



hausInvest

hausInvest real estate investment fund
Commerz Real Investmentgesellschaft mbH

Prospectus

Prospectus with investment conditions
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COMMERZ REAL



A Fund of Commerz Real Investmentgesellschaft mbH

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Prospectus

Whenever shares in the hausInvest real estate investment fund are bought or sold, the transaction will always be based on the latest version of this prospectus, the key information document, the General Terms and Conditions of Investment and the Specific Terms and Conditions of Investment. Both the General Terms and Conditions of Investment and the Specific Terms and Conditions of Investment are printed at the back of this prospectus (from p. 50 onwards). Anyone who is interested in acquiring shares in the hausInvest real estate investment fund must be provided with the latest version of this prospectus free of charge and in good time before entering into the contract; they must also be provided with the key information document, the most recent annual report and any semi-annual report that may have been published after the annual report. They must also be informed about the most recent net asset value of the hausInvest real estate investment fund.

All information and statements provided to prospective investors must match the details contained in this prospectus. If any shares are ever bought or sold on the basis of information or statements not contained in this prospectus or in the key information document, those transactions will be concluded solely at the risk of the buyer. The prospectus will be supplemented by the most recent annual report and any semi-annual report that may have been published after the annual report.

Commerz Real Investmentgesellschaft mbH (hereinafter referred to as the “company”) and/or the hausInvest real estate investment fund are not and will not be registered under the United States Investment Company Act of 1940, as amended. The fund’s shares are not and will not be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any state in the United States of America. Shares in the hausInvest real estate investment fund must not be offered or sold in the United States; they must not be offered or sold to a US person or for their account. Those wishing to acquire shares may have to declare that they are not a US person, that they do not intend to acquire shares on behalf of US persons and that they will not resell shares to US persons. A “US person” can be defined as a US citizen or a person who is resident and/or subject to tax in the USA. However, US persons also include partnerships and corporations established under the laws of the USA or a US state, territory or possession.

The information provided in this prospectus – and the hausInvest real estate investment fund itself – are not intended for distribution and sale to natural or legal persons resident in France.

The contractual relationship between the company and its investors, including the pre-contractual relationships, are based on German law. The company’s registered office will be the place of jurisdiction for any legal action taken by investors against the company within the contractual relationship. Investors who are consumers (see definition below) residing in another EU country may also bring an action before a competent court in their place of residence. According to Section 303 (1) of the German Investment Code (KAGB), all publications and promotional materials must be written in German or supplemented with a German translation. Furthermore, the company will conduct all communication with its investors in German.

Consumers are natural persons who invest in the hausInvest fund for purposes that are mainly unrelated to their trade, business or profession (i.e. for private purposes).

The company has undertaken to participate in dispute resolution proceedings before a consumer arbitration board.

In the event of a dispute, consumers can contact the Ombudsman Scheme for Investment Funds, i.e. the competent consumer arbitration board run by the German Investment Funds Association (BVI). The company will participate in any proceedings conducted by this arbitration board. Even if consumers make use of this option, they remain entitled to appeal to the courts.

Here are the contact details for the Ombudsman Scheme for Investment Funds:

Büro der Ombudsstelle des BVI
Bundesverband Investment und Asset Management e.V.
Unter den Linden 42
D-10117 Berlin
Tel.: +49 30 6449 046 0
Fax: +49 30 6449 046 29
info@ombudsstelle-investmentfonds.de
ombudsstelle-investmentfonds.de

In the event of disputes concerning the application of German Civil Code (BGB) provisions on distance contracts for financial services, consumers can also contact the Arbitration Board of the Deutsche Bundesbank. Even if consumers make use of this option, they remain entitled to appeal to the courts.

Here are the relevant contact details:
Schlichtungsstelle der Deutschen Bundesbank
Postfach 11 12 32
D-60047 Frankfurt
Tel.: +49 69 2388 1907 or 1906
Fax: +49 69 2388 1919
schlichtung@bundesbank.de

In the event of disputes related to sales contracts or service agreements that have been established electronically, consumers can also use the EU's Online Dispute Resolution platform (ec.europa.eu/consumers/odr). The following email address can be provided there for the purpose of contacting the company: hausinvest@commerzreal.com. The platform itself is not a dispute resolution board; it merely facilitates contact between the parties and a competent dispute resolution body in the relevant country. Even if consumers make use of this option, they remain entitled to appeal to the courts.

In accordance with Section 245 KAGB, the assets belonging to the investment fund are owned by the company, which manages them in trust for its investors. By acquiring shares, investors become trustors with contractual claims against the company. The shares are not associated with any voting rights.

Any judgements will be enforced according to the German Code of Civil Procedure (ZPO) and, where applicable, the German Act on Foreclosure and Receivership (ZVG) or the German Insolvency Code (InsO). As the company is subject to German law, there is no need to recognise any judgements passed by German courts before they are enforced.

The most recent annual report and semi-annual report will always contain up-to-date information about the company's committees, as well as the subscribed and paid-in capital and the liable equity capital of the company and depositary.

This prospectus is valid from 3 July 2023. It is a revised version. Some of the most notable changes include adjustments to the summary of tax regulations, various additions and amendments to the annex pursuant to Annex II of Commission Delegated Regulation (EU) 2022/1288, of 6 April 2022 (containing pre-contractual information on the environmental and/or social characteristics to be disclosed under Art. 8 (1), (2) and (2a) of Regulation (EU) 2019/2088), personnel changes in the "Committees" section and other updates.

Investment fund

Name, date of inception, term

The fund presented in this prospectus is a “real estate investment fund”, as defined in the German Investment Code (KAGB). It is called hausInvest. It was launched on 7 April 1972 for an indefinite period. On 30 September 2010, all assets in the hausInvest global fund were transferred to the hausInvest europa fund; following the merger, the investment fund was renamed simply hausInvest.

The company invests the capital deposited by investors in the asset classes permitted under the KAGB; the company makes these investments in its own name, for the joint account of its investors and according to the principle of risk diversification, pooling the capital deposited by investors as a separate estate away from its own assets in the form of an investment fund. This means that the assets in the hausInvest fund are not part of the company's insolvency estate.

The business purpose of the investment fund is limited to the investment of capital according to a defined investment strategy as part of collective asset management using the funds deposited by its investors; under no circumstances will the company perform any operational activities or actively manage its assets as a business.

The asset classes in which the company may invest the funds deposited by its investors – and the provisions to be observed during the company's investment activities – are based on the KAGB and the associated regulations, as well as the German Investment Tax Act (InvStG) and the investment conditions, which regulate the legal relationship between the company and its investors. The investment conditions comprise the General Terms and Conditions of Investment and the Specific Terms and Conditions of Investment. A fund's investment conditions must be approved by the Federal Financial Supervisory Authority (BaFin) before they can be used.¹

Sales documents and disclosure of risk management information

This prospectus, the General Terms and Conditions of Investment, the Specific Terms and Conditions of Investment, the key information document and the most recent annual and semi-annual reports can be obtained free of charge from Commerz Real Investmentgesellschaft mbH. They are also available here: anlegerinformationen.hausinvest.de.

Additional information about the investment limits defined according to the company's risk management strategy, the risk management methods employed by the company and the latest developments affecting risks and returns for the major asset classes held within the investment fund is available in digital form at hausinvest.de; written information can also be requested from Commerz Real Investmentgesellschaft mbH.

If the company provides individual investors with further information about the composition or performance of the investment fund, it will also publish this information at hausinvest.de.

Investment conditions and future changes

Both the General Terms and Conditions of Investment and the Specific Terms and Conditions of Investment are printed at the back of this prospectus.

The investment conditions may be changed by the company. Any changes to the investment conditions must be approved by the Federal Financial Supervisory Authority (BaFin).

The fund's investment conditions may only be changed if the company offers investors the opportunity to either redeem their shares at no additional cost, taking into account the individually applicable holding and notice periods (see “Issue and redemption of shares”), or to exchange their shares free of charge for shares in other investment funds with comparable investment principles, provided that such investment funds are managed by the company or another undertaking in the same group.

The planned changes will be announced in the Federal Gazette (Bundesanzeiger) and in a business or daily newspaper or at hausinvest.de.

In the event of any changes related to remuneration, the reimbursement of expenses or basic investor rights that are disadvantageous to investors, or in the event of any changes to the fund's investment principles, investors will also be informed by their depositary banks in a comprehensible manner via a durable medium (e.g. in paper or electronic form). This information will include the essential content of the planned changes to the investment conditions, the context of such changes and an indication as to where and how further information can be obtained. If the fund's investment principles are changed, investors must also be informed about their right to redeem their shares and, if possible, to exchange their shares.

The changes will come into effect no earlier than one day after being announced in the Bundesanzeiger. Any changes relating to fees and the reimbursement of expenses will come into effect four weeks after being announced in the Bundesanzeiger. If such changes are favourable to investors, an earlier point in time may be determined with the approval of the BaFin. Any changes to the existing investment principles for the investment fund will also come into effect no earlier than four weeks after being announced.

Alternative investment fund manager

The alternative investment fund manager for the hausInvest real estate investment fund described in this prospectus is Commerz Real Investmentgesellschaft mbH (formerly Commerz Grundbesitz-Investmentgesellschaft mbH), which was founded on 25 March 1992 and is based in Wiesbaden. It is an “alternative investment fund manager”, as defined in the KAGB, in the legal form of a limited liability company (GmbH).

For more information on the members of the management and supervisory board, external appraisers and shareholders, as well as more information on the subscribed and paid-in capital and the liable equity capital of the company and depositary, please refer to the “Committees” section from p. 48 onwards. Any changes in this regard can be found in the annual and semi-annual reports.

¹ Section 163 (1) of the German Investment Code (KAGB).

The professional liability risks resulting from the management of funds that do not fall under the scope of the UCITS Directive – i.e. alternative investment funds (AIF) – due the professional negligence of the company's corporate bodies or employees are covered by the company's own funds amounting to at least 0.01% of the value of the portfolios of all AIFs managed by the company; this amount is reviewed and adjusted on an annual basis. These funds are included in the company's stated capital.

Depository

Identity of depository

BNP Paribas S.A., German branch, based in Frankfurt am Main, has taken on the role of depository for the hausInvest fund. BNP Paribas S.A. is a credit institution incorporated under French law and a global custody and asset servicing provider for investment funds.

The fact that BNP Paribas S.A. has taken on the role of depository could result in conflicts of interest for the investment fund if the company enters into contracts with undertakings affiliated with BNP Paribas S.A. for the account of the investment fund.

Further information on the depository can be found at the end of this prospectus.

Responsibilities of depository

The depository has been formally contracted to verify ownership of properties held by the company acting for the account of the investment fund and to continuously monitor the company's portfolio of real estate, equity interests in real estate companies and other assets that cannot be held in safekeeping. It is also responsible for the safekeeping of bank deposits held by the investment fund, unless such bank deposits are invested with other credit institutions, as well as the safekeeping of money market instruments, securities and investments in other funds held as part of the company's liquidity management. This ensures compliance with the KAGB, which specifies separate administrative and custodial responsibilities for an investment fund.

The depository keeps the investment fund's securities and certificates of deposit in separate custody accounts or blocked custody accounts, unless they are kept in separate custody accounts or blocked custody accounts with other depositories. The bank deposits held by the investment fund are kept by the depository in separate accounts or blocked accounts, unless they are kept in separate accounts or blocked accounts with other credit institutions. The depository must grant its approval whenever a property is sold or mortgaged to safeguard the interests of investors. In addition, the depository must check whether the investment held in separate accounts or blocked accounts or in separate custody accounts or blocked custody accounts of another credit institution, an investment firm or another depository is consistent with the provisions of the KAGB and the fund's investment conditions. If this is the case, it must approve the investment.

A blocking notice is entered in the land register for each individual property in favour of the depository, except where a property is held by a real estate company for the account of the investment fund. This means that properties cannot be disposed of without the depository's approval. If such a restriction on disposal cannot be entered in a land register or similar document in the case of properties located outside of Germany, the company will ensure that the restriction on disposal remains effective by other appropriate means.

In the case of equity interests in real estate companies, the depository is also responsible for monitoring compliance with the legal provisions, as presented below. The company must obtain the depository's approval before disposing of equity interests in real estate companies. If a real estate company intends to dispose of a property or to change its articles of association or shareholders' agreement, the depository must first grant its approval, provided that the company holds a majority interest in the real estate company concerned.

The depository must ensure that all shares are issued, redeemed and valued in accordance with the provisions of the KAGB and the fund's investment conditions.

In the case of transactions effected for the joint account of investors, the depository must ensure that it receives the relevant consideration for safekeeping within the usual deadlines. In addition, the depository must ensure that the fund's income is used in accordance with the provisions of the KAGB and the investment conditions and that the income appropriated for distribution is disbursed accordingly.

Sub-depository

The depository is not currently outsourcing any depository functions to another company (sub-depository), as permitted under Section 2 (3) of the General Terms and Conditions of Investment.

Liability of depository

The depository is generally responsible for all assets held in safekeeping by the depository itself or by another body with the depository's approval. If any such assets are lost, the depository will be liable to the investment fund and its investors, unless the loss can be attributed to events beyond the depository's control. In the event of damage that does not consist of the loss of an asset, the depository will only be liable if it has at least negligently failed to perform its obligations under the KAGB.

Additional information

If so requested by investors, the company will provide up-to-date information on the depository and its duties, any sub-depositaries that may have been appointed, and potential conflicts of interest related to the work performed by the depository and any sub-depositaries.

Risk information

Before deciding whether to purchase shares in the investment fund, investors should carefully read and consider the following risk information and the other information contained in this prospectus. If one or more of the risks presented below occur, either in isolation or in conjunction with other circumstances, this can have a negative impact on the performance of the investment fund or the assets held in the investment fund which, in turn, can have a negative impact on the unit value.

If investors sell shares in the investment fund at a time when the prices of the fund's assets have fallen compared to when the shares were purchased, the investors concerned will not recoup the capital they have invested in the fund, or only to a limited extent. They could lose some or even all of the capital they have invested in the fund. Appreciation cannot be guaranteed. Each investor's risk is limited to the amount they personally invest. There is no obligation to make additional capital contributions beyond the capital they have invested.

In addition to the risks and uncertainties described below or elsewhere in this prospectus, the performance of the investment fund may also be adversely affected by various other risks and uncertainties that are currently unknown. The order in which the risks are listed below gives no indication as to the likelihood of such risks or the magnitude or significance of their possible implications.

Risks associated with a fund investment

The risks presented below may have a negative impact on the unit value, on the capital invested by each investor and on the amount of time each investor intends to hold their investment in the fund.

Fluctuation of fund unit value

The fund unit value is calculated by dividing the net asset value of the investment fund by the number of shares in circulation. The net asset value of the investment fund is calculated by adding up the market values of all assets in the investment fund and subtracting the total market values of all liabilities in the investment fund. The fund unit value is therefore dependent on the value of the assets held in the investment fund and the amount of liabilities owed by the investment fund. Fluctuations in real estate investment funds are caused by various factors, including property market developments. The investment fund can also perform negatively. If the fund's assets decrease in value or its liabilities increase in value, the fund unit value will decrease.

Any investors who are interested in acquiring shares in the investment fund as of 21 July 2013 ("new investors") should also note the following special risks:

- **Longer minimum commitment for new investors**
Those who acquired shares before the above date ("old investors") can redeem shares worth up to € 30,000 in each half of the calendar year. This option is not open to new investors. For more detailed information, please refer to "Issue and redemption of shares" (p. 30). As a result, new investors can only react to changes in the investment landscape (e.g. falling property prices) after completing the minimum 24-month holding period and observing the 12-month notice period for redemptions, which means that they cannot react as quickly as old investors. This may prove to be disadvantageous if redemptions are about to be suspended. This risk also applies to old investors who would like to redeem shares worth more than € 30,000 in one half of a calendar year.
- **Special risk of price changes for new investors**
There may be losses in value during the minimum 24-month holding period and the 12-month notice period if the market value of the assets falls in relation to the acquisition price. In other words, there is a risk that the redemption price obtained by new investors will be lower than the issue price paid at the time the shares were purchased or lower than the redemption price at the time they irrevocably declared their intention to redeem their shares. In such cases, the money returned to investors will be less than the amount they expected when acquiring shares or declaring their intention to redeem shares. As a result, the redemption price obtained by new investors may be lower than the redemption price obtained by old investors who can redeem their shares immediately. This risk also applies to old investors who would like to redeem shares worth more than € 30,000 in one half of a calendar year.

Impact of tax-related aspects on individual results

The tax treatment of income from savings and investments depends on the personal circumstances of each investor and may be subject to change in the future. Investors should contact their personal tax advisor if they have any specific questions, particularly with regard to their individual tax situation.

Suspension of share redemptions

The company may decide to temporarily suspend the redemption of shares in the interest of investors in response to extraordinary circumstances such as economic or political crises, redemption requests of an exceptional magnitude, the closure of stock exchanges or markets, trade restrictions or other factors that make it difficult to properly calculate the unit value. As a result, there is a risk that investors will not be able to liquidate their shares when they want due to restrictions on redemptions. The unit value may also decrease while share redemptions are suspended (e.g. if the company is forced to sell assets below their market value during that time). The unit price may be lower when share redemptions are resumed than before they were suspended.

The company is also obliged to temporarily refuse and suspend the redemption of shares if there are no longer enough liquid funds to pay the redemption price and ensure proper management – or if there are no longer enough liquid funds immediately available – due to extensive redemption requests (see “Suspension of share redemptions and investor resolutions” from p. 33 onwards of this prospectus and “Issue and Redemption of Shares, Suspension of Redemptions” in Section 12 of the General Terms and Conditions of Investment). This means that investors cannot redeem their shares during such periods.

As the acquisition of shares is not limited by a maximum investment amount, extensive redemption requests may impair the fund's liquidity, resulting in the suspension of share redemptions. The unit value may decrease while share redemptions are suspended (e.g. if the company is forced to sell properties and real estate companies below their market value during that time). A temporary suspension may lead to a permanent suspension of share redemptions and the liquidation of the investment fund (see “Liquidation of investment fund” on this page and p. 45 and “Fund liquidation procedure” on p. 45). This may be the case, for example, if the amount of liquidity needed to resume share redemptions cannot be obtained through the sale of real estate. It can take a long time to liquidate an investment fund, sometimes even several years, so there is a risk that investors will not be able to hold their investment in the fund for as long as planned and that a significant part of their invested capital will remain unavailable for an indefinite period or may even be lost altogether.

The company will redeem shares at the redemption price applicable after share redemptions have been resumed.

Change in investment policy or investment conditions

The company may change its investment conditions with the approval of the BaFin (see “Investment conditions and future changes” on p. 6). A change in the investment conditions may also result in a change to regulations affecting investors. For example, a change in the company's investment conditions may lead to a change in the fund's investment policy or an increase in the costs to be charged to the investment fund.

Liquidation of investment fund

The company is entitled to terminate its management of the investment fund and, after implementing such a measure, to completely liquidate the investment fund. In such cases, the right of disposal over the investment fund will be transferred to the depositary after a six-month notice period. As a result, there is a risk that investors will not be able to hold their investment in the fund for as long as planned. When the investment fund is transferred to the depositary, it may become subject to forms of tax other than German income tax. If fund shares are moved out of an investor's custody account after the liquidation process has ended, the investor may be charged income tax on those amounts.

Transfer of all assets from the investment fund to another investment fund (merger)

The company may transfer all assets from the investment fund to another real estate investment fund. In such cases, investors may redeem their shares at no additional cost or, if possible, exchange their shares free of charge for shares in another real estate investment fund whose investment principles are consistent with those of this real estate investment fund. The same applies if the company transfers all assets of another real estate investment fund to this real estate investment fund. In the event of such transfers, investors must therefore make a new investment decision ahead of time. If investors decide to redeem their shares, they may be charged income tax. If investors exchange their shares for shares in another real estate investment fund with comparable investment principles, they may be subject to tax (e.g. if the value of the shares received is higher than the value of the old shares at the time of acquisition).

Transfer to another alternative investment fund manager

The company may transfer the fund to another alternative investment fund manager. Although the investment fund and the position of investors will remain unchanged as a result of such a transfer, investors must decide whether the new alternative investment fund manager is just as suitable as the previous one. Any investors who do not wish to remain invested in the fund under new management must redeem their shares. Any such redemptions may be subject to income tax.

Profitability and achievement of personal investment objectives

There is no guarantee that investors will achieve their targeted return on investment. The unit value of the investment fund may fall, resulting in losses for investors. Neither the company nor third parties can guarantee that investors will receive a certain minimum payment when redeeming their shares or that the fund will generate a certain return on investment. Furthermore, a front-end load paid when shares are purchased can reduce or even nullify an investor's return on investment, especially if their investment is only held for a short period. The amount received by investors when redeeming their shares could be lower than their original investment.

Risks of negative fund performance (market risk)

The risks presented below may have a negative impact on the performance of the investment fund or the assets held in the investment fund which, in turn, may have a negative impact on the unit value and the capital contributed by investors.

Main risks of real estate investments, equity interests in real estate companies and encumbrances with heritable building rights

Real estate investments are subject to risks that can affect the unit value by leading to changes in income, expenses and the market value of properties. This also applies to investments in properties held by real estate companies. The following list of risks is not exhaustive:

- In addition to changes in the general economic conditions, there are also risks specific to property ownership (e.g. vacancies, unpaid rent and the loss of rental income), which can be caused by various factors such as changes in the quality of a location or the creditworthiness of tenants. If the quality of a location changes, it may no longer be suitable for its intended use. The condition of a building may call for maintenance, resulting in expenses that are not always foreseeable. The company attempts to limit these risks by ensuring that the properties in the investment fund can be used by new tenants with relative ease if the existing lease is terminated and by establishing a tenant structure that encompasses many sectors. In addition, the company ensures that the properties in the investment fund are regularly maintained, renovated and restructured to maintain or improve their competitiveness.
- The risks associated with fires, storms and natural disasters (e.g. flooding, high tide, earthquakes) are internationally insured, provided that such insurance cover exists and this is economically justifiable and objectively necessary.
- Various properties may be exposed to the risk of war and terrorism, especially in urban areas. Even if a certain building is not directly targeted by terrorists, it may lose its economic value if the property market in the area concerned is negatively affected in the long term and it becomes difficult or even impossible to find tenants. Terrorism risks are also insured, provided that such insurance cover exists and this is economically justifiable and objectively necessary.
- The company carefully examines the risks associated with contaminated sites (e.g. soil pollution, asbestos fixtures), especially when purchasing real estate (obtaining any expert reports it may consider appropriate). In spite of every care being taken, however, risks of this nature cannot be ruled out completely.
- Certain risks can arise during project development (e.g. due to changes in land use planning and delays in obtaining planning permission). The company counteracts increases in construction costs and completion risks as far as possible by carefully selecting its contractual partners and making appropriate arrangements with them. However, investors should note that there are still risks and that the success of the initial letting depends on demand at the time of completion.
- Buildings are sometimes affected by construction defects. These risks cannot be ruled out completely, despite the fact that the company conducts careful technical inspections before purchasing its properties, obtaining any expert reports it deems appropriate.
- When properties are purchased outside of Germany, specific risks associated with the location of the real estate in question must be taken into account (e.g. different legal systems, different taxation practices, different interpretation of double taxation agreements, different opinions on the calculation of transfer prices or the delimitation of income and changes in exchange rates). In addition, developments in case law can have a positive or negative effect on real estate investments. In the case of foreign real estate, increased management risks and potential technical difficulties should also be taken into consideration, including transfer risks affecting regular income or sales proceeds. There are both opportunities and risks when investing and doing business in foreign currencies.
- When a property is sold, the investment fund may be liable for warranty claims asserted by the buyer or other third parties despite implementing the most prudent business practices possible.
- When equity interests are acquired in real estate companies, the risks to be considered include those associated with the legal form of the entity, those related to default on the part of shareholders, and those related to changes in the underlying tax law and company law. This particularly applies to real estate companies based outside of Germany. The acquisition of equity interests in real estate companies may also entail obligations that are difficult to identify. Finally, there might not be a sufficiently liquid secondary market when it comes to selling such equity interests.
- Real estate investments may be leveraged using borrowed capital. This is done to increase the return on equity by borrowing capital at an interest rate below the return on the property in question and/or to hedge foreign currencies in the case of properties located outside of Germany (by taking out loans in the foreign currency of the country in which the real estate is located). The interest on such loans will be tax deductible if this is permitted by the applicable tax laws. When capital is borrowed, changes in the value of properties have a magnified effect on the equity invested by the fund. With 50% debt financing, for example, the effect of a property's depreciation on the invested fund capital would be doubled compared to full equity financing.
- If a property is encumbered with heritable building rights, there is a risk that the holder of such rights will neglect their obligations, particularly by failing to pay the ground rent. In this and other cases, the heritable building rights may lapse prematurely. The company will then have to find a different economic use for the property, which may be difficult in some cases. A similar situation may arise where such rights lapse upon expiry of the lease. Finally, properties encumbered with heritable building rights might not be as marketable or as appealing to buyers as those without such encumbrances.

Main risks of liquid investments

If the investment fund holds securities, money market instruments or shares in other investment funds as part of its liquidity portfolio, investors should note that such investments also involve risks.

Risk of changes in value

The assets in which the company invests for the account of the investment fund are subject to risks. For example, there can be losses in value if the market value of the assets falls in relation to their purchase price or if spot and forward prices develop differently.

Capital market risk

The development of a financial product's price trends and market values particularly depends on the development of the capital markets which, in turn, is influenced by the general situation in the global economy and the economic and political framework in the relevant countries. General price trends can also be affected by irrational factors such as moods, opinions and rumours, especially on stock exchanges. Fluctuations in market values and prices can also be due to changes in interest rates, exchange rates or an issuer's creditworthiness.

Risk of stock price changes

Experience shows that stocks are subject to heavy price fluctuations, including the risk of a decline in prices. These price fluctuations are influenced in particular by the development of the issuing company's profits, as well as developments in the respective industry and overall economic trends. Price trends can also be affected by the trust that market participants have in the issuing company. This particularly applies to undertakings whose shares have only been admitted to trading on the stock exchange or another organised market for a short period of time; even small changes in forecasts can lead to heavy price movements for those companies. If a company has a low portion of freely tradable shares owned by several public shareholders (free float), even small buy and sell orders can have a strong impact on its stock market price, resulting in higher price fluctuations.

Interest rate risk

If the company invests in fixed-income securities (e.g. bonds), the market interest rate applicable at the time a security is issued may change over time. If market interest rates rise in relation to the interest rates applicable at the time of issue, the price of fixed-income securities will usually fall. If the market interest rates fall, on the other hand, the price of fixed-income securities will rise. This price development means that the current return on a fixed-income security roughly corresponds to the current market interest rate. However, the risk of such price fluctuations varies depending on the (residual) maturity of fixed-income securities. The longer the maturity of fixed-income securities, the higher the price risk; however, the shorter the maturity of fixed-income securities, the lower the potential returns. As the

maturity of money market instruments is limited to 397 days, they tend to involve lower price risks. Furthermore, it should be noted that the interest rates of different interest-based financial instruments denominated in the same currency with a similar residual maturity can develop differently.

Risk of negative interest rates on deposits

The company deposits cash from the investment fund with the depositary or other banks for the account of the investment fund. In some cases, the interest rate agreed for such bank deposits may correspond to the Euro Interbank Offered Rate (Euribor) minus a certain margin. If the Euribor falls below the agreed margin, this will result in negative interest on the account. Depending on the development of the European Central Bank's interest rate policy, negative interest rates can affect short-, medium- and long-term bank deposits.

Risks associated with derivatives

The company may enter into derivatives transactions for the investment fund. The following risks arise when buying and selling options and entering into futures contracts or swaps:

- Any changes in the price of the underlying asset can reduce the value of an option or futures contract. If the value decreases to such an extent that the underlying asset becomes worthless, the company may be forced to let the acquired rights lapse. The investment fund may also suffer losses as a result of changes in the value of the asset underlying a swap.
- The value of the investment fund can be influenced more strongly by the leverage effect of options than by the direct acquisition of the underlying assets. The risk of loss might not be determinable when entering into the transaction.
- There might not be a liquid secondary market for a particular instrument at a certain point in time. In such cases, it might not be possible to economically offset (close out) a derivatives position.
- When options are bought, there is a risk that the investment fund will not exercise its purchased options because the prices of the underlying assets do not develop as expected; in such cases, the option premium paid by the investment fund will be forfeited. When options are sold, there is a risk that the investment fund will be obliged to purchase assets above the current market price or to deliver assets below the current market price; in such cases, the loss suffered by the investment fund will equate to the price difference minus the option premium received.
- In the case of futures contracts, there is a risk that the company will be obliged – for the account of the investment fund – to bear the difference between the price agreed at the time the transaction was concluded and the market price at the time the transaction is closed out or matures. This would result in a loss for the investment fund. The risk of loss cannot be determined when entering into futures contracts.

