Net Zero Properties

Net Zero Properties – Sustainable Financing Framework

September 2026

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1. Introduction

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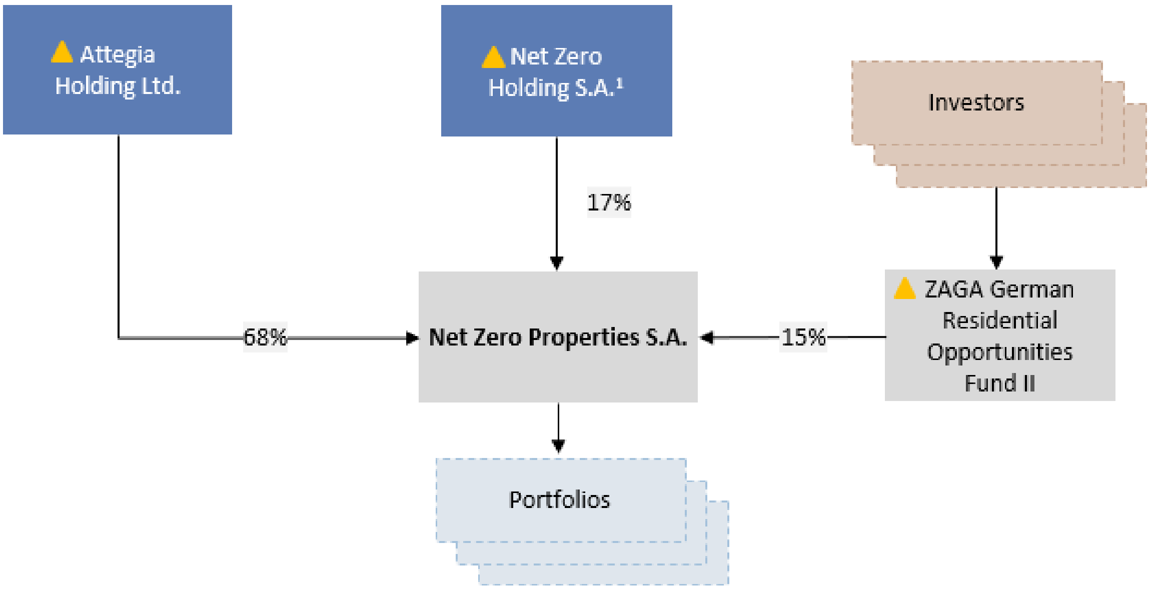
1.1 Net Zero Properties Overview

Net Zero Properties S.à r.l. (the "Platform") is a residential real estate platform focused on owning and managing properties in densely populated regions of Germany. The Platform integrates active asset management, technological innovation, and a strong Environmental, Social, and Governance (ESG) approach to provide sustainable and affordable housing.

Net Zero Properties' group structure as of 30 June 2026 can be summarised by the following diagram. ZAGA Capital is the investment adviser to all investors in Net Zero Properties, denoted by the yellow triangles in the diagram.



The Platform's core "Manage-to-Green" strategy involves upgrading existing assets to high energy efficiency standards (EPC classes A or B) within 24 months of acquisition. This is achieved through a fully financed investment plan covering energy-efficient refurbishments, modern heating systems, heat pumps, solar panels, and smart control systems.

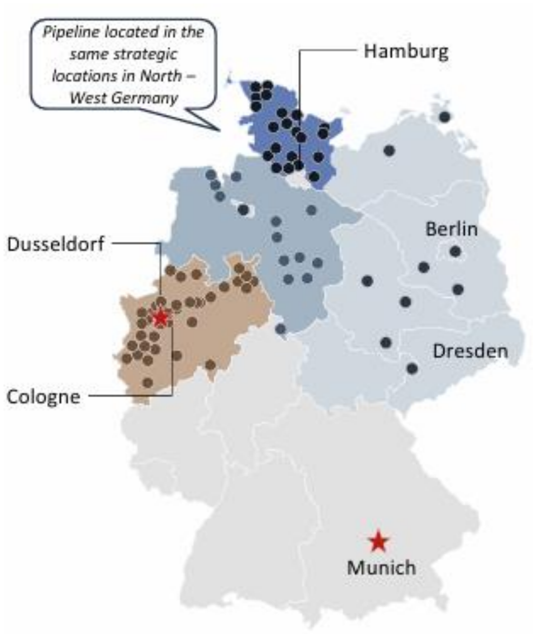
Current Portfolio Overview[1]

