

# Aareal Green Finance Framework - Liabilities

## Aareal Green Finance Framework – Liabilities (2023)

### 1) Sustainability at Aareal Bank

#### Who is Aareal Bank und how is Sustainability managed

Trusted since 1923: The origins of Aareal Bank AG (**'Aareal Bank'**) date back 100 years with the incorporation of Deutsche Bau- und Wohnstätten-Bank AG on 20 October 1923. Today, Aareal Bank is a leading international provider of smart financing, software products, digital solutions and payment transaction applications in the property sector and related industries supporting clients in more than 20 countries across three continents – Europe, North America and Asia/Pacific.

Aareal Bank attaches great importance to the comprehensive group-wide integration of Environmental, Social and Governance aspects (ESG), which forms the basis for Aareal Bank's sustainable business model. In addition to a consistent ESG strategy and management, this also includes internal communication across all levels as well as external communication with investors and stakeholders.

This approach to ESG is the prerequisite for Aareal Bank's sustainable business model, with which Aareal Bank offers forward-looking solutions to its customers that provide them with competitive advantages and enable their long-term business success.

With respect to two of Aareal Bank's business segments, i.e. Structured Property Financing segment and Banking & Digital Solutions, ESG aspects are considered as a set of standards which form an inherent part of Aareal Bank's business. For example in the Structured Property Financing segment, Aareal Bank supports its clients in making large-volume commercial property investments. By way of carrying out property valuations, not only the buildings' fair value is taken into account, but also the mortgage lending value using a lifecycle analysis that regularly includes environmental aspects such as the buildings' technical, functional and environmental quality. In addition, quality shortfalls such as inadequate energy efficiency negatively impact property valuations.

In the Banking & Digital Solutions segment, Aareal Bank supports businesses from the housing, property management and energy industries, as a digitalisation partner – combining ERP (Enterprise Resource Planning) integrated payment and process solution as well as IT product solutions with traditional corporate banking services and deposit-taking. In order to identify the ESG criteria impacting Aareal Bank's stakeholders directly or indirectly and to analyse how large the impact is in each case, Aareal Bank screens the digital products in its Banking and Digital Solutions segment for compliance with ESG criteria.

The strategic importance of sustainability for Aareal Bank's corporate philosophy is also underlined at an organizational level, as Aareal Bank assigns responsibility for its sustainability management to Group Strategy – with a direct reporting line of the Group Sustainability Officer to the Chairman of the Management Board. Hence, the practical implementation of sustainability and the corresponding sustainability concept is steered at the highest level.

As an international player within the financial services sector, Aareal Bank's key way of adding value to society is by doing business responsibly. In this way, Aareal Bank is able to contribute to the stability of the property sector and financial markets in general and at the same time build trust in the banking industry. The sustainable nature of the properties to be financed is therefore in Aareal Bank's best interest as a company. To complement and meaningfully support these latter mentioned efforts, an internal taxonomy has been developed to assess if buildings satisfy expectations regarding energy efficiency along certain categories, recognize where more work needs to be done and identify shortcomings that may pose ESG risks which can be evaluated and considered in the relevant risk frameworks and economic capital allocation.

Since Q2 2021, green loans are being offered to help clients to achieve their business objectives and thus enhance the property industry's contribution to greater sustainability across society as a whole. Furthermore, a Second-Party-Opinion, issued by Sustainalytics GmbH (**'Sustainalytics'**), has been assigned to Aareal Bank for its internal taxonomy (Aareal Bank's definition of green eligible (a) buildings as well as (b) energy efficiency-upgrades) which underlines Aareal Bank's credible and robust approach towards sustainability.

Aareal Bank's sustainability performance and its assessment by major ESG rating agencies can be obtained on the company website<sup>1</sup> and is also contained in the regularly updated [factsheet](#).

