



CATELLA



Catella Residential
Investment Management GmbH
Sustainability Report 2023

Contents

Welcome	04
Highlights from 2023	05
This is Catella	06
Our strategy	07
CRIM Corporate Sustainability Strategy	08
Environmental KPIs	16
Funds and sustainability	17
Portfolio: modern building technologies	23
Outlook 2024	26



Welcome



“ The European real estate market’s future hinges on sustainability, with investment attractiveness and market valuations increasingly dependent on ecological integration and societal value. This transformation underscores the sector’s departure from traditional patterns, heralding a new era where prioritizing green credentials is not just beneficial but essential for long-term success and resilience.

Xavier Jongen,
Managing Director CRIM

”

“

We believe that responsible investment and commitment to ESG principles are not only ethical but also critical to delivering long-term value to our stakeholders. We are proud of the progress we have made and remain committed to further advancing our sustainability objectives.

Michael Keune,
Managing Director CRIM



”

“



Recognizing the imperative to address climate change and avert potential losses, Catella is concurrently developing a climate change inclusive investment strategy at fund level and an adaptation strategy at asset level. This strategy integrates mitigation and adaptation knowledge and incorporates it into investment decisions.

Michael Fink,
Managing Director CRIM

”

Highlights from 2023

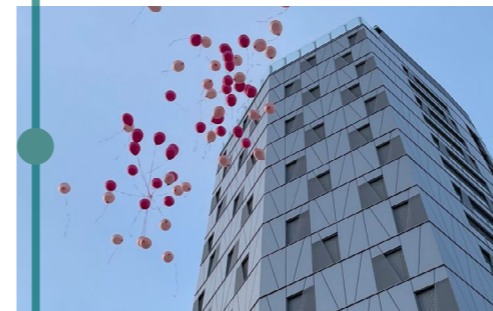


March to May – We acquired 3 residential towers in Brest, Le Havre and Mulhouse.

May – ESG Roadshow of PropertyEU in Amsterdam and Frankfurt.

June – We held our Social Nature Day.

July – Publishing of Catella’s European Residential Vision 2023.



September – We completed the Elithis tower in Dijon.

September – CRIM won the LuxReal Award as “Best Fund” for the Catella Elithis Energy Positive Fund.

November – CRIM won the Scope Award as Best Asset Manager ESG Residential Real Estate.

December – By the end of 2023 we had delivered approximately 3,000 new apartments to the market.



Watch our 2023 highlights here



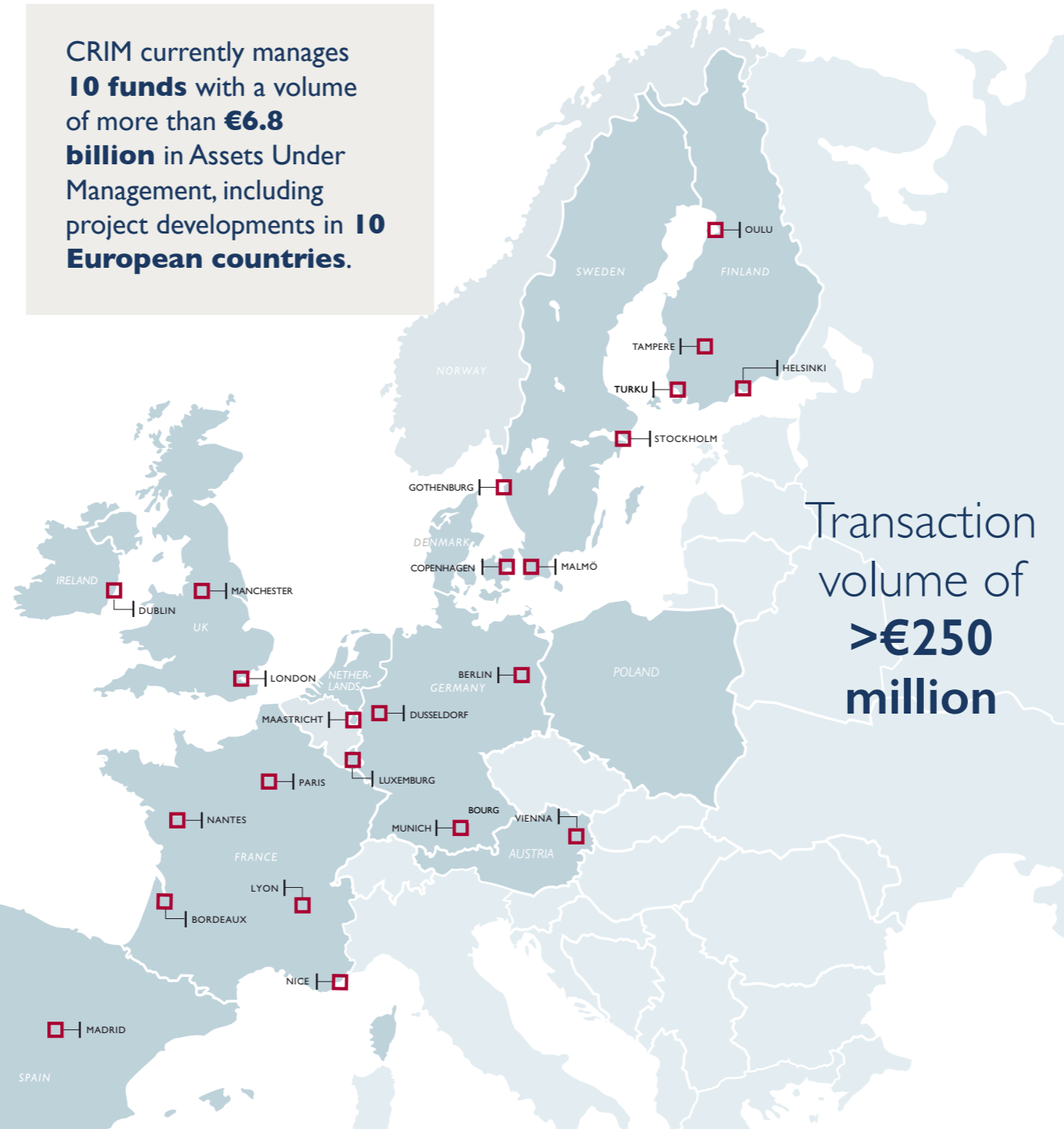
This is Catella

Catella Residential Investment Management (CRIM) is a fully owned subsidiary of Catella AB based in Stockholm, Sweden. Catella was founded in 1987 and is listed on the Stockholm Stock Exchange. CRIM is based in Berlin and, together with the Alliance, forms a pan-European network of over 120 front-office staff members. Catella launched the first European Residential fund in 2007.

