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SFDR Article 10 Website Disclosure: ZAGA German Real Asset Opportunities II Fund SCA SICAV-RAIF

a) Summary (Article 25)

ZAGA German Real Asset Opportunities II Fund SCA SICAV-RAIF (the "Fund") is classified as an Article 8 financial product under Regulation (EU) 2019/2088 (SFDR). This means the Fund promotes environmental characteristics – specifically energy efficiency in German residential real estate – but does not have sustainable investment as its objective. The Fund's environmental focus is to improve the energy performance of its portfolio of residential properties in Germany. In particular, the Fund's objective is to achieve over 90% of the portfolio with Energy Performance Certificate (EPC) ratings of A to C within 24 months of the Fund's inception, and to maintain a high level of energy performance thereafter. This target reflects the Fund's commitment to high energy efficiency standards (A, B, or C ratings) in the buildings it owns, thereby contributing to reduced energy consumption and lower greenhouse gas emissions in the real estate sector.

To attain these characteristics, the Fund invests primarily in German residential properties that already demonstrate strong energy efficiency or have the potential for improvements. The investment strategy integrates this environmental criterion as a binding element in property selection and management. The Fund's due diligence and monitoring processes are aligned with this goal. These include regular tracking of EPC ratings for each property and implementation of upgrades or improvements where necessary. The Fund has put robust procedures in place to either avoid acquiring properties with poor energy efficiency or to upgrade them within a set timeframe so they meet the Fund's targets.

The Fund does not intend to make "sustainable investments" (as defined in SFDR) and currently does not align with external sustainability frameworks such as the EU Taxonomy or GRESB. Consequently, no portion of the portfolio is committed as Taxonomy-aligned at this time. The Fund's performance on sustainability characteristics is measured against its own internal benchmarks (like the EPC rating target) rather than external scoring systems. The Fund also has not designated a reference benchmark for the environmental characteristics it promotes. Instead, success is measured by progress toward the Fund's energy efficiency objectives and associated sustainability indicators. All the information below is provided in accordance with Article 10(1) of SFDR and Articles 25-36 of Commission Delegated Regulation (EU) 2022/1288, detailing how the Fund's environmental characteristics are promoted and monitored across its strategy and operations.

b) No sustainable investment objective (Article 26)

This financial product promotes environmental characteristics, but does not have sustainable investment as its objective. The Fund does not pursue any specific sustainable investment goal within the meaning of SFDR, and it does not commit to invest in "sustainable investments" as defined in Article 2(17) of SFDR. While the Fund's strategy seeks to improve the environmental performance (energy efficiency) of its assets, these efforts are undertaken without claiming an overall sustainable investment objective. The Fund ensures that the promoted environmental characteristics are achieved in a responsible manner, but any positive sustainability outcomes are ancillary to its primary investment objective and not a dedicated sustainable objective of the Fund.

c) Environmental or social characteristics of the financial product (Article 27)

The environmental characteristic promoted by the Fund is the energy efficiency of German residential real estate assets in its portfolio. In practice, this means the Fund focuses on owning and managing residential properties in Germany that have high energy performance or will be improved to high performance. Energy performance is measured primarily through official Energy Performance Certificate (EPC) ratings, which grade building energy efficiency on a scale (with A being the most energy-efficient performance and lower grades such as F or G indicating poor efficiency). The Fund's stated goal is to have over 90% of its properties (by portfolio value) achieving an EPC rating of A, B, or C (the top tiers of energy efficiency) within 24 months. By promoting this characteristic, the Fund contributes to climate change mitigation efforts – highly energy-efficient buildings typically consume less power and fuel, resulting in lower greenhouse gas emissions and reduced utility costs for tenants.

Concretely, the Fund promotes energy efficiency by selecting properties that already have strong EPC ratings or by investing in properties that can be upgraded to at least a "C" rating or better through renovations and active asset management. Properties with EPC ratings of D or below (indicating weaker energy performance) are generally not included in the portfolio unless there is a clear, actionable plan to improve their energy efficiency within a reasonable timeframe (for example, through building retrofits, insulation upgrades, efficient heating systems, or other renovations that would raise the EPC to the target level). This approach ensures that the Fund's capital is allocated toward assets with favorable environmental profiles or those that will achieve such profiles, thereby promoting the environmental characteristic in a measurable way.

It should be noted that the Fund's focus is purely environmental (energy efficiency); it does not specifically advertise any social characteristics. However, as a co-benefit of investing in modern, energy-efficient housing, tenants may experience improved comfort and potentially lower energy bills, which is a positive social outcome. The environmental characteristic of energy efficiency is central to all investment decisions for this Fund and is a binding element of how the Fund operates, as described further in

the investment strategy. There are currently no external labels or certifications (such as GRESB ratings or green building certificates) being pursued by the Fund to define its sustainability performance, as the Fund relies on the EPC rating and its own criteria to characterize energy efficiency. The Fund also does not presently commit to aligning with the EU Environmental Objectives under the EU Taxonomy Regulation for this characteristic. Instead, it uses the above-described approach (focusing on high EPC ratings) as the practical means of defining and achieving its environmental characteristic of improved energy efficiency in real estate.

d) Investment strategy (Article 28)

Overview: The Fund's investment strategy is designed to integrate the promoted environmental characteristic (energy efficiency) at every stage of the investment process. The Fund invests predominantly in residential real estate properties in Germany, aiming for assets that contribute to the energy efficiency goal. This includes both acquiring properties that already have high energy performance and improving those that do not yet meet the desired standards. The strategy is implemented by the Alternative Investment Fund Manager (AIFM) and the real estate investment team, who have a fiduciary duty to consider relevant ESG factors alongside financial factors. The binding element of the strategy is that energy performance criteria are actively applied in asset selection and portfolio construction. In other words, the requirement that properties attain an EPC rating of A, B, or C (or can be brought to that level) is a firm part of the Fund's investment mandate and is not optional. This constraint guides which investments are made, ensuring consistency with the Fund's environmental characteristics.

