



UBM Development AG
April 2023

Green Finance Framework



Timber Factory, Munich.
Munich's first timber commercial campus.
A shared forum for managers, artists and artisans.



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UBM'S SUSTAINABILITY STRATEGY

- 7. Out
- 6. Use
- 5. Mix
- 4. Tec
- 3. Tea
- 1. Coff
- 0. Lob

Timber Pioneer, Frankfurt.

Frankfurt's first ever timber hybrid office building.
15,000 square metres of rentable space in
the booming Europaviertel.

1.1. Introduction

green. smart. and more. That summarises the strategy of UBM Development AG ("UBM" or "UBM Group") in four words. Explained in brief. Because anyone who plans for the future must develop buildings that are sustainable, intelligent and aesthetically appealing, where people feel well.

We develop properties for Europe's major cities. In line with our core strategy, the focus is on green building and smart office in metropolises like Vienna, Munich, Frankfurt and Prague. With 150 years of experience, UBM provides a full range of development services - from planning to marketing - from a single source.

UBM aims to become one of the leading timber construction developers in Europe. Our actions today are already focused on smart, low-barrier or barrier-free, flexible living and working to also meet the needs of tomorrow's users. As a real estate developer, we can give the office new meaning as a communication and collaboration platform - the physical workplace then becomes a place for community and corporate culture. As an employer, we also take advantage of these opportunities - for example, by benefitting from the additional innovation potential created by a diverse workforce.

The Covid-19 pandemic has significantly increased the pace of change in this area. Ecological and social sustainability are now the determining factors for our actions. UBM has been a member of the UN Global Compact since 2021, is committed to compliance with the UN Sustainable Development Goals and is an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD).

UBM has anchored the relevance of ESG in its corporate strategy through the focus on *green. smart. and more.* and is introducing specific accompanying measures. The efficient use of resources is an integral part of ongoing operations, as are social issues and adherence to compliance rules. UBM's flagship projects, green building certifications and the activities evolving from the *green. smart. and more.* strategy reflect the requirements of the EU and create new opportunities for UBM.

green. stands for measures in support of greening, meaning the redirection of the economy in line with the environment. Our primary focus is on timber construction as well as renewable energies and green building certification.

smart. expresses our commitment to intelligent buildings. With the use of sensors and automation, buildings can be adapted to meet the needs of users and, at the same time, operations can be made more efficient.

and more. means we tell stories with our buildings. This involves aesthetics, well-being and customer experience - a "more" that is perceptible all over.

Our sustainability activities are based on the applicable rules and regulations in the countries where we are active. For example: government programmes in the countries relevant for UBM cover issues like the expansion of renewable energy, efficient energy consumption, subsidy programmes for environmentally friendly behaviour and the strengthening of fundamental and human rights, especially in the supply chain. An additional framework is provided by national and supranational norms and standards, including the UN Global Compact, Sustainable Development Goals (SDGs), the EU Green Deal and the EU Taxonomy. We have implemented - and regularly evaluate and improve - the necessary processes to realise our ESG goals and related measures.

UBM Development AG is listed in the prime market segment of the Vienna Stock Exchange and, as a result, meets the highest transparency standards. That not only means financial transparency but also includes the disclosure of all other aspects of our business model.

Leading worldwide ESG rating agencies have confirmed UBM's strong position on sustainability. Additional information can be found in section 1.2.

1.2. Ratings

CDP¹: B for UBM Development

The first rating by the non-profit organization CDP for UBM resulted in a B rating as a reflection of its commitment to the fight against climate change. UBM voluntarily took part in CDP's climate protection data reporting in 2022 and transparently informed its stakeholders of its climate protection strategy and measures to reduce CO₂ emissions.

Rating date: 13 December 2022



EcoVadis³: Platinum for UBM Development

Following gold in the initial assessment last year, UBM Development has now been awarded platinum by EcoVadis, the highest rating awarded by EcoVadis. This puts UBM in the top one percent of all 100,000 companies assessed by EcoVadis worldwide.

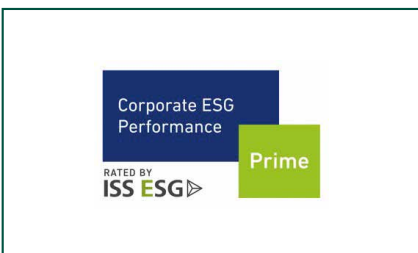
Rating date: 17 October 2022



ISS ESG²: Prime Status for UBM Development

ISS ESG awarded UBM "Prime Status" (level "B-") which makes UBM the most sustainable company in its sector in Germany and Austria.

