



MONTANO

REAL ESTATE

SUSTAINABILITY  
AT MONTANO

22



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As a partner to institutional investors, we secure lasting, stable income from holistic product and service businesses. In accordance with our comprehensive understanding, we act responsibly and with foresight.

We will anchor the topic of sustainability more firmly throughout the entire company in order to implement sustainability criteria in project development, in the investment process and in our day-to-day work even more transparently, and to communicate our internal requirements to the outside world as well.



# PROFILE MONTANO REAL ESTATE

Montano Real Estate GmbH is one of the leading independent investment specialists in the German commercial real estate market, with offices in Munich, Frankfurt, and Berlin. Institutional investors find safe and particularly high-yield investment products that match their risk profile at Montano.

Montano was founded in 2013 by Ramin Rabeian and Sebastian Schöberl, and has extensive experience in asset and investment management for institutional and international investors. In addition to thematic funds, individual mandates are offered.

# VISION AND STRATEGY

'Ownership obliges', it is said. Whoever owns something therefore also bears the responsibility for the impact of their property – both ecologically and socially. This also applies to us. We can only be successful in the long term if we pay attention to the overall well-being of people and the environment. As a trustee for our investors, we reconcile the conflicting objectives of short-term economic requirements with the necessary investments in the sustainable management of the properties.

When we talk about sustainability, we have the big picture in mind. We also – but by no means only – consider the individual label, the best possible certification, the current score and CO<sub>2</sub> footprint. We define sustainability as a company-wide strategy and follow this approach along the entire value chain – from acquisition to exit.





## ESG GOALS AND MEASURES

*Just like our investors,  
we see it as our duty  
towards the environment  
and society to implement  
sustainability goals  
with regard to ecological,  
social and ethical aspects.  
In doing so, we are gui-  
ded by the established  
Environment, Social  
and Governance (ESG)  
criteria of the United  
Nations.*



We act as a partner to the environment through measurable, verifiable and certifiable improvements in the consumption values of our properties. The targets we aim for in terms of emissions, energy and water consumption, and waste generation are defined at property level, and the relevant data is continuously collected and reviewed at least once a year. We use an initial inventory to implement cost-effective efficiency measures in newly acquired properties directly and specifically after transfer of ownership; for example, halogen lighting is regularly replaced with efficient LED retrofit lighting.

As a partner of society, we promote and support sustainable property use and integration into the immediate environment. To this end, we provide resources and applications for our property managers in order to generate an increased commitment to the implementation of sustainability issues. This includes, for example, the planned installation of so-called 'smart metres' in the properties we manage – digital metering solutions that we connect to our property managers.

We promote sustainable practices among our tenants by using applications that serve to involve the tenants. For example, we plan to work with property managers to provide an overview of all car sharing or city scooter providers in the vicinity of each property to support the use of sustainable transport by our tenants' employees.

We also want to offer our tenants the option of electricity pooling: Property Management will then take care of a joint electricity supply contract for the connected tenants. The individual tenants thus benefit from lower prices due to larger volume purchases.

In addition, at the corporate level we offer leading employees electric or hybrid cars as company cars. However, we have obliged our employees to use the train for business trips whenever possible. The CO<sub>2</sub> footprint of our air travel by purchasing certificates through: [www.atmosfair.de](http://www.atmosfair.de).

## SOCIAL



As an employer, we offer appreciation and perspective. Our employees are the basis for our entrepreneurial success. The working environment at Montano is characterised by mutual respect and equal opportunities. The company values and promotes inclusion and diversity. The proportion of women in our company is currently 43 per cent. The average length of service of the senior management team is just under in our company, which was only founded in 2013, is just under seven years.

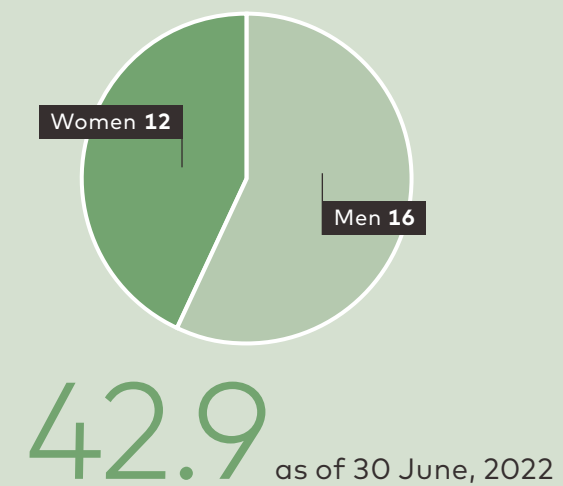
As a member of the industry association for institutional real estate asset managers (BVI), we offer all employees the opportunity to participate in bi-monthly training courses on the topics of sustainability, compliance, fund management, and accounting. In addition, we organise two off-site events a year for our employees as team-building measures, such as joint hiking excursions or e-bike tours.

