



**Sustainability
Report
2022**

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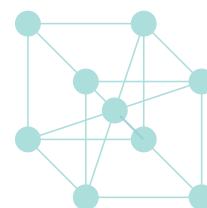
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Key Highlights 2021



In October we opened our **flagship project "Malinas"** in Mechelen (Belgium). Malinas will receive an "Excellent" BREEAM in use rating and is Europe's first CO₂ neutral retail park.

We finalised our **ESG Framework**, which contains 9 specific (long and medium term) targets we want to reach as a team.



We increased the number of **BREEAM (in use) certified assets to 45%** in 2021 and are on track for a further increase to **85% in 2022**.



We introduced **MEASURABL** as a tool to keep track of the energy, waste and water consumption of our assets and are gradually increasing its data coverage across the portfolio.



We started using the **CRREM tool** and initiated the testing and implementation of 24 portfolio assets, representing **27% of all operational properties** under management at year-end 2021.

MEREP Light Industrial

We launched a new fund, **MEREP Light Industrial**, which promotes certain environmental characteristics, within the sense of article 8 SFDR.

Despite Covid measures, we were able to organise **a two-day team offsite** during which the entire Mitiska REIM team assisted the River Clean-up volunteers in cleaning up some of the damage caused by the unprecedented floods in the Verviers area.



Word of the Managing Partners

Dear reader,

We are very pleased and proud to introduce Mitiska REIM's first Sustainability Report in which we want to present the ESG related work the team has done over the past few years. It has been a challenging time due to the Covid pandemic, but thanks to our firm commitment to incorporating environmental, social and governance factors across all aspects of our business activities, we have managed to make substantial progress in a short timeframe. This work marks the beginning of a journey, which we are happy to share with you.

As a relatively young, fast-growing fund manager in the real estate sector, ESG wasn't at the top of our agenda when we started in 2009. But very quickly we realised that ESG consider-



ations are essential to our business model. By participating in the GRESB assessment for the first time some years ago, we were able to get a clear view on investor expectations and sector developments. This allowed us to learn what ESG could mean for Mitiska REIM and convinced us to fully integrate ESG into our DNA.

After reviewing our ESG priorities at the end of 2020, we outlined an internal roadmap of our key ESG initiatives for the coming years. In a couple of months, we made tremendous progress by having several assets BREEAM-certified, commenced development of the sustainable retail park Malinas, put in place a team satisfaction survey, and implemented **Measurabl** to start collecting energy, waste and water consumption in a structured way and to increase data coverage. We explored and tested **the Carbon Risk Real Estate Monitor (CRREM)** tool, implemented green leases wherever possible, drafted our ESG policy which was published on our website, and set up a dedicated ESG committee. We also initiated the procedure to become a licensed alternative investment fund manager (under AIFMD), with the aim to follow this structure for our new funds.

2021 was a key strategic year. To structure our strategy and crystallize our vision, we formalised our ESG strategy in an integrated ESG framework by defining ambitions and targets. Our framework is built around three focus areas that provide a clear approach for both our current and future actions. We are now fully dedicated to promoting this integrated strategy across the entire organisation and have engaged all our colleagues by giving them responsibilities to follow up on our ambitions.



While being proud of the steps we have taken, we are also aware that there are several challenges to achieving sustainable urban growth. Firstly, real estate is a complex sector due to its variety of stakeholders (tenants, partners, local authorities, etc.), which therefore requires sound cooperation between all parties to achieve our sustainable ambitions. Second, climate change resilience is an important challenge for the future of real estate. We are conscious of this challenge and are ready to innovate to make our business and our managed assets 'future-proof'. Despite these challenges, we are convinced that placing ESG at the heart of our business will help us achieve our sustainability ambitions and creating long-term value for all our stakeholders and for society at large.

We would like to thank our joint-venture partners and tenants for being active participants in our process of building a sustainable future. We are aware that ESG is also new to them, and we therefore greatly appreciate their participation. We would also like to thank the Mitiska REIM team for their input into this report and for putting their support behind all our ESG-related activities during the past year. Finally, we would like to express our gratitude to our consultants from Sustainalize and W4Y who have played and will continue to play an important role in the development of our ESG-related activities.

Sylvie Geuten-Carpentier *Managing Partner*

Axel Despriet *Managing Partner*

“ESG wasn’t at the top of our agenda when we started in 2009. But very quickly we realised that ESG considerations are essential to our business model.”



Solar panels on the roof of our new flagship project "Malinas" in Mechelen.

About Mitiska REIM

Mitiska REIM is headquartered in Belgium and is Europe's leading specialist investor in convenience real estate, comprising retail parks, urban logistics and light industrial projects. Our investment focus capitalises on the converging trends across these sectors and the increasing demand for urban infill sites that offer accessible locations, affordable and sustainable buildings and flexible design to a growing and more diversified range of end-users.



Convenience Real Estate

Key characteristics

ACCESSIBLE LOCATION

- Easy access by multimodal transport
- Free parking
- High traffic sites

FLEXIBLE DESIGN

- Multiple tenants
- Modular design
- Potential for alternative/mixed use
- Comprehensive offering for consumers

AFFORDABLE BUILDINGS

- Cost efficient construction
- Low rents
- Low overheads
- Low maintenance

SUSTAINABLE SOLUTIONS

- Future-proof design
- Renewable energy
- Local jobs, local services
- Retrofitting & repurposing of old formats

Convenience real estate encompasses:

RETAIL PARKS

The core proposition of retail parks, based on convenience, essential shopping and value for money, continues to position the sector strongly for the future and as a preferred retail format for retailers, shoppers and investors alike.

Offering large units with relatively low rents and ample free car parking provision, retail parks have not only become the most convenient location for servicing daily shopper needs but are also ideally suited to support **omnichannel retailers** offering click and collect orders, customer returns and home deliveries going forward.

Our European markets



Existing markets:

Belgium
Netherlands
France
Germany
Spain
Portugal
Romania
Poland
Czech Republic
Slovakia

Potential markets:

United Kingdom
Italy
Nordics

URBAN LOGISTICS

The increase in e-commerce sales has had a significant impact on the demand for logistics space across Europe. This surge in demand has raised the bar in terms of meeting consumer expectations for quick and timely deliveries and is driving the need for last-mile logistics bases in urban locations.

The convenience real estate model is ideal for retailers wishing to develop a **hybrid retail store** format which will include both front-of-house, consumer-facing retail and a back-of-house fulfilment centre.

LIGHT INDUSTRIAL

Demand for light industrial schemes is on the rise as a growing number of small and medium-sized businesses look for convenient sites close to their customer bases and their employees, in which to expand their operations.

The flexible design of light industrial real estate developments is ideally positioned for the differing business models and space requirements of SMEs. When developed in combination with a retail park, employees benefit from the daily convenience offered by the retail park onsite, making their workplace a livelier and more attractive place to work.

Mitiska REIM's investment model is **partnership-driven**, positioning us as an active, value-adding investor, in collaboration with experienced local co-investing partners in respective geographies. Our strategy is to **unlock opportunities** and **drive superior value creation** through the execution of development projects and value-add acquisitions with subsequent active asset management.

Over the past 10 years, we have invested on behalf of three funds in 91 properties representing 1.110,000 m² gross leasable area across Belgium, The Netherlands, France, Germany, Spain, Portugal, Romania, Poland, Czech Republic and Slovakia.



Example of a mixed-use development in Wavre which has a consumer-facing retail park backing onto SME and light industrial units.

About This Report

INTRODUCTION

The aim of this first Sustainability Report is to present the work we have done in 2021 and the preceding years, to incorporate **environmental, social and governance considerations in a more integrated way** across all aspects of our business activities. We see this report as an opportunity to present our progress to stakeholders and as a starting point to report annually on the challenges we face, the ambitions we have set for the coming years, and our initiatives and progress towards achieving these ambitions.

SCOPE

This report covers the calendar year 2021. During the year, Mitiska REIM has acted as fund advisor to *First Retail International NV* (FRI, EUR 75 million equity, vintage 2012) and *First Retail International 2 NV* (FRI 2, EUR 265 million equity, vintage 2016) and as fund manager to *MEREP Light Industrial CommV* (MEREP LI, EUR 35 million equity, vintage 2021).

FRI and *FRI 2* are both fully invested in retail parks across the European Union, following a development and value-add strategy. *MEREP LI* was launched in May 2021 and focuses on light industrial and urban logistics developments and reconversions in key EU markets.

STRUCTURE

The structure of this Sustainability Report is aligned with our ESG framework, which is built around **3 pillars** for which we have defined ambitions and long-term targets. After an introduction to our ESG framework and governance, we deep dive into each of the pillars. For each ambition, we give insight into the related targets, initiatives and plans that are set up to meet this ambition. All environmental performance disclosures and qualifying notes on the data can be found at the end of the report.



REPORTING

This report has been prepared in accordance with the *INREV Sustainability Reporting Guidelines*¹. For each identified topic from the ESG framework, a **long-term target** is disclosed

¹ More information on the INREV Sustainability reporting guidelines can be found [here](#).

together with **annual objectives** and more detailed information on the content and management of each topic.

However, as we are reporting on three funds together and act as a fund advisor (and not manager) for our first two funds, we aim to follow INREV reporting principles as much as possible while slightly adjusting the reporting framework to meet our specific reporting needs (e.g. discussing our strategy for all three funds together rather than the strategy for one single fund).