CRIM's residential real estate business includes investment strategy, research, portfolio management, property acquisition and sale, and asset management, as well as business development and Investor Relations. The core team has more than 15 years' of experience in open and close-ended residential real estate investment funds. Their real estate expertise spans Germany and, through their work with subsidiary companies and local partners, the Netherlands, France, Spain and the UK, as well as other markets such as Scandinavia.

CRIM focuses on a wide range of housing segments and invests in family housing, social housing and affordable housing. Our investments also extend to student accommodation, co-living, boarding houses and senior housing. We have a long track-record of pan-European residential investments, with experience working across 14 countries. We look forward to growing through new investments in modern and affordable housing, including project developments and in specific sectors such as student accommodation and serviced apartments. We also act as a forward purchaser and forward funder of developments.

CRIM currently manages **10 funds** with a volume of more than **€6.8 billion** in Assets Under Management, including project developments in **10 European countries**.



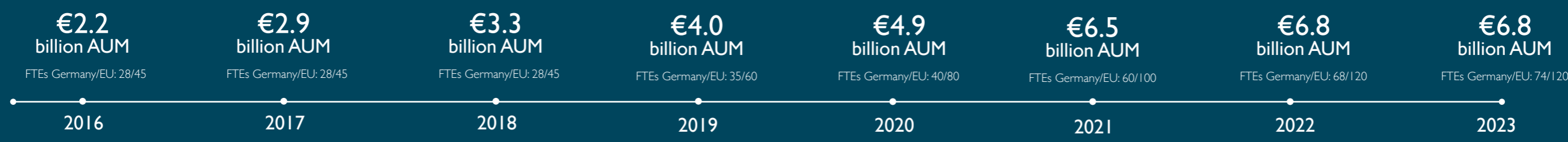
Transaction volume of **>€250 million**

Our strategy

Our top-down corporate investment strategy is built in-house and is composed of anti-fragility strategies alongside classical methodologies based on diversification and fundamental analysis. This is supplemented by a strong bottom-up strategy that focuses on investments in high-quality European residential real estate in selected locations, with the aim of establishing long-term relationships and customer loyalty. Central to this are two approaches: Alpha strategies, in which properties, locations and timing are individually selected; and Beta strategies, in which speed and investment volume play a greater role.

CRIM integrates pioneering antifragile investing concepts based on the theories of Nassim Taleb that target 'Black Swan', extreme tail risk events. By translating Taleb's antifragility concepts to the European residential real estate market, CRIM creates robust buffers against tail risks in its portfolio, ensuring stable cash flow even in times of economic crisis. Simultaneously, our societal impact benefits from this strategy, as the stability of cash flow is based on affordability. The overarching philosophy of CRIM focuses on active research and regular reflection on defined investment strategies, asset and portfolio management.

Implementation of the Modern Portfolio Theory focuses on statistical volatility to which anti-fragility adds by protecting against down-side risk inter alia, by being more concerned with understanding the deeper root cause issues of uncertainty and protecting against some of those at asset level. This has led the organisation to incorporate impact strategies organically as a third layer within its investment strategy, because we aim to specifically target and amend some of those root cause uncertainties in our impact strategies.



CRIM Corporate Sustainability Strategy

Corporate sustainability

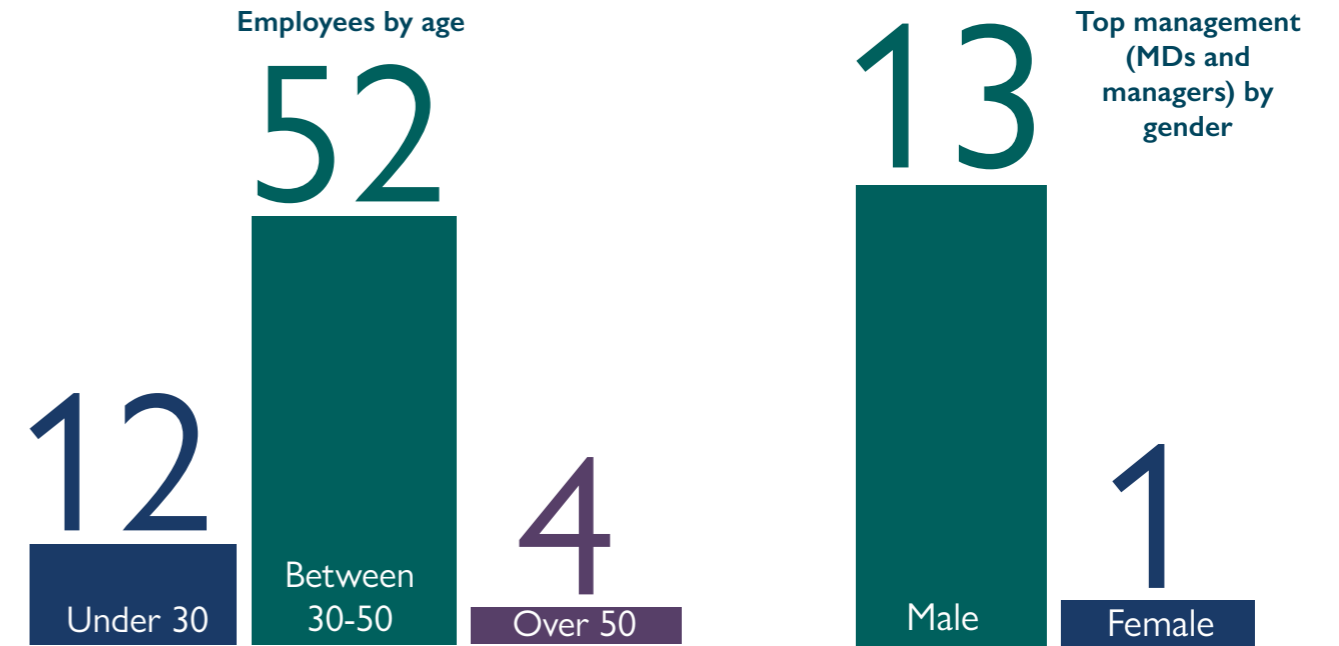
We firmly believe in the importance of robust corporate governance as a fundamental aspect of managing our operations. This belief guides us towards implementing a comprehensive environmental sustainability strategy aimed at minimizing our carbon footprint and enhancing operational efficiency and resilience. Central to our strategy is the reduction of greenhouse gas (GHG) emissions through the adoption of low-carbon energy solutions. We are making strides in powering our operations with renewable electricity and, wherever feasible.