- It may be necessary to close out a position by entering into an offsetting transaction, which would involve additional costs.
- The company's forecasts about the future development of underlying assets, interest rates, prices and foreign exchange markets may prove to be incorrect.
- It might not be possible to buy or sell the underlying assets of derivatives at a favourable time, or they might have to be bought or sold at an unfavourable time.
- The use of derivatives could result in unpredictable losses that may even exceed margin deposits.

When engaging in over-the-counter (OTC) trading away from centralised exchanges, the following risks should be considered:

- As there might not be an organised market, the company may find it difficult or even impossible to sell financial instruments acquired on the OTC market for the account of the investment fund.
- It may be difficult, impossible or very costly to close out a position by entering into an offsetting transaction based on the specific agreement established in each case.

Risk of stock price changes with convertible bonds and warrant bonds

A convertible bond is a type of bond that can be converted into shares of common stock; a warrant bond entitles the holder to buy shares in the issuing corporation. The value of convertible bonds and warrant bonds therefore fluctuates according to the underlying stock price. As a result, the performance of convertible bonds and warrant bonds can be affected by the risks associated with the performance of the underlying shares. Reverse convertibles, which grant the issuer the right to offer the investor a predetermined number of shares instead of repaying the par value, are even more dependent on the relevant stock price.

Risks associated with securities lending

If the company engages in securities lending for the account of the investment fund, it will lend securities to a borrower, who will then return securities of the same type, quantity and quality at the end of the transaction. The company will not be able to dispose of its lent securities during the term of the loan. If securities decline in value during the transaction and the company wants to completely sell them, it will have to terminate the loan agreement and wait until the end of the usual settlement cycle, which can result in a risk of loss for the investment fund.

Risks associated with repurchase agreements

If the company sells securities under a repurchase agreement, it will agree to buy them back at a slightly higher price on a specified date. The buyback price and interest amount

to be paid by the seller at maturity will be determined when the parties enter into the agreement. If the securities decline in value during the term of the agreement and the company wishes to sell them to limit the loss in value, it will only be able to do so by exercising a right of early termination. The premature termination of the agreement may result in financial losses for the investment fund. The interest to be paid at maturity may also prove to be higher than the income that the company has generated by reinvesting the cash received.

If the company buys securities under a repurchase agreement, it will agree to sell them back on a specified date. The buyback price will be determined when the parties enter into the agreement. The securities bought under the repurchase agreement will serve as collateral for liquidity provided to the other party. Any increase in the value of the securities will not benefit the investment fund.

Risks associated with collateral

The company will receive collateral for any transactions involving derivatives, securities lending and repurchase agreements. Derivatives, lent securities or securities sold under repurchase agreements may increase in value. In such cases, the collateral provided may no longer fully cover the delivery or repurchase claim that the company holds against the counterparty.

The company may invest cash collateral in blocked accounts, in high-quality government bonds or in short-term money market funds. However, the credit institution with which bank deposits are kept may fail, and government bonds or money market funds may be affected by negative performance. If the transaction is terminated, the collateral invested may no longer be fully available, but it must be returned by the company in the amount originally granted for the investment fund. In such cases, the losses incurred on the collateral will have to be borne by the investment fund.

Inflation risk

Inflation entails a risk of depreciation for all assets. This also applies to the assets held in the investment fund. The inflation rate may be higher than the growth in net asset value.

Currency risk

The fund's assets may be invested in currencies that are different to the fund currency. The investment fund will receive any income, repayments and proceeds from such investments in the respective currency. If that currency decreases in value in relation to the fund currency, the value of such investments will decrease and so will the overall value of the fund's assets.

The company may enter into derivatives transactions based on currencies or exchange rates for the account of the investment fund to hedge any assets held in foreign currencies and any rental payments owed in foreign currencies. Any such exchange rate hedging transactions, which generally hedge only part of the fund's assets, will help to reduce exchange rate risks. Despite entering into such hedging transactions,

however, the company cannot rule out the possibility of changes in exchange rates having a negative impact on the development of the investment fund. The costs and possible losses arising from exchange rate hedging transactions will reduce the profit generated by the investment fund.

Concentration risk

Further risks may arise if the company concentrates its investments on certain assets or markets, making the investment fund highly dependent on the performance of those assets or markets.

Risks associated with investments in other funds

If shares in other funds (underlying funds) are acquired for the account of the investment fund, the risks arising from such investments will be closely related to the risks associated with the assets and investment strategy of those funds. As each underlying fund is managed independently, different fund managers may well pursue the same or opposing investment strategies. This may result in the accumulation of risks, and potential opportunities may be cancelled out. The management of such underlying funds is usually beyond the company's control. Their investment decisions will not necessarily match the company's assumptions or expectations. As the company is often unable to promptly obtain information on the current composition of such underlying funds, it may only be able to react with a significant delay when redeeming shares in underlying funds whose composition does not match its assumptions or expectations.

In addition, underlying funds in which the investment fund acquires shares may suspend the redemption of shares. In such cases, the company will be prevented from selling its shares in the other investment fund by returning them to the management company or depositary of the other investment fund in exchange for the redemption price.

Risks associated with the range of permissible investments

Taking into account the investment principles and limits specified in the legal provisions and the investment conditions, which define a very broad spectrum for the investment fund, the company's actual investment policy may be targeted at assets in a small selection of sectors, markets, regions or countries. This concentration on a few specific investment sectors may be associated with risks (e.g. narrowness on the markets, high range of fluctuation within certain economic cycles). Each annual report will contain information on the investment policy implemented during the reporting year.

Risks associated with the limited or increased liquidity of the investment fund and risks associated with increased subscriptions or redemptions (liquidity risk)

The risks presented below may have a negative impact on the fund's liquidity, which may temporarily or permanently prevent the investment fund from meeting its payment obligations or from satisfying investors' redemption requests. As a result, investors might not be able to hold their investment in the fund for as long as planned and some or all of their invested capital may remain unavailable for an indefinite period. If any of the following liquidity risks materialise, this could ultimately lead to a decrease in the net asset value and unit value of the investment fund (e.g. if the company is forced to sell assets for the investment fund below their market value where legally permissible). If the company is unable to satisfy investors' redemption requests, it may decide to generally suspend redemptions and, in extreme cases, this may be followed by the liquidation of the investment fund.

Risks associated with increased redemptions or the issue of new shares

When new shares are issued, fresh liquidity is poured into the fund; when shares are redeemed, existing liquidity is withdrawn from the fund.

Extensive redemption requests may impair the fund's liquidity, as the funds paid in are predominantly invested in real estate in accordance with the investment principles. The company may be obliged to temporarily refuse and suspend the redemption of shares if there are no longer enough liquid funds from bank deposits or proceeds from the sale of securities, money market instruments and shares in other investment funds to pay the redemption price and to ensure proper management – or if such liquid funds are not immediately available – due to extensive redemption requests (see “Risks associated with a fund investment – suspension of share redemptions” from p. 8 onwards and the General Terms and Conditions of Investment from p. 50 onwards).

Once the investment fund's cash flow has been netted, it may turn out that there is a net inflow or outflow of liquid funds. This net inflow or outflow may prompt the fund managers to buy or sell assets, resulting in transaction costs. This will be the case in particular if a quota of liquid funds that the company has identified for the investment fund is exceeded or not reached as a result of such inflows or outflows. The transaction costs will be charged to the investment fund and may have a negative impact on its performance. In the case of inflows, increased fund liquidity can have a negative effect on returns if the company is unable to invest the funds on reasonable terms.

Risks associated with investments in assets

Some of the assets acquired for the investment fund might not have been admitted to trading on a stock exchange or included in another organised market. There is no guarantee that the company will be able to resell such assets without a discount, without a delay or even at all. It may even be unable to sell assets admitted to trading on the stock exchange – or only at a heavy discount – depending on the market situation, the volume, the time frame and the planned costs. Although the company is only allowed to acquire assets for the investment fund which, in principle, can be liquidated at any time, it cannot rule out the possibility that it will only be able to sell such assets at a loss – either temporarily or permanently.

Risks associated with borrowing

The company is allowed to take out loans for the account of the investment fund in accordance with the requirements set out in the section on “Borrowing and encumbrance of assets” (see p. 24). There is a risk that the company will not be able to take out an appropriate loan or only on significantly less favourable terms. In addition, loans with a variable interest rate can have a negative impact if the underlying interest rate rises. Insufficient financing liquidity may affect the fund’s overall liquidity; as a result, the company may be forced to sell assets prematurely or on less favourable terms than envisaged.

Risks associated with public holidays in certain countries/regions

According to the fund’s investment strategy, investments should be made in particular in certain countries/regions. If there are local public holidays in those countries/regions, there may be differences between the trading days on local stock exchanges and the investment fund’s valuation days. The investment fund might not be able to react to market developments in the countries/regions on the same day if it is not a valuation day; similarly, the investment fund might not be able to trade on the local markets if it is not a trading day in those countries/regions. This may prevent the investment fund from selling assets within the required time which, in turn, may adversely affect its ability to satisfy redemption requests or meet other payment obligations.

Counterparty risks (including credit risk and accounts receivable risk)

The risks presented below may have a negative impact on the performance of the investment fund which, in turn, may have a negative impact on the unit value and the capital contributed by investors. If investors sell shares in the investment fund at a time when a counterparty or central counterparty has defaulted, thereby affecting the net asset value, investors might not recoup all or even any of the capital they have invested in the fund.

Counterparty default risk (except central counterparties)

If the investment fund holds claims against an issuer or a counterparty who has defaulted, this may result in losses for the investment fund. The issuer risk describes the impact of developments specifically associated with an issuer, which affect the price of a security in addition to general trends on the capital markets. Even though the company exercises due care when selecting securities, it cannot rule out the possibility of losses caused by the financial collapse of issuers. The counterparty to a contract established for the account of the investment fund may default in whole or in part (counterparty risk). This applies to all contracts that are established for the account of an investment fund.

Central counterparty risk

A central counterparty (CCP) will act as an intermediary institution in certain transactions for the investment fund, particularly in transactions involving derivative financial instruments. In such cases, the CCP will act as a buyer to the seller and as a seller to the buyer. CCPs hedge their own counterparty default risks with a number of protective mechanisms that enable them to offset losses from transactions at any time, such as margin deposits (e.g. collateral). However, these protective mechanisms cannot completely rule out the possibility of the CCP defaulting, which would affect the company’s claims for the investment fund and could result in unsecured losses for the investment fund.

Counterparty default risk for repurchase agreements

In the case of repurchase agreements, the counterparty will provide consideration as collateral. If the counterparty defaults during the term of the repurchase agreement, the company will be entitled to realise the securities or cash received under the agreement. However, there will be a risk of loss for the investment fund if the collateral provided is no longer sufficient to cover the full amount of the company’s retransfer claim due to the deterioration in the issuer’s creditworthiness or due to the rising prices of the securities sold under the repurchase agreement.

Counterparty default risk for securities lending

If the company engages in securities lending for the account of the investment fund, it must obtain sufficient collateral to hedge the counterparty default risk, corresponding at least to the market value of the securities transferred on loan. The borrower will have to provide further collateral if the value of the lent securities increases, if the quality of the collateral provided decreases, or if the borrower’s financial situation deteriorates and the collateral is no longer sufficient. If the borrower is unable to meet this obligation to provide additional collateral, there is a risk that the company’s retransfer claim will not be fully secured against the counterparty default risk. If the collateral is held by an institution other than the depositary appointed for the

investment fund, there is also a risk that the company will not be able to immediately or fully realise the collateral if the borrower defaults.

Operational risks and other risks of the investment fund

The risks presented below may have a negative impact on the performance of the investment fund which, in turn, may have a negative impact on the unit value and the capital contributed by investors.

Risks associated with criminal activities, shortcomings or natural disasters

The investment fund may be the victim of fraud or other criminal activities. It may incur losses due to the shortcomings or mistakes of company employees or external third parties, or it may suffer damage due to other events (e.g. natural disasters).

Pandemic risks

The global spread of diseases such as COVID--19 (coronavirus) can cause disruption to public life and the real estate market. This may result in vacancies, unpaid rent and the loss of rental income, which could reduce the value of the fund's assets.

Sustainability risks

A sustainability risk is an event or condition in the area of environmental, social and/or corporate governance (ESG) that could have a significantly negative impact on the net asset value of the real estate investment fund if it ever materialised.

While sustainability risks are not a separate type of risk, they are important factors that contribute to the significance of other known risks. For example, this applies to the market risks, price change risks, liquidity risks, counterparty risks and operational risks described in this risk information or elsewhere in this prospectus. In addition, sustainability risks pose a significant risk to the reputation of the company and the real estate investment fund. For example, the company may suffer financial damage as a result of events, developments or actions that have a negative impact on the net asset value of the investment fund, or failure to engage in sufficient sustainable activities may lead to a loss of confidence among investors and contractual partners.

With regard to the climate and environment, sustainability risks can be divided into physical risks and transition risks:

Physical risks can arise as a result of individual extreme weather events (e.g. heat waves, droughts or flooding) or long-term changes in climatic and environmental conditions. The materialisation of physical risks (e.g. due to climate change or natural disasters) could directly impair the usability of properties held by the investment fund or indirectly decrease their value if the real estate market in the area concerned is affected in the long term and it becomes difficult or even impossible to find tenants.

Transition risks may arise during the switch to a low-carbon economy, as political measures may be taken that lead to a shortage of fossil fuels or an increase in fuel prices and the renovation of buildings and technical systems may result in high investment costs. In this respect, there is a possibility that changes in the political and legal framework will lead to increased costs for the investment fund, materialising as a market risk and resulting in the negative performance of the investment fund. There may be a strong correlation between physical risks and transition risks (e.g. if an increase in physical risks calls for a more abrupt change in the economy).

As sustainability risks have an impact on the risks described in the risk information or elsewhere in this prospectus, they may potentially lead to a significant deterioration in the net asset value, liquidity, profitability or reputation of the real estate investment fund which, in turn, may have a negative impact on the unit value and the capital paid in by investors, unless the sustainability risks are anticipated and can be taken into account during the valuation of investments.

Country or transfer risk

There is a risk that foreign debtors, despite being solvent, will not be able to effect payments on time, at all or only in another currency because their foreign currency cannot be converted into the fund currency, as the debtors' home countries refuse to convert the foreign currency or for other reasons. In such cases, the company's payment claims for the account of the investment fund may remain unsettled, or they may be settled in a currency that is not (or no longer) convertible due to foreign exchange restrictions or in another currency altogether. If a debtor pays in another currency, this position will be subject to the currency risk presented above.

Legal and political risks

The company is allowed to make investments for the fund in legal systems that are not subject to German law or that may envisage a place of jurisdiction outside of Germany in the event of legal disputes. The resulting rights and obligations assumed by the company for the account of the investment fund may differ from the equivalent rights and obligations that would have arisen in Germany to the detriment of the investment fund or its investors. It might not be possible for the company to promptly identify any political or legal developments that may be relevant to the investment fund, including any fundamental changes within those legal systems, and any such developments may lead to re-

strictions with regard to the fund's existing or prospective assets. The same could happen if there are changes in the legal framework for the company and/or the management of the investment fund in Germany.

Key person risk

If the investment fund achieves a very positive investment result over a certain period of time, this success may be due to the suitability of the people involved and their management decisions. However, the members of the fund's management team can change at any time. In such cases, the new decision-makers might not be as successful.

Depository risk

Whenever assets are held by a depository, especially abroad, there is a risk of loss resulting from insolvency, breaches of due diligence or force majeure.

If an asset is ever lost in safekeeping, the company and its investors will be able to assert extensive compensation claims under the German Investment Code (KAGB). However, these regulations will not apply if the depository or a sub-depository has the assets held by a central securities depository (e.g. Clearstream).

Risks associated with trading and clearing mechanisms (settlement risk)

When securities transactions are settled via an electronic system, there is a risk that one of the contracting parties will pay late or not pay as agreed, or that the securities will not be delivered on time. This settlement risk also applies when other assets are traded for the investment fund.

Risk of changes in tax framework

The tax statements presented in this document are based on the legal situation currently known to the company. They are aimed at persons who are fully liable to pay income tax or corporation tax in Germany. However, the company cannot rule out changes to the tax situation as a result of legislation, court decisions or decrees from the tax authorities.

Risk of trade tax due to active business management

In order for the investment fund to remain exempt from trade tax, its objective business purpose must be limited to the investment and management of its funds for the joint account of its shareholders, and the company must not actively manage assets as a business to a significant extent. The company will be deemed to have met this requirement if the fund's income from active business management is less than 5% of its total income. There is a risk that the requirements for trade tax exemption will not be met. In such cases, the commercial dealings of the investment fund will be seen as economic activities and may therefore be subject to trade tax, which will reduce the unit value. However, the

remaining asset management activities will remain exempt from trade tax; in particular, any secondary commercial activities related to the letting of a property will not affect the remaining rental income that is exempt from trade tax.

Explanation of the fund's risk profile

This investment fund presents investors with the prospect of increases in value and regular distributions, but it also involves a risk of financial loss. The main risks of investing in the fund are outlined below. The potential risks are presented in greater detail in the "Risk information" and the section on "Risks associated with a fund investment" from p. 8 onwards.

Price risk: Those who acquire shares in the investment fund become invested in the performance of the properties it holds. Any negative developments affecting individual properties (e.g. loss of tenants) and/or the real estate markets as a whole may lead to losses in value. If a property is financed with a loan, any fluctuations in its value will have an even greater impact on the unit price. This applies to both increases and decreases in value. At the level of individual properties, decreases in value can even result in total loss. This risk is reduced at fund level by maintaining a diversified portfolio of properties and restricting borrowing. In addition, the fund's performance may be affected by the price change risks and interest rate risks associated with liquid investments.

Legal risks and tax risks: The fund is subject to the German Investment Code (KAGB) and the German Investment Tax Act (InvStG). Any changes in the legal provisions or tax regulations can have a positive or negative impact on the fund. In the case of properties held directly through real estate companies, risks may be presented by changes in company law and tax law, especially outside of Germany.

Foreign currency risk: The investment fund also invests in currencies outside the eurozone; the value of such currencies changes in line with their exchange rate. However, these currency risks are almost completely hedged by transactions involving derivatives.

Liquidity risk: The redemption of shares, which is generally permitted on each trading day, may be suspended in the interest of investors in response to extraordinary circumstances. This may be the case, for example, if a large number of investors wish to redeem their shares in the investment fund at the same time, resulting in a temporary shortage of liquid funds to satisfy all redemption requests while ensuring the proper management of the investment fund. In such cases, the company will first have to sell properties (possibly below their market value) to generate enough liquidity. The suspension of share redemptions may ultimately lead to the regulated liquidation of the investment fund, resulting in the sale of all assets and disbursement to investors.

The company has classified the fund's overall risk as "moderate" (on a scale of "low risk", "moderate risk", "increased risk", "high risk" and "very high risk", up to the possibility of total capital consumption). This assessment is based on the fund's investment policy, which is geared towards

generating regular income. The historic development of the investment fund and the main risks currently applicable to the fund are also taken into account. However, it should be noted that the risk assessment is not a forecast regarding the future development of the investment fund. Furthermore, the assessment may be adjusted in response to changes in the investment environment.

Typical investor profile

The investment fund is aimed at all investors, even those who are not familiar with investing in real estate and who want to use the investment fund as an easily accessible real estate investment product.

Investors do not need any experience in making indirect investments in real estate or acquiring shares in investment funds. The investment fund is also aimed at experienced investors who are looking for a product with the investment strategy pursued by this investment fund. An investment horizon of at least five years is recommended. The shares held by the fund are generally only subject to slight fluctuations in value. However, the company cannot rule out that the unit values will fall below the purchase prices, resulting in a loss of capital for investors. The fund's investment policy is geared towards making gains.

Investors must be willing to accept the limited availability of their shares. For more information, please refer to the "Risk information" from p. 8 onwards.

Appraisers and valuation methods

External appraisers

When it comes to valuing properties, the company must appoint at least two "external appraisers", as described in Section 216 KAGB (hereinafter referred to as "external appraisers"). Each external appraiser must be an independent, impartial and trustworthy person with the appropriate expertise and sufficient practical experience with regard to the type of real estate in question and the local property market.

The company has appointed 16 external appraisers who value the entire portfolio of properties held within the investment fund. An overview of the external appraisers can be found from p. 48 onwards. Any changes will be announced in the relevant annual and semi-annual reports.

Each appraiser is generally appointed for one to three years, with the option of being reappointed. Each external appraiser is only allowed to work for the company for the valuation of real estate investment funds for a maximum period of three years. The amount earned by each external appraiser through their work for the company must not exceed 30% of the external appraiser's total income in each financial year. Appropriate evidence may be requested by the Federal Financial Supervisory Authority (BaFin). The company may only reappoint an external appraiser two years after the term of their appointment has ended (i.e. after a two-year waiting period). The appraisers appointed by the company

observe an internal valuation policy in their work. Their expert reports are prepared according to the responsibilities assigned to each appraiser.

An appraiser must particularly value the following:

- the properties earmarked for purchase for the investment fund or for real estate companies in which the company has an equity interest for the account of the investment fund;
- the properties belonging to the investment fund or owned by a real estate company on a quarterly basis; and
- the properties earmarked for sale by the company or a real estate company, insofar as the most recent expert report is outdated.

In addition, an appraiser must reassess the value of a property within two months after a heritable building right has been created.

Pre-purchase valuations

A property may only be acquired for the investment fund – or for a real estate company in which the investment fund has a direct or indirect interest – after it has been valued by at least one external appraiser who is not also responsible for the regular valuation of the property, and only if the consideration to be paid from the investment fund does not exceed the calculated value or only slightly. In the case of properties valued at over € 50 million, the valuation must be conducted by two independent external appraisers.

An equity interest in a real estate company may only be acquired directly or indirectly for the investment fund after the properties reported in the real estate company's annual accounts or statement of assets have been valued by another external appraiser who is not also responsible for the regular valuation of such properties. In the case of properties valued at over € 50 million, the valuation must be conducted by two independent external appraisers.

A property belonging to the investment fund may only be encumbered with a heritable building right after the ground rent has been confirmed as reasonable and appropriate by an external appraiser who is not also responsible for the regular valuation.

Regular valuations

All properties belonging to the investment fund or a real estate company in which the investment fund has a direct or indirect interest must be regularly valued by two independent external appraisers, each with their own valuations.

Valuation methods for calculating real estate market values

A property's market value is the price that could be achieved in the ordinary course of business at the time to which the

valuation relates, based on the legal circumstances, actual characteristics, other qualities and location of the real estate, regardless of any extraordinary or personal circumstances.

In order to calculate a property's market value, appraisers usually have to determine the potential earnings that could be generated by the property using a method that is recognised on the respective real estate market. They may subsequently check the plausibility of their results using other valuation methods that are recognised on the respective real estate market if they deem this necessary and/or appropriate to ensure the proper valuation of the property. In such cases, the appraisers must include the results of the other valuation method in their expert report, explaining why it has been used in a comprehensible manner.

A property's market value is usually calculated based on its potential earnings using the income approach specified in the German Real Estate Valuation Regulation (ImmoWertV). This approach focuses on the rental income that can usually be generated by the property on the relevant real estate market, subtracting management costs (incl. maintenance and administration costs) and a notional figure representing the risk of lost rental income. The potential earnings correspond to the net rental income calculated in this way, multiplied by a factor that reflects the typical usual market rate of interest for the property to be valued, taking into account the location and condition of the building and its remaining useful life. Any special factors affecting the value of a property can be taken into account by means of appropriate premiums or discounts. More detailed information on the risks associated with valuations can be found in the section on "Main risks of real estate investments, equity interests in real estate companies and encumbrances with heritable building rights" (see p. 10).

Description of investment objectives and investment policy

The hausInvest fund aims to achieve stable, above-average returns – compared to open-ended real estate funds investing primarily in the Federal Republic of Germany – by generating regular rental income and interest income and by continuously increasing the value of its real estate portfolio. This is intended to give return-oriented investors access to an appealing risk and return profile within the investment spectrum of open-ended real estate funds. The fund invests primarily in countries located within the European Economic Area (EEA) and in the United Kingdom of Great Britain and Northern Ireland. However, the Specific Terms and Conditions of Investment state that real estate may be purchased for the fund anywhere in the world (see Section 1 (2) of the Specific Terms and Conditions of Investment in conjunction with the "Annex pursuant to Section 1 (2) of the Specific Terms and Conditions of Investment"). The portion of the fund invested in economically strong locations outside of Europe should not exceed 40% of the net asset value. The most important investment markets outside of Europe are North America and Asia-Pacific. When selecting properties for the investment fund, the company mainly considers their capacity to generate sustainable income and their diversification in terms of location, size, type of use and tenants.

As the fund's assets are valued in euros, the net asset value fluctuates not only in response to changes in asset values, but also in response to changes in the exchange rate

between the currencies in which the assets are denominated and the euro. However, the real estate and other assets held in the investment fund may only be exposed to a total currency risk of 30%. Assets are not considered to be exposed to a currency risk if hedging transactions have been concluded or if loans have been taken out in the relevant currency. In order to reduce currency risks for the investment fund, the company will particularly make use of the borrowing options permitted by the legal provisions and the fund's investment conditions.

In addition to purchasing existing properties and buildings under construction, the company may also acquire land for development projects; this undeveloped land will then be developed by the company itself or by suitable contractual partners in the interest of reducing risk. If the company believes a location has potential for development but the existing buildings there are not consistent with the fund's investment strategy or cannot be acquired on favourable terms or even at all, it may largely exhaust the limits defined for the acquisition of undeveloped land and properties under construction, as specified in the legal provisions and investment conditions.

The fund invests primarily in commercial real estate, especially in the office and retail segments. This mainly includes business premises and office buildings for administration, trade and services, as well as shopping centres. The fund managers strive to achieve optimal diversification for investors by spreading investments across different regions and types of use, as well as different property features such as location, size class and tenants.

All investments are carefully checked and optimised with regard to changes in exchange rates, tax regulations and legal provisions. The company decides to invest directly in properties or acquire equity interests in real estate companies based on the investment objective described above. Similarly, decisions regarding the investment fund's financing policy and all aspects of currency rate hedging serve to secure the investment objective in the long term according to the prevailing market conditions and the regulatory framework. The company controls any currency risks that arise by taking out the appropriate amount of debt financing in the national currency and by using the exchange rate hedging instruments that are permitted within the scope of the legal and contractual requirements.

The company strives to continuously optimise its real estate portfolio by renovating, restructuring or selling buildings in line with the market requirements. The costs incurred for such measures must be reasonable in relation to the additional income to be expected. The fund managers operate within the bounds of these investment policy guidelines to actively manage the portfolio (through purchases, sales and portfolio development). In doing so, the fund managers make responsible use of different cyclical developments on the global real estate markets to optimise the fund's high risk and return profile and thereby achieve the investment objective, taking into account the general conditions relevant to returns mentioned above. This is reflected by the fact that the weighting of the fund's real estate portfolio is constantly adjusted in line with the market requirements.

If free liquidity is available, the fund managers invest it according to the legal requirements with the aim of generating the highest possible, consistent income with a reasonable level of risk, taking advantage of the current situation and future prospects on the international money and capital markets. However, the priority is to realise the highest possible degree of investment in real estate.

Each annual report contains more information on the current objectives defined within the scope of the fund's investment policy and the measures taken by the fund managers to achieve the targeted risk and return profile.

More information on the possibility of changing the fund's investment principles is contained in the section on "Investment conditions and future changes" (see p. 6).

The company cannot guarantee that the objectives of its investment policy will be achieved.

Promotion of environmental and/or social characteristics

As part of its investment activities, the hausInvest real estate investment fund promotes the ESG factors (environmental, social and corporate governance) based on the European Union's sustainability regulations for financial products (Regulation (EU) 2019/2088, hereinafter referred to as the "EU Sustainable Finance Disclosure Regulation"). The investment fund is particularly committed to ensuring that its real estate investments make a positive contribution to achieving the environmental goal of "climate change mitigation" defined by the European Union. For this reason, the investment fund has set itself the goal of reducing CO₂ emissions. When making liquid investments, the company refrains from investing in companies or assets that have not recognised the principles of the UN Global Compact or that are known to have significantly violated those requirements.

