustainability principles into its corporate DNA and conducts its business activities accordingly. Being environmentally, economically and socially responsible is a core element of our long-term value creation and our outlook for the future.

The management is supported in sustainability issues by the Sustainability Management department, which was created in 2021. The department's main tasks include:

- Developing a sustainability strategy and monitoring progress regarding targets
- Centrally coordinating all sustainability issues and improving communications on sustainability across departments
- Developing standards and requirements for property development projects and portfolio properties
- Implementing sustainability projects along the value chain
- Analysing and evaluating legislative and political frameworks. Ensuring compliance with regulatory requirements on sustainability as a capital management company and an investment fund
- Representing Art-Invest in external committees and at events focusing on sustainability (e.g. BVI, BAI, ZIA, ECORE, Immo2.zero) to improve communications

Major issues that affect the whole organisation are discussed and managed by the ESG Committee.

AIM OF THIS REPORT

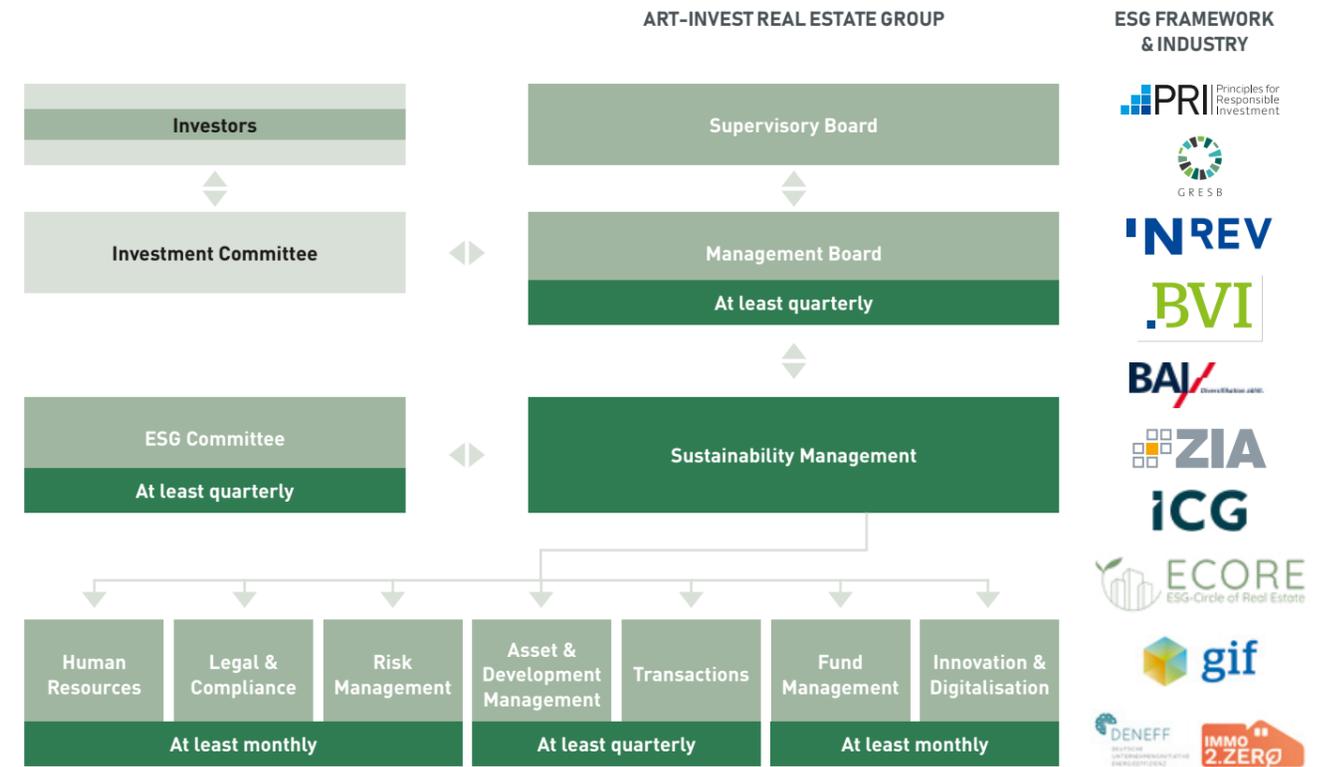
This sustainability report is intended to provide (potential) investors, stakeholders and generally anyone interested in the sustainability of Art-Invest Real Estate with an informative and transparent presentation of our sustainability goals and efforts in the ESG areas: environment, social and corporate governance.

The report covers the corporate activities and values of the companies Art-Invest Real Estate Management GmbH & Co. KG (AIREM), Art-Invest Real Estate Funds GmbH (AIREF) & Art-Invest Real Estate Property Management GmbH (AIRE PM). Aggregated values are also shown for portfolio properties and property development projects. This is done to avoid distorting the results in favour of the best property development projects or portfolio properties. If differences exist, e.g. in personnel issues, the assessment that covers the majority of staff is presented for reasons of simplification. The reporting period refers to the year 2021 and draws on data from a mid-2021 survey, particularly on several topics in the social section.

As this is our first sustainability report, the underlying data, for example on portfolio properties, is partially incomplete and is therefore also based on estimates made by Art-Invest Real Estate itself. Nevertheless, we have decided to also report these values. We are working on improving the data basis in 2022, as well as on optimising many of the presented sustainability issues.



SUSTAINABILITY MANAGEMENT



INTRODUCTION

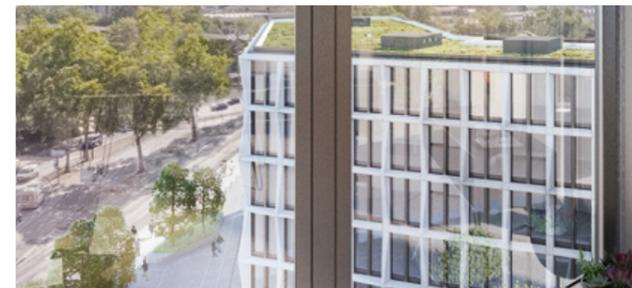
Sustainability Strategy

SUSTAINABILITY GUIDELINES

Art-Invest Real Estate's sustainability strategy comprises four main pillars:

ECONOMY

Long-term economic success based on fairness, transparency and responsibility.



GUIDELINE

- Creating attractive, modern and efficient properties according to the latest standards
- Responsibly managing capital in the interests of investors
- Compliance as part of effective corporate governance

ENVIRONMENT

Thinking and acting to protect the climate to reduce and compensate for negative impacts.



GUIDELINE

- Property development projects that actively contribute to improving environmental and carbon footprints
- Adapting active asset management – improving the efficiency of our portfolio properties
- Promoting digital technologies and innovative business models to conserve resources and increase the usefulness of our properties

COMMUNITY

Being responsible to the community and always taking its needs and expectations into consideration.



GUIDELINE

- Helping to create positive urban development with neighbourhoods and property as vibrant places for living, working, culture and leisure
- Promoting the involvement of employees in the community and actively supporting charitable projects
- Further developing trends and standards at local and national levels by involvement in associations, committees and interest groups

SOCIAL

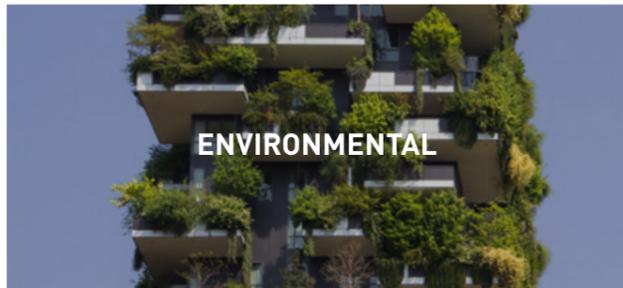
Acting responsibly and respectfully with each other in a social corporate culture.



GUIDELINE

- Creating an inspiring, modern working environment for all employees within a corporate culture based on respect
- Supporting personal development, the health of the individual and reconciling work and family life
- Observing and upholding social standards among business partners as the basis for working together

SUSTAINABILITY GOALS



Carbon-neutral

- To be climate neutral in our business operations by 2023.
- To develop property-specific decarbonisation strategies and a reduction target for all properties by 2024.

Sustainable operations

- To equip the managed properties with smart meters (heat, cooling, electricity, water) by 2023 to create a sound information basis.
- To set targets for reducing consumption types once the data has been established.
- To use a Green Lease Standard for all new lettings/re-lets from 2022 onwards. This will create an opportunity for dialogue with tenants on sustainability issues.

Sustainable construction

- To develop and agree on uniform standards by 2022 to enhance current environmental standards that we are already meeting in many of our property development projects.

Employee satisfaction & corporate culture

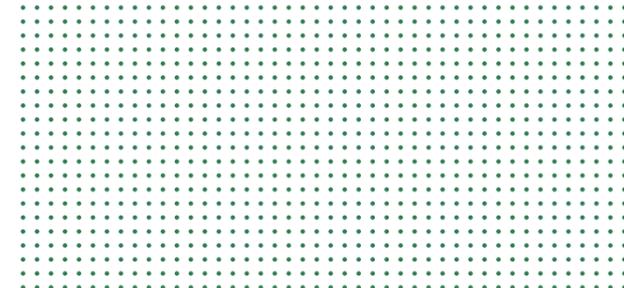
- To achieve high levels of employee satisfaction.
- To cultivate a respectful, positive and objective approach to our fellow human beings and to take on an "ambassador role", both internally and externally.

Human rights

- To consider human rights in all business activities.

Social engagement

- To get each and every one of us involved in one Social Day a year.
- To include social aspects by setting up budgets in our projects and in the management companies.



Compliance

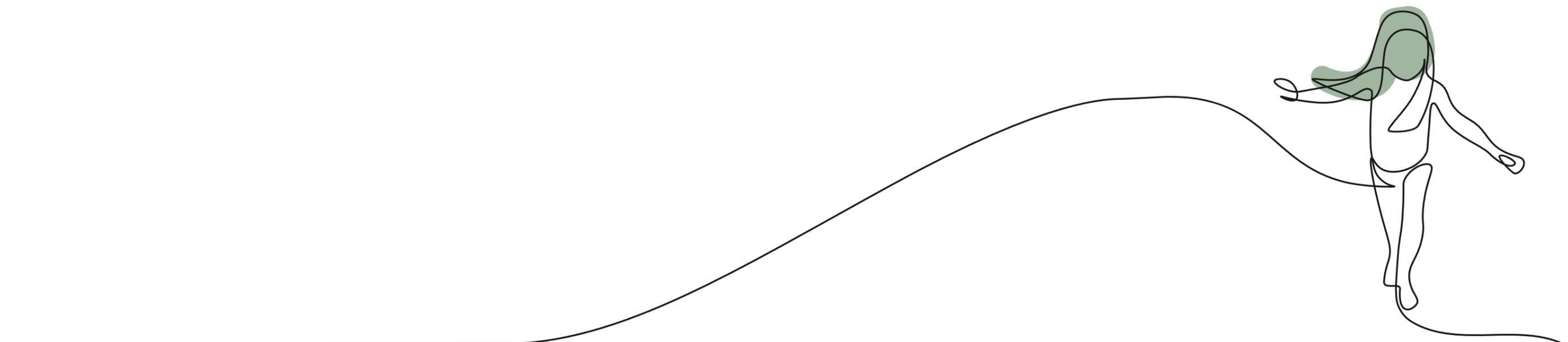
- To have zero tolerance towards any non-compliant conduct.

Checks and management

- The ESG Committee is responsible for managing sustainability issues across the organisation. It meets at least 4 times a year.
- The Management Board is informed about sustainability issues at least 4 times a year.
- The sustainability strategy of the Art-Invest Real Estate Group undergoes annual review.
- GRESB is a reporting standard that is being used extensively in 2022.

Transparency

- To document actions in a sustainability report.
- To regularly inform investors about sustainability issues.
- To use ESG due diligence as standard in transactions.



SUSTAINABLE VALUE CREATION

At every stage of value creation, we actively contribute to climate protection in line with our sustainability guidelines.



A property's economic viability is no longer based solely on location but also on sustainability factors. ESG due diligence is standard for every acquisition and serves as the basis for transparency as well as for actively addressing and improving sustainability issues. Attractive properties are thereby acquired, which following optimisation, where necessary, maintain long-term marketability.



In property development projects, many sustainability aspects have already been implemented by using lighthouse projects and creating new standards. The focus is on built-to-last, attractively designed properties providing high standards of quality for occupants. Taxonomy requirements have been met and other sustainability issues considered according to the goals of property development projects.

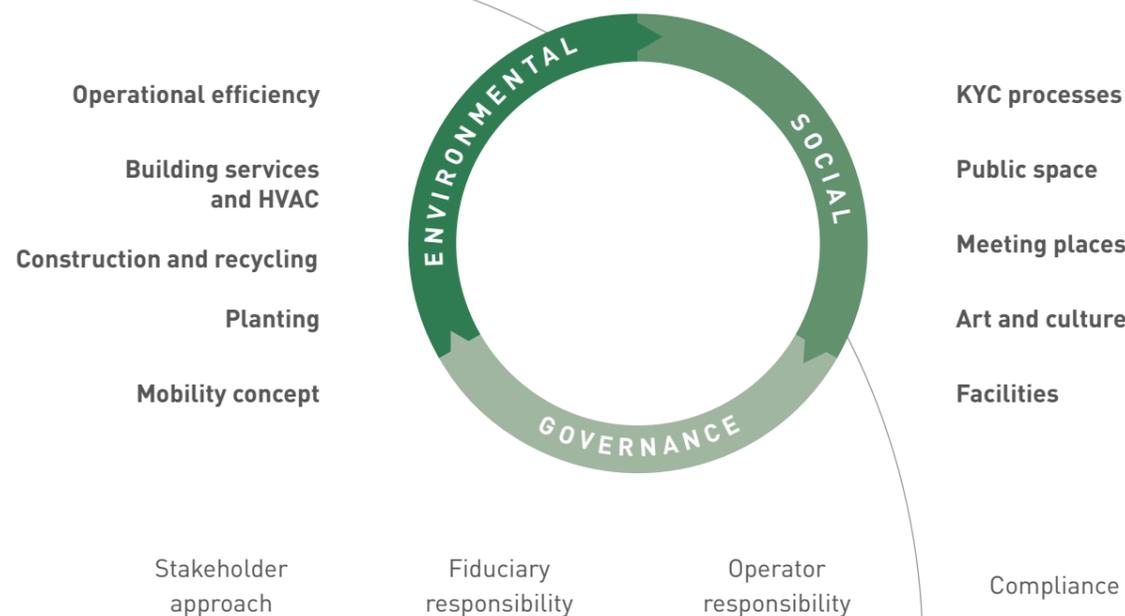


Sustainability also has a major role to play in securing value in fund management. Investor requirements can be accommodated by reviewing properties on taxonomy compliance and ESG aspects. Creating transparency is provided, for example, by GRESB, or by a fund classification according to Articles 8/9 of the Disclosure Regulation (SFDR).



During operational phases, the focus is not just on tenant satisfaction, but also on maintaining value over the long term by being proactive. Asset management and working together with tenants is also crucial on sustainability issues. This can be achieved through various means ranging from green leases, green electricity and technologies for efficient building operation, through to sustainability discussions and the roll-out of smart meters.

ESG MEASURES IMPLEMENTED



INTRODUCTION

Manage to Sustainability – MTS

MANAGE TO SUSTAINABILITY STRATEGY

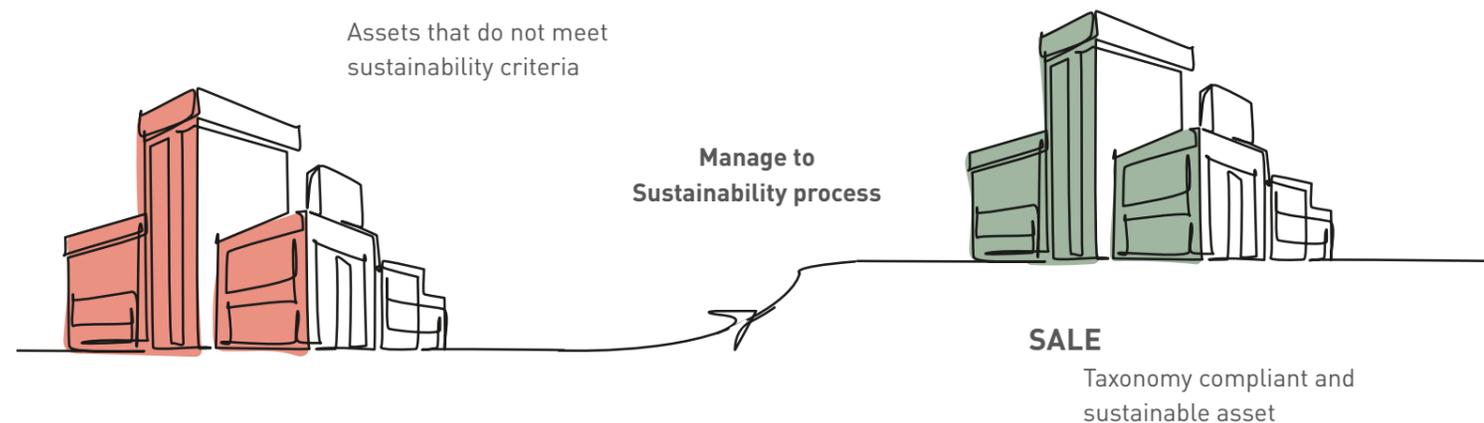
Overview

- Sustainability is an increasingly important issue requiring new approaches in real estate management. This is not only being achieved through more regulation, but also through the choices made by institutional investors. Consequently, price reductions for non-sustainable buildings are to be expected in the coming years, making it advisable to act early and with foresight. This involves opportunities and a programme of compulsory measures: since around 75% of office properties in Germany were built before the year 2000, it will not be possible to achieve the set climate targets without sustainably refurbishing this old stock.¹
- The new targets, however, are also associated with opportunities. Our new Manage to Sustainability strategy will enable us to take advantage of these opportunities together with our investors. Manage to Sustainability is a development of the Manage to Core approach, supplemented with key sustainability factors, and successfully implemented in many new-build and portfolio property projects. The initial focus has been on office properties offering ESG and Manage to Core potential in top and established locations in Germany. The approach is also to be gradually and increasingly implemented for other types of property that we manage. In addition to the economic goal of the Manage to Core strategy to generate attractive returns,

investments under the Manage to Sustainability strategy are to generate measurable and positive social and environmental impacts.

