



RESPONSIBLE INVESTING.

Sustainability Report 2021

FREQUENCY OF PUBLICATION

The d.i.i. Group will publish its sustainability report annually. The company will continue to expand on the scope and content of this report and will take into account the UN Principles for Responsible Investment (UNPRI) as of 2023.

ABOUT THIS REPORT

CONTENT/STRUCTURE

The d.i.i. Group is committed to transparent communication with its stakeholders. This sustainability report represents the first comprehensive stand-alone publication on the company's sustainability performance. It serves as an addition to the information published on the company website and through other media channels.

This sustainability report is based on the criteria set forth under the German Sustainability Code, GSC (Deutscher Nachhaltigkeitskodex, DNK) and the Global Reporting Initiative (GRI) from 2016. As such, this report contains the information required under the German CSR Directive Implementation Act on key environmental, employee and social issues as well as on human rights and the fight against corruption and bribery.

As d.i.i.'s sustainability activities are varied, this report only contains selected examples, particularly with regard to results. The reporting period is the 2021 calendar year. The information contained in this report primarily pertains to d.i.i. Deutsche Invest Immobilien AG and d.i.i. Investment GmbH – hereinafter referred to as "d.i.i." or "the d.i.i. Group". The d.i.i. group of companies includes other subsidiaries that are less relevant to this report, including property companies and brokerage offices, to which the report only makes indirect reference.

The d.i.i. Group is currently expanding its processes and systems for the automatic collection and evaluation of environmental data, which will enable the company to report on relevant environmental performance indicators as of 2023. Data is already available for some areas and this data has been included in this report.

LANGUAGE

This sustainability report uses gender-neutral language whenever possible. Chapter 3 provides more details on d.i.i.'s commitment to diversity.

d.i.i. Deutsche Invest
Immobilien

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SUSTAINABILITY

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2006

Founded

d.i.i. Deutsche Invest Immobilien

PROFILE

The **d.i.i.** Group, founded in 2006, is an integrated residential real estate company with outstanding expertise in the fields of developing existing and new residential properties in Germany. Building and managing residential portfolios for institutional and private investors is the **d.i.i.** Group's core business.

- **d.i.i.** offers opportunities to invest in residential real estate, either through the direct acquisition of apartments or entire buildings or indirectly through closed-ended real estate funds, individual mandates and managed accounts.
- **d.i.i.** develops residential areas and revitalises existing properties to create up-to-date, energy-efficient, user-friendly and affordable properties, significantly reducing their carbon footprint in the process.
- **d.i.i.** develops and builds future oriented, energy-efficient apartments that meet the needs of the residents with the lowest possible carbon footprint.

SIZE

As at the end of 2021, the **d.i.i.** Group counted a total of 183 employees at **d.i.i.** Deutsche Invest Immobilien AG and **d.i.i.** Investment GmbH in Wiesbaden and in other locations in Germany. The Group has more than 11,300 residential units in its portfolio, additional residential quarters under development and roughly 3.6 billion euros in assets under management. Since its founding, the Group has wrapped up transactions involving around 30,000 residential units.

INVESTMENT STRATEGY

The **d.i.i.** Group invests in residential real estate and land with high potential for value appreciation throughout Germany, particularly in secondary markets with populations of 50,000 or more and in selected microlocations in large metropolitan areas.

VALUE CHAIN

As an integrated asset manager, the **d.i.i.** Group controls all key functions, from investment management and acquisition, new-build and existing property development and asset management to the sale of residential properties. The company knows how to effectively increase quality and energy efficiency, how to leverage upside potential and to continuously improve thanks to its many years of experience and extensive industry expertise.



SUSTAINABILITY

The principles of sustainability have always been an integral part of the **d.i.i.** philosophy.

- **d.i.i.** focuses on the broad mid-priced residential segment, leveraging existing property and new-build developments to create apartments and residential areas that feature high quality of life and well-being.
- In the development of existing properties, one focus is on energy refurbishment of the building envelope - often combined with the conversion of heating technology and electricity supply. New-build developments are planned with high environmental standards in mind right from the start.
- **d.i.i.** enjoys an excellent reputation as a reliable and trusted partner among municipalities, investors, banks and other stakeholders thanks to its solid and engaging operation principles. **d.i.i.** treats its tenants with respect. This commitment is part of the **d.i.i.** social charter that was adopted many years ago.

STRUCTURE

d.i.i. Deutsche Invest Immobilien AG comprises the company's corporate development, HR and finance departments as well as all business functions relating to residential real estate, i.e. acquisition, new-build and existing property development, asset management and the sale of properties. **d.i.i. Investment GmbH** is a subsidiary of **d.i.i. Deutsche Invest Immobilien AG**. Key responsibilities include the development, launch and portfolio management of alternative investment funds with a focus on residential real estate, selecting investment properties, portfolio and risk management, product marketing and maintaining an investor registry.

3.6

billion euros

assets under
management



”

The d.i.i. Group
is committed to
sustainable
business.

Frank Wojtalewicz



DEAR READERS,

Sustainable business practices are becoming increasingly important in the face of rapidly accelerating climate change. The housing industry has a particular responsibility. Housing is an essential human need that also has a major economic and environmental impact. The d.i.i. Group recognised these challenges many years ago and has committed itself to implementing sustainable business practices.

Our first report dedicated solely to sustainability aims to give a comprehensive overview of the economic, environmental and social aspects associated with our business activities and to highlight the strategies and measures we implement in response. We will continue to provide additional transparency on sustainability-related measures, activities and results in our sustainability report in the years to come.

Our fundamental sustainability approach is “less is more”. As such, we aim to reduce our use of materials and energy, greenhouse gas emissions and waste. These efforts are complemented by financial stability and social responsibility. This enables us to achieve better quality of life for our tenants and stable income for our investors.

Sustainability is an important aspect in all areas of business and all process phases. While we have already achieved a great deal, we recognise that there is much more that we can do. Real change usually requires new approaches and unconventional methods, which is why we are highly committed to driving innovation forward. Our focus on efficiency and innovation strengthens our economic success and leads to increasingly efficient use of materials and energy. d.i.i. continues to optimise its processes for this purpose, which means our clients benefit from customised solutions in all business areas.

Another key feature of sustainable business practice is to encourage employee development and to offer effective training to young talent. We generate sustainable growth and never lose sight of the balance between economic, environmental and social concerns. Our social charter lays out our company’s guidelines and principles to ensure compliance with social, environmental and sustainability commitments in the investment and management of residential real estate.

Our sustainability strategy is acquiring residential real estate with untapped upside potential, seizing opportunities and minimising risks. This is the basis for the continued success of our business.

We hope you will join us on this journey.

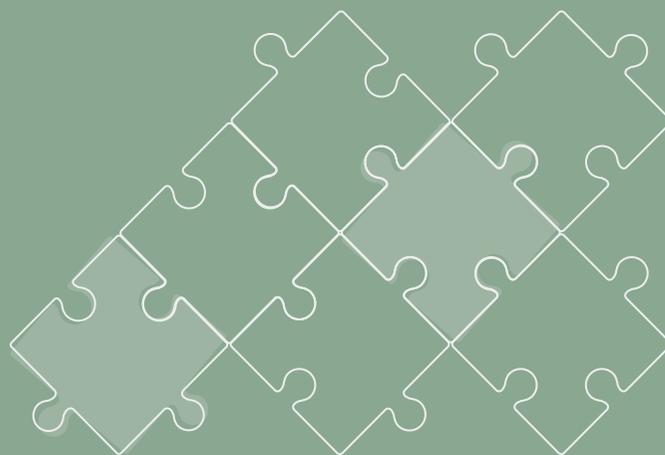


Frank Wojtalewicz
Chief Executive Officer
d.i.i. Deutsche Invest Immobilien AG



**RESPONSIBLE
INVESTING.**





Business model

1.1 ACTIVITIES

Founded in 2006, the **d.i.i.** Group is an integrated residential real estate company that is active in both existing and new property development. Together with external alternative investment fund management company (AIFM) **d.i.i. Investment GmbH**, the Group develops, structures and manages residential real estate portfolios for institutional and private investors.

Based on **d.i.i.** market research and clearly defined investment criteria, **d.i.i.**'s investment activities are focused on highly attractive locations in Germany, particularly secondary cities with a population of 50,000 or more, and on selected microlocations in large metropolitan areas with strong economic fundamentals and a positive demographic trend. We target properties in the broad mid-priced residential segment with strong potential for value appreciation.

Property developments typically target the mid-priced (new-build) segment and the land sites we acquire must also meet the investment criteria. We exclusively acquire properties that are expected to generate ongoing long-term demand following residential quarter development. We do not acquire land for speculative purposes. Sustainability criteria are an essential part of the selection process, which includes an assessment of potential climate change risks and an initial assessment of the measures to be implemented.



Once the due diligence is completed and the property or land site has been acquired, we draw up an end-to-end investment plan that includes all measures that will lead to improvements in sustainability. These plans are approved and monitored by d.i.i. Investment GmbH's fund management.

The key drivers of value appreciation in addition to purchase price, investment cost and highly effective processes are:

- Reducing service charges through savings in energy and material costs as well as efficient management
- Using subsidies
- Reducing vacancy
- Increasing total rent
- Creating additional living space through additions and conversions, roof extensions and densification
- Taking advantage of leverage effects
- Achieving excellent sales proceeds for developed properties

Properties are typically developed further and held in the portfolio long term. Some funds also aim to convert individual properties into condominiums. Value creation requires upgrading a residential quarter by bringing it up to current technical and energy standards as well as by significantly improving the quality of living for its residents.

The first project development investment fund was launched by d.i.i. Investment GmbH in 2014 and the first condominiums were sold in 2018. The new construction business has been growing steadily ever since. This applies to new land sites as well as land created by conversion. In addition to the purchase price of a land site, construction management is another key factor behind our success. In close cooperation with the sales department, we work to structure apartment planning around the needs of future owners in as much detail as possible. In addition to comfort and amenities, a building's sustainability performance also has a crucial impact on sales proceeds.

Across all existing and new building development projects, d.i.i.'s particular strength is its in-house access to all business functions that are relevant to value creation. This enables us to implement projects quickly and make use of all avenues available for value creation. Recurring and fully integrated processes create additional value. Ongoing communication between our property acquisition, asset management, construction management, property management and sales teams creates in-depth industry and market expertise. This is the basis for quick, fact-based decision-making and action.

1.2 STRATEGY

[GSC 1] The construction and use of real estate accounts for roughly one third of new greenhouse gas emissions generated worldwide each year. As such, the development and use of buildings are important drivers of climate change. At the same time, new construction requires a large amount of resources and land while having a relatively poor record when it comes to pursuing circular economy methods. This can be attributed to the still limited use of renewable materials and the fact that recycling building materials is rarely an integral part of a building's life cycle.

In addition to environmental factors, residential buildings are particularly subject to social aspects since adequate quality of living is a basic human need. In addition to quality of living, this also includes accessibility, family-friendliness, access to transportation and affordability. Many of the existing properties that d.i.i. acquires for development no longer meet today's standard of living.

That is why d.i.i. has adopted a sustainability strategy that is closely linked to the company's business strategy:

- Using available building stock to minimise the use of resources and additional greenhouse gas emissions. Densification is often supplementing the refurbishment of existing properties to create additional residential space in an efficient manner.