Rating date: 20 May 2022



Member of VÖNIX Index⁴

In 2022, UBM Development became a new member of the Austrian Sustainability Index (VÖNIX) for the years 2022/23.

Listing date: 20 June 2022



¹ CDP is considered the worldwide gold standard of environmental reporting with the most comprehensive dataset on the environmental impact, risks and opportunities of corporate and city action.

² The ESG rating by ISS ESG covers companies' ecological and social performance based on a corporate rating scheme with over 100 selected sector-specific ecological, social and corporate governance criteria.

³ The evaluation for the EcoVadis rating is based on 21 criteria from the four most important sustainability aspects: environment, labour and human rights, ethics and sustainable procurement. UBM's performance exceeded the sector average in all four categories.

⁴ This sustainability benchmark includes those Austrian companies listed on the Vienna Stock Exchange that are leaders in terms of ecological and social activities and performance.

1.3. Our contribution to the Sustainable Development Goals

UBM Development AG is committed to the United Nations Sustainable Development Goals (SDGs), which were adopted by all UN members in 2015 as the 2030 Agenda for Sustainable Development. Governments as well as companies are called upon to make a contribution to reaching these goals.

In connection with a materiality analysis and a risk and impact assessment, UBM dealt with the SDGs and the related sub-goals in detail and identified the goals where the company can make a direct contribution to the Agenda 2030.



Affordable and clean energy - Ensure access to affordable, reliable, sustainable and modern energy for all.
Focus: Goals 7.2 and 7.3



Climate Action - Take urgent action to combat climate change and its impacts.
Focus: Goals 13.1 and 13.2



Decent work and economic growth - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
Focus: Goals 8.4 and 8.8



Life on land - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
Focus: Goal 15.5



Industry, innovation and infrastructure - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
Focus: Goal 9.1



Peace, justice and strong institutions - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
Focus: Goal 16.7



Sustainable cities and communities - Make cities and human settlements inclusive, safe, resilient and sustainable.
Focus: Goals 11.1 and 11.3



GREEN FINANCE FRAMEWORK

Timber Peak, Mainz.
Mainz's first timber hybrid high-rise.
Modern, prizewinning architecture in a
prime waterside location.

Green Finance Framework

In line with UBM Group's commitment to integrate sustainability in its corporate strategy, we have established this Green Finance Framework which enables us to focus even more on projects with a positive environmental impact. When issuing Green Finance Instruments, this Green Finance Framework will apply.

This Green Finance Framework ("Framework") has been developed in alignment with the ICMA Green Bond Principles 2021 ("GBP")⁵ and the LMA Green Loan Principles 2023 ("GLP")⁶. These voluntary process guidelines are developed in multi-stakeholder processes involving issuers, investors, financial institutions and NGOs, with a view to promoting the development and integrity of Green Finance Instruments.

The Framework is applicable for issuance of Green Finance Instruments including Green Bonds, Green Loans and Green Schuldscheindarlehen where net proceeds will be exclusively applied to finance and/or refinance green projects with clear environmental benefits.

UBM's Green Finance Framework is aligned with the four recommended components of the GBP and the GLP:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds and
- Reporting

As the green finance market continues to evolve, the Framework may be subsequently revised or updated to remain consistent with shifting market expectations, best market practices and the regulatory landscape.

Furthermore, the Framework is reviewed by an external impartial firm, ISS ESG, that has provided the Second Party Opinion to confirm the alignment of UBM's Green Finance Framework with the GBPs and GLPs. The Framework together with the second party opinion is available on UBM Group's website⁷.

⁵ ICMA Green Bond Principles June 2021 (with June 2022 Appendix1) <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

⁶ LMA Green Loan Principles February 2023 <https://www.lsta.org/content/green-loan-principles/>




⁷ <https://www.ubm-development.com/esg/>

2.1. Use of Proceeds

An amount equivalent to the net proceeds raised by the issuance of Green Finance Instruments will be used to finance and/or refinance, in whole or in part, new or existing eligible projects providing distinct environmental benefits ("Eligible Green Projects") from any of the Eligible Green

Project Categories as defined below, together forming the "Eligible Green Project Portfolio". UBM will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Green Projects.