- On completion of a value-creation process there is a sustainable and taxonomy-compliant property in an excellent location with stable rental conditions, giving secure returns and being very easy to sell.
- Alongside our focus on sustainably refurbishing purchased properties, we also develop properties already in the portfolios of our institutional clients. These require protection against substantial value loss due to older portfolio properties being particularly at risk of becoming "stranded assets".

ACQUISITION / PORTFOLIO



¹ Cf. Own evaluation based on Bulwiengesa data, 2022

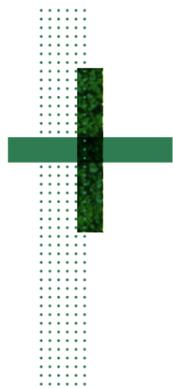
FROM MTC TO MTS

Manage to Sustainability Strategy

- We have been successfully applying our Manage to Core strategy for several years, drawing on the wealth of experience we have gained in sustainable construction and efficient building operation. Our Manage to Sustainability strategy is now being extensively expanded to include sustainability measures.
- Measures for each property are determined according to project experience and EU taxonomy requirements, and implemented for efficient operation and minimal impact on resources. Social aspects are considered according to individual project needs.
- The investment process has been extended to include detailed ESG due diligence and, where appropriate, a redevelopment potential analysis in which measures are analysed and subsequently implemented in line with investment interests as well as individual values and objectives. Central to this is to increase energy efficiency and reduce carbon emissions.

MANAGE TO SUSTAINABILITY – ASSET LEVEL

1. Factoring in economic efficiency using the Manage to Core approach (MTC)
2. Measures for a property based on EU taxonomy requirements (Environmental 1 – Climate Protection)
3. Developing efficient operations to conserve resources
4. Active property management for its further development
5. Taking social aspects into account according to project-specific requirements



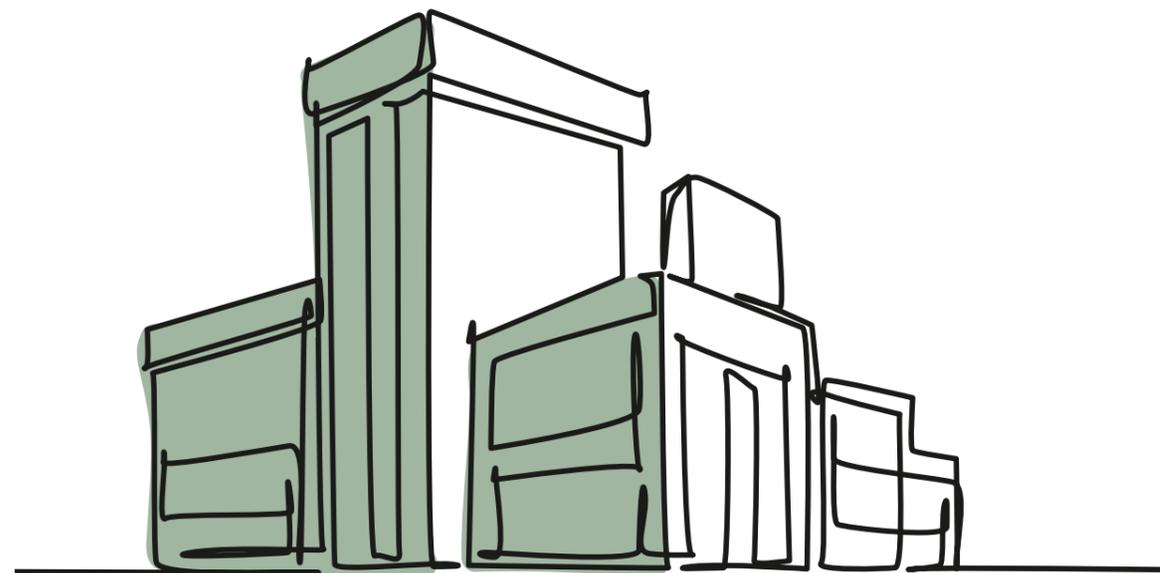
MANAGE TO SUSTAINABILITY – FINANCING

1. Compliance with regulatory requirements on the capital market for taxonomy-compliant real estate
2. Compliance with the regulatory requirements for funding under the Disclosure Regulation
3. Providing regular ESG reporting
4. Providing the usual services of a capital management company (e.g. portfolio management, annual reports, ...)

ESG APPROACHES – INTEGRATION AT DIFFERENT LEVELS

	BUYING & SELLING	LOCATION	PROPERTY	TENANT	PROVIDER
ENVIRONMENTAL	Environmental due diligence	Environmental risks	Consumption and emissions	Sustainable tenant improvements	Efficiency measures
SOCIAL	Exclusion criteria	Accessibility and infrastructure	Community engagement	Increase user comfort	Human rights and working conditions
GOVERNANCE	Compliance	Country risks	Green due diligence	Green leases	Green property Management agreements

BENEFITS OF SUSTAINABLE OFFICE REAL ESTATE



Value retention Efficiency Satisfaction Comfort Use value

INTRODUCTION

GIN Strategy

GIN STRATEGY

The GIN strategy (German for healthy (Gesund), intelligent (Intelligent), sustainable (Nachhaltig)) defines the new industry benchmark for the office of the future. In 2021, we developed a strategic annual target around why the value of an office property must be assessed differently in the future and how demand in the market is visibly changing. The focus is on users. Every crisis also offers opportunities. This is precisely what we have experienced so dramatically over the past 18 months. Working from home became socially acceptable, business trips were not as essential as we thought and jogging trousers go wonderfully with a long-sleeved shirt – at least on Zoom calls.

Many things previously unimaginable suddenly became possible – albeit under enforced circumstances. With the exception of bricks and mortar retail, restaurants and hotels, our economy remained productive and life went on. By reducing road traffic, we were even able to protect the environment and contribute to sustainability.

However, rather than being a trigger, the pandemic was a catalyst for changes that had long been coming. The changes just needed to be deeply experienced and tested. Many employers (as well as employees) had feared such change. Humans are creatures of habit, but it was exactly the right time to break bad habits.

Global, collective developments are changing the world as we know it today. Where they intersect, trends are emerging that are having major impacts on industries, companies and individuals.

Issues that have the power to forever change the way we live are gaining relevance in the collective consciousness.

Global changes are transforming the way we view security, individualisation, knowledge culture, justice, new community, neo-ecology, mobility revolution, holistic health and digitalisation.

"These developments mean that the way we work in the future will also undergo transformation."

Why will I still need an office in the future? Do I need more or less space? What tasks must my workplace of the future be capable of fulfilling? Businesses around the world are currently facing these questions and the challenges they bring.

Businesses want spaces that recognise and satisfy the needs of employees, the company and its environment, meaning an obvious transformation from the conventional office to the workplace of the future.

Due to these changing needs, commercial real estate now also clearly requires extra search parameters. Location, price and quality will of course continue to be relevant, but they will need to be supplemented by other criteria.

Buildings of the future must also take into account the needs of the environment, their tenants and users.

Of course, all these issues do not stand alone. According to research, more than 50 other factors influence satisfaction and productivity levels. These are measurable KPIs, with achievable actions, based on scientific evidence.

Health has wellbeing, hygiene and community as its cornerstones. Intelligence is defined by services, efficiency and connectivity. The topic is rounded off by sustainability with resource consumption, social issues and flexibility.

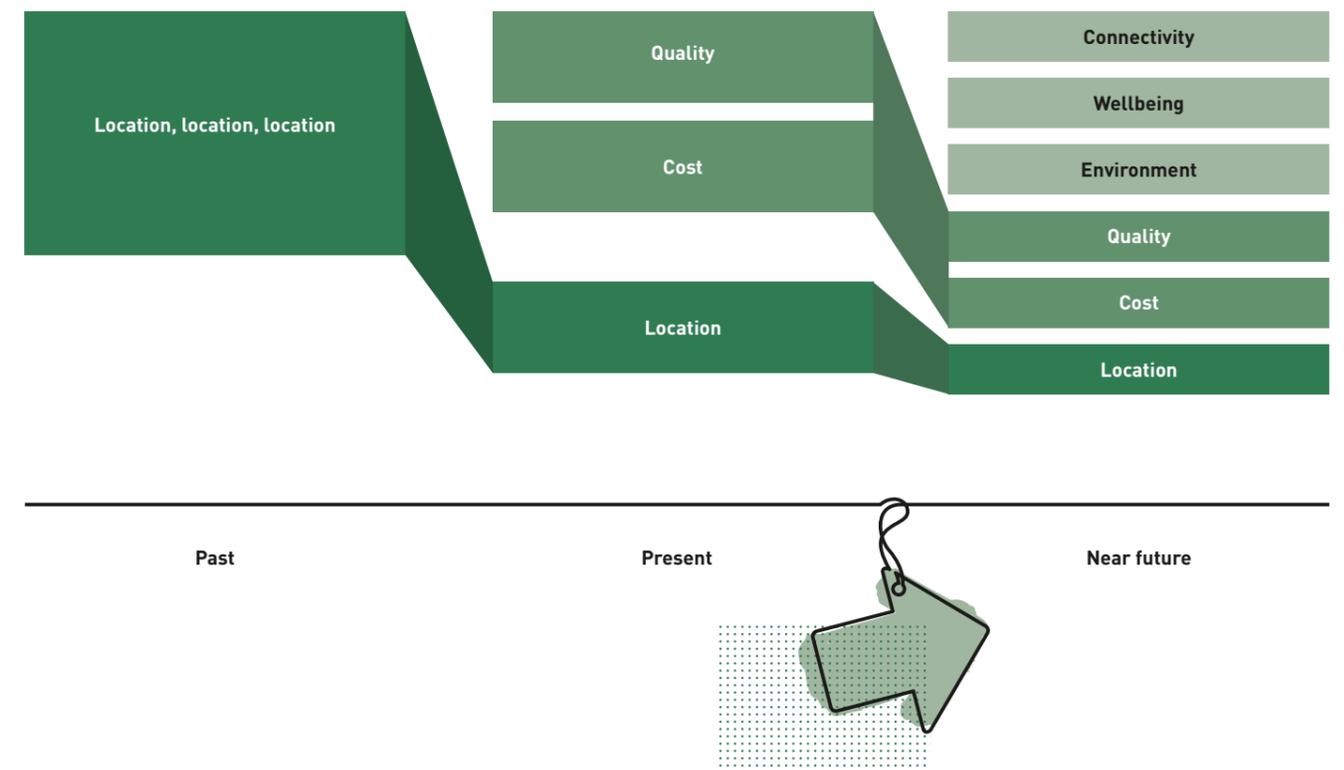
A checklist containing more than 150 actions now forms the basis of all our property development projects and asset management strategies



ADDED VALUE FROM A TENANT PERSPECTIVE



THE VALUE OF OFFICE PROPERTY WILL NEED TO BE ASSESSED DIFFERENTLY IN THE FUTURE.



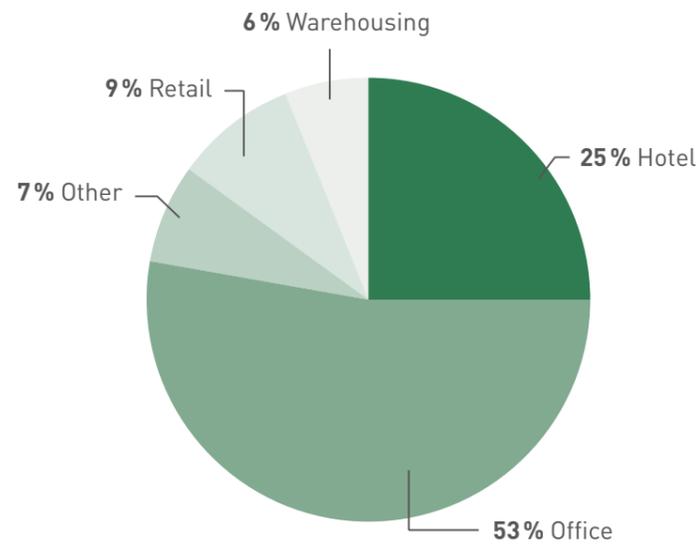


ENVIRONMENTAL

ENVIRONMENTAL

Key Figures

OUR PROPERTIES



PARKING SPACES
11,988

HOTEL PARKING SPACES
658

SMART METER COVERAGE
Targeting 100% for 2023

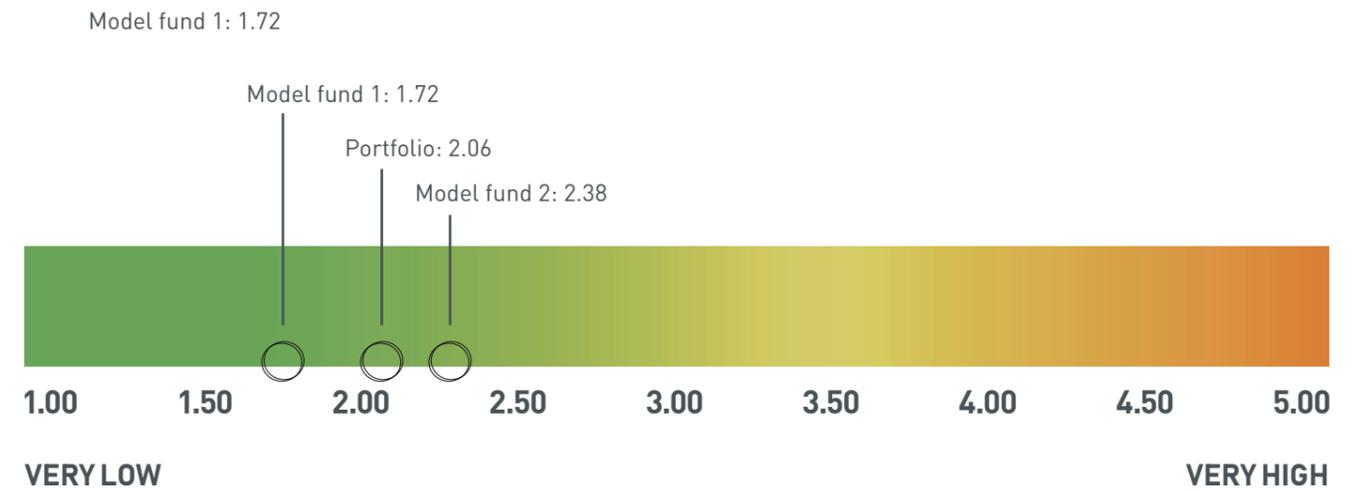
• Primary energy consumption:
75.69 kWh*

• Average area = **10,443.7 m²**,
Average no. of tenants: **9.14**

• Average value of parking spaces
110 per building

* Calculated using the latest available energy performance certificates [58] and weighted according to net floor area.

RISK KEY FIGURE:



PHYSICAL RISKS

Art-Invest's real estate is exposed to extreme weather events such as floods, storms, hail and heat. Therefore, Art-Invest researches the extent to which all sites and properties have been or are being affected by natural hazards. Potential future risks can also be determined by means of projections. A key parameter for natural hazards is determined for each property, both for the present and the future.

Art-Invest's properties are mainly located in Germany, Austria and Great Britain. These areas are in temperate European latitudes and therefore characterised by relatively low climate vulnerability. Physical risks across the portfolio are therefore currently not high. However, long-term developments and temporary extreme events cannot be ignored. Climate models generally show that hail, winter storms, heavy rain and heat events will tend to increase. This is likely to be accompanied by more frequent and potentially more extreme flooding.

Art-Invest is addressing physical risks specific to new buildings by constructing resilient buildings. All portfolio properties are covered by insurance policies covering damage caused by fire, storm, hail, floods or force majeure. However, it must be noted that insurance premiums have risen considerably in the recent past, particularly against the

background of extreme weather events and the withdrawal of some insurance companies from the market. Further increases are expected in the future.



ENVIRONMENTAL

Carbon

CARBON EMISSIONS

Carbon-dioxide accounts for around 87% of greenhouse gas emissions in Germany and is a major factor in climate change. The real estate sector still accounts for around one-third of carbon emissions in Germany despite such emissions from the building sector having been reduced by around 40% since 1990 due to energy-efficient refurbishments and the use of renewable energy sources^{1,2}

As a forward-looking real estate developer and investor, we are conscious of the industry's high levels and take responsibility for continuously reducing the carbon footprint of our properties.

We are therefore meeting the challenge and setting ourselves the goal of making the **Art-Invest Group a climate-neutral company by 2023** in our business operations. A lot of offsetting will certainly have to be done in the beginning, but this will only spur us on to reduce our carbon footprint as much as is possible.

To achieve maximum carbon efficiency in new buildings, we are already implementing measures in a number of pilot projects.

- Sustainable construction (including taxonomy compliance, promoting the circular economy, timber hybrid construction, heavy refurbishment instead of demolishing or new build)
- Sustainable operations (carbon-neutral operations)

HammerBrooklyn, which will be discussed in more detail later in this report, is one of our top projects in the operational phase. In other projects, which will be presented in coming reports, great attention is to be given to embodied-carbon, i.e. construction-related carbon emissions. This will also apply to future property development projects with the data being reported.

Another element in the carbon reduction strategy is the decarbonisation of existing properties and the associated reduction risk to value. The stranded asset date is an important indicator here, as it indicates the year from which a property is expected to lose value due to a lack of sustainability. CRREM (Carbon Risk Real Estate Monitor) is used to detect such developments early and to counteract them. The tool shows when properties can expect market devaluations because they no longer meet market needs regarding sustainability.

Reducing carbon-dioxide is an important part of our sustainability strategy, ranging from CRREM's "weak point analysis" and property valuations through to developing a more sustainable property portfolio.

² Cf. German Federal Government, 2022

EFFICIENT OPERATIONS

The challenge for the real estate industry to combat climate change concerns its existing portfolio properties. Building new or renovating existing properties obviously requires creating a basis for highly efficient operations. But achieving this will take a very long time without a significant increase in the rate of renovation, currently at around 1%.

Efficiently operated buildings are not only in the interest of tenants, but also of the environment and should be a priority, especially regarding the use of fossil fuels. Unlike embodied emissions in the construction phase, emissions from operations occur regularly and a small percentage saving can grow into a considerable amount of reduced carbon over the lifetime of a project. Put in perspective: to equal carbon emissions of the construction phase requires 25 to 50 years of operation, depending on energy levels. Just replacing all operational systems would, however, not be helpful. Carbon-dioxide is also emitted when manufacturing and installing new systems and technology. We therefore focus on modernisation measures as part of our asset management and property development projects.³

The highly heterogeneous nature of portfolio properties and the different funds with partly different objectives also create several challenges. But no matter how varied the circumstances and how complex the operation, our asset management addresses the challenges and attempts to optimise even older portfolio properties by fine-tuning or replacing equipment – also manually, when required. Tenants also notice this in the form of lower utility charges.