We've developed a travel policy centred on environmental responsibility, financial prudence, and efficient time management, prioritising hybrid working and video conferencing to reduce travel and carbon emissions. Recognising the value of in-person meetings, we're committed to offsetting all emissions from business travel, offering train cards within Germany to encourage eco-friendly transport, and directing compensation to certified environmental projects, aiming to balance essential business dynamics with positive contributions to the planet.

HR and employees

Employees, with their knowledge and special skills, are a decisive factor in the business success of Catella Residential Investment Management GmbH. Employee retention measures, development programs and a performance-related remuneration system in line with the market are therefore essential to counteract

increased fluctuation outside the company and a shortage of skilled workers. A fluctuation rate of 4% in the reporting period, which is well below the industry average (BDA method), is proof of the success of the measures taken.

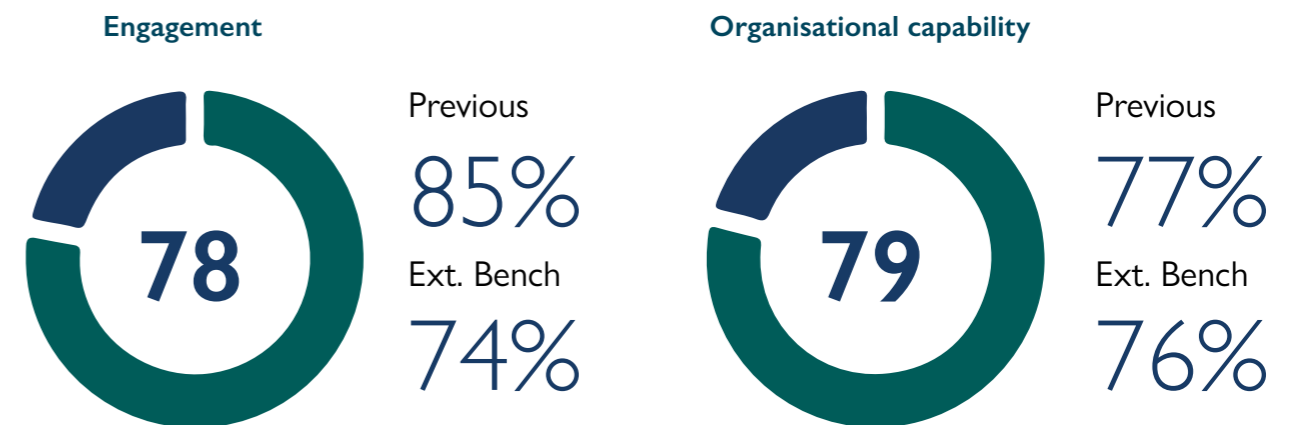


Staff survey

Our annual Kantar survey, with an 84% participation rate, provided deep insights into our organisational strengths across engagement, organisational capability, goals and strategy, and leadership. The feedback indicated our team's agility in implementing decisions quickly, reflecting our dynamic and adaptive work environment. Outstanding teamwork and mutual support were also highlighted, underpinning our collective success and evidencing a high level of collaboration within teams. Moreover, our capacity for making timely decisions was recognised, ensuring we stay ahead in our fast-paced industry. The high motivation and commitment levels among team

members were evident, significantly contributing to our positive work culture.

While the results affirm our strong performance in several key areas, they also identify cross-department collaboration as an opportunity for improvement. Enhancing this aspect of our work environment will further bolster our organisational capability and ensure that our goals and strategies are achieved with a unified effort. Moving forward, we will focus on fostering stronger interdepartmental ties, reinforcing our ongoing commitment to creating a workplace that supports professional growth and excellence.



Catella Academy

We firmly believe that a key element to our continued growth and success is investing in the development of our people and enabling a strong network within the Catella Group.

The purpose of the Catella Academy is to foster development through high quality training, enable strong networks, and identify synergies that create value within the organization. It is an important platform for our talent management and for the way we attract, develop, and retain employees to ensure both individual and corporate growth. Through the Academy, we create a consistent culture, nurture our company values, build a deeper understanding of our strategy, and provide a platform for internal networking and collaboration.

The Academy strives to offer two occasions a year where two overlapping groups will meet, and, alongside networking, share best practice and take part in high quality training and seminars. The Catella Academy board, consisting of representatives across the group, selected a total of 13 CRIM employees as attendees for the Academy classes in 2023.



Staff health and wellbeing

Rowing

In 2022, CRIM started a rowing programme for the team in partnership with Berlin Rowing Club. The team has the opportunity to go rowing on a weekly basis on Thursdays between 4-6 pm. More than 30 enthusiastic employees took part in the activity and we will continue the programme for 2024.

Count the kilometres

At CRIM, sustainability and well-being are core values; we therefore host a yearly "Count your Kilometres" challenge. The contest encourages our team to make eco-friendly choices, like cycling to work, and prioritise fitness through running. Speed is not the focus; it's about consistency. This year, the team covered an amazing 30,585 km by bike and 6,707 km on foot. We awarded prizes to the top 10 cyclists and runners, and made donations to Ukraine relief (Open Dialogue Foundation) of €45,000 – this was the total from €0.5/km cycled and €1/km run.



Social Nature Day

Last year's summer event was all dedicated to the local environment here in Berlin. We did our forest project close to Strandbad Grünau. As a team, we removed invasive plants that were preventing domestic trees from growing, to encourage new growth. Afterwards we enjoyed a rustic lunch in a beer garden in the forest. Then we continued by collecting and disposing of rubbish during a guided walk through the forest.