<sup>1</sup> <https://www.aareal-bank.com/>

## Rationale to issue Green Financing Instruments

The building sector is responsible for 30 to 40 percent of the world's total energy requirements and almost 40 percent of its CO<sub>2</sub> emissions<sup>1</sup>. This illustrates the extent to which the property sector is capable to contribute to the development of a sustainable economy. Consequently, the financing of existing properties – i.e. the segment in which Aareal Bank carries on business – is considered to be a significant lever in this context. By improving transparency and hence identifying potential for emissions reduction, Aareal Bank aims to contribute to the transition to a low-carbon economy. Furthermore, by way of implementing covenants in the credit documentation (contractually binding assurances by the borrower during the term of the loan, e.g. with regard to energy efficiency upgrades, fixtures and fittings, etc.) it is intended to exert a positive influence on the sustainability of the property itself. In general, for a mortgage lender it is of central importance that buildings are and remain attractive and fit for the future, in order to secure a steady cash flow on the one hand and refinancing opportunities after the loan commitments expire on the other. Ensuring the sustainable value of the properties to finance is therefore in Aareal Bank's own best interests as a company.

The issuance of Green Financing Instruments (as described below) and the subsequent reporting will therefore not only reflect the activities on the lending side, but also demonstrate how sustainable financing is embedded in the corporate strategy of Aareal Bank. The Framework itself, but in particular each and every issuance of instruments qualifying as Green Financing Instruments (as described below) under it, will serve as a valuable platform to continuously engage with investors on the applicable sustainability strategy and to demonstrate the progress in developing Aareal Bank's portfolio on the lending side. It is the intention of Aareal Bank not only to diversify its investor base, but in particular to get useful feedback which can assist to reflect conducted activities and improve the chosen approach to sustainability. In addition, the on-going work is considered as a highly important catalyst to improve both, the understanding for sustainability matters across the organization and the integration in Aareal Bank's core business.

## 2) Green Finance Framework – Liabilities

### Introduction in respect of scope and legal background

Aareal Bank's Green Finance Framework - Liabilities ('**Framework**') has been developed together with Aareal Bank's Green Finance Framework - Lending, which serves as an internal taxonomy to identify green lending in Aareal Bank's global real estate portfolio.

This section 2 describes the principles Aareal Bank intends to adhere to when issuing Green Financing Instruments; however, no assurance or representation is or can be given that Aareal Bank will continue to adhere to such principles as they may evolve. Further, and as of the Record Date (as defined in the section titled "General Information"), the Framework takes into account the latest reports and publications by the TEG (Technical Expert Group on Sustainable Finance established by the European Commission) on the EU Taxonomy<sup>2</sup> and the EU GBS<sup>3</sup>. Since there has not been full visibility on all aspects of the newly emerging regulatory environment concerning the EU GBS at the time of publication of this Framework, EU GBS is reflected on a best effort basis only and no assurance or representation is given that any Green Financing Instruments issued as described in this Framework will, at any time, be compliant with the EU GBS.

The Framework provides for the guidelines pursuant to which Aareal Bank may issue 'use-of-proceeds'-based '**Green Financing Instruments**'. The latter term includes **Mortgage Pfandbriefe**, **Bonds** (Bearer Bonds and Registered Bonds (*Namenschuldverschreibungen*)), **Promissory Notes** (*Schuldscheindarlehen*) and **Commercial Papers**. Green Financing Instruments issued in accordance with this Framework may either qualify as senior notes or subordinated notes (including notes that meet the criteria of MREL<sup>4</sup>), but in any case are expected to rank *pari passu* with any other conventional instrument of similar status and class of subordination.

### Content structure of the Framework and link to the ICMA Green Bond Principles

Following the current status of the 'ICMA Green Bond Principles'<sup>5</sup> systematical approach, the Framework consists of the following core components, which will be described in more detail below:

1. Use of proceeds
2. Process for project evaluation and selection

<sup>1</sup> According to the International Energy Agency (IEA), almost 40 % of global CO<sub>2</sub> emissions are caused by the building sector.

<sup>2</sup> [https://ec.europa.eu/info/publications/sustainable-finance-teg-taxonomy\\_en](https://ec.europa.eu/info/publications/sustainable-finance-teg-taxonomy_en).

<sup>3</sup> EU-Green Bond Standard; [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/european-green-bond-standard\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/european-green-bond-standard_en).

<sup>4</sup> Minimum Requirement for Own Funds and Eligible Liabilities; see Article 45 of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council.

<sup>5</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>.