Smart buildings:

For newer buildings, efficient and sustainable operation overlaps with smart building technologies. Smart building automation can be used to increase operational efficiency in whatever way occupants use a building. Apart from consumption savings, it is possible to monitor, for example, air quality and heating comfort, which are important factors for user comfort in office buildings. New systems are being continuously tested, including by smart building experts in our innovation team, and measures are being made available internally through a best practice database.

Approaches to reducing carbon

aedifion:

aedifion GmbH provides a cutting-edge cloud platform for building automation systems, making it easier than ever to monitor and optimise energy systems and building services equipment. An "analytics" system upgrade extends the platform to include automated analysis of large amounts of technical information using artificial intelligence and conventional engineering technology. This makes the cloud platform a powerful building automation tool to increase comfort, reduce operating costs and make building operations more sustainable.

³ Cf. German Federal Environmental Agency, 2019

Benefits:

Transparent and quick access to data for a building's complete technology is the basis to optimise and reduce costs, and makes buildings fit for the future.

- A 20% reduction in carbon emissions could be achieved in one pilot project building.



ENVIRONMENTAL

Carbon

REDUCING CARBON THROUGH MODERNISATION

Life cycle assessment of a property

- Carbon emissions resulting from constructing a building ("embodied carbon" or "grey energy") account for a large part of the emissions in a building's life cycle.
- Grey energy will become even more important in future life cycle considerations due to the increasing use of renewable energies.

We look at carbon emissions along a building's life cycle and seek to maintain portfolio properties, enabling them to have longer lives or even second lives through refurbishment and renovation.

MODERNISATION INSTEAD OF DEMOLITION & NEW BUILD

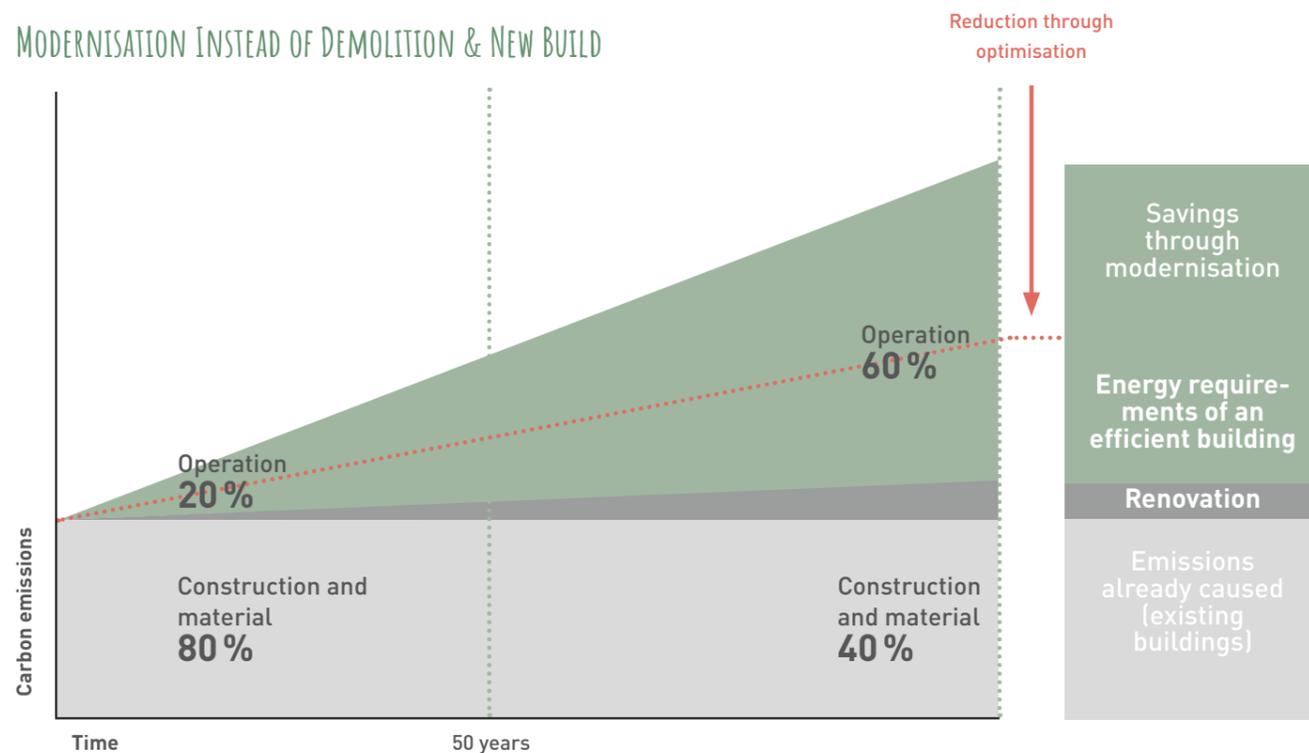


Illustration: Modernisation instead of demolition and new construction. Source: own illustration based on German Federal Environment Agency (2019)



Carbon emissions for the construction of a building ("grey energy") account for the major part of emissions in its life cycle assessment > Rule of thumb:

CONSTRUCTION = 25-50 YEARS

According to recommendations of the German Federal Environment Agency, existing buildings are to be retained and optimised for energy efficiency.

Local energy generation is another recommended measure.

The increasing use of renewable energies will make emissions from construction an even greater factor in the life-cycle assessment of carbon emissions in the future.

CRREM – STRANDED ASSETS RESULTS AT PORTFOLIO LEVEL

Share in m² of areas that will soon be non-compliant

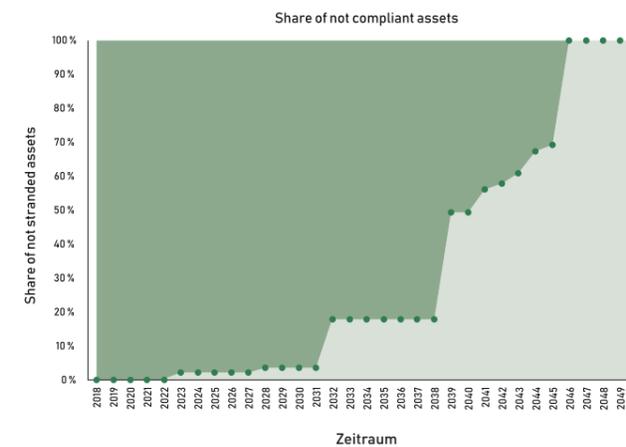
Eleven properties have undergone in-depth analysis using the CRREM (Carbon Risk Real Estate Monitor) tool to track stranding times of a sample portfolio under different scenarios. The tool shows when properties can expect market devaluations because they no longer meet market needs regarding sustainability. The analysis is based on energy and emission values as well meeting regulatory requirements of the relevant state.

It shows that within the next 10 years, almost 20 % of the sample portfolio will be stranded, with the first property no longer meeting market requirements as early as 2023. To avoid this, action needs to be identified and taken now to protect the relevant properties from becoming stranded.

undergo continuous documentation and improvement, so the process does not end with achieving a specific goal.



SHARE OF NON-COMPLIANT ASSETS



The process of creating a more sustainable real estate portfolio begins with analysing the status quo. First, the minimum amount of data that needs to be collected is determined so that in the next step the current data of a sample portfolio can be systematically acquired. In the process, projections can be made and the data transferred to established tools. This enables a scientifically based and practice-recognised evaluation to be prepared, which is carried out at the overall portfolio level.

Through detailed analysis and evaluation of the data, targeted action can be identified and eventually implemented in a subsequent step. The primary goal of CRREM is to achieve significant improvements in energy consumption, carbon emissions and utility costs. The steps

ENVIRONMENTAL

Energy and Resources

ENERGY AND RESOURCES

Developing properties:

In previous property development projects, Art-Invest Real Estate already addressed the issue of energy and resources. This was not just out of a sense of responsibility for the environment, but also to achieve maximum planning efficiency, lower resource consumption and thereby gain cost savings. Consequently, it is intrinsic for us to consider resources when awarding contracts and determining order quantities. For larger property development projects, Building Information Modelling (BIM) is increasingly being used in planning, enabling better calculable order quantities and less scrap/waste. In addition, our main skills in Manage to Core, i.e. refurbishing and re-positioning real estate, already address many sustainability aspects, especially regarding saving resources. Continued focus on sustainability means that many topics are undergoing review. Sustainability issues were also previously addressed with a range of certifications such as Leed, Bream or DGNB, e.g. the low-waste construction site, the awarding of construction logistics and waste management.

In 2021, increased attention was given to the topic of 55 and 40 efficiency houses, and the groundwork was laid for many property development projects. In light of the taxonomy issue, which is becoming increasingly relevant to investors, we are striving to be a pioneer in the market with a high share of new property development projects achieving taxonomy compliance for environmental objective 1, climate mitigation. New projects will of course be directly equipped with smart meters to measure consumption. Requirements for a nZEB (nearly zero-energy building) standard have already set an important path for operational phases. DNSH requirements also prevent many significantly negative impacts on other environmental objectives.

New paths have also been taken in 2021 regarding building materials. For example, Art Invest's first property development project using wood-hybrid construction methods has been started. Further projects are being planned. Results will be presented in a later report.

Regarding the circular economy, a digital register of building materials has been initiated for a pilot project. We have been working together with Madaster to achieve this. For economic reasons alone, we try to use building materials as efficiently as possible and to reuse them wherever possible.

Portfolio properties:

Monitoring energy and water consumption is highly important to compare buildings and to identify potentials for improvement. Courses of action can then be developed and implemented.

Property managers and facility managers also checked and approved consumption in the past. Another milestone was reached in 2021 with the systematic recording of all consumption data at the time of invoice approvals for properties managed by Art-Invest Real Estate or our property management. To comply with the disclosure regulation, new energy performance certificates have also been applied for all properties and the data systematically recorded in a database, enabling an initial comparison of buildings.

This is an interim solution until full smart meter roll-out in 2023 for heating, cooling, electricity and water. Smart meters are a key component for consumption transparency, analysis and benchmarking of buildings, quantification of consumption savings, utility charge billing and creating a baseline for information on portfolio properties. The new green lease standards will create a basis for greater access to occupant consumption data in the future, which can then be used to optimise buildings.

As mentioned above, targets for savings are to be developed, based on collected consumption data, which can then be implemented as part of property management. Without detailed consumption data, setting targets for savings is unnecessary because monitoring of the targets cannot take place.

Finally, an analysis tool rounds off the measures, which enables an analysis of a building or a real-time analysis of a portfolio property and serves as a basis for comparisons and further courses of action. This creates transparency on building performance for our investors and can also be presented on an aggregated level in the next sustainability report.

GREEN LEASES

This refers to the inclusion of provisions in tenancy agreements on (specific) intentions and goals to improve the sustainability of a property's usage. Green leases are also required for many certifications and reports due to total consumption (general + tenants) being particularly important for classifying and comparing buildings.

In 2021, a new standard was developed at Art-Invest Real Estate that includes implementing the sustainability strategy in every new lease (new and existing properties) as well as in renewals. The focus is primarily on integrating green lease components into new tenancy agreements. These address sustainable management and providing tenant-related energy consumption as well as the associated continuous optimisation of operations aimed at decarbonisation.

The following aspects are included:

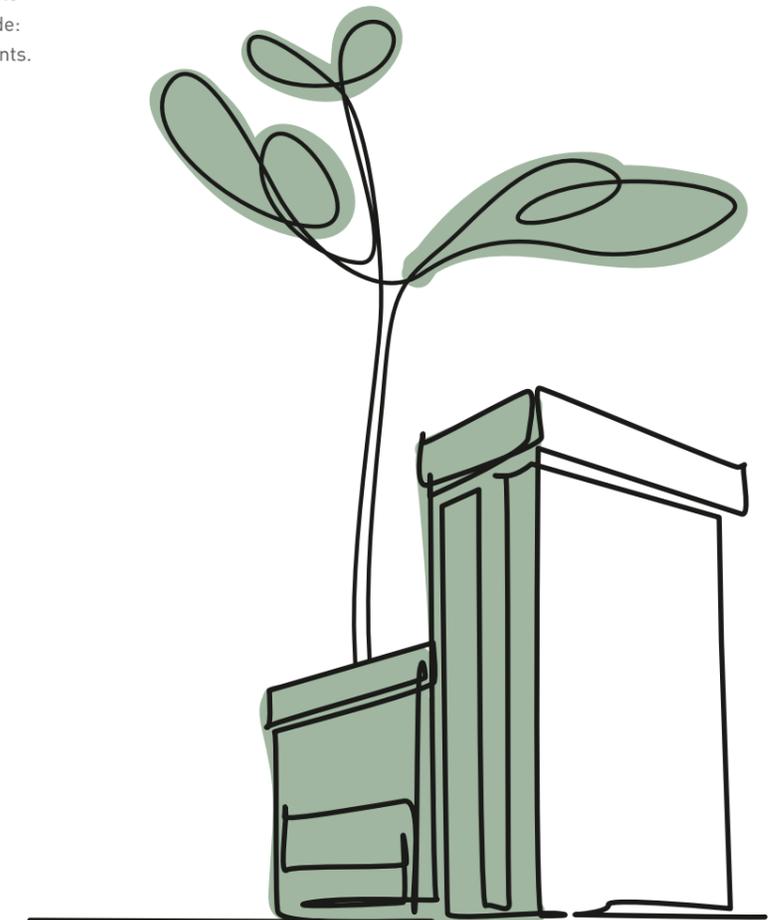
SUSTAINABLE MANAGEMENT

SUSTAINABILITY CERTIFICATION

DATA SHARING

SUSTAINABILITY DIALOGUE WITH TENANTS

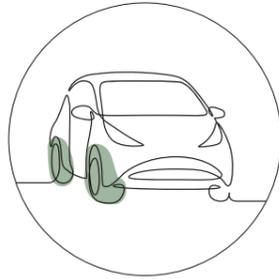
Further optional clauses are to be included according to the specific tenant and property strategy. These include: Carbon, electricity, heat, water, information from tenants.



ENVIRONMENTAL

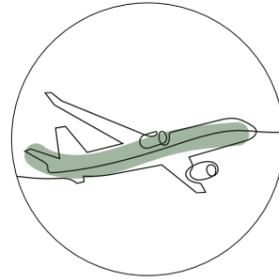
Transport and Travel

TRANSPORT AND TRAVEL



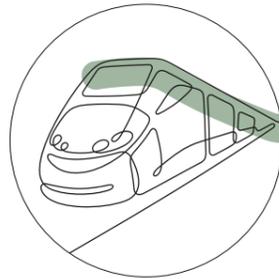
KILOMETRES DRIVEN

1,564,808 km
Carbon in g pro km: 247.74



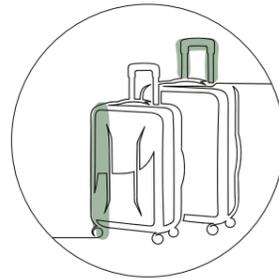
AIR TRAVEL

314 flights
Carbon emissions: 54,408 kg
Distance: 180,079 km



RAIL TRAVEL

140,923 km



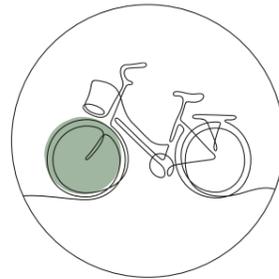
HOTEL STAYS

455 overnight stays



CALL A BIKE

33 users



SWAPFIETS

8 bicycles



JOBTICKETS / BAHNCARDS

244 Jobtickets
65 BahnCards

ENVIRONMENTAL

HAMMERBROOKLYN Lighthouse Project

THE FUTURE IN THE CITY

HAMMERBROOKLYN (smart building)

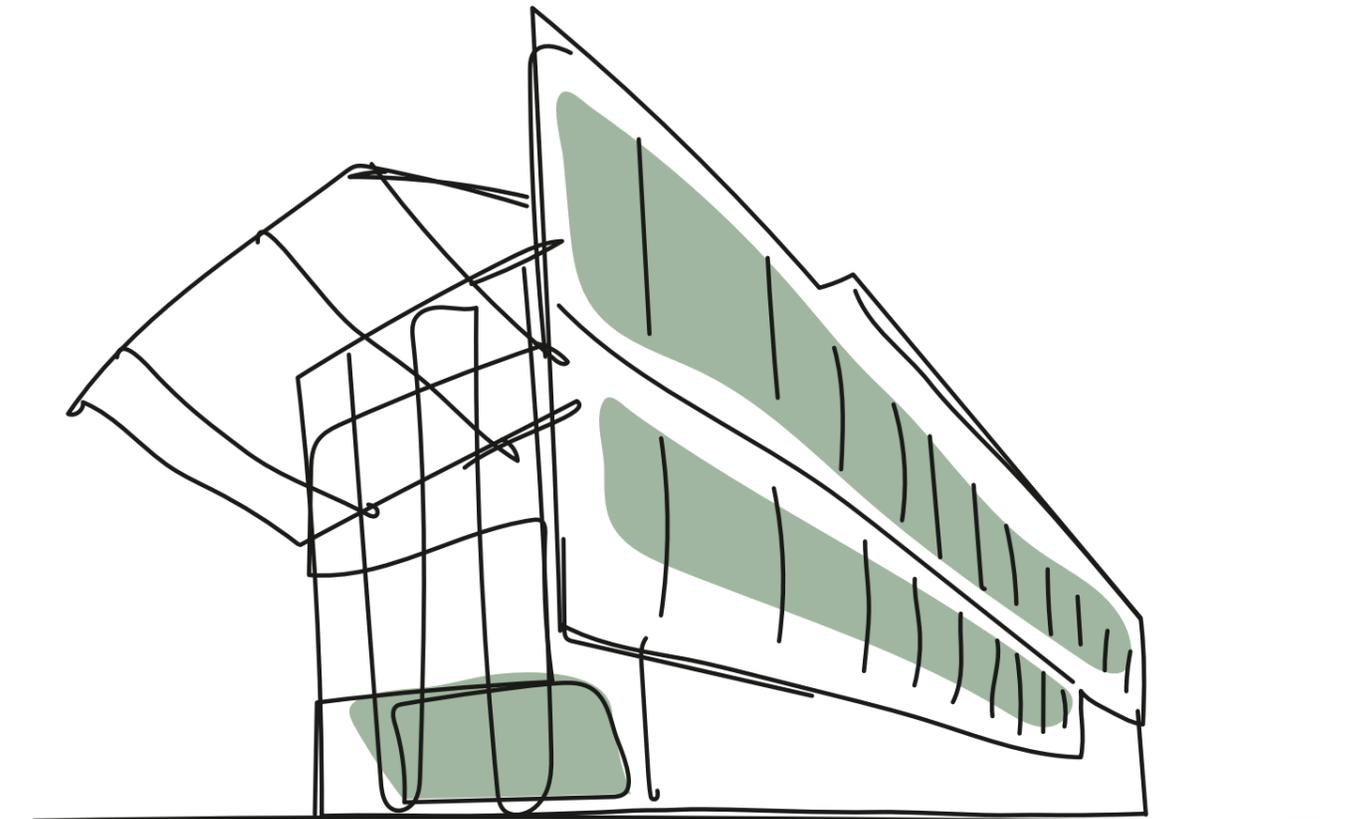
The Digital Pavilion is a sustainable building of revolutionary ideas and innovations. It's where city life is being re-thought and debated.