After all that hard work we enjoyed the evening in the Pan Am Lounge Berlin with an amazing view over West Berlin. In a special atmosphere we had dinner and drinks, particularly memorable was the sunset reception on the terrace of the lounge. A total of 53 employees spent the day together. We were able to strengthen ourselves as a team and had a lively evening together and the most important thing, to do something good for our environment.

Town hall meeting

Catella is represented by three branches in Germany, located in Berlin, Munich and Düsseldorf. In order to promote the exchange of information between the three companies Catella Residential Investment Management GmbH, Catella Real Estate AG and Catella Project Management GmbH, so-called “town hall meetings” are held several times a year for all employees in person and simultaneously via teams meeting. The managing directors of the three sister companies present current topics and projects and employees do have the opportunity to ask questions and obtain further information directly from the management.

Catella alignment workshop

We gathered all employees for the first Catella Alignment workshop. CRIM Managing Directors and HR Management have been part of the process to establish the Catella Alignment and worked closely with group HR. Catella Alignment was launched at Catella Academy in Stockholm in May 2023. The Catella Alignment was also published on the Intranet to all employees.

The aim of the workshop was to make sure that all CRIM employees feel comfortable with Catella’s new vision, purpose, and values. It was discussed what these values mean for CRIM, how we aim to behave and act to drive Catella forward. The workshop was not only an opportunity for us to be an active part of the transformation and to align the overall Catella vision to our own culture and organisation. Even more important, it was an opportunity to establish a common Catella culture.



Donations and community projects

Charitable donations

As a residential investment manager in particular, we bear responsibility for society and the city in which we work and, for the most part, live. That is why we support projects and institutions every year that correspond to our values and make an invaluable contribution to supporting less privileged groups in society. In 2023, CRIM supported the following charitable institutions with donations totalling €120,000.

Together with our partner Bürgermeister-Reuter-Stiftung, we also enabled refugees from Ukraine, especially unaccompanied women with children, to find adequate and humane accommodation in a property managed by us. As in 2022, CRIM also supported accommodation, food and social care in 2023, this time with an amount of almost €50,000.

In order to reflect our Europe-wide business model in our social commitment, we are also supporting the Open Dialogue Foundation in 2023 with an amount of €45,000. The Open Dialogue Foundation was established in Poland in 2009 on the initiative of Ukrainian student and civic activist Lyudmyla Kozlovska who currently serves as President of the Foundation. Since its founding, statutory objectives of the Foundation include the protection of human rights, democracy and the rule of law in the post-Soviet area.



Bringing tennis to a challenged neighbourhood in Liege

The tennis wall in Liege is built as part of our community engagement programme. Catella was a main sponsor of professional tennis in Sweden and it is in that context we decided to open up the sport to children in less privileged environments. Sport is a fantastic avenue to learn how to improve yourself and deal with life. We have partnered up with the City of Liege, a local public sport association, a Belgian multi-annual national champion, an architect and a philosopher and administrator of one of the oldest tennis clubs in the world. During 2024 we obtained building permit on a good location provided by the city and adopted by a local sport association for subsequent daily maintenance and supervision as well as a permit of the alderman of culture with whom we selected the graffiti artist who will turn the wall into a piece of sport-art. The continued heavy rain falls at the end of last year delayed the construction. Opening is now foreseen before summer holidays 2024.



Sustainability Awards

In 2023, CRIM was also honoured for its ESG commitment and received awards in this context. In September, our Catella Elithis Energy Positive Fund was honored with the LuxReal Award as Best Fund in Luxembourg.

We also received the award for Best ESG Asset Manager Residential Real Estate at the Scope Awards in Frankfurt and we were nominated for the Class Foundation Award for our Best Mixed Use Development in Berlin-Pankow.



Epsilon Whitepaper – Catella’s European Residential Vision 2023

The European real estate market is experiencing a pivotal transformation, driven by the end of low interest rates and the urgency of meeting global climate goals. This has led to the emergence of the Epsilon Investment Market, where a significant valuation gap is forming between properties with unsustainable “brown discounts” and those achieving “green premiums” for their environmental and societal contributions. This shift away from cyclical trends towards a structural realignment emphasizes the critical role of sustainability in real estate investment.

brown discounts, those transitioning from brown to green, and top-tier assets that earn green premiums through energy efficiency and reduced CO₂ emissions. Conversely, assets that embody energy efficiency and low CO₂ emissions are increasingly valued, reflecting a broader movement towards the decarbonization of the industry in alignment with the EU’s Green Deal and the Paris Agreement.

In this evolving landscape, properties failing to meet ESG criteria are expected to follow an ‘L-Shape’ trajectory, facing significant depreciation unless they undergo serious sustainable upgrades. This scenario creates a three-tier market dynamic: assets with

In essence, the European real estate market’s future hinges on sustainability, with investment attractiveness and market valuations increasingly dependent on ecological integration and societal value. This transformation underscores the sector’s departure from traditional patterns, heralding a new era where prioritizing green credentials is not just beneficial but essential for long-term success and resilience.

Exhibit 22: Share of ESG Bond Issuance by Industries

Source: Scope Rating, PwC Quarterly Capital Markets

A growing sustainable finance sector is exploring how innovative capital markets can promote, rather than prevent, positive impacts. As climate risks progressively influence the performance of investment portfolios, ESG strategies are coming to the fore. Accordingly, net-zero committed banks – many of which are in the process of adopting sector-specific targets – are pushing clients to significantly reduce emissions.

Exhibit 23: Adoption of Sector-Specific Targets

% of European NZBA members

■ Sector-specific target targets not available
■ Sector-specific target targets available

Source: Oliver Wyman analysis

Businesses that cannot demonstrate their willingness to make the transition to net-zero will find it harder to obtain funding, as banks stop lending to companies without credible transition plans in key sectors.

The same applies for real estate investments – ESG rules will affect lending as much as LTV. While a higher LTV results in risk-adjusted higher interest rates, the lack of decarbonisation for certain assets or even portfolios will curtail the availability of financing. Being planetless means being debtless – in a negative way.

