



CA IMMO

Sustainability Bond Framework

October 2020

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Introduction

CA Immobilien Anlagen AG (“CA Immo”, or the “Group”) is a real estate company headquartered in Vienna and listed on the Vienna Stock Exchange. The company acts as an integrated investor, manager and developer of modern, high quality office properties in the key gateway cities of Germany, Austria and Central- and Eastern Europe. More than 400 employees at 8 core strategic cities (Vienna, Munich, Frankfurt, Berlin, Warsaw, Prague, Budapest and Bucharest) plan, build and operate office properties to the highest standards. In these carefully selected urban markets, favourable long-term structural trends such as urbanization and demographic change are expected to lead to above average job and wage growth and below average unemployment, sustainable occupational demand and high investment liquidity. A decentralized organisation allows on the ground teams to deliver best-in-class services to tenants and maintain an outstanding asset quality in terms of location, high-grade building quality and diversified blue-chip occupier base with a sustainable and resilient cash flow.

CA Immo owns and manages property assets of around € 5.2 bn in Germany, Austria and Central- and Eastern Europe. Of this figure, income-producing investment properties account for around € 4.5 bn (86% of total property portfolio), property assets under development (including active projects under construction and land reserves) represent € 0.7 bn (13% of total property portfolio) with the remainder being short-term properties held for trading or sale. With a proportion of slightly more than 50% of total property assets, Germany accounts for the biggest regional segment.

The CA Immo Group divides its core strategic activity into the business areas of investment property management and property development. From the design and development of entire urban districts to the active management of income-producing investment properties, value is generated through a comprehensive value chain covering the entire lifecycle of the assets. As regards the investment portfolio, the CA Immo business model aims to ensure sustainable and resilient recurring cash flows from lettings to a high quality pool of tenants with high credit ratings. The in-house development and incorporation of modern, energy efficient core properties primarily on the German core cities of CA Immo has been a key driver of organic growth in recent years and will continue to be in the future.

CA Immo’s extensive land reserves in inner-city locations in Munich, Frankfurt and Berlin and the company’s development expertise reflected in a strong track record with a successfully completed development volume of more than € 2.5 bn constitute a strategic competitive advantage in a very competitive market for high quality buildings in sought-after urban locations. Fully internalized development and construction management teams allow to apply expertise at the cutting edge of environmental and technological standards with a high degree of flexibility and responsiveness to tenant needs and market conditions.

Further information regarding the company is available at:

<https://www.caimmo.com/en/company/overview/>

Sustainability Strategy

The CA Immo business model is based on sustainable value creation for the long-term, taking account of environmental, economic, social and legal considerations at Group and product level. To meet the needs of all stakeholders as effectively as possible while ensuring the competitiveness of its property portfolio over the long term, the Group has adopted a comprehensive sustainability (ESG) policy. Key components of the CA Immo environmental sustainability strategy can be summarized as follows:

Quality and energy efficiency of the asset portfolio

The buildings sector has one of the highest carbon footprints – it currently contributes to 30% of global annual greenhouse gas (GHG) emissions and consumes around 40% of the world's energy.¹ CA Immo is aware that the increase in energy efficiency, reduction of GHG emissions and the conservation of resources is a major theme affecting the future of the real estate sector on its way to carbon neutrality. CA Immo holds international investment properties of many different kinds at many stages of the property lifecycle. In order to ensure the longest possible value retention, marketability and comprehensive sustainability of all properties, CA Immo applies a diversified quality management. The most important levers in integrated quality and sustainability assurance are:

- **Group-wide energy management:** Standardised recording of structural properties (including energy, water consumption and waste generation values) as the decision-making basis in active asset management. The establishment of a Group-wide, digitally supported and expanded energy management system is currently ongoing. Effective monitoring and controlling of current consumption and emission data is planned through conversion to smart meters (digital meters). This is aiming at providing consistent and at the same time standardised energy monitoring, including weak-point analyses, and ensure targeted modernization of the entire portfolio;
- **Reduction of carbon emissions through conversion of building operations to green energy:** Group-wide conversion of energy procurement to CO₂-neutral, renewable energy sources is currently ongoing (process expected to be completed by the end of the first quarter 2021); conversion of real operations to green electricity from renewable sources after expiration of the current energy contracts. Gas supply is offset with carbon certificates;
- **Needs-based modernisation of investment properties** to ensure user health, safety and comfort, increase energy efficiency and ensure asset longevity as well as overall portfolio quality;
- **Sustainability certification for development projects and investment properties:** Sustainable in-house project development for own portfolio in order to enhance the quality of CA Immo's existing portfolio has been an important component of the Group's sustainability strategy for many years. Since 2011, all office and hotel properties developed by CA Immo have been built to high sustainability standards (at least DGNB² or LEED³ gold), taking into account the experience