1. Main details

- Address: Stadtdeich 4, 20097
- Completion: End 2020
- Uses: Offices, auditorium, event and retail space
- Leasable area: approx. 7,317 m² (gross floor area)
- Tenant: Factory Works GmbH (single-tenancy)

2. Upcycling architecture

- Sustainable architecture in the form of a former EXPO pavilion as a modern upcycled building
- The former US pavilion at EXPO 2015 in Milan was relocated to Hamburg. Much of the original building materials have been used and the pavilion has been expanded to include new spaces and extensive digital equipment
- Upcycled flooring in the Town hall is made from the Coney Island boardwalk from New York that had been removed in 2012 because of Hurricane Sandy
- The original load-bearing structure (levels 2 to 4) is built on the solid construction of levels 0 and 1 and consists of a steel structure with glued laminated timber ceilings (X-LAM)
- A total of 303 tonnes of steel and 2,000 m² of glulam ceilings have been refurbished and reused



ENVIRONMENTAL

HAMMERBROOKLYN Lighthouse Project

THE FUTURE IN THE CITY

3. Smart building / sustainability

• The Digital Pavilion is an Art-Invest Real Estate Smart Building (AIRE Smart Building) that gives tenants, owners and operators many extra benefits regarding sustainability. It provides **data-driven understanding** of building operations and user behaviour and enables a wide range of other use cases.

• The building is designed so that all smart building features either act automatically (e.g. lighting control, ventilation control) or can be conventionally controlled via manual controls (e.g. lift buttons, lighting control).

USE OF ENERGY-EFFICIENT TECHNOLOGIES AND EQUIPMENT

• Carbon footprint is reduced by around **80%** by upcycling compared to new construction.

DEMAND-DRIVEN BUILDING MANAGEMENT

• The HammerBrooklyn.Digital Pavilion uses around **45% less energy** than the average German building and **55% less** than the EU average.

AI-BASED OPTIMISATION OF SYSTEM OPERATIONS

• The Pavilion can be **used 35% more efficiently** compared with offices without occupancy sensors.

LIVE MONITORING OF ENERGY CONSUMPTION

• Increased wellbeing and higher user productivity by continuous measurement of carbon-dioxide levels and intelligent ventilation control, as well as the option for touchless building management.

ANALYSIS OF SPACE UTILISATION

• The Pavilion's operation is **climate-neutral** by combining an "all-electric building" with the procurement of **100% green electricity**.

WELLBEING MONITORING

TOUCHLESS OFFICE

USER APP

• When compared to a hypothetical complete new building, the construction of the Digital Pavilion realised an **18%** carbon reduction.

SUSTAINABILITY ASPECTS OF THE DIGITAL PAVILION

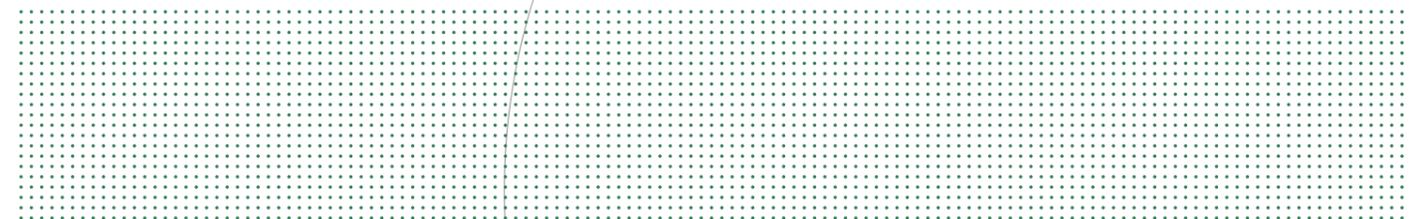
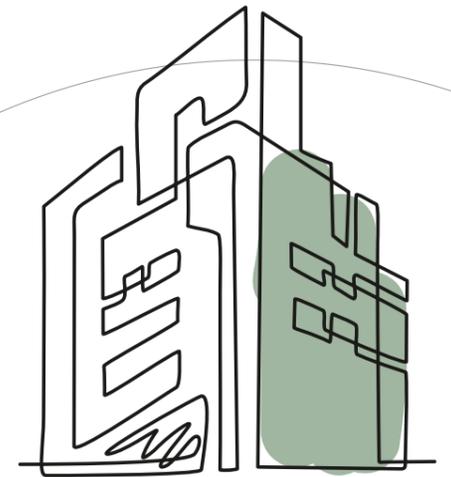
Smart buildings – KPI's

Smart buildings provide valuable data on energy consumption, the key to greater sustainability (measure + manage). Energy consumption is important information for assessing the sustainability of buildings ("stranded assets") within the framework of the EU taxonomy. Because data can be accessed in real time, important information can also be drawn from the measured values (e.g. high energy consumption at weekends or when capacity utilisation is low indicates potential for optimisation)

SUSTAINABILITY

Smart buildings are sustainable, save energy, reduce carbon emissions and operating costs.

Live energy data from the building provides information on how energy-efficiently the building is being operated. Occupancy data can also be used to check how well the building is responding to its actual use.



SUSTAINABILITY ASPECTS OF THE DIGITAL PAVILION

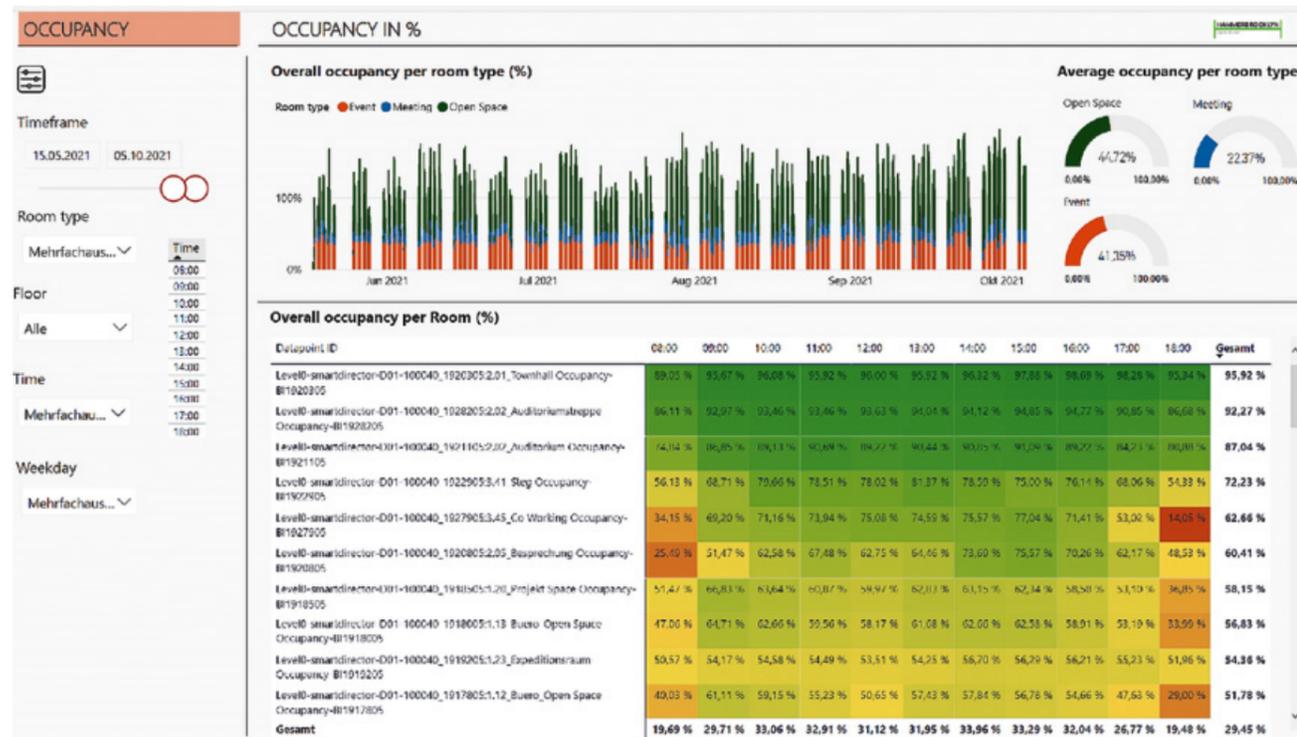
Smart buildings – KPI's

Working from home has also led to the introduction of shared desk concepts in many businesses. This poses the challenge of determining a sharing rate that is neither too high (risk of employee dissatisfaction) nor too low (space saving potentials not realised). Smart buildings provide the data needed for utilisation analyses. Real-time occupancy data is also available, the basis for workplace and room reservations.

OCCUPANCY

Smart buildings create transparency in the utilisation of space. The benefit is being able to provide staff with the right size of space and the right kind of space.

Data on occupancy helps to better understand user behaviour in a building and to continuously match available space to user needs.



SUSTAINABILITY ASPECTS OF THE DIGITAL PAVILION

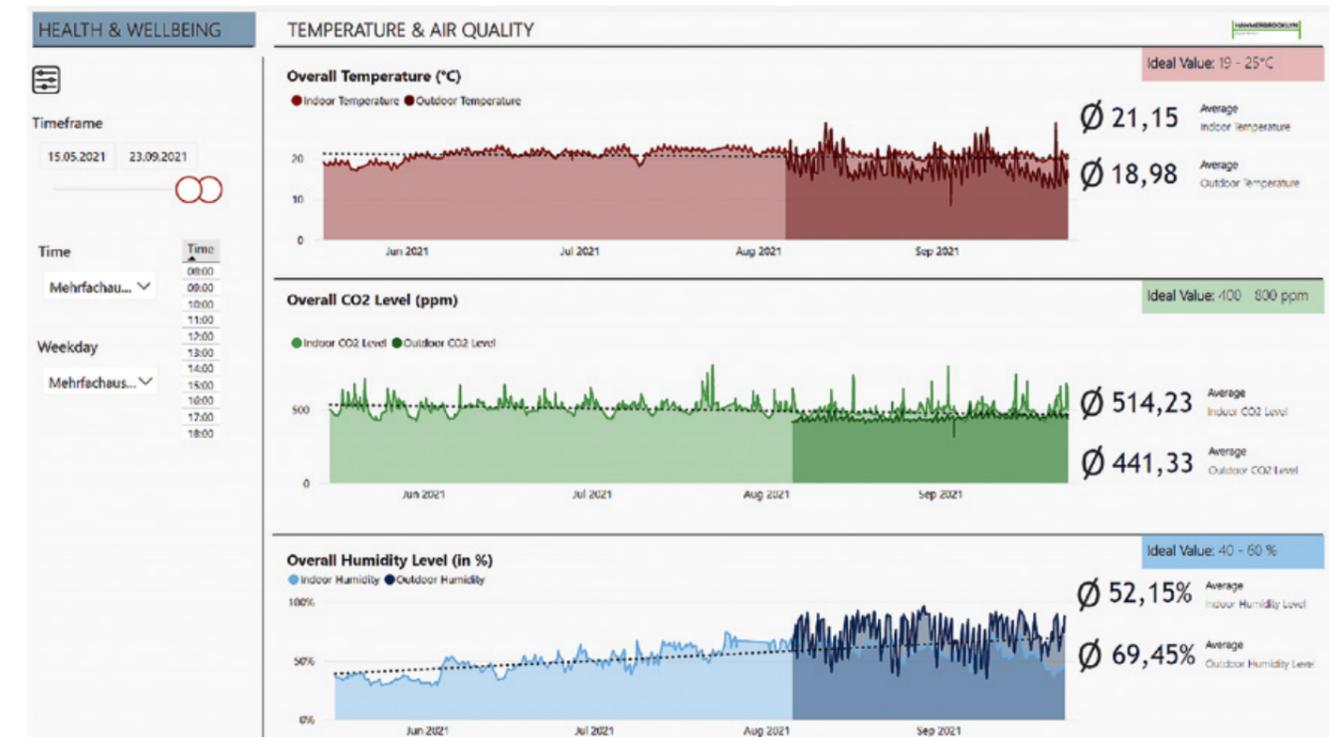
Smart buildings – KPI's

Smart buildings provide a healthy and productive environment for staff. Comfortable temperatures in the workplace are an important factor for employee satisfaction and productivity. Carbon-dioxide levels influence performance and are also a measure of infection risks. Smart buildings use intelligent control to measure and ensure the best comfort and air quality at all times.

HEALTH AND WELLBEING

Smart buildings provide excellent working conditions for their users by guaranteeing good health and safety conditions.

Live energy data from a building enables optimal management of health-relevant parameters such as carbon-dioxide levels in the air.



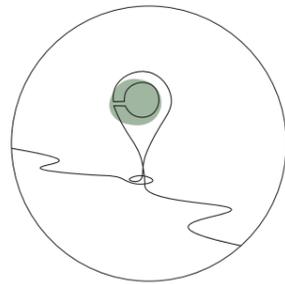


SOCIAL

SOCIAL

Key Figures

KEY FIGURES



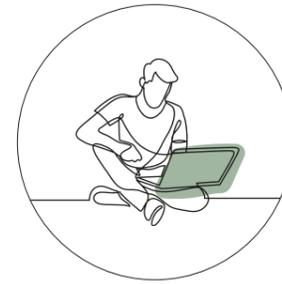
BRANCHES

10 locations in 3 countries



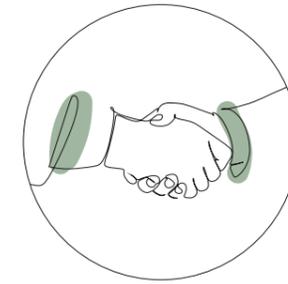
TOTAL NUMBER OF STAFF

June 2021
(incl. interns and placement students): 264



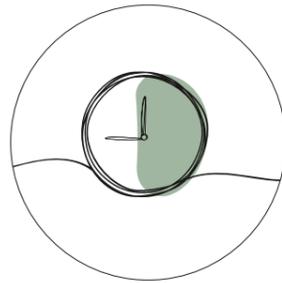
SUPPORT STAFF

Short-term employment (interns and placement students): 22



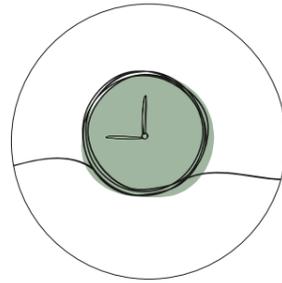
TIME AT COMPANY

Since foundation in 2011 (excluding interns / placement students):
> less than 2 years: 64
> 2-5 years: 130
> 6-10 years: 54
> 11-15 years: 3



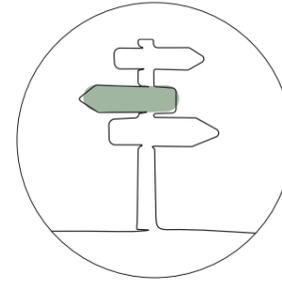
PART-TIME

June 2020: 39
June 2021: 51
> Increase: 23.5%



FULL-TIME STAFF

June 2020: 174
June 2021: 200
> Increase: 13%



STAFF TURNOVER

In 2021: 21



SOCIAL

People – Working & Developing

ORGANISATIONAL STRUCTURE | VALUES

Corporate culture / values

Working together in a personal and considerate way is the cornerstone of our corporate culture. To maintain our values while Art-Invest Real Estate continues to grow strongly requires us to communicate with each other.

Team spirit, high expectations of one's own work, a sense of responsibility, shared enjoyment of a good result, objective approach, openness and transparency are the standards for the way each and every one of us acts. Fairness plays an important role in our culture, which means that first and foremost we always strive for a solution that is best for everyone involved.

ORGANISATIONAL STRUCTURE | AIRE DNA

1. AIRE DNA

Our DNA is made up of different values that each of our employees should represent and practise. This is why it also represents important criteria when recruiting. When recruiting, we focus on diversity. Everyone is different and has different strengths, which enable AIRE's employees to complement and support each other in the best way possible.



Our work is based on the trust of our stakeholders. We therefore always act with honesty and integrity.



We innovate, find creative solutions and have vision. In doing so, we consider the commercial added value and are continuously developing visions and ourselves.



We are a team. We are therefore open, communicate respectfully and always treat each other as equals!



Ambition and desire to achieve are what drive us forward. Our commitment and expertise create lasting added value. We take initiative, get stuck in and persevere when the going gets tough.



We are an organisation that continues to learn and is not perfect. We therefore need people who are authentic, who have their own rough edges and who grow together with us.

ORGANISATIONAL STRUCTURE | COMPETENCE SET

AIRE's values and culture and, above all, its team spirit are key in the recruitment process. We therefore defined 15 soft skills in a workshop with an external service provider, HR and the management board, skills which make working together easier and more rewarding, and from which competence profiles have emerged.