## KEY FIGURES

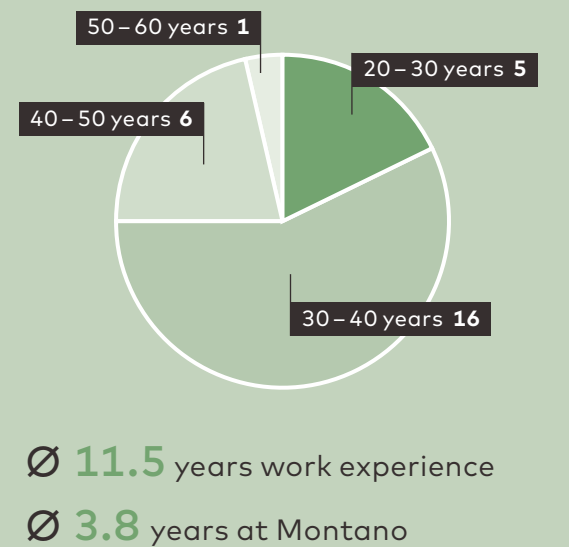
## NUMBER OF EMPLOYEES



## WOMEN'S QUOTA



## AGE STRUCTURE



## EMPLOYEES WITH AN INTERNATIONAL BACKGROUND \*

83.7% 25 German, 1 Polish, 1 Bulgarian, 1 Romanian

\*Employees who have spent substantial parts of their study/professional life abroad





## GOVERNANCE

As a partner of the public administration, we act transparently and disclose our ESG goals, strategies and their implementation to investors, stakeholders, authorities, and industry associations. We follow reporting frameworks such as the Global Real Estate Sustainability Benchmark (GRESB) and the UN Principles for Responsible Investment (UNPRI).

As part of our annual business plans and sustainability audits, we produce ESG scorecards at the property level. Compliance with legal regulations is ensured at Montano by internal control mechanisms, such as risk management and compliance, and transparency is guaranteed in all areas. An external data protection officer monitors compliance with the specific data protection obligations arising from the outsourcing agreement pursuant to § 36 of the German Investment Code (KAGB).

Our business strategy forms the basis for the formulation of our risk strategy. Risk management is derived from this strategy, which is responsible for the ongoing monitoring and analysis of all risks and the forwarding of recommendations for action to the management. At Montano, risk identification is carried out by means of a risk inventory. This is done once a year at the company level. It is initiated by the risk manager by asking all the departments in writing about the risks from their point of view.

Examples of risks at the corporate level are liquidity or earnings risks, but also reputation or fluctuation risks.

Our compliance guideline applies to all employees of the company who are involved in the processing of orders from outsourcing contracts in accordance with § 36 KAGB. Among other things topics such as corruption and money laundering. Montano has a separate guideline for dealing with conflicts of interest.



## SCORECARD

For us, the responsible use of resources is an integral factor in every investment decision and also part of the investment guidelines of our Public Sectors Fund I.

On the basis of the so-called scorecard, specifically defined ESG criteria are quantified subject to objective property characteristics and converted into a point system for assessing the sustainability of the property. Within the framework of the scorecard evaluation, each property must achieve an overall minimum score of 3.0 (or be able to achieve this within 18 months) in order to be considered as a potential acquisition.

The most important evaluation level of the scorecard is the area of energy and climate protection (weighting: 50%). Here we check properties for compliance with the following criteria and rate them accordingly:

- Heating energy efficiency class (weighting: 15%)
- Electricity energy efficiency class (15%)
- Primary energy source (15%)
- Ventilation (10%)
- Insulation of the building envelope (10%)
- Insulation of windows (10%)
- Certifications: BREEAM, DGNB, and LEED (15%)
- Green roof: extensive and intensive (10%).

The other half of the overall rating results from the degree of fulfilment of the other assessment levels:

- Daily water consumption per employee (15%)
- Waste separation & recycling (10%)
- Land sealing (10%)
- Location quality (distance to public transport, bicycle parking, shared economy offers) (10%)
- Health and well-being (outdoor facilities and air quality) (5%)



# CLIMATE CHANGE STRATEGY



Before we acquire a property, we check to what extent it meets ESG criteria. In a first step, we carry out a CO<sub>2</sub> balance sheet to determine the current status of the property. In this process, all relevant CO<sub>2</sub>-emission sources are recorded over the defined scope of the balance. A climate protection roadmap is then drawn up on the basis of this assessment: A concrete action plan tailored to precisely this object. It describes the planned transformation of the annual greenhouse gas emissions of a building towards the target value and target date specified by the federal government within the framework of the climate roadmap.