Exhibit 23b: By Portfolio Category

% of European NZBA members with sector-specific emissions reduction targets

Portfolio Category	% of members with targets	Yes	No
Power*	66%	41%	25%
Oil & Gas	59%	10%	49%
Auto	50%	11%	39%
CPI*	41%	11%	30%
Mortgages	41%	10%	31%
Iron & Steel	28%	10%	18%
Shipping	25%	10%	15%
Aviation	22%	10%	12%
Cement	22%	10%	12%
Coal	22%	10%	12%

Source: Oliver Wyman analysis

Capital Markets

Central Banks’ Inflation Battle and War in Ukraine Trigger Big Swings

The central themes of 2022 were high inflation, potential economic recession and dislocated asset prices. The tightening of monetary conditions by the Federal Reserve in 2022 has affected the capital markets to a historic degree. For both equity and debt investors, 2022 was the worst year on record (see Exhibit 24). Any diversification strategy (especially equity vs. bonds) has failed investors with a lack of non-correlated returns.

Exhibit 24: A Turbulent Year for Stocks and Bonds

Year to date % change

Source: Bloomberg

Global stocks and bonds lost more than \$30 trillion after inflation during 2022³, with interest rate rises and the war in Ukraine triggering the heaviest losses in asset markets since the Global Financial Crisis. The broad MSCI All-World index of developed and emerging market equities shed a fifth of its value during the year, the biggest decline since 2008. Shares from Wall Street to Shanghai and Frankfurt all notched up significant falls. Bond markets also endured heavy selling: the US 10-year government bond yield, a global benchmark for long-term borrowing costs, has shot up to close to 4% from about 1.5% at the end of 2021 – the biggest annual increase in Bloomberg records stretching back to the 1960s.

This contrasts with 2008, when the slump was concentrated on equities while bond prices rose. The joint decline has dealt a painful blow to many investors who built portfolios in the hope that fixed-income holdings would act as a ballast when equities markets tumble.

³ <https://www.ft.com/content/2022-12-28/stock-and-bond-markets-shed-more-than-30-trillion-in-turbulent-2022>

Environmental KPIs

The scopes of a carbon footprint in real estate

Scope 1

Direct emissions caused by the heating systems (oil & gas) in our assets.

Scope 2

Indirect emissions caused by the heat generation of district heating or cooling and by the electricity generation for all areas controlled by CRIM as landlord.

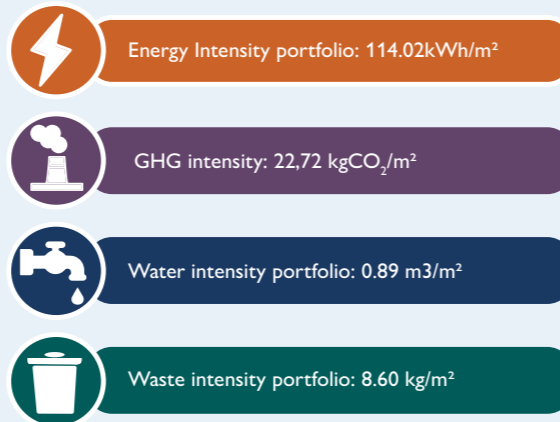
Scope 3

Indirect emissions within the responsibility of our tenants. For example the emissions associated with the electricity generation for the plug-loads in the tenant areas.

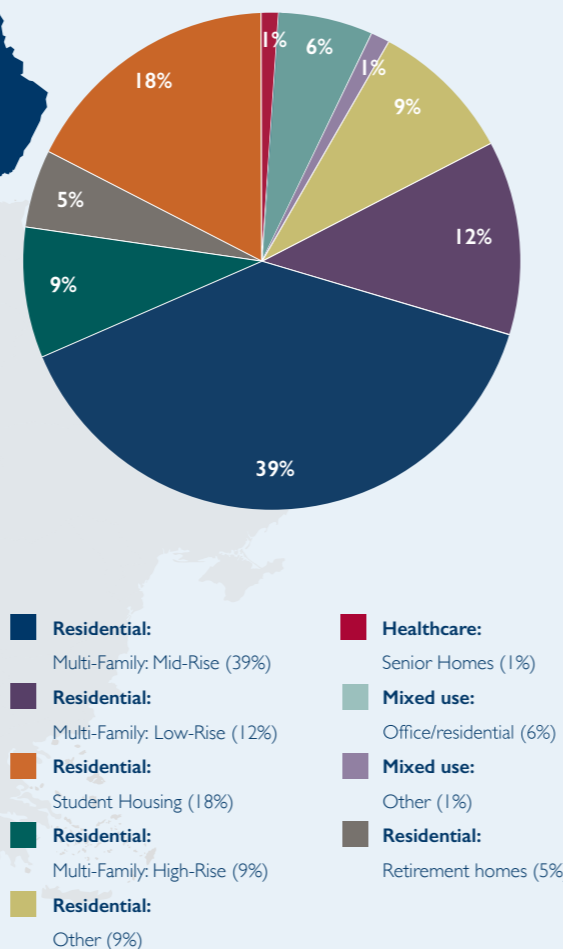
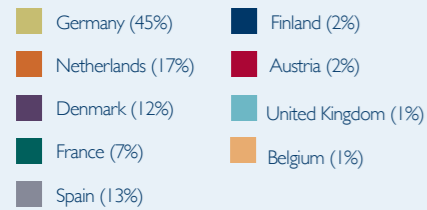
Scope 1:
4,620

Scope 2:
12,332

Scope 3:
7,723



Portfolio Asset Location (m²)