15 Soft Skills

- Adaptability
- Innovative ability
- Courage
- Communication skills
- Empathy
- Ability to collaborate
- Ability to motivate
- Reflectiveness
- Ability to manage oneself
- Goal and results focus
- Decision-making ability
- Ability to manage
- Analytical
- Strategic thinking and acting
- Customer and service focus

GREAT PLACE TO WORK®

Great Place to Work®

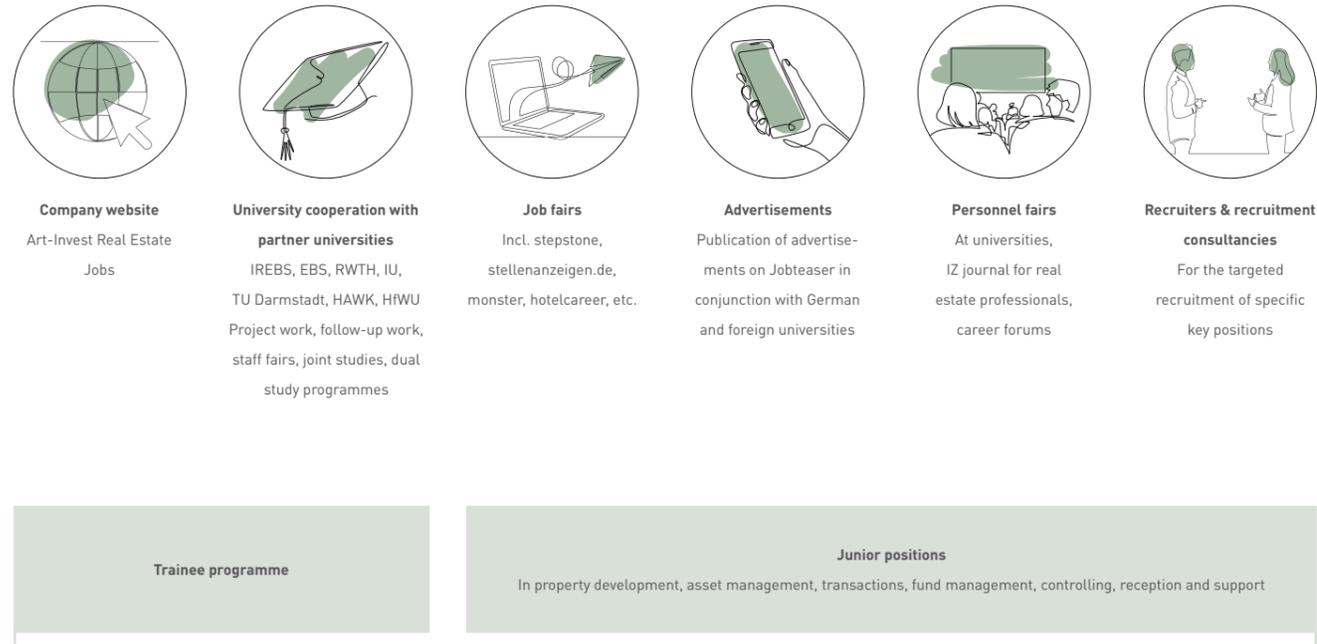
Art-Invest Real Estate takes part in the Great Place to Work® initiative every two years. Participation in the competition acts as a barometer for us on how we are developing our workplace culture.

In 2020, we were named one of the best employers in Germany. In the Germany's Best Employers 2020 competition run by Great Place to Work®, Art-Invest Real Estate achieved 5th place in the category of companies with 101–250 employees. The rating was based on a detailed, anonymous survey of Art-Invest Real Estate employees on key workplace topics such as trust in the employer, quality of cooperation, appreciation, identification with the company, professional development opportunities, remuneration, health promotion and work-life balance. The previous survey resulted in, among other things, an increase in holiday entitlement and our internal training programme, the AIRE Academy.

We are very excited to see what the survey findings will reveal after the challenging year of 2021, dominated by Covid-19, and are very much looking forward to working with the survey team.



RECRUITMENT CHANNELS



CAREER OPPORTUNITIES

AIRE receives around **2,000 applications** per year, continuous recruiting for student placements, internships and traineeships

Identifying new suitable employees within the recruiting process is one of the main tasks of the HR department.

Successful recruitment is based on accurate job descriptions, prepared by the HR and technical departments, which provide all prospective candidates with a detailed overview of tasks and requirements.

To gain the widest possible reach, vacancies are published on the company's careers webpage, job boards, digital advertisements on university webpages as well as trade journals.

Nonetheless, the number 1 recruiting channel remains networking. Key pillars of the recruiting process therefore include the employee referral programme, AIRE's representation at graduate fairs and career days and university collaborations. Cooperation exists with four selected partner universities and other universities with trade fairs, project work, supervising master's theses, etc. The programme also includes support for young people via internships and student placements.

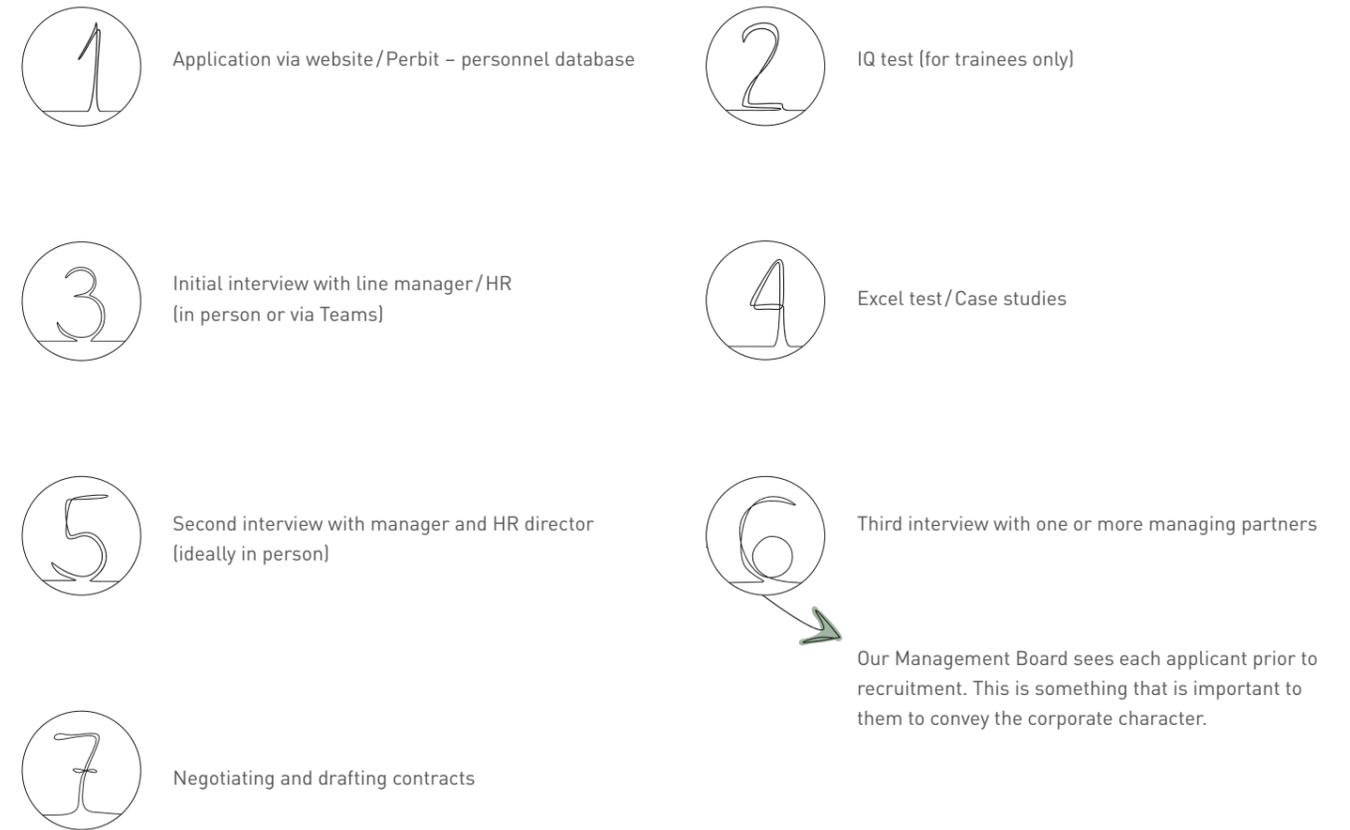
A relationship based on partnership and respect from day one is very important to us, which is why we place great value on direct, personal and respectful contact. Accordingly, we have set ourselves standards for the recruitment process. The recruitment process is structured in two or three (depending on the function) rounds of interviews. We give great importance to job interviews taking place as dynamic, familiarisation interviews, which have no pre-set procedures but are geared towards the specific applicant.

In addition to qualifications, we place great importance on enabling the existing team and the new recruit to gain a mutual impression of each other. This means several future team mates are brought in during the second round of interviews, depending on the post.

Application process:

To make our application process as transparent and applicant-friendly as possible, we regularly carry out critical reviews of our procedures and optimise the recruiting process.

Variations in the application process are generally possible, according to urgency and personal circumstances



ONBOARDING

Onboarding for employees begins a few weeks before the actual start date and ends a few months afterwards. The aim is to enable the best possible start and to actively support the new employee during the initial few months. Staff members are introduced to the new employee in advance with a photo and a short profile in ARTNET, so that all AIRE employees have an idea of who is starting. Personal introductions and a guided tour of the building will also take place on the first day. New employees also receive a welcome package. A starter set comprising useful and attractive incentives awaits them at their workplace to make their first steps with us easier.

Before first working day (approx. 4 weeks)

- ✓ **IT-Zech Management**
Access/Account & workstation set-up incl. hardware
- ✓ **Team Assistance / Office Management (branch):** Business cards, hardware, welcome box, info folder, new member introduction, key/access card, job tickets/car/parking, workspace preparation, etc.
- ✓ **HR:** Set information, obtain staff sheet and all relevant documents

Within the initial working days

- ✓ Welcome
- ✓ Organisation/introduction within the team by line manager
- ✓ Optional team lunch
- ✓ Compliance declaration

Within the first 3 months

- ✓ Induction days (2-3 days) + photo shoot
- ✓ Induction into the field of work
- ✓ Probationary period interim appraisal

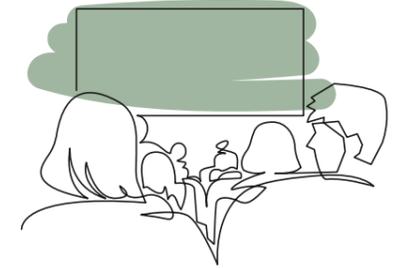
After 6 months

- ✓ Employee interview at end of probationary period
- ✓ Firm anchoring in the responsible area
- ✓ Review on further training needs, capital-forming benefits

TRAINEE PROGRAMME

AIRE's trainee programme is the ideal way to begin a career in the real estate industry.

We are always looking for motivated Bachelor's or Master's graduates to undertake a 12-month modular and tailor-made trainee programme.



WHAT WE OFFER

- Insights into at least two Art-Invest Real Estate locations and guaranteed placement at the Cologne headquarters
- Diverse, interesting work and, above all, tasks with a high level of responsibility as well as sub-project responsibility
- An open corporate culture, instructive cooperation with highly qualified people
- Above average remuneration
- Attractive working environment (e.g. first branch with Well certification)
- Opportunities for permanent employment after successful completion of the traineeship

REQUIREMENTS

- Successful completion of a university degree in economics or engineering, ideally with a focus on real estate or further training related to the construction industry
- Relevant practical experience as part of a degree course, internship or through initial professional work
- Enthusiasm for the real estate industry
- Personal initiative and a high level of commitment and motivation
- Strong communication skills and enjoyment in interacting with people
- Structured and goal-oriented way of working
- Experienced in using Office applications

POSSIBLE AREAS OF WORK

- Property Development
- Asset Management
- Property Management
- Engineering and Construction
- Acquisition
- Financing
- Controlling & Treasury
- Investment Fund Business
- Hotel

HIGHLIGHT

Every six months, the AIRE Trainee Academy takes place – a come-together with a half-day training workshop and an after-work social event. A virtual launch was held in the first quarter of 2021, and a face-to-face event in Cologne in October 2021.

STAFF DEVELOPMENT

AIRE FURTHER TRAINING OPPORTUNITIES

We prioritise the personal and professional training and development of our staff and, therefore, have an extensive catalogue of training courses for them to choose from. The catalogue undergoes continuous evaluation and adaptation to respond to the latest needs and developments. Staff members are first and foremost seen as individuals.

In consultation with management and HR, further training for staff is planned at the beginning of the year, with flexibility to respond to any other training needs that arise during the course of the year.

To better assess the quality and effectiveness of the provider or the course and to provide specific advice in the future, feedback from participants to their manager and HR after a training measure is crucial. In addition to many open, external courses, we also offer ongoing internal training courses and social skills workshops. These workshops are supported by an external team of trainers with whom we have a long-standing cooperation. This means they can tailor workshops to AIRE's corporate and management culture when required. Another great advantage of these workshops is that colleagues from different departments and branches can interact.

In 2020, a stress prevention workshop was firmly anchored in the programme, and in 2021, a women-only seminar was added to the training catalogue. At a technical level, in-house training is also available for specialists. Trade association training and workshops are also provided to staff. Suggestions from departments regarding coaching, training or workshops are also supported.

We are open to cross-departmental working and to enabling job shadowing. Costs for part-time studies, for example, are also covered on a case by case basis as part of a further training contract, and depend on topic, interest and willingness.

AIRE ACADEMY



At the beginning of 2020, we launched the AIRE Academy, our internal training programme.

A one-hour virtual Academy session takes place every second Friday of the month. The aim is to share the valuable internal resources and knowledge we have throughout the company and to encourage cross-branch interaction, also in times of increased mobile working.

Any employee, regardless of department, can use the virtual podium to present an exciting topic to their colleagues and share the knowledge they have acquired.

It also gives awareness of the kind of knowledge available in the company and who can be called upon as an "expert" for a particular topic.

Participation among staff members remains very high. In 2021 there were 25 fascinating talks and dates for the first quarter of 2022 are already planned. External speakers are often invited to the AIRE Academy in addition to the talks given by our staff.

THESE ARE A SELECTION OF TOPICS FROM 2021:

- "Germany's office markets on the hot seat"
- "Kiss your stress goodbye - Successful stress management through mindfulness in everyday work"
- "Public Art - History and Concepts"
- "How to use Outlook - lifehacks for more efficient work"
- "AIRE Mag - our digital hub around sustainability, smart building and new work"
- "All in the interest of investors! - KVG introduces itself."
- **Forecast for 2022:**
 - > "The little 1x1 of corporate law"
 - > "Well-being in buildings - no longer a soft factor!"
 - > "Which office markets in Germany are still suitable for investment?"

STAFF APPRAISALS:

To identify further development options, various discussions are held between employees and managers:

- Probationary period appraisal
 - > After 3 months: Interim appraisal = gives both sides an initial assessment of working relationships
 - > After 5.5 months: Final assessment
- Summer talk (informal) -> to take stock of and improve working relationships
- Target setting & target achievement meetings -> have targets been achieved as planned?
- Management and the management board are always accessible to staff.

YOUNG TALENTS:

We offer opportunities for personal development to all age groups and are committed to supporting young people, the "young talents". A variety of opportunities during or after their studies pave the way for young talents to start their careers at Art-Invest Real Estate. This is reflected in the rate at which placement students, interns and trainees are taken on, which is currently (as of 13.01.2022) 31%.

COMPETENCE AND REQUIREMENTS PROFILE:

Competence and requirement profiles for each job and level enable us to provide further training advice that is geared to the individual's future prospects. Opportunities for advancement thus become clear and transparent.

SOCIAL

Work-Life Balance

BASICS

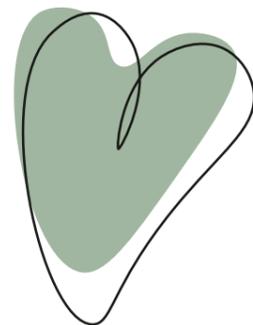
To create a working environment in which employees feel comfortable, regardless of gender, identity or marital status, we continuously improve conditions by addressing important social developments and needs.

- **Family:**
 - > Family-compatible, flexible working hours and working conditions (including openness for working from home)
 - > Support from pme Familienservice, which is offered to all employees and their relatives
- **Management:**
 - > Promoting an inclusive management culture, including recognising and encouraging participative management
 - > Examining alternative staffing models (e.g. part-time and tandem models) to check whether these can also be helpful in management tasks
- **Communication:**
 - > Cultivating a culture of communication based on trust to address any grievances and create an environment that facilitates, for example, the entry of women into management careers
- **Gender justice:**
 - > Addressing and combating unconscious bias
 - > Focusing on gender justice, as equal opportunities is an important topic that has not only long affected women
 - > Conscious examination of the manager role; critical questioning of whether the role models are judged according to patriarchal value standards

- **Workplace:**
 - > Modern workplace, terraces, meeting rooms, privacy spaces, G37 workplace medical, workplace glasses (if required)
 - > Meal allowance, healthy snacks, free drinks (cold and warm), fresh fruit, water, nibbles
 - > Trust-based working hours
 - > Mobile working option
 - > Massages (regional)
 - > Pinball/darts/football (regional)
 - > Shoe cleaning service (regional)
 - > Showers (regional)
- **Other benefits:**
 - > Extra days off (Shrove Monday, Christmas and New Year's Eve)
 - > PME - family services
 - > Pension options
 - > Subsidy for exercise programmes
 - > Corporate Benefits Zech Management: Discounts from well-known brands and providers of cars, travel, leisure, sport, etc.
 - > Further education and training opportunities for all employees (one training per year)
 - > Financial support for Master's degree courses (individual)
 - > Small, seasonal gifts (Easter bunnies, Father Christmases, etc.)
 - > Personal events are also celebrated accordingly (birthdays, weddings, births, anniversaries)
 - > Art-Invest Real Estate yearbook (sent to your home by post)
 - > Personalised, handwritten Christmas card, Christmas gift

CORPORATE BENEFITS

- **Events:**
 - > Corporate events: New year kick-off, carnival (regional), summer party, Oktoberfest (regional), barbecue events (regional), company runs (regional), Christmas party (regional)
 - > 2-day induction event for new employees – promoting cultural opportunities: free admission to, e.g., special exhibitions at Museum Ludwig in Cologne
 - > Social Days (regional)
- **Mobility:**
 - > 8 pillars of mobility: Job ticket, BahnCard, bike pool, BikeSharing (call a bike), e-bikes (Swapfiets), car sharing, car pool, parking spaces (regional)



HEALTH MANAGEMENT

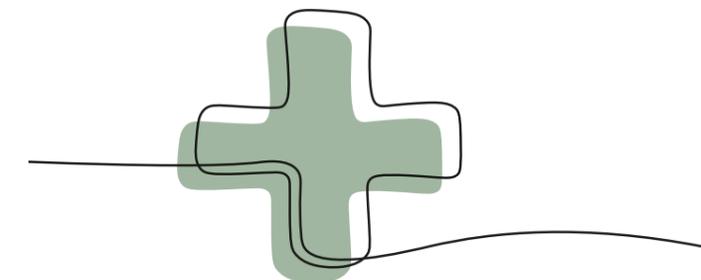
Maintaining and promoting the health of all employees is a key factor in how we see our business. Consequently, health safety audits by a service provider take place on a regular basis, creating awareness for working in a healthy way together.