€1.6bn (~€1.5k) *Fair market value[2] (per sqm)*	**c.€79.5m** *Annual rental income*
1,052k *sqm*	**€6.7** *Rent / sqm / mo*
~15,500 *Residential units*	**6.6%** *Vacancy*

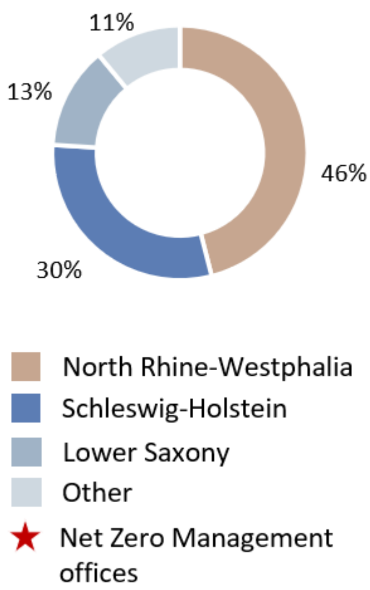
Portfolio overview including Sapphire acquisition[1]

€2.1bn (~€1.5k) *Fair market value (per sqm)*	**>€105m** *Annual rental income*
~1,400k *sqm*	**€6.8** *Rent / sqm / mo*
~21,100 *Residential units*	**~6.5%** *Vacancy*

Map of properties



Split by region
(by residential sqm)[3]



[1] The Group's portfolio metrics shown in this document as of 30-Jun-26 include the operational contributions from the Jade North and Sapphire portfolios. There can be no assurance whether the portfolio metrics that we have included in this document, including with respect of the recent acquisitions, prove to be accurate, whether in full or in part, upon completion of any closing (which, in itself, is subject to various uncertainties) and integration of any asset into our portfolio

[2] Indicative fair market value based on preliminary indications by JLL as of June 30, 2026

[3] Includes near-term pipeline

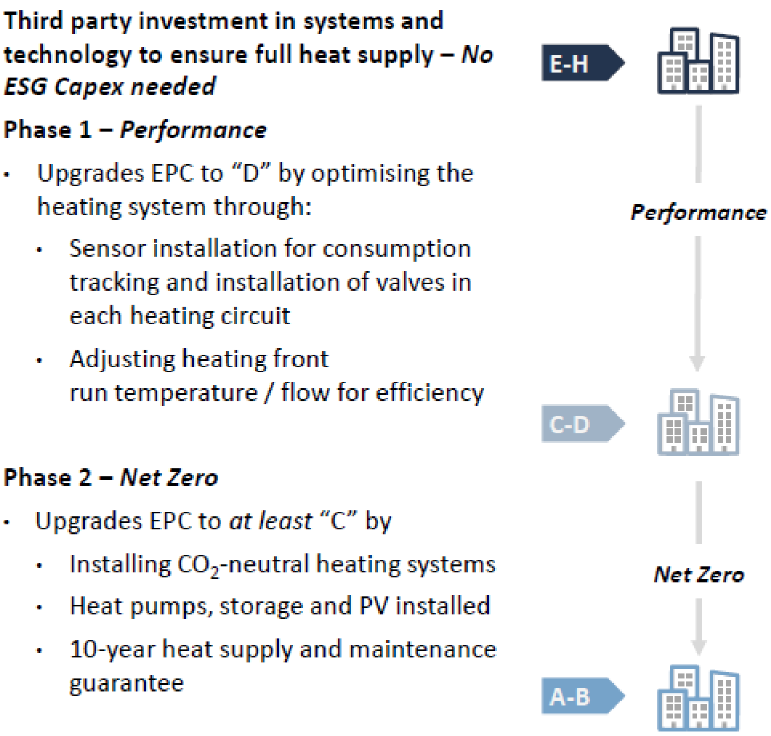
1.2 Core Sustainability Focus: "Manage-to-Green"

The primary environmental characteristic promoted by the Platform is the improvement of energy efficiency in its real estate holdings. The "Manage-to-Green" strategy is a core pillar, designed to systematically elevate the energy performance of the entire portfolio. This pioneering model is implemented in a strategic partnership with Paul Tech AG.