- Energy refurbishment of existing properties using measures tailored to the specific building to reduce the use of heating energy and electricity and, therefore, the emission of greenhouse gases.
- Using d.i.i. green electricity, which was developed in cooperation with an energy supplier, for carbon-neutral supply of certified green electricity generated exclusively by hydropower
- Significantly improving the quality of living in the apartments and shared spaces of a residential area while maintaining affordability
- Actively managing service charges through energy efficiency improvements, effective procurement of services and materials and efficient property management
- Improving social stability through regulation that goes beyond tenant protection and fair rent
- Creating additional, much needed living space through the development of new, high-quality residential quarters with a focus on minimised energy demand and carbon-neutral energy supply to the extent possible
- Promoting mobility by providing access to public transport or cooperative mobility services (e.g. car sharing) while also creating the conditions for e-mobility

This strategy also serves to achieve the wide spectrum of targets described in Chapter 1.6 that the d.i.i. Group has identified.

1.3 SUSTAINABLE PROPERTY DEVELOPMENT

Before a property is acquired, we identify and analyse potential risks associated with climate change, building fabric, energy consumption, energy supply, quality of living and health risks from contamination as well as access to public transportation, community facilities and local amenities. The decision to acquire a property is followed by detailed planning for upgrading existing properties and potential densification, including any measures to be implemented during the intended holding period in the funds. This particularly includes defining the budget for sustainable building components.

The strategy for refurbishment includes measures such as efficient thermal insulation, installing modern windows, updating sanitary facilities and installing state-of-the-art heating systems. Additional measures are aimed at reducing the environmental impact attributable to tenants, including creating conditions for electric mobility and significantly improving waste collection facilities. The first step in achieving these targets is to inspect the entire site and identify any structural deficiencies and reduction potential. We then draw up a specific investment and action plan that details renovation steps for each building.

Additional measures serve to improve quality of living. Vacant apartments are refurbished, common areas are modernised and outdoor areas are upgraded to create an inviting and friendly atmosphere and enable ongoing cultivation. Landscaping is added whenever possible. Measures such as new lighting in common areas and additional fire protection often lead to significantly improved safety. d.i.i. also strives to create additional residential space, e.g. through densification wherever sites allow for the construction of new residential buildings or roof extensions.

In terms of new construction, we have completed two property developments with 136 apartments and 9,760 sqm of residential space to date. These were handed over for tenant use prior to 2021.

Project developments encompassing 145 new apartments and 13,790 sqm of residential space were under construction in 2021. 128 residential units are scheduled for completion and handover in 2022.

Planning for 14 new developments (1,048 apartments with roughly 75,000 sqm of residential space) also began in 2021, four of which (477 residential units and 40,690 sqm of residential space) will start construction in 2022. We continuously acquire and develop additional land for the purpose of creating new residential space.

As d.i.i. primarily acquires rental properties for the investment funds it manages, the company acts in accordance with a very extensive social charter that is based on respectful and sustainable tenant relationships. This social charter sets out guidelines and principles that are intended to ensure compliance with social obligations in the context of investing in and managing residential real estate (Chapter 5.3).

These include extended protection against eviction for older or physically disabled tenants, hardship provisions for low-income tenants, lifetime housing guarantee under certain conditions and continuing to increase the share of accessible and age-appropriate housing by investing in the refurbishment of vacant units. Active management of service charges, transparent communication, sustainable development of residential areas and the exclusion of luxury refurbishment projects are also specified in the social charter.



1.4 MATERIALITY OF SUSTAINABILITY FACTORS

[GSC 2] The real estate industry is currently facing a number of challenges such as housing shortages, demographic change and the various effects of climate change. The industry directly influences the design of cities by developing and managing residential buildings. As such, annual CO₂ emissions from building operation play an important role in reducing greenhouse gas emissions. d.i.i. is aware of this responsibility. The company accepts this environmental challenge and continues to strive to reduce the carbon emissions of existing properties by implementing energy optimisation measures while taking into account social and environment aspects.

We also take into account factors such as existing infrastructure, the need for affordable housing and geological conditions in our location analyses. Risks arising from adverse effects caused by factors that are exacerbated by climate change are further minimised within the scope of fund planning. The goal is to make a positive contribution to sustainable and responsible housing, not only in the short term but in the long term as well.

d.i.i. is particularly aware of the challenges that demographic change brings with it. One of the company's goals is therefore to enable the country's aging population to live independently in their own homes. After reviewing the situation, we make reasonable and economically viable investments in structural measures to establish accessibility at building entrance areas and outdoor areas. When updating a property, we create accessible living space whenever tech-

nically possible and economically viable, i.e. primarily on the ground floor. We include at least one barrier-free entrance at buildings that feature elevator systems or at which installation is technically and economically viable. Apartments at multi-storey residential buildings that are currently in the planning phase should be designed to be barrier-free as far as possible.

In light of the current housing shortage in Germany, particularly in central locations, d.i.i. is examining the possibility of creating additional living space by adding storeys to existing buildings or through densification. These measures are carried out in close coordination with municipal planning departments and under the greatest possible consideration for the interests of the tenants living there. This allows us to create additional residential space with high quality architecture that improves urban development in locations where space is hard to come by while limiting urban sprawl.

Sustainability considerations and investor requirements with regard to funds and asset managers are also becoming increasingly important. Participating in sustainability ratings and collecting consumption data is already part of the desired standard for many institutional investors. Private investors will also be required to indicate their sustainability preferences as of summer 2022. d.i.i. Investment GmbH aims to take these requirements into account by collecting consumption data, developing dedicated investment strategies and incorporating sustainability criteria into its fund investment strategies, which are aimed at a large number of investors. As a result, d.i.i. Investment GmbH's product range will increasingly reflect sustainability aspects in the coming years.

1.5 STAKEHOLDER COMMUNICATION

[GSC 9] [GRI 102-44] Ongoing exchange and mutually beneficial cooperation between the company's various stakeholders and the d.i.i. Group is crucial for business growth. This is due to the business volume that the companies handled together and the fact that the d.i.i. Group's business success depends on the behaviour of its various stakeholders. Most recently, 10 stakeholder groups were identified as socially and economically relevant at the annual management strategy conference in 2021 and confirmed at a meeting in early 2022:

- Investors who invest in real estate funds managed by d.i.i.
- Buyers who acquire properties directly from d.i.i.
- Business partners such as service providers, construction companies and suppliers that maintain ongoing business relationships with d.i.i.
- Employees who are involved in in-depth discussions about the company's business and sustainability matters with each other and with managers
- Shareholders that are kept informed by the members of the Supervisory Board and the Executive Board of all significant developments on an ad-hoc basis, including outside the annual general meeting, and whose suggestions and views are sought on a regular basis



- Tenants involved in the open dialogue that is always maintained as part of property and neighbourhood development or at tenant meetings
- The general public and media continuously informed by d.i.i. about important company and market developments and that have a point of contact at the d.i.i. Group
- Lenders who grant loans for financing the acquisition of land sites and real estate to whom d.i.i. provides all relevant information
- Public sector entities, authorities and municipalities that are involved in open and reliable cooperation with the company
- Network partners that are involved in communication with the company regarding early-stage trends and new developments

d.i.i. engages in regular dialogue with its stakeholders in order to identify challenges and opportunities at an early stage and to enable prompt response. d.i.i.'s employees are involved in regular and open communication with different stakeholders in a variety of ways.

1.6. TARGETS

[GSC 3] Sustainability aspects are particularly important for the real estate industry because of the social significance of housing and the high amount of resources used in the production of key building materials as well as during the construction process and due to the long-term energy consumption that comes from the use of buildings. Sustainabil-

ity criteria also play a major role in the business activities of the d.i.i. Group. d.i.i. has defined ambitious targets at corporate level as well as at portfolio and property level in order to further improve its sustainability performance in the coming years. The specific targets for individual properties held by a specific fund are determined on the basis of the local, technical and organisational conditions at the time of acquisition as well as that fund's investment strategy. Unless explicitly stated otherwise, the following general targets apply to the entire portfolio of existing and new buildings developed and managed by the d.i.i. Group.

Environmental targets

Portfolio and property level

- Following acquisition, all properties are converted to carbon-neutral d.i.i. green electricity, for the common areas of the building. In addition, at least 500 residential units are to be converted to d.i.i. green electricity every year.
- At least 30% of the investments intended for existing property development are used for energy measures to reduce energy consumption and CO₂ emissions.
- Specific concepts for promoting electric mobility are developed for each new construction projects.
- All new construction projects are built to at least comply with the KfW 55 standard (EH 55) and the KfW 40 standard (EH 40) as of 2022.
- New construction projects are preferably equipped with heating systems based on renewable energies, e.g. heat pumps, geothermal energy, solar thermal energy and photovoltaics.

- Positive lists (preferred building materials) and negative lists (building materials not to be used) will be created by the summer of 2022 for the use of building materials going forward.
- Meters for general electricity will be converted to smart metering at all existing properties by the end of 2024.

Company level

- Employees are entitled to work 40% of their working hours remotely. The actual number of working hours spent working from home will be steadily increased from 2021's average of 21%.
- Employees are encouraged to use carbon-neutral transportation when commuting to work. This is supported by appropriate measures, e.g. providing electric company cars or offering free public transport to and from work.
- By 2025, 33% of all company cars will be powered by hybrid, electric or other new technologies.
- Paper printouts per employee will be reduced by 5% annually by 2024.
- All d.i.i. company locations are operated using carbonneutral "d.i.i. green electricity".
- Employees have the option to get d.i.i. green electricity at attractive d.i.i. conditions.



Social targets**Portfolio and property level**

- The d.i.i. social charter with protection beyond legal requirements, is binding for all existing properties upon takeover.
- All project developments feature barrier-free entrances and some barrier-free units.
- To the extent technically and economically viable, we also improve accessibility at existing properties, e.g. by upgrading elevators, changing door widths and installing ramps. In addition each year, 5% of the apartments to be refurbished will be made easier accessible.
- Operating costs are reduced by 5%–10% within two years of acquiring an existing property in order to ease the financial burden on tenants.
- Existing properties are upgraded to modern standards, creating residential quarters and apartments that offer a high standard of safety, comfort and quality of living.
- d.i.i. does not evict tenants in order to renovate and will continue to refrain from this practice in the future.

Company level

- d.i.i. complies with central labour rights, e.g. the prohibition of child and forced labour and non-discrimination, and promotes age diversity.

- High occupational health and safety standards are promoted, e.g. by providing modern, ergonomic workplaces and granting more vacation days.
- We offer our employees fair conditions at the workplace, appropriate remuneration, excellent training and continuing education opportunities and individual development concepts.
- At least 20 trainee, student trainee and internship positions are made available each year.
- Employees are supported in wealth creation through company pension schemes and opportunities to participate in d.i.i. funds.
- Cultural diversity within the d.i.i. Group is promoted by hiring employees with different nationalities.

Governance**Portfolio and property level**

- We improve and expand communication with tenants through tenant meetings and a tenant app.
- We continue to expand the complaint management feature on the d.i.i. homepage.
- We are planning to further improve investor communication via transparent ESG reporting as of 2022.
- We are setting up a system to report incidents to the management that will be used for rapid processing of incidents and targeted communication.

Company level

- Sustainability management is firmly anchored at the levels of the board of management and supervisory board.
- Observing the compliance policy is an integral part of the employment contract signed by all of our managers and employees.
- All of our business partners are required to comply with our code of conduct for business partners.
- We enforce a zero tolerance strategy by taking consistent action if our compliance policy is violated and through the management implementing appropriate sanctions.
- We will be increasing the percentage of female managers at the Group across all management levels (management, leaders, team leaders)
- We are systematically pursuing digitalisation.
- ESG targets will be included in employee bonus target agreements in 2022 and will be further expanded in the future.
- We will be expanding our process and project management as well as central services, products and materials purchasing.

The d.i.i. Group also aims to contribute to the achievement of the UN SDGs. These goals are designed to ensure sustainable growth worldwide. Of the total 17 sustainability goals, d.i.i. has selected five goals to which it can make a meaningful contribution in its activities.