Although the real estate investment fund does not see itself as a product whose investment objective is to invest in sustainable assets pursuant to Art. 9 (1) of the EU Sustainable Finance Disclosure Regulation in conjunction with Art. 2 No. 17 of the EU Sustainable Finance Disclosure Regulation, it is currently committed to promoting an environmental characteristic through climate change mitigation pursuant to Art. 8 (1) of the EU Sustainable Finance Disclosure Regulation. The company reserves the right to promote additional ESG characteristics.

Investment strategy

In view of the real estate sector's strong relevance in the area of climate change, the real estate investment fund will continue to exert its influence to help reduce CO₂ emissions through the careful selection and management of its properties, in order to work towards the international goal of limiting global warming to less than 2°C above pre-industrial levels by the year 2100, as defined in the Paris Agreement. The real estate investment fund would like to have reached an almost carbon-neutral building portfolio by 2050. To achieve this goal, the fund will continuously develop and implement measures to reduce CO₂ emissions across the portfolio. The real estate investment fund is aiming to reduce its CO₂ emissions, on average, to around 14 kg CO₂e/m² by 2050. The fund is drawing up decarbonisation pathways up to 2050

for each country and type of use in its real estate portfolio, in order to calculate the reductions needed to achieve these goals. The pathways include various measures to improve the energy efficiency of buildings and enable them to produce their own zero-emission energy.

The aim of contributing to the long-term reduction of greenhouse gas emissions is also embodied in a sustainability strategy developed by the company, which constitutes an element of the overall investment strategy pursued by the real estate investment fund, as presented in each annual and semi-annual report.

As part of the acquisition process and ongoing portfolio management, the company selects and evaluates properties based on the following criteria (not an exhaustive list):

- building certification;
- energy performance certificate;
- sustainability due diligence in the acquisition process;
- energy audits;
- presence of automatic measuring instruments ("smart meters"); and
- environmental risks.

This evaluation is documented as part of the proper organisation of the company's affairs and then handed over to the fund managers in a structured process to ensure that potential for reducing the investment fund's carbon footprint can be tracked stringently in the long term.

In order to ensure the consistent implementation of the evaluation criteria, the company takes the following measures (not an exhaustive list):

- A sustainability due diligence check is conducted during the acquisition process to define a clear classification and potential development pathway for each individual property. Each check is based on the respective country's standards in the areas of energy efficiency, user satisfaction and innovation, which are consolidated in an integrated process that is geared towards the environmental goal of climate change mitigation;
- Key indicators are measured for each property, e.g. specific energy consumption (kWh/m²/p.a.), carbon footprint (kg/m²/p.a.), specific water consumption (m³/m²/p.a.) and specific amount of waste (kg/m²/p.a.);
- There is a regular process for recording consumption data, as included in property and facility management contracts;
- CO₂ emissions data is collected for the properties held in the investment fund, if available, and then evaluated in relation to the industry average;
- Energy is purchased in a targeted manner and energy optimisation measures are taken (e.g. for the building envelope and building control systems);
- The company is striving to expand its contracts with property and facility managers and the tenants of properties held in the investment fund to include further developments in the area of ESG criteria (e.g. with the help of a tenant guide);

- The way in which the company includes environmental risks in its evaluations is described in the section on the “Consideration of sustainability risks” (see below).

If the company makes a “sustainable investment” pursuant to Art. 2 No. 17 of the EU Sustainable Finance Disclosure Regulation, it will not only ensure that it promotes environmental and/or social aspects, as presented above, but also that it does no significant harm to the criteria of good corporate governance.

The real estate investment fund does not yet contain any “environmentally sustainable investments” according to the definition provided in Art. 3 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the “EU Taxonomy Regulation”); however, the fund is striving to invest at least 5% of the market value of the properties it holds in the promotion of environmental and/or social characteristics, which constitute a sustainable investment in this sense. When calculating the market value of the properties, project developments are considered from their completion date, and the properties held by real estate companies are valued according to the size of the shareholding. The actual percentage of such investments, which are intended to help achieve an environmental objective, are indicated in each annual report published by the real estate investment fund, starting with the annual report for the 2022/2023 financial year, which was released on 31 March 2023. This information will be reported annually in accordance with Art. 5 of the EU Taxonomy Regulation.

In the EU Taxonomy Regulation, such investments are identified based on their contribution to six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

An economic activity qualifies as environmentally sustainable if it contributes substantially to one or more of the six environmental objectives, does not significantly harm any of the other environmental objectives and is carried out in compliance with the minimum safeguards laid down in Art. 18 of the EU Taxonomy Regulation.

In this regard, the company would like to point out that the principle of “do no significant harm” only applies to the investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The remaining investments underlying the financial product do not take into account the EU criteria for environmentally sustainable economic activities.

As part of its investment strategy, the real estate investment fund promotes environmental and/or social characteristics, as described in Art. 8 of the EU Sustainable Finance Disclosure Regulation. **More detailed information can be found in the annex to this prospectus containing pre-contractual information on the environmental and/or social characteristics to be disclosed under Art. 8 (1), (2) and (2a) of Regulation (EU) 2019/2088.**

As further regulatory requirements for social and corporate governance characteristics are expected in the future, the

company cannot rule out the possibility that it will have to adjust the following investment objectives with regard to ESG characteristics due to future regulatory developments.

Other information

For more information on the promotion of environmental and/or social characteristics by the real estate investment fund and its principal adverse sustainability impacts, please visit hausinvest.de. More information on the fund’s principal adverse sustainability impacts is available here: cri.com-merzreal.com/fileadmin/user_upload/Offenlegungs-Dokumente/CRI_PAI_Statement.pdf.

Index as reference value

When making investments, the real estate investment fund does not currently refer to an index (including EU Climate Transition Benchmarks or EU Paris-aligned Benchmarks pursuant to Title III, Chapter 3a of Regulation (EU) 2016/1011 of the European Parliament and of the Council), nor does the investment fund intend to do this in the future.

Consideration of sustainability risks

The investment fund also considers the sustainability risks associated with its investment activities, conducting sustainability due diligence checks and continuously evaluating the relevant risks.

The aim of a sustainability due diligence check is to examine potential assets with regard to sustainability criteria, in order to counteract the risk of a possible decline in value caused by factors related to sustainability.

In addition, any sustainability risks that could have a significantly negative impact on the value of an asset held in the investment fund are taken into account in the company’s risk management process. The overall risk management process consists of various individual phases: risk identification, risk analysis and assessment, risk management and control, monitoring, communication and documentation.

Taking into account the results of the due diligence check, the company’s risk managers draw up a risk assessment for the company to consider when deciding whether to acquire an asset.

The company may consult sustainability experts where necessary.

Assets in detail

Real estate

1. The company may acquire the following types of real estate for the investment fund:
 - a) residential properties for letting, commercial properties and properties for mixed use;
 - b) properties under construction;
 - c) undeveloped properties pursuant to a) that are suitable and earmarked for development by the fund in the near future;

- d) heritable building rights – or foreign rights that are comparable in legal and economic terms – under the requirements specified in a) to c); and
 - e) other properties, heritable building rights and rights in the form of home ownership, part ownership, residential heritable building rights and partial heritable building rights.
2. The company may acquire usufructuary rights on the types of real estate specified in 1 a) – for the fulfilment of public functions – to the extent permitted under Section 231 (1) No. 6 of the German Investment Code (KAGB).
 3. The company may acquire the types of real estate listed in paragraphs 1 and 2 in countries outside of the European Economic Area (EEA); the eligible countries and investment limits are specified in the Annex to Section 1 (2) of the Specific Terms and Conditions of Investment. In order for real estate to be acquired in those countries, the following conditions have to be met:
 - a) A reasonable regional distribution of properties is assured;
 - b) The ability to freely transfer the properties is assured and there are no restrictions to the movement of capital in those countries; and
 - c) The ability of the depositary to exercise its rights and duties is assured in those countries.

Before making any such acquisitions, the company will check whether the above requirements are met as part of the proper management of its business affairs.

The information contained in the Annex to the Specific Terms and Conditions of Investment – with respect to the countries and their maximum investment levels – is subject to change. Any such changes must be approved by the Federal Financial Supervisory Authority (BaFin).

4. The company continuously invests more than 50% of the investment fund's assets (as determined by the value of the assets held by the investment fund without taking liabilities into account) in "properties and real estate companies", as defined in Section 2 (9) of the German Investment Tax Act (InvStG).
5. The value of each individual property must not exceed 15% of the net asset value at the time it is acquired. The total value of all properties whose individual value is more than 10% of the net asset value must not exceed 50% of the net asset value. As loans that have been taken out are not deducted when calculating the net asset value, the basis for calculating the limits is increased by the amount of those loans.

The investment objective is to generate regular income in the form of rent and interest, and to achieve a steady appreciation in value.

When selecting properties for the investment fund, the company mainly considers their capacity to generate sustainable income and their diversification in terms of location, size, type of use and tenants.

The company may also acquire any items that are necessary to manage the assets, especially properties, held in the investment fund.

Each annual and semi-annual report contains information on the investments made in real estate and other assets during the reporting period.

Equity interests in real estate companies

1. The company may acquire and hold equity interests in real estate companies for the account of the investment fund, even if it does not possess the majority of the voting rights and capital required to make amendments to the articles of association or shareholders' agreements of such real estate companies. A real estate company in this sense is a company which, according to its articles of association or shareholders' agreement,
 - a) is restricted in its business purpose to activities that the company itself may perform for the investment fund;
 - b) may only acquire properties and management assets that may be acquired directly for the investment fund in accordance with its investment conditions, to the exclusion of usufructuary rights on properties (see "Real estate"), as well as equity interests in real estate companies; and
 - c) may only acquire a property or an equity interest in another real estate company if the value of the property or the equity interest in another real estate company corresponding to the size of the equity interest does not exceed 15% of the net asset value.
2. Furthermore, the company may only acquire and hold an equity interest in a real estate company if the legal form of the real estate company excludes any obligation to make additional capital contributions beyond the amounts initially paid in.
3. The capital contributions made by the shareholders of a real estate company in which the company holds an equity interest for the account of the investment fund must be fully paid up.
4. If the company invests in another real estate company for the account of the investment fund, the equity interest in the real estate company must directly or indirectly amount to 100% of the capital and voting rights, unless the real estate company holds 100% of the capital and voting rights in all of the real estate companies it holds directly or indirectly.
5. The value of the assets held by all real estate companies in which the company holds an equity interest for the account of the investment fund must not exceed 49% of the net asset value. Any 100% equity interests (based on capital and voting rights) do not count towards this limit. The value of the assets held by all real estate companies in which the company holds an equity interest for the account of the investment fund – without possessing the majority of the voting rights and capital required to make amendments to their articles of association or shareholders' agreements – must not exceed 30% of the net asset value.
6. As loans that have been taken out are not deducted when calculating the net asset value, the basis for calculating the limits is increased by the amount of those loans.
7. If the company holds a direct or indirect interest in a real estate company for the account of the investment fund, it may grant loans to that real estate company for the account of the investment fund, provided that the loans

are granted in line with the market and sufficient collateral is available. The terms and conditions of such loans must state that the loan repayment must be made within six months of the equity interest being sold. The total amount of all loans granted to real estate companies must not exceed 25% of the net asset value of the investment fund for the account of which the company holds the equity interests; the company must also ensure that the total amounts lent to each individual real estate company do not exceed 50% of the value of the properties held by the real estate company in question. These requirements will also apply if the company instructs a third party to grant a loan to a real estate company in its own name for the account of the investment fund.

The above investment limits do not apply to any loans that may be granted for the account of the investment fund to real estate companies in which the company directly or indirectly holds 100% of the capital and voting rights for the account of the investment fund. If the company effects the complete sale of its equity interest in a real estate company that directly owns or acquires properties, the loan must be repaid before the sale. If the company reduces its equity interest in a real estate company that does not directly own or acquire properties, the loan must be repaid before the reduction.

Encumbrance with heritable building rights

A plot of land may be encumbered with a heritable building right.

When a new heritable building right is created, the total value of plots encumbered with heritable building rights that are held for the account of the investment fund must not exceed 10% of the net asset value. If a heritable building right is extended, this is treated as the creation of a new right.

A plot of land may only be encumbered with a heritable building right if the property can no longer be used for its originally intended purpose due to unforeseen circumstances, if economic disadvantages are thereby avoided for the investment fund, or if this enables the property to be exploited in an economically sensible manner.

Liquid investments

In addition to the acquisition of properties and equity interests in real estate companies, liquid investments are both permitted and envisaged.

The company may hold a maximum of 49% of the net asset value (maximum liquidity) in

- bank deposits;
- money market instruments;
- securities pursuant to Section 193 KAGB which the European Central Bank or the Deutsche Bundesbank has authorised as collateral for the credit operations described in Art. 18.1 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, or for which an application for authorisation has been made in accordance with the terms of issue, provided that authorisation is granted within one year after the securities are issued;
- shares in other investment funds in accordance with Section 196 KAGB or shares in special funds in accordance with the second sentence of Section 196 (1) KAGB, whereby the investment activities of the other investment funds must be limited to the bank deposits, money market instruments and securities specified in bullet points 1 to 3, as stipulated in their investment conditions;

- securities pursuant to Section 193 KAGB that have been admitted to trading on an “organised market”, as defined in Section 2 (11) of the German Securities Trading Act (WpHG), or fixed-income securities, provided that they do not exceed 5% of the net asset value; and
- shares in REIT stock corporations or comparable interests in foreign legal persons that have been admitted to trading on one of the markets specified in Section 193 (1) Nos. 1 and 2 KAGB or that are included in those markets, provided that the value of the shares or interests does not exceed 5% of the net asset value and that the shares or interests satisfy the criteria outlined in Art. 2 (1) of Commission Directive 2007/16/EC.

The following committed funds are deducted when calculating the maximum liquidity:

- funds required to ensure orderly ongoing management;
- funds earmarked for the next distribution; and
- funds needed to fulfil liabilities under legally effective property purchase contracts, under loan agreements required for pending investments in specific properties and for specific construction measures, as well as funds required under construction contracts, insofar as such liabilities will be due in the next two years.

Bank deposits

In accordance with Section 230 (1) KAGB and Section 195 KAGB, the company may only make investments in bank deposits with credit institutions based in the European Union (EU) or European Economic Area (EEA). Bank deposits may only be held with a credit institution in another country if the BaFin considers the banking supervisory requirements in that country to be equivalent to those in the EU.

The company may only invest up to 20% of the net asset value in the form of bank deposits with any one credit institution. The maturity of each bank deposit is limited to a maximum of twelve months.

Money market instruments

Money market instruments not only include instruments that are normally traded on the money market, but also interest-bearing securities with a maximum (residual) maturity of 397 days at the time they are acquired for the investment fund. If their maturity is longer than twelve months, their interest must be adjusted in line with the market rates on a regular basis, and at least once every 397 days. Money market instruments are also interest-bearing securities with the same risk profile as the securities described above.

The company may only acquire money market instruments for the investment fund if the following requirements are met:

1. They have been admitted to trading on a stock exchange in the EU or EEA, or they have been admitted to – or included in – another organised market there;
2. They have been admitted to trading on a stock exchange outside of the EEA, or they have been admitted to – or included in – organised markets there, provided that the choice of stock exchange or market has been approved by the BaFin;

3. They are issued or guaranteed by the EU, the German Federal Government, a Federal Special Fund, a German Federal State, another EU member state or another central, regional or local authority, by the central bank of a country in the EU or EEA, by the European Central Bank or the European Investment Bank, by a third country or, where the latter is a federal state, by one of the members making up the federation, or by a public international body to which at least one EU member state belongs;
4. They are issued by an undertaking whose securities are traded on the markets specified in 1 and 2 above;
5. They are issued or guaranteed by a credit institution that is subject to supervision in accordance with the criteria laid down by EU law, or by a credit institution that is subject to – and complies with – regulatory requirements that are equivalent to those of EU law in the opinion of the BaFin; or
6. They are issued by other issuers and the issuer in question is
 - a) an undertaking with at least € 10 million in equity which prepares and publishes its annual financial statements in accordance with the provisions of the Fourth Council Directive 78/660/EEC of 25 July 1978 on the annual accounts of certain types of companies, most recently amended by Art. 49 of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006;
 - b) a legal entity that is responsible for financing a group of one or more listed companies to which it belongs; or
 - c) a legal entity that is intended to finance securitisation vehicles which benefit from a banking line of credit; the securitisation vehicle and banking line of credit are subject to Art. 7 of Directive 2007/16/EC.

All the money market instruments listed above may only be acquired if they meet the requirements specified in Art. 4 (1) and (2) of Directive 2007/16/EC. The money market instruments defined in 1 and 2 above are also subject to Art. 4 (3) of Directive 2007/16/EC.

The money market instruments defined in 3 to 6 above must provide sufficient protection for investors and their investments (e.g. in the form of an “investment grade” rating), and they must also meet the criteria specified in Art. 5 of Directive 2007/16/EC. An instrument is considered “investment grade” if it is rated “BBB”, “Baa” or better by a rating agency. Art. 5 (2) of Directive 2007/16/EC applies to the acquisition of money market instruments that are issued by a regional or local authority of an EU member state or by a public international body, as defined in 3 above, but that are not guaranteed by that member state or, where the member state is a federal state, by one of the members making up the federation. This also applies to the acquisition of the money market instruments defined in 4 and 6 above. Art. 5 (4) of Directive 2007/16/EC applies to the acquisition of all other money market instruments defined in 3 above, with the exception of money market instruments issued or guar-

anteed by the European Central Bank or the central bank of an EU member state. The acquisition of the money market instruments defined in 5 above is subject to Art. 5 (3) of the Directive and, if the money market instruments are issued or guaranteed by a credit institution that is subject to – and complies with – regulatory requirements that are equivalent to those of EU law in the opinion of the BaFin, Art. 6 of Directive 2007/16/EC applies.

The company may also invest up to 10% of the net asset value in money market instruments whose issuers do not meet the requirements detailed above.

Investment limits for securities and money market instruments

The company may only acquire securities and money market instruments from any one issuer up to a maximum of 5% of the net asset value. In certain cases, securities and money market instruments from a single issuer, including any securities bought under a repurchase agreement, may account for up to 10% of the net asset value. However, the total value of the securities and money market instruments from those issuers must not exceed 40% of the net asset value.

The company may only invest up to 20% of the net asset value in a combination of the following assets:

- securities and money market instruments issued by one and the same institution;
- deposits with that institution; and
- capital requirement for the counterparty risk arising in transactions with that institution.

In the case of the public-sector issuers specified in Section 206 (2) KAGB (see No. 3 above), a combination of the assets listed above must not exceed 35% of the net asset value. This combined limit does not affect each individual upper limit.

The capital requirement for securities and money market instruments included in the above limits for each issuer can be reduced through the use of derivatives whose underlying assets are securities or money market instruments from the same issuer. This means that securities or money market instruments can also be acquired from any given issuer for the account of the investment fund in excess of the above limits if the increased issuer risk is reduced again through appropriate hedging transactions.

The company may invest up to 35% of the net asset value in debt instruments and money market instruments from each of the following issuers: the German Federal Government, German Federal States, EU member states or their regional or local authorities, other EEA countries, third countries, or international organisations to which at least one EU member state belongs; the 35% limit applies separately to each issuer.

The company may invest up to 25% of the net asset value in each of the following: mortgage bonds, municipal bonds and bonds issued by credit institutions based in a country within the EU or EEA. The issuing credit institutions must be

subject to special public oversight on the basis of legal regulations intended to protect bondholders and, in accordance with the legal regulations, the funds raised by issuing the debt instruments must be invested in assets that sufficiently cover the resulting liabilities throughout the term of the debt instruments and that are intended to settle any repayments and interest payments due as a matter of priority if the issuer defaults; the 25% limit applies separately to each issuer.

Minimum liquidity

The company must ensure that a portion of its liquid investments corresponding to at least 5% of the net asset value is available every day for the redemption of shares (minimum liquidity).

Borrowing and encumbrance of assets

The company may take out loans of up to 30% of the market values of the properties belonging to the investment fund for the joint account of investors, provided that such borrowing is consistent with the principles of proper business management. In addition, the company may take out short-term loans of up to 10% of the net asset value for the joint account of investors. A loan may only be taken out if its terms and conditions are customary in the market and if the depositary agrees to the borrowing.

Although the company's investment performance will be adversely affected if the costs of borrowing exceed the return on properties at the time a loan is taken out, it may be advisable to take out a loan in some situations (e.g. to maintain a source of long-term income and returns in spite of short-term liquidity shortages, to account for various tax considerations, or to limit exchange rate risks abroad). The company may mortgage properties held in the investment fund corresponding to the types of assets listed in Section 231 (1) KAGB, or the company may assign and encumber receivables from legal relationships relating to the types of assets defined in Section 231 (1) KAGB, if such actions are consistent with the principles of proper business management and approved by the depositary, which deems that the terms and conditions of such transactions are customary in the market. When acquiring the types of assets listed in Section 231 (1) KAGB, the company may also assume any mortgages and other encumbrances already placed on such properties. The total amount of all mortgages and other encumbrances must not exceed 30% of the market value of all properties held in the investment fund. Ground rent is not taken into account here.

Derivatives for hedging purposes

The company may use derivatives in the management of the investment fund. A derivative is an instrument whose price depends on the price fluctuations or expected prices of other assets ("underlying assets"). The following information relates not only to derivatives, but also to financial instruments with derivative components (hereinafter referred to collectively as "derivatives").

Depending on the type and volume of derivatives used, the company may take either the simple or qualified approach, as defined in the German Derivatives Regulation (DerivateV), to calculate the degree to which the market risk exposure limit for the use of derivatives has been reached according to Section 197 (2) KAGB.

1. If the company uses the simple approach, it may only regularly invest in basic forms of derivatives with the following underlying assets:

- the types of assets that may be acquired in accordance with points (b) to (f) of Section 6 (2) of the General Terms and Conditions of Investment;
- the types of real estate that may be acquired in accordance with Section 1 (1) of the Specific Terms and Conditions of Investment;
- interest rates;
- exchange rates; or
- currencies.

Any complex derivatives with the underlying assets defined above may only be used to a negligible extent.

The basic forms of derivatives are:

- a) futures contracts for the types of assets specified in points (b) to (f) of Section 6 (2) of the General Terms and Conditions of Investment, for the types of real estate listed in Section 1 (1) of the Specific Terms and Conditions of Investment, and for interest rates, exchange rates or currencies;
- b) options or warrants on the types of assets specified in points (b) to (f) of Section 6 (2) of the General Terms and Conditions of Investment, on the types of real estate listed in Section 1 (1) of the Specific Terms and Conditions of Investment, on interest rates, exchange rates or currencies, and on the futures contracts defined in a) above, provided that they have the following features:
 - aa) They may be exercised either during the entire term or only upon expiry; and
 - bb) At the time the option is exercised, there is a linear relationship between the value of the option and the positive or negative difference between the exercise price and the market price of the underlying asset, and the value of the option becomes zero if the plus/minus sign is reversed;
- c) interest rate swaps, foreign currency swaps and cross-currency swaps;
- d) options to enter into the swaps listed in c) above, provided that they have the features defined in sub-sections aa) and bb) of b) above (swaptions);
- e) credit default swaps on the types of assets specified in points (b) to (f) of Section 6 (2) of the General Terms and Conditions of Investment and on the types of real estate listed in Section 1 (1) of the Specific Terms and Conditions of Investment, provided that they are used exclusively and demonstrably to hedge the credit risk associated with assets that can be specifically attributed to the investment fund.

The company is not permitted to enter into futures contracts, options or warrants for shares in other investment funds or special funds, as defined in point (d) of Section 6 (2) of the General Terms and Conditions of Investment.

Other, more complex derivatives with the underlying assets defined above may only be used to a negligible extent.

Transactions involving derivatives may only be used to hedge the assets held in the investment fund, as well as interest rate risks, currency risks and receivables from rental claims. In accordance with the KAGB and DerivateV, the use of derivatives must not increase an investment fund's potential market risk by more than double. The term "market risk" refers to the risk posed by unfavourable developments in market prices. As the hausInvest fund is only permitted to use derivatives for hedging purposes, such an increase should not be an issue here.

2. If the company uses the qualified approach and has an appropriate risk management system in place, it may invest – for hedging purposes – in any derivatives whose underlyings are the types of assets that may be acquired in accordance with points (b) to (f) of Section 6 (2) of the General Terms and Conditions of Investment or the types of real estate that may be acquired in accordance with Section 1 (1) of the Specific Terms and Conditions of Investment, or any derivatives based on interest rates, exchange rates or currencies. In particular, such transactions may include options, financial futures contracts, swaps and combinations of these. Under no circumstances may the company deviate from the investment objectives specified in the General Terms and Conditions of Investment, the Specific Terms and Conditions of Investment and this prospectus when entering into the transactions outlined above.

In accordance with the KAGB and DerivateV, the use of derivatives must not increase the investment fund's potential market risk by more than 200% in relation to the market risk potential of a derivative-free benchmark fund or, alternatively, by more than 20% of the net asset value. The term "market risk" refers to the risk posed by unfavourable developments in market prices. As the investment fund is only permitted to use derivatives for hedging purposes, however, such an increase should not be an issue here. The risks associated with the use of derivatives are controlled by a risk management process that enables the risk associated with the investment position and the respective share of the investment portfolio's overall risk profile to be monitored at all times.

The market risk is calculated according to the simple approach described in Section 15 et seq. DerivateV. The nominal amounts of all derivatives used in the investment fund are added up and set in relation to the net asset value (NAV). If the derivatives are used solely for hedging purposes, the nominal amounts can be offset against the values of the assets to be hedged, thus reducing the market risk. The market risk may fluctuate depending on the state of the market; it is limited to a maximum of 200% in accordance with Section 197 (2) KAGB in conjunction with Section 15 DerivateV.

If the company uses the "qualified approach", as defined in Section 7 (1) DerivateV, the market risk potential will be measured using a derivative-free benchmark fund. This is a virtual portfolio whose value always corresponds exactly to the current net asset value of the investment fund, but in which the market risk is neither increased nor hedged by derivatives. The composition of the benchmark fund must also reflect the investment objectives and policies applicable to the actual investment fund. When mapping out the investment fund and creating the virtual benchmark fund for the hausInvest fund, investments in real estate and land are represented in the risk model by synthetic government bonds in the respective national currency with a residual maturity of eight years – based on the figures at the end of the most recent month. The benchmark fund also contains cash holdings in the respective national currency.

The company currently uses the simple approach, as defined in the DerivateV, to calculate the market risk potential for the use of derivatives.

However, the company may switch from the simple to the qualified approach at any time in accordance with Section 6 DerivateV. If it decides to switch to the qualified approach, this must be immediately reported to the Federal Financial Supervisory Authority (BaFin) and announced in the next annual or semi-annual report.

Options contracts

The company may engage in options trading for hedging purposes for the account of the investment fund in accordance with its investment principles. In other words, the company may pay a fee (option premium) for the right to buy or sell securities at a pre-set price (exercise price) within or at the end of a specified period. It may also acquire such rights from third parties for a fee.

If the company uses the qualified approach for the investment fund, as defined in the German Derivatives Regulation (DerivateV), it may also engage in options trading for shares in other investment funds that may be acquired directly for the investment fund. In other words, the company may gain the right to buy or sell shares in other investment funds at a price agreed in advance. It may also sell such rights to third parties.

The following applies:

By purchasing a put option (long put) in return for an option premium, the buyer is entitled to demand the purchase of certain assets at an agreed exercise price or to demand the payment of a corresponding cash settlement. For example, this allows the company to hedge securities belonging to the investment fund against a decline in price throughout the term of the option contract. If the price of securities hedged in this way falls below the exercise price, the company may exercise its put option to obtain proceeds in excess of the market price. The company may also decide to sell the option at a profit instead of exercising it.

If, contrary to expectations, the price of the securities underlying the option does not fall and it therefore does not make economic sense for the company to exercise its put option at the agreed exercise price, there is a risk of the company losing the option premium it has paid. Such changes in the market price of the securities underlying an option can produce a significant reduction in the value of the option and can even cause it to become worthless. Due to the limited term of options contracts, there is no guarantee that the price of an option will recover in good time. When calculating the expected return on options, the company must take into account the costs associated with the purchase, exercise and/or sale of an option and the conclusion of an offsetting transaction. If the company decides not to exercise its option because the market does not develop in line with its expectations, the option will expire at the end of the contractual term.

Futures contracts

When two parties enter into a futures contract, they become unconditionally obliged to buy or sell a certain quantity of underlying assets (e.g. bonds or shares) at a pre-set price (exercise price) at a specified point in time, at the end of the contractual term or within a specified period of time. This is generally done by collecting or paying the difference between the exercise price and the market price at the time the transaction is closed out or matures.

