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Fund asset management

Tishman Speyer Investment Management GmbH (hereinafter: the Company) acquires, operates and holds properties in funds established for this purpose. The following strategies and guidelines have been defined for these with regard to investment decisions.

Strategies and policies related to sustainability risks

In general, a sustainability risk is an outcome or condition in the environmental, social and/or governance (ESG) categories, the occurrence of which may have an actual or potential material adverse effect on the financial position, financial performance and reputation of the AIF and the Company and could therefore reduce the value of the investor's investment. As a result, sustainability risks either act as a risk in their own right or contribute to other risks such as market price and liquidity risks, counterparty risks or operational risks.

Sustainability risks in the area of environment (or climate) can be divided into physical risks and transition risks:

Physical risks include extreme weather events and their consequences (heat and drought periods, rising temperatures, increased risk of forest fires, flooding, storms, hail, avalanches, etc.) as well as long-term changes in climatic conditions (e.g. frequency of precipitation, weather instability, sea level rise). The realisation of physical risks in relation to real estate can significantly reduce its value or lead to damage and complete destruction.

Transition risks exist in connection with the transition to a low-carbon economy. For example, political measures can lead to an increase in the price and/or shortage of fossil fuels or emission certificates (e.g. CO2 tax) or to high investment costs due to the necessary renovation of buildings and facilities. New technologies can displace known ones (e.g. technical advancements in terms of energy efficiency) and changing preferences of contractual partners and societal expectations can jeopardise the demand for relatively more emission-intensive properties.

I. Investment decisions

The company's investment decision-making process is based on fundamental research and detailed acquisition due diligence. In addition to financial ratios, the focus is also on the integration of ESG principles into the investment decision-making process.

The Company understands the integration of ESG principles to mean the structured consideration of sustainability factors, as well as their risks, in key steps of the investment process. These include, among others, environmental, social and governance concerns, respect for human rights, anti-corruption and anti-bribery, and employee rights.

In the day-to-day business of the company, the integration of sustainability risks in the fundamental acquisition due diligence process is carried out in principle via an internal ESG policy. This takes into account, among other things, environmental protection measures and energy efficiency of the target properties, as well as companies and sectors that are relevant for corresponding sustainability aspects and risks due to preceding events or trends.

The consideration and integration of sustainability factors into the investment process takes place over the entire decision-making horizon of the capital management company and is reflected in the acquisition objects of the funds.

II. Embedding sustainability risks in investment decisions and risk management

In the course of the investment process, the company's real estate experts analyse potential financially disadvantageous sustainability risks.

In order to reduce the general sustainability risks, the company's employees actively seek constructive dialogue with the seller. In addition, certain properties are excluded from the investment process due to their adverse environmental energy efficiency. Furthermore, the company focuses on creating a sense of community among tenants through socially-responsive approaches.

In addition to the inclusion of sustainability risks in the investment decision-making process, these are an inherent part of the company's risk management.

III. Effects on the return

Failure to take sustainability factors into account can have a negative impact on the value of the property in the long term. The risks associated with sustainability can have a negative impact on the operating business, as well as on the company value and the future stability of the company and the investments. The occurrence of sustainability risks that have not been taken into account can have a negative impact on the return of the property and the corresponding fund.

Adverse impacts on sustainability factors at company level

Currently, the company does not consider adverse impacts of investment decisions on sustainability factors (in particular with regard to environmental, social and labour issues, respect for human rights and the fight against corruption and bribery ("**Principal Adverse Impacts**")) at the corporate level. This is based on the current lack of market data for identifying and weighting corresponding negative sustainability impacts. Furthermore, there are still legal uncertainties regarding the concrete requirements for the measurement and disclosure of principal adverse impacts.

The Company's objective is to consider the main adverse ESG impacts of investment decisions on sustainability factors from 1 January 2022. It is further assumed that impact parameters for the identification and assessment of adverse sustainability risks will be established by that time. Until then, the company will wait for further legal developments and implement corresponding processes.

Transparency of the remuneration policy in connection with the consideration of sustainability risks

The Company's remuneration policy is consistent with the inclusion of sustainability risks in the environmental, social and corporate governance categories. This is because the company observes the above-mentioned internal ESG principles in its investment decisions, which lead to a structured consideration of sustainability factors and thus to a reduction of sustainability risks. The entire turnover of the company, from which in turn the remuneration of all employees is paid, is generated in compliance with these internal ESG principles. In this way, the internal ESG principles and thus the reduction of sustainability risks are linked to the remuneration of the employees.