The target value and target time then result in the so-called decarbonisation path, which sets the individual annual limit values for the maximum greenhouse gas emissions for this building. Montano uses the CRREM (Carbon Risk Real Estate Monitor) risk assessment tool for this.

The third part of our climate protection strategy is CO<sub>2</sub> reporting. The data collected from the property is used in rental or purchase decisions, as evidence to lenders or to prove the effectiveness of climate protection measures implemented. A structured format for the transparent, regular communication of these key data is a climate protection certificate.

The fourth point of our climate protection strategy concerns the issue of quality assurance and verification. In order to reliably check whether the climate protection measures that have been implemented are actually effective and the goals set have been achieved, verification by an independent, external body is necessary. The corresponding certification creates transparency and strengthens communication.



## Case Study MONTANO PUBLIC SECTOR FUND I

With the **Montano Public Sector Fund I**, Montano launched its first own real estate fund at the beginning of 2022. It is an open-ended multi-investor special fund. Significant equity commitments in the triple-digit million euro range have already been raised at the start. The fund is to invest a total of €500 million.

The **Montano Public Sector Fund I** focusses on core properties with government or government-related users. This asset class is particularly attractive, as government-related users are always tenants with very good credit ratings interested in long-term leases due to high relocation hurdles. Likewise, indexed leases offer protection against the current high inflation. Montano already has many years of experience and a very good network in the area of properties leased to government users.

In the meantime, we have acquired two promising properties for our open-ended multi-investor Montano Public Sector Fund 1 special fund launched in April 2022: The first transaction at the end of May 2022 was the acquisition of a modern core office building in Frankfurt am Main. The property is a five-story modern office building built in 2002 with a leasable area of over 8,000 sqm and 40 parking spaces, which is fully leased to a total of eight tenants. More than 80 per cent of the rental income comes from public sector tenants and government-related companies; the main tenant is the City of Frankfurt. The property is located at Salvador-

Allende-Strasse 11 in the Frankfurt-Bockenheim district and is characterised by its proximity to Frankfurt city centre and good transport links.

At the end of August, the fund also acquired the two connected 'Chess House' office buildings in Stuttgart. The property is conveniently located at Heilbronner Strasse 314 in the high-demand district of Feuerbach north of Stuttgart's city centre. The two parts of the building have a combined rental area of 9,000 sqm, spread over six and seven floors respectively, as well as a three-story underground parking garage with just under 100 parking spaces. The state of Baden-Württemberg has been the tenant of the two buildings since April 2021.

The **Montano Public Sector Fund I** is classified by BaFin in accordance with Article 8 of the EU Disclosure Regulation and targets office properties with public sector users. In accordance with the fund's investment guidelines, only properties that pass our environmental rating or are upgraded accordingly within 18 months. The following factors play a role here: energy consumption, insulation, or ancillary cost accounting.

The classification of the fund according to Article 8 (and not 9) of the EU Disclosure Regulation is deliberate: Article 9 funds currently target only buildings that have an "A" rating or are in the top 15 per cent of the national and regional building stock. However, our goal is to increase the energy efficiency of existing buildings while implementing an active and sustainable asset management approach that enables above-average returns. Within the framework of the currently valid criteria of an Art. 9 fund, this is not possible.



# CERTIFICATIONS PARTNERS MEMBERSHIPS

*As proof of our sustainable business practices we have our investments certified and voluntarily comply with the following national and international regulations.*



**Bundesverband Investment und Asset Management**  
— INFORMATION MEMBER



The German Fund Association BVI has grown strongly in recent years. Today, it represents the interests of 116 fund companies and asset managers with four trillion euros in investment capital for private investors, insurance companies, pension funds, banks, churches and foundations. The fund industry is the third pillar of the financial sector alongside banks and insurance companies. Funds are intermediaries: they bring together the money of millions of savers and investors with the capital needs of companies and states. In this way, they facilitate growth and innovation. Funds not only play a central role in retirement provision. As a major source of capital, they also play a key role on the path to greater sustainability.