We provide our staff with a range of medical options. This includes the option of an annual flu vaccination and, in light of recent developments, we provide support in obtaining Covid-19 vaccinations. Employees can also take advantage of the G37 medical check-up in accordance with the German Social Accident Insurance (DGUV) regulations. Employees can apply for financial support from us and also have the opportunity to benefit from a cooperation agreement with Fielmann.

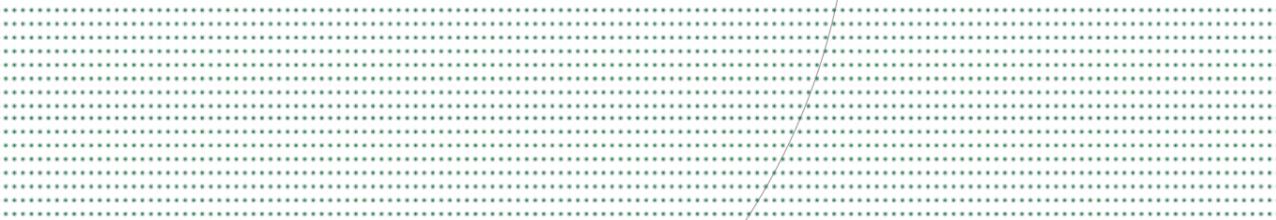
Physical fitness and mental wellbeing are closely linked, which is why we cooperate with a sports club. Employees can then choose from a wide range of locations and sporting activities. Many people find it easier to exercise with others, and to help our employees motivate each other, we launched the app-based B2Fit Challenge in 2021. Employees also organise company sports groups for their colleagues.

We also want to promote the health of our staff in their daily work. We have installed ergonomic work equipment in offices, which is regularly updated in response to suggestions. Examples include height-adjustable tables and lamps that adapt to outdoor light in a healthy way. Headsets are also available to every employee for telephoning and everybody can select the number of screens to suit their specific needs. To enable employees to be active in their daily work, showers and lockers are available so that they can exercise before work and during breaks. A first-aider is available on every office floor to assist if necessary. Quiet rooms with relaxation and concentration devices are available to all employees during the working day. The regular provision of free massages on the premises was an additional service that was available prior to the corona pandemic.

Boosting the mental health of all employees informs many processes within our company. An appreciative corporate culture that provides all colleagues with the necessary tools to work healthily is the cornerstone of good mental health. Varied further training plans and close communications between employees, managers and HR make it possible to respond to individual needs and to ensure each employee gets the right training and development opportunities. We cooperate with a training provider for social skills so that we can specifically incorporate our own requirements and wishes into training plans. In 2020, for example, we included a stress prevention workshop in our programme, and in 2021 we expanded the training catalogue to include a women-only workshop. We work with each other daily to maintain an open culture where mistakes are allowed in order to minimise stress and pressure and to be able to learn from each other. A wellbeing



team focuses on the health and wellbeing of colleagues and has the task of developing creative ideas to improve working together. We also take a healthy work-life balance seriously and review it regularly, e.g. by taking part in the Great Place to Work survey. Working hours based on trust and the flexible option of mobile working ensure that people can work at their own pace and help minimise stress. All staff members are equipped to work from any location. This ensures flexibility to meet the varying demands of people's lives. We have benefited from this during the Covid-19 pandemic, allowing us to better protect our staff from infection. Part-time or full-time working options are available for any job position. Sabbaticals and location-independent working from abroad are also possible for a limited period of time. Children are in our corporate DNA. The needs of private life sometimes outweigh professional needs, something everyone understands, from management to trainees. Our cooperation with pme Familienservice enables all employees to take advantage of anonymous counselling and support. Childcare services are also offered during holiday periods or when kindergarten is closed.



Our absentee rate reflects our corporate culture.

Absences:



3.8 days absence due to illness per employee in 2021 (Jan-Dec)



2.25 days absence due to illness per employee in 2021 (Jan-Dec)



3.2 days absence due to illness per employee in 2021 (Jan-Dec)



3.74 days absence due to illness in the period Jan-Dec 2021

SOCIAL

Diversity

DIVERSITY

Our working environment is very open and receptive, where respect and appreciation are values that are practised, and where diversity in our corporate culture is seen as a factor for success. This also includes helping employees to develop leadership roles, for example, by:

- Recruiting of junior managers from universities
- Further training / personnel development: including strengthening of skills for leadership tasks by: workshops on leadership, projecting confidence, how to negotiate, effective speaking, networking (industry-wide), etc.
- "Training on the job" by involvement in management tasks (project management, negotiation, management meetings)
- Appointing managers in the future focusing especially on internal female candidates or, when appointing external staff, considering qualified female candidates
- Enabling part-time models for all positions
- Gender-neutral remuneration system

AT MANAGEMENT LEVEL

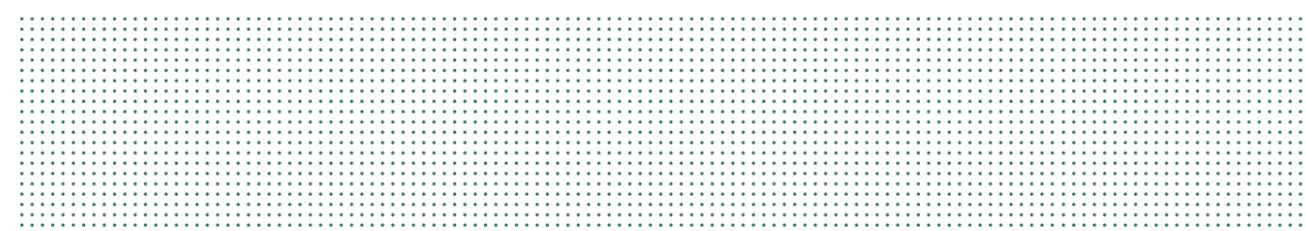
Total management: **8**
(of which female) **1**

Total senior management: **13**
(of which female) **4**

Number of people reporting directly to the Management Board: **68** of which female: **28**

AGE DISTRIBUTION

25 or younger: **13**
 26-34: **110**
 35-44: **70**
 45-54: **40**
 55 or older: **18**



SOCIAL

Stakeholder Engagement

STAKEHOLDER ENGAGEMENT

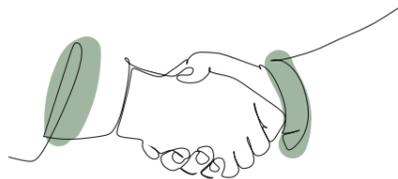
Our business is interconnected with the interests of various stakeholders. Understanding their expectations is key to the success of our business.

INTERACTING WITH OUR STAKEHOLDERS



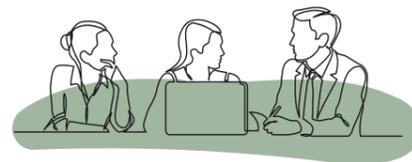
Towns and authorities

Close cooperation and communications with relevant authorities and towns/cities



Business partners

Direct interaction with our business partners, strengthening relationships through regular meetings



Employees

Regular workshops and further training, intranet with communication options, regular meetings



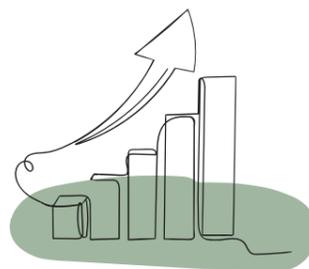
Tenants

Individual meetings with property managers, posting to social media, online tenant portals, tenant surveys



Local community

Information for and involving the community through social media, the press and local events



Investors

Roadshows, conferences and visits, visiting properties together, direct interaction in investment committee meetings

SOCIAL

Social Engagement

SOCIAL DAYS

Social Days were introduced in all branches in 2021. AIRE employees use these days for performing voluntary social activities, promoting team spirit as well as supporting good causes. As a part of the Social Days, employees from the Cologne branch got involved as helpers in Ahrweiler after the flood disaster in 2021. With a helper shuttle service, they drove to the flooded areas and supported residents, for example, in removing mud from their houses and in cleaning up. The Berlin branch organised a Social Day together with Caritas.

Christmas tree of wishes:

Each year, the branches support different organisations, mostly children's homes/children's hospitals or homes for the elderly. It is customary for these organisations to inform us of the children's wishes, which we then arrange. One week before Christmas, presents are taken to the organisation and handed out to the children. As part of the activity, the children also design Christmas cards that are displayed on Christmas trees in AIRE offices. In 2021, the activity also provided support to a day care centre and a home for the elderly that had been affected by the flood disaster in Ahrweiler.

Sponsoring:

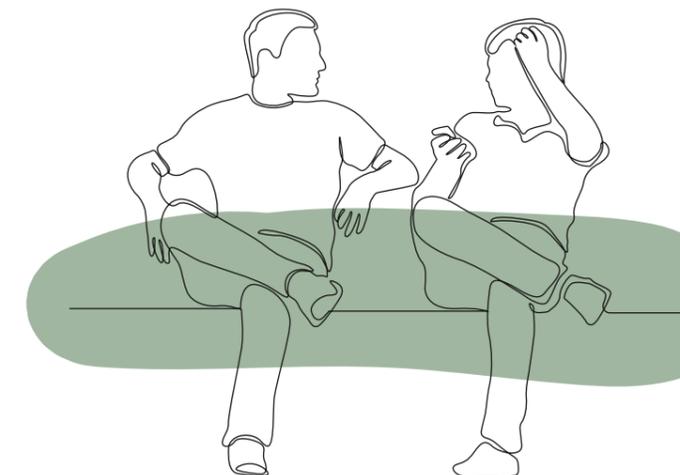
Every year, Art-Invest Real Estate provides support to Museum Ludwig in Cologne. In return, we get the opportunity to spend an evening at the museum with all our colleagues and their families, enjoying finger food and drinks and viewing the exhibits.

Other sponsorships exist for various social organisations and institutions, as well as cooperation with universities.

World Cup sweepstake:

Employees were able to stake €5 to participate in the Art-Invest sweepstake during the last World Cup. The winner was allowed to donate the proceeds to a social institution of his choice – in this case to "Engineers without Borders".

We regularly talk with employees to generate further ideas for AIRE's social engagement. Suggestions range from family events and hospital gift activities through to donations for meals. We are further looking forward to participating in a number of social activities in 2022.



SOCIAL

Response to Covid-19

COVID-19 PANDEMIC – AIRE'S CORPORATE GOVERNANCE MEASURES

Corporate governance in times of crisis

When Covid-19 reached Germany, a pandemic concept had to be created for our offices. It had to be fast and effective.

All staff members were therefore initially equipped with high-quality fabric masks and disinfectant gel. All door handles and frequently used switches were disinfected three times a day and a multitude of posters with measures and information were created.

To ensure that the minimum distances between tables and side tables were maintained and that minimum occupancy levels were met in all meeting rooms, one-way routes were set up, furniture was moved from the kitchens to storage rooms – all to ensure safe working conditions. Staff were kept up to date through ARTNET. Town hall meetings were convened several times; attendance was just over 250, which was a first for us.

In mid-March, teams had to be split: the Team A and Team B rule was introduced – everyone was then able to form their office at home as they wished. The AIRE office looked as if people had just moved out – staff were leaving at the end of the day with screens under their arms.

Fortunately, we had introduced Microsoft Teams at the beginning of the year. This enabled (almost) everyone to continue working without any problems. We also got to see inside the homes of our colleagues.

Amazingly, the "new normal" is no longer so "new" for many of us. People can get used to anything!

AS EMPLOYEES

- 0 layoffs (!)
- Fast response
- The existing IT infrastructure (laptops for all staff and the introduction of MS Teams in January 2020) enabled a quick transition to remote working
- Implementation of Team A/B rules
- Flu vaccination programme (autumn 2020/2021). Organisation of the Covid-19 vaccination programme for employees (launched summer 2021)
- Stable bonus payments even during the COVID period, no crisis deduction
- Contact and tracing every covid case to prevent infection
- Flexibility for all employees also due to family commitments – Covid-19 impact on hotels (closure of nursery, school, children/dependants COVID+)
- Virtual team communication via Teams/virtual event formats
- Strengthening corporate culture without physical meetings

AS INVESTMENT MANAGER

- Active crisis management in capital goods, including continuous legal monitoring of policy changes and their immediate adoption
- Mitigating the negative impact of the pandemic on fixed assets as part of fiduciary responsibility
- Active and resolution-oriented cooperation with tenants of operational buildings, e.g. retail and hotels
- Ad hoc reports to investors on the status of their investments and the impact of the pandemic on their assets
- Increased output for Art-Invest's in-house research team informing investors and the wider public, e.g. through a series of Covid-19 publications
 - Covid-19 impact on the retail sector
 - Covid-19 impact on hotels
 - Covid-19 impact on the future of the office

AS PROPERTY DEVELOPER

- More sanitary facilities provided
- More containers for improved accommodation
- COVID tests every day in project offices
- Very high use of disinfectants and cleaning agents

INCREASED RESEARCH OUTPUT DURING THE CORONA PANDEMIC

In 2020/21, our original plan for research was to focus intensively on the topics of neighbourhood development and ESG. However, the pandemic meant that we had to adapt our plans to the prevailing economic circumstances. Payment defaults as a result of the lockdowns caused considerable uncertainty among investors, and questions were raised as to whether the chosen asset class had any sustainability at all. A long upswing is often followed by a crash, impressively demonstrated by the ongoing pandemic situation.

However, crises also bring high potential for research and new opportunities and not just massive restrictions and problems for many market participants. Accordingly, we have taken advantage of the downtime in the transaction and leasing market to analyse the market fundamentals. Ensuring future business success requires distinguishing corona impacts from structural change and understanding pandemic-related market mechanisms. A wide-ranging Covid-19 report on the various asset classes is the result of this in-depth research. It gives investors and staff detailed insights and rationale for future negotiations and decision-making. We intend to publish short papers in the future, independent of the pandemic, in order to address current trends and developments and thus increase our transparency.

Research based on facts forms the basis for sustainable decision-making

- Covid-19 paper no. 1: Effects of the pandemic on the German economy
- Covid-19 paper no. 2: Economic impact of the corona pandemic on the German hotel industry
- Covid-19 paper no. 3: Impact of the pandemic on the German and Austrian housing market
- Covid-19 paper no. 4: Prospects for retail and gastronomy in the wake of the corona pandemic
- Covid-19 paper no. 5: The corona pandemic and its impact on the office property market – status quo analysis short paper: Luxury retail – Is luxury retail experiencing a special boom?
- Short paper: Digitalisation of the public sector – Are we facing a collapse in demand?
- Short paper: Housing market for affordable housing and special forms of housing
- Short paper: Working from home in times of the corona pandemic – Is the office becoming obsolete?
- Short paper: The flexible office market in Germany – Why the pandemic represents an opportunity

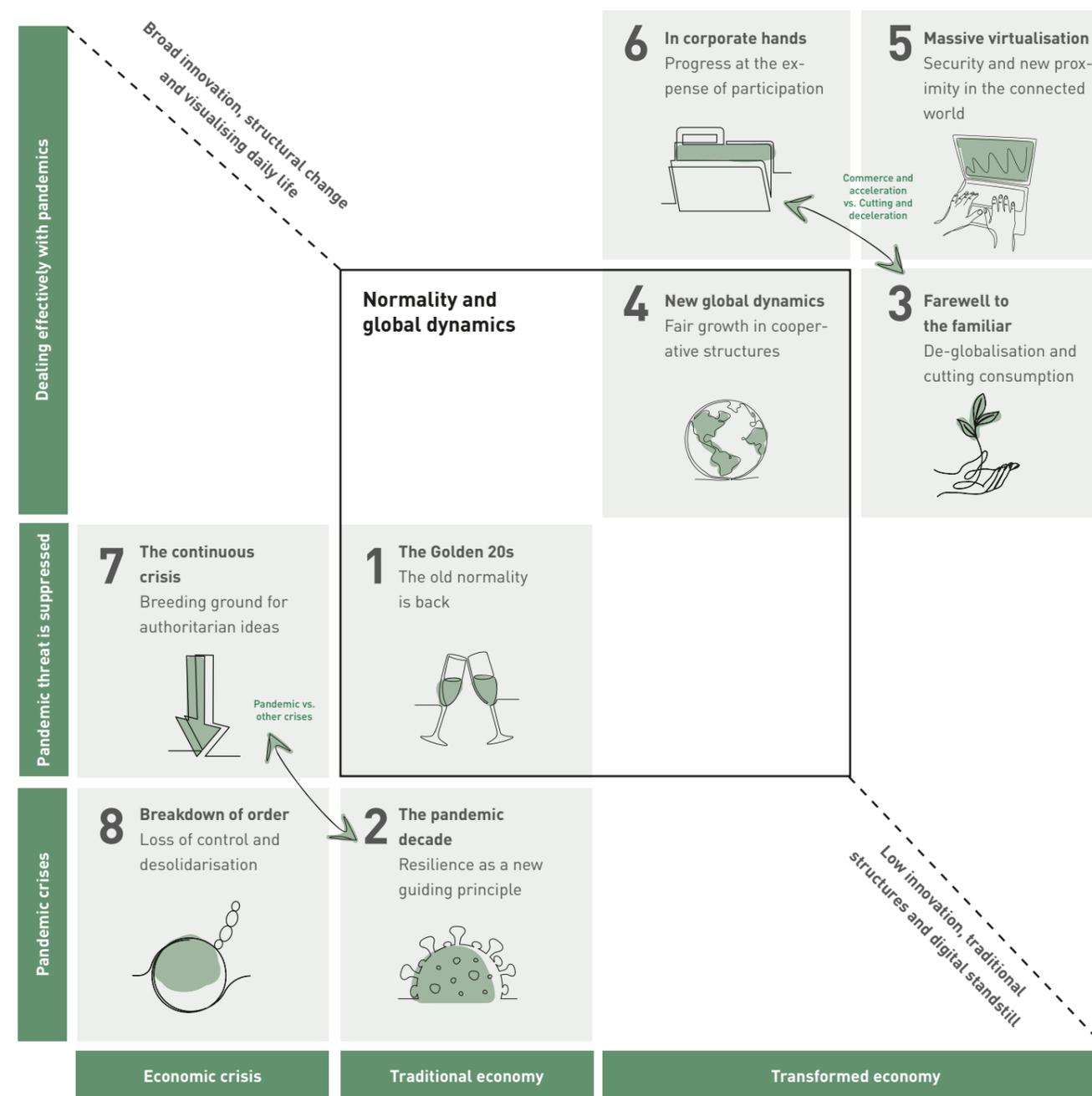


Illustration: Eight post-corona scenarios; source: own representation based on ScMI (2022)



GOVERNANCE

GOVERNANCE

Compliance & Ethical Principles

ART-INVEST'S APPROACH TO COMPLIANCE – INTEGRITY!