3. Management of proceeds
4. Reporting
5. External review

## Use of Proceeds

An amount equivalent to the net proceeds stemming from any Aareal Bank Green Financing Instrument will be used to finance or re-finance in whole or in part commercial property financing loans, which support the transition to a low-carbon economy and the United Nations Sustainable Development Goals ('SDGs'). In order to be labeled as "eligible" in terms of the Framework, the respective loan or investment must necessarily relate to an asset which fulfils the criteria as described in the section below titled "Eligible Asset Categories" (either qualifying as a 'Green Property' or an 'Energy Efficiency Upgrade' (and each of the aforementioned categories an 'Eligible Asset Category'); consequently, such loan or investment meeting the criteria of one Eligible Asset Category being an 'Eligible Asset')). Aareal Bank strives to reach full allocation of proceeds to Eligible Assets within 24 months from the date of issuance of the relevant Green Financing Instrument.

It is the intention of Aareal Bank by way of a best effort approach, to apply the proceeds of any Green Financing Instruments so specified for Eligible Assets in, or substantially in, the manner described in the relevant legal documentation prepared in connection with the respective Eligible Asset.

## Eligible Asset Categories

### a. "Green Properties" as defined by Aareal Bank

Aareal Bank defines Green Properties as environmentally sustainable properties. This definition is based on assessment expertise, many years of experience and in-depth property market know-how, as well as on existing green building certificates.

The respective applicable eligibility criteria may vary on a case by case basis depending on the asset class/type of use or the country in question. They are reviewed annually and adapted to changes in statutory environmental requirements and, if necessary, to current market developments within further developments and improvements of future Green Finance Frameworks.

Eligibility of properties qualifying as "Eligible Assets" is assessed at the property level on the basis of the below described eligibility criteria. Individual Green Properties, that are part of portfolio transactions in which several properties are financed, can also be utilised as "eligible assets". In these cases portions of the overall loan which are allocated to the individual Green Properties can be classified as eligible. In case of portfolio transactions loan portions are allocated to individual properties of the portfolio weighted according to market values.

To qualify as a Green Property, properties must meet at least one of the following three eligibility criteria both at the time of the financing commitment and over the entire financing period:

#### 1. Classification as EU Taxonomy compliant

Being "EU Taxonomy compliant" for purposes of a "Green Property" classification means:

- ✓ Properties meet the EU Taxonomy criteria set out in Chapter 7.7 (Acquisition and ownership of existing buildings) of the EU Commission Delegated Regulation (EU) 2021/2139<sup>1</sup>.

#### 2. Green building certification (type/level)

Being classified as a "Green Property" based on an assigned "green building certification" means:

- ✓ Existence of a reputable (i.e. World Green Building Council) green building certificate with an above-average rating, according to the following provider rating categories:
  - BREEAM: "Outstanding", "Excellent" and "Very Good"
  - LEED: "Platinum" and "Gold"
  - DGNB: "Platinum" and "Gold"
  - HQE: "Exceptional" and "Excellent"

<sup>1</sup> Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

- Green Star: “6 Stars” and “5 Stars”
- NABERS: “6 Stars”, “5 Stars” and “4,5 Stars”
- Energy Star: “80” or above

### 3. Energy efficiency of the property<sup>1</sup>

Being labelled as an "energy efficiency of the property" is subject to the fact that one of the following prerequisites are met:

- ✓ The property meets the national requirements for a nearly zero-energy building (“nZEB”<sup>2</sup>) valid at the time the financing commitment is made:
  - To reach this standard, the buildings must e.g. be well insulated. In addition, they must use renewable energy sources to cover the remaining energy demand.

And/or

- ✓ The property falls below the following maximum energy reference values:
  - Reference values for total final energy consumption (heating and electricity) for each type of commercial property, which are derived from national requirements/green building requirements and many years of evaluation practice:

Building type	Final Energy Consumption*
Residential	< 75 kWh/(m <sup>2</sup> x a)
Office	< 140 kWh/(m <sup>2</sup> x a)
Retail	< 140 kWh/(m <sup>2</sup> x a)
Hotel	< 140 kWh/(m <sup>2</sup> x a)
Logistics	< 65 kWh/(m <sup>2</sup> x a)

\* Final energy consumption is considered after offsetting measures such as on-site generation of electricity through renewable sources i.e., photovoltaic systems or district heating networks. Until global data availability has improved, final/primary energy demand/consumption can be used as a proxy. Generally, for purposes of receiving proof of final energy consumption, a third party will be engaged (i.e. energy performance certificates or utilities providers).