Key Objectives & Targets:

- **Binding Target:** The strategy aims to ensure that at least 75% of the portfolio's properties (by value) achieve an Energy Performance Certificate (EPC) rating of A, B, or C typically within 24 months of acquisition. The vast majority of assets achieve an EPC score of B or higher post asset upgrades. This commitment exceeds the EU's 2033 directive threshold (EPC D), future-proofing the assets against tightening regulations.
- **Acquisition Screening:** Properties with low EPC ratings are only acquired if a viable and cost-effective upgrade plan exists. Properties where upgrades are not feasible are screened out during due diligence to avoid stranded asset risk.
- **Off-Balance-Sheet Upgrades:** Through the partnership with Paul Tech AG, assets are retrofitted post-acquisition. Paul Tech AG manages the installation of energy-efficient technologies such as heat pumps, solar panels, and smart energy controls. This is executed through a fully funded, off-balance-sheet structure that preserves the Platform’s capital for core investments and allows for the upgrade of energy performance certificates without requiring direct ESG capex from the Platform.

Performance is tracked via a portfolio-weighted EPC metric and reviewed quarterly to ensure alignment with the environmental objectives. Paul Tech AG plays a crucial role in this by managing energy performance monitoring through its smart-tech solutions.



1.3 Net Zero’s Dedication to Social Responsibility

Social responsibility is a key component of the Platform’s operational and investment approach, with a focus on affordability, tenant welfare and community stability.

- **Affordability:** Portfolios are often acquired significantly below recent market valuations, in locations where prevailing entry rents tend to fall beneath nationally observed affordability thresholds. While the Platform does not formally target social housing, its strategy may contribute to housing access in less rent-pressured regions.

- **Tenant-Focused Retrofits:** Energy upgrades and retrofits are implemented with residents in situ, a "no displacement" approach that preserves housing security and community continuity. These upgrades are designed to lower tenant utility bills, directly improving affordability.
- **Tenant Experience:** Key Performance Indicators (KPIs) are monitored for tenant satisfaction, complaint response times, and health and safety compliance to ensure a high standard of living.

1.4 ESG Governance at Net Zero Properties

The Platform's ESG governance is inherently tied to that of ZAGA German Residential Opportunities Fund II (the "Fund"), which is managed by ZAGA Capital (who is also investment advisor to all investors in the Platform). This governance is built on a foundation of regulatory oversight, integration into investment decisions, and active monitoring, ensuring that its environmental and social objectives are systematically managed.

- **Regulatory and Structural Oversight:** the Fund is structured as an SFDR Article 8 vehicle, managed by a CSSF-authorised AIFM (Apex FundRock LIS). This provides a regulated framework for all operations, including ESG. The Fund's approach aligns with the INREV Sustainability Guidelines across governance, strategy, and risk management.
- **ESG Integration in Decision-Making:** ESG is embedded in the core investment process. All acquisitions require a two-tier sign-off from both the ZAGA Investment Committee and the AIFM's risk department. This review strictly applies the Fund's binding environmental criteria, such as the feasibility of achieving a high EPC rating, ensuring that ESG is a key factor in every investment decision.
- **Counterparty Governance:** The Fund applies a structured governance assessment to all potential partners and investee entities. This due diligence process screens for red flags related to poor compliance, corruption, human rights abuses, or other ESG controversies. The Fund will not invest alongside any partner found to have material governance deficiencies.
- **Monitoring and Reporting:** ESG performance is actively monitored and communicated to stakeholders. The progress towards the target of having at least 75% of the portfolio achieve an EPC rating of A, B, or C is tracked and reviewed regularly by the AIFM. This performance data is compiled and shared with investors annually via investor reports and dedicated ESG reporting packs.
- **Policy Governance:** The ESG policy itself is a governed document, subject to an annual review by the Board of Directors. This review process considers material regulatory changes (e.g., SFDR, EU Taxonomy), feedback from Limited Partners, and the results of any ESG audits.

The focus on ESG is driven by the overall investment strategy and investor expectations, with governance structures in place to ensure these objectives are pursued and monitored throughout the investment lifecycle.

2. Sustainable Financing Framework

2. Sustainable Financing Framework

2.1 Rationale for Establishing a Sustainable Financing Framework

At Net Zero Properties, sustainability is at the core of our business. This Sustainable Financing Framework (the "Framework") aims to align our financing strategy with this core sustainability focus, further emphasizing our dedication to ESG and promoting our goal to create shared value for the business, society and the environment to market participants.