Asset Selection and ESG Integration: During the sourcing and evaluation of potential investments, the Fund systematically integrates environmental considerations. Each prospective property undergoes an ESG due diligence review (described in section (j) below) that heavily focuses on energy efficiency metrics. The current EPC rating of the building is a key factor: properties with an existing EPC of A, B, or C are strongly favored, as they already meet the Fund's target characteristics. If a property has an EPC below C, the investment team will assess the feasibility of energy improvement measures (for example, upgrading insulation, windows, heating systems, or installing renewable energy sources) to raise the property's efficiency. Only if there is a credible plan and commitment (including necessary capital expenditure allocations and timelines) to implement these measures promptly will such an asset be considered for inclusion. This means the Fund can invest in a property with a lower initial rating only when improvements are identified and planned in a binding manner so that the asset will align with the environmental characteristics within a defined period (typically aiming for the 24-month improvement window). Otherwise, the asset would be excluded on the grounds of insufficient energy performance.

In addition to EPC ratings, the investment strategy may consider other related sustainability factors to ensure a holistic approach to environmental performance. For example, the team may evaluate the building's actual energy consumption data (in kWh per square meter), carbon emissions (CO_2 output), and any features such as on-site renewable energy generation or smart energy management systems. The presence of factors that could materially improve or worsen the building's sustainability profile (like potential roof space for solar panels, or conversely, an outdated oil heating system) is taken into account. However, the overarching principle is that the building either is, or will be made, energy-efficient according to the EPC standard. The strategy explicitly excludes certain investments that would be counterproductive to the Fund's environmental goals: for instance, the Fund will not invest in properties that are legally prohibited from occupancy due to energy inefficiency, or in projects where improving the energy performance to an acceptable level is not technically or economically viable. Similarly, greenfield development projects are approached cautiously; if undertaken, any new construction would be expected to be built to high energy efficiency standards (aligning with at least EPC B or A, given modern building requirements).

Asset Management and Improvement: Once assets are in the portfolio, the Fund's strategy includes active asset management to maintain or enhance their energy efficiency over time. For properties acquired with EPC ratings of A–C, the strategy is to preserve that level of performance (for example, through regular maintenance of heating/cooling systems and ensuring any replacements or upgrades keep efficiency high). For properties that are undergoing improvements, the Fund closely monitors the renovation projects and ensures they are carried out as planned. Energy audits or assessments may be performed before and after refurbishment to quantify improvements. The Fund may allocate a portion of its budget to capital expenditures specifically for sustainability improvements (such as upgrading insulation, installing more efficient boilers or heat pumps, LED lighting, etc.). These measures are timed and prioritized to help the Fund reach its portfolio-wide target (over 90% of assets at A–C ratings) within 24 months. The strategy is thus dynamic: it not only picks assets that fit the criteria but also invests in upgrading those that can be improved to meet the criteria, thereby promoting the environmental characteristic throughout the holding period of the investments.

Good Governance Practices: In accordance with Article 8 SFDR requirements, the Fund also ensures that good governance practices are observed in the companies or entities it invests in or partners with. Although the Fund's investments are in real assets (properties) rather than traditional operating companies, good governance is considered wherever relevant. For example, if the Fund invests via special-purpose vehicles (SPVs) or engages property management firms, it assesses those entities for sound governance — including compliance with all applicable laws, regulatory standards, and ethical business practices. This includes evaluating the integrity and track record of developers

or sellers, the quality of property managers (e.g., ensuring they have fair employment practices and proper health and safety standards for building maintenance staff), and the transparency of contractors and suppliers involved in renovations. The AIFM will not engage with counterparties that are known to violate fundamental principles of good governance (such as those implicated in corruption, human rights violations, or severe legal compliance failures). Essentially, sound management structures, employee relations, remuneration policies, and tax compliance are taken into account for any corporate entities associated with the Fund's investments. While the real estate assets themselves do not have "governance" in the way companies do, the human and corporate elements around those assets are vetted to ensure alignment with good governance practices. For each potential investment, the AIFM's due diligence includes a structured questionnaire or checklist to evaluate these governance factors. The results of this review are documented and must be satisfactory as part of the AIFM's Investment Committee approval process, ensuring that no investment is made without confirming adherence to good governance standards.

In summary, the investment strategy of the Fund is to build and manage a portfolio of German residential real estate assets that excel in energy efficiency, using the EPC rating as a guiding metric. This strategy is underpinned by binding commitments to include only assets that meet (or will meet) the environmental criteria, directly supporting the Fund's promoted characteristic. Financial return considerations are balanced with this sustainability approach, on the premise that energy-efficient properties can provide strong, stable returns and resilience against future regulatory changes (such as stricter building energy regulations or rising energy costs). By integrating the environmental characteristic into the core strategy, the Fund aims to deliver both on its sustainability promises and its investment objectives over the long term.

e) Proportion of investments (Article 29)

Allocation towards environmental characteristics: The Fund intends to invest the vast majority of its assets in investments that are aligned with the promoted environmental characteristic (energy efficiency). Concretely, the Fund's goal is that at least 90% of the portfolio (by asset value) will consist of residential real estate investments that meet the energy efficiency criteria – i.e. properties with an EPC rating of A, B, or C, or properties that are in the process of being improved to reach one of these ratings in the near term. All such real estate investments are held directly by the Fund (not through other funds), ensuring the Fund has full control over asset selection and any improvements needed. This high percentage reflects the Fund's commitment to its environmental focus.

In practice, at any given time the portion of the portfolio that is fully aligned may fluctuate. For example, if the Fund acquires a property with the intention to retrofit it, there will be a short period where that asset is not yet A–C rated. However, the Fund's

binding objective is to exceed 90% alignment within 24 months of inception, and thereafter to maintain the portfolio at or above that level of alignment. Throughout the life of the Fund, a significant majority of the assets will be those that promote the environmental characteristic, ensuring that the Fund's Article 8 classification is consistently reflected in its asset allocation.

Remaining portion of investments: A small remainder of the portfolio (up to ~10% of assets) may temporarily fall outside the scope of the promoted environmental characteristic at a given time. This portion typically includes:

- **Transitional assets** – Properties or projects that were acquired with a lower energy rating (e.g. EPC D or below) but are undergoing renovations to upgrade to a C rating or better. Such assets are part of the Fund's strategy to promote energy efficiency, but until they achieve the target rating, they are not counted as aligned with the characteristic (they are carried as temporary "improvement in progress" holdings). Once the planned upgrades are completed and the asset's EPC is improved, it would move into the aligned category.
- **Cash and ancillary assets** – The Fund may hold cash, cash-equivalent instruments, or other incidental assets for liquidity, risk management, or operational purposes (e.g. short-term deposits, receivables, or currency hedging instruments). These holdings do not themselves promote environmental characteristics (cash has no environmental attributes) and thus are not counted toward the 90% target. The Fund keeps such ancillary assets to the minimum necessary for prudent liquidity and risk management. They are typically a small percentage of the portfolio and are managed in line with overall financial management of the Fund, not for sustainability objectives.