#### b. “Energy Efficiency Upgrade” as defined by Aareal Bank

Improving energy efficiency, particularly in existing buildings, is a key prerequisite for achieving the Paris Agreement’s climate targets for the property sector. Against this background, energy-efficient modernisation/renovation measures are highly important.

In light of the latter, Aareal Bank defines an Energy Efficiency Upgrade as the financing of a modernisation/renovation measure (including refurbishments or acquisition development and construction financing) after which the financed property meets one of the following three criteria (after completion); hence, the loan that is partially used to finance the relevant modernisation/renovation also qualifies as an Eligible Asset.

#### 1. Classification as EU Taxonomy compliant

- Energy-efficient modernisation/renovation measures meet the EU Taxonomy criteria according to Chapter 7.2 (Renovation of existing buildings) of the EU Commission Delegated Regulation (EU) 2021/2139.

<sup>1</sup> Final energy consumption is considered after offsetting measures such as on-site generation of electricity through renewable sources i.e., photovoltaic systems or district heating networks.

<sup>2</sup> The term “nearly zero-energy building” (nZEB) is defined in the EPBD 2010 (Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (Energy Performance of Buildings Directive)).

- 2. Completion of the modernisation/renovation measure levels the property to meet the Green Property standard defined above (cf. a)**
- 3. Completion of the modernisation/renovation measure results in an energy efficiency improvement of at least 30%<sup>1</sup> or – preferably – reduces energy consumption of a building below the maximum thresholds defined above**

## Process for Project Evaluation and Selection

Aareal Bank finances commercial property, and in particular office buildings, hotels and shopping centres, as well as logistics facilities, residential properties and student housing in selected markets only (mostly OECD countries). The focus lies within large-volume medium- to long-term financing for existing properties. Within the markets, where Aareal Bank operates, there are extensive legal checks and balances that are accompanied by thorough due diligence by the Aareal Bank teams. An environmental and social risk assessment is part of the evaluation and due diligence prior to any financing decision as these risks are relevant to Aareal Bank's core business.

All Eligible Assets are subject to Aareal Bank's standard lending process and have to pass Aareal Bank's standard credit procedure while they are in addition subject to specific ESG requirements. For this assessment, Aareal Bank has established a multi-step process to identify Eligible Assets subject to one of the Eligible Asset Categories which ultimately shall be included in Aareal Bank's eligible asset pool ('**Eligible Asset Pool**')

Aareal Bank's loan managers identify potentially suitable green loans as part of a pre-examination according to the defined criteria, as defined above. Aareal Bank's valuation department applies the eligibility criteria when assessing the value of properties to be financed.

Additionally, Aareal Bank's credit management function assesses and documents the eligibility of assets and/or activities on the basis of the documentation submitted as part of Aareal Bank's review of conditions precedent for disbursement. Furthermore, credit management regularly monitors compliance with green covenants where necessary, e.g. where this depends on the existence of valid certificates.

Aareal Bank's standard lending process includes deep analysis of ESG risks involving also the risk control function. Risk identification, assessment and management processes are in place, in order to also analyse climate impacts (acute / chronic physical risks as well as transitional risks) as well as social and governance risks in the property financing portfolio. As an example, to mitigate acute physical risks, technical due diligence reports, natural hazard maps and insurance industry tools are used, and external specialists are engaged to review the insurance documentation provided to ensure that exposure to all hazards is adequately insured.

The Green Finance Committee may consist of credit, valuation, portfolio management, treasury, risk, non-financial risk and sustainability experts. GFC is supported by the ESG Expert Group, which provides guidance on the sustainability criteria for financing transactions and reviews the Framework on a regular basis to determine possible future amendments should this become necessary. The objective is to ensure that the Framework is up-to-date, appropriate, market-relevant, actionable and of a suitable standard. The Green Finance Committee may request a review of the Framework and the underlying sustainability criteria conducted by the ESG Expert group, when the Green Finance Committee deems this necessary.

## Management of Proceeds

Aareal Bank manages the proceeds of any Green Financing Instrument on a portfolio basis. This means that the amount corresponding to the net proceeds of any Green Financing Instrument outstanding will be used to finance<sup>2</sup> Aareal Bank's assets included in the Eligible Asset Pool. The net proceeds received in connection with such Green Financing Instrument will be placed in the general funding accounts and earmarked in the IT systems for allocation only and without legal segregation.

For managing the Eligible Assets subject to the Eligible Asset Pool, Aareal Bank established internal functions in its IT systems, where a portion of Eligible Assets can be marked and monitored respectively.