Selected sustainable development goals (SDGs) of the United Nations (UN)

Good health and well-being:

When developing existing and new buildings, d.i.i. takes into account that people will live in these buildings for many years. Developing residential areas, upgrading residential properties, contributing to urbanisation and addressing climate change and social transformation in a sustainable way creates better, healthier living environments.

d.i.i. is aware of its responsibility to society when it comes to investing in and managing residential real estate, particularly in its dealings with tenants at its properties, within the legal requirements regarding tenant protection and beyond. The company's social charter sets out d.i.i.'s guidelines and principles, which have been put into place to ensure compliance with social obligations in the context of investing and managing residential real estate.

d.i.i. uses ergonomic office equipment, access to gyms, vitality events, preventive health care and improved health and occupational safety to improve the health and well-being of its employees.



Affordable and clean energy:

In addition to technical measures to increase energy efficiency, d.i.i. uses carbon-neutral energy supply to reduce emissions.

Heat is provided by district heating and combined heat and power (CHP) units. The plan is to increasingly use systems that do not rely on fossil fuels. Power for common areas at our properties is already fully provided by d.i.i. green electricity. We will convert gas supply to carbon-neutral products to the extent possible. Tenants that purchase electricity for their apartments directly from a supplier also have the opportunity to switch to carbon-neutral energy.

In addition, d.i.i. office buildings have been converted to d.i.i. green electricity. Employees and their friends have the opportunity to purchase carbon-neutral electricity at low cost.



Decent work and economic growth:

d.i.i. aims to drive progress, create decent jobs and improve living standards through sustainable and inclusive economic growth.

d.i.i. obliges its contractors to comply with the company's sustainability principles and ensures compliance with health and safety standards are met at its construction sites. d.i.i. supports the local economy by commissioning regional suppliers and service providers.

The d.i.i. Group promotes sustainable economic growth and decent work for all of its employees by successfully developing its real estate business and creating a pleasant working environment with attractive salaries and benefits.



Responsible consumption and production:

d.i.i. promotes sustainable consumption behaviour in the development of existing and new buildings. Standardised and at the same time individualised construction and renovation methods and the use of sustainable materials reduce energy demand and greenhouse gas emissions during the construction/renovation phase as well as during subsequent use of the residential properties.

We take a targeted approach to promoting the digitalisation of all key performance and sustainability indicators for residential real estate in order to improve transparency.

d.i.i. optimises its business activities and residential properties for increased sustainability and calls on all business partners to contribute to this goal (our code of conduct for business partners).



Climate action:

d.i.i. takes action against climate change and its effects. The company continues to optimise its concept of real estate development in order to reduce the CO₂ emissions that come from construction, refurbishment and use. d.i.i. strives for climate neutrality in accordance with the respective feasibility.



CO₂ NEUTRALITY TARGETED FOR THE DEVELOPMENT OF 139 NEW-BUILD APARTMENTS

The d.i.i. Group is converting a former equestrian centre in Wiesbaden-Bierstadt into a new residential quarter encompassing twelve residential buildings. The approx. 14,850 square metre plot "East of Oberlinstraße" on Kloppenheimer Straße has a legally binding development plan. The project development encompasses 109 condominiums and 30 subsidised apartments with a total living space of roughly 12,500 sqm.

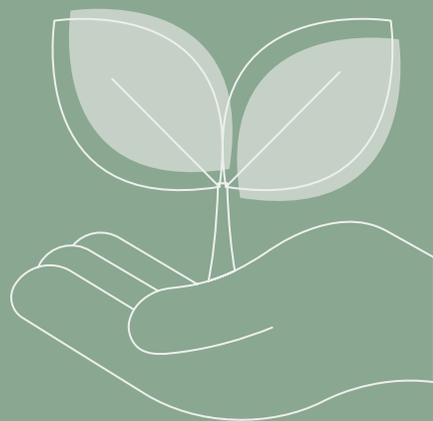
The plan is to build apartments featuring 2 to 5 rooms as well as six townhouses, some with a small garden. The 2 to 3-storey buildings, with an additional stacked storey, will be built on top of an underground parking structure. The residential complex will include a generous central square with two private streets and extensive landscaped areas.

Particular focus will be placed on sustainability and energy-efficient housing. No fossil fuels will be used for heating. Photovoltaic systems installed on the roofs will supply the residential quarter with green electricity. The comprehensive energy and mobility concept aims to achieve CO₂ neutrality. This also includes extensive green roofs with retention areas for rainwater retention and partial greening of the facades. In addition, all parking spaces in the underground parking will be equipped with cabling infrastructure for electric mobility.

WIESBADEN- BIERSTADT



2.



Environment

2.1 USE OF NATURAL RESOURCES

[GSC 11] [GRI 103] [301-1] d.i.i.'s business activities that require the largest amount of resources are the construction of new buildings, the modernisation or renovation of existing buildings and the use of residential and, to a lesser extent, commercial properties. Although d.i.i. strives to use as many renewable or recycled materials as possible, the vast majority of the materials used come from non-renewable resources.

As such, d.i.i. endeavours to handle materials as efficiently as possible, use building materials that are as durable as possible and only use the amount of resources required to create the desired standard of living and environmental performance.

The amount of resources used for building operation largely depends on users behaviour. In this context, d.i.i. aims to reduce demand as much as possible by installing efficient technology and appropriate incentive systems without noticeably affecting quality of living. This includes (1) installing equipment that limits water consumption, (2) waste concepts that reduce overall volumes and increase recycling and (3) integrating modern (control) technology to limit energy consumption.

When selecting materials, d.i.i. increasingly takes into account their origin and production as well as any associated sustainability risks. For example tropical wood is deliberately avoided.



Real estate portfolio managed by d.i.i. (as at December 2021)	
Residential	
252 properties with 11,311 residential units in 67 cities	
Living space	727,938 sqm
of which are involved in environmental data collection (16%)	116,910 sqm
Other types of use	
158 commercial units	
167 other units	
5,768 (underground) parking spaces	
Area for commercial and parking	22,195 sqm
Total	750,133 sqm

New-build apartments currently being developed by d.i.i. (as at Dec. 2021)	
Residential	
20 properties with 1,193 residential units in 10 cities	
Living space	88,790 sqm

The d.i.i. Group also uses resources at its own business locations, particularly (1) heating energy, electricity, water and (2) materials required for daily business operations such as technical equipment or paper. The company implements ongoing sustainability measures and raises employee awareness for sustainable behaviour to directly impact and reduce resource consumption and also to prevent waste.

ESG data for residential properties in 2021 (living space covered: 116,910 sqm)	
Total energy consumption	
(absolute) in kilowatt hours per year	9,345,983 kWh/a
(relative) in kWh per year per sqm	80 kWh/a/sqm
CO₂ emissions	
(absolute) in kilograms per year	2,061,900 kg/a
(relative) in kg per year per sqm	18 kg/a/sqm
Water consumption*	
(absolute) in litres per year	101,096,000 l/a
(relative) in litres per year per sqm	1,110 l/a/sqm
Waste volume*	
(absolute) in cubic metres per year	686,826 cbm/a
(relative) in cbm per year per sqm	7.5 cbm/a/sqm

* collected for a living space of 91,340 sqm

2.2 RESOURCE EFFICIENCY

[GSC 12] [CSR-RUG] [GRI 301-1] [GRI 302-1] [GRI 302-4] [GRI 303-3] [GRI 306-2] d.i.i.'s sustainability analysis of properties intended for acquisition focuses on identifying potential and financially viable opportunities to significantly limit (heating) energy consumption and greenhouse gas emissions. This serves to determine which upgrade measures will improve the emissions intensity and how much CO₂ can be reduced through planned investments.

d.i.i. acquires properties of different sizes, condition and building structure. These properties require individual renovation plans that do not allow for the specification of

standardised quantities and materials. The general goal is to achieve improved energy efficiency, use sustainable construction materials, provide high comfort of living and reach a balanced tenant mix for a pleasant neighbourhood atmosphere.

The company also strives to effectively landscape its properties and provide conditions for electric mobility. In new construction projects roofs and underground car park ceilings are usually greened and equipped with rain water retention areas.

d.i.i. also employs effective measures to reduce the use and consumption of resources at its own business locations. The plan is to also reduce paper consumption by around 5% per year (per employee). Because a large number of the company's employees work from home, paper consumption in the year under review was actually down 20% yoy.

2.3 CATEGORIES OF CLIMATE-RELEVANT EMISSIONS

[GSC 13] [GRI 305-1] [GRI305-2] [GRI 305-3] [GRI 305-4] [GRI 305-5] The largest volumes of greenhouse gases are generated by the heating systems at the properties managed by d.i.i. The second largest quantities come from the production of the required building materials. That is why d.i.i. prioritises the improvement of energy efficiency by insulating buildings, replacing windows and entrance doors, updating sanitary facilities and reducing emissions intensity by using modern heating technology. Fewer building materials are needed in renovations than in new-builds. In new construction projects, however, it is possible to focus on ideal building placement and technical equipment that contributes to protecting the environment.



Whenever possible, d.i.i. converts heating systems to the use of more climate friendly energy such as natural gas, district heating and, in some cases, to systems without fossil fuels. Shared electricity at the apartment buildings is switched to green electricity as far as possible and tenants have the option to purchase green electricity as well. Where possible and environmentally sound, d.i.i. also installs photovoltaic systems on buildings to reduce greenhouse gas emissions caused by energy consumption.

The consumption and emissions data collected for d.i.i.'s business locations were distorted due to the significantly higher number of employees working from home in 2020 and 2021. We expect to be able to provide normalised, more relevant information as of 2022. d.i.i. obtains electricity for its business locations from renewable sources with almost zero emissions and gives employees access to these sources as well.

d.i.i. has not yet been able to put a comprehensive system into place for collecting data on energy consumption and greenhouse gas emissions. This is primarily because of the age structure of the company's real estate portfolio, which largely consists of buildings that are at least 30 years old.

The company has also decided to install smart metering devices at all current and future existing and new-build properties. These devices collect and transmit consumption data for all common areas and individual tenant consumption of energy supplied by d.i.i.

After completion of the required works, d.i.i. will be able to provide exact information on resource quantities and associated greenhouse gases on a significant scale. At the same time, d.i.i.'s extensive modernisation and refurbishment measures will significantly improve energy efficiency and the intensity of emissions.

Employee commuting

A relatively large part of greenhouse gas emissions caused by service companies is a result of commuting to the workplace as well as business travel to managed properties. d.i.i. has initiated several measures to significantly reduce commuting and travel emissions:

- Selecting company premises close to Wiesbaden's central train station to provide fast access to local and long-distance destinations
- Offering free public transport to and from work. In 2021, 100 employees, or 78%, took advantage of this offer (excluding employees with company cars). As such, the number of offers for free public transport taken advantage of by our employees increased by 10 in the reporting period compared to 2020.
- Improving the carbon footprint of company's vehicle fleet. By 2025, we are planning to convert 33% of all of our vehicles drive technologies that cause the lowest carbon emissions based on an individual usage analysis.
- Increasing the amount of phone and video conferences in order to reduce business trips as far as possible. A higher share of employees working from home reduces commuting.

