

**Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:**

Commerz Real Institutional European Hotel Fund (the “AIF” or “Fund”)

**ISIN:** LU1840856667

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

<p><input checked="" type="radio"/> <input type="radio"/> <b>Yes</b></p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input checked="" type="radio"/> <input type="radio"/> <b>No</b></p> <p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

As an environmental characteristic, the Commerz Real Institutional European Hotel Fund (hereinafter referred to as “AIF” or “Fund”) has set itself the goal to make a positive contribution to promote the environmental objectives of climate change mitigation or climate adaption as defined by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (in the following “EU Taxonomy”) when selecting and managing the properties in the

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

portfolio. The AIF promotes the environmental objectives of climate change mitigation or climate change adaptation and intends to measure the AIF's positive contribution in regards to the characteristics. As a guideline, the AIF will use the technical screening criteria defined in Annex 1 and Annex 2 of the Delegated Regulation (EU) 2021/2139 supplementing the EU Taxonomy for the economic activity of acquisition and ownership of buildings. The technical screening criteria for climate change mitigation intend to increase energy efficiency of buildings, which is reflected in EPC-ratings or energy consumptions of the buildings. The technical screening criteria for climate change adaptation intend to implement adaptation solutions that reduce the risk of the adverse impact of the current climate and the expected future climate on that economic activity without increasing the risk of an adverse impact on people, nature or assets.

No social characteristics are promoted by the AIF.

No reference benchmark has been designated for reaching the environmental and/or social characteristics promoted by the Fund.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The percentage of investments in real estate that meet the technical screening criteria of the EU Taxonomy for the environmental characteristic of climate change mitigation or climate change adaptation, having an EPC rating of A or being within the top 15 per cent of the national or regional building stock or having implemented solutions to adapt to climate change

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The AIF promotes the environmental characteristics of climate change mitigation and climate change adaptation. These investments should make a positive contribution to the environmental objectives of climate change mitigation or climate adaptation as defined in the EU Taxonomy. These investments are intended to contribute to the environmental characteristics of climate change mitigation or climate adaptation within the meaning of Art. 9 lit. a) and b) of the EU Taxonomy, as they meet the technical screening criteria according to the Annex to the Commission Delegated Regulation (EU) 2021/2139 supplementing the EU Taxonomy for the economic activity of acquisition and ownership and thus already have an EPC Rating class A or are within the top 15 per cent of the national or regional building stock or have implemented solutions to adapt to climate change.

No sustainable investments are targeted with this financial product. Nevertheless, the fund intends to ensure that at least 10% (ten percent) of the Fund's investments are considered sustainable investments, whereby "sustainable investments" within the meaning of the EU Taxonomy are investments that are aligned with an environmental objective.

The quota is calculated in accordance with Article 17 (1) of Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088. The "investments of the financial product in environmentally sustainable economic activities" of the Fund are exclusively taxonomy-compliant assets that contribute to the achievement of environmental objectives within the meaning of the EU Taxonomy, in particular climate change mitigation or climate change adaptation. This includes real estate investments and project developments as well as liquidity invested in accordance with the EU Taxonomy. The taxonomy conformity of the

properties and project developments is reviewed and ensured by an independent third party, the TÜV Rheinland.

Real estate investments and project developments are recognized at fair value. The fair value of the real estate assets is determined by external appraisers on the basis of the income capitalization approach. Project developments are recognized at fair value according to the progress of construction.

Liquidity is recognized at nominal value and for the taxonomy-compliant proportion in the amount of the underlying taxonomy-compliant investments, meaning the share of taxonomy-compliant investments reported by the issuing bank is multiplied by the nominal amount of the liquidity invested.

Economic activities subsumed in the category climate change mitigation contribute significantly to stabilizing greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by avoiding or reducing greenhouse gas emissions or enhancing greenhouse gas storage in accordance with the long-term temperature goal of the Paris Agreement.

An economic activity subsumed in the category climate change adaptation is an activity that (a) includes adaptation solutions that either substantially reduce the risk of the adverse impact of the current climate and the expected future climate on that economic activity or substantially reduce that adverse impact, without increasing the risk of an adverse impact on people, nature or assets; or (b) provides adaptation solutions that, in addition to satisfying the conditions set out in Article 16, contribute substantially to preventing or reducing the risk of the adverse impact of the current climate and the expected future climate on people, nature or assets, without increasing the risk of an adverse impact on other people, nature or assets. The adaptation solutions referred to in litera (a) shall be assessed and ranked in order of priority using the best available climate projections and shall, at a minimum, prevent or reduce: (i) the location-specific and context-specific adverse impact of climate change on the economic activity; or (ii) the potential adverse impact of climate change on the environment within which the economic activity takes place.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The AIF has the taxonomy alignment of the sustainable investments reviewed and, as part of the process, the “Do no Significant Harm” review carried out for the respective real estate in order to avoid significant impairments. The result of this review is confirmed externally. For the environmental objectives of climate change mitigation, it is checked whether the buildings meet the criteria for climate change adaptation in Annex A of the Commission Delegated Regulation (EU) 2021/2139 as amended or supplemented by the EU Taxonomy. For the environmental objective of climate

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

change adaption, it is checked whether the buildings meet the criteria for avoiding significant adverse impacts on the environmental objective of climate change mitigation for the economic activity of acquisition and ownership of real estate.