At its core it is about the integrity of Art-Invest, protecting investors, clients and the market. Art-Invest always acts in the best interest of its clients. Art-Invest employees do not put their self-interest first by exploiting their better access to information. They ensure that their objectivity is not compromised by entering into speculative transactions themselves.

Art-Invest's compliance system is organised in such a way so that:

- Art-Invest conducts its business activities within legal requirements and regulatory provisions based on fair business practices and the highest standards of integrity
- Art-Invest does not act or make statements aimed at creating false perceptions of value or price in the market or among clients
- The image of Art-Invest is determined by each and every employee, no matter what their task. Everyone has a special responsibility towards the public, our customers, shareholders and colleagues. To honour this responsibility, the following principles of conduct apply to Art-Invest's employees:
 - Those who make a living from clients entrusting them with their financial affairs must have and demonstrate integrity. Employees therefore consistently ensure compliance with statutory and other legal provisions. Fairness and correctness characterise our conduct towards customers as well as our dealings with employees, business partners and authorities. Employees also conduct themselves in private in such a way to uphold the interests and reputation of Art-Invest.
 - Violating rules permanently damages every employee and Art-Invest as a whole. No one takes part in improper transactions or risks the reputation of Art-Invest. Improper business practices are everyone's concern. No one turns a blind eye, and instead takes responsibility.
 - The efforts of all are crucial to the success of Art-Invest. Secondary employment or other business activities are not permitted that could impair work performance at Art-Invest or loyalty to Art-Invest. Secondary employment of any type is subject to prior approval. No one is to participate in an investment or accepts a client if there is reason to be concerned that it could jeopardise the interests of Art-Invest or its professional independence.
 - All employees also undertake to adhere to the following compliance principles

OVERVIEW OF ART-INVEST'S COMPLIANCE PRINCIPLES



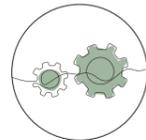
ORGANISATION

- > Establishment of an independent compliance and anti-money laundering role
- > Other criminal actions
- > Whistleblowing facility
- > Annual training for employees



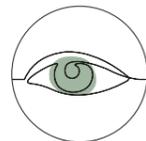
MANAGEMENT

- > Dealing with conflicts of interest
- > Regulating the acceptance and granting of benefits
- > Regulating employee transactions
- > Setting remuneration principles
- > Implementation of the KYC process
- > Setting procedures for transactions, contracting, leasing, etc.



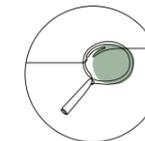
DOCUMENTATION

- > Documentation on compliance principles specific to Art-Invest
- > Acceptance of these principles by Art-Invest employees



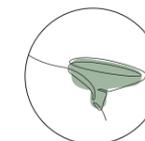
MONITORING

- > Internal risk-based monitoring procedures
- > Monitoring service provider
- > Internal and external audits
- > Monitoring by the supervisory authority (German Federal Financial Supervisory Authority)



AUDITING AND REVIEW

- > At least one annual audit and revision of principles
- > Ad hoc audit of compliance-relevant issues/suspicious circumstances
- > In-process auditing to detect (potential) conflicts of interest, other criminal acts



TRANSPARENCY

- > Transparent processing/communication of compliance-relevant issues (e.g. disclosure of potential conflicts of interest)

These measures ensure, to the best of our ability, that business activities are conducted within legal and regulatory requirements and on the basis of fair business practices and the highest standards of integrity.

CODE OF CONDUCT

Zech Code of Conduct

The Code of Conduct (CoC) sets out rules that the Zech Group has prescribed for itself as part of a voluntary undertaking. The CoC serves as a binding guideline for employees to help them channel desired conduct and prevent undesired actions. Art-Invest's compliance concept accords with the Zech Group's Code of Conduct. Any legal regulations that apply specifically to Art-Invest as a capital management company (KVG) take precedence. As an integral part of Art-Invest's compliance framework, the CoC covers the following regulatory areas:

I. Focus on employees

- Human rights: We respect, protect and promote regulations in force worldwide on protecting human and children's rights as fundamental and universally applicable.
- Equal opportunities and diversity: We embrace diversity, actively promoting inclusion and creating an environment that fosters the individuality of each person in the interest of the company.

- Personal rights and privacy: Managers and employees in our company are expected to show collegiality and respect towards colleagues and business partners as well as their staff.
- Data privacy: We record, process, use and store personal data only in accordance with current legal requirements.
- Health and safety at work: Health and safety at work is integral to all operational processes and is incorporated into technical, economic and social planning from the outset.
- Protecting the environment and resources: We are working to protect the environment within our company and, together with customers, we are developing solutions, products and 17 buildings for which we are constantly optimising energy and resource efficiency to create sustainable value for customers and society.

II. Commitment to ethical conduct with integrity

- We comply with the rules of fair competition.
- We are proactive in combating corruption.
- We uphold company confidentiality and safeguard the company's assets.
- We comply with anti-money laundering laws.

Code of Conduct for Business Partners

Our Code of Conduct for Business Partners also commits our contractual partners to the values that are important to Art-Invest. Such arrangements are becoming increasingly important, particularly against the backdrop of compliance with our ESG standards. Art-Invest has decided to create its own Code of Conduct, which is to be included (for the most part) within the contracts we conclude. The Code of Conduct is published on the homepage of Art-Invest and can therefore be viewed by third parties at any time.

Human Rights Policy

As an internationally active company, we have a global responsibility. Accordingly, we strive to create a working environment based on mutual trust between governing bodies, managers and employees. When dealing with each other and with others involved in our business activities, we cultivate a culture characterised by openness and tolerance, respect, courtesy and fairness.

Interaction with each other is based on mutual respect and trust. Each employee therefore works to ensure that no one at Art-Invest suffers sexual harassment or is discriminated against because of their ancestry, religion, nationality, origin, political or trade union activity or beliefs.

We respect, protect and promote regulations in force throughout the world on protecting human and children's rights as fundamental and universally applicable. We reject all child, forced and compulsory labour, as well as all forms of modern slavery and human trafficking. Compliance with all employment and social law regulations and standards is a matter of course in our company. This applies not only to working together within our company, but of course also to conduct of and towards business partners.

Anti Corruption & Bribery

Just the impression of possible corruption and bribery can cause lasting damage to the reputation of Art-Invest. Actively combating and preventing bribery and corruption are therefore tasks of every Art-Invest employee.

Art-Invest's regulations on accepting and providing invitations and gifts are intended to ensure that professional independence and integrity in our decision-making are not jeopardised by accepting or providing such gifts and benefits.

Maintaining professional independence is at the root of Art-Invest's success. Personal dependencies and obligations jeopardise proper decision-making and thus the success of Art-Invest. No one therefore conflates their personal interests with client interests to the detriment of Art-Invest or with any perceived interests of Art-Invest to the detriment of Art-Invest's clients. No one seeks benefits for themselves or for third parties. No one accepts benefits for themselves or third parties that go beyond minor courtesies customary in business. No one grants or offers such benefits. Every employee avoids even the impression of being unfairly influenced or making themselves susceptible to influence.

Conflict of Interests Policy

Art-Invest Real Estate's procedures are designed to sensitise every employee to identifying potential conflicts of interest as early as possible and to involve the relevant bodies, in particular the Compliance Officer. Conflicts of interest are to be avoided wherever possible and, if unavoidable, must be managed in a fair and transparent manner.

Transactions by employees made on their own behalf may only be carried out in accordance with the rules for employee transactions. The rules for employee transactions prevent the interests of clients and Art-Invest from being harmed and aim to protect our employees and Art-Invest against accusations of insider trading or the misuse of confidential information.

Only those who conduct themselves with fairness will enjoy trust in the long run. Every employee is to avoid conflicts of interest between clients, between clients and Art-Invest and internally within Art-Invest. This will not always be possible. Every employee ensures that potential conflicts are promptly identified and fairly resolved. The interests of Art-Invest's clients have priority.

Complaints Management

The economic success of Art-Invest Real Estate is largely dependent on customer satisfaction. In the event that clients are dissatisfied with the service, Art-Invest has set rules to deal with client complaints swiftly, appropriately and in compliance with the regulatory requirements applicable to a capital management company ("Kapitalverwaltungsgesellschaft").

Guidelines also exist for complaint and communications management regarding Art-Invest's clients. Clients within the meaning of these guidelines are investors in investment assets as well as tenants of the properties held in the investment assets.

A complaint is defined as any expression of dissatisfaction that a natural person or legal entity (complainant) addresses to the investment management company in connection with its provision of a service regulated under the German Investment Code or a related transaction. The term "complaint" does not necessarily have to be used. A complaint does not require a specific form. Accordingly, Art-Invest aims to respond to such enquiries with the appropriate level of care and to bring about appropriate solutions in a timely manner.

Anti-Money Laundering

To enable customers and business partners to be identified, Art-Invest Real Estate has taken the measures required as part of its implementation of the Know-Your-Customer principle to combat money laundering, the financing of terrorism and other criminal acts and to avoid risks from undesirable business relationships.

Based on a regularly updated risk analysis, Art-Invest performs increased due diligence for higher-risk investors and other business partners (also, for example, when a company ownership structure appears unusual or excessively complicated in view of the nature of the business activity, or contractual partners or their beneficial owners qualify as politically exposed persons).

The security measures put in place include, in addition to corresponding AMLA guidelines:

- Regular training of employees to ensure that information indicating the existence of money laundering or terrorist financing and other criminal acts is forwarded and evaluated internally
- Regularly employee checks for trustworthiness
- Ad hoc audits (as required)
- Auditing money laundering matters and compliance by the internal audit department
- Setting up an internal whistleblowing procedure
- Setting up a reporting procedure for suspicious activity

Information Security

Art-Invest's success is based on the trust of its clients as well as on the performance and commitment of its employees. Business activity is characterised by an almost complete dependence on data, IT systems and the connectivity between these. Information relevant to AIREF's business success is therefore a key business resource and represents a significant corporate asset.

Any threat to information and IT systems also means a threat to society. Consequently, data processing and information systems follow established principles of information security.

Information and information systems are being adequately protected by establishing and maintaining functioning data protection and information security management and cyber security systems.

Effective security organisation is based on the interplay between vigilant, well-trained employees and data protection and information security officers, and on implementing procedural and technical security arrangements. Art-Invest also guarantees confidentiality through employee obligations equivalent to those required by banking confidentiality, internal confidentiality obligations and the observance of data privacy.

Any confidential, price-sensitive information that employees may acquire in the course of their business activities, may only be used or disclosed internally and externally within the scope of the assignment.

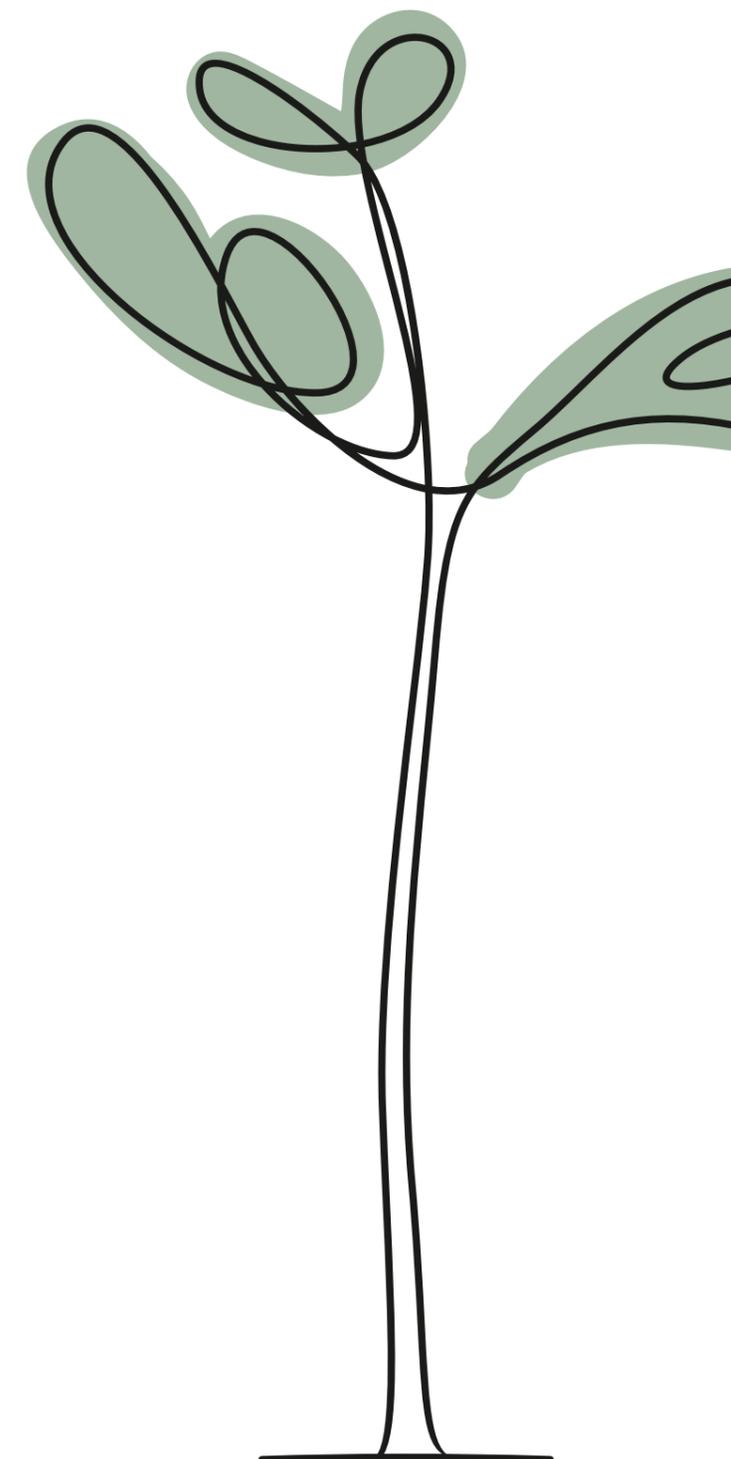
Remuneration Policy

Extracts relating to ESG from the remuneration policy of the Art-Invest Real Estate Funds

Corporate goals, departmental goals and personal goals should be designed in such a way that there are no incentives to take risks regarding sustainability. A "sustainability risk" within the meaning of the Disclosure Regulation is defined as an environmental, social or governance event or condition, the occurrence of which could have an actual or potential material adverse effect on the value of the investment.

Sustainability aspects are taken into account in corporate goals, which must include at least one explicit sustainability target. A personal sustainability goal should also be agreed with each employee whenever possible.

Performance, as recorded in staff appraisals, is tracked and monitored. Therefore, if an employee fails to meet their personal or company-related targets, which must also include a sustainability target, the employee will suffer financial consequences in the form of variable remuneration. Non-financial consequences, e.g. not being considered for promotion, are also applicable.



AIRE AS OFFICIAL SIGNATORY OF THE UN PRI SINCE 2021

OFFICIAL SIGNATORY OF THE UN PRI

- Art-Invest Real Estate stands for long-term value creation in future-oriented real estate. As well as achieving economic success, we also strive to meet our responsibilities to our employees and business partners, to society and, of course, to the environment. We have therefore developed an all-encompassing 4-pillar model of sustainability that takes into account all relevant factors relating to economic, environmental, community and social issues.
- As a signatory to the United Nations Principles for Responsible Investments (UNPRI), Art-Invest has also committed itself to transparency in its responsibility and commitment to protecting the environment, society and fiduciary services to its clients and has established principles for incorporating ESG issues into all decision making.

UN PRI – 6 PRINCIPLES

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.⁴



⁴Cf. UN PRI, 2022

ART-INVEST'S KEY GOALS

- **Environment:** Developing new projects in a way that conserves resources and increasing efficiency in managing existing properties. Achieving certification as a sustainable building as a fundamental goal for new and existing investments.
- **Social:** Developing and managing real estate with the maximum possible social benefit. Responsible handling of the capital entrusted to us and of the interests and rights of investors. Creating sustainable value for investors, tenants, partners and locations.
- **Economy:** Only investing in good locations in metropolises and economic centres, as only these enable sustainable value creation. Active management as part of the Manage to Core approach to improve the quality and value of properties.
- **Sustainable corporate governance:** Ensuring continuity in personally advising investors through an owner-managed corporate structure with long-term agreed cooperation, and through having long-term staff participating in the company's success.
- **Attractive recruitment conditions:** Plenty of training opportunities and flexible working time models for all employees to enable further development and the retention of expertise as well as work-life balance.
- **Corporate governance:** Extending internal and external control and monitoring mechanisms to include the BVI Rules of Conduct, which sets a standard for proper and responsible handling of capital as well as the rights and interests of investors.

INDUSTRY BENCHMARK

Art-Invest undertakes to maintain high standards of corporate governance and risk management towards investors and stakeholders

CORPORATE GOVERNANCE

- Responsibilities and competences
- Art-Invest adheres to the rules of conduct of the BVI and the BAI
- As a member of INREV, Art-Invest also has a relevant framework in place to monitor developments on ESG issues and ensure that these are incorporated into the governance of the company
- Fund management framework

Transparent reporting structures on sustainability issues, risk management of sustainability issues

Signatories to the UN PRI, GRESB, INREV

INDUSTRY STANDARDS

Art-Invest attaches special importance to reliable, accurate and transparent communications consistent with international standards.

- Signatory of the UN PRI (Principles of Responsible Investment)
- Participants in GRESB (Global Real Estate Sustainability Benchmark)
- Member of INREV
- Member of BVI (German Federal Association of Investment and Asset Management)
- Member of BAI (German Federal Association of Alternative Investments)

RESPONSE TO CLIMATE CHANGE

- Art-Invest Real Estate is part of the ESG Circle of Real Estate (E.C.O.R.E.) and collaborates on jointly creating a new ESG portfolio management tool as a standard for the European real estate market.
- Participants in the Immo2.zero initiative to work with industry to develop solutions to mitigate climate change.
- EU taxonomy requirements are being incorporated into the ESG portfolio management tool. The ESG Initiative is developing a rating that shows investors how far a property and its portfolio are on the path to carbon neutrality or ESG compliance
- It therefore forms a basis for benchmarking in the sector and a starting point for optimisation, best practice and risk measurement/assessment as part of measuring the climate pathwaysung.