Eligible Green Project Categories relevant for use under the Framework include:

Eligible Green Project Category	Eligibility Criteria	Contribution to UN SDG
<p>Green Buildings</p>	<p>(i) All existing as well as newly acquired, newly developed or refurbished commercial and residential buildings (also "buildings") that</p> <ul style="list-style-type: none"> - have achieved or are in the process of achieving (at least applied or pre-certified⁸) an environmental certification such as: <ul style="list-style-type: none"> ■ BREEAM Very good or above ■ BREEAM In-Use Very good or above ■ LEED Gold or above ■ DGNB/ÖGNI Gold or above - OR buildings where the Primary Energy Demand (PED based on the energy performance certificate) is at least 10% lower than the local Nearly Zero Energy Buildings (NZEB⁹) <p>(ii) Renovation of buildings that achieve at least 30% improvement in Primary Energy Demand (PED) compared to a baseline before the renovation</p> <p>Buildings that are used for the purpose of industrial fossil fuel extraction or manufacturing of fossil fuel products are explicitly excluded.</p>	<div data-bbox="1129 824 1241 936" style="text-align: center;">  </div> <p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p> <div data-bbox="1129 1137 1241 1249" style="text-align: center;">  </div> <p>13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries</p>
<p>Renewable Energy</p>	<p>Onsite renewable energy including:</p> <ul style="list-style-type: none"> ■ Solar energy: Installation of photovoltaic solar panels ■ Air to air or air to water heat pump systems using renewable energy ■ Geothermal energy installations ■ Dedicated support infrastructure for renewable energy sources across building management systems (e.g., inverter, overvoltage protection, feed-in meter, electricity storage, wiring etc.) 	<div data-bbox="1129 1424 1241 1536" style="text-align: center;">  </div> <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p>

⁸ If the final environmental certificate no longer meets the minimum levels described, the project will be removed from the portfolio of Eligible Green Projects.

⁹ We obtain a green building certificate for all of our new projects starting after 2022. Within the scope of green building certifications, UBM conducts e.g., blower-door tests and life cycle assessments.

2.2. Process for Project Evaluation and Selection

The evaluation and selection process for Eligible Green Projects is a key process in ensuring that the amount equivalent to the net proceeds from Green Finance Instruments is allocated to projects that meet the criteria and objectives set out above in the Use of Proceeds section.

A cross-functional Green Finance Committee (“GFC”) has been established by UBM bringing together the expertise from various business activities. The GFC is composed of the Chief Financial Officer, Head of Treasury, Head of Investor Relations & ESG, Head of Green Building and Head of Controlling.

Only projects which are approved by all members of the GFC can be selected as Eligible Green Projects. A list of Eligible Green Projects is kept by UBM’s Investor Relations & ESG department who is ultimately responsible for keeping the list up to date and ensuring that proceeds are sufficiently allocated to Eligible Green Projects on a regular basis until full allocation.

The Green Finance Committee will be responsible for:

- Ensuring the proposed allocations are aligned with the relevant general company policies and company’s ESG strategy
 - Ensuring the potential Eligible Green Projects are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section above, and approving any proposed changes to the Portfolio of Eligible Green Projects in the event that the projects no longer meet the eligibility criteria
 - Approving the annual Allocation and Impact Report
- The GFC meets at least on an annual basis and until full allocation.

UBM selected eligible Green Project categories that are in line with UBM Group’s *green. smart. and more.* sustainability strategy which is an integral part of its DNA. The focus on green buildings and use of renewable energy contributes to *green.*, while energy efficiency projects relate specifically to *smart.*

Exclusions

UBM Group commits to use the proceeds of the Green Finance Instruments only for Eligible Green Projects described in the Use of Proceeds section above and explicitly excludes financing of fossil fuel generation, nuclear energy generation, the weapons and defense industries or gambling.

ESG Risks

UBM has conducted an ESG risk analysis¹⁰ and has identified the important environmental, social and governance risks related to the company and its operations.

UBM’s main goal is to reduce its ESG risks by constantly working on risk mitigation measures. ESG risks like negative environmental impact based on energy consumption, biodiversity, recyclability and durability of building materials and occupational health and safety of employees, among others, are part of the risk assessment policy and UBM has introduced respective measures to minimize and mitigate them. Strategic focus on timber construction, emphasis on renewable energies, green building certifications and the integrated management system for occupational health and safety protection to ensure a safe and healthy working environment are examples for the measures set by UBM. A list of identified ESG risks together with measures taken can be found in our latest ESG report on UBM’s website. If a meaningful environmental and or social risk is identified, the Green Finance Committee provides a mitigation proposal during the project evaluation and selection process. Furthermore, the compliance management system implemented by UBM is intended to minimise the risk of a potential violation of legal regulations and ensure adherence to all framework conditions.