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is ensured as part of sustainable investments with an environmental objective in accordance with the EU Taxonomy. To this end, all business partners with an annual order volume of more than EUR 50,000 (for outsourcing and associated persons: EUR 0) undergo an examination in the Business Partner Due Diligence Tool, which examines business partners in particular with regard to sanctions, corruption, money laundering, fraud and bribery. Sanctioned companies and individuals are generally excluded from a business relationship. Commerz Real's Compliance department decides case related on exclusions and restrictions and acts in accordance with the Compliance – Anti-Bribery and Corruption Policy. Since mid-2021, the due dilligence includes ESG criteria, based on the principles of the UN Global Compact.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No



## What investment strategy does this financial product follow?

As an environmental characteristic, the AIF has set itself the goal to make a positive contribution to promote the environmental objectives of climate change mitigation or climate adaptation as defined in the EU Taxonomy. As further part of the promotion, at least 10 per cent of the investments will be invested in real estate that meet the technical screening criteria of the EU Taxonomy for the environmental characteristics of climate change mitigation or climate change adaptation. The investment company will ensure this by reviewing the criteria defined above both when buying and selling properties as part of the ongoing management process. For this purpose, an ESG due diligence will be conducted. If the minimum share of 10 per cent as mentioned above requires it, the fund will therefore invest primarily in properties that meet these criteria.

In addition, the investment company ensures social minimum safeguards. All business partners with an annual order volume of more than EUR 50,000 (for outsourcing and associated persons: EUR 0) undergo an examination in the Business Partner Due Diligence Tool, which examines business partners in particular with regard to sanctions, corruption, money laundering, fraud and bribery. Sanctioned companies and individuals are generally excluded from a business relationship. Commerz Real's Compliance department decides case related on exclusions and restrictions and acts in accordance with the Compliance – Anti-Bribery and Corruption Policy. Since mid-2021, the due diligence includes ESG criteria, based on the principles of the UN Global Compact.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The AIF has made a binding commitment to invest a minimum of 10 per cent of the investments in real estate that meet the technical screening criteria of the EU Taxonomy for the environmental characteristics of climate change mitigation or climate change adaptation.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

● ***What is the policy to assess good governance practices of the investee companies?***

The AIF invests in real estate and real estate companies in accordance with its investment principles and observes the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. All business partners with an annual order volume of more than EUR 50,000 (for outsourcing and associated persons: EUR 0) undergo an examination in the Business Partner Due Diligence Tool, which examines business partners in particular with regard to sanctions, corruption, money laundering, fraud and bribery. Sanctioned companies and individuals are generally excluded from a business relationship. Commerz Real's Compliance department decides case related on exclusions and restrictions and acts in accordance with the Compliance – Anti-Bribery and Corruption

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

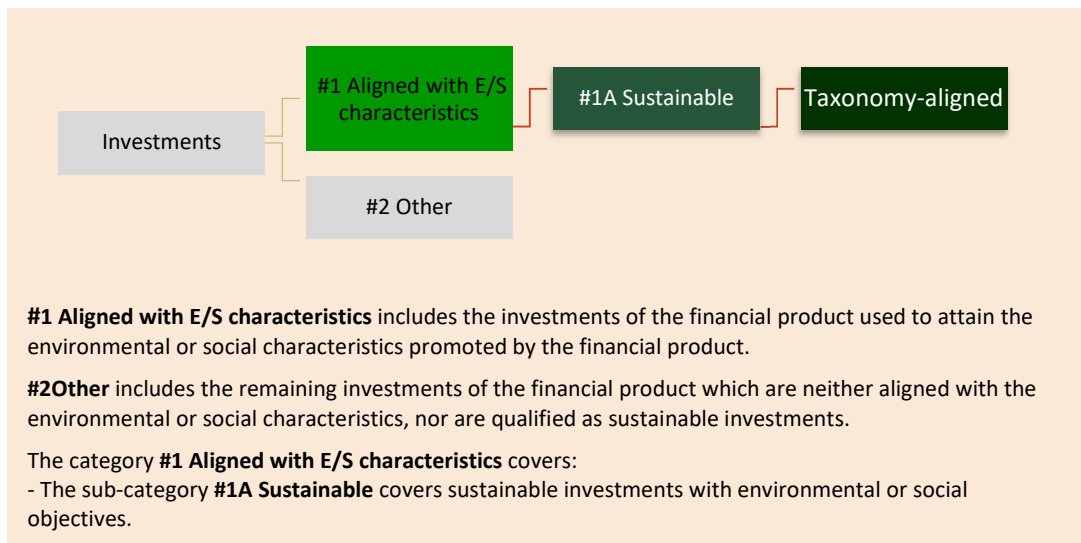
Policy. Since mid-2021, the due diligence includes ESG criteria, based on the principles of the UN Global Compact.