2.4 INNOVATION MANAGEMENT

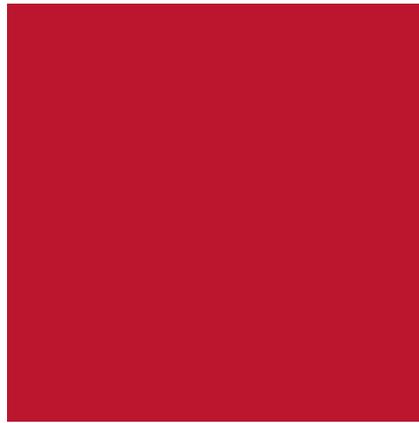
[GSC 10] The construction and housing sectors have a significant impact on the environment because of the resource consumption and emission of greenhouse gases they entail, particularly as a result of generating heat. Innovation plays a key role on the path to sustainable business practices. d.i.i. initiated and accelerated two important processes at the end of 2021 to address this: the use of modern metering and evaluation technology at the residential properties managed by the company and digitalisation of administrative processes.

d.i.i. will use innovative building technology to collect sustainability data. Data on electricity, water consumption and heating energy will be recorded in real time and can be accessed on a daily basis ("smart metering") to the extent technically and legally feasible. This will provide all of our tenants with an overview of the consumption in the public areas. This also makes it possible to anonymously compare the data of all residents at a property, which provides incentives for more energy-efficient behaviour. By the end of 2024, all residential properties managed by d.i.i. will be equipped with smart metering technology.

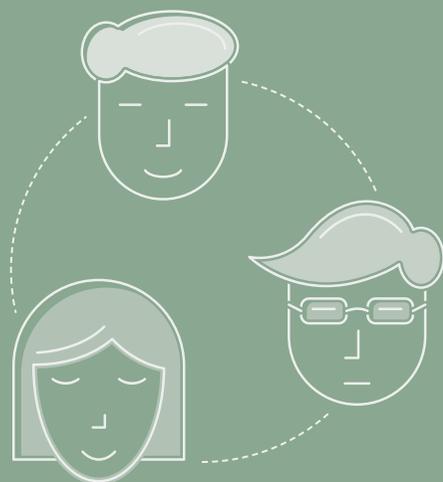
For d.i.i., innovation management also includes targeted digitalisation to improve the transparency and efficiency of its business processes. Examples:

- Digital recording of all property and tenant files already upon property takeover
- Dashboard: access to performance data and KPIs for property management on a daily basis including vacancy and rental trend
- Digital property management by Riverhome
- Digital estate agent





3.



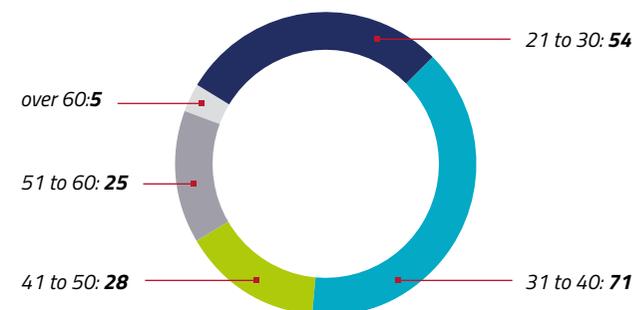
Employees

3.1 d.i.i. PERSONNEL

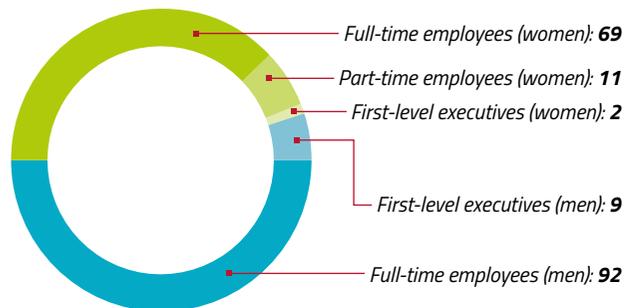
[GRI 403-9] [GRI 403-10] d.i.i. was employing 183 people (permanent personnel excluding trainees, student employees, interns, temporary staff) at the end of the reporting period, up from 168 people in the previous period. 45% of current personnel are women (82 employees) and 55% are men (101 employees) with a total of 16 different nationalities.

Diversity at d.i.i.			
End of year	2019	2020	2021
Number of employees (total)	149	168	183
Percentage of female employees	46%	47%	45%

d.i.i. employee age structure as at 31 Dec. 2021	
In years Average age: 38	



[GRI 405-1] Type of employment at d.i.i. as at 31 Dec. 2021



Health and safety at d.i.i.

	2019	2020	2021
Number of workplace accidents	0	0	0
Downtime caused by workplace accidents	0	0	0
Sick days per employee	8.8	7.1	9.9

Salary structure for female/male employees: Salaries at d.i.i. are not based on gender. Remuneration is primarily based on the tasks and responsibilities associated with a position and the employee's professional and academic background. It is also based on fair team structures and equivalent positions at the d.i.i. Group as well as average market levels.

Based on this, remuneration is typically determined for each advertised job in advance and applies equally to all genders. The d.i.i. Group believes that employees in mixed-age teams can benefit and learn from each other's experience and knowledge. In addition to age structure, d.i.i. is also committed to ensuring that the composition of the company's staff is as heterogeneous as possible.

3.2 RESPONSIBILITY FOR EMPLOYEES

[403-4] Having motivated employees is critical for the d.i.i. Group's success. d.i.i. is also committed to the well-being of its employees. As such, the d.i.i. Group offers its employees additional services and benefits besides financial remuneration.

As part of its corporate benefits program, d.i.i. cooperates with a fitness studio and regularly organises "Vital-Tage" (health day) events to promote healthy eating habits among its employees. d.i.i. has also commissioned an external service provider to coordinate health and safety at the company. Offices feature ergonomic workstations with height-adjustable desks.

The d.i.i. Group enables its employees to partly work from home and grants 30 vacation days per year plus additional leave days for long-time employees.

In addition to a company pension scheme, the company also offers a fund participation plan for employees. d.i.i. cooperates with the Wiesbadener Ferienprogramm vacation program to support employees with children during the spring, summer, fall and winter school holidays. This partnership enables employees to purchase tickets for the program before they officially go on sale. The program combines attractive events with full-day child care services and lunch offers for children ages 6-15. The events are hosted under a variety of themes and employees and their children can choose the program they want to participate in.

d.i.i. introduced flexible work models (working from home and during business trips or urgent matters) in early 2019.

We provided our employees with sufficient technical equipment (e.g. screen, camera, mouse, keyboard, headset) during the Covid-19 pandemic between March 2020 and July 2021, during which all employees of the d.i.i. Group primarily worked from their homes. The company also offered employee discounts for desks and ergonomic office chairs.

Work-from-home options were expanded in the summer of 2021. Most employees (excluding top-level executives and receptionists) can choose to work from home up to two days per week.

3.3 INTENSIVE EMPLOYEE COMMUNICATION

d.i.i. uses surveys to determine the workplace atmosphere and personal employment situation of its employees and to integrate potential for improvement into work processes. Participation in these surveys is anonymous and voluntary. In recent years, these surveys have provided insights into desired changes such as increasing the amount of time employees can spend working from home.

d.i.i. maintains open and respectful communication with its employees. In addition to having access to various ways to get information, employees can contact a supervisor or the compliance officer at any time if they need to talk or if problems arise. d.i.i. has also established an external whistle-blower system that employees of the d.i.i. Group can use to anonymously submit confidential reports about potential or actual violations. Confidential reports sent to the external whistle-blower system by d.i.i. employees are reviewed and violations or information on defective processes are anonymously passed on to the managing directors for processing or correction.

The d.i.i. Group is committed to maintaining a fair and positive work environment. All of the company's rules of conduct are summarised in the "d.i.i. Miteinander" policy on employee conduct and collaboration. This policy is sent to all new employees of the d.i.i. Group as part of the employment contract offered to them.

3.4 EMPLOYEE RIGHTS

[GSC 14] [CSR-RUG] Because d.i.i. currently only employs staff in Germany, the company is subject to German labour law. The company is also required to meet high safety and health standards. d.i.i. has based its own employment policy and the employment policies required of affiliated companies and suppliers with the fundamental principles of the International Labour Organization (ILO) and the relevant conventions. d.i.i. expressly undertakes to respect, comply with and enforce the 30 articles of the United Nations Universal Declaration of Human Rights as well as the eight fundamental principles of the ILO (conventions, core labour standards). This commitment applies both to employees directly working for the company, regardless of their employment contract, and to employees working along the value chain.

Freedom of Association and Protection of the Right to Organise (Convention No. 87 from 1948)

Right to Organise and Collective Bargaining (Convention No. 98 from 1949)

d.i.i. protects the freedom of employees to form organisations or trade unions of their own choosing without discrimination and without prior authorisation and to join such organisations/trade unions subject only to the condition that they comply with the relevant statutes.

d.i.i. respects the right of employees to form associations, i.e. their right to organise (in trade unions) and to carry out their activities freely and without restriction or interference. The company also protects these activities against any measures directed against them.

d.i.i. is always open to collective bargaining, i.e. negotiations with one or more trade unions regarding wages and working conditions (collective agreements).



3.5 EQUAL OPPORTUNITY AND DIVERSITY

[GSC 15] Discrimination (Employment and Occupation) Convention (Convention No. 111 from 1958)

d.i.i. prohibits any discrimination, exclusion or preferential treatment based on race, color, gender, religion, political opinion or national or social origin which prevents or impairs equal opportunities or equal treatment in the context of employment or occupation.

To us at d.i.i. it is important that our employees practice fairness, equal treatment, appreciative communication and collaboration. At d.i.i., we work to raise awareness among all of our employees when it comes to any form of unjustified unequal treatment. We also initiate appropriate preventive measures and offer immediate assistance to all employees of the d.i.i. Group as well as assistance to third parties in the event of unacceptable treatment by an employee of the d.i.i. Group.

Compliance with the General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz (AGG)) is a priority at d.i.i. d.i.i. treats all of its employees as well as everyone involved in a business relationship with the d.i.i. Group with respect. All employees are treated equally and fairly, regardless of their ethnic origin, gender, age or other personal characteristics. Any behaviour in the direction of insult, harassment, humiliation or similar is strictly pursued and is not tolerated under any circumstances at the d.i.i. Group. Employees affected by such interactions can confidentially contact the HR department at any time.

Promotions are awarded based on professional competence. All of the d.i.i. Group's job advertisements use gender-neutral wording. Our job advertisements also only list those requirements that relate to the job and are truly relevant to the advertised position. No photographs or information about age, gender or place of birth is requested on the application and no preferred age group or native language is indicated.

Applicants are pre-selected based on objective criteria including their professional background, work and training references, grades, experience abroad, social skills and language abilities.

Job interviews are conducted by two employees of the d.i.i. Group, the relevant executive and a member of the human resources department. Interview questions cover personal, professional, methodological and social skills. No questions are asked that are related to discriminatory characteristics (e.g. age, marital status, sexual orientation or nationality).

3.6 TRAINING AND CONTINUING EDUCATION

[GSC 16] Having exceptionally well-qualified employees is key to the d.i.i. Group's success. In addition to the professional expertise that employees bring with them, d.i.i. promotes ongoing professional development through internal expert presentations and IT training courses. The company coordinates with the responsible executive to offer external seminars that will provide employees with the expertise they need going forward, thereby strengthening their ability to innovate to the benefit of d.i.i.

The d.i.i. Group systematically supports its employees with various development offers. These include individual support and development programs, team development measures and our internal, cross-departmental d.i.i. Learning Friday training program.

The d.i.i. Group has set aside a separate training budget for this that is largely spent on the professional and methodological development of employees in areas such as improving digital skills. The amount set aside for the training budget is based on the company's annual revenue planning. The budget available per department is based on the number of employees at that department. We have also defined fixed budget items for the development of executives and specialised staff as well as cross-company measures.



Tracking the benefit of training measures

The selection and development of training measures for individual employees, teams and entire departments largely depends on the cost of those measures and the expected results. The goals currently being pursued, company expectations and individual employee requests are discussed in detail before the list of measures is compiled by the d.i.i. Group’s executives and the human resources department.