For example, the company may hedge securities held in the investment fund by selling futures contracts on those securities for the duration of the contracts.

If the company uses the qualified approach for the investment fund, as defined in the German Derivatives Regulation (DerivateV), it may also conclude futures contracts – for the account of the investment fund – for shares in other investment funds that may be acquired directly for the investment fund. In other words, the company may enter into an obligation to buy or sell shares in another investment fund at a pre-set price at a specified point in time or within a specified period of time.

If the company enters into transactions of this kind and its expectations are not met concerning the development of the market, the investment fund will have to bear the difference between the price agreed at the time the transaction was concluded and the market price at the time the transaction is closed out or matures. This represents a potential loss for the investment fund. The risk of loss cannot be determined in advance and may exceed any collateral provided. In addition, it should be noted that costs are involved in the sale of futures contracts and the conclusion of offsetting transactions.

Swaps

The company may enter into the following transactions for hedging purposes for the account of the investment fund in accordance with its investment principles:

- interest rate swaps;
- foreign currency swaps; and
- credit default swaps.

A swap is an agreement between two parties to exchange cash flows or risks for a set period of time. If the price or value of the assets underlying the swap changes in a way that goes against the company's expectations, the investment fund may incur losses from the transaction.

Swaptions

A swaption is an option to enter into a swap, whereby the buyer gains the right – but not the obligation – to enter into a specified swap agreement with the issuer at a certain point in time or within a certain period.

Credit default swaps

A credit default swap is a financial derivative that allows an investor to transfer their credit risk to another investor, whereby the party selling the default risk pays the buyer a premium in return for assuming the risk. The information on swaps also applies here.

Securitised derivatives

The company may also acquire securitised derivatives, even if the transactions involving securities are only partially contained in securities. The above information on opportunities and risks applies accordingly to such securitised derivatives, although the risk of loss in the case of securitised derivatives is limited to the value of the underlying security.

Listed and unlisted derivatives

The company may enter into transactions involving derivatives that have been admitted to trading on a stock exchange or included in another organised market.

In the case of derivatives that have not been admitted to trading on a stock exchange or included in another organised market (OTC transactions), the company may only

enter into such transactions with suitable credit institutions or financial service institutions on the basis of standardised general agreements. The specific risks associated with such transactions stem from the potential absence of an organised market, which would prevent the underlying assets from being sold to third parties. Due to the individual nature of such agreements, it may prove difficult or costly to offset the obligations assumed through the transactions.

In the case of OTC derivatives, the counterparty risk is limited to 5% of the net asset value. If the counterparty is a credit institution based in the EU, the EEA or a third country with comparable supervisory regulations, the counterparty risk may amount to up to 10% of the net asset value. Any OTC derivatives transactions in which the counterparty is the central clearing agency of a stock exchange or another organised market will not count towards the counterparty risk limits if the derivatives are marked to market on a daily basis and daily margin calls are made. Although this significantly reduces the risk associated with the counterparty's creditworthiness, it cannot be eliminated completely. Any claims held by the investment fund against an intermediary are included in these limits, even if the derivative is traded on a stock exchange or another organised market.

Real estate as underlying assets for derivatives transactions

The company may also enter into derivatives transactions for the investment fund based on a property that can be acquired for the fund or on the income stream from the property in question. Such transactions particularly enable the company to hedge against the default and exchange rate risks associated with the rental income and other forms of income generated through the properties held for the investment fund.

Derivatives for hedging currency risks

The company may enter into derivatives transactions based on currencies or exchange rates for the account of the investment fund to hedge any assets held in foreign currencies and any rental payments owed in foreign currencies.

The company must enter into such transactions where the exchange rate risk exceeds 30% of the net asset value. The company will also enter into such transactions if it deems this to be in the interest of investors.

Securities lending

The securities held in the investment fund may be loaned to third parties for a fee in line with the applicable market rates. The counterparties are chosen predominantly on the basis of their risk diversification potential, creditworthiness and expertise in such transactions. All securities held by the investment fund may be lent for an indefinite period of time. The company expects no more than 2.5% of the fund's assets to be involved in securities lending at any given time. However, this is only an estimated value that may be exceeded in some cases. The company has the option of terminating its loan agreements at any time, in which case securities of the same type, quality and quantity are to be returned to the investment fund within five trading days. Once the loan agreement has ended or has been terminated, the borrower is obliged to return securities of the same type, quality and quantity, and to pay the interest accrued on the loaned securities to the depositary for the account of the investment fund. In the interest of risk diversification, the sum of all securities loaned to a single borrower must not exceed 10% of the net asset value. However, securities may only be loaned

to third parties once the investment fund has been provided with sufficient collateral (e.g. by assigning bank deposits or by pledging securities or money market instruments). If collateral is provided in the form of bank deposits, they must be denominated in euros or in the currency in which the investment fund's shares have been issued, and they must be held by the depositary or, with the approval of the depositary, in blocked accounts at other credit institutions based in the EU, EEA or a third country with equivalent banking supervision.

If the party borrowing the securities provides collateral in the form of bank deposits, the bank deposits must be held in blocked accounts. Alternatively, the deposits may be invested in the same currency in high-quality debt instruments issued by the German Federal Government, a German Federal State, the EU, an EU member state, a regional or local authority in the EU, an EEA country or a third country, in short-term money market funds that comply with BaFin guidelines, or by way of a reverse repurchase agreement with a credit institution that guarantees the repayment of the deposits at any time (see "Repurchase agreements" below and on p. 32).

Any securities pledged as collateral must be held by the depositary or, with the approval of the depositary, by another suitable credit institution. When determining the collateral to be provided, the company must take into account the financial situation of the party borrowing the securities. In any case, the collateral provided must not amount to less than the sum of the market price of the securities loaned and the related income plus a standard premium.

The way in which the loaned securities are to be held in safekeeping can be chosen at the borrower's discretion.

The company may also use a system organised by a central securities depositary for the brokerage and settlement of transactions in the field of securities lending. If an organised system is used for the settlement of such transactions, the securities loaned to any one borrower must not exceed 10% of the net asset value. If an organised system is used for the settlement of such transactions, the company must be entitled to terminate the securities lending transaction at any time.

If the company engages in the lending transactions described here, it will do so to generate additional income for the investment fund in the form of interest.

Repurchase agreements

The company may enter into repurchase agreements with credit institutions and financial service institutions for the account of the investment fund; the term of such repurchase agreements is limited to twelve months. As part of such transactions, the company may either sell securities from the investment fund to another party for a fee (repurchase agreement) or buy securities from another party within the scope of the applicable investment limits (reverse repurchase agreement). All securities held by the investment fund may be transferred to third parties under repurchase

agreements. The company expects no more than 2.5% of the fund's assets to be subject to repurchase agreements at any given time. However, this is only an estimated value that may be exceeded in some cases. The company has the option to terminate repurchase agreements at any time, unless they have a term of under one week. If a repurchase agreement is terminated, the company has the right to demand the return of the securities sold under the agreement. The termination of a reverse repurchase agreement may result in the refund of either the entire sum of money or the accrued sum of money equating to the current market value. All repurchase agreements must be genuine (i.e. the buyer must assume an obligation to sell back the securities – or the cash amount plus interest – at a certain point in time or at a time to be specified by the seller).

The way in which the securities bought under a repurchase agreement are to be held in safekeeping can be chosen at the counterparty's discretion.

If the company enters into a repurchase agreement, as described here, it will do so to temporarily create additional liquidity in the investment fund (repurchase agreement) or to generate additional income for the investment fund (reverse repurchase agreement).

Any such repurchase agreements will be performed by the company itself or may involve external service providers. If external service providers are involved in such transactions, more information will be provided in the annual report.

Collateral strategy

When concluding derivatives transactions, engaging in securities lending and entering into repurchase agreements, the company accepts collateral for the account of the investment fund with the aim of fully or partially reducing the counterparty default risk. Any securities bought under a repurchase agreement – and any amounts received under a repurchase agreement – are considered collateral for the purposes of this section.

Types of permissible collateral

In the case of derivatives transactions, securities lending and repurchase agreements, the company may accept the following assets as collateral:

a cash payment or the pledging or assignment of bank deposits, money market instruments, securities, shares in other investment funds and stocks permitted within the scope of liquid investments pursuant to Section 6 (2) of the General Terms and Conditions of Investment, provided that they meet the requirements specified in Section 27 (7) and (8) of the German Derivatives Regulation (DerivateV) and, in the case of securities lending, the additional requirements stipulated in Section 200 (2) KAGB.

The company identifies permitted issuers, maturity specifications and liquidity requirements based on the criteria of creditworthiness, market expertise and risk diversification.

The collateral provided by a counterparty must be appropriately diversified with regard to issuer risk. If several counterparties provide collateral from the same issuer, this collateral must be aggregated. The issuer risk will be deemed to be appropriately diversified if the value of collateral from the same issuer provided by one or more counterparties does not exceed 20% of the net asset value. The company does not expect this limit to be breached.

Scope of collateralisation

Securities lending transactions are fully collateralised. The collateral value equates to the fair market value of the securities loaned plus the related income. The actual value of the collateral provided by the borrower must not amount to less than the collateral value plus a standard premium.

In addition, transactions involving derivatives, securities lending and repurchase agreements must be collateralised to an extent that the capital requirement for the counterparty default risk does not exceed 5% of the net asset value in each case. If the counterparty is a credit institution based in the EU, the EEA or a third country with comparable supervisory regulations, the capital requirement for the counterparty default risk may amount to up to 10% of the net asset value.

Collateral valuation and strategy for reducing valuations (haircut strategy)

Whenever collateral is valued, the nominal value of the money market instruments, securities, investment units or shares accepted as collateral is reduced by an amount that reflects the creditworthiness of the respective issuer. This is done as part of the common market practice of valuing the securities listed above on a case-by-case basis. Where possible, the company will carry out a daily market valuation and a daily market call.

The company will not make use of the option granted under Section 27 (6) DerivateV, according to which the market values of collateral provided by counterparties, adjusted by safeguards (haircuts), may be deducted from the relevant capital requirements for counterparty risk.

Investment of collateral

If cash collateral is provided in the form of bank deposits, this may only be held in blocked accounts managed by the investment fund's depositary or, with the approval of the depositary, in blocked accounts at another credit institution. It may only be reinvested in high-quality government bonds or in short-term money market funds. In addition, cash collateral may be invested by way of a reverse repurchase agreement with a credit institution if the recovery of the accrued balance is assured at all times.

When concluding derivatives transactions, engaging in securities lending and entering into repurchase agreements, the company may accept securities as collateral for the account of the investment fund. If such securities are transferred as collateral, they must be held in safekeeping by the depositary; if the securities are pledged as collateral within the scope of derivatives transactions, they may also be held in safekeeping by another institution that is subject to effective public oversight and that is independent of the collateral provider. The securities must not be reused.

Performance

1999 / 2000		5.0%
2000 / 2001		5.8%
2001 / 2002		6.3%
2002 / 2003		4.9%
2003 / 2004		3.5%
2004 / 2005		1.9%
2005 / 2006		2.0%
2006 / 2007		4.4%
2007 / 2008		7.0%
2008 / 2009		5.0%
2009 / 2010		3.6%
2010 / 2011		3.2%
2011 / 2012		2.6%
2012 / 2013		2.6%
2013 / 2014		2.5%
2014 / 2015		2.5%
2015 / 2016		2.5%
2016 / 2017		2.1%
2017 / 2018		2.1%
2018 / 2019		2.0%
2019 / 2020		2.2%
2020 / 21		2.0%
2021 / 2022		2.6%
2022 / 2023		2.7%

Past performance is not necessarily indicative of future returns.

Use of leverage

The term "leverage" refers to any method that could potentially be used by the company to increase the fund's level of investment, particularly by borrowing cash or securities and utilising leverage embedded in derivatives. The company may use such methods for the investment fund to the extent described in this prospectus. The possibility of using derivatives and borrowing cash or securities is presented in the sections on "Borrowing and encumbrance of assets" (see p. 24) and "Derivatives for hedging purposes" (see p. 24 onwards).

The fund's leverage ratio is calculated by dividing the fund's net asset value by its total exposure. The calculation method for the net asset value is explained under "Calculation of issue and redemption price" (see p. 30 onwards). The fund's exposure is calculated according to both the gross method and the commitment method. In both cases, the fund's exposure is the sum of the absolute values of all positions in the investment fund, which are valued according to the legal requirements. With the gross method, however, individual derivatives or securities positions cannot be offset against one another, which means that netting and hedging agreements are not taken into account. Any effects of reinvesting the collateral received as part of securities lending and repurchase agreements are taken into account.

In contrast to the gross method, individual derivatives or securities positions are offset against one another in the commitment method (i.e. netting and hedging agreements are taken into account).

Restrictions on the use of leverage are set out in Sections 7 to 9 of the General Terms and Conditions of Investment and Sections 6 and 7 of the Specific Terms and Conditions of Investment.

The company expects that the fund's total exposure calculated according to the gross method will not be more than 2 times its net asset value, and that the fund's total exposure calculated according to the commitment method will not be more than 1.65 times its net asset value. As leverage may fluctuate depending on market conditions, however, the intended threshold may be exceeded in spite of constant monitoring by the company.

Stock exchanges and markets

The company has not admitted the fund's shares to trading on a stock exchange, nor has it authorised the trading of shares on organised markets.

Nevertheless, the company is aware of the fact that shares are being traded without its permission on the following organised markets:

- Hamburg Stock Exchange
- Gettex
- Berlin Stock Exchange
- Munich Stock Exchange
- Düsseldorf Stock Exchange
- LT Lang & Schwarz
- Tradegate Exchange

The company cannot rule out the possibility that its shares are also being traded on other markets. The company assumes no responsibility for the trading of shares on a stock exchange or another organised market.

As the market price underlying trading on a stock exchange or other markets is not solely determined by the value of the assets held in the investment fund, but also by supply and demand, the market price may differ from the unit price calculated by the company.

Sub-funds

The investment fund is not a sub-fund belonging to an umbrella fund.

Shares

Share classes and fair treatment of investors

All shares issued grant investors the same rights. Different share classes are not formed. **The company must treat the fund's investors fairly. When managing liquidity risk and redeeming shares, it must not put the interests of one investor or group of investors ahead of the interests of another investor or group of investors.**

For more information on the procedures used by the company to ensure the fair treatment of investors, please refer to the "Deadline for acceptance of orders" on p. 31 and "Liquidity management" on p. 34.

Nature and main characteristics of shares

Investors' rights are vested exclusively in global certificates, which are held in a central securities depository. Investors are not entitled to have individual share certificates delivered to them personally; they can only acquire shares if they are held in a central securities depository. The shares are issued in bearer form and document the claims held by the holder against the company. They can be issued for one or more shares; there are units of one, ten, 50 and 100 shares. The shares are transferable. When a share is transferred, the rights vested in it are transferred to the new bearer. All shares issued grant investors the same rights. The shares do not carry any voting rights.

Obligation to hand in physical shares

While bearer shares used to be issued for the investment fund in a physical form, the KAGB stipulates that these definitive securities may no longer remain in the possession of investors. The definitive certificates must instead be held in collective safekeeping – along with any coupons not yet due – by a central securities depository, by an authorised or recognised central depository in Germany or abroad, or by another suitable depository abroad. Investors cannot demand the return of their definitive securities. The company may replace the definitive certificates with one global certificate for the corresponding shares. Any bearer share certificates that had not been handed over to one of the depositories described above for collective safekeeping by 31 December 2016 were subsequently declared null and void, as were the coupons that were not yet due. As of 1 January 2017, the rights of the investors in question were instead documented in a global certificate. As a result, the investors became co-owners of the global certificate and the collective securities in proportion to their share in the fund's assets. However, they can still submit their void bearer share certificates to the fund's depository and ask for their shares in the investment fund or global certificate to be credited to a custody account.

Issue and redemption of shares

Issue of shares

In principle, an unlimited number of shares may be issued. They may be purchased from the company or the depositary, or the sale may be brokered by third parties. The depositary issues shares at a price corresponding to the net asset value per share (unit value) plus a front-end load; this is known as the “issue price”. Shares are issued every trading day. However, the company reserves the right to stop issuing shares, either temporarily or completely, in which case it will not be possible to execute direct debit orders for the purchase of shares. If the redemption of shares is temporarily suspended due to extraordinary circumstances (see p. 8 onwards), no shares may be issued during this time. If the redemption of shares is suspended due to liquidity shortages, however, the AIFM may continue to issue shares.

Redemption of shares

The German Investor Protection and Functional Improvement Act (AnsFuG) introduced minimum holding and notice periods for the redemption of shares, which became effective on 1 January 2013. According to this legislation, each investor was also able to redeem shares up to a threshold of € 30,000 in each half of a calendar year without having to observe a minimum holding or notice period. Since the German Investment Code (KAGB) entered into force on 22 July 2013, a minimum holding period now also applies to the redemption of newly acquired shares worth less than € 30,000 in each half of the calendar year. This means that an irrevocable declaration of intent to redeem shares even has to be submitted for small amounts with a notice period of twelve months, and the investors concerned have to prove that they have held the shares for at least 24 months. If investors hold shares that were acquired before 22 July 2013, they are still able to redeem these shares up to a threshold of € 30,000 in each half of a calendar year without having to observe a minimum holding period in accordance with the contractual terms applicable at the time they acquired the shares. Here are more detailed rules for the redemption of shares:

Rules for the redemption of shares acquired before 22 July 2013 (“old shares”)

Each investor can redeem shares worth up to € 30,000 in each half of a calendar year without having to observe a minimum holding or notice period. Any investors wishing to redeem shares worth more than € 30,000 in any given half of a calendar year will only be able to do so if they have held the shares for at least 24 months (“minimum holding period”). They will be deemed to have observed the minimum holding period for old shares acquired before 1 January 2013.

Investors must provide the redemption agent with evidence for at least 24 consecutive months immediately prior to the requested redemption date to prove that the number of shares held is at least equal to the number of shares contained in the redemption request. The redemption agent is the depositary bank.

Investors wishing to redeem shares worth more than € 30,000 in any given half of a calendar year must also announce this to their depositary bank by submitting an irrevocable declaration of intent twelve months in advance

(“notice period”). This declaration of intent may also be submitted during the minimum holding period. If investors would like to redeem shares up to the threshold of € 30,000 in any given half of a calendar year, they must submit a declaration to their depositary bank stating that the total value of the shares to be redeemed does not exceed € 30,000 for that half of the calendar year and that they have not disposed of any other shares in the relevant real estate investment fund in the same half of the calendar year, not even with regard to any shares in the real estate investment fund that may be held with other credit institutions or their depositary banks. Investors must submit their declaration using the relevant template provided by their depositary bank; the template has been created by the German Banking Industry Committee (DK).

From the moment the irrevocable declaration of intent is received until the shares have actually been redeemed, the shares referred to in the declaration will be blocked by the depositary bank in the custody account. The investors concerned will not be able to transfer the shares to another custody account owned by the investors themselves, nor to a custody account owned by a third party.

Any shares acquired before 22 July 2013 can still be redeemed in accordance with the above regulations.

Rules for the redemption of shares acquired after 21 July 2013

Any investors wishing to redeem shares will only be able to do so if they have held their shares for at least 24 months (“minimum holding period”). They must provide the redemption agent with evidence for at least 24 consecutive months immediately prior to the requested redemption date to prove that the number of shares held is at least equal to the number of shares contained in the redemption request. The redemption agent is the depositary bank. Investors wishing to redeem shares must also announce this to their depositary bank by submitting an irrevocable declaration of intent twelve months in advance (“notice period”). This declaration of intent may also be submitted during the minimum holding period. From the moment the irrevocable declaration of intent is received until the shares have actually been redeemed, the shares referred to in the declaration will be blocked by the depositary bank in the custody account. The investors concerned will not be able to transfer the shares to another custody account owned by the investors themselves, nor to a custody account owned by a third party.

The redemption may also be facilitated by third parties, which may result in additional costs. The company will be obliged to redeem the shares for the account of the investment fund at the redemption price applicable on the settlement date, which equates to the unit value calculated on that day; a back-end load may be deducted from the redemption price. If the execution of a redemption order is delayed until the end of a holding or notice period, the transaction will be settled at the redemption price applicable at the end of the relevant period. Investors are explicitly informed about the risks and consequences of a temporary suspension of share redemptions (see p. 8 onwards).

Calculation of issue and redemption price

In order to calculate the issue price and redemption price for shares, the company determines the market values of the

assets belonging to the investment fund under the control of the depositary on each trading day, less any loans taken out and other liabilities and provisions of the investment fund (net asset value). The unit value is calculated by dividing the net asset value by the number of shares issued.

The issue and redemption prices are rounded according to standard commercial practice. The unit value is not calculated on New Year's Day, Good Friday, Easter Monday, May Day (1 May), Ascension Day, Whit Monday, Corpus Christi, German Reunification Day (3 October), Christmas Eve, Christmas Day, Boxing Day or New Year's Eve.

Deadline for acceptance of orders

The company observes the principle of equal treatment for all investors by ensuring that no investor can gain an unfair advantage by buying or selling shares at previously known unit values. In keeping with this principle, the company has established a deadline by which orders for the issue and redemption of shares have to be submitted to the company or the depositary. Subject to the special rules applicable to the redemption of shares with minimum holding periods and notice periods, as detailed above, any orders for the issue or redemption of shares that are received by the company or depositary within the deadline for the acceptance of orders will be settled at the unit value calculated for that day (= settlement date). Any orders received by the company or depositary after the deadline will be settled at the unit value calculated for the following day (= settlement date). The deadline for the acceptance of orders for this investment fund is published on the company's website: hausinvest.de. It may be changed by the company at any time.

Asset valuation procedures

Valuation of real estate, construction work, equity interests in real estate companies and liquid investments

Real estate

When properties are acquired, they are initially valued at their purchase price for no longer than three months, after which they are recognised at the most recent value determined by the company's appraisers. This value is calculated for each property at least once every three months.

Valuations are spread out as evenly as possible throughout the year to avoid clusters of valuations on certain dates. If there are any changes in a property's key valuation factors, the revaluation may be conducted ahead of schedule. Once a heritable building right has been created on a plot of land, it must be revalued within two months.

If a property to be acquired is valued differently by two external appraisers, the consideration to be paid from the investment fund must not be significantly more than the arithmetic mean of the two market values.

As part of its regular valuations, the company will then calculate the arithmetic mean of the two market values and enter this number in the books as the market value of the property in question.

Any incidental costs incurred when acquiring a property for the investment fund are written off in equal annual instalments over the expected holding period for the property in question, but over no longer than ten years. If the property is resold, the incidental acquisition costs will be written off in full. The treatment of incidental acquisition costs is specifically based on Section 30 (2) No. 1 of the German Accounting and Valuation Regulation for Investments (KARBV).

If the company holds any real estate abroad, it will make provisions when calculating the unit price to account for the anticipated taxes to be levied by the countries in which the properties are located in case the real estate is ever sold at a profit. Further details can be found in Section 30 (2) No. 2 KARBV.

Construction services

Any construction services that were not included in the property valuation are recorded at book value.

Equity interests in real estate companies

When equity interests are acquired in real estate companies, they are initially valued at their purchase price for no longer than three months, after which the valuations are based on the monthly statements of assets published by the real estate companies. The value of an equity interest is calculated by an auditor at least once every three months based on the most recent statement of assets; the auditor is appointed according to the criteria specified in Section 319 of the German Commercial Code (HGB). The value calculated is then adjusted by the company until the next valuation date on the basis of the statements of assets. If there are any changes in the key valuation factors for an equity interest that cannot be reflected by an adjustment, a revaluation may be conducted ahead of schedule.

Any incidental costs incurred when acquiring an equity interest for the investment fund are written off in equal annual instalments over the expected holding period for the equity interest in question, but over no longer than ten years. If the equity interest is resold, the incidental acquisition costs will be written off in full.

The properties listed in the statements of assets are recognised at the value determined by the external appraiser(s) for the real estate investment fund.

If different market values are determined by the external appraisers as part of the pre-purchase valuation of properties to be acquired by real estate companies or the regular valuation of properties held by real estate companies, the company will proceed as described in the section on "Real estate" above.

If the real estate company holds any real estate abroad, the company will make provisions when calculating the unit price to account for the anticipated taxes to be levied by the countries in which the properties are located in case the real estate is ever sold at a profit. If the company expects to sell the equity interest, including the properties in question, the valuation of the equity interest may include a deduction for deferred taxes.

Further details can be found in Section 31 KARBV.

Liquid investments

Unless otherwise specified in the “Special valuation rules for individual assets” below, assets that are admitted to trading on a stock exchange or admitted to or included in another organised market, as well as subscription rights for the investment fund, are valued at the last available trading price that ensures a reliable valuation.

Unless otherwise specified in the “Special valuation rules for individual assets” below, assets that are not admitted to trading on a stock exchange or admitted to or included in another organised market, as well as assets for which no trading price is available, are recognised at the current market value deemed appropriate on the basis of a careful assessment in which suitable valuation models are used and the current market conditions are taken into account.

Special valuation rules for individual assets

Unlisted debt instruments

When it comes to valuing debt instruments that are not traded on the stock exchange or an organised market (e.g. unlisted bonds, commercial papers, deposit certificates), the company refers to the prices agreed for comparable debt instruments and, if applicable, the market prices of bonds from comparable issuers with similar terms and interest rates, if necessary with a discount to account for decreased saleability.

Money market instruments

For the money market instruments belonging to the investment fund, interest and similar income is taken into account.

Derivatives – options and futures contracts

The options belonging to the investment fund and liabilities from options granted to third parties that are admitted to trading on a stock exchange or included in another organised market are valued at the last available trading price that ensures a reliable valuation.

The same applies to any receivables and liabilities from futures contracts sold for the account of the investment fund. Any margin payments made at the expense of the investment fund are included in the value of the investment fund, taking into account the valuation gains and losses determined for the trading day.

Bank deposits, term deposits, investments in other funds and securities lending

Bank deposits are generally recognised at their nominal value plus accrued interest.

Term deposits are recognised at their market value, provided that a corresponding contract has been concluded

between the company and the relevant credit institution stipulating that the term deposit may be withdrawn at any time and that the repayment upon withdrawal is not to be made at the nominal value plus interest. The market interest rate used to calculate the market value is determined in each case. The corresponding interest receivables are valued separately.

Receivables (e.g. deferred interest claims) and liabilities are generally recognised at their nominal value.

Shares in other investment funds are generally recognised at the most recently determined redemption price or the last available trading price that ensures a reliable valuation. If these values are not available, shares in other investment funds are recognised at the current market value deemed appropriate on the basis of a careful assessment in which suitable valuation models are used and the current market conditions are taken into account.

Any repayment claims arising from securities lending transactions are valued on the basis of the market price of the securities transferred as loans.

Assets denominated in foreign currency

Any assets denominated in foreign currency are converted to euros on the same day using the relevant exchange rate calculated by WM and Thomson Reuters at 10:00 CET. Alternatively, assets denominated in foreign currency may be converted to euros on the same day using the relevant exchange rate calculated by Bloomberg Finance LP at 10:00 CET. If the above exchange rates are not available, the corresponding exchange rates from the previous banking day can be used.

Repurchase agreements

If securities are sold under repurchase agreements for the account of the investment fund, they are still included in the valuation. In addition, any amounts received under repurchase agreements for the account of the investment fund are reported as liquid funds in the form of bank deposits. The valuation must also include a liability from repurchase agreements amounting to the total repayment obligations.

If securities are bought for the account of the investment fund under repurchase agreements, they are still included in the valuation. As a result of the payments made by the investment fund within the scope of such transactions, the valuation must recognise receivables from the respective sellers amounting to the total repayment obligations.

Composite assets

Assets consisting of various components are valued proportionately according to the rules outlined above.

The company may deviate from the special valuation rules in exceptional cases if it considers this to be necessary in the interest of investors, taking into account the market situation.

Front-end load and back-end load

When the issue price is calculated, a front-end load will be added to the unit value. The front-end load amounts to 5% of the unit value. Those who acquire shares in the investment fund will only make a profit on the sale of their shares if the increase in value exceeds the front-end load paid at the time of purchase. Prospective investors are therefore advised to hold their shares for a longer period. The front-end load is essentially a form of remuneration awarded to those who sell shares in the investment fund. The company may therefore pass on the front-end load to intermediaries as payment for their brokerage services.

There is no back-end load.