Considering that our ESG Framework and targets were established in 2021, the first specific “next 12 months’ objectives” were set out for 2022 and are included in this report. There is therefore no monitoring of progress possible compared to last year’s ambitions and targets. This will be available in next year’s report. The environmental data disclosure which can be found at the end of this report is presented in line with GRESB methodology.

“We have worked closely with the Mitiska REIM team over the past two years to help them develop their ESG policy and put their plans into action. From the outset, there has been a huge commitment and involvement from the team and this is reflected in the results they have achieved.”

— *Eva Huysmans*
Sustainalize, Sustainability Advisor



COMPLIANCE WITH LAWS

The legal and compliance department of Mitiska REIM ensures compliance to national and European ESG relevant regulation and monitors all developments on an ongoing basis, through seminars, press articles, newsletters and other communications from national and international regulators (FSMA and ESMA), industry associations, law firms or other advisors.

We are an active member of INREV, the *European Association for Investors in Non-Listed Real Estate Vehicles*. INREV regularly organises seminars, webinars and conferences on a variety of topics, including ESG related issues and opportunities, regulatory developments and others. *The 2021 INREV Autumn Conference* in Copenhagen was almost entirely dedicated to sustainability and was attended by our team.

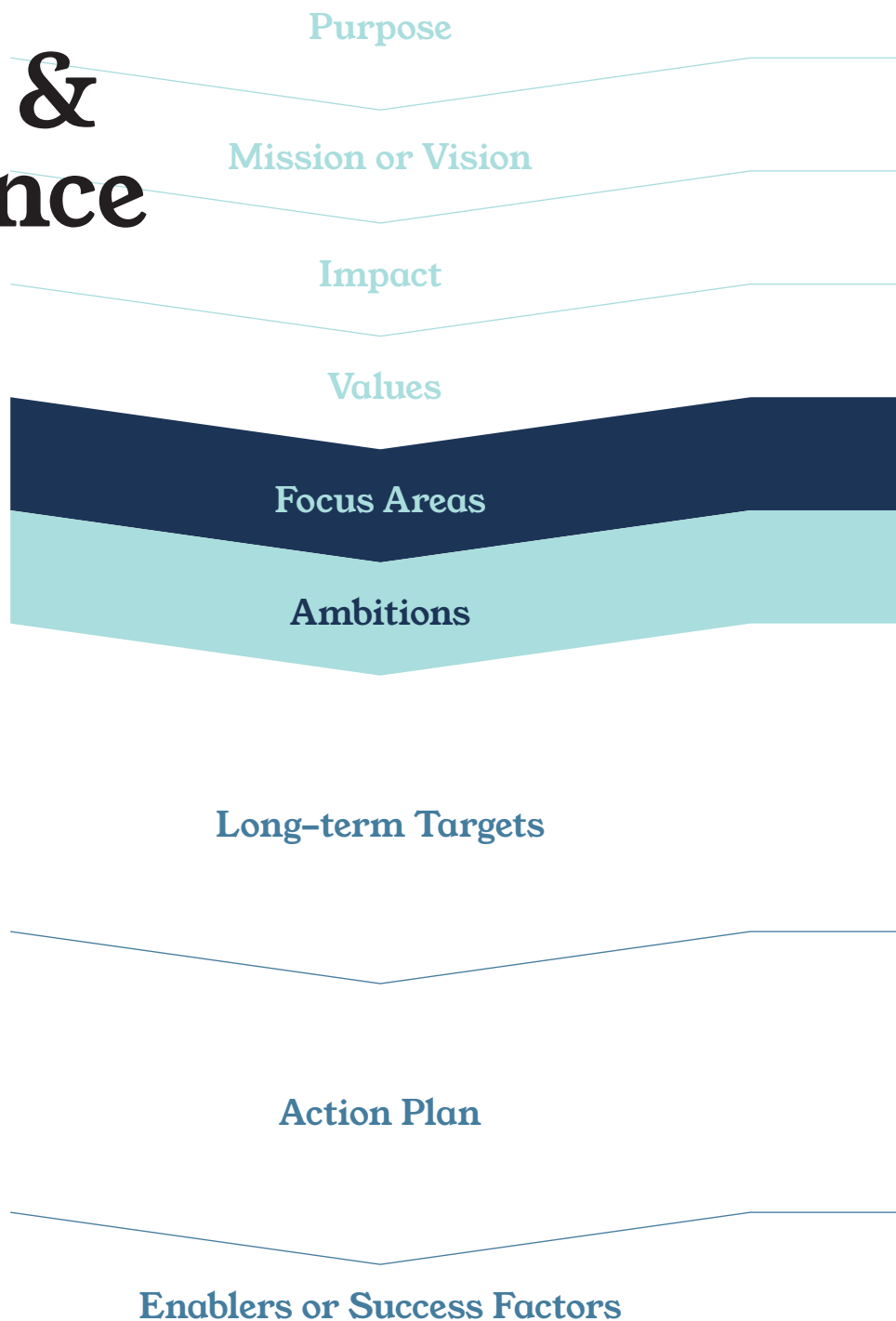
At Mitiska REIM, we closely follow up on all developments relating to *the EU Sustainable Finance Disclosures Regulation (SFDR)*. Our most recent fund *MEREP Light Industrial* and our next fund *MEREP 3*, which will be launched in the course of 2022, (will) promote certain environmental characteristics, within the sense of article 8 SFDR. An overview of our disclosure in accordance with the SFDR can be found on our website.

ESG Strategy & Governance

ESG Strategy

In the course of 2021, our team allocated a lot of energy to defining our ESG framework, with defined ambitions and targets. Our yearly teambuilding activity was completely devoted to sustainability and was used as an opportunity to collectively brainstorm the selection of company values, and further develop the three main pillars of the ESG framework and corresponding targets.

In the coming years, we will monitor and update our framework to reflect standard real estate sector practices and latest ESG developments.



Sustainable value creation in convenience real estate

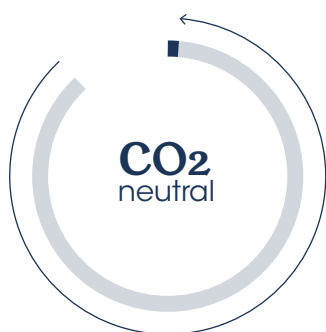
To **unlock opportunities** and drive superior and **sustainable value creation** for all our stakeholders, through development projects, refurbishments, repositioning of standing assets and skilled active asset management

To positively **impact the community** by serving them in their daily needs and providing an increase in quality of life

Entrepreneurship ∞ Teamwork ∞ Future Oriented ∞ Integrity

1 Own Operations	2 Investment Process	3 Portfolio Investments
We aim to conduct our business in a responsible way and engage partners to do the same	We aim to make sustainability a standard criteria in all our acquisition and development processes	We aim to manage and advise our funds and assets towards climate resilience & future-proof real estate
By 2026, be recognized as an industry player that values and enhances ESG by: <ul style="list-style-type: none"> E: being net zero carbon for our own operations S: keeping a high team satisfaction of 80% G: being fully operational under an AIFM license and related policies and managing multiple funds accordingly 	<ul style="list-style-type: none"> As from 2022, making sure ESG criteria are applied consistently in every acquisition process By 2026, having at least a BREEAM In Use score "Very good" for all our assets at completion of the value-add/development program By 2026, applying ESG considerations during the construction/refurbishment phase to all our projects (incl. at least circularity, health and safety & climate resilience) 	<ul style="list-style-type: none"> By 2024, having a minimum score of 60 on GRESB By 2026, installing a green financing framework By 2035, reaching net zero carbon for our assets in fund MEREP LI and funds launched thereafter
<ul style="list-style-type: none"> Set up new mobility policy & switch to renewable energy Set up a staff training & development program Further develop our community engagement and team diversity Organize internal awareness, compliance and further evolution of our AIFM and other policies Ask all MREIM partners to sign our Partner code of conduct 	<ul style="list-style-type: none"> In 2022, prepare a standard ESG due diligence checklist for income-producing assets Make available the budget required for initiatives which improve BREEAM performance (with sustainable ROI). Set up a Project Sustainability Guideline (PSG) framework and review it with architects, contractors and project managers 	<ul style="list-style-type: none"> Increase data coverage on energy, water and waste of our total portfolio (thanks to green lease and smart metering). Promote responsible (energy, water and material) consumption at our tenants Screen standing assets on climate risks & environmental shocks.
<ul style="list-style-type: none"> Team engagement Partner engagement ESG strategy ESG compliance ESG reporting 	<ul style="list-style-type: none"> ESG risk assessment Building certifications Tenant & contractor engagement 	<ul style="list-style-type: none"> ESG data monitoring ESG data coverage ESG risk assessment Tenant engagement

Pillar 1:
Own
Operations



Reaching
"Net Zero Carbon"



Keeping our team of
colleagues satisfied and
motivated



Obtaining a AIFM (fund
manager) license

The **first pillar** relates to **what we can do while conducting our own business** at Mitiska REIM and through cooperation with our partners. By 2026, we want to be recognized as an industry player that values and enhances ESG by

1. reaching **"Net Zero Carbon"** for our own operations (environmental),
2. keeping our **team of colleagues** satisfied and motivated (social),
3. taking the next step in our growth process by **obtaining an AIFM** (fund manager) license which will allow Mitiska REIM to manage funds with a combined value of assets under management in excess of EUR 500 million (governance).