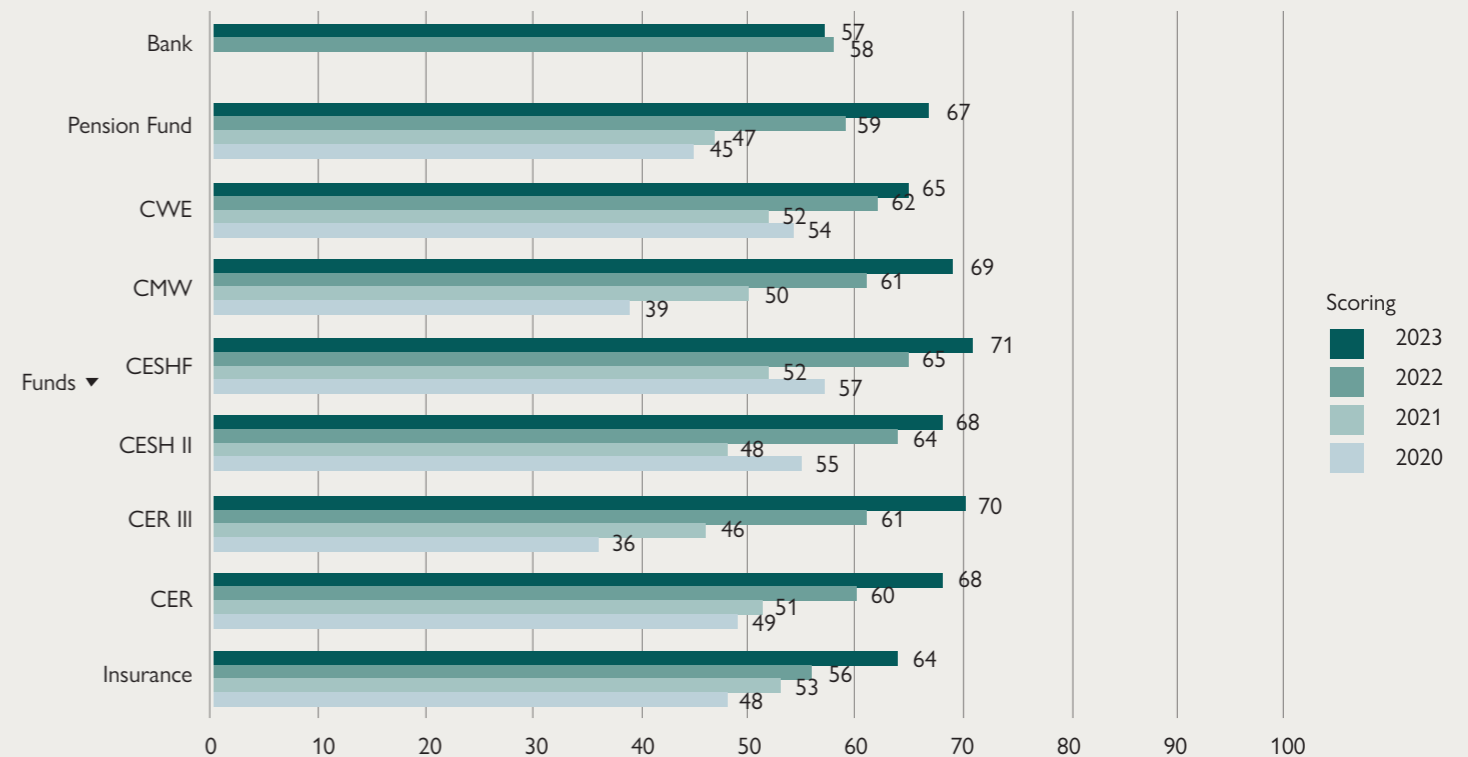
Funds and sustainability

In our commitment to sustainability and responsible investment, we proudly announce that all our funds with assets in operations are reported to the Global Real Estate Sustainability Benchmark (GRESB). This initiative underscores our dedication to environmental stewardship, social responsibility, and governance (ESG) practices across our portfolio.

By participating in GRESB, we are not only aligning with global sustainability standards but also demonstrating our proactive approach to managing sustainability challenges. Our engagement with GRESB has facilitated a framework for continuous improvement, allowing

us to benchmark our performance against peers and identify areas for enhancement. Our approach to sustainability management is holistic and integrated into our operational strategies. We believe that responsible investment and commitment to ESG principles are not only ethical but also critical to delivering long-term value to our stakeholders. We are proud of the progress we have made and remain committed to further advancing our sustainability objectives. Our participation in GRESB is a testament to this commitment and serves as a foundation for our ongoing efforts to lead by example in the realm of sustainable real estate investment.

GRESB score improvement 2020 - 2023



GRESB progress through the years

Funds	2020	▲	2021	▲	2022	▲	2023	▲
Pension funds	45	0	47	2	59	12	67	8
CWE	54	0	52	-2	62	10	65	3
CMW	39	0	50	11	61	11	69	8
CESHF	57	0	52	-5	65	13	71	6
CESHF II	55	0	48	-7	64	16	68	4
CER III	36	0	46	10	61	15	70	9
CER	49	0	51	2	60	9	68	8
Insurance	48	0	53	5	56	3	64	8
	48	0	50	2	61	11	68	7



C Change Update

Recently, there has been a growing awareness that returns and valuations often overlook a building’s environmental mitigation and adaptation characteristics, thereby affecting its potential long-term value.

C Change Partnership with Urban Land Institute (ULI):

Catella has collaborated with other real estate players in an initiative led by the Urban Land Institute to mobilise the real estate industry towards decarbonisation. The primary focus of this collaboration is the development of a valuation tool named ‘Preserve,’ intended to incorporate into asset values the costs and benefits associated with the urgency to implement environmental mitigation measures. Catella has actively participated in this

endeavour, aligning its internally developed ESG discounted cash flow with the ULI guidelines and providing feedback to ULI, emphasising the importance of consistency, precision, and broad applicability. Furthermore, Catella pilots on an article 9 fund and with the agreement of the limited partners a C-Change cash flow as a crucial element in its investment strategy, influencing buy, hold, and sell decisions on asset and portfolio level.

Elithis Fund

Catella Elithis Energy Positive Fund (“CEEPF” or “the Fund”) is a closed-ended investment fund that aims to achieve its financial objectives while also pursuing environmental and social goals. The Fund is classified as an Article 9 fund under the Sustainable Financing Disclosure Regulation (SFDR), meaning it has defined sustainable, social, and governance objectives as binding elements for its investment strategy. The Fund’s primary Investment Objectives are to generate profits by acquiring energy-positive assets that provide sustainable income and capital return, while adhering to the limits established under relevant laws and Fund Documents. Additionally, the Fund aims to spread investment risks and provide its Investors with the benefits of professional portfolio management, focusing on delivering the following sustainability objectives:

- 1 | The ambition of the Fund is to be low in carbon emissions according to the long-term temperature goal of the Paris Agreement and to bring additional and intentional impact to the real estate market by developing energy-positive buildings.
- 2 | The Fund is to invest in and develop assets that will contribute to climate change mitigation by (i) improving energy efficiency and (ii) producing clean and efficient fuels from renewable or carbon-neutral sources in residential developments and operations within the meaning of Article 10 1. (b) and (h) of Taxonomy Regulation.
- 3 | The Fund aims to mitigate housing stress by offering affordable housing to benefit the mid-market segment of the population who have limited access to high quality affordable living.
- 4 | The Fund aims to offer a stable financial return and a competitive risk adjusted return. Robust systems are largely unaffected by external stressors and are able to remain stable and thereby predictable. From a real estate perspective that can be referred to as the ability to retain stable cash flows.