2.2 Alignment with Market Principles

The Framework is aligned with the Green Bond Principles[4] ("GBP") published in June 2025, the Social Bond Principles[5] ("SBP") published in June 2025 and the Sustainability Bond Guidelines[6] ("SBG") published in June 2021, all administered by the International Capital Market Association ("ICMA"), as well as the Green Loan Principles[7] ("GLP") published in March 2025 and the Social Loan Principles ("SLP") published in March 2025, both administered by the Loan Market Association ("LMA"), the Asia Pacific LMA ("APLMA") and the Loan Syndications and Trading Association ("LSTA").

The Framework therefore adopts the four core components of the GBP, SBP, GLP and SLP, which include:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The Framework also follows the key recommendation of the ICMA and LMA/APLMA/LSTA principles with regards to External Reviews.

This Framework may be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and classification systems. Any updated version of this Framework will either maintain or improve the current levels of transparency and reporting disclosures, including the corresponding External Review.

2.3 Use of Proceeds

Under this Framework, Net Zero Properties can issue the following types of instruments:

5. Green Financing Instruments – the proceeds of which are exclusively allocated to Green Projects as described in the use of proceeds table below;
6. Social Financing Instruments – the proceeds of which are exclusively allocated to Social Projects as described in the use of proceeds table below; and
7. Sustainability Financing Instruments – the proceeds of which are allocated to both Green and Social Projects as described in the use of proceeds table below.

For avoidance of doubt, Green, Social and Sustainability Financing Instruments (together "Sustainable Financing Instruments") may include bonds and loans.

An amount equivalent to the net proceeds from the issuance of Sustainable Financing Instruments will be used to finance or refinance, in part or in full, Eligible Green and/or Social Projects (together "Eligible Projects") that meet the Eligibility Criteria set out in this Framework. Eligible Projects may include assets, capital expenditures (capex) and operational expenditures (opex).

Assets and capex will qualify without a specific lookback period, while opex is subject to a maximum lookback period of 3 years and will be recognized at its invested amounts. Assets are revalued by a recognized property valuation expert such as JLL every 6 months (June and December) and held at their appraised market value.

4 ICMA Green Bond Principles (GBP)
5 ICMA Social Bond Principles (SBP)
6 ICMA Sustainability Bond Guidelines (SBG)
7 LMA Green Loan Principles (GLP)

a) Eligible Green Projects

Eligible Green Category	Eligibility Criteria	Contribution to UN SDGs
Green Buildings *Environmental Objective: Climate Change Mitigation*	Acquisition, construction, development or ownership of new and existing buildings which meet one of the following criteria: • Buildings with primary energy demand that is at least 10% lower than the threshold required by the Nearly Zero-energy Buildings ('NZEB') in the local market • Buildings with an Energy Performance Certificate with energy class A+, A and B • Buildings belonging to the top 15% of the national or regional building stock in terms of primary energy demand	11 SUSTAINABLE CITIES AND COMMUNITIES
Energy Efficiency *Environmental Objective: Climate Change Mitigation*	Financing related to investments in energy and resource efficiency, including: • Improvement of energy efficiency in various sectors, such as refurbishments of buildings to include energy-saving retrofit of fixtures (doors, windows etc.), lighting equipment, heating systems etc. • These projects will aim to achieve a minimum of 30% energy savings compared to baseline	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Renewable Energy *Environmental Objective: Climate Change Mitigation*	Investments and/or expenditures on acquisition, development, construction, and/or installation of renewable energy production and storage units to generate on-site renewable energy, including (but not limited to): • On-site solar systems • Power Purchase Agreements ("PPAs"), Virtual Power Purchase Agreements ("VPPAs"), and any other investments that provides for the procurement of renewable energy through a long-term contract (at least ten years) aligned with the GHG Protocol	7 AFFORDABLE AND CLEAN ENERGY

b) Eligible Social Projects

Eligible Social Category	Eligibility Criteria	Target Population(s)	Contribution to UN SDGs
Affordable Housing	Development and/or provision of affordable housing units that aim to help address or mitigate a specific social issue and to target vulnerable groups. Investments in this category are evaluated based on the German local context: • Housing units which are let based on the German law on Social Subsidized Housing, whereby the tenant has to have received a so-called WBS (Wohnberechtigungsschein or Housing Entitlement Certificate) • Housing units which are let at a discount of 15% to the local customary comparable rent, OVM (Ortsübliche Vergleichsmiete (§ 558 BGB)). Evaluation criteria of this rent	• WBS[8]: Low income population, vulnerable youth and students, people with disabilities, seniors, unemployed, foreigners in vulnerable situations • Housing unit let under the OVM approach: Low to medium income populations	11 SUSTAINABLE CITIES AND COMMUNITIES