Some specific actions that are part of our first pillar efforts include: transitioning the Mitiska REIM fleet of cars to **fully electric** with car chargers outside the office, **implementing a new training and development program**, asking all our business partners to sign a newly developed **Partner code of conduct**, and maintaining **our community engagement and team diversity**.

Focus on public transport integration at Karuzela Wodzisław, Poland



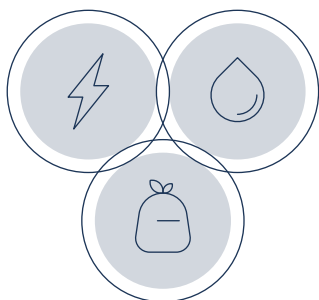
The **second pillar** focuses on **sustainability in our development projects** (when we build new sites) **and in our value-add projects** (when we redevelop existing sites). We want to ensure that ESG criteria and considerations are applied consistently in every acquisition process and in all construction and refurbishment activities. By 2026, this should result in a **BREEAM** in use score of at least "very good" for every asset by the time we finish the value-add or development program.

Examples of actions include developing a standard **due diligence checklist** for income-producing assets and a **roadmap for sustainable construction** of convenience real estate. For every new project, a budget will be reserved from the start and included in the business plan to allow for all required works to reach the targeted BREEAM score.

Pillar 2: Investment Process



Pillar 3:
Portfolio
Investments



Focusing on full data coverage and reduction of energy, water and waste

The **third pillar** covers the portfolio of assets owned by the funds we manage or advise and how we can **make our investments future-proof and climate-resilient**. The key target is to make the entire portfolio **Net Zero Carbon** by 2035 or sooner.

In the first phase, we are focusing our efforts towards **a full data coverage of energy, water and waste** in the common and private areas, and engaging with our tenants through green leases. At the same time, we are already taking all possible actions towards **reducing energy, water consumption and waste production** both in common and private areas. We have launched this process with the use of the **Measurabl tool²** in Romania and Portugal, which will result in a better understanding of how data is collected. A further rollout across all jurisdictions is a key priority for 2022. The Romanian portfolio will also be used as a pilot project that aims to create a decarbonisation pathway via the **CRREM-tool³**. Two other concrete targets under this third pillar are achieving a minimum score of 60 on GRESB and developing a green financing framework.

ESG GOVERNANCE

Our ESG activities are led by a dedicated **ESG Steerco** and are overseen by the Management Committee. To ensure ESG is integrated across all parts of the business, members of the ESG Steerco are drawn from a **wide representation** of staff and from different business areas. The ESG Steerco meets every two weeks and monitors the incorporation of ESG issues into the investment decision-making and asset management processes as well as in the Mitiska REIM operations.

² The Measurabl tool is an ESG data management solution that enables commercial real estate to collect their ESG data automatically from disparate sources and to manage it in a single platform.

³ The CRREM-tool (standing for Carbon Risk Real Estate Monitor) is a tool developed to support real estate companies in measuring the risk and viability of retrofitting their assets to bring them in line with the Paris Agreement.



Electric car charging point outside Santarém Retail Park, Portugal. EV stations have been added in all Portuguese retail parks in 2021.

Furthermore, the ESG operational responsibilities are spread across the entire organisation to ensure a transversal and integrated strategy and to make sure each target from the ESG framework receives sufficient attention. **ESG teams** have been created in which every member of Mitiska REIM participates, from junior positions to managing partner, from Poland to Portugal, with teams composed of colleagues who don't often collaborate, giving them the chance to meet, discuss and interact on a fresh set of ESG topics. Every ESG team is responsible for a specific target and is expected to study the target, set out an action plan and monitor performance against the target.

Ambitions & Performance 2021

Definition of Net Zero Carbon

We have adopted the *Better Buildings Partnership* (BBP) definition* of *Net Zero Carbon* (NZC), which states that “in its simplest form, “net zero carbon” is when the carbon emissions emitted as a result of all activities associated with the development, ownership and servicing of a building are zero or negative”.

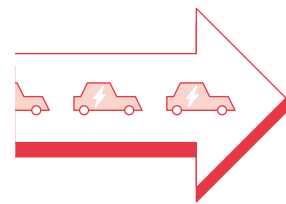
I. Own Operations

I.1. NET ZERO CARBON FOR OUR MITISKA REIM OPERATIONS

We want to achieve net zero operations by 2026. Within the scope of our own internal operations we include electricity consumption of our offices, waste disposal, commuting and business travel. Emissions pertaining to our investment portfolio and purchased goods are not included here and are discussed in paragraph 3.1. We strongly believe that by setting an example, we encourage our stakeholders to do the same.

In order to reach the target, we are taking measures to evolve the Mitiska REIM fleet to **a zero-emissions fleet**. Our landlord committed to install **battery chargers for electric vehicles** on the parking lot before the end of 2022. In the meantime, we have already acquired **our first 100% electric vehicle** in the fleet. Every new car that will be added to the fleet in 2022 will be fully electric if the colleague has the possibility to charge his/her car at home. If this is not possible, we will opt for a hybrid as an alternative. Several colleagues also decided not to take a company car but to **use the train or bicycle** instead to come to the offices of Mitiska REIM, which are located within walking distance from a train station. Mitiska REIM supports commuting by bicycle by providing additional amenities such as shower facilities and locker rooms at the office. Colleagues also have the possibility to **work from home twice a week** (see 1.2. Team satisfaction) which results in less commuting between work and home and thus less emissions from transportation. Also, whenever travelling is required, the Mitiska REIM team is encouraged to keep sustainability in mind when selecting the mode of transportation (e.g., our travel agency will present the train as preferred option over flights for short distances).

At the head office, we try to limit our carbon emissions in multiple ways. First, we have switched the electricity contract at our offices in Brussels to **100% renewable electricity**. Also, whenever light bulbs must be changed, we opt for environmentally friendly LED alternatives. Furthermore, all team members are strongly encouraged to eliminate all unnecessary energy usage (e.g., by cutting off the lights whenever possible), avoid unnecessary printing (e.g., we promote DocuSign to sign documents virtually), and recycle waste as much as possible.



On the road to a fully electric car fleet



100% of energy consumed comes from renewable sources



We achieved our 80% team satisfaction-target



We have already acquired our first 100% electric vehicle in the fleet. Every new car that will be added to the fleet in 2022 will be fully electric if the colleague has the possibility to charge his/her car at home

In 2022, our aim is to create a **net zero pathway** for our own operations that still allows us to execute our business activities in an efficient manner. To achieve this, we first need to map emission sources from our activities as this will enable us to identify the most efficient way of lowering our own emissions. Examples of emission sources are flights, office heating, company cars,

etc. After measuring the carbon emissions from the different emission sources, we will identify possibilities to reduce these emissions and establish a plan for reductions between now and 2026. The remaining emissions that are inherent to our company activities and cannot be avoided, will ultimately be offset elsewhere. Of course, our focus goes out to lowering the emissions at the source.



Several colleagues also decide not to take a company car but to use the train or bicycle instead



1.2. TEAM SATISFACTION

The **general wellbeing** of every individual within the entire team is an important concern for Mitiska REIM as an employer. We therefore aim to achieve and maintain a high team satisfaction score of **at least 80%**.

To reach this, we are investing in and emphasising the importance of **continuous training** for our team. From 2022 onwards, we want to encourage our colleagues to attend at least two training courses per year, either organised in-house in groups such as IT training, or external individual training proposed by colleagues themselves. In addition to formal training, we are also implementing more informal programs to encourage knowledge sharing of in-house expertise amongst colleagues. We believe a continuous development of our team competences and skills will not only benefit the team members personally in their current and future careers but will also benefit the company.



After Covid, we maintained the opportunity to work from home part-time

Despite all the negative impacts of Covid, it also brought an unexpected positive contribution to the team, by showing us how we can successfully **cooperate remotely** in an efficient manner. For an organisation like Mitiska REIM, which does more than 80% of its business outside of Belgium and relies heavily on international teamwork and a lot of travel, it was great to see the high productivity achieved during mandatory work from home periods. By maintaining **the opportunity to work from home part-time**, we aim to improve colleagues' work-life balance on an ongoing basis. Our investment pre-Covid in a new videocall system for all office meeting rooms, combined with quality headsets for all colleagues

and new telephone and videocall software, proved very beneficial in 2020 and 2021 and will remain so in the years to come.

To strengthen the cohesion of our international team, we organise a range of different **team gatherings** every year. Last year, despite COVID, we were particularly pleased in September to be able to organise our annual team-event in the Ardennes, where ESG was the central theme of presentations and activities. At this event, we teamed up with the "River Clean-up" NGO to **clean up some of the damage caused by the floods** in July in Verviers. We have also introduced the app "Yumuv", a corporate fitness app that allows the setting of sports and fitness targets that we can all strive for as a team, supporting each team member to do so. One of these targets was to reach 15 million steps between October and December, which we successfully achieved together, with everyone contributing and every effort counted.

Our team cleaned some damage caused by the July floods in Verviers.



We measured team satisfaction through an anonymous online survey which was conducted for the first time at the end of 2020 and repeated in 2021. The results from 2021 showed that we had achieved our **80% team satisfaction-target**. The survey will be repeated annually, so next year all colleagues will again have the opportunity to give their feedback on the questions raised in the survey and to add any other observations or comments they may have.