Cross-company training to enhance technical and methodological skills is also offered within the context of our Learning Friday program, which is open to all of our employees. In addition to growing expertise, this format aims to promote networking within the company as well as develop a shared understanding among our employees and around the activities of other departments.

The d.i.i. Group introduced a comprehensive IT training program in 2021 to particularly promote the digital skills of our employees. The program covers a wide range of software programs, including Microsoft products (e.g. MS OneNote, MS Teams and MS Outlook), PowerBI and the ELO document management system used by the d.i.i. Group. Our IT training program also includes a media training course covering how to use the telecommunications technology in our conference rooms. Each training unit ends with a test to assess results and additional training requirements.

To date, the d.i.i. Group has deliberately decided against collecting data on the total number of hours of training actually completed by our employees, as participation in certain events, including d.i.i.’s Learning Friday event is voluntary. Documenting the number of hours spent on training would put latent pressure on the company’s employees, which is not the effect we are looking to achieve. We also do not document the amount of time that employees effectively spend attending online webinars.

We did, however, document the number of hours employees spent on our Virtual Leadership executive training program with an average of seven hours per executive in 2021. One-on-one IT training and small group training for executives averaged six hours. Employees typically spent four hours on general IT training courses. Specialised training courses in the field of construction project management totalled 32 hours. Training/initial briefings on compliance, risk management, occupational health and safety, preventive health care and remote working were once again compulsory for all new employees of the d.i.i. Group in 2021.

Continuing professional education

The d.i.i. Group supports young people who are just getting started on their career path and offers various trainee positions and apprenticeships within the context of the company’s trainee program every year. We also offer internships and positions for students.

Number of new trainees and apprentices per year		
Year	Trainee program positions	Trainee positions
2019	2	2
2020	3	6
2021	4	1
2022 (target)	3 to 4	4 to 5



CONVERTING A RUN-DOWN RESIDENTIAL COMPLEX INTO A MODERN, SUSTAINABLE RESIDENTIAL QUARTER

Three former housing blocks of the French armed forces from the 1950s to 1960s, which were temporarily used as accommodation for asylum seekers and eventually stood empty for some time, were acquired by the d.i.i. Group mid 2020 for one of their property development funds. The apartment blocks, each encompassing three adjoining buildings and a total of 72 apartments, were in very poor condition at the time of acquisition and a building permit that had already been issued proved not to be economically viable.

The new concept developed by d.i.i. for the property with a project volume of roughly 17 million euros includes renovating core structures and adding a full storey to the existing four-storey buildings. This will create an additional 2,350 sqm of living space and a total of 105 apartments with two to four rooms and 45 to 92 sqm. Three of them will be barrier-free.

Construction started in September 2021 and is scheduled for completion in March 2023. First, the buildings will be returned to shell condition, the gable roof structures will be demolished and structural elements will be optimised – important prerequisites for creating modern, comfortable residential layouts. Balconies and a fifth full storey will also be added in resource-saving timber design.

VILLINGEN-SCHWENNINGEN

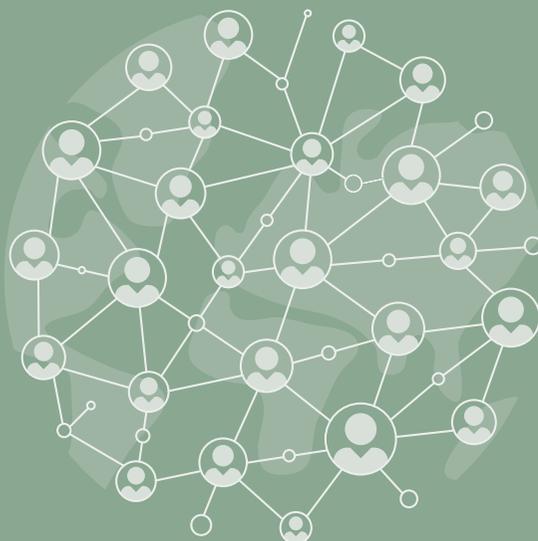


The entire outer shell of the residential buildings, including the new flat roof, will be insulated in compliance with the EH55 standard. The new triple-glazed windows will be equipped with window rebate ventilators and exhaust air from the apartments will be fed into the hot water heating system via an air-source heat pump. A combined heat and power plant operated by local utility company Stadtwerke Villingen-Schwenningen and located on site will supply the entire quarter with heat and electricity. Photovoltaic systems will be installed and operated on the flat roofs of the nine apartment buildings by Stadtwerke Villingen-Schwenningen. The carbon-neutral electricity generated by the systems will be offered to tenants and surplus electricity will be fed into the public grid.

All apartments will have spacious balconies, new bathrooms, doors, windows and flooring as well as new heating, plumbing and electrical installations, bringing them up to today's standards. Staircases and entrance areas will also be modernised. Elevators will be installed at the front of the buildings to increase comfort and convenience. Outdoor facilities will be completely renewed with pathways, landscaping and lawns to create an inviting atmosphere. Wall-mounted charging stations for electric cars using inexpensive green electricity will be installed in the parking areas.



4.



Society

4.1 RESPECT FOR HUMAN RIGHTS

[GSC 17] [CSR-RUG] d.i.i. carries out its business activities within the Federal Republic of Germany. This means that the company's business activities are subject to EU law and German law, which prohibit forced and child labour as well as any form of exploitation. d.i.i. is committed to the high ethical standards of European human and civil rights. We place particular importance on integrity, fairness, reliability, respect and trust as guiding principles that we practice in all business relationships. We do not support any form of child labour or human exploitation. As such, the d.i.i. Group is also committed to abolition of forced labour (Convention No. 105 of 1957) and child labour (Convention No. 182 of 1999) in its supply chain.

The entire Group implemented mandatory business partner compliance in order to extend its ethical business conduct to its business partners in January 2020. Since June 2020, all new business partners must also contractually commit to "environmental, social and ethical business standards" by acknowledging the company's code of conduct for business partners. In this context, the d.i.i. Group is not aware of any events or incidents in which the d.i.i. Group or any of its business partners have been accused of having violated human rights.



4.2 SCOPE OF THE VALUE CHAIN

[DNK 4] The d.i.i. Group specialises in the selection, development, renovation, financing and sale of residential real estate. The Group handles real estate projects of all sizes, from refurbishing individual properties to developing entire residential areas and new construction projects. All business activities relevant to the success of these projects are carried out by the Group itself, including energy-efficient development, ancillary cost management as well as housing privatisation, marketing and financing.

The analysis for property acquisitions always includes an evaluation of property-related (risk) factors, e.g. risks associated with climate change, soil condition (contamination), building fabric (use of hazardous or harmful substances), sufficient integration of properties into the local infrastructure and realisable sustainability potential. If d.i.i. decides to acquire a property, the company also arranges financing.

The next step is detailed planning for implementation of the sustainability guidelines/targets for the renovation of existing buildings. This particularly includes measures around thermal insulation, energy supply and building layouts as well as structural measures in interior rooms to improve comfort as well as sustainability performance. An important consideration in this context is the choice of materials, which should provide a positive sustainability effect while being sustainable themselves.



4.3 INVESTMENT PROCESS

The investment process takes into account, analyses, factors in and maps out sustainability risks at every stage. The research process for potential investments is based on a regional focus. The company focusses its investments on the mid-market residential segment in German cities and metropolitan areas. This currently encompasses roughly 60%–70% of housing in Germany, although luxury apartments are not included in the company's investment horizon. Location analysis for the relevant cities is based on factors such as infrastructure, demand for affordable housing, etc.

Research results are compared to demand based on the investment behaviour of potential investors. Risks arising from adverse effects caused by factors that are exacerbated by climate change are further minimised within the scope of fund planning. One key aspect here is portfolio diversification, which also serves to minimise the impact of external environmental factors. As such, the idea is to have no more than 25% of a portfolio in one city once the investment process is completed and no more than 40% of the acquired properties in the same metropolitan region.

Sustainability risks at property level are taken into consideration within the scope of the site or property analysis carried out prior to acquisition. This includes integrating environmental factors into technical due diligence, legal due diligence and contamination analysis. The technical assessment of a property includes an analysis of the building fabric, current energy efficiency as well as local conditions in the micro-location, i.e. access to public transport, community facilities and daily amenities. These factors lead to a summary of the results in the corresponding acquisition proposal of each property and the planning of the investment measures in terms of energy efficiency and social factors of the property.

If the company acquires a property for one of its current portfolios, the next step is to prepare a detailed plan for implementing the development strategy and CapEx measures. The plan typically focuses on reducing energy consumption, reducing ancillary housing costs and creating new residential space. A specific sustainability strategy tailored to the property includes analysing energy requirements at the time of acquisition, planning measures to improve the energy footprint to a maximum of 200 kWh/sqm and estimating the amount of CO₂ that will be reduced through the planned investments. This analysis also takes into account the design of outdoor areas in terms of landscaping, promoting e-mobility, improving accessibility and improving quality of living.

In addition to environmental impact, social considerations play a key role in ongoing property management. The company's social charter applies to all properties. Achieving a balanced tenant mix through structural measures, e.g. building playgrounds in outdoor areas, is another key focus. Properties are converted to green electricity and all new tenants have the opportunity to switch to carbon-neutral electricity. Another aspect of ongoing asset management is waste reduction by creating individual waste concepts for each residential complex. When a property is sold at the end of the holding period, we include the required energy data in the listing. That means that we take sustainability factors into account over the entire holding period. Sustainability factors explicitly do not have a negative impact on the return, but rather underline the long-term nature of a real estate investment and the associated value retention.

In addition to property acquisition and ongoing management, our investment process also focuses on downstream sustainability factors, which have an impact on our decision-making processes. This includes ongoing target vs. current analysis of planned measures, consideration and monitoring of any sustainability risks associated with the business model and monitoring procedural implementation of sustainability strategies at our operational units in order to create an investment process that strives to take all aspects of sustainability into account.



4.4 CONTRIBUTING TO SOCIETY

[GSC 18] [CSR-RUG] d.i.i. strives to make a positive contribution to society through its business activities. In addition to creating sufficient housing stock that is suitable for different living situations, taking a social approach to urban development strengthens local communities and prevents socio-spatial segregation.

Quality of living is not limited to a person's own four walls. The residential environment in the community and in a neighbourhood also has a decisive impact on the safety and quality of life of people living in the area. A decisive factor in this is to establish and pursue neighbourhood developments, something that d.i.i. would like to expand on in the future. When leasing space to new tenants, we pay particular attention to creating a healthy tenant mix at our residential complexes. To us at d.i.i., having a healthy tenant mix means creating socially balanced rental and resident structures.

Because we often acquire rental properties for our investment funds, the d.i.i. Group has adopted its own social charter, which regulates respectful tenant relationships. It sets out guidelines and principles intended to ensure compliance with social obligations with regard to investing in and managing residential real estate. This includes extended protection against eviction for older or physically disabled tenants living at our properties, hardship provisions for low-income tenants and, under certain conditions, an extensive housing guarantee. Active service charge management, transparent communication, sustainable quarter development and the exclusion of luxury refurbishments are also specified in the social charter (section 5.3).

When updating a property, we create accessible residential space whenever technically possible and economically viable, i.e. primarily on the ground floor. We include at least one option for barrier-free access at buildings that feature elevators or where the installation of elevators is technically and economically viable. Apartments at new-build multi-storey residential buildings that are currently in the planning phase feature barrier-free access whenever possible.