Sustainable investments: The Fund does not commit to a minimum share of "sustainable investments" as defined by SFDR. In other words, 0% of the portfolio is specifically designated as sustainable investments with a sustainable development objective. All investments are made either for the purpose of promoting the stated environmental characteristic (energy efficiency) and/or for traditional financial objectives, rather than for meeting the strict criteria of a "sustainable investment" under SFDR. Therefore, the Fund is not allocating any separate portion of assets to pursue sustainable investment objectives as an Article 9 fund would.

EU Taxonomy alignment: Similarly, the Fund is not currently aligning its investments with the EU Taxonomy for environmentally sustainable economic activities. At present, 0% of the Fund's investments are considered aligned with the EU Taxonomy criteria. This is because the Fund has not committed to ensuring that its investments meet all the specific technical screening criteria, do-no-significant-harm tests, and minimum safeguards outlined in the Taxonomy Regulation. The Fund's focus on energy-efficient buildings could potentially overlap with certain Taxonomy objectives (for example, the

Taxonomy includes criteria for building energy performance), but until a formal assessment is conducted or a commitment is made, the Fund will report zero alignment. Therefore, the entire portfolio is classified as "investments not aligned with the EU Taxonomy." For transparency, this also means the Fund does not specifically target investments in Taxonomy-defined transitional or enabling activities, and it does not use Taxonomy alignment as a measure of success at this stage. (It's important to note that the lack of Taxonomy alignment does not diminish the Fund's environmental efforts; it simply indicates that the Fund's strategy is defined by its own targets – such as improving EPC ratings – rather than the EU Taxonomy framework.)

Use of other external frameworks: The Fund likewise is not presently scored against or benchmarked by other external ESG frameworks such as GRESB (the Global Real Estate Sustainability Benchmark) or similar. No portion of the portfolio is evaluated using a GRESB score or any similar external ESG rating. Instead, 100% of the relevant sustainability assessment is done via the Fund's internal criteria and processes (e.g. measuring EPC improvements, tracking energy usage, etc., as described in sections (f) and (g)).

In summary, the Fund's asset allocation is overwhelmingly tilted toward investments that uphold the promoted environmental characteristic (targeting ~90% or more of the portfolio value in energy-efficient properties), with only a very limited portion (~10% or less) being in non-aligned assets at any time (typically those undergoing improvement or held in cash for liquidity). There is no dedicated allocation to "sustainable investments" as per SFDR definitions, and no EU Taxonomy-aligned investments at this time. All investments, whether aligned or not, are subject to the Fund's general risk management and compliance processes; however, only those that meet the energy efficiency criteria are counted toward the promotion of the environmental characteristic for SFDR purposes.

f) Monitoring of environmental or social characteristics (Article 30)

The Fund has established a robust system for monitoring the environmental characteristic it promotes, to ensure that the portfolio continues to align with the stated goals over time. The primary sustainability indicator used for monitoring is the percentage of the portfolio (by value) that has an EPC rating of A, B, or C. This indicator directly reflects the Fund's objective (achieving >90% A–C ratings) and provides a clear measure of whether the environmental characteristic (energy efficiency) is being maintained.

Continuous Data Tracking: For each property in the portfolio, the Fund maintains up-to-date records of its EPC rating and related energy performance data. Whenever a new property is acquired, its EPC certificate is obtained and recorded. If a property undergoes an energy audit or receives a new EPC (for example, after a renovation), that updated information is captured in the Fund's database. The Fund's asset management

team, in coordination with the ESG oversight function of the AIFM, performs regular reviews (at least annually, and in practice more frequently, such as quarterly) of the portfolio's energy efficiency profile. This involves calculating the proportion of assets (by current appraised value or invested cost) that are rated A, B, or C and verifying that this proportion is on track with the Fund's target. Internal dashboards or reporting tools may be used to visualize the EPC distribution across the portfolio and to flag any changes. For instance, if a building's certificate is due to expire (EPCs are typically valid for a set number of years in Germany) or if new data suggests an efficiency issue, it is flagged for action.

Roles and Responsibilities: Day-to-day monitoring of the environmental data is carried out by the Fund's management team and investment advisor, with oversight by a designated ESG officer or committee within the AIFM (management company). Rather than cross-checking every individual EPC document, the AIFM relies on periodic reports and data updates provided by the investment advisor or an external data service to keep track of the portfolio's energy performance. The AIFM's ESG oversight function reviews these summary reports to ensure the data is accurate and that the key performance indicator – e.g. the percentage of the portfolio with A–C ratings – is calculated correctly and remains in line with the Fund's goals. Furthermore, the Risk Management function of the AIFM includes the Fund's compliance with its environmental characteristics as part of its monitoring duties. In practice, risk management will periodically verify that the Fund is adhering to its mandate of promoting energy efficiency. For example, if the share of properties below a C rating were to grow beyond what is expected (even temporarily, during improvement phases), this deviation would be flagged and prompt management attention and corrective measures. This layered oversight (data collection by the advisor and aggregate review by the AIFM's ESG and risk functions) ensures the Fund stays on track with its commitments without the need for the AIFM to individually inspect every asset's data.

Frequency and Reporting: The Fund's progress on its environmental characteristic is monitored on an ongoing basis, with formal reporting at least annually. In practice, monitoring is continuous (updated whenever a new asset is added or an existing asset is improved), and internal summary reports are often generated quarterly. The Fund will also report to investors on the attainment of the environmental characteristics through periodic disclosures. For example, in the Fund's annual report or a dedicated sustainability report, there will be a section confirming the percentage of the portfolio at A–C ratings, any changes to this figure over the year, and explanations as needed (as required under Article 11 SFDR periodic disclosure obligations). This provides transparency to investors and stakeholders, demonstrating that the Fund is following through on its stated environmental aims.