¹ United Nations Environment Programme Finance Initiative (UNEP FI) <https://www.unepfi.org/publications/investment-publications/property-publications/sustainable-real-estate-investment-2/>

² The DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen) System is a sustainability certification developed by the German Sustainable Building Council in order to offer a planning and optimisation tool for evaluating sustainable buildings and urban districts

³ The LEED (Leadership in Energy and Environmental Design) is a green building certification program used worldwide, and originally developed by the non-profit U.S. Green Building Council

and expertise gained over many years in the ongoing operation of buildings. In addition, sustainability certification has also been sought for strategic core investment properties as transparent and objectified evidence of the building quality. CA Immo has certified more and more portfolio buildings since 2015: as at 30 June 2020, 73% of the total CA Immo investment portfolio (by book value) has been certified according to DGNB, LEED or BREEAM⁴ standards. Further buildings are currently in the certification process.

Sustainable city quarter development

Through its real estate and urban district development activities, CA Immo is helping to shape the skylines of major cities like Vienna, Berlin, Frankfurt and Munich. To comply with the multifarious requirements arising at all levels, CA Immo only constructs offices (since 2011) and hotels (since 2013) certified to LEED or DGNB Gold standards (minimum standard) on a Group wide basis. By fulfilling a wide range of certification requirements, the careful use of resources such as energy and water, the minimization of emissions and waste, short transport routes, the use of environmentally friendly and recyclable materials, as well as comprehensive health and safety impacts throughout the entire building life cycle are taken into account.

Since the takeover of German city quarter developer Vivico Real Estate GmbH in 2008, CA Immo has been developing large, formerly derelict or industrial inner city sites into modern urban districts (brownfield development). As part of the revitalisation of these old sites and brownfield sites, some of which have been used for industrial and commercial purposes for over 100 years by Deutsche Bahn (German Railways), and some of which are polluted, the CA Immo land preparation and development department organises the technical site assessment, the preparation and, if necessary, remediation of developable plots, infrastructural development and, if necessary, the creation of compensation areas and biotopes. CA Immo's special brownfield development expertise covers the following environmental aspects of land preparation:

- Inventory of buildings, underground "old buildings", deconstruction;
- Assessment of explosive ordnance risks and ordnance clearance;
- Contaminated site risks (soil, water, soil vapour), soil and groundwater remediation;
- Evaluation of waste and disposal services;
- Nature conservation recording of flora and fauna;
- Resettlement measures of protected animal species like lizards, green toads, bats;
- Creation of biotopes, green compensation areas;
- Production of future public roads, paths, squares, playgrounds and parks;

In the context of land preparation - especially in and around protected areas - biodiversity, species protection or any habitat changes that may occur are taken into account throughout the process. All properties are inspected by specialists from CA Immo's construction management subsidiary omniCon⁵.

⁴ The BREEAM (Building Research Establishment Environment Assessment Methodology) was first published by the Building Research Establishment (BRE) in 1990 and is the world's longest established method of assessing, rating, and certifying the sustainability of buildings

⁵ <https://www.omnicon.de/en/>

If necessary, remediation and compensatory measures such as the creation of green path connections, compensation areas or the planting of trees and bushes are carried out.

Open exchange and partnership-based cooperation with municipalities, neighboring residents and other stakeholders in the context of development projects is a key success factor for us in creating sustainable and lively neighborhoods. This is why we engage in active dialogues with the relevant groups at an early stage of the project. Every CA Immo neighbourhood development project begins with an urban and landscape planning architectural competition, which is announced transparently and put out to international tender. Representatives of all interest groups associated with the neighbourhood are involved in this process. The most recent example of early communication with neighbors and stakeholder engagement are the citizen events and the architectural competition in the course of the development of the Munich Eggartensiedlung (www.eggarten-siedlung.de).

Integrated Sustainability Reporting and ESG Ratings

Sustainability reporting on CA Immo's environmental, social and governance impacts is done in accordance with the EPRA Sustainability Best Practice Recommendations 3rd Edition (sBPR)⁶, which provide a consistent and more comparable way of measuring sustainability performance of listed real estate companies in Europe. In September 2020, our sustainability report (integrated in our Annual Report 2019) received an EPRA sBPR Award in Gold for the first time. In addition, we were awarded a "Most Improved sBPR Award" for jumping from no report to Gold Award. The aim for the coming reporting seasons is to further improve the transparency and detail of our reporting, following international standards, peer best practice and our stakeholders' requirements. In addition, CA Immo actively participated in the following ESG ratings for the first time in 2020: ISS ESG Corporate Rating (Rating C-) and CDP (rating still pending).