In addition, we have put in place **personal review meetings** with every colleague individually, combined with an informal “open door” culture in which colleagues can bring up questions or suggestions at all times.



We are working on
obtaining our AIFM license
in 2022

1.3. AIFM LICENSE

In Belgium, the applicable legal framework for alternative investment fund managers consists of the AIFM Directive⁴, the AIFM Regulation⁵ and the AIFM Law.⁶

In the course of 2021, we prepared and filed an application to become **a licensed alternative investment fund manager** or “AIFM” with the competent Belgian regulator *FSMA*⁷. We expect to obtain the permit in the course of 2022, with the ambition of being fully operational under an AIFM license and related policies, and to manage multiple funds accordingly by 2026 or perhaps even sooner.

Since the incorporation of our first alternative investment fund, *First Retail International* until today, we have operated as an investment **fund advisor** and, more recently, as a **fund manager** under the so-called “light regime” which allows fund managers to manage AIFs with aggregated assets under management

⁴ The (European) AIFM Directive is directive 2011/61/EU of 8 June 2011 on alternative investment fund managers.

⁵ The (European) AIFM Regulation is Commission delegated regulation (EUR) n° 231/2013 of 19 December 2012.

⁶ The (Belgian) AIFM Law is the law of 19 April 2014 on alternative investment funds and their managers.

⁷ The Belgian Financial Services and Markets Authority (www.fsma.be).

up to EUR 100 million if leverage (e.g. bank financing) is used at the level of the AIFs, or up to EUR 500 million if no leverage is used.

To support further growth, we now wish to obtain an AIFM license which will allow us to **manage funds without limitations** on the total amount of assets under management. The same license and the "marketing passport" regime attached to it also allows the fund manager to engage in fund raising with professional investors across the entire EU.

The preparation of the application file included a review of the internal processes and the governance model of Mitiska REIM. Our board of directors was further strengthened with **a third independent director**, creating a balance between independent and non-executive directors on the one hand and executive directors on the other. The composition of the management committee was reviewed, and a separation was made between investment operations and the platform side of the company, which includes functions such as support services, finance, accounting, legal, compliance, HR, and ICT. The investment process was further formalized with five country/regional teams created, each with their own dedicated country managing director and team members. The roles of the risk and compliance officers were further defined and an internal audit firm and depository were selected. All these functions will take full effect under the AIFM license.

In addition, we have outlined or further formalized policies and procedures regarding conflicts of interest, remuneration, risk management, compliance, cybersecurity, valuation and anti-money laundering.

We also have further elaborated our Code of Conduct and included a **'Partner Code of Conduct'** section which we intend to submit for approval and acceptance to all our business partners, which contains engagements each partner should be willing to take in the fields of environmental, social and governance related practices.

Our aim is to obtain the AIFM license **in the course of 2022** and, under this new regulatory regime, make sure every person within the organization is aware of the implications of the license on his or her role, daily tasks and responsibilities. Training sessions will be organized across all departments to inform and engage the team.



2. Investment Process

2.1. ESG DURING ACQUISITION

We are currently developing an ESG due diligence checklist for the acquisition of value-add projects that will give clear guidance on all ESG topics to be considered during the due diligence, while focusing on the material ESG issues and risks relevant to the investment.

The **ESG due diligence checklist** is divided into three sections each of which focusing on a different area of ESG. The subdivision of the different sections looks as follows:

Environmental

- Historical use of the property
- Soil and groundwater pollution and stability of the soil
- Presence of hazardous materials (e.g. asbestos)
- Waste discharges and recycling
- Natural risks exposure – floods, earthquakes, fires, etc.
- Environmental Certificates & BREEAM In-Use Quickscan
- Assessment of existing energy sources and consumption and potential for renewable energy sources
- Introduction of property utility data in Measurabl and CRREM

Social

- Community opinion on the project
- Respecting Human rights
- Workers' safety
- Customer data protection

Governance

- Anti-competitive behaviour

For real estate investments, the key attention points in the due diligence process are **the environmental issues**, including the asset's current and future carbon footprint. Prior to acquisition, focus will be on environmental issues as they are strongly related to the asset itself. After completion of the acquisition, social and governance topics will be analysed and implemented as mostly linked to the management of the asset.

For **MEREP 3**, our next flagship fund which will be launched in 2022, our goal is to ensure that from 2022 onwards **ESG guidelines are applied in a consistent way** in every acquisition process. The characteristics of a building that does not currently meet the standards of the ESG checklist will have to be adjusted so as to meet requirements. The cost of this retrofit CAPEX will be included in the CAPEX budget and the investment proposal at acquisition (e.g. switch from fossil fuel installations to renewable energy, BREEAM certification, adding renewable sources, etc.). Furthermore, BREEAM certifications, as well as CRREM-assessments, will be an integral part of that process and will be used to create a roadmap to fully decarbonize the assets.

2.2. BREEAM

BREEAM is an internationally accepted method of assessing, rating, and certifying the **sustainability of buildings**. Buildings can obtain a BREEAM rating after an assessment is undertaken by an independent licensed assessor. BREEAM is not the only standard in the market, but it is one of the most widely known and recognised, which is why we opted to use it.

At Mitiska REIM, we believe that a continuous improvement of BREEAM ratings is a step-up to **future-proofing** the assets under management (AUM) of the funds we manage or advise. At the end of 2021, 45% of the operational Gross Leasable Area (GLA) of our AUM is BREEAM certified, and this % is expected to **increase to 85%** by the end of 2022 (please see table below for an overview). All assets are certified for BREEAM In-Use⁸ ratings and at present all scores across the portfolio are “Good”, “Very Good” or “Excellent”. We aim that as from 2026 all our assets (including the ones currently under development) have at least a “Very Good” score at the time of completion of their development (for newly built assets) or at the time of completion of their value-add program (for assets that were already income-producing when the funds acquired them).



45% of the current operational Gross Leasable Area (GLA) of our AUM is BREEAM certified, and this % is expected to increase to **85%** during 2022

⁸ BREEAM In-Use is an environmental assessment method that enables property investors, owners, managers and occupiers to determine and drive sustainable improvements in the operational performance of their buildings.

Table 1 – BREEAM certifications (Operational GLA)

Country	BREEAM certifications in place (% of GLA certified in 2021)	BREEAM certifications to come (% of current GLA to be certified in 2022)	Total number of BREEAM certifications (expected) at 31 December 2022
Portugal	100%	-	6
Romania	63%	37%	24
The Netherlands	33%	-	1
Germany	-	-	-
Belgium	-	100%	4
Spain	-	100%	2
Poland	-	100%	5
France	-	100%	1
TOTAL	45%	40%*	(85% of GLA or) 43 assets

To achieve this ambition, we want to proceed to initial BREEAM certification for all AUM as quickly as possible so that we have a baseline measurement. By defining a continuous improvement plan for each asset, together with the BREEAM assessors (see case study as reference below) and by introducing an annual follow-up on measures implemented, we want to monitor the roll-out of our ambitions at asset level. As of this year, we will include a BREEAM In-Use Quickscan (pre-assessment of the asset) in the due diligence process at acquisition for every new development and value-add investment in the portfolio.

* The remaining 15% is planned for 2023 (Arnhem (NL) and 2 in Germany).

Over the recent years, we have identified two major challenges in our desire to achieve our ambitions:

- **Collaboration with tenants** – obtaining the desired BREEAM In-Use score requires close collaboration with tenants who are not used to sharing data. Most of the tenants who are familiar with ESG and BREEAM assessments willingly share data, as they know this will be used for improving the performance of the asset and contributes to reducing emissions. We understand that for some tenants, sharing consumption data for electricity or heating might be more sensitive. Green leases with clauses describing the cooperation between landlord and tenant in obtaining BREEAM certification should help engage on the topic with tenants and facilitate the data sharing process, thereby making the data collection for certification easier. In line with this, Mitiska REIM has adopted the policy of implementing a Green Lease whenever new leases are signed.
- **Accuracy and reliability of the data and evidence provided** – data provided either by tenants or property managers requires verification by assessors, and sometimes more documentation is needed due to incomplete or insufficient evidence. More guidance, involvement and information exchange with assessors and stakeholders at the early stage of the certification enables us to avoid delays in the process.

By actively working on mitigating these challenges and defining clear improvement plans, we believe we are making good progress to reach our BREEAM certification target.

“When it comes to sustainability, good cooperation between landlords and tenants is key in order to deliver what can often be different priorities. The Mitiska REIM team understands this and brings a partnership approach to implementing ESG initiatives.”

— Poul Erik Larsen,
Expansion Director,
JYSK



Case Study

Bistrita

Retail Park,

Romania

12,168 m² GLA,
3 buildings,
275 parking spaces

26 units, fully leased

Food anchor is Kaufland

Phase I opened in
Nov 2017, Phase II in
Nov 2018

BREEAM Part 1,
Asset Performance,
obtained in May;
Part 2, Management
Performance followed
in August 2021





The retail park was part of the first roll-out of BREEAM in Romania in early 2021, and obtained *Part 1 Asset Performance* certificate last May, followed by *Part 2 Management Performance* in August. Bistrita retail park scored **“Very Good”** on both parts (>61%). As BREEAM certifications need to be renewed every three years, we have already investigated what we can do to improve the score, with the aim to move to “Excellent” in 2024.