The d.i.i. Group is committed to social responsibility beyond its core business and regularly supports social institutions, associations and fundraising campaigns. The following organisations were supported in 2021:

- Sponsoring of Wiesbaden Jazz Night 2021 (organised by FondsForum) for the benefit of children with disabilities.
- Call for donations to "Aktion Deutschland hilft" for the benefit of victims of the flood disasters in North Rhine-Westphalia, Rhineland-Palatinate and Bavaria. The company generously added to the amount of money donated by d.i.i. Group employees.
- Donation to the VC Wiesbaden volleyball club





**GOOD
LIVING.**



89 APARTMENTS RENOVATED IN LINE WITH MODERN ENERGY STANDARDS

The apartment buildings at Rathausplatz 4 and 5 in Aachen are an impressive example of how great the need of existing properties for energy refurbishment still is. d.i.i. acquired the two buildings for a property development fund in a condition that corresponded to the energy standard at the time of construction in 1970. The facade was insulated with fibre cement panels containing asbestos and a four-centimetre layer of mineral wool. The aluminium frame windows did not have any thermal separation.

The two buildings therefore offered ample potential for comprehensive energy refurbishment, including works such as replacing the windows. The new windows are triple-glazed and have window rebate ventilators that ensure the minimum required ventilation as part of the new ventilation concept.



AACHEN

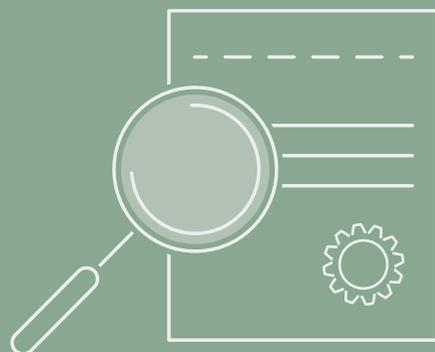
Another measure involved dismantling and proper disposal of the facade panels containing asbestos and the mineral wool, which is contaminated with synthetic mineral fibres. The entire process was monitored by an expert in hazardous materials abatement. The facade will be re-clad with a thermal insulation composite system made of non-combustible mineral wool. The energy efficiency measures are subsidised by the German Federal Office for Economic Affairs and Export Control (BAFA) and monitored by an energy consultant. The required funding applications were submitted and approved before commissioning the contractors.

We are also reviewing whether it will be possible to install photovoltaic systems on the flat roofs in order to generate electricity for tenant use. If the system is approved, it could be provided under a contracting model.

d.i.i. will be implementing a variety of measures to develop a total of 89 apartments that meet modern energy standards. The apartments, which will feature 2 to 4 rooms, appeal to a variety of users, which will promote a balanced tenant mix and diversity. This will further increase the attractiveness of the established residential neighbourhood for its residents. The property offers excellent access to transport with several bus lines nearby. 65 parking spaces are also available at the property, which features a total area of 6,500 sqm.



5.



Governance

Sustainability considerations play an important role along the entire value chain and are part of the analysis, evaluation and decision-making processes. Key documents that enable d.i.i. to practice sustainable business are the company's sustainability code, code of conduct for business partners and social charter which are enclosed in full below, and compliance policy [GSC 6].

5.1 ESG CODE

Introduction

d.i.i. Deutsche Invest Immobilien AG and d.i.i. Investment GmbH (hereinafter referred to as "d.i.i.") are aware of their responsibility to society and the community and the role they play in the German real estate industry. Sustainable activities and business practices are an essential part of our corporate culture and define the way we do business.

The principles of sustainability are an integral part of the d.i.i. Group's values, strategy and structures and are integrated into corporate decision-making at all management levels.

We pay particular attention to sustainability in our business activities when developing new investment products and when working with our clients and partners.

Sustainability is an important factor behind our investment strategy and in the due diligence we do before acquiring a property.

We are committed to making sure that all of the required processes that are fundamental for sustainable construction are put in place during the construction or refurbishment of our buildings. We tap synergy effects around energy efficiency and climate protection through early integrative planning, joint project work coordinated by our construction

project management during the construction process and streamlined operation organised by our asset management team. We target optimised energy efficiency, reducing environmental impact and focussing on a balanced tenant mix at property level.

We look for companies that are explicitly guided by sustainability principles and actively support our efforts when selecting asset and property managers as well as other service providers. We introduced a mandatory code of conduct for our business partners in June 2020 to help facilitate these objectives.

Our responsibility to the environment

We are dedicated to strictly complying with and implementing the applicable environmental laws and regulations. After economic consideration, we go with more environmentally compatible solutions above all other possible solutions, especially when it comes to general business operations, property management and property development.

Our aim is to reduce or avoid to the extent possible the use and consumption of resources and generating of waste of any kind, including water and energy. We strive to find economic solutions to improving energy efficiency and minimising energy consumption.

We emphasise biodiversity when designing the exterior and outdoor areas of the properties we manage. We landscape or create green spaces at our properties, depending on each individual situation. We focus on using plants that are native to the area or appropriate for the location and require little watering. We try to include green roofing at our new construction projects wherever possible. We focus on using water-saving technologies and sustainable materials in the refurbishment of existing properties and new building developments.

Our responsibility for society & community

We follow high health and safety standards for our employees and tenants and comply with material labour laws and regulations. Our **d.i.i. social charter** expresses our social commitment to our tenants and guarantees protection far beyond legal regulations.

We offer our employees at **d.i.i.** fair conditions at the workplace, flexible hours, appropriate remuneration, more vacation days and opportunities for training and continuing education. We value having a heterogeneity mix at all management levels and promote diversity when it comes to the expertise, gender, origin and age of everyone who works on our teams.

We also find that it is important to actively contribute to society by supporting local philanthropic projects.

Our ethical business conduct

We are committed to the ethical standards derived from European human and civil rights. We place particular importance on the guiding values of integrity, fairness, reliability, respect and trust, which we practice and expect to see in all of our collaborations.

We do not support any form of child labour or human exploitation. We pay strict attention to compliance with occupational health and safety standards. We cooperate with the supervisory authorities responsible for us. We are open and transparent in our dealings with them. We are committed to compliance with legal regulations, in particular regulatory directives.

We have put strict prevention measures into place and actively identify, stop and report any suspected cases of money laundering. We practice the standards of fair business, fair advertising and fair competition.

We do not tolerate any form of bribery, corruption, extortion or embezzlement. We comply with data protection and information security laws and government regulations when collecting, storing, processing, transmitting and disclosing personal information.



5.2 OUR CODE OF CONDUCT FOR BUSINESS PARTNERS

Introduction

d.i.i. Deutsche Invest Immobilien AG and **d.i.i. Investment GmbH** (hereinafter referred to as “**d.i.i.**”) are committed to ecologically and socially responsible corporate governance. We expect all of our business partners to do the same. We also expect our employees to engage in adhering to the principles of environmental, social and ethical conduct and to integrate these into our corporate culture. **d.i.i.** is committed to optimising its business activities and its residential real estate portfolio in terms of sustainability and we ask our business partners to contribute to this within the context of a holistic approach.

Each time we enter into a collaboration, the contracting parties agree on the validity of the following regulations for a common code of conduct. This agreement then becomes the basis for all future deliveries and services. The contracting parties commit to comply with the principles and requirements of the code of conduct. **d.i.i.** requires its business partners to place their subcontractors under contractual obligation to comply with the standards and regulations listed in this document. The agreement enters into force upon signing the business contract. Any violation of this code of conduct may give **d.i.i.** reason and cause to terminate the business relationship including any related supply and service contracts.

The code of conduct is based on German laws and regulations as well as international conventions such as the United Nations Universal Declaration of Human Rights and Convention of the rights of the child. We expect our business partners to comply with all relevant laws and regulations as well as all applicable standards.

Our requirements on our business partners

■ Social responsibility

We do not tolerate unacceptable treatment of workers, including mental hardship, or sexual or personal harassment. Similarly, do not tolerate the use of child labour. The remuneration paid to workers must comply with all applicable laws on compensation, e.g. laws pertaining to minimum wage or overtime. Working hours must comply with applicable laws and industry standards. Our business partners must also respect the right of workers to freedom of association and workers must be able to communicate openly with the management without fear of reprisal or harassment. We do not tolerate discrimination against employees in any form. Our business partners must respect the personal dignity, privacy and rights of each individual. Our business partners are responsible for a safe and healthy work environment.

■ Responsibility for the environment

Our business partners are required to strictly comply with and implement the applicable environmental laws and regulations. After economic consideration, we go with more environmentally compatible solutions above all other possible solutions, especially when it comes to general business operations, property management and property development. Our aim is to reduce or avoid to the extent possible the use and consumption of resources and generating of waste of any kind, including water and energy. We strive to find economic solutions to improving energy efficiency and minimising energy consumption.

■ Ethical business conduct

Our business partners are required to comply with the standards of fair business, fair advertising and fair competition. They must adhere to all applicable antitrust laws. These particularly prohibit agreements and other activities that influence prices or conditions when dealing with competitors. Our business partners are under the obligation to comply with the laws on data protection and information security as well as with other official regulations when collecting, storing, processing, transmitting and disclosing personal information. We also require our business partners to comply with the highest standards of integrity in all of their business activities. Our business partners are required to have a zero tolerance policy that prohibits any type of bribery, corruption, extortion or embezzlement. They are also required to comply with anti-corruption laws. Our business partners must comply with all laws prohibiting money laundering or the financing of illegal or unlawful activities. **d.i.i.**'s business partners must guarantee that they are doing business exclusively with reputable business partners, i.e. partners who conduct legal business activities using funds from legal sources.

Implementing the requirements

d.i.i. expects its business partners to identify risks within their supply chains and to take appropriate measures. **d.i.i.** reserves the right to take appropriate measures when dealing with business partners who do not meet these requirements. This can ultimately lead to the suspension or termination of a business relationship.



Business partner's acknowledgment and consent

By signing a business contract with d.i.i., our business partners place themselves under the obligation to act responsibly and to comply with the principles discussed above. Our business partners confirm that they will effectively communicate the contents of our code to their employees, agents, subcontractors and suppliers and assures that all necessary arrangements will be properly made.

**5.3 d.i.i. social charter**

d.i.i. Deutsche Invest Immobilien AG/d.i.i. Investment GmbH alternative investment fund management company (AIFM) hereinafter referred to "d.i.i."

1. Preamble

d.i.i. Deutsche Invest Immobilien AG is an owner-run company. The company is based in Wiesbaden, Germany, along with **d.i.i. Investment GmbH** (AIFM). One of the leading specialists in German residential real estate, **d.i.i.** is active along the entire value chain, from property acquisition, financing, development and management to selling real estate. The company defines itself as a strong asset manager, well versed in balancing the interests of tenants, buyers and investors.

d.i.i.'s core business is creating and managing residential real estate portfolios in Germany for private and institutional investors. In these endeavours, **d.i.i.** strategically focuses on long-term development and sustainable value optimisation of the properties.

With the investment in and management of residential real estate, **d.i.i.** is aware of the associated social obligation, especially towards existing tenants, within the legal framework of tenant protection and beyond.

The company therefore implements the measures (commercial as well as technical) that it plans in for developing and optimising the value of each residential complex without negatively impacting the social concerns of current tenants at the properties.

The primary goals are to reduce operating costs, reduce any vacancy and develop the properties in order to generate stable rental income at market level. The company cooperates closely with municipalities and cities to create sustainably attractive residential quarters for the relevant target groups and to manage them appropriately.

d.i.i. is also aware of the challenges that are becoming apparent as Germany experiences social and demographic changes. As a large provider of housing, it is important that we are sensitive in our dealings with all of our tenants as society continues to age and becomes more international. We also place importance on environmental and sustainability aspects. Our construction and project development department incorporates these aspects into all of portfolio refurbishment and new construction activities.