Quality Control: To ensure reliability, the monitoring process includes data quality checks. All EPC data is sourced from official certificates (provided by certified energy

assessors under German law) and is stored with reference to each certificate's issue and expiry dates. If any data point seems inconsistent or outdated, the Fund seeks clarification or commissions an updated assessment. For example, if a property's EPC is near expiration (EPCs in Germany must typically be renewed every 10 years, or sooner if major renovations have been done), the Fund will schedule a new energy performance assessment for that property to obtain a current rating. The Fund may also use external consultants or tools to periodically validate the energy performance data (such as conducting an independent energy audit on a sample of properties) to ensure that the reported EPC ratings correspond to actual performance (e.g. align with observed consumption patterns).

Adaptive Management: Monitoring is not a passive exercise; it feeds directly into management decisions. If the monitoring reveals that the environmental characteristics are not being met or are at risk of being compromised, the Fund will take appropriate actions. For instance, if the percentage of A–C rated properties were to fall below the intended threshold (perhaps due to market value fluctuations or because the Fund acquired a lower-rated building that is still in the improvement process), the Fund would respond by accelerating planned energy upgrades, temporarily pausing further acquisitions of lower-rated assets, or adjusting the portfolio mix to restore alignment. Likewise, if a particular asset's performance deteriorates unexpectedly (e.g. a previously B-rated building slips to a C or D after new measurements), the asset management team will investigate the cause and implement measures to bring it back on track (such as equipment repairs or additional efficiency improvements). This adaptive approach ensures that monitoring results are tightly linked with maintaining the Fund's environmental characteristics over time.

In summary, the Fund has a clear set of metrics and processes to monitor the energy efficiency characteristic of its portfolio. Through continuous data collection, regular review cycles, and integration of monitoring results into decision-making, the Fund seeks to ensure it remains aligned with its Article 8 commitments. Investors can expect transparent reporting on these metrics, confirming that the environmental characteristic (energy performance of the properties) is indeed being promoted as advertised throughout the life of the Fund.

g) Methodologies (Article 31)

The methodologies used by the Fund to measure and evaluate the attainment of the environmental characteristic are centered on quantifiable energy performance indicators for the real estate assets. The key methodology can be summarized as follows:

Energy Performance Certificate (EPC) Analysis: The Fund utilizes the EPC rating system as the primary methodological tool to assess each property's energy efficiency. In Germany, an EPC (*Energieausweis*) provides a standardized evaluation of a building's

energy consumption and efficiency, typically graded on a scale from A+ or A (very efficient) down to G or H (very inefficient), depending on national implementation. For the purposes of this Fund, the methodology defines ratings A, B, and C as meeting the promoted environmental characteristic. This threshold is aligned with the Fund's goal of maintaining a portfolio of high-efficiency buildings. The methodology involves collecting the EPC for each building and recording its rating. The attainment of the characteristic is then measured by calculating the proportion of the portfolio (by value) that consists of assets rated A, B, or C. This calculation is updated as the portfolio evolves (with each acquisition, disposal, or improvement that changes a building's rating). By setting a target (e.g. ≥90% by value in A–C), the methodology provides a clear quantitative benchmark for success. Progress can be measured at any point by comparing the current percentage to the target.

Supplementary Sustainability Indicators: While the EPC rating is the headline metric, the Fund's methodology may include tracking additional indicators to gain a more granular understanding of energy efficiency and environmental impact. For example, the Fund might monitor:

- **Energy Consumption (kWh/m^2):** Actual energy usage per square meter for properties, where data is available (e.g. through utility bills or smart meters). This helps validate that a high EPC rating translates into real-world performance and can flag anomalies. (For example, a building with a B rating but unusually high energy use might indicate operational issues or occupant behavior that deviates from assumptions.)
- **Carbon Emissions (CO_2e):** An estimate of the carbon footprint of each property, correlated with its energy use and energy sources (electricity, gas, district heating, etc.). A reduction in the portfolio's average CO_2 emissions over time would demonstrate an improvement in the Fund's environmental performance beyond just the EPC scores.
- **Improvement Metrics:** For properties undergoing retrofitting, the Fund tracks project milestones and specific upgrades (e.g. insulation thickness added, heating system upgrades installed, renewable energy capacity like solar panels added). These serve as qualitative and quantitative metrics of improvement. After renovations, a new EPC or energy audit will quantify the success of these measures in improving the asset's efficiency.

These supplementary indicators are used to ensure a comprehensive assessment of the Fund's environmental characteristic. However, the formal measurement of meeting the characteristic remains the EPC-based metric (the percentage of assets rated A–C), which is straightforward and aligned with regulatory disclosure requirements.

Calculation Methodology Details: The calculation of the portfolio's alignment (the A–C percentage) is performed using the current valuations of properties to weight their contribution. For example, if a €10 million building with an A rating and a €5 million building with a D rating are in the portfolio, the methodology would count roughly 67% of the portfolio value as aligned (A-rated) and 33% as not aligned (D-rated). By using property value (or acquisition cost) as weights, the Fund ensures that larger investments carry proportionate influence on the metrics. In cases where properties do not yet have an EPC available (for instance, a newly built property awaiting certification, or a recent acquisition in the process of obtaining an updated EPC), the methodology takes a conservative approach: such assets are temporarily treated as non-aligned or are assigned an estimated rating based on technical due diligence until an official certificate is obtained. This ensures the reported alignment indicator isn't overstated due to missing data. Once the official EPC is available, the records are updated and the calculations adjusted accordingly.

Internal Tools and Processes: The Fund uses internal analytical tools or software (such as a dedicated ESG module in its property management system or spreadsheets) to aggregate EPC data and compute the key performance indicators. The methodology includes internal control steps to validate these computations. For example, the Fund might employ an ESG data management system to store all property-level data and automatically calculate the portfolio's alignment percentage. The methodology is documented in the Fund's internal policies so that it is applied consistently. These internal procedures outline responsibilities (e.g. who is in charge of updating data, who reviews the results) and the frequency of evaluation (as noted in section (f), monitoring is ongoing with formal checks at least quarterly).

No Use of External Scoring Methodologies: It is important to note that the Fund's methodology is proprietary and specific to its energy efficiency goal, and it does not rely on external ESG scoring methodologies or third-party sustainability ratings. For instance, the Fund is not using broad ESG rating agencies or frameworks like GRESB to score its portfolio at this time. The choice to use EPC as the primary metric is intentional, as it directly reflects the specific environmental characteristic being promoted. The EPC is a standardized measure governed by EU and national regulations, providing a reliable and externally validated basis for assessment (each EPC is issued by a certified expert following legal standards). By focusing on EPCs, the Fund's methodology remains transparent, objective, and aligned with regulatory standards for building performance. (In the future, the Fund may consider incorporating additional external benchmarks or certifications to complement its methodology – for example, obtaining green building certificates for certain properties or participating in GRESB for broader ESG benchmarking – but as of now, no such external framework is part of the Fund's binding approach.)