As of 31 July 2020, Sustainalytics has assigned an ESG Risk Rating of 17.3 (Low Risk) to CA Immo.

Rationale for Issuance

CA Immo is fully committed to playing a role in the transition to a low-carbon and sustainable economy. Through the scale it brings to bear, the company believes it is well positioned to facilitate the increased penetration of energy efficient and low-carbon construction and building management techniques and technologies. Through a focus on delivery of affordable housing, the company also makes an important contribution to meeting a critical societal need. The company wishes to communicate this contribution by issuing sustainability bonds, allowing fixed-income investors an opportunity to support its strategic efforts in these areas, as well as helping to meet investors' own responsible investment objectives.

⁶ The EPRA (European Public Real Estate Association) Sustainability Best Practice Recommendations provide a consistent and more comparable way of measuring sustainability performance of listed real estate companies in Europe. First published in 2011, the third version of the guidelines released in September 2017 covers environmental, social and corporate governance impact categories

Alignment with the Sustainability Bond Guidelines

The Sustainability Bond Guidelines (SBG)⁷ administered by the International Capital Markets Association (ICMA) recommend alignment of Sustainability Bonds with the four core components of both the Green Bond Principles, 2018 (GBP)⁸ and Social Bond Principles 2020 (SBP)⁹, collectively known as “The Principles”. The GBP and SBP outline eligible project categories for green and social projects. The Principles are voluntary process guidelines that recommend transparency, disclosure and promote integrity for best practices when issuing Green Bonds, Social Bonds and Sustainability Bonds. This Sustainability Framework aligns with the four core components of the GBP and SBP.

Use of Proceeds




An amount equal to the net proceeds raised by the issuance of the relevant debt instrument will be used to finance or re-finance, in whole or in part the Eligible Green and Social Projects (“Eligible Projects”) which meet the criteria specified below.

CA Immo intends to allocate an amount equal to the net proceeds raised by the issuance to the Eligible Projects where financing has taken place within a 24-month period preceding the date of the issuance, and/or (ii) where financing takes place within a 24-month period following the date of issuance.

⁷ <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>


⁸ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

Green Bond Principles Category	Eligibility Criteria	Example Projects	Indicative Impact Metrics	Relevant Sustainable Development Goals
Green Buildings (including development, acquisition and refurbishments)	Financing/refinancing of <ul style="list-style-type: none"> • construction of new commercial properties meeting the criteria for the LEED or DGNB Gold sustainability certification (as a minimum standard); and/or, • In Germany, properties where the primary energy requirement is at least 25% lower than that prescribed by the EnEV will be considered eligible for investment. • In the Czech Republic, properties where the primary energy requirement is at least 25% lower than that prescribed by PENB will be considered eligible for investment. 	<ul style="list-style-type: none"> • Berlin ‘grasblau’ building¹⁰ • Prague Visionary building¹¹ • 	tCO2e avoided	SDG 11 - Sustainable Cities and Communities  SDG 12 – Responsible Consumption & Production  SDG 13 – Climate Action 

¹⁰ Construction of the “grasblau” office building in Berlin involves an optimised, innovative energy concept, where the requirements of the German Energy Saving Ordinance (EnEV) have been significantly exceeded. In addition, priority has been given to non-harmful and environmentally-friendly construction materials, and showers for cyclists and charging stations for electric cars and e-bikes will be installed. Gold standard certification by the German Sustainable Building Council is anticipated after the building is completed.

¹¹ Acquisition of Class-A office building ‘Visionary’ in Prague. The building has received LEED Platinum and WELL Core & Shell certifications (first in the Czech Republic), which monitors factors that affect people’s health and wellbeing (e.g. quality of air, water and access to a source of light) and focuses on personal comfort, access to healthy food and the effect of buildings on physical and mental health.

Social Bond Principles Category	Eligibility Criteria	Example Projects	Indicative Impact Metrics	Relevant Sustainable Development Goals
Affordable Housing	Financing of construction, renovation/refurbishment and or maintenance of affordable housing as defined under relevant Government policy ¹²	Munich Eggartensiedlung Co-operative Housing ¹³	Number of affordable housing units made available	SDG 11 - Sustainable Cities and Communities 

Exclusions

Allocations will be made strictly in accordance with the Use of Proceeds requirements as specified above. For the avoidance of doubt, no allocations to activities in the fossil fuel, nuclear, defence, alcohol, tobacco or gambling industries will be made.