Publication of issue and redemption prices

The issue and redemption prices for the investment fund and, where applicable, the net asset value per share, are made available at the registered office of the company and depositary. These prices are regularly published in at least one business or daily newspaper with sufficient circulation or online: hausinvest.de.

Cost of issuing and redeeming shares

The company or depositary issues and redeems shares at the applicable issue or redemption price without charging any additional costs.

If intermediaries are involved in the issue or redemption of shares, additional costs may be incurred.

Suspension of share redemptions and investor resolutions

The company may decide to temporarily suspend the redemption of shares in the interest of investors in response to extraordinary circumstances (see Section 12 (7) of the General Terms and Conditions of Investment). Here are some specific examples of extraordinary circumstances:

- A stock exchange on which a substantial portion of the investment fund's securities is traded is closed (except on normal weekends and public holidays), or trading is restricted or suspended;
- The company is unable to dispose of assets;
- The proceeds from sales cannot be transferred;
- The unit value cannot be calculated properly; or
- Significant assets cannot be valued.

As the money paid in to the fund is predominantly invested in real estate in accordance with the fund's investment principles, there might not be enough liquid funds immediately available in the investment fund (i.e. bank deposits or proceeds from the sale of securities, money market instruments and shares in other investment funds) to pay the redemption price and ensure proper management in the event of exten-

sive redemption requests. In such cases, the company will be obliged to temporarily refuse and suspend the redemption of shares (see Section 12 (8) of the General Terms and Conditions of Investment).

In such cases, the company must sell assets from the investment fund on reasonable terms to generate the funds needed to satisfy redemption requests.

If there are still not enough liquid funds to satisfy redemption requests twelve months after redemptions have been suspended, the company will have to continue to refuse redemption requests while selling further assets from the investment fund. In such cases, the sales proceeds may be up to 10% of the market value of the properties.

If there are still not enough liquid funds to satisfy redemption requests 24 months after redemptions have been suspended, the company will have to continue to refuse redemption requests while selling further assets from the investment fund. In such cases, the sales proceeds may be up to 20% of the market value of the properties.

If there are not even enough liquid funds to satisfy redemption requests 36 months after redemptions have been suspended, or if the company suspends the redemption of shares for the third time in the space of five years, the company will forfeit its right to manage the investment fund. The investment fund will then be transferred to the depositary, which will liquidate the investment fund and pay out the liquidation proceeds to investors (see "Fund liquidation procedure" on p. 45).

The periods specified above will only be reset after share redemptions have been resumed if the company does not suspend the redemption of the fund's shares again within three months of the resumption.

The company will inform its investors when share redemptions are suspended – and when they are subsequently resumed – by posting an announcement in the Federal Gazette (*Bundesanzeiger*) and in business or daily newspapers with sufficient circulation or online at hausinvest.de. Investors will also be informed by their depositary banks via a durable medium (e.g. in paper or electronic form). Once the redemption of shares has been resumed, investors will be paid the redemption price applicable at the time.

If the company suspends the redemption of shares due to a lack of liquidity, investors may consent to the sale of certain assets from the investment fund's portfolio by majority vote in accordance with Section 259 KAGB, even if the assets are not sold on reasonable terms, as stipulated in the third sentence of Section 257 (1) KAGB. The investors' consent cannot be revoked. Their consent will not oblige the company to sell the relevant assets, but merely entitle it to do so. The vote should be taken without an investors' meeting, unless the investors have to be informed in person due to exceptional circumstances. Once a meeting has been convened, it will take place even if the suspension of share redemptions has ended by the time it is held. The voting power assigned to each investor will correspond to their pro-rata share in the fund's assets. The outcome of the vote will be decided by a simple majority of the voting rights used. A resolution will only be effective if at least 30% of the voting rights were represented when the resolution was passed.

The call for votes, the convening of an investors' meeting for this purpose and the resolution passed by investors will be announced by the company in the Bundesanzeiger and online at hausinvest.de.

Liquidity management

The company has a liquidity management system.

The company has established written policies and procedures for the investment fund that enable it to monitor the fund's liquidity risks and ensure that the liquidity profile of the fund's investments matches the fund's underlying liabilities. Taking into account the investment strategy presented in the "Description of investment objectives and investment policy" (see p. 18 onwards) and the options for investing excess liquidity described in the section on "Liquid investments" (see p. 22 and p. 32), the aim of the company's liquidity management system is to ensure a liquid, low-risk liquidity portfolio for the hausInvest fund, the performance of which is based on the money market. The annual and semi-annual reports contain more detailed information on the fund's liquidity management strategy and the current composition of its liquidity portfolio. The existing liabilities according to the permissible assets are aligned with the investment horizon of the assets, and the resulting movement of funds is integrated into the liquidity management process. The liquidity profile of the hausInvest fund can be classified as being geared towards making gains in keeping with the liquidity portfolio.

By way of example, the company has established the following policies and procedures:

- The company monitors the liquidity risks that could arise at the level of the investment fund or its individual assets. In doing so, the company assesses the liquidity of the assets held in the investment fund in relation to the fund's assets and establishes a liquidity ratio. Its liquidity assessments include an analysis of the trading volume, the complexity of the assets in question and the number of trading days required to dispose of the assets without influencing the market price. The company also monitors its investments in other funds (underlying funds) and examines their redemption policies to assess any impact this may have on the liquidity of the investment fund.
- The company monitors the liquidity risks that could arise due to an increase in redemption requests from investors. It maps out the expected cash flow, taking into account information available on the investor structure, historical cash flows and the effects of large-scale call risks and other risks (e.g. reputation risks).
- The company has set appropriate liquidity risk limits for the investment fund. It monitors compliance with these limits and has established procedures to be followed if the limits are breached or if there is a risk of this happening.
- The procedures set up by the company ensure consistency between liquidity ratio, the liquidity risk limits and the expected cash flow.

The company regularly reviews these policies and updates them accordingly.

The company conducts monthly stress tests to evaluate the fund's liquidity risks (stress tests must be conducted at least once a year; see Section 6 of the German Investment and Organisation Regulation (KAVerOV) in conjunction with point (e) of Art. 48 (2) of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 on the AIFM Directive). The company's stress tests are based on reliable and up-to-date information of a quantitative or, where that is not appropriate, qualitative nature. This information includes the investment strategy, redemption periods, payment obligations and periods in which assets can be sold, as well as information relating to general investor behaviour and market developments. The stress tests simulate any potential lack of liquidity of the assets held in the investment fund, as well as redemption requests that are unusual in terms of their number and scope. They cover market risks and their effects, including margin calls, collateral requirements or lines of credit. They take into account valuation sensitivities under stress conditions. The frequency with which they are conducted is appropriate for the type of investment fund, taking into account its investment strategy, liquidity profile, investor profile and redemption policies.

The relevant redemption rights under normal and exceptional circumstances, as well as the suspension of share redemptions, are presented in the sections on "Shares" (see p. 29), "Issue and redemption of shares" (see p. 30) and "Suspension of share redemptions" (see p. 8 onwards). The relevant risks are explained in the sections on "Suspension of share redemptions" and "Risks associated with the limited or increased liquidity of the investment fund and risks associated with increased subscriptions or redemptions (liquidity risk)" from p. 13 onwards.

Costs

Annual management charge and other costs

1. Fees payable to the company:

- a) Annual management charge
The company receives an annual management charge of up to 1% of the fund's average net asset value during the accounting period, which is calculated from the values at the end of each month. The company is entitled to charge proportional monthly advance payments.
- b) Fee for the acquisition, conversion or sale of real estate
If properties are acquired, converted or sold for the investment fund, the company may charge a one-off fee of up to 1% of the purchase price or construction costs in each case. If the properties are located outside of the EU or EEA, this fee may be increased to up to 1.5% of the purchase price or construction costs. If the company carries out project developments for the investment fund, it may charge a fee of up to 2% of the construction costs. The above regulations apply accordingly with regard to any equity interests

in real estate companies that may be held directly or indirectly by the company for the account of the investment fund, and with regard to the properties held by those companies. In such cases, the fee payable to the company is calculated as follows: If a real estate company acquires, sells, converts, constructs or develops a property, the purchase price or construction costs for the property is recognised for accounting purposes. If a real estate company is acquired or sold, the market value of the properties in its portfolio is recognised for accounting purposes. If the investment fund merely holds, acquires or sells an equity interest in a real estate company, the market value or construction costs is recognised in proportion to the size of the shareholding in each case.

2. Depositary fee

The monthly fee for the depositary equates to 1/12 of a maximum of 0.025% p.a. of the fund's average net asset value during the accounting period, which is calculated from the values at the end of each month.

3. Maximum permissible annual amount pursuant to No. 1 a) and No. 2

The maximum annual amount that can be withdrawn from the investment fund to cover the fees detailed in No. 1 a) and No. 2 is 1.025% p.a. of the fund's average net asset value during the financial year, which is calculated from the values at the end of each month.

4. Expenses

In addition to the fees detailed above, the following expenses are charged to the investment fund:

- a) the costs incurred for external valuations;
- b) the standard custodian fees and account fees charged by banks, including the standard charges for the safe-keeping of foreign assets abroad (if applicable);
- c) the borrowing costs and management costs associated with the management of real estate (administrative expenses, leasing costs, maintenance costs, running costs and legal fees);
- d) the printing and postage costs incurred for the purpose of distributing the legally required sales documents intended for investors (annual and semi-annual reports, prospectus, key information document);
- e) the costs incurred for the purpose of publishing annual and semi-annual reports, issue and redemption prices, information on distributions or reinvestments, and the liquidation report (if applicable);
- f) the costs associated with the creation and use of a durable medium, except where information is provided on fund mergers, measures related to investment limit violations or measures related to unit value miscalculations;
- g) the costs associated with the audit of the investment fund conducted by its auditors;
- h) the costs incurred for the purpose of publishing the tax bases for the investment fund and certifying that its tax information has been assessed in accordance with German tax law;

- i) any costs incurred by the company for the purpose of asserting and enforcing legal claims for the account of the investment fund and defending against claims made against the company at the expense of the investment fund;
- j) any fees and costs levied by public bodies in relation to the investment fund;
- k) the costs incurred for legal and tax advice in matters concerning the investment fund;
- l) any costs and fees associated with the acquisition and/or use or mention of a benchmark or financial index;
- m) any costs incurred for the purpose of appointing proxies;
- n) any costs incurred for the third-party analysis of the investment fund's performance;
- o) any taxes levied on the fees to be paid to the company, depositary and third parties, any taxes levied on the expenses listed above, and any taxes incurred in connection with the management and safekeeping of assets; and
- p) the real estate transfer tax and other expenses (e.g. court and notary fees) charged in the event that properties are transferred from the investment fund to the depositary in accordance with Section 100 (1) No. 1 KAGB.

The reimbursement claims for the expenses listed in a) to b) apply accordingly with regard to any equity interests in real estate companies that may be held directly or indirectly by the company for the account of the investment fund, and with regard to the properties held by those companies. The expenses to be reimbursed are calculated based on the size of the investment fund's shareholding in each real estate company. By way of derogation from the above regulations, any expenses incurred by a real estate company due to special requirements under the KAGB are not charged proportionately, but in full, to the investment fund(s) for the account of which an equity interest is held in the company and to which such requirements apply.

5. In addition to the fees and expenses detailed above, any costs incurred in connection with the acquisition and sale of assets will also be charged to the investment fund. Any expenses associated with the acquisition, sale, development and encumbrance of properties, including any taxes incurred in this regard, will be charged to the investment fund, regardless of whether the transaction actually comes about.

Disclosure of total expense ratio

In the annual report, the costs and fees incurred at the expense of the investment fund during the financial year (excluding transaction costs) are disclosed and a "total expense ratio" is reported by dividing those costs by the fund's average net assets. The total expense ratio includes the fund's annual management charge, the depositary fee and any additional expenses that may be charged to the investment fund (see p. 34 onwards). It does not include any transaction costs incurred during the acquisition and sale of assets. Transaction costs are charged to the investment fund.

Different costs indicated by distributors

If an investor receives third-party advice before acquiring shares, or if the transaction is brokered by third parties, the expenses charged by those third parties might not be identical to those presented in this prospectus and in the key information document. The expenses charged by third parties may even exceed the total expense ratio described here, particularly if they also factor in the cost of their own activities (e.g. brokerage, consultancy or custodial services) due to legal requirements. They may also account for any one-time costs (e.g. front-end load) and generally use other calculation methods and estimates for the costs incurred at fund level, particularly including transaction costs for the fund.

The indicated costs may be different not only in the information provided before a contract is concluded, but also in the regular information on costs for an existing fund investment provided over the course of a long-term customer relationship.

Remuneration policy

The company's remuneration scheme is built around a model that meets both the general and specific regulatory requirements. The company ensures that its remuneration model, remuneration parameters and remuneration components are sustainable, i.e. that they are transparent and geared towards ensuring the long-term success of the company. The company makes sure that the targets set for its employees with an impact on their remuneration are sufficiently ambitious and can make an effective and sustainable contribution to achieving the company's goals. At the same time, employees are not given any incentives to take disproportionately high risks that are not consistent with the risk profile or investment conditions of the investment fund managed by the company.

The company's remuneration scheme has been established in way that allows for the appropriate consideration of sustainability risks. The variable remuneration owed to employees is based not only on the achievement of quantitative goals, but also on the achievement of qualitative goals defined at Commerzbank Group level, including a number of ESG goals (environmental, social and corporate governance). For example, the company sets specific goals for sustainability, customer and employee satisfaction, demographic change, risk and reputation management, and compliance.

In addition, there are separate regulations for measuring the performance of "risk takers" and determining their variable remuneration. A remuneration control committee has also been established within Commerz Real AG to ensure that the company's remuneration system is structured appropriately and to take into account the long-term interests of investors, other stakeholders and the general public.

The remuneration control committee established within Commerz Real AG also acts as the remuneration committee for the company. Further details on the company's current remuneration policy and practice can be found in the remuneration report published by Commerz Real AG: [commerzreal.com/verguetungsbericht](https://www.commerzreal.com/verguetungsbericht).

Other information

When conducting transactions for the account of the investment fund, the company may receive non-cash benefits (e.g. broker research, financial analyses, market and exchange rate information systems), which it may then use in its investment decisions in the interest of investors. None of the fees or expenses paid from the investment fund to the depositary or third parties are reimbursed to the company. The company uses a portion of the fees paid from the investment fund to make regular payments to share brokers as a trailing commission.

In addition to the annual management charge for the investment fund itself, a further management fee is charged for its shares held in other investment funds.

Any fees, costs, commission payments and other expenses are usually borne directly or indirectly by investors in the respective fund as well. In the annual and semi-annual report, the company must disclose the total amount of front-end and back-end loads that have been charged to the investment fund during the reporting period for the acquisition and redemption of shares pursuant to Section 196 KAGB.

In the case of shares in other investment funds that are managed directly or indirectly by the company itself or by another undertaking associated with the company through a significant direct or indirect interest, the company or the other undertaking is not permitted to charge any front-end or back-end loads for such acquisitions and redemptions. In the annual and semi-annual report, the company must disclose the fees that have been charged to the investment fund by the company itself, by another alternative investment fund manager, by an investment stock corporation, by another undertaking associated with the company through a significant direct or indirect interest or by a foreign investment company, including its management company, as a management charge for the shares held in the investment fund.

Calculation and appropriation of income

Calculation of income

The investment fund generates ordinary income from rental payments that are not used to cover costs, from equity interests in real estate companies and from interest and dividends from liquid investments. This income is recognised on an accrual basis.

Another form of ordinary income is construction interest (interest on the fund's own money allocated to construction projects), provided that this is recognised as imputed interest instead of the normal market rate applicable to the fund's money used for construction projects.

The investment fund may also generate extraordinary income through the sale of properties, equity interests in real estate companies and liquid investments. The capital gains

or losses arising from the sale of properties and equity interests in real estate companies are calculated in such a way that the sales proceeds (less the costs incurred for the sales) are compared with the acquisition costs for the properties or equity interests in real estate companies in question after deducting the maximum depreciation permitted and possible for tax purposes (book value). Any realised losses on sales are offset against realised profits.

The capital gains or losses arising from the sale or redemption of securities are calculated separately for each individual sale or redemption. When calculating the realised profits or losses, the average value of all securities purchased in a particular category is taken as the basis (average cost or continuous costing method).

Income equalisation scheme

The company operates an income equalisation scheme for the investment fund. This means that the balance of income and expenses that have been incurred during the financial year until the point where shares are purchased or sold by investors, as included in the issue price paid by purchasers of shares and included in the redemption price received by sellers of shares, is calculated on an ongoing basis and reported as a distributable position in the income statement. The income equalisation scheme is used to ensure that the ability to make distributions for each share in circulation is not affected by inflows and outflows of funds. Otherwise, every inflow of funds would reduce the distributable amount per share due to the increased number of shares, while every outflow of funds would increase the distributable amount per share due to the reduced number of shares. This prevents the distribution capacity per share from being diminished in the case of inflows and prevents an excessive distribution capacity per share ("capital distribution") from emerging in the case of outflows. As an unavoidable knock-on effect of this scheme, investors who buy shares shortly before the distribution date will receive the portion of the issue price attributable to income in the form of a distribution, even though the capital paid in by those investors has not contributed to generating that income.

Appropriation of income

1. The company distributes any income from properties and other assets that accrues during the financial year for the account of the investment fund and that is not used to cover costs; – the relevant amounts are first adjusted in line with the income equalisation scheme. Any income from liquid investments that is deferred during the accounting period is also included in distributions. In addition, the company may choose to make interim distributions during the year on the following dates: 15 September and 15 December. Liquidating distributions are not permitted.
2. Any funds required for future repairs must be withheld from the income calculated in this way. Similarly, any funds required to offset property depreciation may be withheld. Apart from the amounts withheld for repairs, however, at least 50% of the income described in No. 1 above must be distributed.
3. Capital gains can be distributed once the relevant amounts have been adjusted in line with the income equalisation scheme.

4. Construction interest may also be distributed insofar as it is in line with the customary market rate of interest saved.
5. Distributable income can be carried forward for distribution to subsequent financial years, provided that the total income carried forward does not exceed 10% of the net asset value at the end of the financial year in question. Income from short financial years may be carried forward in full.
6. In the interest of preserving the assets held in the investment fund, income may be earmarked for reinvestment in the fund – either partly or, in special cases, completely. Apart from the amounts withheld for repairs, however, at least 50% of the income described in No. 1 above must be distributed.
7. Regular distributions are made free of charge once a year immediately after the annual report has been published; interim distributions are made on the dates specified in No. 1 above.

While bearer shares used to be issued for the investment fund in a physical form, these definitive securities now have to be handed over to a depositary for collective safekeeping in accordance with the KAGB. Any bearer share certificates that had not been handed over to a depositary for collective safekeeping by 31 December 2016 were subsequently declared null and void along with any coupons that were not yet due (see "Shares" on p. 29 and "Obligation to hand in physical shares" on p. 29). Any coupons that became due before 1 January 2017 can be presented to the depositary for payment of the income attributable to them. However, the relevant amounts cannot be paid out to an investor in cash; they must be credited to an account held by the investor in Germany.

Effect of distributions on unit value

As the distribution amount is taken out of the investment fund, the unit value is reduced by the distributed amount per share on the distribution date (ex-day).

Crediting of distributions

If shares are held in a custody account managed by the depositary, distributions will be credited free of charge by the depositary's branches. If the custody account is managed by other banks or savings banks, additional costs may be incurred.

Summary of tax regulations²

The following statements on tax regulations only apply to investors who are fully liable to taxation in Germany. Investors who are fully liable to taxation in Germany are also referred to below as "residents for tax purposes". If you are a non-resident for tax purposes and interested in acquiring

² Section 165 (2) No. 15 KAGB: a summary of the tax regulations that are important to investors, including information as to whether distributed income from the investment fund is subject to withholding tax.

shares in the investment fund described in this prospectus, we strongly advise you to contact a tax advisor and discuss any tax implications that may be associated with the purchase of shares in your home country. Foreign investors who are not fully liable to taxation in Germany are also referred to below as “non-residents for tax purposes”.

As an investment fund holding special-purpose assets, the fund is generally exempt from corporation and trade tax. However, it is liable to pay corporation tax on its domestic real estate income, i.e. domestic rental income and profits from the sale of real estate located in Germany (profits from the sale of domestic real estate are tax-free with regard to hidden reserves created up to 31 December 2017 if there are more than ten years between the acquisition and sale), domestic income from equity interests and other domestic income as part of its limited income tax liability – with the exception of profits from the sale of shares in corporations. The tax rate is 15%. If the taxable income is levied by withholding capital gains tax, the solidarity surcharge is included in the 15% tax rate.

However, investment income for private investors is subject to income tax as income from savings and investments if this amount – together with other capital gains – exceeds the annual flat-rate savings allowance of 1,000 euros (for single persons or separately assessed spouses) or 2,000 euros (for jointly assessed spouses).

Income from savings and investments is generally subject to a 25% tax withholding (plus solidarity surcharge and, if applicable, church tax). Income from savings and investments also includes income from investment funds (investment income), i.e. fund distributions, advance lump sums (Vorabpauschale), and profits from the sale of shares. If certain conditions are met, investors can receive a flat-rate portion of this investment income tax-free (partial exemption).

The tax withholding generally has the effect of a final withholding tax for private investors, which means that income from savings and investments does not generally have to be declared in their income tax return. The depositary bank will generally offset income subject to withholding against losses and deductible foreign withholding taxes when the tax is withheld.

However, the tax withholding will not have the effect of a final withholding tax, for example, if an investor's personal tax rate is lower than the withholding rate of 25%. In such cases, the income from savings and investments can be declared in the investor's income tax return. The tax office will then apply the lower personal tax rate and offset the tax withholding made against the investor's personal tax liability (for a more favourable assessment).

If income from savings and investments is not subject to any tax withholding (e.g. because profits are made from the sale of fund shares in a foreign securities account), it must be declared in a tax return. As part of the assessment performed by the tax office, the income from savings and investments will then also be subject to the withholding rate of 25% or the lower personal tax rate.

If shares are held as business assets, the income will be recorded as business income for tax purposes.

Shares held as private assets (residents for tax purposes)

Distributions

The fund's distributions are generally taxable. However, the fund meets the tax requirements for a real estate fund, so 60% of the distributions are tax-free. Taxable distributions are generally subject to a 25% tax withholding (plus solidarity surcharge and, if applicable, church tax).

The tax withholding may be waived if the investor is a resident for tax purposes and submits an exemption form, provided the taxable income does not exceed 1,000 euros for single persons or 2,000 euros for jointly assessed spouses.

The same applies if a certificate is submitted for persons who are not expected to be assessed for income tax (non-assessment certificate).

If an investor who is a resident for tax purposes keeps the shares in a securities account in Germany, the depositary bank as the paying agent will refrain from withholding tax if an official exemption form for a sufficient amount or a non-assessment certificate issued by the tax office for a period of three years is submitted to the depositary bank before the specified distribution date. In such cases, the full distribution will be credited to the investor without deductions.

Advance lump sums

The advance lump sum (Vorabpauschale) is the amount by which the fund's distributions within a calendar year fall below the base income for that calendar year. The base income is calculated by multiplying the redemption price of the share at the start of a calendar year by 70% of the base interest rate, which is derived from the long-term return obtainable from public bonds. The base income is limited to the surplus resulting from the difference between the first and last fixed redemption price of the calendar year plus the distributions from that calendar year. In the year in which the shares are acquired, the advance lump sum decreases by one twelfth for each full month preceding the month of acquisition. The advance lump sum is deemed to have been realised on the first working day of the following calendar year. Advance lump sums are generally taxable.

However, the fund meets the tax requirements for a real estate fund, so 60% of advance lump sums are tax-free. Taxable advance lump sums are generally subject to a 25% tax withholding (plus solidarity surcharge and, if applicable, church tax).

The tax withholding may be waived if the investor is a resident for tax purposes and submits an exemption form, provided the taxable income does not exceed 1,000 euros for single persons or 2,000 euros for jointly assessed spouses.

The same applies if a certificate is submitted for persons who are not expected to be assessed for income tax (non-assessment certificate).

If an investor who is a resident for tax purposes keeps shares in a securities account in Germany, the depositary bank as the paying agent will refrain from withholding tax if an official exemption form for a sufficient amount or a non-assessment certificate issued by the tax office for a period of three years is submitted to the depositary bank before the funds are received. In such cases, no tax will be paid. Otherwise, the investor must make the amount of tax to be paid available to the depositary bank in Germany. For this purpose, the depositary bank may collect the amount of tax to be paid from an account held with the bank under the investor's name without the consent of the investor. If the investor does not file an objection before the advance lump sum has been paid, the depositary bank may also collect the amount of tax to be paid from an account held under the investor's name to the extent that an overdraft facility agreed with the investor for that account has not been used. If the investor does not fulfil their obligation to make the amount of tax to be paid available to the depositary bank in Germany, the depositary bank must report this to the responsible tax office. This being the case, the investor must declare the advance lump sum in their income tax return.

Capital gains at investor level

If shares in the fund are sold, the capital gains are subject to 25% withholding tax.

However, the fund meets the tax requirements for a real estate fund, so 60% of capital gains are tax-free.

If shares are kept in a securities account in Germany, the depositary bank will withhold the tax, taking any partial exemptions into account. The 25% tax withholding (plus solidarity surcharge and, if applicable, church tax) may be avoided if the investor submits a sufficient exemption form or a non-assessment certificate. If such shares are sold by a private investor at a loss, the loss can be offset against other positive income from savings and investments (possibly with a reduction due to a partial exemption). If the shares are kept in a securities account in Germany, and if positive income from savings and investments has been generated with the same depositary bank in the same calendar year, the depositary bank will offset the losses.

When calculating the capital gains, the profits must be reduced by the advance lump sums applied during the period of ownership.

Shares held as business assets (residents for tax purposes)

Corporation tax refund

The corporation tax incurred at fund level can be refunded if the investor is a corporation, association or estate based in Germany which, according to its articles of association, act of foundation or other constitution and according to its actual management, exclusively and directly serves non-profit, charitable or ecclesiastical purposes, or if the investor is a foundation incorporated under public law that exclusively and directly serves non-profit or charitable purposes, or if the investor is a legal entity incorporated under public law that exclusively and directly serves ecclesiastical purposes; this does not apply if the shares are held in a commercial business operation.

The same applies to comparable foreign investors with their registered office and management in a foreign country that provides administrative and recovery assistance.

In order for such an investor to be eligible for a refund, they must submit a corresponding application for a refund of the corporation tax incurred at fund level on a pro rata basis for their period of ownership. In addition, the investor must have been the legal and beneficial owner of the shares for at least three months prior to the accrual of the fund's income subject to corporation tax without being subject to any obligation to transfer the shares to another person. As a further requirement for the refund with regard to the corporation tax on German dividends and income from equity-like participation rights incurred at fund level, German shares and German equity-like participation rights must have essentially been held by the fund as the beneficial owner continuously for 45 days within 45 days before and after the maturity date of the capital gains and there must have been a risk of change in value of at least 70% during those 45 days ("45-day rule").

The same applies to a limited extent to the corporation tax attributable to the fund's domestic real estate income if the investor is a domestic legal person incorporated under public law, unless the shares are attributable to a commercial establishment that is not exempt from corporation tax, or if the investor is a corporation, association or estate based in Germany that is exempt from corporation tax and is not to be refunded for the fund's corporation tax on all taxable income.

The application must be accompanied by proof of the tax exemption and proof of investment unit holdings (Investmentanteil-Bestandsnachweis) issued by the depositary bank. The proof of investment unit holdings is an official certificate showing the number of shares held by an investor throughout a calendar year as well as the time and extent of the acquisition and sale of shares during the calendar year.

The corporation tax incurred at fund level can also be refunded if the shares in the fund are held as part of old-age pension or basic pension contracts that have been certified under the German Act for the Certification of Old-Age and Basic Pension Contracts (AltZertG). In order for this to happen, the provider of the old-age pension or basic pension contract must issue a notification within one month of the end of the fund's financial year, stating the times at which shares have been acquired or sold and the extent of such acquisitions and sales. The 45-day rule described above must also be observed.

Due to the high complexity of the regulation, it makes sense to consult a tax advisor.

Additional regulation applicable as of 1 April 2021

Neither the company nor the investment fund is obliged to carry out the tax refund procedure. Nevertheless, the company will continue to accept corporation tax refund applications from investors on a voluntary basis until further notice, processing the applications itself and/or forwarding them to an external service provider (e.g. tax adviser), provided that the processing costs incurred by the company and/or external service provider are borne by the investor or applicant. The company provides

additional information on the tax refund procedure here: hausinvest.de/investment/faq/steuererstattung/.