BVI RULES OF CONDUCT

BVI Rules of Conduct that are relevant to Art-Invest and are adhered to:

- I Art-Invest does not charge inappropriate fees or commissions and does not jeopardise investor interests by using practices that constitute market abuse.
- II Art-Invest adheres to clear execution policies that ensure settlement in line with market conditions and equal treatment of investors.
- III Art-Invest will render information in a clear, comprehensive and understandable manner.
- IV The Supervisory Board and management will work towards a good corporate governance of the Asset Manager.
- V Art-Invest acts as a responsible corporate citizen in environmental and social issues as well as corporate governance issues.

TAXONOMY

Promoting sustainable investment to achieve the goals of the Paris Climate Agreement has been identified by the EU as a key element in its climate policy. The EU Taxonomy Regulation ((EU) 2020/825) is applicable as of 01.01.2022, as an important part of the European Green Deal and as a basis for classifying sustainable economic activities. For most sectors, including real estate, it sets out precise requirements for what is meant by "taxonomy compliance" and what negative impact, "Do no significant harm", is to be avoided.

The taxonomy addresses EU member states, as well as the EU itself, financial market participants and companies that are required to publish non-financial statements.

Article 9 of the Regulation sets out six environmental objectives:

- 1. Climate change mitigation
- 2. Climate change adaptation
- 3. Sustainable use and protection of water and marine resources
- 4. Transition to a circular economy
- 5. Pollution prevention and control
- 6. Protection and restoration of biodiversity and ecosystems

Only the requirements specified by technical evaluation criteria for the first two environmental goals are currently final. To achieve taxonomy compliance for a company activity, the activity must satisfy at least one of these objectives and not violate any of the other environmental objectives' criteria on "Do no significant harm".

For new properties and portfolio properties, different requirements are specified, e.g. for operational energy efficiency through primary energy demand. To meet these objectives in property development projects (for both completed portfolio and new properties), we have created a checklist that provides transparency and a guideline for our project developers. Taxonomy has not only been addressed in property development projects. In 2021, Asset Management also conducted initial analyses regarding taxonomy compliance on portfolio properties. The findings are being used to implement measures.⁵

⁵ Cf. European Union, 2020

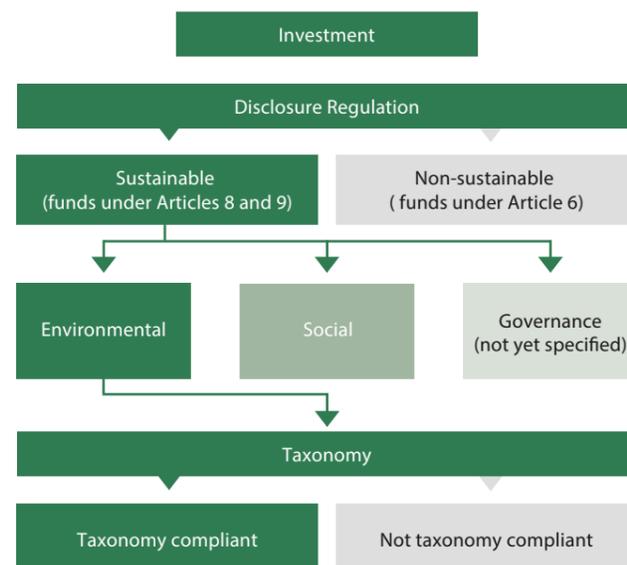
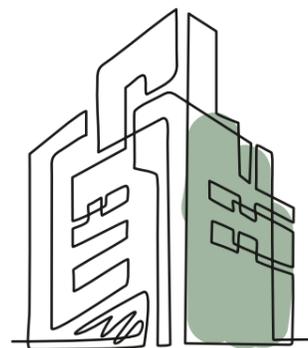
DISCLOSURE REGULATION

The Disclosure Regulation ("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") regulates transparency requirements regarding sustainability aspects at entity and product levels.

Objective: Increased transparency on sustainability risks and impacts via the sustainability of financial products.

In conjunction with the Taxonomy Regulation, it sets standards for:

- Reporting at entity and product levels
- Managing sustainability risks (incl. PAI)
- Promoting social or environmental aspects



Entity level:

Art-Invest Real Estate Funds GmbH will calculate its performance on the following sustainability indicators for adverse impacts defined in the regulatory technical standards and applicable to real estate, publish them as required from 2022 onwards as well as work towards improving its current performance.

- 1. The company generally does not invest in real estate used for the extraction, storage, transport or production of fossil fuels.
- 2. The company continuously monitors the energy efficiency of the properties it manages. It will publish the percentage of inefficient properties and actively work towards improvement. Investments in less energy-efficient properties are also expressly permitted if this is done with the aim of significantly improving these properties in terms of their energy efficiency in the short to medium term through appropriate measures.
- 3. The company will calculate the greenhouse gas emissions as well as energy consumption intensity for the properties it manages.

Product level:

The Disclosure Regulation obliges capital management companies to classify their funds in one of three categories (Articles 6 or 8 and 9) as of 1 January 2023. From 1 January 2023, Level II will follow with the requirement to disclose the actual adverse sustainability impacts that fund investments have in a transparent and comprehensible manner.

The range starts from Article 6 Funds, which do not explicitly consider sustainability aspects. Nevertheless, transparency must already be provided for Article 6 Funds on if and how sustainability risks are considered in the investment process. If they are not considered, this must be stated and reasons given. Then there are the Article 8 Funds that promote sustainability aspects (environmental and/or social). The promoted characteristics should be measurable and verifiable, as they also have to be included in the regular reports. Funds are colloquially referred to as Article 8+, which have provided for a minimum share of sustainable investments, within the meaning of Article 2 No. 17, Disclosure Regulation, in their investment strategy. The range ends at Article 9 Funds that aim at sustainable or future-proof investments. The extent to which Article 8 Funds or Article 9 Funds must meet certain minimum quotas of sustainable or taxonomy-compliant investments has not yet been finalised.⁶

ARTICLE 6 FUNDS:

No explicit sustainability goals or environmental or social features

ARTICLE 8 FUNDS:

Promotes social and/or environmental characteristics, "ESG strategy"



ARTICLE 8+ FUNDS:

"ESG strategy" with a share of sustainable investments: Minimum share of sustainable investments (environmental or social objectives) within the meaning of Article 2 No. 17 of the SFDR as part of the investment strategy

For **environmental objective:**
Article 6 Taxonomy Regulation

"ESG strategy" with a proportion of **taxonomy-compliant** investments: Minimum share of environmentally sustainable investments according to EU taxonomy as components of the investment strategy

ARTICLE 9 FUNDS:

Pursuing a "sustainable" investment strategy, or holding sustainable assets, that positively contribute to an environmental or social objective.

⁶ Cf. European Union, 2019

GOVERNANCE

Supervisory Board and ESG Committee

SUPERVISORY BOARD AND ESG COMMITTEE

Supervisory Board:

ESG also has an important role in AIREF's Supervisory Board. The Board reviews and monitors all management activities including, of course, sustainability aspects.

The Supervisory Board is therefore also informed about all activities of the sustainability departments and ESG topics to ensure transparency and sustainability compliance and to specify potential for improvements. This extra control ensures continuous integration of ESG factors and continually sharpens the sustainability focus of our business operations.

ESG Committee:

The ESG Committee was established in 2021 to support the Art-Invest Real Estate Group's management in managing the various ESG issues and activities. The Committee addresses key sustainability issues affecting the Art-Invest Group and meets at least 4 times per year. It currently comprises Philipp Henkels (Managing Director of AIREF

and Chair of the ESG Committee), Arne Hilbert (Managing Director of AIREM) and Philipp Schedler (Senior Sustainability Manager).

The following topics, among others, have been addressed:

- Sustainability goals
- Building standards – requirements from the taxonomy
- Smart meter rollout
- ESG due diligence as a standard
- Pool charging stations in I/D Cologne for company vehicles
- Recording of data to a database
- Introduction of a green lease standard

DUTIES AND RESPONSIBILITIES

Monitoring	Decision	Informing management
<ul style="list-style-type: none"> • Compliance with sustainability guidelines and development of ESG strategy • Implementation of sustainability aspects along the value chain • Sustainability reporting • ESG trends, stakeholder expectations 	<ul style="list-style-type: none"> • Preparation of decision-relevant topics by Sustainability Manager • The Committee is in principle authorised to make decisions on any ESG-relevant topic 	<ul style="list-style-type: none"> • Providing guidance on ESG issues that are of material importance to the AIRE Group • Quarterly reporting

ESG FRAMEWORK ALONG THE VALUE CHAIN



Fund Management

- > ESG fund policy
- > ESG targets
- > GRESB assessment
- > Internal fund reviews



Acquisition & Sales

- > ESG DD checklist
- > ESG business plans
- > Access to ESG and climate change risks



Asset Management

- > ESG performance of investments
- > ESG data collection
- > Digitalisation and smart meter siting



Development & Renovation

- > Sustainable and innovative building design
- > Sustainable materials
- > Green building certification
- > Supply chain

GOVERNANCE

Investment Approaches

In every investment or life cycle phase, Art-Invest Real Estate takes investment decisions in close consultation with the respective investors of an investment fund. The aim is to raise awareness among existing investors of ESG investments and, ideally, to motivate them to make ESG investments.

In many of Art-Invest's real estate investments, ESG aspects are a decisive and integral part of the decision-making and selection process as part of the Manage-to-Core or the Manage-to-Sustainability approaches.

A. ACQUISITIONS PHASE

Art-Invest carefully examines potential real estate investments:

- Prior to commissioning due diligence, performing an ESG quick check to identify potential red flags at an early stage and avoid unnecessary costs
- Transparency in the acquisition process (e.g. possible conflicts of interest or risks)
- Performing a technical due diligence (with environmental part: investigation of contaminated sites and pollutants, etc., and building services part: evaluation of heat supply, façade, insulation, etc.)
- Conducting legal due diligence (incl. checking the extent to which green leases have already been used)
- Performing ESG due diligence
- Checking PAI indicators relevant to real estate investments and considering them as valuation factors in investment decisions
- Preparing a purchase proposal with detailed information on building and location quality, a SWOT analysis and findings from the aforementioned due diligence process

B. CONSTRUCTION PHASE

Art-Invest builds where possible according to the latest standards. The primary goal is to create taxonomy-compliant buildings.

- Use of sustainable and environmentally friendly materials

- Reduction of resource consumption (heat, water, electricity)
- Use of renewable energies, etc.
- Use of sensor technology and smart building solutions
- Creation of workplaces and building spaces that fully meet every current and future user requirement
- Green-building certification

C. PORTFOLIO PROPERTIES PHASE

Art-Invest pursues an active asset management approach with the aim of reducing any existing negative impacts on sustainability.

- Using Manage-to-Core or Manage-to-Sustainability approaches
- Leveraging synergy and savings potentials for utility costs based on consumption
- Ensure ongoing maintenance/repair by active asset management and detailed budget planning already in the business plan
- Use of PropTechs that, e.g., better manage the resource consumption of real estate (e.g. wtec)
- Façade renovation and insulation
- Increasing tenant satisfaction through measures that raise utility value
- Green-building certification
- Use of green leases



PUBLICATION

CONTACT AND RESPONSIBILITY FOR CONTENT:

Art-Invest Real Estate
Management GmbH & Co. KG
Art-Invest Real Estate Funds GmbH
Am Kabellager 11-13
51063 Cologne, Germany

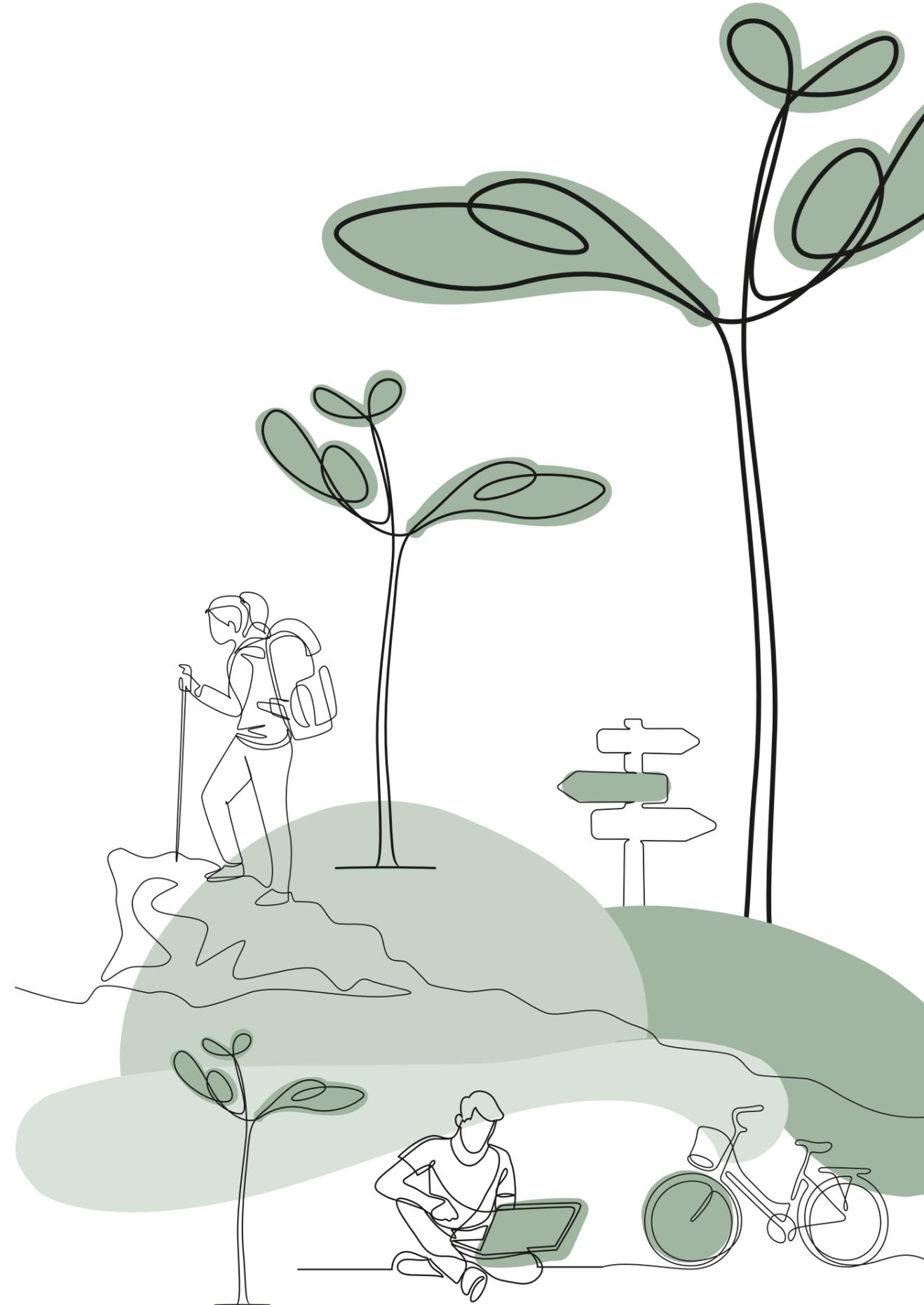
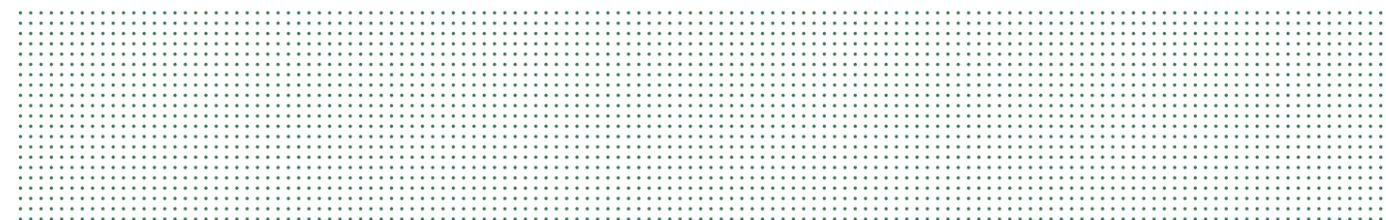
T +49 221 270 579-00
F +49 221 270 579-01

info@art-invest.de
www.art-invest.de

CONTACT PERSON:

Philipp Schedler
Senior Sustainability Manager

T +49 221 845 884-42
PSchedler@art-invest.de



DISCLAIMER

The information contained in this report is intended for the general public. It does not claim to be complete or accurate. You must not use it to evaluate the risks of investment or other business decisions relating to Art-Invest Real Estate or any part of it.

SUSTAINABLE PRODUCTION

It's the little things that count! This sustainability report was of course prepared in consideration of the environment. We use paper with the Forest Stewardship Council (FSC) seal, which has been ensuring environmentally, socially and economically sustainable forest management since 1993. Independent inspections ensure that forest resources are preserved and fair working conditions are created. Indigenous people and all other forest dwellers are respectfully approached and their rights protected.

The publication uses:

Heaven 42 absolute white – FSC-Mix-COC 001203/IGEPA 320 g/m² (cover)

Heaven 42 absolute white – FSC-Mix-COC 001203/IGEPA 150 g/m² (content)

To protect the environment, we have also avoided print finishes of any kind.

NOTES FOR THE READER

For better readability, gender-sensitive language has not been used throughout this publication. Gender-neutral forms have, however, been used where possible. In places where the generic masculine has been applied, the following applies:

All personal designations and terms apply in principle to all genders for the purposes of equal treatment. The abbreviated form of language is for editorial reasons only and does not imply any judgement.

LIST OF SOURCES

Bulwiengesa (2022); RIWIS database

German Federal Government (2022); Anpassung an den Klimawandel: Bauen und Wohnen [Adapting to Climate Change: Building and Housing (our translation)]; <https://www.bundesregierung.de/breg-de/themen/klimaschutz/klimafreundliches-zuhause-1792146> (Stand: 2022)

European Union (2019); Regulation (EU) 2020/852 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector; <https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32019R2088&rid=1>

European Union (2020); Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088; <https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32020R0852>

Scenario Management International AG (2022); Post-Corona-Szenarien [Post-corona scenarios (our translation)]; <https://www.scmi.de/de/post-corona-szenarien> (Stand: 2022)

German Federal Environment Agency (2019); Energieaufwand für Gebäudekonzepte im gesamten Lebenszyklus [Energy expenditure for building concepts for complete life cycle (our translation)]; <https://www.re-source.com/wp-content/uploads/2019/11/UBA-2019-Energieaufwand-Gebaeude-konzepte.pdf> (Stand: 2022)

UN PRI (2022); What are the Principles for Responsible Investment?; <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment> (Stand: 2022)



ART INVEST
— REAL ESTATE —