Process for Project Evaluation and Selection

To ensure that allocations are made to Eligible Sustainability Projects as specified above, the Company will establish a Sustainability Bond Committee.

The Sustainability Bond Committee will be responsible for:

- Ensuring the proposed allocations are aligned with the relevant CA Immo policies and procedures concerning project development;
- Ensuring the proposed Eligible Projects are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section above, and approving any proposed changes to the register of Eligible Projects in the event that the projects no longer meet the eligibility criteria (e.g. following divestment, liquidation, technology switch, concerns regarding ongoing alignment with eligibility criteria etc.); and,
- Reviewing and approving allocation and impact reports, where relevant.

¹² <https://www.bmi.bund.de/DE/themen/bauen-wohnen/stadt-wohnen/wohnraumfoerderung/soziale-wohnraumfoerderung/soziale-wohnraumfoerderung-artikel.html>

¹³ CA Immo is currently developing a new residential quarter (“Eggartensiedlung”) with approx. 1,750 to 2,000 residential units in the north of Munich. The plans aim to ensure that up to 50% of the apartments are built by cooperatives, thus creating the largest cooperative housing project since the Second World War (and for the first time ever in Munich by private developers and on this scale). More information is available at www.eggarten-siedlung.de.

The Sustainability Bond Committee will be comprised of the following representatives:

- Head of Capital Markets (who will have overall responsibility for approving selection of Eligible Projects);
- Head of Corporate Communications/leader of ESG Competence Center;
- Head of Debt Funding Services;
- Head of Controlling;
- Head of Development; and,
- Head of Asset Management.

The Committee will meet on a semi-annual basis to review proposed allocations and ensure these are made in line with the specified uses here above.

Management of Proceeds

An amount equal to the net proceeds raised by the Sustainability Bond will be allocated to Eligible Projects as specified above. This process will be managed by the CA Immo Finance Department.

The Finance Department will establish a register of Eligible Projects and will track allocations to the projects matched to the Sustainability Bond proceeds.

Pending allocation, proceeds will be held in cash deposits on a temporary basis in accordance with the relevant internal treasury policies.

Reporting

Within 1 year of issuance, and annually thereafter until the proceeds are fully allocated, the Company will make available an External Report.

The External Report will be compiled by the CA Immo Capital Markets and Corporate Communications functions and will include (i) an Allocation Report and (ii) an Impact Report, subject to the availability of suitable information and data. Where impact data is reported, details of the methodology applied in compiling the data will be provided.

These reports will be made available publicly on the CA Immo website.

It is anticipated that the Allocation Report will include:

- Total amount of proceeds allocated to Eligible Sustainability Projects per category, noting any instances where allocations could not be made as originally planned, due to e.g. divestments, project terminations or suspensions etc.;
- The proportion of the proceeds allocated to refinancing of existing Eligible Sustainability Projects; and,

- Unallocated proceeds.

The Company will also report on selected environmental impacts of its Eligible Projects subject to the availability of suitable information and data (refer to indicative metrics in Use of Proceeds table above).

External Review

Sustainalytics have provided a Second Party Opinion on the CA Immo Sustainability Bond Framework. The Second Party Opinion is available at <https://www.sustainalytics.com/sustainable-finance/our-work/>.

CA Immo also intends to commission an independent review within 1 year of Sustainability Bond issuance and annually thereafter, until full allocation of any Sustainability Bond proceeds, with the intention of confirming that the Sustainability Bond proceeds have been allocated in accordance with the Use of Proceeds specified in this framework document.

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CA Immo has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with CA Immo Sustainability Bonds. However, it will not be an event of default or breach of contractual obligation under the terms and conditions of any CA Immo Sustainability Bonds if CA Immo fails to adhere to this Framework, whether by failing to fund or complete eligible Sustainability projects or to ensure that proceeds do not contribute directly or indirectly to the financing of any excluded activities, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy, changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the anticipated benefits of these initiatives, including the funding and completion of eligible Sustainability projects. In addition, each environmentally focused potential purchaser of CA Immo Sustainability Bonds should be aware that eligible Sustainability projects may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of CA Immo Sustainability Bonds or any other person might otherwise have in respect of this Framework or any CA Immo Sustainability Bonds as a result of any failure to adhere to or comply with this Framework is hereby disclaimed to the fullest extent permitted by law.