“We have forged a long-term co-investment partnership with Mitiska REIM in Romania, and this now extends to achieving our common ESG goals. By working together, we can achieve our sustainability targets and at the same time realise the value of assets in the portfolio by making them future-proofed.”

— *Clemens Petschnikar*
CEO, Square 7 Properties (Country Partner Romania)

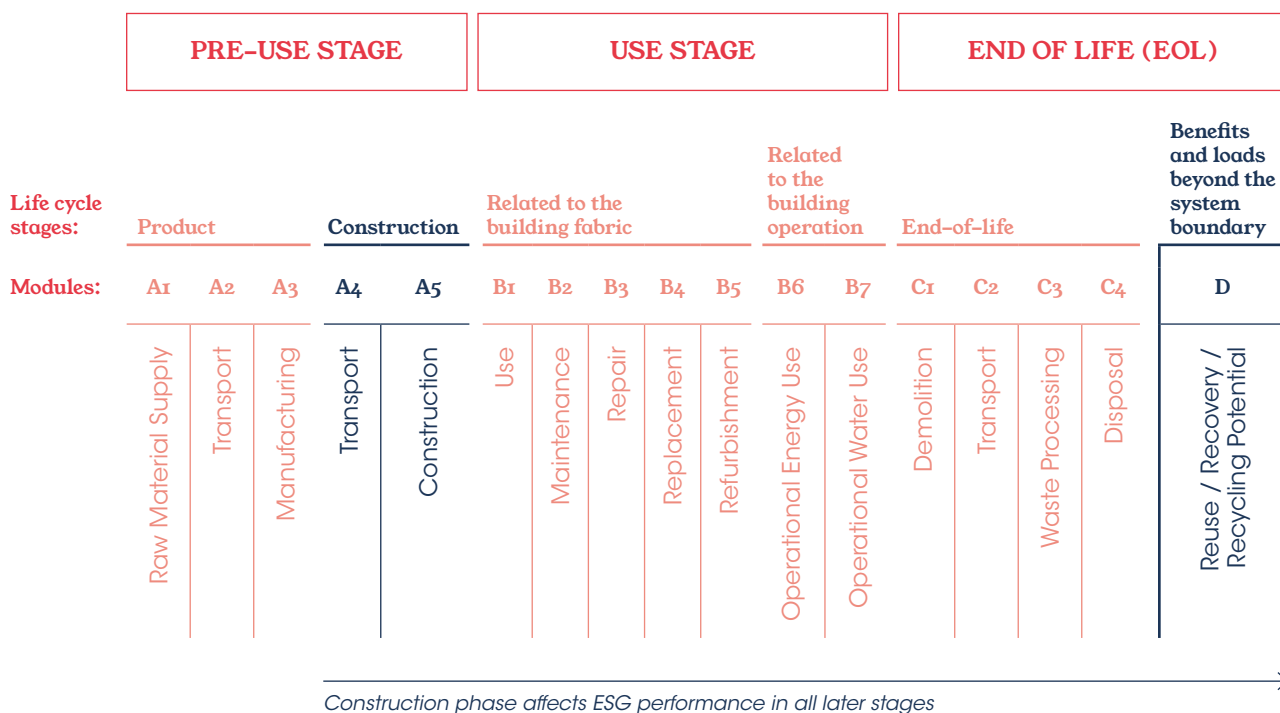


The table below highlights some of our findings:

PART 1	Improvement	Cost Level
63.20%	VERY GOOD	
+4.07%	Create a waste collection area of 10 m ² , divided in 4 streams; can be shared between tenants	Medium/Low
+0.89%	Install water fountains for visitors	Medium
+0.73%	Install water solenoids to stop water flow when building is not in use	Medium
+0.67%	Mount bird boxes and climbing plants	Low
+0.45%	Install bicycle racks for min. 10% of total employees	Low
70.01%	EXCELLENT	
PART 2	Improvement	Cost Level
61.60%	VERY GOOD	
+0.47%	Energy audit of each building	Low
±7.00%	Ecology and Biodiversity Management Plan + implementing measures (green areas)	Medium
+3.30%	Emergency Plan	Free
72.37%	EXCELLENT	

2.3. ESG DURING CONSTRUCTION

At Mitiska REIM, we have made a clear choice for *BREEAM In-Use* to guide our ESG efforts for buildings in operation, as covered in the previous section. Nevertheless, the life cycle of a building starts in the **pre-use design, production and construction stage**, in which (raw) materials are selected, manufactured and transported (production), and the building is ultimately constructed (construction). A great impact can be made with respect to ESG during this pre-use stage of projects.



We are conscious that a significant amount of greenhouse gases (e.g. CO₂) is emitted⁹ during the pre-use stage, which must be limited. On the construction site, aspects such as the management of local fauna and flora, waste management, safety and well-being of the workers, and the durability of materials and equipment are important to consider. We also realise that decisions made during the production and construction phase affect all later life cycle stages of the building, the materials used and their impact on the environment.

We have therefore committed to consider aspects of ESG during this **pre-use stage** on all our projects by 2026, including as a minimum aspects of circularity, health and safety and climate resilience. ESG during the pre-use stage is currently done on a more ad-hoc and need-be basis, which makes it difficult to maximize and measure our impact and report on our efforts. We therefore aim to set up a **Project Sustainable Guideline** (PSG) framework that will guide our decision-making process and actions during the pre-use stage. These ESG-related guidelines can be used not only for our internal decision-making, but also for architects and external contractors by means of a checklist for architects during the design phase and an annex to the contractors' contract. The annex or checklist will consist of a list of ESG engagements to be respected by Mitiska REIM, contractors, architects and other stakeholders. These could include aspects of circularity, waste management, transport, safety and well-being and/or climate resilience. The framework will facilitate reporting on our objectives internally and to external stakeholders and the wider public.

In 2022, we will set up the PSG-Framework by investigating the considerations and requirements of ESG frameworks and

9 During the construction phase a huge carbon spike (emission of greenhouse gases) is generated, taken into account the manufacturing of raw materials, transport and the construction itself.

certifications such as BREEAM in construction¹⁰, together with current market practices and initiatives. Based on this research, a list of possible engagements and takeaways will be drafted and reviewed with architects, contractors and project managers to assess the impact on operational and financial feasibility. The final PSG-Framework will take into account regional or country specifics and will be adapted according to developments in the material production and construction markets.

By 2023-2024, the list of guidelines will be applied to a first selection of pilot construction and refurbishment projects. By 2026, we aim to implement our learnings from the pilot projects and apply the guidelines (including at least circularity, health and safety, and climate resilience) to all construction and refurbishment projects.

¹⁰ The New Construction standards (BREEAM under construction) can be used to assess the design, construction, intended use and futureproofing of new building developments, including the local, natural or manmade environment surrounding the building, construction itself.

3. Portfolio Investments

3.1. NET ZERO CARBON PORTFOLIO

Mitiska REIM's long-term target is to reach "**Net Zero Carbon**" for all our assets under management (see specific scope in paragraph "NZC journey in 2 phases") by 2035 or sooner, in line with global efforts to limit warming to 1.5°C compliant to the *Paris Agreement*. Interim objectives have been defined to form a roadmap leading to achieving this long-term target. These interim objectives will be reviewed every year to make sure that we remain on schedule towards the defined target.

Please note that this section only focuses on the Net Zero Carbon pathway for the real estate portfolios managed by Mitiska REIM. The pathway towards Net Zero Carbon for our own corporate activities is set out in section '1.1. Net Zero Carbon operations'.

The BBP definition recognizes that NZC should be addressed for both operational¹² and embodied¹³ carbon and currently does not include end of life carbon¹⁴, due to a lack of industry consensus as to how it should be accounted for. As industry understanding improves and an agreed strategy is adopted, this position is expected to be reviewed.