**Global Real Estate Sustainability Benchmark**  
— MEMBER



GRESB B.V. was founded in 2009 by a number of real estate fund owners in order to provide access to reliable data on the environmental, social and governance (Environmental, Social and Governance, ESG) performance of their investments. As a member of GRESB we, like the other participants in the assessments, receive

- comparative business information about where we stand compared to our peers,
- a roadmap of actions we can take to improve our ESG performance, and
- a communication platform to engage with investors.

The manual for the assessment is freely available on the GRESB website. The assessment is done in the categories of Management, Performance, and Development. The GRESB results are published in the form of a benchmark report.



# UN Global Compact

— MEMBER



United Nations  
Global Compact

We are a member of the UN Global Compact, the world's largest and most important initiative for sustainable and responsible corporate governance. The UN Global Compact brings together representatives from business, civil society, and politics. Together, they support companies in strategically anchoring sustainability on the basis of ten universal principles and to contribute to the implementation of the 17 UN Sustainable Development Goals (SDGs). As a member of the UN Global Compact, we are committed to upholding its values and principles. The ten principles cover the areas of human rights, labour standards, the environment, and the prevention of corruption:

- |   |   |
|---|---|
| 1. Businesses should support and respect the protection of international human rights.                                      | 7. Businesses should follow the precautionary principle in dealing with environmental problems.         |
| 2. Businesses should ensure that they are not complicit in human rights abuses.   | 8. Businesses should take initiatives to promote greater environmental awareness.                       |
| 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | 9. Businesses should accelerate the development and diffusion of environmentally friendly technologies. |
| 4. Businesses should uphold the elimination of all forms of forced labour.  | 10. Businesses should work against corruption in all its forms, including extortion and bribery.        |
| 5. Business enterprises should uphold the elimination of child labour.  |   |
| 6. Businesses enterprises should uphold the elimination of discrimination in respect to employment and occupation.          |   |

# UN PRI

UN Principles for  
Responsible Investment

— MEMBER



Principles for  
Responsible  
Investment

The Principles for Responsible Investment (PRI) is a UN financial initiative. It was launched with the aim to make the international financial system more sustainable. By supporting the implementation of these principles, it aims to promote good governance, integrity and accountability, and to remove barriers posed by prevailing structures and regulations to the development of sustainable finance.

The UN PRI comprises the following six principles:

1. We will integrate ESG issues into the analysis and investment decision-making processes.
2. We will be active shareholders and will incorporate ESG issues into our investment policies and practices.
3. We will encourage companies and entities in which we invest to make appropriate disclosure regarding ESG issues.
4. We will promote the acceptance and implementation of the Principles in the investment industry.
5. We will work together to increase our effectiveness in implementing the Principles.
6. We will report on our activities and progress in implementing the Principles.

The six principles were developed by investors in partnership with the United Nations Environment Programme (UNEP) Finance Initiative and the UN Global Compact. As a member of the UN PRI, we support these principles. By implementing them, we aim to improve our sustainable investment approach, promote sustainable business practices, and encourage other market participants to do the same actively and transparently. We firmly believe that long-term value creation is only possible in an economically efficient, sustainably designed global financial system.

Such a system will reward long-term, responsible investment and benefit both the environment and society as a whole.



# DGNB

Deutsche Gesellschaft  
für Nachhaltiges Bauen  
— MEMEBER

The German Sustainable Building Council (DGNB) is a non-profit organization based in Stuttgart, Germany, that promotes demonstrably good buildings and livable neighbourhoods. Its goal is to transform the construction and real estate market toward an appropriate understanding of quality as the basis for responsible, sustainable action.

In order to make sustainable building practically applicable, measurable and therefore comparable, the DGNB has developed its own certification system. Since its introduction in 2009, the system has been continuously developed. Today, it is considered the most advanced system worldwide and is internationally recognised as the Global Benchmark for Sustainability.

In the evaluation of climate protection measures, we regularly/exclusively to the DGNB certification system.



The certification system is available in different variants for buildings, neighbourhoods, and interiors. As a planning and optimization tool, it helps all parties involved in the construction in the implementation of holistic sustainability quality. In terms of content, the DGNB system is based on three essential paradigms:

- Life cycle consideration
- Holistic approach
- Performance orientation

Thus, within the certification system, the entire life cycle of a project is considered, and – instead of individual measures – the overall performance of a project is evaluated.

The DGNB system is based on the three central sustainability areas of ecology, economy and sociocultural aspects, which are weighted equally in the assessment. In terms of a holistic approach, the DGNB system also evaluates the location as well as the technical and process quality. The performance in these qualities can be evaluated by means of certification criteria. These are individually tailored to different types of use and are available for new buildings, existing buildings, refurbishments, and building operation.



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