In summary, the methodologies deployed by the Fund are straightforward and metric-driven, centered on using EPC ratings to measure energy efficiency across the portfolio. This approach allows the Fund to quantitatively demonstrate the attainment of its environmental characteristic in a manner that is verifiable and based on widely recognized measures. By keeping the methodology focused on the Fund's specific sustainability goal, the Fund ensures clarity in how it evaluates success and makes it easier to report to investors and regulators on its performance in promoting energy efficiency.

h) Data sources and processing (Article 32)

The Fund relies on a combination of official data sources and internally managed processes to collect, verify, and analyze information related to its environmental characteristics:

Data Sources:

- **Energy Performance Certificates (EPCs):** The primary source of data for each property's energy performance is its official Energy Performance Certificate. In Germany, EPCs are typically provided by the seller or developer at the time of property transaction, or obtained from certified energy auditors if a new assessment is needed. The Fund obtains the EPC documentation for every property it acquires. These certificates contain the energy efficiency rating (on the A to G scale, etc.), along with supporting details like annual energy consumption (kWh/m^2) and recommendations for improvement. EPCs are considered authoritative data since they are issued under regulated standards. If a property does not have a recent EPC (for example, if the existing certificate is outdated or if significant renovations have been done that require a new assessment), the Fund will commission a new EPC assessment by a qualified external energy auditor. In this way, the EPC data for the portfolio is kept current and always originates from accredited professionals and official records.
- **Property Technical Data and Audits:** Beyond the EPC itself, the Fund collects additional technical data during due diligence and ongoing asset management. This includes energy-related information such as the type of heating/cooling systems installed, insulation levels, building age and materials, and any energy-saving features (for example, solar panels or smart thermostats). These data points may come from technical due diligence reports prepared by engineering consultants, architectural plans, maintenance records, or specialized on-site energy audits. They serve as supplementary sources that provide context and depth beyond a single EPC rating. For instance, an energy audit might give granular details on energy consumption by end-use (heating, lighting, etc.), which can help identify specific improvement opportunities for that property.

- **Operational Data (Consumption and Emissions):** Where possible, the Fund also gathers operational performance data from its properties. This can include metered energy consumption data (electricity, gas, district heating usage) obtained from utility bills or direct meter readings. If tenants pay their own energy bills, such data might be aggregated through tenant reports or smart meter systems when available (subject to privacy and data-sharing agreements, e.g. green lease clauses encouraging tenants to share energy usage data). Additionally, any on-site renewable energy generation (such as solar PV panel output) is tracked. These operational metrics are used internally to verify that a building's actual performance aligns with its EPC rating and to measure real-world impact (for example, estimating greenhouse gas emissions based on actual energy use).
- **External Databases and Public Records:** The Fund may utilize public or subscription-based databases to retrieve or cross-check sustainability data. For example, in Germany there are regional/national databases of issued EPCs; the Fund can verify an EPC's authenticity or check if a newer certificate for a given building exists. The Fund also stays updated on relevant external data such as benchmark energy usage figures for certain building types or regulatory thresholds for building efficiency, which provide context for the portfolio's performance. However, at this time the Fund does not heavily rely on any external ESG data provider or scoring service for evaluating its properties – the data is largely gathered directly from the assets and their documentation as described above.

Data Processing:

- **Internal Data Management Systems:** Once collected, the data is stored and processed using the Fund's internal data management systems. This could be a dedicated ESG data platform or part of a broader property management database where all property information is recorded. Each property has a data profile that includes its EPC rating, relevant dates (issue date and expiration date of the EPC), energy consumption figures, and notes on any planned improvements. The Fund uses this system to aggregate data at the portfolio level and calculate key indicators (like the percentage of A–C rated assets). Data processing steps include consolidating property values, computing weighted averages, and generating reports. Automation is employed where feasible: for instance, the system may automatically flag if a property's EPC is older than a certain threshold or if new consumption data indicates an anomaly in performance.
- **Data Quality Control:** The Fund employs checks and validations to maintain data quality. When new data is entered (such as a fresh EPC rating for a property),

it is typically cross-verified by a second person or reviewed by an ESG specialist for reasonableness. Discrepancies or outliers are investigated – for example, if one report shows a building as EPC B but another source indicates it is EPC C, the Fund will reconcile this by obtaining the official certificate or re-checking the source. The Fund's policy is to use the most conservative or up-to-date values in calculations to avoid overstating performance. There are also timeliness considerations: after certain events (e.g. once a planned renovation is completed and a new EPC is issued), the property's data profile is updated and the portfolio metrics are recalculated accordingly. By applying rigorous data validation and timely updates, the Fund aims to ensure the accuracy and integrity of the sustainability data it reports.

i) Limitations to methodologies and data (Article 33)

While the Fund strives to use rigorous methodologies and high-quality data in pursuing its environmental characteristics, there are certain limitations and challenges inherent in measuring and achieving energy efficiency outcomes. These include:

Methodological Limitations:

- **Scope of EPC Ratings:** The Fund's primary metric (EPC ratings) provides a convenient, standardized gauge of energy efficiency, but it has its limitations. EPCs represent a theoretical performance under standardized conditions and may not fully capture actual usage behavior. For instance, an apartment building might have an EPC rating of B based on its design (insulation, heating system, etc.), but if the residents keep windows open in winter or use very inefficient appliances, the real energy consumption could end up higher than anticipated. Conversely, a C-rated building occupied by very energy-conscious tenants might use less energy than a B-rated building. Thus, relying on EPC ratings alone may not reflect all real-world variations. The Fund partially mitigates this by observing actual consumption data when available, but not all such data can be obtained (especially when tenants control their own usage). Additionally, EPCs typically need renewal only every 10 years; within that period, changes in a building's performance might not be officially re-measured unless done voluntarily. This lag means improvements or degradations in efficiency may not immediately show up in the EPC metric.
- **Improvement Time Lag:** The Fund's strategy sometimes involves acquiring assets that are not initially aligned (below EPC C) with the intention to improve them. There is a time lag between acquisition and the completed improvement during which the metrics will show a lower alignment level. While the Fund targets a 24-month timeframe for required upgrades, unexpected delays can occur (for example, delays in obtaining renovation permits, contractor availability issues, supply chain delays for materials, or difficulties accessing tenant-

occupied units for retrofitting). Such delays could temporarily hinder the Fund's ability to meet its target proportion of A–C assets within the planned timeline. The methodology assumes improvements happen on schedule; if they slip, the interim calculations might fall short of the target and the timeline might need to be extended. This is more an execution risk than a calculation flaw, but it impacts how the methodology's results are interpreted (the Fund may need to explain any shortfall or delay in reaching the intended metrics).