Distributions

Distributions from the fund are generally subject to income tax or corporation and trade tax.

However, the fund meets the tax requirements for a real estate fund, so 60% of the distributions are tax-free for income or corporation tax purposes, and 30% are tax-free for trade tax purposes.

The distributions are usually subject to a 25% tax withholding (plus solidarity surcharge). A partial exemption will be taken into account when the tax is withheld.

Advance lump sums

The advance lump sum (Vorabpauschale) is the amount by which the fund's distributions within a calendar year fall below the base income for that calendar year. The base income is calculated by multiplying the redemption price of the share at the start of a calendar year by 70% of the base interest rate, which is derived from the long-term return obtainable from public bonds. The base income is limited to the surplus resulting from the difference between the first and last fixed redemption price of the calendar year plus the distributions from that calendar year. In the year in which the shares are acquired, the advance lump sum decreases by one twelfth for each full month preceding the month of acquisition. The advance lump sum is deemed to have been realised on the first working day of the following calendar year. Advance lump sums are generally subject to income tax or corporation and trade tax.

However, the fund meets the tax requirements for a real estate fund, so 60% of advance lump sums are tax-free for income or corporation tax purposes, and 30% are tax-free for trade tax purposes.

Advance lump sums are generally subject to a 25% tax withholding (plus solidarity surcharge). A partial exemption will be taken into account when the tax is withheld.

Capital gains at investor level

Profits from the sale of shares are generally subject to income tax or corporation and trade tax. When calculating the capital gains, the profits must be reduced by the advance lump sums applied during the period of ownership.

However, the fund meets the tax requirements for a real estate fund, so 60% of capital gains are tax-free for income or corporation tax purposes, and 30% are tax-free for trade tax purposes.

In the event of a loss on disposal, the loss is not deductible at investor level in the amount of the applicable partial exemption.

Profits from the sale of shares are generally not subject to a capital gains tax withholding.

Negative taxable income

The fund's negative taxable income cannot be allocated to investors.

Taxation in case of liquidation

While the fund is being liquidated, any distributions will be considered tax-free capital repayments to the extent that the last redemption price set in that calendar year falls below the amortised cost.

Taxation of usual groups of business investors – summary

Investors resident in Germany	Distributions	Advance lump sums	Capital gains
Individual entrepreneurs	Capital gains tax: 25% (with a 60% partial exemption for German real estate funds and an 80% partial exemption for foreign real estate funds) Material taxation: income tax and trade tax, taking any partial exemptions into account (German real estate funds: 60% for income tax / 30% for trade tax; foreign real estate funds: 80% for income tax / 40% for trade tax)		Capital gains tax: exempt
Regularly taxed corporations (typically industrial companies, banks that do not hold shares for trading, property insurance companies)	Capital gains tax: exemption for banks; otherwise 25% (with a 60% partial exemption for German real estate funds and an 80% partial exemption for foreign real estate funds) Material taxation: corporation tax and trade tax, taking any partial exemptions into account (German real estate funds: 60% for corporation tax / 30% for trade tax; foreign real estate funds: 80% for corporation tax / 40% for trade tax)		Capital gains tax: exempt
Life and health insurance companies and pension funds where the fund shares are attributable to investments	Capital gains tax: exempt Material taxation: corporation tax and trade tax, unless there is a provision for premium refunds in the balance sheet to be recognised for tax purposes, taking any partial exemptions into account (German real estate funds: 60% for corporation tax / 30% for trade tax; foreign real estate funds: 80% for corporation tax / 40% for trade tax)		
Banks that hold fund shares for trading	Capital gains tax: exempt Material taxation: corporation tax and trade tax, taking any partial exemptions into account (German real estate funds: 60% for corporation tax / 30% for trade tax; foreign real estate funds: 80% for corporation tax / 40% for trade tax)		
Tax-exempt investors serving non-profit, charitable or ecclesiastical purposes (e.g. churches and non-profit foundations)	Capital gains tax: exempt Material taxation: tax-exempt – the corporation tax incurred at fund level may also be refunded if an application is submitted and certain requirements are met		
Other tax-exempt investors (e.g. pension funds, burial funds and provident funds, provided that the requirements specified in the German Corporation Tax Act [KStG] are met)	Capital gains tax: Exemption Material taxation: tax-exempt – the corporation tax incurred at fund level attributable to domestic real estate income may also be refunded if an application is submitted and certain requirements are met		

Safekeeping is assumed by a depositary bank in Germany. A solidarity surcharge is levied as an additional tax on capital gains tax, income tax and corporation tax. It may be necessary for certificates to be submitted to the depositary bank in good time in order for the capital gains tax withholding to be waived.

Non-residents for tax purposes

If a non-resident for tax purposes keeps their fund shares in a securities account run by a depositary bank in Germany, no tax will be withheld from distributions, advance lump sums or profits from the sale of shares if the investor can prove their status as a non-resident for tax purposes. If their status as a non-resident for tax purposes is not known to the depositary bank or not proven in good time, the foreign investor will be forced to apply for a refund of the tax withholding in accordance with the German Fiscal Code³ (AO). The competent authority is the tax office responsible for the depositary bank.

Solidarity surcharge

A solidarity surcharge of 5.5% is levied on the tax withheld for distributions, advance lump sums and profits from the sale of shares.

Church tax

If a depositary bank in Germany (withholding agent) levies income tax by withholding an amount, the applicable church tax is regularly levied as a surcharge on the tax withholding at the rate set by the religious community to which the person liable for church tax belongs. The deductibility of church tax as a special expense is already taken into account when withholding the tax.

Foreign withholding tax

In some cases, withholding tax is levied on the fund's foreign income in the countries of origin. This withholding tax cannot be taken into account as a tax reduction for investors.

³ Section 37 (2) of the German Fiscal Code (AO).

Consequences of an investment fund merger

If the investment fund merges with another domestic investment fund and the same partial exemption rate applies, there will be no disclosure of hidden reserves at investor level or at the level of the funds involved in the merger, which means that it will be a tax-neutral process. If the investors in the investment fund transferring its assets receive a cash payment in accordance with the merger plan,⁴ this will be treated as a distribution.

If the partial exemption rate applicable to the investment fund transferring its assets differs from the rate applicable to the investment fund assuming the assets, the investment share of the fund transferring its assets will be deemed to have been sold and the investment share of the fund assuming the assets will be deemed to have been bought. The profit from the deemed disposal will only be deemed to have accrued as soon as the investment share of the investment fund assuming the assets is actually sold.

Automatic exchange of information in tax matters

In recent years, there has been a significant rise in the automatic exchange of information to combat cross-border tax fraud and cross-border tax evasion at international level. The Organisation for Economic Co-operation and Development (OECD) has published a “Common Reporting Standard” (CRS) for the automatic exchange of financial account information in tax matters. The CRS was integrated into Directive 2011/16/EU at the end of 2014 following the introduction of Council Directive 2014/107/EU on 9 December 2014, which relates to the mandatory automatic exchange of information in the field of taxation. The CRS is now used by all participating countries (all EU Member States and a number of third countries). Germany has codified the CRS in national law through the German Act on the Automatic Exchange of Financial Account Information in Tax Matters (FKAustG) of 21 December 2015.

The CRS obliges reporting financial institutions (mainly credit institutions) to collect certain information about their customers. If the customers (natural persons or legal entities) are resident in other participating countries and are subject to reporting requirements (not including, for example, listed corporations or financial institutions), their accounts and securities accounts are classified as reportable. The reporting financial institutions submit certain information for each reportable account to the tax authorities in their home country, which then transfers the information to the tax authorities in the customer’s home country.

The information to be submitted is essentially the personal data of the customer (name, address, tax identification number, date of birth and place of birth (for natural persons); country of residence) as well as information about their accounts and securities accounts (e.g. account number; account balance or account value; total gross amount of income such as interest, dividends or distributions from investment funds; total gross proceeds from the sale or redemption of financial assets, including fund shares).

The CRS specifically affects investors who are subject to reporting requirements and hold an account and/or a securities account with a credit institution based in a participating country. For example, German credit institutions will report information about investors resident in other participating countries to the Federal Central Tax Office (BZSt), which will then forward the information to the respective tax authorities in the investors’ countries of residence. In turn, credit institutions in other participating countries will report information about investors resident in Germany to the tax authorities in their respective countries, which will then forward the information to the BZSt. Finally, it is conceivable that credit institutions domiciled in other participating countries will report information about investors who are resident in other participating countries to the tax authorities in their respective countries, which will then forward the information to the respective tax authorities of the investors’ countries of residence.

Real estate transfer tax

The sale of shares in the investment fund does not trigger any real estate transfer tax.

Limited tax liability in Austria

The Austrian Real Estate Investment Act (ImmoInvFG) of 1 September 2003 introduced limited tax liability for profits generated by foreign investors on Austrian properties through open-ended real estate funds. Tax is levied on management profits from rental income and on the appreciation in value of Austrian real estate, as stated in the annual valuation. This limited tax liability applies to individual investors who are neither domiciled nor have their habitual residence in Austria (and to corporations whose registered office or place of management is not in Austria). For natural persons, the rate of tax levied on this income in Austria is 27.5%. If an investor’s taxable income in Austria is no more than € 2,000, however, they do not have to submit a tax return and their income remains tax-free. If this limit is exceeded, or if a demand to this effect is issued by the responsible Austrian tax office, a tax return must be filed in Austria. For corporations, the tax rate in Austria is 25%. There is no minimum allowance for corporations as there is for natural persons. Tax office 1/23 in Vienna is responsible for taxation. The income subject to limited tax liability in Austria that is attributable to each share is presented separately in the annual report. Each investor must multiply this amount by the number of shares they hold on the distribution date.

3% tax in France

Since 1 January 2008, real estate investment funds have generally been liable to pay a special 3% tax once a year on the market value of their properties located in France. However, French real estate investment funds and comparable foreign investment funds may be exempt from the 3% tax under French law. As German real estate investment funds are not necessarily comparable with French real estate investment according to the French authorities, they are not necessarily exempt from the 3% tax.

⁴Section 190 (2) No. 2 of the German Investment Code (KAGB).

In order to meet the tax exemption requirements stipulated by the French authorities, the hausInvest fund has to submit an annual declaration indicating its French real estate holdings as of 1 January each year and stating the shareholders who own 1% or more of the fund's shares as of 1 January each year.

The number of shares equating to 1% of the investment fund on 1 January each year is indicated in the relevant annual report.

If your shareholding in the hausInvest fund equates to 1% of the total shares as of 1 January, please send us a written declaration of consent (Commerz Real Investmentgesellschaft mbH, Steuerabteilung, Friedrichstraße 25, D-65185 Wiesbaden) so that we can disclose your name, address and shareholding to the French tax authorities, thus complying with our obligations for the investment fund and preventing the 3% tax from being levied in France.

This disclosure will have no financial implications for you, nor will it oblige you to report anything to the French tax authorities yourself if your shareholding in the investment fund was less than 5% on 1 January and if this is your only investment in French real estate.

If your shareholding was 5% or more on 1 January, or if you directly or indirectly held other real estate in France, you may be liable to pay tax as a result of your interest in French real estate and will have to arrange for the tax exemption yourself by submitting your own declaration to the French tax authorities. However, general exemption rules may apply to various groups of investors; for example, natural persons and listed companies are exempt from the 3% tax. In such cases, you will not have to submit your own declaration. For more information as to whether you are obliged to submit a declaration, we would advise you to contact a French tax advisor.

General note

The tax statements presented in this document are based on the legal situation currently known to the company. They are aimed at persons who are fully liable to pay income tax or corporation tax in Germany. However, we cannot rule out changes to the tax situation as a result of legislation, court decisions or decrees from the tax authorities.

Service providers

Delegation of activities

The companies that are currently performing functions outsourced by the company are presented in the section on "Outsourcing" (see opposite).

In addition to those companies, the company has also commissioned the following service providers whose activities are of importance to the hausInvest fund:

- Sales partner:

Commerzbank AG, D-60261 Frankfurt am Main, for the sale of shares in the hausInvest fund

- Law firms:

Norton Rose Fulbright LLP, 3 More London Riverside, London, SE1 2AQ, United Kingdom
This law firm advises the company in matters relating to the acquisition, letting, sale and financing of real estate in the United Kingdom.

Clifford Chance Europe LLP, 9 place Vendôme, CS 50018, 75038 Paris Cedex 01, France
This law firm advises the company in matters relating to the acquisition, letting, management, sale and financing of real estate in France.

DLA Piper LLP (US), 1251 Avenue of the Americas, 27th Floor, New York, New York 10020-1104, USA
This law firm advises the company in matters relating to the acquisition, letting, management, sale and financing of real estate in the USA.

- Tax consultancy firms:

Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Arnulfstraße 59, 80636 München, Germany
This tax consultancy firm advises the company in matters relating to German tax law.

PricewaterhouseCoopers LLP, 1 Embankment Place and 7 More London Riverside, London WC2N 6RH and London SE1 2RT, United Kingdom
This tax consultancy firm advises the company in matters relating to British tax law.

PwC Société d'Avocats, Crystal Park - 61, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France
This law firm advises the company in matters relating to French tax law.

FIDAL, 4-6, avenue d'Alsace, 92982 Paris La Defense Cedex, France
This law firm advises the company in matters relating to French tax law.

- Technology partner:

UEBERBIT GmbH, Rheinvorlandstraße 7, 68159 Mannheim, Germany
This service provider manages a tool used by the company to publish its daily unit price.

Outsourcing

The company has outsourced the following activities:

Multi Germany GmbH, Düsseldorf (Germany):

- Property management for the fund's real estate located in Germany

Cushman & Wakefield Property Solutions BV, Utrecht (Netherlands):

- Property management for the fund's real estate located in the Netherlands

Terranae SAS, Neuilly-sur-Seine (France):

- Property management for the fund's real estate located in France

Cushman & Wakefield LLP, Milan (Italy):

- Property management for the fund's real estate located in Italy

Multi Spain Management S.A., Madrid (Spain):

- Property management for the fund's real estate located in Spain

Multi Portugal S.A., Algés (Portugal):

- Property management for the fund's real estate located in Portugal

Multi Turkey Yönetim A.S., Istanbul (Turkey):

- Property management for the fund's real estate located in Turkey

OTTO Immobilien GmbH, Vienna (Austria):

- Property management for the fund's real estate located in Austria

Savills Property Management SA, Paris (France):

- Property management for the fund's real estate located in France

Stilo Retail srl, Milan (Italy):

- Property management for the fund's real estate located in Italy

Commerz Real AG, Wiesbaden (Germany):

- Risk controlling support
- Monitoring of legal compliance
- Asset management
- IT
- Audits
- Acquisition / sale of fund properties
- Money laundering / compliance

Commerz Real AG has further outsourced the following activities (not an exhaustive list):

Commerz Real France & South EURL, Paris (France):

- Property management assistance for hausInvest real estate located in France and southern Europe

Commerz Real West B.V., Amsterdam (Netherlands):

- Property management assistance for hausInvest real estate located in the Benelux Union

Commerz Real North Limited, London (United Kingdom):

- Property management assistance for hausInvest real estate located in the United Kingdom

Commerz Real Americas LLC, Delaware (USA):

- Property management assistance for hausInvest real estate located in the United States of America (USA)

In particular, the following conflicts of interest could arise from the outsourced activities listed above:

Commerz Real AG, Commerz Real France & South EURL, Commerz Real West B.V., Commerz Real North Limited and Commerz Real Americas LLC are affiliated with the company.

Conflicts of interest

The following conflicts of interest could arise for the company:

Investors' interests may clash with the following interests:

- interests of the company and its affiliated enterprises;
- interests of the company's employees; or
- interests of other investors in this investment fund or other investment funds.

In particular, conflicts of interest could arise from the following circumstances or relationships:

- incentive schemes for the company's employees;
- employee transactions;
- gifts granted to the company's employees;
- restructuring of assets held in the investment fund;
- forced improvement of the fund's performance before reporting dates ("window dressing");
- transactions between the company and the investment funds or individual portfolios under its management;
- transactions between the investment funds and/or individual portfolios managed by the company;
- grouping of multiple orders ("block trades");
- commissioning of affiliated enterprises and persons;
- individual investments of a considerable magnitude; and
- transactions executed after close of trading at the foreseeable closing price for the current day ("late trading").

The company implements the following organisational measures in particular to identify, prevent, control, monitor and disclose conflicts of interest:

- Any conflicts of interest must be reported to the Compliance Department;
- There are rules governing the acceptance, granting and disclosure of gifts;
- There are organisational measures in place, e.g.
 - confidential areas for each department to prevent the misuse of confidential information;

- the allocation of responsibilities to prevent improper influence; and
- the separation of proprietary trading and customer trading.
- Employees are subject to a code of conduct for employee transactions, obligations to comply with insider trading law, and trading bans;
- The company has set up remuneration schemes;
- The company has best-practice principles for the acquisition and sale of financial instruments; and
- There are cut-off times for the acceptance of orders.

When conducting transactions for the account of the investment fund, the company may receive non-cash benefits (e.g. broker research, financial analyses, market and exchange rate information systems), which it may then use in its investment decisions in the interest of investors.

None of the fees or expenses paid from the investment fund to the depositary or third parties are reimbursed to the company.

The company grants recurring brokerage fees ("trailing commission") to intermediaries such as credit institutions, usually on an annual basis.

Reports, financial year, auditors

1. The fund's annual and semi-annual reports – and any interim reports – can be obtained from the company and from Commerzbank AG.
2. The investment fund's financial year ends on 31 March each year.
3. KPMG AG has been appointed as the auditor for the investment fund.
4. Any liquidation reports will be made available by the depositary.

Regulations for the liquidation, merger and transfer of the investment fund

Liquidation of investment fund

Investors are not entitled to demand the liquidation of the investment fund. However, the company may terminate its management of the investment fund with six months' notice by posting an announcement in the Federal Gazette (Bundesanzeiger) and in the annual or semi-annual report. Investors will also be informed of the termination by their depositary banks via a durable medium (e.g. in paper or electronic form).

Once the company has declared its termination, no more shares will be issued or redeemed. After giving notice of termination, the company will be obliged to sell all assets belonging to the investment fund on reasonable terms in consultation with the depositary until its right to manage the investment fund expires. Certain assets may also be sold on unreasonable terms if investors give their consent by majority vote. The relevant procedure is presented on p. 32.

In agreement with the depositary, the company must pay investors semi-annual instalments from the proceeds generated from the sale of the fund's assets. This does not apply if the proceeds are required to ensure proper ongoing management or if the proceeds have to be retained in the investment fund due to warranty commitments arising from the sale of assets or due to anticipated settlement costs.

The company's right to manage the investment fund will also expire if insolvency proceedings are opened in respect of the company's assets or if an application to institute insolvency proceedings is rejected due to insufficient assets. The assets held in the investment fund will not form part of the company's insolvency estate.

The company's right to manage the investment fund will also expire if it suspends the redemption of shares for the third time in the space of five years (see p. 33 onwards). However, this only counts for suspensions that have been declared since 1 January 2013 or that are still ongoing.

In such cases, the investment fund will be transferred to the depositary, which will wind up the investment fund and distribute the liquidation proceeds among investors. The depositary must prepare a liquidation report annually and on the day the liquidation process is completed; the report must meet the requirements for an annual report.

Fund liquidation procedure

If the investment fund is liquidated, this will be announced in the Bundesanzeiger and in a business or daily newspaper with sufficient circulation or at hausinvest.de. No more shares will be issued or redeemed, although these processes may have already been discontinued when the company declared its termination. The proceeds generated from the sale of the fund's assets, less any costs to be borne by the investment fund and less any costs associated with the liquidation process, will be distributed among investors, whose entitlement to the liquidation proceeds will correspond to the number of shares they each hold in the investment fund. It may take a long time to liquidate the fund. Investors will be informed about each stage of the liquidation process by means of liquidation reports that will be made available by the depositary on the usual reporting dates. The amounts payable to investors – and the time and place where they will be made available – will be announced in the Bundesanzeiger and in business or daily newspapers or at hausinvest.de.

Any liquidation proceeds that are not claimed by investors may be deposited with the company's local court.

Merger of investment fund

All assets and liabilities of the investment fund may be transferred to another existing or newly established real estate investment fund in Germany at the end of the financial year. Similarly, all assets and liabilities of another real estate investment fund in Germany may be transferred to the hausInvest fund at the end of the other investment fund's financial year. Any such mergers must be approved by the

Federal Financial Supervisory Authority (BaFin). A different transfer date may also be chosen with the BaFin's approval.

Fund merger procedure

Investors will have up to five working days before the scheduled transfer date to redeem their shares at no additional cost or to exchange their shares for shares in another investment fund whose investment principles are consistent with those of the hausInvest fund, provided that such an investment fund is managed by the company or another undertaking in the same group. If an investor has submitted a declaration of intent to redeem shares, the declaration will continue to apply after the merger and will then relate to the investor's shares in the investment fund receiving the assets with the corresponding value.

The company must inform investors about the reasons for the merger and the essential aspects of the procedure. This information will be provided via a durable medium (e.g. in paper or electronic form). Investors must also be provided with the key information document for the investment fund to which the assets of the real estate investment fund are about to be transferred. Each investor must receive this information at least 30 days before the deadline for the redemption or exchange of their shares.⁵

On the transfer date, the value of the investment fund transferring its assets will be calculated alongside the value of the investment fund acquiring the assets. The exchange ratio will be determined and the whole process will be checked by the auditor. The exchange ratio expresses the ratio of the net asset value of the fund transferring its assets to that of the fund receiving the assets at the time of the transfer. The number of shares granted to investors in the new fund will equate to the value of their shares in the investment fund transferring its assets. It is also possible for investors in the fund transferring its assets to receive a cash payout amounting to up to 10% of the value of their shares. If the investment funds are merged during the current financial year of the investment fund transferring its assets, that fund's management company must prepare a report as of the transfer date that meets the requirements for an annual report. The company will post an announcement in the Bundesanzeiger and in business or daily newspapers with sufficient circulation or online (hausinvest.de) if the hausInvest fund has absorbed another investment fund and the merger has taken effect. If the hausInvest fund ceases to exist as a result of a merger, the announcement will be made by the company that manages the absorbing or newly established investment fund.

The issue of new shares to investors in the investment fund transferring its assets will not count as an exchange. The shares issued will take the place of shares in the investment fund transferring its assets. All fund mergers must be approved by the BaFin.

Transfer to another alternative investment fund manager

The company may transfer the fund to another alternative investment fund manager. The transfer must first be

approved by the BaFin. Once the transfer has been approved, it will be announced in the Bundesanzeiger, in the annual or semi-annual report published by the investment fund and at hausinvest.de. The effective date of the transfer will depend on the contractual agreements between the company and the other alternative investment fund manager. However, the transfer may take effect no earlier than three months after it has been announced in the Bundesanzeiger. All of the company's rights and obligations in relation to the investment fund will then be transferred to the other alternative investment fund manager.

Payments to investors, distribution of reports and other information

Additional information provided under Section 300 KAGB

The information on the investment fund to be provided under Section 300 (1) to (3) KAGB will be published in each annual report for the investment fund. Investors can obtain information on any changes relating to the depositary's liability via the company's website.

Buyer's cancellation rights under Section 305 KAGB

If someone has purchased shares or stocks in an open-ended investment fund after being prompted to make a declaration indicating their intent to purchase shares as a result of verbal negotiations held outside the permanent business premises of the party who sold the shares or brokered the sale, they will only be bound by the declaration to the company if they do not withdraw it in text form within two weeks by notifying the alternative investment fund manager or a "representative", as defined in Section 319 KAGB; this also applies if the party who sold the shares or brokered the sale has no permanent business premises. If the parties have concluded a "distance contract", as defined in Section 312c of the German Civil Code (BGB), the buyer will not have the right to withdraw from the contract if it relates to the provision of financial services whose price is dependent on fluctuations on the financial market (Section 312g (2) No. 8 BGB).

In order for the cancellation deadline to be met, the declaration must merely be submitted on time. The cancellation period will only start running when the buyer has been given a copy of the application to enter into a contract or a purchase confirmation containing information on the buyer's cancellation rights in line with the requirements specified in the second and third sentence of Art. 246 (3) of the Introductory Act to the German Civil Code (BGBEG). In the event of a dispute regarding the start of the cancellation period described in the second sentence, the burden of proof will lie with the seller.

The buyer will not have the cancellation rights described above if the seller can prove that the buyer is not a "consumer", as defined in Section 13 BGB, or that the seller visited the buyer at the latter's invitation to conduct the negotiations that led to the sale of the shares or stocks, as described in Section 55 (1) of the German Industrial Code (GewO).

⁵ This deadline is stipulated in the second sentence of Section 186 (2) KAGB.

If the contract has been cancelled and the buyer has already made payments, the alternative investment fund manager, EU alternative investment fund manager or foreign alternative investment fund manager will be obliged to pay the buyer – where appropriate at the same time as the shares or stocks are returned – the costs paid and an amount corresponding to the value of the shares or stock applicable on the day after the declaration was received.

The buyer's cancellation rights cannot be waived.

This information applies accordingly to the sale of shares by investors.

Committees

Alternative investment fund manager

Commerz Real Investmentgesellschaft mbH
Friedrichstraße 25
D-65185 Wiesbaden

hausinvest@commerzreal.com
hausinvest.de

District Court of Wiesbaden, HRB 8440

Established: 25 March 1992

Subscribed capital € 5.2 million
Paid-in capital € 5.2 million
Liable equity capital € 22.3 million
Last approved annual accounts
as of 31 December 2022

Managing Directors

Henning Koch⁶ (Chairman of the Board)
Dr Nicole Arnold⁷
Christian Horf⁸
Mario Schüttauf⁹
Dirk Schuster¹⁰

Shareholders

Commerz Real AG, Wiesbaden
(Affiliate of Commerzbank AG)

Commerz Grundbesitz Beteiligungsgesellschaft
mbH & Co. KG, Frankfurt am Main
(Affiliate of Commerzbank AG)

Depositary

BNP Paribas S.A., German Branch,
Senckenberganlage 19, 60325 Frankfurt am Main

District Court of Frankfurt am Main, HRB 40950

Liable equity capital with
BNP Paribas S.A., Paris € 120,562 million
Last updated: 31 December 2022

Supervisory Board

Dr Manfred Knof^{11, 12}
Chairman

Chairman of the Board at Commerzbank AG,
Frankfurt am Main

Dr Marcus Chromik^{11, 12}

Deputy Chairman

Member of the Board at Commerzbank AG,
Frankfurt am Main

Andreas Böger

Head of Group Finance at Commerzbank AG, Frankfurt am
Main

Andrea Bracht¹²

Head of Group Audit at Commerzbank AG, Frankfurt am
Main

Matthias Klussmann^{11, 13}

Chairman of the Supervisory Board at ML Real AG, Berlin

Mario Peric¹¹

Head of Private and Corporate Clients (South / West) at
Commerzbank AG, Frankfurt am Main

Appraisers

Dirk Eßelmann

Publicly appointed and sworn expert, Münster

Tobias Gilich

Publicly appointed and sworn expert, Hanover

Kai Grebin

Publicly appointed and sworn expert, Berlin

Philip Kohl

Certified expert, Mainz

Hartmut Nuxoll

Publicly appointed and sworn expert, Düsseldorf

Markus Obermeier

Publicly appointed and sworn expert, Munich

Carsten Troff

Certified expert, Hamburg

Stefan Wicht

Publicly appointed and sworn expert, Mainz

Stephan Zehnter

Publicly appointed and sworn expert, Zorneding

⁶Chairman of the Management Board at Commerz Real AG, Wiesbaden,
and Chairman of the Supervisory Board at Commerz Real Kapitalver-
waltungsgesellschaft mbH, Düsseldorf.

⁷Member of the Management Board at Commerz Real AG, Wiesbaden, and
Member of the Supervisory Board at Commerz Real Kapitalverwaltungs-
gesellschaft mbH, Düsseldorf.

⁸Member of the Management Board at Commerz Real AG, Wiesbaden,
Member of the Supervisory Board at Commerz Real Kapitalverwaltungs-
gesellschaft mbH, Düsseldorf, and Member of the Board of Directors at
Commerz Real Fund Management S.à r.l., Luxembourg.

⁹Member of the Management Board at EuREAM GmbH, Wiesbaden.

¹⁰Member of the Management Board at Commerz Real AG, Wiesbaden, and
Deputy Chairman of the Supervisory Board at Commerz Real Kapitalver-
waltungsgesellschaft mbH, Düsseldorf.

¹¹Member of the Investment Committee.

¹²Member of the Executive Committee.

¹³Independent Member of the Supervisory Board pursuant to the first
sentence of Section 18 (3) KAGB.