In order to make these aspirations concrete, our social charter includes guidelines and principles that have been designed to ensure compliance with social, environmental and sustainability obligations in the context of investing in and managing residential real estate.

2. Social responsibility

d.i.i. is aware of its social responsibility as a provider of residential real estate and therefore guarantees its tenants protection that goes far beyond legal regulations.

2.1 Special protection and comfort for the elderly and those who are physically disadvantaged

We offer a lifelong housing guarantee and extended protection against termination to existing tenants who have reached the age of 70 and over or who can prove that they have a physical disability.



d.i.i. defines a lifetime housing guarantee as:

- Taking the financial situation into consideration (for rent increases up to the the complete waiver of a rent increase)
- Extended protection against termination (up to payment arrears amounting to 4x basic net rent)
- Agreeing to payment in instalments of up to 24 months
- Option of moving into an apartment that has been renovated for use by people who are elderly/disabled, if such an apartment is available

Should rent be raised, we assess each case involving tenants experiencing hardship. In such cases, d.i.i. reviews the rent increase and talks to the tenants concerned in order to find an economically viable solution with the aim of enabling those tenants to remain at the residential complex.

d.i.i. offers tenants the following options in order to make it possible for tenants experiencing difficulties to remain at the property:

- Staggering the rent increase over several years or
- Internal move to a smaller apartment at the tenant's request in order to reduce the overall monthly burden (if smaller apartments are available and vacant at the time of justified claim of hardship); or

- Partial waiver of rent increase if the other options are not feasible. In cases in which d.i.i. has offered the tenant the opportunity to move to a smaller apartment, granting a partial waiver is based on the tenant being able to justify and prove upon request why such a move would not be possible. The only criteria here are how many people would be occupying the apartment or any physical impairment.

d.i.i. is particularly aware of the challenges involved in demographic change. One of the company's goals is therefore to enable the country's aging population to live independently in their own homes. d.i.i. therefore strives to increase the percentage of accessible and age-appropriate apartments by investing the renovation of vacant units. After reviewing the situation, we make reasonable and economically viable investments in structural measures to provide barrier-free access at building entrance areas and outdoor areas.

When updating a property, we create accessible residential space whenever technically possible and economically viable, i.e. primarily on the ground floor. We include at least one option for barrier-free access at buildings that feature elevator systems or at which installation is technically and economically viable. Apartments at multi-storey residential buildings that are currently in the planning phase include barrier-free access whenever possible.

2.2 Special protection for low-income tenants

d.i.i. strives to make sure that 10% of its tenants at residential complexes are recipients of support under the German Social Code II. This does not apply to residential properties with fewer than 50 residential units.

Likewise, for all low-income tenants, Individual cases of hardship are also assessed in close communication with the tenants concerned. In such cases, d.i.i. reviews the rent increase and talks to the tenants concerned in order to find an economically viable solution with the aim of enabling those tenants to remain at the residential complex.

d.i.i. offers tenants the following options in order to make it possible for tenants experiencing difficulties to remain at the property:

- Staggering the rent increase over several years or
- Internal move to a smaller apartment at the tenant's request in order to reduce the overall monthly burden (if smaller apartments are available and vacant at the time of justified claim of hardship); or
- Partial waiver of rent increase if the other options are not feasible. In cases in which d.i.i. has offered the tenant the opportunity to move to a smaller apartment, granting a partial waiver is based on the tenant being able to justify and prove upon request why such a move would not be possible. The only criteria here are how many people would be occupying the apartment or any physical impairment.

2.3 Prevention of loss of housing/housing emergencies

d.i.i. employs appropriate measures in cooperation and close coordination with the relevant property managers to prevent or reduce housing emergencies and loss of housing (eviction notices as a result of rent arrears).



Within the context of its social responsibility d.i.i. does everything within its power to avoid eviction proceedings whenever possible. d.i.i. contacts tenants right away if their rent is in arrears and offers advice and support with the aim of preventing an increase in rent arrears and enabling payment to be made. We are also willing to agree to payment in instalments to the extent economically feasible. Even in cases where eviction has been approved, d.i.i. is prepared to waive eviction in coordination with the relevant municipality, provided that any payment in arrears is settled.

2.4 Reasonable treatment of rent increases due to modernisation

d.i.i. does its best to compensate tenants for any increases in basic net rent by engaging in active management of service charges in which the increase is neutralised by reducing advance payments of service charges. As this is not always possible and due to the drastic increase in energy, supply and disposal costs, d.i.i. has put the following regulations in place, which extend beyond the legal requirements.

The tenants' apportionable share of modernisation-related rent increase (pursuant to sec. 559 seq. German Civil Code (Bundesgesetzbuch, BGB) is limited to a maximum increase in net basic rent of €1.80 per sqm for a period of three years.

2.5 Active management of service charges

We continue to realise cost savings through our close cooperation with the responsible property managers of our residential complexes and through extensive, up-to-date analyses of the energy market. These savings primarily benefit our tenants.

Measures include, amongst others, the following:

- We regularly conduct energy optimisation measures and replace for example heating systems, windows, and insulation of facades, ceilings and basements.
- We regularly review contracts with supply, disposal and energy service providers and renegotiate them when necessary. These particularly include master agreements for gas, oil, district heating and electricity. Janitorial, maintenance and cleaning contracts are also regularly assessed and compared. We switch providers when necessary.
- Another effective tool for reducing operating costs is our benchmarking. We use a comparative analysis with other portfolio properties and a comparison with the operating cost tables issued by the respective state and the federal government to identify cost drivers and quickly replace these with services provided by less expensive providers.
- Engaging in regular dialogue with our property managers is an important component of our quality management and ensures that our measures are implemented on site.

2.6 Commitment to transparent communication

d.i.i. is committed to informing the relevant municipality or city about the acquisition of apartments and the company's underlying strategy in good time and to be available for discussion with the authorities to the extent possible within the scope of the investment.

Following transfer of benefits and burdens, d.i.i. informs current tenants at the property in writing about the change of ownership by sending out a tenant welcome letter within five working days.

If necessary or should the situation require it, d.i.i. or the local property management company invites the tenants of residential complex to an information event within a reasonable period of time after transfer of ownership in order to introduce itself and to be available to answer any questions the tenants may have.

2.7 Sustainable quarter development

Quality of living is not limited to a person's own four walls. The living environment in the community and in the neighbourhood also has a decisive impact on the safety and quality of life of the people who live in the area. The goal of social urban development is therefore not only to create sufficient housing stock that is appropriate for different living situations, but also to strengthen neighbourhoods, promote the coexistence of different population groups and prevent socio-spatial segregation. A decisive factor in this is to establish and pursue neighbourhood work, something that d.i.i. would like to expand on in the future.

When leasing space to new tenants, we pay particular attention to creating a healthy tenant mix at our residential complexes. To us at d.i.i., having a healthy tenant mix means creating socially balanced rental and resident structures.

3. Responsibility for the environment and sustainability

3.1 Exclusion of luxury modernisations

Comprehensive modernisation of residential properties is often accompanied by fears of drastic rent increases. d.i.i. does not practice what is often referred to as "luxury refurbishments" at its residential complexes. d.i.i. relies on necessary repairs, maintenance and modernisation to create a more comfortable and attractive place to live.

The standard of the renovation or modernisation is to be based on the conditions found in the immediate environment. Apartments are primarily renovated after a tenant moves out.



When planning these measures, it is important to make sure that rent prices at most correspond to normal market level, i.e. the rent prices being paid for apartments in the immediate vicinity with a similar equipment standard.

3.2 Energy-efficient modernisations in compliance with ENEV

By modernisation and refurbishment, d.i.i. strives to improve tenants' quality of living and significantly reduce the tenants' ancillary costs. This ideally increases quality of life while the rent remains the same. This ideally increases quality of live, while the rent remains the same, as the increase in basic rent is compensated for by the reduction in ancillary costs.

Professional energy modernisation is always carried out at our residential complexes in compliance with the provisions set forth under the German Energy Saving Ordinance (ENEV).

3.3 Preventing vacancy and reducing vacancy periods

Apartments being vacant for a long period of time can have consequences. On the one hand, vacancy constitutes a cost factor as no rental income is generated while management costs are still incurred. On the other hand, a property with a high vacancy rate is exposed to the risk that its image may suffer and that the residential complex may become less attractive.

The aim is therefore to prevent or reduce vacancy and shorten vacancy periods. That is why d.i.i. always strives to keep its tenants in their apartments for the long term. If a lease is terminated, however, and an apartment becomes vacant, that apartment is let to a new tenant as soon as possible or renovated by our construction department within the shortest possible period of time (typically six weeks). With these practices, d.i.i. ensures that renovated residential space gets back on the market as quickly as possible.

3.4 Creating new living space through densification

In light of the current housing shortage in Germany, particularly in central locations, d.i.i. is examining the possibility to create additional residential space at its properties by adding additional storeys to existing buildings or through densification. These measures are carried out in close coordination with municipal planning departments and under the greatest possible consideration for the interests of the tenants living there. This allows us to create additional living space with high urban and architectural quality in locations where space is hard to come by while limiting urban sprawl.

4. Scope of application of our social charter

d.i.i.'s social charter applies to all residential properties acquired and under management.

Whenever a property is sold, d.i.i.'s obligation to comply with the regulations for that specific residential complex ends.

We strongly recommend the buyer to continue to apply the regulations of this Social Charter in the future.

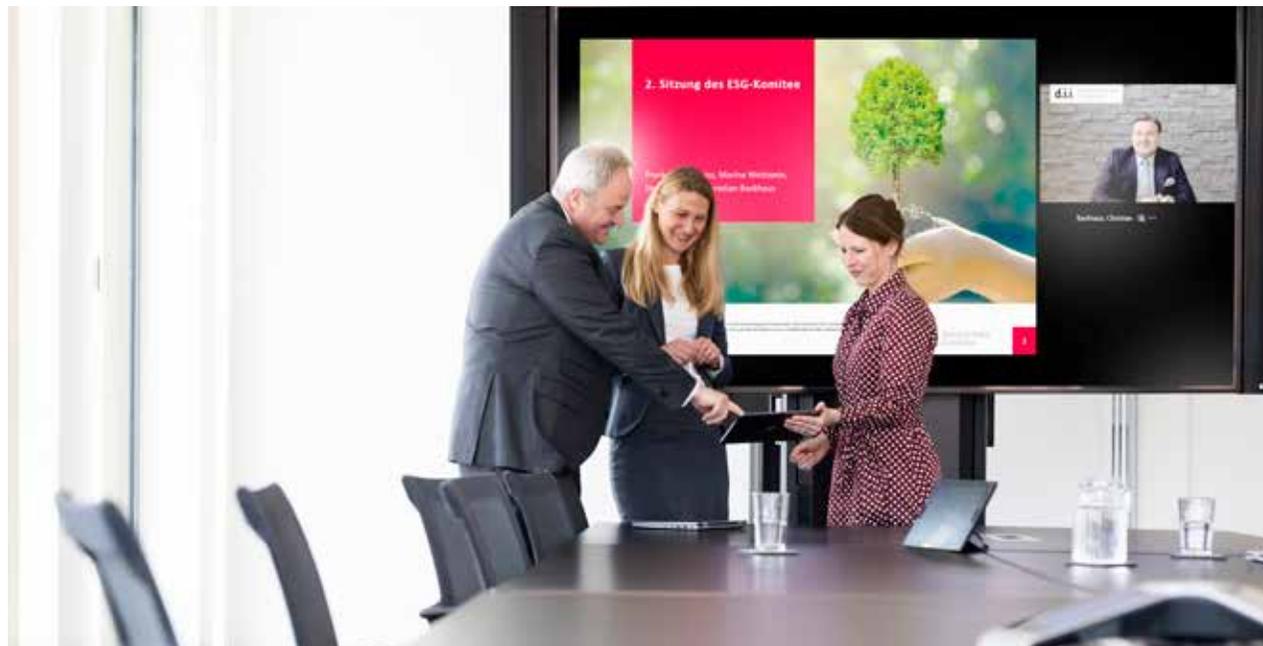


5.4 CONTROL, IMPLEMENTATION AND MONITORING

[GSC 5] [GRI 102-16] The principles of sustainability are an integral part of the d.i.i. Group's values, strategy and structures and are integrated into corporate decision-making at all management levels. The company's sustainable corporate strategy was developed by the CEO of d.i.i. Deutsche Invest Immobilien AG in collaboration with the Management Directors of d.i.i. Investment GmbH (AIFM), corporate development and other relevant departments and then anchored in various guidelines and codes.

