

INVESTMENT POLICY TO FOSTER SUSTAINABILITY

Gateway Real Estate AG defines sustainable economic activity as acting in a way that seeks to balance the interests of all those involved in, and affected by, business processes. Sustainability means acting honorable, equitable and fair. If companies follow sustainable business practices, they avoid deliberate discrimination of third parties. In this sense, the sustainability performance of a project developer results from the Company’s sustainable economic activities itself on the one hand and the sustainability potential of the designed buildings on the other.

Market participants in the real estate sector are also attaching increasing importance to the sustainability aspects of environment, social and governance (ESG) as part of the assessment of properties and companies. The decision to invest in or use a particular property is also based on an analysis of environmental, economic and social-cultural (societal) factors. Investors are increasingly attaching importance to sustainable real properties as they offer a more stable value. Tenants want more flexible, cost-effective and user-friendly housing and office concepts. And future tightening of regulatory or legal requirements is already demanding forward-looking, more sustainable construction and usage concepts.

CONSIDERATION OF ESG ISSUES in the planning and development of real estate projects or in the build-up of a portfolio		
Gateway Real Estate AG integrates ESG aspects in all stages of development		
Planning and analysis	Review and monitoring	Objectives and achievement
Gateway Real Estate AG deliberately and systematically incorporates ESG aspects into investment analyses and investment decisions in order to better manage risks and increase returns.	Gateway Real Estate AG follows a dedicated ESG criteria catalog based on preferences, values or ethical aspects when reviewing or screening potential investments and corresponding suitable partners.	Gateway Real Estate AG combines attractive risk-return profiles with the intention to significantly contribute to a better positive environmental or social (overall) outcome through the implementation of its concepts.

Ecological focus: The ecological objective of sustainable real estate management is to protect the environment and to conserve natural resources. The major control measures are the use of renewable energies and resources, the use of regional building materials, and the avoidance of building materials that are harmful in terms of building biology or that may have toxic effects. The right choice of materials, while at the same time ignoring short-term trends, will avoid costly modernization measures in the future and increase the building’s attractiveness.

Economic focus: The economic goal of sustainable real estate management is to preserve value, which means at least stable prices and rents in real terms. In this context, the key management parameters are the control of life cycle costs, an increase in the attractiveness or image of the property and – as a result – the minimization of vacancies.

Societal focus: The social-cultural (societal) goal of sustainable real estate management is to ensure the health of the users and the highest possible building comfort for the users in particular, as well as the smooth integration of the building into the respective surroundings in terms of the users’ and residents’ interests in general. There are several management parameters to be used for this purpose.

Governance focus: The goal of good corporate governance for a real estate developer is to select (a) non-hazardous materials of sustainable origin, (b) concepts that receive positive feedback from stakeholders, and (c) suppliers whose sustainability performance at least meets the requirements set out in the real estate developer’s Supplier Code of Conduct.

CRITERIA FOR SUSTAINABLE INVESTMENTS IN THE STAGES OF REAL ESTATE DEVELOPMENT (EXAMPLES)