Appraisers for pre-purchase evaluations

Carsten Ackermann

Publicly appointed and sworn expert, Hagen

Detlev Brauweiler

Publicly appointed and sworn expert,
Offenbach am Main

Carsten Fritsch

Publicly appointed and sworn expert,
Frankfurt am Main

Stefan Piosczyk

Publicly appointed and sworn expert, Augsburg

Christoph Pölsterl

Publicly appointed and sworn expert, Munich

Michael Schlarb

Publicly appointed and sworn expert, Essen

Sylvie Westenberger

Publicly appointed and sworn expert,
Frankfurt am Main

Auditors for equity interests in real estate companies

Delfs & Partner mbB – Wirtschaftsprüfungsgesellschaft
Haferweg 26, D-22769 Hamburg

Auditor

KPMG AG, Wirtschaftsprüfungsgesellschaft,
THE SQUAIRE/ Am Flughafen, D-60549 Frankfurt am Main

Last updated: 3 July 2023

General Terms and Conditions of Investment

These General Terms and Conditions of Investment govern the legal relationship between investors and Commerz Real Investmentgesellschaft mbH, based in Wiesbaden (hereinafter referred to as the “company”), for the hausInvest real estate investment fund managed by the company. They only apply in conjunction with the Specific Terms and Conditions of Investment drawn up for the respective investment fund.

Section 1: Basic Principles

1. The company is an alternative investment fund manager (AIFM) subject to the provisions of the German Investment Code (KAGB).
2. The company shall invest the money deposited by investors in the asset classes permitted under the KAGB; the company shall make such investments in its own name, for the joint account of its investors and according to the principle of risk diversification, pooling the capital deposited by investors as a separate estate away from its own assets in the form of a real estate investment fund (hereinafter referred to simply as the “investment fund”). The company shall issue global certificates or electronic share certificates documenting the rights of investors. The business purpose of the investment fund shall be limited to the investment of the funds deposited by investors in line with a defined investment strategy as part of collective asset management.
3. The investment fund’s assets shall be owned by the company.
4. In the General Terms and Conditions of Investment and the Specific Terms and Conditions of Investment (hereinafter referred to collectively as the “investment conditions”), the terms “real estate” and “properties” are used as umbrella terms for land, heritable building rights and other rights in the form of home ownership, part ownership, residential heritable building rights, partial heritable building rights and usufructuary rights on properties.
5. The legal relationship between the company and investors shall be based on the investment conditions and the KAGB. In particular, the General Terms and Conditions of Investment and the Specific Terms and Conditions of Investment define the range of permissible investments for the investment fund. The assets and investment limits specified in the General Terms and Conditions of Investment are defined in greater detail in the Specific Terms and Conditions of Investment. The Specific Terms and Conditions of Investment may only provide for an expansion of the investment limits specified in the General Terms and Conditions of Investment if such a possibility is explicitly presented in the General Terms and Conditions of Investment. No other expansions to the investment limits may be introduced by the Specific Terms and Conditions of Investment.

Section 2: Depositary

1. The company shall appoint an institution as a “depositary” for the investment fund, as defined in Section 80 (2) KAGB; the depositary shall act independently of the company and exclusively in the interest of investors.

2. The tasks and duties of the depositary shall be based on the depositary agreement concluded with the company, as well as the provisions of the KAGB and the fund’s investment conditions.
3. The depositary may outsource depositary functions to another undertaking (sub-depositary) in accordance with Section 82 KAGB. More detailed information can be found in the prospectus.
4. The depositary shall be liable to the investment fund or investors for the loss of any financial instruments that are held in its own safekeeping in accordance with Section 81 (1) No. 1 KAGB, and for the loss of any financial instruments held in safekeeping by a sub-depositary to which depositary functions have been outsourced under Section 82 (1) KAGB. The depositary shall not be liable if it can prove that the loss is due to the consequences of external events that could not have been avoided despite all reasonable efforts. Any further claims resulting from contracts or tortious acts under civil law remain unaffected. The depositary shall also be liable to the investment fund or investors for any other losses they may suffer as a result of any negligent or intentional violations of the depositary’s obligations under the KAGB. The depositary’s liability shall remain unaffected by any outsourcing of its depositary functions, as outlined in the first sentence of paragraph 3 above.

Section 3: Appraisers

1. The company shall appoint at least two external appraisers for property valuations.
2. Each external appraiser must satisfy the requirements specified in Section 216 KAGB in conjunction with Section 249 (1) No. 1 KAGB. The provisions of Section 250 (2) KAGB and the second sentence of Section 231 (2) KAGB must be observed with regard to each external appraiser’s term of appointment and financial independence. The external appraisers shall be responsible for performing the tasks assigned to them under the KAGB and the investment conditions in accordance with an internal valuation policy to be issued by the company. Unless otherwise stipulated in the Specific Terms and Conditions of Investment, the external appraisers shall be particularly responsible for conducting a prompt quarterly valuation of the properties belonging to the investment fund or owned by a real estate company.
3. In addition, at least one appraiser must reassess the value of a property within two months after a heritable building right has been created.
4. A property may only be acquired for the investment fund – or for a real estate company in which the investment fund has a direct or indirect interest – after it has been valued by at least one external appraiser who meets the requirements specified in the first sentence of Section 3 (2) above and who is not also responsible for the regular valuation of the property in accordance with Section 249 KAGB and Section 251 (1) KAGB.
5. An equity interest in a real estate company may only be acquired directly or indirectly for the investment fund after the properties reported in the real estate company’s annual accounts or statement of assets have been valued by at least one external appraiser who meets the requirements specified in the first sentence of Section 3 (2) above and who is not also responsible for the regular valuation of such properties in accordance with Section 249 KAGB and Section 251 (1) KAGB.

Section 4: Fund Management

1. The company shall acquire and manage assets in its own name, for the joint account of the investors and with the necessary expertise, honesty, care and conscientiousness. When performing its tasks, it shall act independently of the depositary and exclusively in the interest of investors.
2. The company shall be entitled to use the money deposited by investors to acquire assets, sell them again and invest the proceeds elsewhere. It shall also be authorised to perform any other legal acts related to the management of the assets.
3. The company shall make decisions regarding the sale of properties or equity interests in real estate companies according to the principles of proper business management (Section 26 KAGB). The preceding sentence shall not affect any disposals made after the suspension of share redemptions, as detailed in Section 12 (8) below.
4. The company shall not be permitted to grant cash loans or enter into any obligations under a surety or guarantee for the joint account of the investors, nor shall it be permitted to sell any assets defined in Sections 193, 194 or 196 KAGB that do not belong to the investment fund at the time the transaction is concluded. Section 197 KAGB remains unaffected. By way of derogation from the first sentence, the company or a third party appointed by the company may grant a loan to a real estate company for the account of the investment fund in accordance with Section 240 KAGB.

Section 5: Investment Principles

1. The real estate investment fund shall be invested directly or indirectly according to the principle of risk diversification. The company shall determine the following in the Specific Terms and Conditions of Investment:
 - a) the types of real estate that may be acquired for the investment fund;
 - b) the extent to which equity interests may be acquired in real estate companies for the account of the investment fund, if at all;
 - c) the conditions under which real estate belonging to the investment fund may be encumbered with heritable building rights, if at all; and
 - d) the extent to which the company may invest in the derivatives defined in Section 197 KAGB to hedge assets for the account of the investment fund, if at all. If the company does use derivatives, it shall comply with the provisions of the German Derivatives Regulation (DerivateV), as issued in accordance with Section 197 (3) KAGB.
2. The properties and equity interests in real estate companies earmarked for acquisition must be expected to generate sustainable income.

Section 6: Liquidity, Investment Limits and Issuer Limits

1. When acquiring, managing and selling assets for the account of the investment fund, the company must observe the limits and restrictions stipulated in the KAGB and investment conditions.
2. Unless otherwise stipulated in the Specific Terms and Conditions of Investment, the following funds may be held within the scope of the maximum liquidity and to the extent permitted by law (Section 253 KAGB):
 - a) bank deposits pursuant to Section 195 KAGB;
 - b) money market instruments pursuant to Section 194 KAGB and Section 198 No. 2 KAGB;
 - c) securities pursuant to Section 193 KAGB which the European Central Bank or the Deutsche Bundesbank has authorised as collateral for the credit operations described in Art. 18.1 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, or for which an application for authorisation has been made in accordance with the terms of issue, provided that authorisation is granted within one year after the securities are issued;
 - d) shares in other investment funds in accordance with Section 196 KAGB or shares in special funds in accordance with the second sentence of Section 196 (1) KAGB, whereby the investment activities of the other investment funds must be limited to the bank deposits, money market instruments and securities specified in a), b) and c), as stipulated in their investment conditions;
 - e) securities pursuant to Section 193 KAGB that have been admitted to trading on an “organised market”, as defined in Section 2 (11) of the German Securities Trading Act (WpHG) or fixed-income securities, provided that they do not exceed 5% of the net asset value;
 - f) shares in REIT stock corporations or comparable interests in foreign legal persons that have been admitted to trading on one of the markets specified in Section 193 (1) Nos. 1 and 2 KAGB or that are included in those markets, provided that the value of the shares or interests does not exceed 5% of the net asset value and that the shares or interests satisfy the criteria outlined in Art. 2 (1) of Commission Directive 2007/16/EC; and
 - g) any shareholdings in a corporation must amount to less than 10% of the undertaking’s capital; this does not apply to equity interests in real estate companies.
3. The proportion of the investment fund that may be held in bank deposits is specified in the Specific Terms and Conditions of Investment. The company may only invest up to 20% of the net asset value in the form of bank deposits with any one credit institution.
4. In certain cases, the securities defined in Section 193 KAGB and money market instruments from a single issuer, including any securities and money market instruments bought under a repurchase agreement, may be acquired for between 5% and 10% of the net asset value; however, the total value of the securities and money market instruments from those issuers must not exceed 40% of the net asset value.

Issuers of securities and money market instruments must be taken into account within the limits specified in the first sentence above even if the securities and money market instruments they issue are acquired indirectly through other securities contained in the investment fund that are linked to their performance.

5. The company may only invest up to 20% of the net asset value in a combination of the following assets with one and the same institution:

- securities or money market instruments issued by that institution;
- deposits with that institution; and
- capital requirement for the counterparty risk arising in transactions with that institution.

The provisions of the first sentence above also apply to the issuers and guarantors detailed in paragraph 6, the only difference being that a combination of the specified assets and capital requirements must not exceed 35% of the net asset value. However, the upper limits for each individual type of asset remain unaffected.

6. The company may invest up to 35% of the net asset value in debt instruments and money market instruments from each of the following issuers or guarantors: the German Federal Government, a German Federal State, the European Union, an EU member state or its regional or local authorities, another EEA country, a third country or an international organisation to which at least one EU member state belongs; the 35% limit applies separately to each issuer or guarantor. The company may invest up to 25% of the net asset value in each of the following: mortgage bonds, municipal bonds and debt instruments issued by credit institutions based in a country within the European Union or European Economic Area; the issuing credit institutions must be subject to special public oversight on the basis of legal regulations intended to protect bondholders and, in accordance with the legal regulations, the funds raised by issuing the debt instruments must be invested in assets that sufficiently cover the resulting liabilities throughout the term of the debt instruments and that are intended to settle any repayments and interest payments due as a matter of priority if the issuer defaults, and the 25% limit applies separately to each issuer.
7. The company may acquire shares in other investment funds, as stipulated in point (d) of paragraph 2, if the following requirements are met with regard to such shares:

- a) The UCITS, AIF or manager of the AIF in which the shares are acquired is subject to supervisory regulations for collective investment funds in its country of domicile. The business purpose of the respective investment fund is limited to the investment of the funds deposited by investors in line with a defined investment strategy as part of collective asset management;
- b) In principle, those who invest in the respective investment fund may exercise their right to redeem their shares at any time;

- c) The respective investment fund is invested directly or indirectly according to the principle of risk diversification;

- d) At least 90% of the respective investment fund's investments are made in the following assets:

- aa) securities pursuant to Section 193 KAGB;
- bb) money market instruments;
- cc) bank deposits;

- e) Any shareholdings held by the respective investment fund in a corporation must amount to less than 10% of the undertaking's capital; this does not apply to equity interests in real estate companies;

- f) The respective investment fund may only take out short-term loans worth up to 10% of its net asset value.

8. In accordance with Section 208 KAGB, the limit set in the first sentence of paragraph 6 above may be exceeded for securities and money market instruments from the same issuer if this is stipulated in the Specific Terms and Conditions of Investment and the relevant issuers are indicated there. In such cases, the securities and money market instruments held for the account of the investment fund must come from at least six different issues, with no more than 30% of the net asset value being held in one issue.
9. The company must ensure that a portion of its liquid investments corresponding to at least 5% of the net asset value is available every day for the redemption of shares.

Section 7: Securities Lending

1. Unless otherwise stated in the Specific Terms and Conditions of Investment, the company may, for the account of the investment fund, grant a securities loan to a borrower that can be terminated at any time; in such cases, the company must receive remuneration that is customary on the market and sufficient collateral in accordance with Section 200 (2) KAGB. The total market value of the securities to be transferred and any securities that have already been loaned to the same borrower for the account of the investment fund, including to any enterprises in the same group as the borrower pursuant to Section 290 of the German Commercial Code (HGB), must not exceed 10% of the net asset value.
2. If the party borrowing the securities provides collateral in the form of bank deposits, the bank deposits must be held in blocked accounts in accordance with the third sentence of Section 200 (2) No. 1 KAGB. Alternatively, the company may choose to invest the bank deposits in the following assets in the same currency as the bank deposits:
 - a) high-quality debt instruments issued by the German Federal Government, a German Federal State, the European Union (EU), an EU member state or a regional or local authority in the EU, a country in the European Economic Area (EEA) or a third country;

- b) short-term money market funds that comply with the guidelines issued by the Federal Financial Supervisory Authority (BaFin) on the basis of Section 4 (2) KAGB; or
- c) a reverse repurchase agreement with a credit institution that guarantees the repayment of the deposits at any time.

The investment fund shall be entitled to the income generated through the collateral investment.

3. The company may also arrange and settle securities loans using a system organised by a central securities depository even if the system does not meet the requirements specified in the third sentence of Section 200 (1) KAGB, provided the right to terminate the loan at any time is preserved in accordance with paragraph 1.

Section 8: Repurchase Agreements

1. Unless otherwise stipulated in the Specific Terms and Conditions of Investment, the company may enter into repurchase agreements that can be terminated at any time for the account of the investment fund, as described in Section 340b (2) HGB, in return for a fee with credit institutions or financial service institutions on the basis of standardised general agreements.
2. The repurchase agreements must relate to securities that may be acquired for the investment fund according to its investment conditions.
3. The term of repurchase agreements shall be limited to a maximum of twelve months.

Section 9: Borrowing and Encumbrance of Real Estate

1. Unless a lower percentage is indicated in the Specific Terms and Conditions of Investment, the company may take out loans of up to 30% of the total market value of the fund's properties for the joint account of the investors, provided that the limit specified in Section 260 (3) No. 3 KAGB is not exceeded. In addition, the company may take out short-term loans of up to 10% of the net asset value for the joint account of investors. Any amounts that the company has received for selling securities under a repurchase agreement shall be included in this percentage. A loan may only be taken out if its terms and conditions are customary in the market and if the depository agrees to the borrowing.
2. The company may encumber properties held in the investment fund corresponding to the types of assets listed in Section 231 (1) KAGB, or the company may assign and encumber receivables from legal relationships relating to the types of assets listed in Section 231 (1) KAGB, if such encumbrances are consistent with the principles of proper business management and are approved by the depository, which deems that the terms and conditions of such transactions are customary in the market. When acquiring the types of assets listed in Section 231 (1) KAGB, the company may also assume any mortgages and other encumbrances already placed on such properties. The total amount of all mortgages and other encumbrances must not exceed 30% of the market value of all properties held

in the investment fund, unless a lower percentage is indicated in the Specific Terms and Conditions of Investment. Ground rent shall not be taken into account here.

Section 10: Merger

1. In accordance with Sections 181 to 191 KAGB, the company may
 - a) transfer all of the assets and liabilities of this investment fund to another existing or newly established real estate investment fund in Germany; or
 - b) transfer all of the assets and liabilities of another real estate investment fund in Germany to this investment fund.
2. Any such mergers must be approved by the BaFin.
3. The details of the procedure are specified in Sections 182 to 191 KAGB.

Section 11: Shares

1. The shares to be documented in a global certificate shall be issued in bearer form or as electronic share certificates.
2. The shares may have different features, particularly with regard to the appropriation of income, the front-end load, the back-end load, the currency of the unit value, the annual management charge, the minimum investment amount, or a combination of these features (i.e. there may be different share classes). The details are set out in the Specific Terms and Conditions of Investment.
3. The shares shall be transferable, unless otherwise stipulated in the Specific Terms and Conditions of Investment. If a share is transferred, the rights vested in it shall also be transferred. The current bearer of the share shall always be deemed the rightful owner in relation to the company.
4. The rights of investors – or the rights of investors in a specific share class – shall be documented in a global certificate or electronic share certificate. The global certificate or electronic share certificate shall bear at least the handwritten or duplicated signatures of the company and the depository. Investors shall not be entitled to individual share certificates. If any definitive certificates that may have been issued for the investment fund in the past were not handed over to one of the depositories described in the second sentence of Section 97 (1) KAGB for collective safekeeping by the end of 31 December 2016, those definitive certificates shall now be null and void. The investors' shares have instead been documented in a global certificate and credited to a separate custody account managed by the depository. If a null and void definitive certificate is presented to the depository, the person submitting the certificate may ask for a corresponding share to be credited to a custody account to be named by them and that is managed for them. The definitive certificates that were handed over to one of the depositories described in the second sentence of Section 97 (1) KAGB for collective safekeeping by the end of 31 December 2016 may be transferred to a global certificate at any time.

Section 12: Issue and Redemption of Shares, Suspension of Redemptions

1. In principle, an unlimited number of shares may be issued. Unless otherwise specified in the Specific Terms and Conditions of Investment, shares shall be issued every trading day; more details shall be contained in the prospectus. The company reserves the right to temporarily or permanently suspend the issue of shares.
2. Shares may be purchased from the company or the depositary, or the sale may be brokered by third parties. The Specific Terms and Conditions of Investment may stipulate that shares may only be acquired or held by certain investors.
3. Any shares that have been acquired since 21 July 2013 may be redeemed exclusively in accordance with the second sentence below. Investors may only redeem shares after a minimum holding period of 24 months and only after giving 12 months' notice by submitting an irrevocable declaration of intent to redeem the shares to their depositary bank. Investors must provide their depositary bank with evidence for at least 24 consecutive months immediately prior to the requested redemption date to prove that the number of shares held is at least equal to the number of shares contained in the redemption request. The shares detailed in the declaration must be blocked by the depositary bank until they are actually redeemed. Any shares acquired before 22 July 2013 may be redeemed in accordance with paragraphs 4 and 5 below.
4. Subject to the provisions detailed in paragraph 5, investors may ask the company at any time to redeem shares on the next redemption date, provided that the redemption of shares does not exceed 30,000 euros for each investor in any given half of a calendar year. In the case of share redemptions pursuant to the first sentence, investors must submit a declaration to their depositary bank stating that the total value of the shares to be redeemed does not exceed 30,000 euros and that they have not disposed of any other shares in the relevant real estate investment fund in the same half of the calendar year.
5. If a share redemption exceeds 30,000 euros in any given half of a calendar year, investors may only redeem the shares after a minimum holding period of 24 months and after giving 12 months' notice by submitting an irrevocable declaration of intent to redeem the shares to their depositary bank. Investors must provide their depositary bank with evidence for at least 24 consecutive months immediately prior to the requested redemption date to prove that the number of shares held is at least equal to the number of shares contained in the redemption request. The shares detailed in the declaration must be blocked by the depositary bank until they are actually redeemed.
6. The company shall be obliged to redeem shares for the account of the investment fund at the applicable redemption price. The redemption agent shall be the depositary.
7. However, the company reserves the right to suspend the redemption of shares in the interest of investors in response to extraordinary circumstances (Section 98 (2) KAGB).
8. In particular, the company reserves the right to temporarily refuse and suspend the redemption of shares to protect investors (Section 257 KAGB) if there are not enough liquid funds from bank deposits or proceeds from the sale of money market instruments, shares in other investment funds and securities held in the investment fund – or if such liquid funds are not immediately available – to pay the redemption price and to ensure proper ongoing management. In such cases, the company must sell assets from the investment fund on reasonable terms to generate the funds needed to satisfy redemption requests. If there are still not enough liquid funds pursuant to Section 253 (1) KAGB twelve months after redemptions have been suspended as described in the first sentence above, the company must continue to refuse redemptions and obtain further liquid funds by selling assets from the investment fund. By way of derogation from the first sentence of Section 260 (1) KAGB, the sales proceeds may be up to 10% below the value specified there. If there are still not enough liquid funds pursuant to Section 253 (1) KAGB 24 months after redemptions have been suspended as described in the first sentence above, the company must continue to refuse redemptions and obtain further liquid funds by selling assets from the investment fund. By way of derogation from the first sentence of Section 260 (1) KAGB, the sales proceeds may be up to 20% below the value specified there. 36 months after redemptions have been suspended as described in the first sentence above, each investor may ask for their share in the investment fund to be paid out in exchange for the redemption of their share. If there are not even enough liquid funds or cash in bank accounts to satisfy redemption requests 36 months after redemptions have been suspended, the company shall forfeit its right to manage the investment fund; the same applies if the company suspends the redemption of shares for the third time in the space of five years. The periods specified in the first to seventh sentences above shall not be reset if the company suspends the redemption of shares again within three months.
9. The company must inform its investors if share redemptions are suspended pursuant to paragraphs 7 and 8 – and when they are subsequently resumed – by posting an announcement in the Federal Gazette (Bundesanzeiger) and in a business or daily newspaper with sufficient circulation or by the electronic means specified in the prospectus. As soon as the announcement has been posted in the Bundesanzeiger, investors must be informed about the suspension and resumption of share redemptions via a durable medium. When the redemption of shares is resumed, the new issue and redemption prices shall be published in the Bundesanzeiger and in a business or daily newspaper with sufficient circulation or by the electronic means specified in the prospectus.
10. Investors may consent to the sale of certain properties by majority vote in accordance with Section 259 (2) KAGB, even if the assets in question are not sold on favourable terms. The investors' consent shall be irrevocable; it shall not oblige the company to effect the sale. The vote shall be taken without an investors' meeting, unless a meeting is necessary for the purpose of informing investors under exceptional circumstances. The voting power assigned to each investor shall correspond to their pro-rata share in the fund's assets. The outcome of the vote shall be decided by a simple majority of the voting rights used. An investor resolution shall only be effective if at least 30% of the voting rights were represented when the resolution

was passed. The call for votes or the convening of an investors' meeting – and the resolution passed by the investors – shall be announced in the Bundesanzeiger and by the electronic means specified in the prospectus. Once a meeting has been convened, it shall take place even if the redemption of shares is resumed by the time it is held.

Section 13: Issue and Redemption Price

1. In order to calculate the issue and redemption price for shares, the market values of the assets belonging to the investment fund – minus any loans taken out and any other liabilities and provisions – shall be determined at the times specified in paragraph 5 below, and this figure (net asset value) shall then be divided by the number of shares in circulation (unit value). If different share classes are introduced for the investment fund, as outlined in Section 11 (2) above, the unit value and the issue and redemption price must be calculated separately for each share class. The assets shall be valued according to the principles for calculating prices and exchange rates, as specified in the KAGB and the German Accounting and Valuation Regulation for Investments (KARBV).
2. When setting the issue price, a front-end load may be added to the unit value to cover the cost of issuing shares. Besides the front-end load, the company shall only use other amounts from payments made by those who purchase shares to cover costs if this is stipulated in the Specific Terms and Conditions of Investment.
3. The redemption price shall be the unit value calculated in accordance with paragraph 1, subject to a back-end load. If a back-end load is provided for in the Specific Terms and Conditions of Investment, the depositary shall pay out the unit value minus the back-end load to investors and the back-end load to the company. The details are set out in the Specific Terms and Conditions of Investment.
4. The settlement date for purchase and redemption orders shall be no later than the valuation date following receipt of the purchase or redemption order. If the holding period and notice period detailed in Section 12 (5) apply, the settlement date shall be no later than the valuation date following the end of the holding period and notice period.
5. Issue and redemption prices shall be calculated every trading day. Unless otherwise stipulated in the Specific Terms and Conditions of Investment, the company and depositary may refrain from calculating these prices on public holidays that are trading days, as well as on 24 and 31 December each year; more details are contained in the prospectus.

Section 14: Costs

The expenses and fees owed to the company, depositary and third parties that may be charged to the investment fund are detailed in the Specific Terms and Conditions of Investment. With regard to the fees outlined in the first

sentence, the Specific Terms and Conditions of Investment also describe the payment method, amount and calculation of such payments.

Section 15: Financial Reporting

1. No later than six months after the investment fund's financial year has ended, the company shall publish an annual report, including a profit and loss statement, in accordance with Sections 101 and 247 KAGB.
2. No later than two months after the middle of the financial year, the company shall publish a semi-annual report in accordance with Section 103 KAGB.
3. If the company's right to manage the investment fund is transferred to another alternative investment fund manager during the financial year, or if the investment fund is merged with another German real estate investment fund during the financial year, the company must prepare an interim report as of the transfer date that meets the requirements for an annual report, as specified in paragraph 1 above.
4. If the investment fund is wound up, the depositary must prepare a liquidation report annually and on the day the liquidation process is completed; the report must meet the requirements for an annual report, as specified in paragraph 1 above.
5. The reports shall be available from the company, the depositary and other bodies to be specified in the prospectus and key information document; they shall also be announced in the Bundesanzeiger.

Section 16: Termination and Liquidation of the Investment Fund

1. The company may terminate its management of the investment fund with at least six months' notice by posting an announcement in the Bundesanzeiger and in the annual or semi-annual report. Once the company has announced its termination, as outlined in the first sentence, investors must be immediately informed via a durable medium. No more shares may be issued or redeemed from the moment the company gives notice until its termination takes effect. From the moment the company gives notice until its termination takes effect, the company shall be entitled and obliged to sell all properties belonging to the investment fund on reasonable terms in consultation with the depositary or with the consent of investors pursuant to Section 12 (10) above. In agreement with the depositary, the company must pay investors semi-annual instalments from the sales proceeds, unless the proceeds are required to ensure proper ongoing management or unless the proceeds have to be retained in the investment fund due to warranty commitments arising from the sale of assets or due to anticipated settlement costs.
2. The company also reserves the right to terminate its management of the investment fund if the net asset value is less than 150 million euros four years after it was formed.

3. The company's right to manage the investment fund shall expire when its termination takes effect. When the company loses its management rights, the investment fund shall be transferred to the depositary, which must then wind up the fund and distribute the liquidation proceeds among the investors. The depositary shall be entitled to remuneration for its liquidation activities and to the reimbursement of necessary expenses during the liquidation process.
4. The company must prepare a liquidation report as of the date its management rights expire in accordance with Section 99 KAGB; the report must meet the requirements for an annual report, as specified in Section 15 (1) above.

Section 17: Change of Alternative Investment Fund Manager and Depositary

1. The company may transfer the fund to another alternative investment fund manager. The transfer must first be approved by the BaFin.
2. Once the transfer has been approved, it shall be announced in the Bundesanzeiger, in the annual or semi-annual report published by the investment fund and by the electronic means specified in the prospectus. The transfer shall take effect no earlier than three months after it has been announced in the Bundesanzeiger.
3. The company may change the depositary or the investment fund. Any such changes must be approved by the BaFin.

Section 18: Changes to Investment Conditions

1. The company may change its investment conditions.
2. Any changes to the investment conditions, including the Annex to the Specific Terms and Conditions of Investment, must first be approved by the BaFin.
3. Any planned changes shall be announced in the Bundesanzeiger and in a business or daily newspaper with sufficient circulation or by the electronic means specified in the prospectus. The announcement mentioned in the first sentence must refer to the planned changes and their effective date. If the costs defined in Section 162 (2) No. 11 KAGB are changed in a manner that is disadvantageous

to investors, or if there are any disadvantageous changes to basic investor rights, or if there are any changes to the fund's investment principles, as defined in the first sentence of Section 163 (3) KAGB, investors must be informed about the essential content of the planned changes to the investment conditions and the context of such changes in a comprehensible manner via a durable medium at the same time as the announcement described in the first sentence is made. If the fund's investment principles are changed, investors must also be informed about their rights under Section 163 (3) KAGB.