Definition of Net Zero Carbon

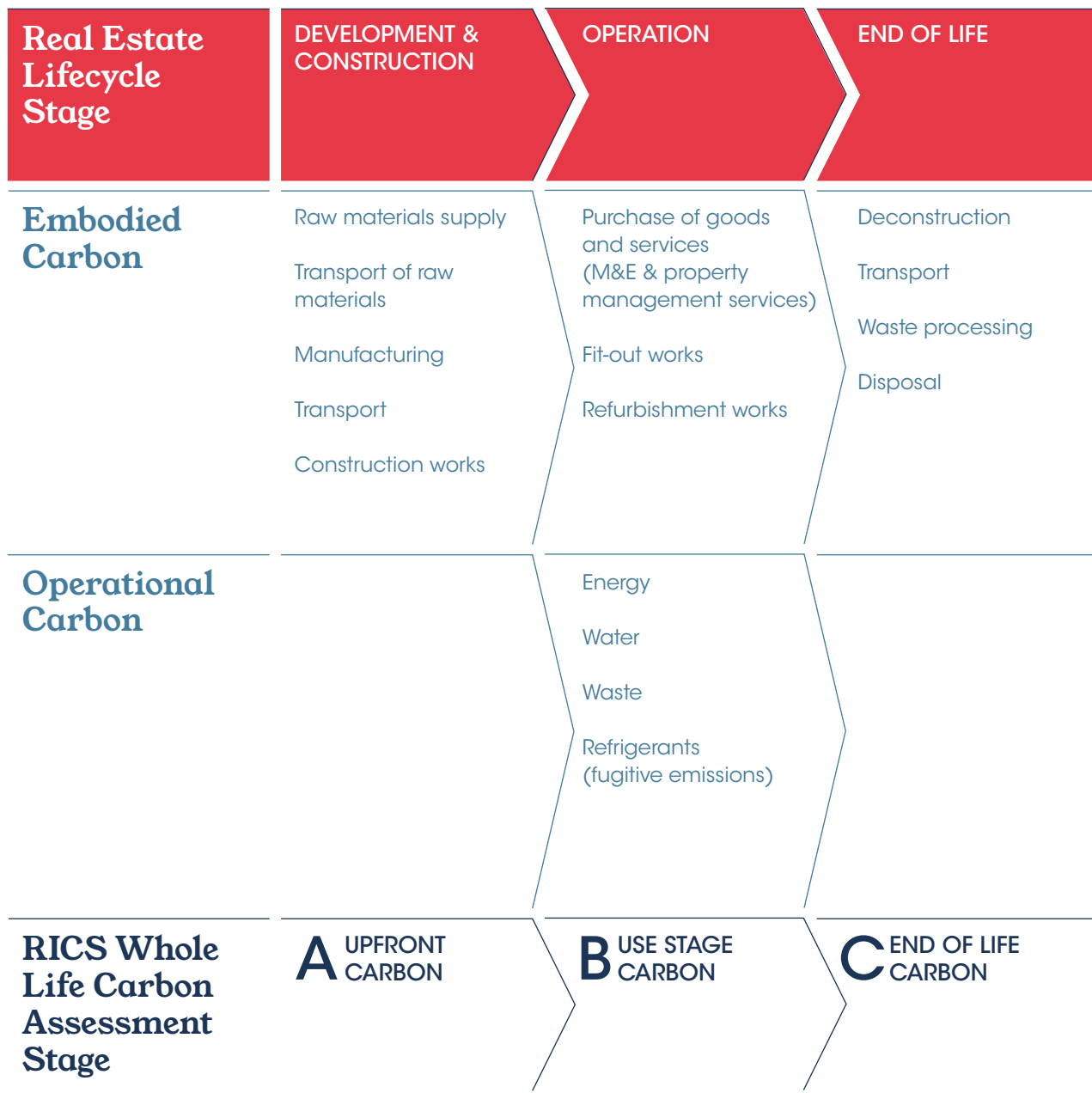
We have adopted the *Better Buildings Partnership (BBP) definition¹¹ of Net Zero Carbon (NZC)*, which states that "in its simplest form, "net zero carbon" is when the carbon emissions emitted as a result of all activities associated with the development, ownership and servicing of a building are zero or negative".

¹¹ For further information, you can visit [BBP Net Zero Carbon Pathway Framework](#).

¹² Operational carbon is defined as the carbon impact of energy used to operate a building. It covers whole building performance and therefore includes landlord procured energy to service and maintain the building together with occupier-controlled activities and services.

¹³ Embodied carbon is defined as the carbon impact concerned in extraction, manufacture, transportation and assembly of the materials and systems that make up a building. Embodied carbon is relevant for new construction and major renovation activities and also for refurbishments and fit-out works.

¹⁴ End-of-life carbon encompasses carbon emissions from demolition (deconstruction) but also from the transport and treatment of old building materials (e.g., waste processing, disposal, etc.)



NZC Journey in 2 Phases

We have set up a pathway delivery strategy that details the proposed plan for the upcoming years until 2035, by which Net Zero Carbon is targeted for **100% of the AUM** (Assets Under Management). This strategy involves the full real estate investment activities, both value-add and development programs, including designing, creating, acquiring and managing high quality and energy efficient buildings operating on renewable energy. By doing so, our own emissions and impact can be reduced, alongside demonstrating the benefits to inspire and influence others to do the same.

As of 31 December 2021, Mitiska REIM has **three funds** under advisory or management (*FRI* – vintage year: 2012, *FRI2* – vintage year: 2016 and *MEREP Light Industrial* – vintage year: 2021). We intend to apply the NZC strategy to the assets under management in the 2021 vintage fund (*MEREP Light Industrial*) and in all future funds being launched thereafter.

For the assets under management in the older vintage year funds (*FRI* & *FRI2*), we intend to apply as much as reasonably possible the NZC pathway ingredients and continue the various sustainability efforts that have been applied in the past. Given the short period to liquidation of these funds, the focus will be put on the disposal phase of the assets by providing, where available and appropriate, at least 12 months of operational energy data to buyers, integrate this data in the CRREM tool and share available information on each asset's NZC roadmap to ensure a smooth transition of energy management responsibilities.

The carbon scope included within our NZC commitment is set out in the below table:

Business Area	Emission Topic	Emission Activity	GHG Scope	Phase 1 Inclusion	Phase 2 Inclusion
Operational Carbon	Energy	Landlord purchased fuels & refrigerants	1	Yes	Yes
		Landlord purchased electricity	2	Yes	Yes
		Tenant purchased fuels & electricity	3	No	Yes
	Water	Landlord purchased water	3	No	Yes
		Tenant purchased water	3	No	Yes
	Waste	Landlord generated waste	3	No	Yes
		Tenant generated waste	3	No	Yes
	Purchase of Goods and Services	Landlord purchased capital goods*	3	No	Yes
Embodied Carbon	Development/Construction	New development/construction activities	3	No	Yes
	Refurbishment	New refurbishment works	3	No	Yes
	Fit-out	Landlord-controlled fit-out	3	No	Yes
		Tenant-controlled fit-out	3	No	Yes
	End of Life**		3	No	No

* This relates to services procured by the landlord to service and maintain the space e.g. property management, service charge recoverable items and minor capex items such as minor replacements.

** End of life carbon has not been included within the scope of our commitment due to lack of industry consensus on how it should be accounted for. As industry understanding improves and an agreed strategy adopted, this position will be reviewed.

The **first phase** of the journey to NZC ends in 2030 and applies to landlord-controlled, operational carbon emissions (Scope 1 and 2) where we have a direct ability to impact energy use and their associated emissions. Scope 1 emissions come from the fossil fuels and fugitive refrigerants purchased and controlled by the landlord. Scope 2 emissions come from the purchased electricity for landlord-controlled areas.

The **second phase** involves a plan to achieve NZC by 2035 for Scope 3 emissions, including tenant-controlled, operational carbon as well as embodied carbon. This phase applies to Scope 3 emissions which include emissions from indirect sources, primarily the energy and resources that tenants use (including the waste produced and water consumed by them) and the embodied carbon from both landlord-controlled (re)development and fit-out works, as well as tenant-controlled fit-outs. The availability and quality of Scope 3 emission data is currently limited. An important component in the roadmap to NZC is to improve the breadth and depth of this data, and to develop more accurate monitoring and reporting. Splitting the efforts in two phases allows a focus first on areas where we have direct control. Experiences in phase 1 will also inform progression in phase 2 and we will be cognisant of our phase 2 objectives throughout.

Five Steps Towards NZC

Various actions will be undertaken in the context of our NZC pathway. These actions also closely touch upon targets from other pillars in Mitiska REIM's ESG framework and targets.

The **first step** in reaching a NZC portfolio is to install a platform and allocate resources to measure and disclose the carbon emissions and energy consumption. We need to know where we currently stand in embodied carbon emissions from recent investments and the operational energy consumption and emissions from selected operational pilot projects, both from the landlord side as well as the tenant side.

In 2021, in the context of data collection and monitoring of operational carbon, in addition to exploring and testing the Carbon Risk Real Estate Monitor (CRREM) tool, we have also started a partnership with Measurabl. This digital platform allows us to capture and analyse operational carbon emissions, energy and other environmental data across real estate assets in the portfolio in a single dashboard. Once we have further advanced with the input of the landlord data in the Measurabl platform, we will expand this to the collection of tenant data on the platform. Throughout 2021, first tests of input of operational consumption data of selected portfolio assets into the CRREM tool have been performed, with a clear goal of further increasing the input of all available data in CRREM going forward. Special attention will be paid to enable the registration of utility data into Measurabl and CRREM in an automated manner, e.g. through the use of smart meters.

With respect to the embodied carbon, we aim to find in 2022 a specialist advisor who will assist in accurately calculating the embodied carbon emissions from some selected recent developments which will serve as pilot projects. From this exercise, we intend to learn how we can assist our tenants in calculating the embodied carbon emissions from their fit-out and to establish a small in-house competence centre which can be offered as a value-add service for tenants.

Minimizing the embodied carbon emissions associated with the development phase will be the **second step** in our process. Upfront embodied carbon emissions related to materials, transport and construction of real estate assets must be mitigated as much as possible. To do this, we will work closely with supply chain partners (architects, advisors and construction companies) to make a more deliberate strategy to reduce the embodied carbon related to development or redevelopment of projects. We are committed to establishing some internal Project Sustainability Guidelines (PSG) to which new investments should adhere, to be in line with our NZC targets (for more information on PSG we refer to the section 2.3. ESG during construction'). These PSG will include requirements such as BREAAAM minimum ratings, smart meters, green leases, EV charging stations, solar panels, etc.

With respect to tenant fit-outs, we will engage with them and assist and motivate them as much as possible towards sustainable fit-outs.

The **third step** is to reduce the energy and carbon emissions from operational assets. Operational assets will be screened prior to acquisition to understand the NZC risk and to calculate a potential required retrofit capex budget to bring the asset below a minimum 15-year CRREM¹⁵ pathway. The aim is to only acquire assets where we have the confidence that they can be decarbonised below a minimum 15-year CRREM pathway over time.