This was done to ensure that the rules and obligations are clear and understandable and that all employees comply with them. We continue to adapt and expand these processes or rules further should regular monitoring activities show that any of them are insufficient or ineffective.

The d.i.i. Group has established an ESG committee (Environmental, Social, Governance) to ensure that sustainability measures can be smoothly managed and coordinated to make sure that we are able to respond as quickly as possible to changes in the regulatory framework. The committee monitors all relevant changes in the environment as well as (market) trends and compares the effectiveness of measures, decisions and target values. This enables the committee to initiate appropriate adjustments when necessary. The Management Board of d.i.i. Deutsche Invest Immobilien AG is a member of the ESG committee and is responsible for the Group's overall sustainable performance.



[GSC 5] Steering and controlling activities, the operational business and other responsibilities are distributed among several different bodies at the d.i.i. Group. The ESG committee is responsible for defining the sustainability strategy and framework as well as the relevant targets. The Group's executives and employees regularly discuss practical implementation of these rules in day-to-day business; those involved at this level form the sustainability team.

[GSC 7] The d.i.i. Group's managers are responsible for direct control of the Group's sustainability performance. The ESG committee monitors overall performance at least on a quarterly basis. Over the course of 2022, the d.i.i. Group will appoint an ESG officer to support the Group's sustainability

management. The ESG officer will assist the committee in its operational business and coordinate with the other departments. In addition to the ESG committee, the Group's compliance officers ensure compliance with the legal requirements and the Group's principles of conduct.

The Management Board and the ESG officer, once appointed, are responsible for reviewing, making improvements to and updating these rules and regulations on a regular basis and under any extraordinary circumstances. This is carried out on an ad-hoc basis and at least once a year. All employees are informed of any changes to the rules and regulations in order to guarantee that standardised principles of conduct are employed throughout the Group.

The d.i.i. ESG committee and its tasks	
Staffing:	Leading employees from various parts of the company including the CEO of d.i.i. Deutsche Invest Immobilien AG; with equal representation
Frequency:	At least once a quarter
Developing the sustainability strategy	
Steering and coordinating ESG target achievement at company and fund level	
Helping further develop the ESG risk analysis in cooperation with the risk management and compliance departments	
Advancing current ESG-related guidelines and work instructions	
Monitoring sustainability target achievement	
Acting as contact regarding ESG matters for the Supervisory Board, Management Board/Managing Directors and company departments	
Coordinating press and public relations work on ESG-related topics	

d.i.i. is exposed to many risks in the course of its business, which are inextricably linked to its entrepreneurial activities. The company uses effective management and control systems at both corporate and fund level in order to identify these risks at an early stage, quantify them and manage them. Together, these form a standardised risk management system.

Standardised risk management ensures that opportunities and risks are systematically recorded, assessed, controlled, monitored and communicated. The goal is to obtain information about the type and scope of risks as well as any financial impact as early as possible and to manage this information in such a way that the continued existence of the company is not jeopardised and that the company's value can be sustainably secured and increased.

The Disclosure Regulation defines the key term "sustainability risk" as an environmental, social or governance-related event or condition, the occurrence of which could have an actual or potential material adverse effect on the value of the investment.

[GSC 7] Implementation of the sustainability strategy is monitored at the d.i.i. Group on two levels:

Level 1. Regularly comparing current results of sustainability measures with set targets by the operative units. At this level, for example, strategic fund controlling for sustainability aspects is carried out in fund management. KPIs include:

- Comparing current capital expenditure for energy-related measures with targets: Target measures and target investments are derived from approved property investment plans and are compared with the investments made. For this purpose, all measures to improve a building's energy balance are marked separately in the internal system.
- Development of sustainability data such as electricity, heating, water, waste and building efficiency values. Changes in the carbon footprint of all funds in accordance with Article 8 (1) of the Disclosure Regulation

Level 2. Monitoring implementation of the sustainability strategy at the operative units by a separate, independent unit. At this level, for example, strategic fund controlling for sustainability aspects in the area of risk management and compliance takes place.

The ESG data of funds issued in compliance with Article 8 (1) of the Disclosure Regulation, which is published in the fund sustainability reports for investors, is integrated into the risk monitor. This data, together with other relevant data, is incorporated into the fund's risk assessment and is used to evaluate that fund's general risk situation.

An annual risk inventory is taken to examine which risk categories (financial, market, strategic, organisational, external) are fundamentally affected by sustainability issues. Different time horizons are highlighted. Risks that have been identified in the products currently under management as well as any trend risks that may develop over time are taken into account.

At its regular meetings, the risk committee analyses sustainability issues and their impact on the company's business model in addition to current capital market events and political and social developments. The committee also analyses the impact of these issues on the company's managed and planned products and makes strategic recommendations.

Regular stress tests and scenario analyses are used to examine the impact of sustainability risks on the performance of the funds and the alternative investment fund management company. Some examples of such risks include interest rate premiums charged by the financing banks or higher vacancy rates at rental properties as the result of the lack or insufficient sustainability strategy or because the properties are not attractive enough.



5.5 REMUNERATION AND SUSTAINABILITY INCENTIVES

[GSC 8] [GRI 102-35] The companies of the d.i.i. Group are not bound by collective agreements. Employee remuneration is freely negotiated and contractually agreed and consists of a fixed base salary and, in individual cases, a variable compensation component (additional cash payments and benefits that may be granted on the basis of performance criteria or, in certain cases, other contractual criteria).

The d.i.i. Group pays salaries in line with the market and based on performance. All of these salaries are well above the minimum wage in Germany. The variable salary component is currently based on the Group's general earnings situation and on the individual contribution of employees to achieving the targets specified in the business strategy. These targets also include qualitative sustainability targets as part of the general strategy.

d.i.i. offers additional benefits such as continuing education and fitness offers, participation in the company pension plan, free public transport to and from work and employee coverage through group accident insurance.

d.i.i. is aware of its environmental, corporate, social and societal responsibility, which is why it integrates achievement of qualitative sustainability targets into its remuneration program. The ESG risks identified at company and fund level will also be included in the company's annual employee performance reviews going forward. During the review, we assess the extent of compliance with the measures for implementing the ESG strategy. As of 2023, we will also integrate quantitative targets into our incentive and remuneration system.

5.6 COMPLIANCE

[GSC 20] [CSR-RUG] [GRI 205-3] [GRI 419-1] d.i.i.'s compliance policy includes strict regulations to prevent violations of the law and conflicts of interest. The company also uses an external whistle-blower system that makes it possible to anonymously report suspected violations of the compliance policy or any applicable laws. The d.i.i. Group places tremendous importance on adherence to the compliance policy. Employees are required to explicitly confirm in writing that they have read and that they understand the compliance policy when they are hired. All of the company's employees and executives are also required to regularly attend training sessions on compliance topics.

d.i.i. has taken a number of precautions to identify, stop and report cases of money laundering. d.i.i. always complies with the principles of fair business, fair advertising and fair competition. d.i.i. does not tolerate any form of bribery, corruption, extortion or embezzlement. The company complies with data protection and information security laws and gov-

ernment regulations when collecting, storing, processing, transmitting and disclosing personal information. To date, d.i.i. is not aware of any cases in which it has been accused of violating laws, customary market practices or internal guidelines.

The activities of d.i.i. Deutsche Invest Immobilien AG and d.i.i. Investment GmbH are subject to laws and regulatory requirements. However, there is always a chance that business situations may arise to which no specific legal or regulatory requirements apply. All of the actions and decisions of the companies and their employees are therefore required to be in line with the highest ethical standards. Ethical business conduct is essential in safeguarding the reputation of the d.i.i. Group and the trust of its stakeholders.

The companies of the d.i.i. Group are audited by an outsourced "internal" audit department as well as formally by auditing firms. No significant issues have been identified during the audits to date and unqualified reports have been issued.



5.7 MEMBERSHIPS, PARTICIPATION IN GLOBAL INITIATIVES AND POLITICAL INFLUENCE

[GSC 19] [GRI 415-1] The d.i.i. Group does not exercise any direct political influence. It is, however, a member of the advocacy group INREV, a signatory to the UNPRI and (since 2022) participating in the UN Global Compact initiative.

Some employees of the d.i.i. Group are members of various national and international industry associations and federations but maintain neutrality and independence. d.i.i. as a company and its employees do not exert any political influence, do not make donations to public officials or political organisations and do not actively lobby.

d.i.i. makes donations of money and goods to regional institutions and associations that are committed to the common good.

INREV (European Association for Investors in Non-Listed Real Estate Vehicles), Amsterdam, is a non-profit association representing investors' interests in the European market for non-listed real estate funds.

UNPRI (United Nations Principles for Responsible Investment) is an international investor network with organisations at country level that, as an initiative supported by the United Nations, aims to implement six principles for responsible investment.

The **UN Global Compact** (United Nations Global Compact) is the world's largest and most important initiative for sustainable and responsible corporate governance. Signatories undertake to comply with ten principles focusing on human rights, labour standards, the environment, climate and preventing corruption. The UN Global Compact Network Germany (UN GCD) with more than 800 participants from business, society and politics helps companies strategically anchor sustainability practices in their business and contribute to the implementation of the Sustainable Development Goals.

IMPORTANT INFORMATION

This Sustainability Report 2021 is the first sustainability report published by the d.i.i. Group (d.i.i. Deutsche Invest Immobilien AG and d.i.i. Investment GmbH). It covers the key developments around the environment, society and community at the d.i.i. Group. This document has been prepared for general information purposes only.

This sustainability report does not constitute an offer or a request to submit an offer to invest in closed-ended special AIFs or public AIFs, nor does it constitute investment brokerage or advice or an advertisement or recommendation to invest in AIFs or other investment products. The information contained in this sustainability report does not replace or supplement the information provided in information documents pursuant to sec. 307 German Capital Investment Code nor that provided in sales prospectuses. The information contained in the latter is mandatory.

Most investments are long-term entrepreneurial investments (investments in domestic closed-ended alternative investment funds) that do not guarantee a fixed return or a fixed repayment of the capital investment made. Partial or total loss of the invested equity cannot be ruled out in the event of unfavourable performance of the investment fund.

The Sustainability Report 2021 is published in German and the German text is mandatory. The report primarily targets the following: Investors, parties engaged in acquiring real estate, business partners, employees, shareholders, tenants, the public and the media, lenders, authorities, municipalities and network partners.

All of the information contained in this report is derived from our own sources or from publicly available sources that we deem credible. All statements are based on our current state of knowledge. The company's own statements are based on assessment by the person responsible at the time this report was written. Forecasts are based in

part on estimates and on the experience of the d.i.i. Group. Forecasts are not a reliable indicator of future performance. This sustainability report contains forward-looking statements that involve risks and uncertainties that could cause actual events to differ from those described in the forward-looking statements. These forward-looking statements should therefore not be relied upon.

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