## What is the asset allocation planned for this financial product?

The AIF plans to invest a minimum share of 10 per cent or the market value of the investments held by the AIF in sustainable investments in accordance with Article 3 of the EU Taxonomy (#1 A).

The planned share of other investments (#2 Other) should therefore amount to a maximum of 90 per cent.



### ● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



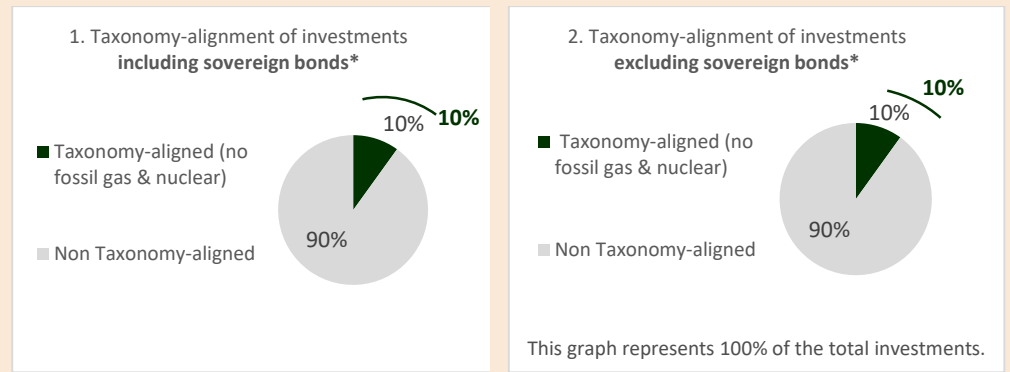
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

As part of the further promotion of environmental and/ or social characteristics, at least 10 per cent of sustainable investments in accordance with Article 3 of the EU Taxonomy are made. These investments should contribute to the environmental objectives of climate change mitigation or climate change adaptation within the meaning of Article 9 lit. a) and b) of the EU Taxonomy. The taxonomy conformity of the taxonomy-compliant properties is verified by a qualified third party assessor. Furthermore, the proportion of taxonomy-compliant investments will be reviewed by the auditor as part of the audit of the annual report. The name of the auditor can be found in the main part of the Fund's Sales Prospectus.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- Yes:
  - In fossil gas
  - In nuclear energy
- No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

### What is the minimum share of investments in transitional and enabling activities?

The AIF does not seek to invest in transitional and/or enabling activities. The minimum percentage of investments in transitional and enabling activities as defined in the EU Taxonomy is set to 0 % (zero per cent).

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The AIF's aim is to ensure that all sustainable investments are compliant with the EU Taxonomy.



### **What is the minimum share of socially sustainable investments?**

No socially sustainable investments are targeted. The minimum percentage of socially sustainable investments as defined in the EU Taxonomy is set to 0 % (zero per cent).



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

All other investments that are not sustainable investments in accordance with Article 3 of the EU Taxonomy (#1 A) fall under #2 “Other investments”. The AIF invests in real estate and real estate companies in accordance with its investment principles and observes the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

All business partners with an annual order volume of more than EUR 50,000 (for outsourcing and associated persons: EUR 0) undergo an examination in the Business Partner Due Diligence Tool, which examines business partners in particular with regard to sanctions, corruption, money laundering, fraud and bribery. Sanctioned companies and individuals are generally excluded from a business relationship. Commerz Real's Compliance department decides case related on exclusions and restrictions and acts in accordance with the Compliance – Anti-Bribery and Corruption Policy. Since mid-2021, the due diligence includes ESG criteria, based on the principles of the UN Global Compact. There is no minimum ecological safeguard.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable.



### **Where can I find more product specific information online?**

#### **More product-specific information can be found on the website:**

Further information on the AIF's promotion of environmental and/or social characteristics is available at <https://crfm.commerzreal.com>.

Company-specific information on the main adverse sustainability impacts of the company is available at <https://crfm.commerzreal.com/>