With respect to tenant operational carbon emissions, time and effort will be put into informing, supporting and engaging with tenants to encourage efforts from their side as much as possible to meet their own ESG goals and through green leases for example.

The **fourth step** in our process is to maximize renewable energy generation. Renewable on-site energy generation must be taken into consideration during the design of new buildings and the redevelopment of existing sites. Off-site energy should be produced by high-quality renewable sources and we will work with occupiers to encourage them to also use electricity from renewable sources (only).

The **fifth and last** step in our NZC hierarchy is the offset of residual carbon emissions that have not been removed through reducing utility demand, increasing energy efficiency and the use of renewables. Carbon offsetting will have a role to play in the long-term to support NZC ambitions. However, our intentions are to concentrate our efforts in line with the energy hierarchy. Any offsets used must be verifiable and appropriately accounted and reported.

¹⁵ The Carbon Risk Real Estate Monitor (CRREM) provides the real estate industry with transparent, science-based decarbonization pathways aligned with the Paris Climate Goals of limiting global temperature rise to 2°C, with ambition towards 1.5°C. Source: GRESB (<https://gresb.com>)

Identified Challenges

The transition to a NZC portfolio is one of Mitiska REIM's top priorities but we are also aware that this transition will be associated with uncertainties and potential limitations. Here are some challenges we have identified:

Energy Transition

We must recognize that we ourselves, our joint-venture partners, tenants as well as the entire construction industry are still learning how to integrate the energy transition in our operations, along with the uncertainties that come with it such as the pace of energy transition, government policies, technological developments and changing consumer behaviour.

Collaboration With Joint-Venture Partners

Investments in joint ventures with local operating partners are a key characteristic of our investment strategy. We are dependent on their collaboration and support to succeed in our NZC actions and ambitions and will therefore maintain the importance of sustainability as a key element in the choice of future joint-venture partners.

Collaboration With Tenants

Building and maintaining strong relationships with our tenants has and will always be at the heart of our business. We therefore focus on successful collaboration with the tenants during the planning and execution of our improvement projects. This early and proactive engagement approach doesn't just lead to better tenant relationships, it has also proven to deliver better environmental results as well as increased tenant engagement.

Collecting Reliable and Accurate Data

Although obtaining reliable and accurate consumption data remains challenging, it underpins our drive to become NZC. A strong focus will be on further increasing automation of data collection and integrating data management software systems where possible to speed up data sharing and improve data quality.

Communication and Governance

Transparency and accountability will be key to our NZC journey and we are committed to communicating our progress in a transparent way. The table below illustrates the reporting metrics we propose to use for each aspect of the pathway.

Strategy area

Reporting metrics and methods

Embodied carbon

Carbon intensity (kgCO²/m²)

Operational carbon and energy

Carbon intensity (kgCO²/m²)
Energy intensity (kWh/m²)

Renewable energy

Capacity installed (MW)
Carbon savings (tCO²)

Offsetting

Quantity of offsets (tCO²)
Type of offset project

Governance

Annual progress update

“At Allianz Real Estate we consider it as the highest priority to reduce the carbon footprint of all our assets. Evidence of a strong ESG approach has now moved from a nice-to-have to a must-have for investors and as such, we look to engage with highly committed partners.

We have been impressed by both the plans put in place and the results delivered by Mitiska REIM in the First Retail International 2 Fund.”

— *Vincent Wathelet*
Head of Belgium & Luxembourg, Allianz Real Estate



A concrete case study of our (currently ongoing) development project "Ninouter" in Ninove (Belgium) highlights some new and ongoing initiatives in line with Mitiska REIM's NZC ambitions.

Case Study Ninouter, Belgium

Ninouter is a retail park in the Belgian city of Ninove and comprises 10,282m² GLA (including 300m² on the first floor) spread over 6 units with 310 free parking spaces and 18 covered bicycle stands. Ninouter will be a CO₂-neutral retail park and is scheduled to open in June 2022.





“More than 50% of the electricity need for the Ninouter project will come from the solar panels installed on the roof that generate approximately 1 MWh”

Sustainability Initiatives

GREEN LEASES

- Signed with all tenants

BREEAM “VERY GOOD” (BUILDING AND ASSET)

- Asset part will be available by year-end 2022

ENERGY

- **CO₂ neutral:**
 - No natural gas connection
 - Electricity: combination solar panels and green electricity from the grid
 - HVAC is fully electrically powered
 - No heating oil
- **Solar panels on the entire 10,000 m² roof:**
 - ± 1,2 MWp capacity = equivalent to the electrical requirements of 200 families will generate annual savings of 350 tons of CO₂
 - ± 2.500 panels
- **Smart electricity (sub)meters**
- **LED lighting** on parking and common areas
- **6 electrical car chargers**

WATER

- Rainwater cisterns for every retail unit
- Installation of water-saving toilets, taps and showers, as well as leak detection and prevention systems
- Permeable paving
- Buffer basin collecting excess rainwater

CONSTRUCTION, ACCESSIBILITY

- 80 bicycle stands
- Multimodal accessibility: car, bike, bus
- Creation of 107 jobs
- Safe and traffic-friendly turning point for cars to enter the site
- Easy bicycle connection with the city centre
- Bus stop nearby



3.2. GRESB

GRESB (**Global Real Estate Sustainability Benchmark**) is an independent real estate benchmark that assesses the sustainability performance of real estate companies in terms of environmental, social and governance (ESG) aspects every year, based on international reporting frameworks and guidelines.

We participated for the first time in GRESB with our *FRI* fund in 2020 to get a better understanding of the sustainability requirements of the industry and investors for real estate companies. This has led to active engagement of the entire team, the elaboration of the ESG Framework, while accelerating our efforts on BREEAM certification and ESG data collection, and analysis in close collaboration with all major stakeholders.

As a result, we have the ambition to again participate in the GRESB assessment in the coming years, and feel confident at setting our targets on obtaining 2 stars in 2022 and 3 stars (with a minimum score of 60) in 2024.

3.3. GREEN FINANCING FRAMEWORK

"*Green financing*" is a term used for **any form of lending that takes into account environmental, social and governance (ESG) aspects** when making the lending decisions. This creates benefits for both the clients and the society at large.

Mitiska REIM aims to establish a green financing framework by 2026 for our real estate financing activities. Green financing is not only important to maintain access to attractive senior funding, but is also

a crucial and indispensable next step in the transition towards a greener economy.

Based on the principles included in established frameworks¹⁶, we have started discussions with the sustainability experts of two major Belgian banks to exchange ideas on the application of these principles in financings.

This has resulted so far in two realizations: firstly, for *MEREP Light Industrial*, an equity bridge facility has been implemented as a **green loan**. Thereby, the utilization is subject to certain sustainability criteria and pricing is determined as a function of overall sustainability results, as measured by the BREEAM scores. Secondly, for the project **Malinas**, the post-construction refinancing will be considered as a green loan, subject to reaching a BREEAM In-Use "Excellent" score.

The topic will be further investigated to explore the possibilities to establish a formal Green Financing Framework (including external certification) in 2026 (or before) that could be used to raise green loans or bonds for our activities and real estate investments.

In 2022, internal sessions will be organized in order to create awareness on this topic and to ensure that all investment teams in the 10 countries we operate in, **include green financing possibilities** in their discussions with lenders. Also during 2022, we aim to include this topic in discussions with lenders with the aim of achieving one additional financing that includes green financing principles.

“We are delighted to partner with Mitiska REIM and support them to incorporate sustainability features into their long-term bank financing.

Mitiska REIM is a great example of a company that has a strong commitment to ESG and sustainability and can now successfully leverage this in the green loans market.”

— *Kim Creten*
Head of KBC Real Estate



¹⁶ Frameworks we refer to are the Green Loan Principles and the Green Bond Principles. Individual financings are often too small to set up a formal green financing framework that is fully compliant with the Green Loan Principles as established by the Loan Market Association (LMA) for bilateral or syndicated loans or the Green Bond Principles as established by the International Capital Market Association (ICMA) for public bond issues.

Case Study Malinas, Belgium

During the development of the 27.500 m² GLA Malinas retail park in Mechelen we worked closely together with architects, engineers, tenants and local authorities to develop a project with a strong focus on sustainability. We created a unique electricity network connecting solar panels to tenants, common areas, electric car chargers and a smart battery.