[8] The Entitlement Certificate (Wohnberechtigungsschein - WBS): To rent designated affordable units, tenants must hold a WBS, an official document proving their income falls below specific thresholds determined by local state laws depending on household size

Eligible Social Category	Eligibility Criteria	Target Population(s)	Contribution to UN SDGs
	index are: year of construction, location (popularity of the city district, traffic noise level, connections, infrastructure, building density, etc.), size or living space, quality of the equipment (sanitary facilities, sound insulation, types of heating, renovation, floors, etc.), economical energy consumption (sealing, thermal insulation, thermal insulation glazing, etc.)		

c) Exclusions

For the avoidance of doubt, financing related to the following activities are excluded from the financing by Net Zero Properties' Sustainable Financing Instruments:

- Upstream, midstream and downstream oil and gas activities
- Thermal coal mining or coal-fired electricity generation capacity
- Nuclear energy
- Large hydropower (> 25MW)
- Gambling
- Tobacco
- Alcohol
- Weapons
- Adult entertainment

2.4 Process for Project Evaluation and Selection

Net Zero Properties has established a Sustainable Finance Committee (the "Committee") with responsibility for governing the selection and monitoring of the Eligible Projects.

The Committee will be chaired by the Head of the Sustainability and consists of senior members of the following teams: Finance/Treasury, Operations and Audit. The Committee will be supported by members of the transaction team, finance team, our ESG team,, and any other teams from across Net Zero Properties, its divisions and its operating businesses, as well as Joint Venture partners, as appropriate. The Committee will meet on a bi-annual basis, and as required for specific issuances.

Role of the Sustainable Finance Committee

The Committee is the oversight mechanism for:

- Reviewing and validating the Eligible Projects, as well as oversight of the selection process:
  - Members from different Project teams will have delegated responsibility for the assessment of Eligible Projects, with oversight from the committee to ensure that on an ongoing basis, selected projects continue to meet the eligibility criteria.
  - The Committee will further review and assess that the Eligible Projects meet the eligibility criteria laid out in the Use of Proceeds section of this Framework, as well as Net Zero Properties' Sustainability Policies and Procedures;
- Annually reviewing the list of Eligible Projects against the eligibility and exclusionary criteria. If a project no longer meets the eligibility criteria set forth in this framework, the Eligible Project will be removed from the register and, on a best efforts basis, replaced as soon as a substitute has been identified;

- Overseeing, approving and publishing the Allocation and Impact reporting, including external assurance statements;
- Monitoring the on-going market evolution, particularly in relation to disclosure and reporting, to ensure Net Zero Properties is in-line with market practices.

Identification and Mitigation of Environmental and Social Risks

Net Zero Properties has put in place a strong evaluation and selection process, that leverages *its existing* sustainability and risk management framework, to ensure the mitigation of potential environmental and social risks associated with the Eligible Projects. This is in addition to ensuring that Eligible Projects meet applicable national and international environmental and social standards and regulations.

The Net Zero Properties' ESG risk and opportunity assessment is embedded in its acquisition and asset management process, with a strong emphasis on energy efficiency and regulatory resilience, reflecting its Article 8 classification under the EU SFDR. Key risks are identified and mitigated through a structured due diligence process that fully integrates ESG considerations at both asset and counterparty level:

- **Environmental risks include legacy contamination or hazardous materials (e.g. asbestos),** as well as increasing exposure to physical climate risks, if materials are covered by the Technical Due Diligence findings. All assets undergo an EPC audit during due diligence, with any sub-threshold buildings (D or worse) only acquired if technically and economically viable for retrofit.
- **Social risks include affordability erosion, tenant displacement during renovations, or poor safety records**. Net Zero Properties' retrofit strategy strives to avoid displacement entirely and prioritises tenant continuity.
- **Governance risks are assessed through background checks on vendors, developers, and contractors**. Any parties with unresolved issues related to corruption, labour violations, or prior ESG controversies are excluded.

The Platform's applies a "Manage-to-Green" strategy, designed to systematically raise portfolio-wide energy performance. This includes:

- Ensuring that at least 75% of units achieve an EPC rating of A, B, or C targeted within 24 months of acquisition;
- Implementing externalized capex upgrades (insulation, heat pumps, PV, digital controls) with measurable CO_2 and kWh reductions;
- Tracking EPC progress quarterly on a cost-weighted basis, with asset-level follow-up where retrofits are ongoing;
- Prioritizing acquisitions where efficiency uplift is realistic and cost justified.