The respective amount, which refers to Eligible Assets and which will be reviewed at least quarterly, and maturing exposures and assets sold will be excluded immediately from the Eligible Asset Pool.

Aareal Bank will strive, at any point in time, to maintain an Eligible Asset Pool that is larger than the total net proceeds of all Green Financing Instruments outstanding.

<sup>1</sup> Based on the Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088). Final energy consumption is considered after offsetting measures such as on-site generation of electricity through renewable sources i.e., photovoltaic systems or district heating networks.

<sup>2</sup> Aareal Bank strives to reach full allocation of proceeds to Eligible Assets within 24 months from the date of issuance.

Since the Eligible Asset Pool is routinely monitored by the Green Finance Committee, inter alia, any potential shortfall in the Eligible Asset Pool (i.e. the Eligible Asset Pool does not provide for sufficient Eligible Assets (in terms of, and hereby taking into consideration, the total nominal amount of the Eligible Assets) to be financed via the proceeds stemming from the Green Financing Instruments) would be detected in a reasonably short time frame. The Green Finance Committee is tasked to develop a monitoring and escalation process to facilitate such detection. In case Eligible Assets in sufficient quantity should not be available, Aareal Bank will direct, at its own discretion, the corresponding shortfall amount towards a liquidity portfolio, consisting of cash and/or cash equivalents, and/or other liquid marketable instruments until Eligible Assets to invest in are again available.

The Green Finance Committee will aim to have remedied any shortfall by taking appropriate measures, including suspending issuance of Green Financing Instruments, encouraging suspension of disposals of, or sourcing of additional Eligible Assets.

## Reporting

Aareal Bank will – for as long as there is any Green Financing Instrument outstanding and at least on an annual basis – publish an ‘**allocation reporting**’ on Aareal Bank’s investor relation website (<https://www.aareal-bank.com/en/investors-portal/debt-investors>) whereby such report will contain details including, but not limited to:

### Allocation reporting

- Total amount of outstanding Green Financing Instruments and the share of proceeds used for financing vs. re-financing purposes
- The size of the Eligible Asset Pool as well as a split by Eligible Asset Categories
- Any shortfall or amount of assets unallocated
- Amount of Covered Bonds (*Pfandbriefe*) outstanding and size of respective part within the Eligible Asset Pool (if any)
- Illustrative examples describing Green Eligible Assets to which Green Financing Instruments’ net proceeds have been allocated (subject to confidentiality commitments to clients)

In addition, Aareal Bank will, subject to availability of sources and relevant data, publish an ‘**impact reporting**’, whereby such report will contain details including, but not limited to:

### Impact reporting

On a best effort basis and subject to feasibility and data availability, the impact reporting will focus on e.g.:

- Certification standard (type of certification scheme, certification level and m<sup>2</sup> Gross Building Area / Gross Floor Area)
- Annual emissions avoided (in kgCO<sub>2</sub>e / m<sup>2</sup> of Gross Building Area / Gross Floor Area p.a.)

## External Review

On 19 October 2023, Aareal Bank has obtained an independent second-party opinion (‘**SPO**’) from Sustainalytics to confirm the validity of the Framework in its current edition prior to the issuance of its Green Financing Instruments under the Framework. The independent SPO, and any additional SPO to be issued by a second-party opinion provider, is (and will be) published on the investor relation website of Aareal Bank (<https://www.aareal-bank.com/en/investors-portal/debt-investors>) as well as on the website of the relevant second-party opinion provider.

In order to ensure sustained compliance of all Green Financing Instruments with the methodology set out in this Framework, Aareal Bank will appoint Sustainalytics, or, as the case may be, any other equally credible second party opinion provider, to certify and produce, on an annual basis, starting one year after the first issuance under this Framework, a verification report on the allocation of the proceeds.

## General Information

This Framework (published on 19 October 2023), succeeding the Green Finance Framework - Liabilities published on 6 August 2021 (the ‘**Framework 2021**’)<sup>1</sup>, shall enter into force with effect from the date of its publication (the ‘**Record Date**’).