- I**
 - Transplanted trees
 - Green facade (eco wall)
- 2**
 - Buffering and reuse of rainwater
 - Permeable paving
- 3**
 - Heating / cooling: CO₂ neutral (no gas), but powered by green energy
 - Sustainable technical installations tenants (green lease)
- 4**
 - 6.300 solar panels
 - 15.000 m² of green roof
- 5**
 - LED lighting
- 6**
 - Transplanted reed bed of 1,2 ha
 - Indigenous choice of plants, insect hotel and nest boxes to stimulate biodiversity
- 7**
 - Smart battery for solar energy storage
- 8**
 - 18 electric car chargers
 - 350 underground car parking places
- 9**
 - Double bicycle connection with the city centre
 - Separated cycle path and 400 covered bicycle stands with charging points
- 10**
 - creation of 254 jobs
- 11**
 - new bus stop and conflict-free path to access the retail park
- 12**
 - CO₂-neutral retail park in operation

Outlook 2022

As mentioned in the previous sections, we are committed to taking concrete actions in 2022 to reach our long-term targets. By following this plan, we are confident that we'll be able to achieve our sustainability ambitions and create long-term value. Here is a summary of our activities and goals:

Pillar	Topics	Long-term Target	Short Term Ambitions for 2022
Own operations	NZC Operations	By 2026, being NZC for our own operations	Create a roadmap towards NZC for own activities in 2022 (by starting to map our emissions sources)
	Employee Satisfaction	By 2026, keeping a high team satisfaction of 80%	<ul style="list-style-type: none"> • Encourage colleagues to attend at least 2 training courses per year from 2022 onwards • Organise a yearly team event & focus on organising smaller periodic events • Execute annual employee satisfaction survey in 2022
	AIFM License	By 2026, being fully operational under an AIFM license and related policies and managing multiple funds accordingly	<ul style="list-style-type: none"> • Obtain AIFM license in the course of 2022 • Train every person within the organisation to ensure everybody is well aware of the implications of the license
Investment process	ESG During Acquisition	As from 2022, make sure ESG criteria are applied consistently in every acquisition process	As from 2022, set up of a ESG due diligence checklist to ensure ESG criteria are applied in a consistent way in every acquisition process
	BREEAM	By 2026, all our assets to have at least a BREEAM In Use score "Very good" at completion of the value-add/development program	Increase the operational BREEAM certified GLA of AUM to 85% by the end of 2022
	ESG During Construction	By 2026, all our projects to apply ESG considerations during the construction/refurbishment phase (incl. at least circularity, health and safety & climate resilience)	<ul style="list-style-type: none"> • In 2022, set up a 'project sustainable guidelines framework' that will guide decision-making process and actions during the pre-use stage • Apply list of guidelines to the first development and refurbishment projects as of 2023-2024
Portfolio investments	NZC Portfolio	By 2035, reach NZC of our assets under management	Start with NZC pathway as outlined in 5 steps
	GRESB	By 2024, have a minimum score of 60 on GRESB	<ul style="list-style-type: none"> • Continue participating in GRESB in the coming years • Obtaining 2 stars in 2022
	Green Financing Framework	By 2026, implement a green financing framework	Include green financing possibilities in 5 discussions with lenders with the aim to achieve one additional financing that includes green financing principles

Environmental Performance Disclosure

Tenant areas for Romania

1. Introduction

In line with our ambitions in the field of data coverage and monitoring of energy consumption, we focused in 2021 on collecting data about the energy, waste and water consumption of the tenants in our Romanian portfolio. This was a first step in the data gathering exercise on tenant level, which we want to significantly increase in the next year(s).

As Romania was the country where most of the assets already collected energy and water data on a regular basis and on tenant level, the assets in this country served as a pilot project. In order to assist the data collection process, and to allow for the subsequent analysis of all collected data, we chose Measurabl as a partner and software provider.

With the help of the property manager, utility data of all 24 assets in the Romanian portfolio (117.016 m² GLA) was registered. The same processes were set up in Portugal and Poland in order to also collect data on tenant level in these markets. By 2024, data collection will become a standard for all the assets managed by Mitiska REIM, pursuing a data coverage of 100%.

2. Data

Performance Measure		Unit(s) of Measure	Consumption	Total Floor Area (m ²)	Coverage ratio (%)
Fuel consumption		kWh	862.598	94.735	81%
District Heating & Cooling		kWh	-	-	-
Electricity consumption		kWh	13.135.065	107.769	92%
Energy intensity		kWh / m ² / year	122	107.769	92%
Renewable energy		kWh	-	-	-
GHG emissions	Scope 3	Tonnes CO ₂ e	410.475	107.769	87%
GHG intensity	Scope 3	g CO ₂ e / kWh	198 (gas), 299,5 (electricity)	107.769	87%
Water	Intake	m ³	36.604	117.016	100%
Waste	Hazardous waste	Tonnes	-	-	-
	Non-hazardous waste		-	-	-

GLA tenant areas Romania

FRI	FRI ²
34.413,26	82.602,71

3. Notes

- The coverage ratio shows the percentage of assets where data is collected in Romania, whereby 100% means all 24 (income producing) Romanian assets.
- Only 5 out of the 24 Romanian retail parks use fossil fuel, representing 35% of the GLA (Pipera Plaza, Targu Mures, Bistrita, Odorhei and Buzau – representing a GLA of 40.607m² out of 117.016m²). Two of these five assets report on their gas consumption and the other 3 do not. Hence, 81% of the gas consumption of the Romanian assets is covered.
- For all retail parks in Romania, data concerning the electricity consumption is collected from the tenants except for the assets in Ploiesti, Arad and Odorhei. This results in a coverage ratio of electricity data on tenant level of 92%.
- No renewable energy is produced on site (yet), but new electricity contracts were negotiated in order to guarantee 100% use of green energy from 2022 onwards, resulting in zero emissions from the electricity consumption.

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- The GHG emissions are the result of the consumption of gas and electricity in 2021. As mentioned above, the implementation of the green contracts enables us to reduce the total GHG emissions of the tenants in 2022. In addition, we will also focus on reducing the use of gas in the retail parks. Both improvements, resulting in a reduction of the GHG emissions will be extended to the assets in the other countries. This is in line with the goal of Mitiska REIM to reach NZC of our assets under management by 2035.
 - No waste data are available for 2021. Collecting these data will require additional efforts from both the tenants and the landlord

INREV reference index

This report covers the calendar year 2021 and represents the first Sustainability Report by Mitiska REIM. The report has been prepared in accordance with the INREV Sustainability Reporting Guidelines and contains long-term targets together with annual objectives for each identified topic from the ESG framework. As this report represents the first disclosure, no monitoring of progress is possible compared to last year's ambitions and targets, but this will be available in next year's report.

INREV sustainability reporting requirements

Reference ESG report 2021

1. Vehicle long term strategy

ESG – LTS 1.1.	Describe the overall strategy to setting a long term ESG strategy for the vehicle. Make reference to the overall governance strategy, which is covered in the INREV Governance Guidelines.	<ul style="list-style-type: none"> • ESG strategy & governance, p.16-21
ESG – LTS 1.2.	Detail the vehicle's strategy for ensuring compliance for current legislation relating to ESG issues in place.	<ul style="list-style-type: none"> • About this report (compliance with laws), p.15

2. Annual objectives

ESG – ANN 1.1.	<p>Based on the above, describe vehicle strategy, set out the annual objectives and associated targets for the coming 12 month reporting period on the following aspects:</p> <p>Asset management ESG initiatives: describe the targets that should be reached within the next 12 months with the individual asset sustainability plans, set out the impact on portfolio level</p> <p>New build and/or refurbishment ESG initiatives</p> <p>ESG initiatives for acquisitions</p> <p>Initiatives to reduce and/or measure energy, GHG emission, water & waste management.</p> <p>Green building certificates and energy ratings: Describe the vehicle's strategy regarding green building certificates and energy ratings. Detail the current state, the certification scheme(s) and the percentage of the portfolio certified. Set out related ambitions.</p>	<ul style="list-style-type: none"> • ESG strategy & governance, p.16-21 • Ambitions & Performance 2021, p.22-63 • Outlook 2022, p.64-65 • Note that sustainability plans are disclosed on funds level • Ambitions & Performance 2021 (Investing in value-add & development projects), p.22-63 • Ambitions & Performance 2021 (Managing the assets owned by the funds we advise or manage), p.22-63 • Outlook 2022, p.64-65 • Ambitions & Performance 2021 (BREEAM), p.33-35 • Ambitions & Performance 2021 (ESG during construction), p.40-48 • Outlook 2022, p.64-65 • Ambitions & Performance 2021 (ESG during acquisition), p.31-32 • Outlook 2022, p.64-65 • Ambitions & performance 2021 (Net Zero Carbon operations), p.22-25 • Ambitions & Performance 2021 (ESG during construction), p.40-42 • Ambitions & performance 2021 (Net Zero Carbon portfolio), p.43-57 • Ambitions & performance 2021 (BREEAM), p.33-35
ESG – ANN 1.2.	Detail objectives for the next 12 month reporting period for ensuring compliance with current legislation in relation to ESG and about preparations for any future legislation that may be undertaken in this period.	<ul style="list-style-type: none"> • About this report (compliance with laws), p.15

INREV sustainability reporting requirements

Reference ESG report 2021

3. Annual Portfolio Information

ESG – POR 1.1.	Report against annual objectives and associated targets set for the vehicle as set out in 2.1.	Considering that Mitiska REIM’s ESG Framework and targets were established in 2021, the first specific “next 12 months’ objectives” were set out for 2022 and are included in this report. Therefore, there is no monitoring of progress possible compared to last year’s ambitions and targets. This will however be the case in following reports
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ESG – POR 1.2.	Report against compliance with current legislation requirements and objectives and associated targets for preparations for upcoming legislation.	<ul style="list-style-type: none"> • About this report (compliance with laws), p.15
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4. Environmental data

ESG – ENV 1.1.	<p>Disclose absolute and like-for-like environmental data for the proportion of the vehicle’s portfolio that is in the fund manager’s operational control. This should cover:</p> <p>Energy</p> <p>GHG Emissions</p> <p>Water</p> <p>Waste</p>	<ul style="list-style-type: none"> • Environmental performance disclosure, p.66-69
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