2.5 Management of Proceeds

Net Zero Properties' treasury team will manage the allocation of an amount equivalent to the net proceeds of its Sustainable Financing Instruments on an aggregated basis for multiple Sustainable Financing instruments (portfolio approach). To manage this process, Net Zero Properties will establish a Sustainable Financing Register which will be reviewed semi-annually by the Committee.

Net Zero Properties will strive to achieve a level of allocation to the Eligible Project Portfolio that matches or exceeds the balance of net proceeds of its outstanding Sustainable Financing Instruments. Net Zero Properties will strive to fully allocate net proceeds to Eligible Projects within 3 years from the year of issuance, to align with its strategy of acquiring and refurbishing residential properties to improve their energy consumption and significantly reduce their CO2 emissions.

Pending full allocation of an amount equal to the net proceeds of outstanding Sustainable Financing Instruments, the unallocated net proceeds will be held in cash or cash equivalents and/or assets that are pending or in the process of receiving energy efficiency or CO2 emissions upgrades.

2.6 Reporting

With respect to its Sustainable Financing Instrument(s), Net Zero Properties commits to publish on its website an allocation and impact report(s) annually, starting one year after issuance and until full allocation of the net proceeds and in the event of any material changes until the relevant maturity date:

a) Allocation Reporting

Net Zero Properties will provide information on the allocation of the net proceeds of its Sustainable Financing Instruments on its website. The information will contain at least the following details:

- Net proceeds of outstanding Sustainable Financing Instruments;
- Amount of net proceeds allocated to Eligible Projects for each of the Eligible Project categories as defined in the Use of Proceeds section of this Framework;
- Where feasible, a list of the Eligible Projects financed through Net Zero Properties' Sustainable Financing Instruments;
- The proportional allocation of net proceeds between existing projects (refinancing) and new projects (financing);
- The remaining balance of unallocated net proceeds, if any.

b) Impact Reporting

Net Zero Properties intends to align, on a best effort basis, with the reporting recommendations as outlined in ICMA's "Handbook – Harmonized Framework for Impact Reporting (June 2026)[9].

Net Zero Properties will provide impact reporting at the Eligible Project Category level, including project level information where possible, which may include the following estimated Impact Reporting Metrics:

Eligible Green Category	Potential Impact Indicators
Green Buildings	• Number of buildings with relevant Certification Standards ○ Type of scheme, certification level • Absolute energy demand in kWh or energy demand intensity in kWh/m2 • Absolute GHG emissions reduced/avoided in tonnes of CO2e or GHG emissions intensity reduced/avoided in tonnes of CO2e/m2 or tonnes of CO2e/kWh
Energy Efficiency	• Annual energy savings in kWh (electricity) and GJ/TJ (other energy savings) • Absolute GHG emissions reduced/avoided in tonnes of CO2e or GHG emissions intensity reduced/avoided in tonnes of CO2e/m2 or tonnes of CO2e/kWh
Renewable Energy	• Additional capacity of renewable energy generation installed in kW • Absolute GHG emissions reduced/avoided in tonnes of CO2e or GHG emissions intensity reduced/avoided in tonnes of CO2e/m2 or tonnes of CO2e/kWh • Annual energy savings in kWh (electricity) and GJ/TJ (other energy savings)
Eligible Social Category	**Potential Impact Indicators**
Affordable Housing	• Number of dwellings / buildings • Number of individuals/families benefiting from subsidised housing

2.7 External Reviews

Net Zero Properties' Sustainable Financing Framework is supported by the following external reviews:

[9] ICMA, Handbook – Harmonized Framework for Impact Reporting (Green and Social Projects tabs)

a) Second Party Opinion (“SPO”)

Net Zero Properties has appointed Sustainable Fitch to provide a Second Party Opinion on the Sustainable Financing Framework, to confirm alignment with the GBP, SBP, SBG, GLP and SLP. The Second Party Opinion is available on Net Zero Properties’ website.

b) Post-Issuance External Verification on Reporting

Net Zero Properties will request on an annual basis, starting one year after issuance and until full allocation, an assurance report on the allocation of Sustainable Financing Instrument net proceeds to Eligible Projects, provided by an external review provider.

3. Amendments to this Framework

Net Zero Properties will review this Framework from time to time, including its alignment to updated versions of the relevant Principles as and when available in the market. Any major update will be subject to the review of an SPO Provider or any such other qualified provider of Second Party Opinion.