<sup>1</sup> [https://www.aareal-bank.com/fileadmin/05\\_Verantwortung/03\\_Other\\_PDF-files/Aareal\\_Green\\_Finance\\_Framework\\_Liabilities.pdf](https://www.aareal-bank.com/fileadmin/05_Verantwortung/03_Other_PDF-files/Aareal_Green_Finance_Framework_Liabilities.pdf)

For Green Financing Instruments issued<sup>1</sup> from and including the Record Date, this Framework and the mechanisms and rules provided herein shall apply exclusively. Solely with respect to Green Financing Instruments issued in connection with the Framework 2021 (i.e. issuances preceding the Record Date), the mechanism and rules of the Framework 2021 shall be exclusively decisive.

Potential (material) changes to any of the legal principles governing the content of this Framework and new developments (including, but not limited to, the ICMA Green Bond Principles, the EU Taxonomy regime or the EU GBS) will be reflected in future similar frameworks.

This Framework and all issues and disputes regarding this Framework and its content shall be exclusively governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

## Disclaimer

### No offering of debt instruments

This document does not constitute an offer, or an invitation to offer, or a recommendation to purchase or subscribe Green Financing Instruments as described in this Framework.

Green Financing Instruments in the form of Bonds, including Covered Bonds, will, to the extent applicable, either be described in a prospectus (as supplemented and amended from time to time and including, if any, a customary final terms document) or in an information memorandum (prepared for the issuance of instruments that qualify as Commercial Papers) while Promissory Notes (*Schuldscheindarlehen*), for purposes of information, provide for loan documents (together, the 'Documentation') to enable prospective investors to make an informed assessment.

Before entering into any transaction concerning Green Financing Instruments (each a 'Transaction'), any prospective investor is expected to have read the relevant Documentation provided by Aareal Bank in the context of the respective Transaction, and having taken steps to ensure that he or she understands the Transaction and has made an independent assessment of the appropriateness of the Transaction in the light of his or her own objectives and circumstances, including the possible risks and benefits of entering into such Transaction. Any potential investor should also consider seeking advice from her or his own advisers in making this assessment.

### No event of default

Any such event or failure to apply the proceeds of any Green Financing Instruments to Eligible Assets in accordance with the Framework, or any failure of Aareal Bank to provide any reporting or obtain or maintain any opinion or certification in accordance with the Framework, will not (i) constitute an event of default under the Green Financing Instruments or a breach of or default under any term thereof, nor a default of Aareal Bank for any other purpose or (ii) result in any right or obligation of Aareal Bank to redeem the Green Financing Instruments or give any investor in the Green Financing Instruments the right to require redemption of its Green Financing Instruments.

### No assurance on investors' personal appropriateness or suitability

Prospective investors should have regard to the information set out in the Documentation and the Framework regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Green Financing Instruments together with any other investigation such investor deems necessary. In particular no assurance is given by Aareal Bank that the use of such proceeds for any Eligible Assets will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental or sustainability impact of any projects or uses, the subject of or related to, any Eligible Assets. Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Assets will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Assets. Also the criteria for what constitutes an Eligible Asset may be changed from time to time.

<sup>1</sup> The term "issued" refers to the relevant issue date of the respective Green Financing Instrument as defined in the applicable terms and conditions of the latter mentioned instrument.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by Aareal Bank) which may be made available in connection with the issue of any Green Financing Instruments and in particular with any Eligible Assets to fulfil any environmental, sustainability and/or other criteria ('**Green Evaluation**'). Any such Green Evaluation may not address risks that may affect the value of Green Financing Instruments or any Eligible Asset. For the avoidance of doubt, any such Green Evaluation is not, nor shall be deemed to be, incorporated in and/or form part of the Documentation. Such Green Evaluation provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in Green Financing Instruments including without limitation market price, marketability, investor preference or suitability of any security. Such Green Evaluation is a statement of opinion, not a statement of fact. Any such Green Evaluation is not, nor should be deemed to be, a recommendation by Aareal Bank or any other person to buy, sell or hold any Green Financing Instruments. Any such Green Evaluation is only current as of the date that opinion was initially issued and may be updated, suspended or withdrawn by the relevant provider(s) at any time. Prospective investors must determine for themselves the relevance of any such Green Evaluation and/or the information contained therein and/or the provider of such Green Evaluation for the purpose of any investment in Green Financing Instruments.

As of the Record Date, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Holders of Green Financing Instruments will have no recourse against the provider(s) of any Green Evaluation.

Wiesbaden, 19<sup>th</sup> of October 2023