4. The relevant changes shall come into effect no earlier than one day after being announced in the Bundesanzeiger; however, any changes in costs and the fund's investment principles shall come into effect no earlier than four weeks after being announced.

Section 19: Place of Performance

The place of performance shall be the company's registered office.

Section 20: Dispute Resolution

The company has undertaken to participate in dispute resolution proceedings before a consumer arbitration board. In the event of a dispute, consumers may contact the Ombudsman Scheme for Investment Funds, i.e. the competent consumer arbitration board run by the German Investment Funds Association (BVI). The company shall participate in any proceedings conducted by this arbitration board. Here are the relevant contact details: Büro der Ombudsstelle des BVI Bundesverband Investment und Asset Management e.V., Unter den Linden 42, D-10117 Berlin, ombudsstelle-investmentfonds.de.

The European Commission has set up an online dispute resolution platform (ec.europa.eu/consumers/odr), which consumers can use for the out-of-court settlement of disputes arising from online sales contracts or online service agreements. The company's email address is: hausinvest@commerzreal.com.

Specific Terms and Conditions of Investment

These Specific Terms and Conditions of Investment govern the legal relationship between investors and Commerz Real Investmentgesellschaft mbH, based in Wiesbaden (hereinafter referred to as the “company”), for the hausInvest real estate investment fund managed by the company. They only apply in conjunction with the General Terms and Conditions drawn up for the respective investment fund.

Investment Principles and Investment Limits

Section 1: Real Estate

1. The company may acquire the following types of real estate for the investment fund to the extent permitted under Section 231 (1) of the German Investment Code (KAGB):
 - a) residential properties for letting, commercial properties and properties for mixed use;
 - b) properties under construction up to 20% of the net asset value;
 - c) undeveloped properties pursuant to a) that are suitable and earmarked for development by the fund in the near future up to 20% of the net asset value;
 - d) heritable building rights under the requirements specified in a) to c);
 - e) other properties, heritable building rights and rights in the form of home ownership, part ownership, residential heritable building rights and partial heritable building rights up to 15% of the net asset value; and
 - f) usufructuary rights on the types of real estate described in a) – for the fulfilment of public functions – up to 10% of the net asset value.
2. The company may acquire the types of assets listed in paragraph 1 in countries outside of the European Economic Area (EEA) if the legal requirements specified in Section 233 (1) KAGB are met. The respective investment limits for each country, as expressed in relation to the net asset value, shall be indicated in an annex to these Specific Terms and Conditions of Investment.
3. Any loans taken out shall not be deducted when calculating the net asset value for the legal and contractual investment limits pursuant to points (b), (c), (e) and (f) of paragraph 1 and paragraph 2 above.
4. The company shall continuously invest more than 50% of the investment fund's assets (as determined by the value of the assets held by the investment fund without taking liabilities into account) in “properties and real estate companies”, as defined in Section 2 (9) of the German Investment Tax Act (InvStG).

Section 2: Equity Interests in Real Estate Companies

1. To the extent permitted under Sections 234 to 242 KAGB, the company may acquire equity interests in real estate companies which, according to their articles of association or shareholders' agreement, are restricted in their business purpose to activities that the company itself may perform for the investment fund. According to their articles of association or shareholders' agreement, the real estate companies may acquire the assets listed in Section 1 above, with the exception of the usufructuary rights defined in point (f) of Section 1 (1), as well as any items that are necessary to manage the assets or equity interests in other real estate companies. Equity interests in real estate companies shall be taken into account in the investment restrictions outlined in Section 1 above and in the calculation of the applicable legal limits.
2. If a loan is granted to a real estate company in accordance with the third sentence of Section 4 (4) of the General Terms and Conditions of Investment, the company must ensure the following:
 - a) The terms and conditions of the loan are customary on the market;
 - b) The loan is sufficiently collateralised;
 - c) The terms and conditions of such loans must state that the loan repayment must be made within six months of the equity interest being sold;
 - d) The total amount of all loans granted to any one real estate company for the account of the investment fund must not exceed 50% of the value of the properties held by the real estate company in question; and
 - e) The total amount of all loans granted to real estate companies for the account of the investment fund must not exceed 25% of the net asset value. The loans taken out are not to be deducted when calculating this limit.
3. The investment limits defined in points (d) and (e) of paragraph 2 do not apply to any loans that may be granted for the account of the investment fund to real estate companies in which the company directly or indirectly holds 100% of the capital and voting rights for the account of the investment fund. By way of derogation from point (c) of paragraph 2, if the company effects the complete sale of its equity interest in a real estate company that directly owns or acquires properties, the loan must be repaid before the sale. By way of derogation from point (c) of paragraph 2, if the company reduces its equity interest in a real estate company that does not directly own or acquire properties, the loan must be repaid before the reduction.

Section 3: Encumbrance with Heritable Building Rights

1. The company may encumber properties belonging to the investment fund, as defined in points (a), (b), (c) and (e) of Section 1 (1), with heritable building rights, provided that the value of the property to be encumbered with a heritable building right – together with the value of the properties that have already been encumbered with heritable building rights – does not exceed 10% of the net asset value. Any loans taken out shall not be deducted when calculating the net asset value.

2. Plots of land may only be encumbered with such heritable building rights if the property can no longer be used for its originally intended purpose due to unforeseeable circumstances, if economic disadvantages are thereby avoided for the investment fund, or if this enables the property to be exploited in an economically sensible manner.

Section 4: Maximum Liquidity

1. A maximum of 49% of the net asset value may be held in the types of investment listed in Section 6 (2) of the General Terms and Conditions of Investment (maximum liquidity). The following committed funds shall be deducted when calculating the maximum liquidity:
 - funds required to ensure orderly ongoing management;
 - funds earmarked for the next distribution; and
 - funds needed to fulfil liabilities under legally effective property purchase contracts, under loan agreements required for pending investments in specific properties and for specific construction measures, as well as funds required under construction contracts, insofar as such liabilities will be due in the next two years.

When deducting the committed funds from the maximum liquidity, the tax-related investment restrictions specified in Section 1 (4) above must be observed.

2. The assets held in the investment fund pursuant to paragraph 1 may also be denominated in a foreign currency.

Section 5: Currency Risk

The assets held for the account of the investment fund may only be exposed to a currency risk to the extent that the value of the assets exposed to such a risk does not exceed 30% of the net asset value.

Section 6: Derivatives for Hedging Purposes

1. The company may use derivatives in the management of the investment fund. Depending on the type and scope of derivatives used, the company may use either the simple or qualified approach defined in the German Derivatives Regulation (DerivateV) to calculate the exposure to the market risk limit for the use of derivatives pursuant to Section 197 (2) KAGB. More detailed information can be found in the prospectus.
2. If the company takes the simple approach, it may only regularly use the basic forms of derivatives and financial instruments with derivative components – or combinations of such derivatives, financial instruments with derivative components and the types of assets that may be acquired in accordance with points (b) to (f) of Section 6 (2) of the General Terms and Conditions of Investment or the types of real estate that may be acquired in accordance with Section 1 (1) above – or the basic forms of any derivatives based on interest rates, exchange rates or currencies. Complex derivatives with the underlying assets defined above may only be used to a negligible extent. The company must not use total return swaps.

The basic forms of derivatives are:

- a) futures contracts for the types of assets specified in points (b) to (f) of Section 6 (2) of the General Terms and Conditions of Investment, for the types of real estate listed in Section 1 (1) above, and for interest rates, exchange rates or currencies;
- b) options or warrants on the types of assets specified in points b) to f) of Section 6 (2) of the General Terms and Conditions of Investment, on the types of real estate listed in Section 1 (1) above, on interest rates, exchange rates or currencies, and on the futures contracts defined in a) above, provided that they have the following features:
 - aa) They may be exercised either during the entire term or only upon expiry; and
 - bb) At the time the option is exercised, there is a linear relationship between the value of the option and the positive or negative difference between the exercise price and the market price of the underlying asset, and the value of the option becomes zero if the plus/minus sign is reversed;
- c) interest rate swaps, foreign currency swaps and cross-currency swaps;
- d) options to enter into the swaps listed in c) above, provided that they have the features defined in sub-sections aa) and bb) of b) above (swaptions);
- e) credit default swaps on the types of assets specified in points (b) to (f) of Section 6 (2) of the General Terms and Conditions of Investment and on the types of real estate listed in Section 1 (1) above, provided that they are used exclusively and demonstrably to hedge the credit risk associated with assets that can be specifically attributed to the investment fund.

The investment fund's capital requirement for market risk, which shall be calculated in accordance with Section 16 DerivateV, must not exceed the net asset value at any time.

3. The company shall not be permitted to enter into futures contracts, options or warrants for shares in other investment funds or special funds, as defined in point (d) of Section 6 (2) of the General Terms and Conditions of Investment.
4. If the company uses the qualified approach and has an appropriate risk management system in place, it may invest in any derivatives and financial instruments with derivative components – or combinations of such derivatives and financial instruments with derivative components – whose underlyings are the types of assets that may be acquired in accordance with points (b) to (f) of Section 6 (2) of the General Terms and Conditions of Investment or the types of real estate that may be acquired in accordance with Section 1 (1) above, or any derivatives and financial instruments with derivative components based on interest rates, exchange rates or currencies. In particular, such transactions may include options, financial futures contracts, swaps and combinations of these. The company must not use total return swaps. The investment fund's potential market risk exposure must at no time be more than twice the potential market risk exposure of the associated benchmark fund defined in Section 9 DerivateV. Alternatively, the exposure must not exceed 20% of the net asset value at any time.

5. Under no circumstances may the company deviate from the investment principles and investment limits specified in the investment conditions when engaging in such transactions.
6. The company shall only use derivatives for hedging purposes.
7. When determining the market risk limit for the use of derivatives, the company may switch between the simple and qualified approach at any time in accordance with Section 6 DerivateV. The company may do so without obtaining the approval of the Federal Financial Supervisory Authority (BaFin), but it must immediately report the change of approach to the BaFin and announce the change in the following semi-annual or annual report.

Section 7: Securities Lending and Repurchase Agreements

Sections 7 and 8 of the General Terms and Conditions of Investment must be taken into account in the investment principles and investment limits.

Share Classes

Section 8: Share Classes

All shares shall have the same features; different share classes shall not be formed pursuant to Section 11 (2) of the General Terms and Conditions of Investment.

Issue Price, Redemption Price, Issue and Redemption of Shares, Costs

Section 9: Issue and Redemption Price

The front-end load shall amount to 5% of the unit value. The company may charge a lower front-end load at its own discretion. There shall be no back-end load.

Section 10: Issue and Redemption of Shares

Investors may generally exercise their right to redeem shares on a daily basis, subject to any minimum holding periods, notice periods and suspensions of share redemptions, as detailed in Section 12 of the General Terms and Conditions of Investment.

Section 11: Costs

1. Fees payable to the company:

- a) Annual management charge
The company shall receive an annual management charge of up to 1% of the fund's average net asset value during the accounting period, which shall be calculated from the values at the end of each month. The company shall be entitled to charge proportional monthly advance payments.

- b) Fee for the acquisition, conversion or sale of real estate
If properties are acquired, converted or sold for the investment fund, the company may charge a one-off fee of up to 1% of the purchase price or construction costs in each case. If the properties are located outside of the European Union or European Economic Area, this fee may be increased to up to 1.5% of the purchase price or construction costs. If the company carries out project developments for the investment fund, it may charge a fee of up to 2% of the construction costs.

2. Depositary fee

The monthly fee for the depositary shall equate to 1/12 of a maximum of 0.025% p.a. of the fund's average net asset value during the accounting period, which shall be calculated from the values at the end of each month.

3. Maximum permissible annual amount pursuant to No. 1 a) and No. 2

The maximum annual amount that may be withdrawn from the investment fund to cover the fees detailed in No. 1 a) and No. 2 shall be 1.025% p.a. of the fund's average net asset value during the financial year, which shall be calculated from the values at the end of each month.

4. Expenses

In addition to the fees detailed above, the following expenses shall be charged to the investment fund:

- a) the costs incurred for external valuations;
- b) the standard custodian fees and account fees charged by banks, including the standard charges for the safekeeping of foreign assets abroad (if applicable);
- c) the borrowing costs and management costs associated with the management of real estate (administrative expenses, leasing costs, maintenance costs, running costs and legal fees);
- d) the printing and postage costs incurred for the purpose of distributing the legally required sales documents intended for investors (annual and semi-annual reports, prospectus, key information document);
- e) the costs incurred for the purpose of publishing annual and semi-annual reports, issue and redemption prices, information on distributions or reinvestments, and the liquidation report (if applicable);
- f) the costs associated with the creation and use of a durable medium, except where information is provided on fund mergers, measures related to investment limit violations or measures related to unit value miscalculations;
- g) the costs associated with the audit of the investment fund conducted by its auditors;

- h) the costs incurred for the purpose of publishing the tax bases for the investment fund and certifying that its tax information has been assessed in accordance with German tax law;
- i) any costs incurred by the company for the purpose of asserting and enforcing legal claims for the account of the investment fund and defending against claims made against the company at the expense of the investment fund;
- j) any fees and costs levied by public bodies in relation to the investment fund;
- k) the costs incurred for legal and tax advice in matters concerning the investment fund;
- l) any costs and fees associated with the acquisition and/or use or mention of a benchmark or financial index;
- m) any costs incurred for the purpose of appointing proxies;
- n) any costs incurred for the third-party analysis of the investment fund's performance;
- o) any taxes levied on the fees to be paid to the company, depositary and third parties, any taxes levied on the expenses listed above, and any taxes incurred in connection with the management and safekeeping of assets; and
- p) the real estate transfer tax and other expenses (e.g. court and notary fees) charged in the event that properties are transferred from the investment fund to the depositary in accordance with Section 100 (1) No. 1 KAGB.

5. Transaction costs

In addition to the fees and expenses detailed above, any costs incurred in connection with the acquisition and sale of assets shall also be charged to the investment fund. Any expenses associated with the acquisition, sale, development and encumbrance of properties, including any taxes incurred in this regard, shall be charged to the investment fund, regardless of whether the transaction actually comes about.

6. Rules for calculating costs and fees

The regulations defined in 1 b), 4 a) and 4 b) above apply accordingly with regard to any equity interests in real estate companies that may be held directly or indirectly by the company for the account of the investment fund, and with regard to the properties held by those companies.

The fee payable to the company in accordance with 1 b) shall be calculated as follows: If a real estate company acquires, sells, converts, constructs or develops a property, the purchase price or construction costs for the property shall be recognised for accounting purposes.

If a real estate company is acquired or sold, the market value of the properties in its portfolio shall be recognised for accounting purposes. If the investment fund merely holds, acquires or sells an equity interest in a real estate company, the market value or construction costs shall be recognised in proportion to the size of the shareholding in each case.

The expenses to be reimbursed in accordance with 4 a) and 4 b) shall be calculated based on the size of the investment fund's shareholding in each real estate company. By way of derogation from the above regulations, any expenses incurred by a real estate company due to special requirements under the KAGB shall not be charged proportionately, but in full, to the investment fund(s) for the account of which an equity interest is held in the company and to which such requirements apply.

7. In the annual and semi-annual report, the company must disclose the total amount of front-end and back-end loads that have been charged to the investment fund during the reporting period for the acquisition and redemption of shares pursuant to Section 196 KAGB. In the case of shares that are managed directly or indirectly by the company itself or by another undertaking associated with the company through a significant direct or indirect interest, the company or the other undertaking shall not be permitted to charge any front-end or back-end loads for such acquisitions and redemptions. In the annual and semi-annual report, the company must disclose the fees that have been charged to the investment fund by the company itself, by another alternative investment fund manager, by an investment stock corporation, by another undertaking associated with the company through a significant direct or indirect interest or by a foreign investment company, including its management company, as a management charge for the shares held in the investment fund.

Appropriation of Income and Financial Year

Section 12: Distributions

1. The company shall distribute any income from properties and other assets that accrues during the financial year for the account of the investment fund and that is not used to cover costs; the relevant amounts shall first be adjusted in line with the income equalisation scheme. In addition, the company may choose to make interim distributions during the year on the following dates: 15 September and 15 December. Liquidating distributions are not permitted.
2. Any funds required for future repairs must be withheld from the income calculated in accordance with paragraph 1. Similarly, any funds required to offset property depreciation may be withheld. Subject to the amounts withheld according to the first sentence, however, at least 50% of the investment fund's income must be distributed pursuant to paragraph 1 above.

3. Capital gains – after adjustment under the income equalisation scheme – and construction interest may also be distributed, provided that the relevant amounts remain within the limits of the interest saved (calculated at the prevailing market rates).
4. The distributable income outlined in paragraphs 1 to 3 may be carried forward for distribution to subsequent financial years, provided that the total income carried forward does not exceed 10% of the net asset value at the end of the financial year in question. Income from short financial years may be carried forward in full.
5. In the interest of preserving the assets held in the investment fund, income may be earmarked for reinvestment in the fund – either partly or, in special cases, completely. However, at least 50% of the investment fund's ordinary income must be distributed pursuant to paragraph 1 above, unless this clashes with the provisions set out in the first sentence of paragraph 2.
6. Distributions shall be made once a year immediately after the annual report has been published.

Section 13: Financial Year

The investment fund's financial year shall start on 1 April and shall end on 31 March of the following calendar year.

ANNEX pursuant to Section 1 (2) of the Specific Terms and Conditions of Investment for the hausinvest real estate investment fund

Below is a list of countries outside of the European Economic Area (EEA) in which real estate may be acquired after the company has checked the relevant requirements.

A maximum of 40% of the net asset value may be invested in the following countries and groups of countries:

a) Algeria, Argentina, Australia, Belarus, Bolivia, Brazil, Canada, Chile, China (including Hong Kong), Colombia, Costa Rica, Dominican Republic, Egypt, India, Indonesia, Japan, Kuwait, Malaysia, Morocco, Mexico, Monaco, New Zealand, Paraguay, Peru, Philippines, Russian Federation, Saudi Arabia, Singapore, South Africa, South Korea, Switzerland, Taiwan, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, United States of America, Uruguay, Venezuela

A maximum of 40% of the net asset value may be invested in the following group of countries:

b) United Kingdom of Great Britain and Northern Ireland

Annex with pre-contractual information on the environmental and/or social characteristics to be disclosed under Art. 8 (1), (2) and (2a) of Regulation (EU) 2019/2088

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the EU Taxonomy or not.

Product name:
hausInvest

Legal entity identifier:
529900XBIMOIURW5UJ67

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective**: ____%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**: ____%

☒ It promotes **environmental / social characteristics** and, while it does not have a sustainable investment as its objective, it has a proportion of 5% of sustainable investments

☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☐ It promotes **environmental / social characteristics**, but will not make any sustainable investments.



What environmental and/or social characteristics are promoted by this financial product?

Sustainability indicators are used to measure the extent to which the environmental or social characteristics promoted by the financial product are achieved.

The hausInvest fund is committed to ensuring that its real estate investments make a positive contribution to achieving the environmental objective of “climate change mitigation” defined by the European Union. For this reason, the investment fund has set itself the goal of reducing CO₂ emissions. When making liquid investments, the company refrains from investing in companies or assets that have not recognised the principles of the UN Global Compact or that are known to have significantly violated those requirements. In view of the real estate sector’s strong relevance in the area of climate change, the real estate investment fund will continue to exert its influence to help reduce CO₂ emissions through the careful selection and management of its properties, in order to work towards the international goal of limiting global warming to less than 2°C above pre-industrial levels by the year 2100, as defined in the Paris Agreement. The real estate investment fund would like to have reached an almost carbon-neutral building portfolio by 2050. To achieve this goal, the fund will continuously develop and implement measures to reduce CO₂ emissions across the portfolio. The real estate investment fund is aiming to reduce its CO₂ emissions, on average, to around 14 kg CO₂e/m² by 2050. The fund is drawing up decarbonisation pathways up to 2050 for each country and type of use in its real estate portfolio, in order to calculate the reductions needed to achieve these goals. The pathways include various measures to improve the energy efficiency of buildings and enable them to produce their own zero-emission energy.

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

Various indicators are recorded for each property held in the investment fund, if available, and then evaluated in relation to the industry average: specific energy consumption / demand (kWh/m²/p.a.), carbon footprint (kg/m²/p.a.), specific water consumption (m³/m²/p.a.), specific amount of waste (kg/m²/p.a.) and CO₂ emissions data.

● 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?

In order to promote environmental and/or social characteristics, the fund is striving to invest at least 5% of the market value of the properties it holds in “sustainable investments”, as defined in Art. 3 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the “EU Taxonomy Regulation”). These investments are intended to contribute to one of the environmental objectives defined in Art. 5 of the EU Taxonomy Regulation.

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.

How do the sustainable investments that the financial product partially intends to make not cause significant harm to any socially sustainable investment objective?

An economic activity qualifies as environmentally sustainable if it does not significantly harm any of the other environmental objectives and is carried out in compliance with the minimum safeguards laid down in Art. 18 of the EU Taxonomy Regulation. The investment fund conducts sustainability due diligence when making sustainable investments to avoid any significant harm.

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

A sustainability due diligence check is conducted to define a clear classification and potential development pathway for each individual property. Each check is based on the respective country's standards in the areas of energy efficiency, user satisfaction and innovation, which are consolidated in an integrated process that is geared towards the environmental goal of climate change mitigation. CO₂ emissions data is collected for the properties held in the investment fund, if available, and then evaluated in relation to the industry average.

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

All business partners with an annual order volume of over € 50,000 (for outsourcing and associated persons: € 0) are examined using the Business Partner Due Diligence Tool, in particular with regard to sanctions, corruption, money laundering, fraud and bribery. No business relationships are established with sanctioned companies and persons. The Compliance Department at Commerz Real decides on requirements and disqualifications on a case-by-case basis, using the “Compliance – Anti-Bribery and Corruption Policy” as a guideline. Since mid-2021, there has also been a review of ESG criteria based on the principles of the UN Global Compact.

The EU Taxonomy sets out a “do no 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?

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

The hausInvest fund aims to achieve stable, above-average returns – compared to open-ended real estate funds investing primarily in the Federal Republic of Germany – by generating regular rental income and interest income and by continuously increasing the value of its real estate portfolio. This is intended to give return-oriented investors access to an appealing risk and return profile within the investment spectrum of open-ended real estate funds. The fund invests primarily in countries located within the European Economic Area (EEA) and in the United Kingdom of Great Britain and Northern Ireland. However, the Specific Terms and Conditions of Investment state that real estate may be purchased for the fund anywhere in the world (see Section 1 (2) of the Specific Terms and Conditions of Investment in conjunction with the “Annex pursuant to Section 1 (2) of the Specific Terms and Conditions of Investment”). The portion of the fund invested in economically strong locations outside of Europe should not exceed 40% of the net asset value. The most important investment markets outside of Europe are North America and Asia-Pacific. When selecting properties for the investment fund, the company mainly considers their capacity to generate sustainable income and their diversification in terms of location, size, type of use and tenants.

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

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 fund is drawing up decarbonisation pathways up to 2050 for each country and type of use in its real estate portfolio, in order to calculate the reductions needed to achieve these goals. The pathways include various measures to improve the energy efficiency of buildings and enable them to produce their own zero-emission energy.

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

There is no minimum rate for such a reduction.

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

When making liquid investments, the company refrains from investing in companies or assets that have not recognised the principles of the UN Global Compact or that are known to have significantly violated those requirements.



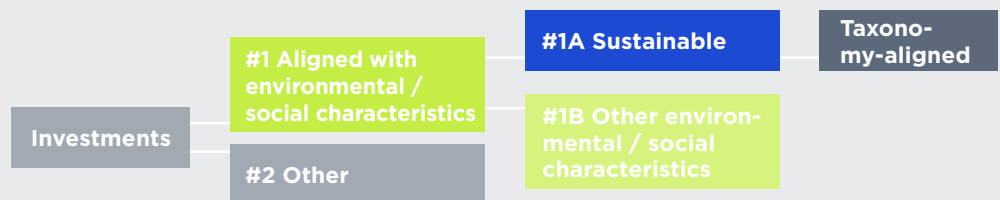
Asset allocation describes the share of investments in specific assets.

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 the transition to a green economy;
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?

In accordance with Section 1 (4) of the Specific Terms and Conditions of Investment, the company continuously invests more than 50% of the investment fund's assets (as determined by the value of the assets held by the investment fund without taking liabilities into account) in "properties and real estate companies", as defined in Section 2 (9) of the German Investment Tax Act (InvStG). In accordance with Section 4 of the Specific Terms and Conditions of Investment, a maximum of 49% of the net asset value may also be held in the liquid investments listed in Section 6 (2) of the General Terms and Conditions of Investment. In accordance with Section 6 (9) of the General Terms and Conditions of Investment, the company must ensure that a portion of its liquid investments corresponding to at least 5% of the net asset value is available every day for the redemption of shares. As part of its investment activities, the hausInvest real estate investment fund promotes the ESG factors (environmental, social and corporate governance) based on the European Union's sustainability regulations for financial products (Regulation (EU) 2019/2088, hereinafter referred to as the "EU Sustainable Finance Disclosure Regulation". The investment fund is particularly committed to ensuring that its real estate investments make a positive contribution to achieving the environmental objective of "climate change mitigation" defined by the European Union. For this reason, the investment fund has set itself the goal of reducing CO₂ emissions. In order to promote environmental and/or social characteristics, the fund is striving to invest at least 5% of the market value of the properties it holds in "sustainable investments", as defined in Art. 3 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "EU Taxonomy Regulation").



#1 Aligned with environmental or social characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by this financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with environmental or social characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other environmental or social characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

No derivatives are used to implement the ESG characteristics.



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

In order to promote environmental and/or social characteristics, the fund is striving to invest at least 5% of the market value of the properties it holds in investments aligned with the EU Taxonomy. The fund invests in Taxonomy-aligned economic activities for the construction industry and real estate pursuant to "Annex I: Climate Change Mitigation" and "Annex II: Climate Change Adaptation". The alignment of properties with the EU Taxonomy has not been verified by an auditor, but by an independent third party.

With a view to EU Taxonomy conformity, the criteria for **fossil gas** include capping emissions and switching to renewable energy or low-carbon fuels by the end of 2035. The criteria for **nuclear energy** include comprehensive security and waste management regulations.

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

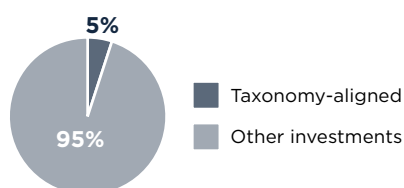
Transitional activities are activities **for which low-carbon alternatives are not yet available and which, among other things, have greenhouse gas emission levels corresponding to the best performance.**

Does the financial product invest in Taxonomy-aligned activities in the field of fossil gas and/or nuclear energy¹?

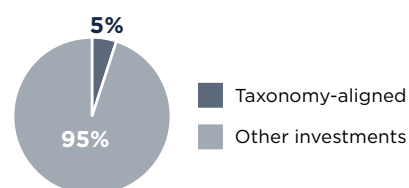
- ☐ Yes: ☐ In fossil gas ☐ In nuclear energy
- ☒ No

The two graphs below show in blue 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.

1. Taxonomy alignment of investments including sovereign bonds*



2. Taxonomy alignment of investments excluding 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 investment fund is not currently making any investments in transitional and/or enabling activities.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



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

All sustainable investments are currently aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

No socially sustainable investments are currently being made.



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

In addition to the sustainable investments described above (#1A) and other environmental or social characteristics (#1B), the fund also invests in assets that do not meet these criteria within the investment limits defined in Section 1 (4) of the Specific Terms and Conditions of Investment.

¹ Activities in the field of fossil gas and/or nuclear energy are only aligned with the EU Taxonomy if they contribute to climate change mitigation and do not significantly harm any objective of the EU Taxonomy (see note in the left margin). The complete criteria for Taxonomy-aligned economic activities in the field of fossil gas and nuclear energy are set out in Commission Delegated Regulation (EU) 2022/1214.



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?

No index has been identified as a benchmark for the investments underlying the fund, so the following questions do not apply.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
- **How does the designated index differ from a relevant broad market index?**
- **Where can the methodology used for the calculation of the designated index be found?**



Where can I find more product-specific information online?

Additional information related to the financial product can be found here: Further information on the promotion of environmental and/or social characteristics by the real estate investment fund is available here: cri.commerzreal.com. More information on the company's principal adverse sustainability impacts is available here:

cri.commerzreal.com/fileadmin/user_upload/Offenlegungs-Dokumente/CRI_PAI_Statement_300721.pdf.