CER III

With the Catella European Residential Fund III (“CER III”), we have established one of the first impact funds in the European residential investment sector. The fund, which is classified as Article 9 under the Sustainable Finance Disclosure Regulation (SFDR), pursues mandatory ESG criteria in all phases of the management process. This includes environmental, social and governance criteria in the investment process, portfolio development and refurbishment as well as the operation of the property.

The environmental objective of the fund is to develop a completely climate-neutral portfolio. Existing properties are to be improved in terms of their energy efficiency and CO₂-consumption using a manage-to-green approach. In view of the social component, at least 80% of the portfolio units shall offer an affordable, below median, market rent. The aim is to ensure that liveable, energy-efficient living space is created that also remains affordable. At the same time, we aim to generate stable returns of 5-6% IRR. The management is financially committed to achieving this target triangle according to the “skin-in-the-game” principle. Penalty payments are due in the event of non-achievement.

Target	
	Build “energy positive” buildings and reduce carbon emissions
	>80% of all units invested in affordable housing for mid-market
	Target Return 5-6% IRR



Adapting to Climate Change:

Recognizing the imperative to address climate change and avert potential losses, Catella is concurrently developing a climate change inclusive investment strategy at fund level and an adaptation strategy at asset level. This strategy integrates mitigation and adaptation knowledge and incorporates it into investment decisions.

Digitalisation and BAS Cloud

Digitalisation and Data protection

Workplace design adapted to modern conditions and IT architecture that promotes mobile working are important building blocks for guaranteeing the attractiveness of the company for employees on the one hand and protecting the company from risks in the areas of cybercrime and breaches of data protection guidelines on the other. Catella Residential Investment Management GmbH is committed to data protection and privacy: we

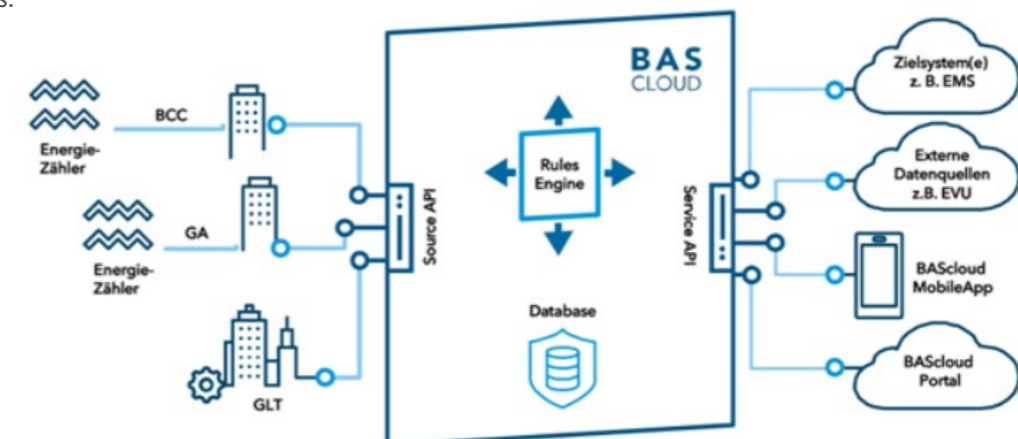
ensure the respect and protection of the rights of individuals, particularly the right to data protection and privacy in the processing and use of personal data. Therefore, we have taken measures to counter the risks and negative effects described above, including the adaptation of security procedures and the ongoing sensitization of employees through training campaigns and cyber security training.

BasCloud

For the national property portfolio managed by Catella Residential Investment Management GmbH in Germany, implementing digital recording of consumption and its central consolidation is an ESG (Environmental, Social, and Governance) objective. The level of digitalisation across the different metering structures of the individual assets varies significantly according to the year of construction and type of use.

To centrally address the varied degree of digitalisation of the assets, Catella Residential Investment Management GmbH started in 2022 to replace traditional meters within the assets with Sub/Smart Meters from BAS Cloud or to capture them digitally via app solutions by the caretaking services.

An API interface facilitates data exchange between all parties involved: the property managers, Catella Residential Investment Management GmbH, and the central ESG platform. BAS Cloud is set to become the central solution for the collection of consumption data of the national property portfolio over the coming years. In Germany, 10 properties or, in total, more than 1,450 residential units have been digitally upgraded in 2023, with the aim to digitalise the entire German portfolio by mid-2025.





MSCI & Deepki

In the rapidly evolving landscape of the real estate industry, our company is leading the way in adopting digitalisation to enhance the management and sustainability of residential buildings. Acknowledging the need to leverage technology for efficiency, transparency, and environmental stewardship, we have formed strategic partnerships with Deepki and MSCI, pioneers in real estate analytics and sustainability assessment. The push towards digitalisation stems from the need to address the increasing demand for sustainable living spaces, improve asset performance, and comply with stringent energy efficiency and sustainability regulations.

Our collaboration with Deepki enables us to collect and analyse data on our properties in real-time, offering insights into energy usage, operational efficiency, and tenant satisfaction. Our partnership with MSCI enriches this strategy by offering insights into climate indicators, climate value at risk, and both physical and transition risks. This dual collaboration ensures a holistic digitalisation approach that spans operational enhancements and informed investment decisions, aligning with global sustainability benchmarks.

Our commitment to a data-driven approach, enhanced by partnerships with Deepki and MSCI, goes beyond technology adoption. This strategy not only improves operational efficiency and asset performance but also underscores our dedication to fostering a more sustainable and habitable environment, enhancing stakeholder trust and affirming our position as leaders in the realm of sustainable real estate.