- **External Methodology Changes:** Regulatory standards for calculating EPCs or defining energy performance metrics can change over time. For example, if German regulations update the methodology for EPC calculations or alter the rating scale (as has happened in some jurisdictions with new efficiency directives), a building's rating could change without any physical modifications – simply due to a recalibration of the formula or thresholds. Such changes could affect the Fund's reported metrics: a property might move from C to D under stricter criteria, potentially reducing the aligned percentage through no action of the Fund. While these regulatory shifts are usually known in advance (allowing some preparation), they introduce uncertainty. Similarly, if frameworks like the EU Taxonomy impose new metrics or tighter criteria in the future, the Fund might need to adjust its targets or portfolio composition. The Fund monitors regulatory developments and would adapt its approach if needed (including updating disclosures and targets), but this represents a potential limitation in maintaining the originally stated goals if external definitions move.
- **Lack of External Benchmarking:** As noted, the Fund currently does not use an external benchmark or rating framework (like a sustainability index or GRESB score) for its environmental characteristic. This means there is no third-party yardstick to compare the Fund's performance on energy efficiency against peers or a market standard. While the Fund's internal methodology (EPC-based) is robust and uses standardized data, the comparability of the Fund's outcomes to other funds or portfolios might be limited. Investors have to rely on the Fund's own reporting and internal/external audit processes to gauge success, rather than an independent benchmark. The Fund mitigates this by choosing a transparent metric (EPC ratings) and could seek external review of its data in the future, but until then, the lack of external benchmarking is a limitation in how results can be interpreted relative to the broader market.

Data Limitations:

- **Data Availability and Gaps:** In some cases, obtaining complete and up-to-date data for every asset can be challenging. For example, if a property is older or has multiple sub-units (like an apartment building with several flats), the availability of a recent EPC for each unit might vary. There may be gaps or delays in data

collection – such as waiting for an EPC assessment to be completed on a new acquisition, or instances where tenants do not provide consent to share their energy usage data. During these gaps, the Fund has to rely on estimates or assumptions (for instance, assuming a property's performance based on similar buildings or preliminary technical assessments). Such estimates are inherently less reliable than measured data. The Fund strives to minimize these instances by prompt data collection and using conservative assumptions, but they do represent a limitation in precision.

- **Quality and Reliability of External Data:** The Fund relies on third-party data sources like EPC certificates and technical audit reports. If these external sources contain errors or inconsistencies (for example, a mistake by an energy assessor, or misreported building information), the Fund's own data and analysis could be skewed. Although EPC issuance follows a regulated quality procedure, there is some variability in assessor expertise and methods. The Fund addresses this risk by using reputable auditors and cross-checking for any obvious discrepancies, but it cannot completely eliminate the possibility of erroneous data from outside sources. Similarly, when using operational data (such as energy bills), the Fund is dependent on tenants or utility companies to provide accurate information. Data processing errors or transcription mistakes can also occur, though the Fund's internal checks aim to catch these. Overall, while the Fund works to verify data, a degree of uncertainty remains whenever information originates from external parties.
- **Timeliness of Data:** There can be a lag between data collection and the Fund's ability to take action. For example, energy consumption data might only be available on a monthly or quarterly basis, meaning if a building's performance worsens, the Fund learns of it after some delay. EPC updates are infrequent (multi-year gaps) unless the Fund proactively seeks a new certificate. This could result in the Fund not immediately realizing an issue (such as a drift in performance or an unanticipated inefficiency) until the data catch up. The Fund tries to mitigate this by interim monitoring (using the supplementary indicators mentioned above rather than waiting solely for new EPCs), but it remains a limitation that some data points are not real-time.

Despite these limitations, the Fund believes that its chosen methodologies and data sources are sufficiently robust and appropriate for demonstrating the attainment of the environmental characteristic. The use of a standardized metric (EPC) provides a clear foundation, and additional data plus prudent assumptions fill in where needed. The Fund remains transparent about these limitations and continuously works to improve data quality and methodology. If significant new limitations are identified, the Fund will communicate them to investors and adjust its approach accordingly, to ensure stakeholders have a realistic understanding of the Fund's sustainability performance.

j) Due diligence (Article 34)

The Fund has an established due diligence process that fully integrates environmental, social, and governance (ESG) considerations, with a strong emphasis on the promoted environmental characteristic (energy efficiency) during the evaluation of potential investments. This due diligence is conducted prior to any investment decision and is aimed at ensuring each asset added to the portfolio meets the Fund's criteria and does not present undisclosed sustainability risks.

ESG Due Diligence Procedures: For each prospective property, alongside the standard financial, legal, and technical due diligence, the Fund performs a thorough ESG review. Key steps in this process include:

- **Energy Performance Assessment:** As a first step, the team obtains the property's Energy Performance Certificate (EPC) or equivalent energy documentation. If a valid EPC is not immediately available, the team will commission an energy assessment without delay. The property's current energy efficiency rating (and underlying data such as insulation levels, HVAC system details, etc.) is analyzed. If the rating is below the Fund's desired threshold (i.e. worse than a C), the team evaluates what specific measures would be required to improve the rating. This involves consulting technical experts to estimate the scope, cost, and timing of possible improvements (e.g. "to bring this building from an E to a C, it needs new windows and a modernized heating system, costing €X and taking Y months"). These findings form a critical part of the investment memorandum. A property that cannot reasonably reach the target efficiency standard is likely to be screened out at this stage. Only if the business plan can accommodate the necessary upgrades (and the post-upgrade performance would meet the Fund's criteria) will the property pass this filter.
- **Principal Adverse Impact Consideration:** In line with the AIFM's broader commitment to sustainability, the due diligence also considers relevant Principal Adverse Impacts (PAIs) on sustainability factors for each investment. For real estate, this includes indicators such as the property's exposure to fossil fuels (for instance, does the building rely on oil or coal heating, which are carbon-intensive?), exposure to energy-inefficient assets (which is essentially what the EPC assessment covers), and the building's carbon footprint (estimated annual greenhouse gas emissions). The team evaluates these factors to ensure that investing in the property will not contribute excessively to negative sustainability outcomes. If a building has an undesirable PAI profile – for example, it is highly energy inefficient or has very high carbon emissions with no viable mitigation plan – that would be a strong reason to decline the investment. In effect, this process ensures that no investment causes significant harm to environmental objectives: properties with very poor sustainability profiles are either slated for

improvement as part of the investment plan or avoided entirely. The outcome of this PAI analysis is documented for each deal. For properties that will be improved post-acquisition, the expected PAI indicators after renovation are also noted to show the anticipated alignment with the Fund's goals. (It should be emphasized that considering PAIs in due diligence does **not** imply the Fund considers PAIs at the product level for SFDR Article 7 purposes – this is simply part of the internal risk assessment for each investment.)

- **Regulatory and Physical Risk Assessment:** The due diligence covers climate-related risks and regulatory factors that might affect the property's viability or performance. For example, the team checks whether the property complies with current and foreseeable energy efficiency regulations in Germany (such as building codes or any upcoming laws that might prohibit renting out very low-rated properties). It also assesses material physical climate risks — for instance, whether the building is exposed to extreme weather events or hazards (flood zones, risk of overheating in summer, etc.), which might not directly relate to energy efficiency but are relevant to long-term sustainability and asset resilience. If a property is found to face significant issues (like needing major improvements to meet near-term regulatory changes, or being in a floodplain requiring resilience measures), these factors are weighed in the investment decision, and plans are formulated to address them if proceeding. Essentially, the Fund ensures that an investment will not only meet energy efficiency goals but also isn't unduly exposed to climate risks or on the verge of regulatory non-compliance.

- **Social and Governance Aspects:** Although the Fund's main focus is environmental, due diligence also checks for any significant social or governance red flags associated with the asset or its counterparties. For example, the team will review whether the property has any history of tenant safety issues or serious building code violations (a potential social concern), and whether the seller/developer or other counterparties have known controversies or reputational issues (governance concerns). The Fund adheres to international norms and standards such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. In practice, for real estate this means ensuring the project does not involve any human rights issues (e.g. no forced evictions or exploitative labor practices in construction), and that any partners (like development firms or joint venture partners) are reputable, law-abiding companies with no record of corruption or serious misconduct. The due diligence process may include background checks and, if needed, engagement with the counterparty to clarify or remediate any issues. A potential property investment would be rejected if it were tainted by issues that

cannot be mitigated or remedied, as that would conflict with the Fund's responsible investment principles.

Investment Committee and Decision: All findings from the ESG due diligence are compiled into an internal report or an ESG section of the investment proposal presented to the Fund's Investment Committee (IC). The IC's review explicitly considers whether the prospective investment meets the Fund's environmental characteristic requirements and broader ESG standards. Importantly, a deal can be vetoed on ESG grounds alone – even if it is financially attractive – if it fails to satisfy these criteria. For instance, if due diligence reveals that a building cannot realistically reach a C rating without prohibitive cost or if a seller is unwilling to allow the needed renovations, the IC may decline the investment. Conversely, if the property meets (or can meet) the criteria, the IC may approve it, sometimes with binding conditions (such as "proceed with acquisition only if the seller agrees to perform X improvement" or an allocation of budget for a post-acquisition retrofit). Such conditions then become part of the deal execution and the asset's management plan.

Post-Investment Follow-up: Due diligence findings do not end at acquisition. The insights gained (for example, identification of energy inefficiencies or recommended upgrades) feed into a post-investment action plan for the asset. The property manager or ESG team uses the due diligence report as a roadmap for what needs to be done to bring or keep the asset in line with the Fund's environmental goals. The Fund's governance process includes tracking these action items – for example, scheduling the retrofit of an inefficient heating system discovered during due diligence, or implementing the recommended insulation improvements. In periodic asset reviews, the team checks that all ESG-related due diligence findings have been addressed or are on track to be addressed. This ensures the initial ESG promise of each investment is actually carried out during ownership.

In summary, the Fund's due diligence process is comprehensive and ensures that only assets fitting the Fund's ESG and energy efficiency criteria are purchased. It systematically evaluates energy performance (which is core to the Fund's strategy) along with other sustainability risks, thereby safeguarding that the Fund's portfolio remains in line with its promoted environmental characteristic and does not inadvertently include investments that would contradict its sustainability commitments.

k) Engagement policies (Article 35)

As an owner and manager of real estate assets, the Fund implements engagement policies tailored to the context of property investments. While traditional notions of "shareholder engagement" (voting at shareholder meetings, activist shareholder campaigns, etc.) do not apply to direct real estate holdings, the Fund's engagement efforts focus on active collaboration with stakeholders such as tenants, property

managers, service providers, and the wider community to enhance and uphold the Fund's environmental objectives.

Engagement with Tenants: Tenants are key stakeholders in the Fund's properties, as their behavior and cooperation can significantly influence a building's environmental performance. The Fund (often through its appointed property management teams) engages with tenants to promote energy-efficient practices and ensure that buildings operate as intended. For example, the Fund often:

- Incorporates **Green Lease** clauses into tenancy agreements. Green Lease provisions encourage or obligate tenants to use the property in a sustainable way – such as maintaining reasonable indoor temperature settings to save energy, using recycling facilities properly, and permitting the installation of energy-efficient appliances or lighting in their units.
- Provides incentives or support to tenants to facilitate energy savings. For instance, the Fund might share a portion of cost savings from efficiency measures with tenants or offer assistance like free energy audits of their unit and tips to reduce energy bills.
- Maintains regular communication with tenants on sustainability topics. This can be done via newsletters, tenant portals, or periodic meetings, highlighting ways to reduce energy usage (e.g. guidance on thermostat settings, reminders about efficient appliance use) and informing tenants of building-wide upgrades (such as new insulation or heating systems and how to best utilize these improvements).