Ecology			
Site analysis and property purchase	Planning and design	(Building) Materials and development	Sale and use
<ul style="list-style-type: none"> — Biodiversity screening of building sites — Landscape maintenance, minimization of used space, prevention of deforestation — Integration into the existing infrastructure and improvement of infrastructure 	<ul style="list-style-type: none"> — Powerful concepts to minimize use of energy and emission of pollutants — Creation of closed-loop material and energy cycles — Prioritization of safety and health 	<ul style="list-style-type: none"> — Use of building materials that are non-hazardous in terms of health, beyond the required standards — Use of renewable, energy-efficient materials — Reduction of pollution and environmental impact caused by construction activities 	<ul style="list-style-type: none"> — Systematic reduction of waste — Use of modern (building) technology — Use of innovative acoustics, lighting, air conditioning, mobility and logistics concepts — Digitalization for additional services and reduced consumption of resources
Economy			
Site analysis and property purchase	Planning and design	(Building) Materials and development	Sale and use
<ul style="list-style-type: none"> — Detailed site analysis with respect to building concept and demand development — Market analysis to assess current/future attractiveness of quarters — Possibility of reselling the property 	<ul style="list-style-type: none"> — Reduction of construction and occupancy costs — Climate-proof construction (wind, water, hail, snow, heat) — Integrated planning and evaluation of life cycle costs — High functionality of the property and adaptability to allow for a smooth transition to other types of use 	<ul style="list-style-type: none"> — Selection of timeless materials and furnishings — Use of modern technologies to avoid risks such as power outages, heating failures and flood damages 	<ul style="list-style-type: none"> — Long maintenance and refurbishment intervals — Innovative property concepts to minimize care, servicing and maintenance efforts — High degree of user-friendliness, cost efficiency, innovation to minimize vacancies
Society			
Site analysis and property purchase	Planning and design	(Building) Materials and development	Sale and use
<ul style="list-style-type: none"> — Integration of the property into the local surroundings without causing interference or disturbance — Adjustment of the building complex to the quarter’s social-cultural requirements 	<ul style="list-style-type: none"> — High building comfort for users — Involvement of stakeholders in development stages — Ensuring both a timeless and sophisticated architecture of the building 	<ul style="list-style-type: none"> — Minor “impact” on the neighborhood — Reduction of emissions and waste — Consideration of the legitimate interests of stakeholders 	<ul style="list-style-type: none"> — Consideration of good access points — Ensuring coziness, comfort and wellbeing of property users — Optimal concepts for mobility and traffic development
Governance			
Site analysis and property purchase	Planning and design	(Building) Materials and development	Sale and use
<ul style="list-style-type: none"> — Compliance with all legal and regulatory requirements — Review as to whether the acquisition of certain real estate promotes money laundering — Consideration of aspects regarding the protection of historical 	<ul style="list-style-type: none"> — Compliance with all legal and regulatory requirements — Prevention of bribery and corruption 	<ul style="list-style-type: none"> — Observance of human and labor rights in procurement — Prohibition of child labor in procurement 	<ul style="list-style-type: none"> — Transparency of the project developer or the property operator with respect to business strategy, management structures, and ownership to avoid conflicts of interest

Gateway Real Estate AG is convinced that a sustainable investment approach is best suited to create long-term value and achieve a high level of benefit. This requires alignment to several key themes.

- ESG factors have a significant impact on property selection and the allocation process.
- The analysis, projection and risk horizon is expanded by incorporating sustainability issues and trends; this leads to new, more competitive real estate concepts and to better risk management.
- Acceptance of climate change as a systemic risk, which requires a set of adequate measures in terms of consideration of physical consequences in different climate scenarios as well as financial effects and in terms of the required transition to a low-carbon economy.
- “Active ownership” supports the realization of the long-term stakeholder value approach, which, for example, offers investors the opportunity to increase the value of corresponding asset positions and also offers tenants the possibility of particularly low management costs.

Gateway Real Estate AG therefore believes that an investment policy that is based on sustainability criteria and that does not ignore risks, but exploits opportunities is in the best interest of all business partners. This also includes broad transparency of Gateway Real Estate AG as a company with regard to its economic activities as a whole and with regard to individual real estate projects in particular.

In this context, the commitment of Gateway Real Estate AG is not limited to merely dismissing non-sustainable investments and expenditures, but deliberately focuses on investments and expenditures that trigger particularly sustainable effects. This process of Impact Investing includes, for example, timber construction, digitalization of real estate, or innovative concepts of neighborhood development. According to Gateway Real Estate AG, this is the only way to quickly master the challenges of climate protection, the transition to a circular economy, and the restoration of biodiversity and ecosystems. Impact Investing makes a significant contribution to achieving this.

The special task of Impact Investing is therefore to combine the creation of added value for the environment and society on the one hand and monetary returns on the other. Impact Investing generates social, ecological and economic added value at the same time.

Against this backdrop, Gateway Real Estate AG has also explicitly aligned its business and investment strategy with the sustainability criteria described. These criteria basically include all the values promulgated as part of the 17 Sustainable Development Goals (SDGs) of the United Nations (UN). These SDGs should be achieved by 2030. Gateway Real Estate AG wants to make its contribution to this objective with its investments.