Portfolio: modern building technologies

Modern construction technologies have undergone significant changes all over Europe, with innovative approaches such as modular systems, timber construction and energy controlling apps being utilised.

Timber construction is experiencing an upswing, as building owners are increasingly focussing on the environmental friendliness, durability and aesthetics of timber. Timber buildings are energy efficient, sequester carbon and contribute to a healthier indoor environment. In addition, energy control apps have revolutionised the way occupants manage their energy consumption. These apps provide real-time data on energy consumption and allow users to optimise heating, cooling and lighting for efficiency and cost savings. They are often connected to smart appliances and enable remote control and automation.

Tenant survey

As part of our commitment to continuous improvement, CRIM recently conducted a tenant survey with the aim of not only fostering community engagement but also gaining valuable insights into our tenants' perspectives. The overall response stood at approximately 25%, which has already been instrumental in identifying areas for improvement.

The survey examined tenant's satisfaction with various aspects, such as the condition of their apartments or the residential building, including specific areas such as staircases, elevators, outdoor spaces, waste disposal, and bicycle

storage facilities. Furthermore, sustainability topics were explored, including the presence of eco-friendly electricity contracts and the yearly energy consumption of their household. A key focus was also placed on understanding tenants' interest in potential measures, such as the installation of electric vehicle charging stations or the introduction of a car-sharing program. This approach ensures that future investments align seamlessly with the preferences and needs of our tenants, and our findings will certainly guide our ongoing efforts to enhance the overall living experience within our properties.





Falkenquartier in Berlin

The buildings will be constructed on a 6,850 square meter plot using timber hybrid construction and according to the requirements of the KfW-40 standard, with the “Sustainable Buildings” (NH) quality seal from the Federal Ministry of the Interior, Building and Community (BMI). This seal underscores the project’s commitment to environmental sustainability, energy efficiency, and social responsibility in construction. The use of timber hybrid construction not only exemplifies innovation in sustainable building practices but also significantly reduces the carbon footprint by utilising renewable materials and enhancing the structure’s energy efficiency. The ground floor apartments will have terraces, while the upper floors will feature balconies and loggias or roof terraces as part of their amenities. The underground car park will be accessible by lifts and will have 67 car parking spaces and 176 bicycle parking spaces. There will be 67 apartments with a total rental area of almost 6,000 square meters. For electric cars, there are to be ten charging stations, each with a charging capacity of eleven kW.



Pestalozzistraße in Berlin

The project is a combination of revitalisation, rebuilding and repurposing at Pestalozzistraße. It encompasses a total usable area of approximately 16,400 m² across four buildings. While the new building completed in 2021 has 24 apartments, the other buildings house a total of 318 co-living apartments as well as a daycare centre. The seller is a Hamburg-based family office. The operator of the short- and long-stay apartments will be the Berlin co-living provider The Base. “With numerous social areas, the concept offers the possibility for communicative and social exchange among residents. The revitalisation of the originally in 1971 and 1985 constructed office buildings is particularly sensible from an ESG (Environmental, Social, Governance) perspective, as it saves buildings that are no longer rentable from being demolished. Revitalising and repurposing buildings presents a significant sustainability advantage, notably in conserving resources and reducing embodied carbon emissions, by avoiding the environmental impact associated with demolishing structures and constructing new ones from scratch. This approach not only preserves the architectural heritage but also contributes to a more sustainable urban development by optimising the use of existing materials and infrastructure.



Bordeaux

CRIM is engaged with local authorities in Bordeaux, Elithis and Canal Architectes to invest in the first European building that was conceived, permitted, taxed and regulated as a reversible building. This showcase investment aims to prove that it is possible to create such buildings at a similar cost point, then yielding both environmental benefits as financial benefits. The environmental benefits stem from the fact that the building will survive its current function and utility with minor CO₂ emissions during the transition to the other use. The financial benefit stems from the embedded real option value from having one building valued in its current and best usage but having an alternative usage at the same time.

Outlook 2024

01 | Organisation

- We have advanced in our commitment to ESG training for employees and partners, and will next focus on enhancing the interactivity and impact of these sessions.
- Our ESG inter-disciplinary team has seen improved integration and departmental collaboration; our next step will be to foster innovation in ESG initiatives through cross-functional projects.
- We are aiming to continue improving ESG disclosures on the website.
- We have enhanced ESG reporting with the integration of ESG platforms; the next phase will involve leveraging AI for analytics.
- The implementation of our employee health and wellbeing programme has progressed, with plans to extend its scope to mental health.
- Our environmental management programme has developed further; we are now focusing on integrating ESG aspects into valuations.
- Progress in our supply chain engagement programme through exclusion lists and monitoring.
- The expansion of ESG performance targets to all departments has been successful and the targets have been linked to individual performance reviews, our next goal is to monitor them to continue progressing.

02 | Entities (Fund Management)

- We have evaluated improvement opportunities, particularly in energy efficiency and on-site renewable energy production, and aim now implement the most cost-efficient measures.
- The implementation of a tenant satisfaction survey has expanded to two countries; we will next introduce regular feedback loops for continuous improvement and continue the roll out to the rest of our operating countries.
- We have provided ESG-specific guidance to a share of the portfolio; our next step is to expand the coverage of the portfolio.
- Following our energy audits and decarbonisation studies, we will now prioritise decarbonisation projects with the highest financial returns to align our sustainability efforts.

03 | Assets (Asset Management)

- Continue increasing data coverage for energy, water, waste, and EPCs is in place; we now plan to use this data for targeted performance improvement projects.
- The integration and continuation of ESG measures in the Long-Term Maintenance Plan (LTMP) have been achieved; next, we aim to prioritise measures with the highest impact on sustainability and financial outcome.
- Having evaluated improvement opportunities for resource efficiency, we will now begin piloting innovative technologies to enhance performance.
- ESG training for partners has been continued; we plan to expand this training based on specific ESG challenges and opportunities.





Catella Residential Investment Management GmbH

Kantstrasse 164, Upper West, in 10623 Berlin

+49 30 887 285 29 0

office_crim@catella-residential.com

Stine Zöchling

Marketing & PR