By fostering a cooperative landlord-tenant relationship focused on sustainability, the Fund helps ensure that the buildings' designed energy efficiency is reflected in day-to-day use. Tenant engagement not only improves environmental outcomes but can also enhance tenant satisfaction (through comfort and potentially lower utility costs).

Engagement with Property Managers and Contractors: The Fund works closely with the professional property management companies and facilities managers responsible for the day-to-day operation of its real estate assets. These partners are the front-line operators of the buildings and have direct control over many factors affecting energy efficiency (such as heating/cooling schedules, maintenance of equipment, etc.). The Fund's engagement policy with these parties involves several components:

- Clearly communicating the Fund's ESG objectives and expectations to all property managers. They are made fully aware of the importance of maintaining or improving EPC ratings and reducing energy waste in the buildings under their care.

- Incorporating ESG performance criteria into property management agreements, where feasible. For example, the property manager's contract may include specific targets or Key Performance Indicators (KPIs) related to energy consumption reductions or timely implementation of agreed improvement measures.
- Holding periodic review meetings with property managers focused specifically on sustainability topics. In these meetings, data on energy usage is reviewed, any tenant feedback related to building conditions is discussed, and progress on planned upgrades is assessed. If a property manager identifies an issue (say, an HVAC system not running efficiently or the need for a lighting retrofit), the Fund works with them to address it by providing necessary approvals or capital expenditure funding.
- During renovation or retrofit projects, engaging with contractors and suppliers to ensure work is carried out in line with environmental best practices. This includes selecting vendors who have strong environmental credentials, using sustainable building materials when possible, managing construction waste responsibly, and minimizing disruption to tenants. The Fund may require contractors to follow a Code of Conduct covering safety, labor standards, and environmental management on site.

Engagement for Continuous Improvement: The Fund's engagement approach is also proactive in seeking new ways to improve performance. For instance, the Fund might launch an initiative such as an "Energy Savings Challenge" in a multi-family building, where tenants and building managers work together to reduce consumption by a certain percentage. The Fund could invest in small supporting upgrades (like installing smart thermostats or more efficient communal lighting) and provide education to participants. Successful practices and lessons learned from one property are then shared across the portfolio to replicate improvements. This type of initiative helps create a culture of continuous improvement and shared responsibility for energy efficiency.

Stakeholder and Community Engagement: Beyond the immediate property level, the Fund and its AIFM may also engage with broader real estate industry stakeholders and the community. This can involve participating in industry associations or local roundtables focused on sustainable real estate (for example, local chapters of real estate owner associations that discuss ESG topics, or public-private initiatives in Germany to improve housing energy efficiency). By being active in such forums, the Fund stays connected to community and policy discussions, and can potentially contribute to or align with wider efforts (like city-wide retrofitting programs or promoting green building standards). Additionally, if the Fund's properties are part of a residential community, the Fund communicates with local authorities or community groups when planning major upgrades that might impact residents (for example, notifying about

scaffolding for insulation work, or coordinating to minimize disruptions). This demonstrates transparency and responsiveness to local concerns.

Engagement with Investors: While not a specific regulatory requirement of Article 10, it is worth noting that the Fund also maintains engagement with its own investors regarding sustainability matters. The Fund's managers keep investors informed about ESG developments in the portfolio through reports and meetings. If investors have particular preferences or concerns (for example, some investors might strongly encourage the Fund to install solar panels where possible, or to avoid using gas heating in new acquisitions), the Fund takes this feedback into account where feasible. This two-way communication helps ensure the Fund's strategy remains aligned with investor values and expectations, and it builds investor confidence in the Fund's commitment to its ESG goals.

In summary, the Fund's engagement policies involve actively involving and collaborating with those who influence the performance of the Fund's assets. By engaging tenants, property managers, contractors, the community, and even the Fund's own investors, the Fund not only works toward better energy efficiency outcomes (practical results like reduced consumption and maintained/improved EPC ratings) but also builds goodwill and awareness among all parties. This collaborative approach is an integral part of sustaining the Fund's environmental characteristics over the long term.

l) Designated reference benchmark (Article 36)

The Fund has not designated a reference benchmark for the purpose of attaining the environmental characteristics it promotes. In other words, there is no specific sustainability index or external benchmark that the Fund is using to measure its performance in energy efficiency. The decision not to use a reference benchmark is linked to the unique nature of the Fund's objective – it focuses on an internal target (improving and maintaining certain EPC ratings across its properties) rather than tracking an external index. Currently, there is no readily available index that perfectly reflects the energy efficiency of German residential real estate against which the Fund could compare itself.

Instead of a benchmark, the Fund evaluates its success using the methodologies and indicators described above (for example, the percentage of the portfolio with EPC A–C ratings, along with other energy performance metrics). These internal measures serve as the yardstick for how well the Fund is achieving its environmental characteristic. Investors can assess the Fund's performance through the disclosed metrics in periodic reports, in lieu of comparing it against a benchmark.

Because no benchmark has been designated, the regulatory requirements to compare the Fund's sustainability performance against a benchmark do not apply. The Fund's approach is to provide full transparency on its own outcomes rather than on relative

performance against an index. Should a relevant benchmark or index become available in the future (for instance, if a standardized index of energy-efficient real estate assets in Europe were established), the Fund may consider adopting one for comparative purposes and would update this disclosure accordingly. As of now, however, no ESG reference benchmark is used, and the Fund's attainment of its environmental characteristic is measured solely by the Fund's internal criteria and reporting.

Principal Adverse Impacts (PAIs): Although certain Principal Adverse Impact indicators are considered during the Fund's investment due diligence (as described above), the Fund **does not** consider PAIs at the product level in accordance with Article 7 of the SFDR. In other words, the product has not formally committed to consider and report PAIs at the product level. This decision reflects the current strategy and resources of the Fund and is stated here for transparency.

In line with Article 8 SFDR, the Fund also assesses good governance practices such as sound management structures, fair employee relations, remuneration policies, and tax compliance wherever applicable – including in any SPVs or counterparties involved in its investments (as detailed in section (d) above).

In summary, the Fund promotes energy efficiency in German residential real estate through binding criteria based on EPC ratings, while maintaining full alignment with Article 8 SFDR requirements and ensuring robust internal governance, monitoring, and engagement practices. The disclosure above outlines how these characteristics are embedded in the Fund's strategy and operations, and how the Fund remains accountable to its environmental commitments over time.