UBM is subject to its Code of Ethics which underlines UBM’s determination as a company to conduct its business based on ecologically, socially and ethically fair business practices. It describes high standards of sustainability requirements including human rights and working conditions which should apply to the entire Group as well as equally to its business partners and the business partners of its Group companies. The values and principles contained in the Code of Ethics are based on national and international laws and regulations as well as conventions such as the Universal Declaration of Human Rights, the European Convention on Human Rights, the United Nations Guiding Principles (in particular the Guiding Principles on Business and Human Rights), the OECD Guidelines for Multinational Enterprises and international labour standards of the International Labour Organisation (in particular the ILO Fundamental Principles) and are reflected in the guidelines and instructions of UBM’s corporate companies and divisions.

¹⁰ UBM ESG Report 2021 <https://www.ubm-development.com/esg/>



2.3. Management of Proceeds

The net proceeds of the Green Finance Instruments issued under this Framework will be managed by UBM's Treasury department on a portfolio basis.

An amount equal to the net proceeds of the Green Finance Instruments will be allocated to Eligible Green Projects which meet the eligibility criteria and align with the Evaluation and Selection process presented above.

All green bonds issued by UBM Group will be managed on a portfolio level. UBM will strive, over time, to achieve a level of allocation out of the Eligible Green Project Portfolio which matches or exceeds the balance of proceeds from its outstanding Green Finance Instruments. If a specific project is divested, discontinued or does no longer meet the definition of Eligible Green Projects as described in the Use of Proceeds section, it will be removed from the portfolio of Eligible Green Projects. In such a scenario, in the Use of

Proceeds section, it will be removed from the portfolio of Eligible Green Projects. In such a scenario, UBM will strive to replace the asset with another Eligible Project as soon as reasonably practicable.

UBM commits, on a best effort basis, to reach full allocation within 36 months following each issuance.

Pending allocation to the Eligible Green Projects, net proceeds from Green Financing Instruments may be temporarily invested or otherwise maintained in cash and cash equivalents, in line with UBM's regular cash management policy.



2.4. Reporting

UBM intends to produce and keep readily available an annual reporting on the allocation and impact of the portfolio of Eligible Green Projects after a year from the issuance of the Green Finance Instruments¹¹, to be renewed annually until full allocation or in case of material change. This report will be publicly available on UBM's website.

UBM intends to report on an aggregated basis for all the Green Finance Instruments outstanding.

Allocation Report

The allocation report will provide indicators such as:

- Total amount of Green Financing Instruments outstanding
- The amount of proceeds allocated to Eligible Green Project Categories
- The geographic distribution of Eligible Green Projects
- The balance of unallocated proceeds (if any)
- The amount or the percentage of new financing and refinancing
- Examples of Eligible Green Projects (project name and location, as long as not of sensitive nature)

Impact Report

Where feasible, and on a best effort's basis, UBM will provide an impact report in accordance with the approach outlined under the Handbook for "Harmonized Framework for Impact Reporting"¹², which may include below criteria indicating environmental impact of the Eligible Green Projects:

Eligible Category

Green Buildings

Potential Impact Indicators

- Type of certification and degree of certification for buildings (e.g. DGNB Gold)
- One or several of the following key performance indicators:
 - Estimated annual GHG emission avoided (tCO₂e)
 - Estimated annual energy savings (in kWh)

Renewable Energy

- Expected annual renewable energy generation (MWh)
- Installed renewable energy capacity (MW)
- Estimated annual GHG emissions avoided (tCO₂e)

Where impact data is reported, details of the methodology applied in compiling the data will also be provided.

¹¹ The allocation and impact reporting as well as the external post-issuance audit of the allocation report is limited to green bonds only. For other green finance instruments (loans and Schuldscheindarlehen) UBM will have separate agreements with the relevant parties.

¹² Harmonized Framework for Impact Reporting, June 2022, ICMA <https://www.icmagroup.org/sustainable-finance/impact-reporting/green-projects/>



2.5. External Review

Second Party Opinion (pre-issuance)

UBM has engaged ISS ESG to provide a Second Party Opinion (SPO) on its Green Finance Framework. ISS ESG reviewed the alignment of the Framework with ICMA's 2021 Green Bond Principles and LMA's 2023 Green Loan Principles. The Second Party Opinion and the Green Finance Framework will be publicly available on UBM's website.

Audit of the Allocation Report (post-issuance)

UBM will appoint an external auditor to provide a post-issuance review addressing the allocation of the Green Finance Instruments' proceeds to Eligible Green Projects on an annual basis until full allocation. Such verification report will be published on our website.

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