DFI Annual Sustainability Report 2026

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Overview

DFI at a Glance

Deutsche Finance International ("DFI") is a London-based real estate investment manager focused on value-add strategies across key European markets. Since its establishment in 2016, DFI has pursued high-conviction investment themes through a disciplined and research-driven approach, targeting sectors and locations where structural supply-demand imbalances create opportunities for sustainable income growth and long-term value creation through active asset management.

Responsible investment is fundamental to DFI's investment philosophy and operating model. We believe that integrating ESG considerations into investment decisions, asset management and ownership practices supports stronger long-term, risk-adjusted performance. At the same time, we recognise the broader responsibility that comes with investing in and managing real assets. Through the buildings and communities we help shape, we have an opportunity to contribute positively to environmental performance, social outcomes and long-term urban resilience.

Our investment strategy is inherently customer-focused, reflecting the changing needs of occupiers and the long-term trends reshaping the built environment — including demographic change, urbanisation, climate transition and technological advancement. ESG considerations are embedded throughout the investment lifecycle, informing how we source opportunities, assess risk, develop business plans, manage assets and realise value over time.

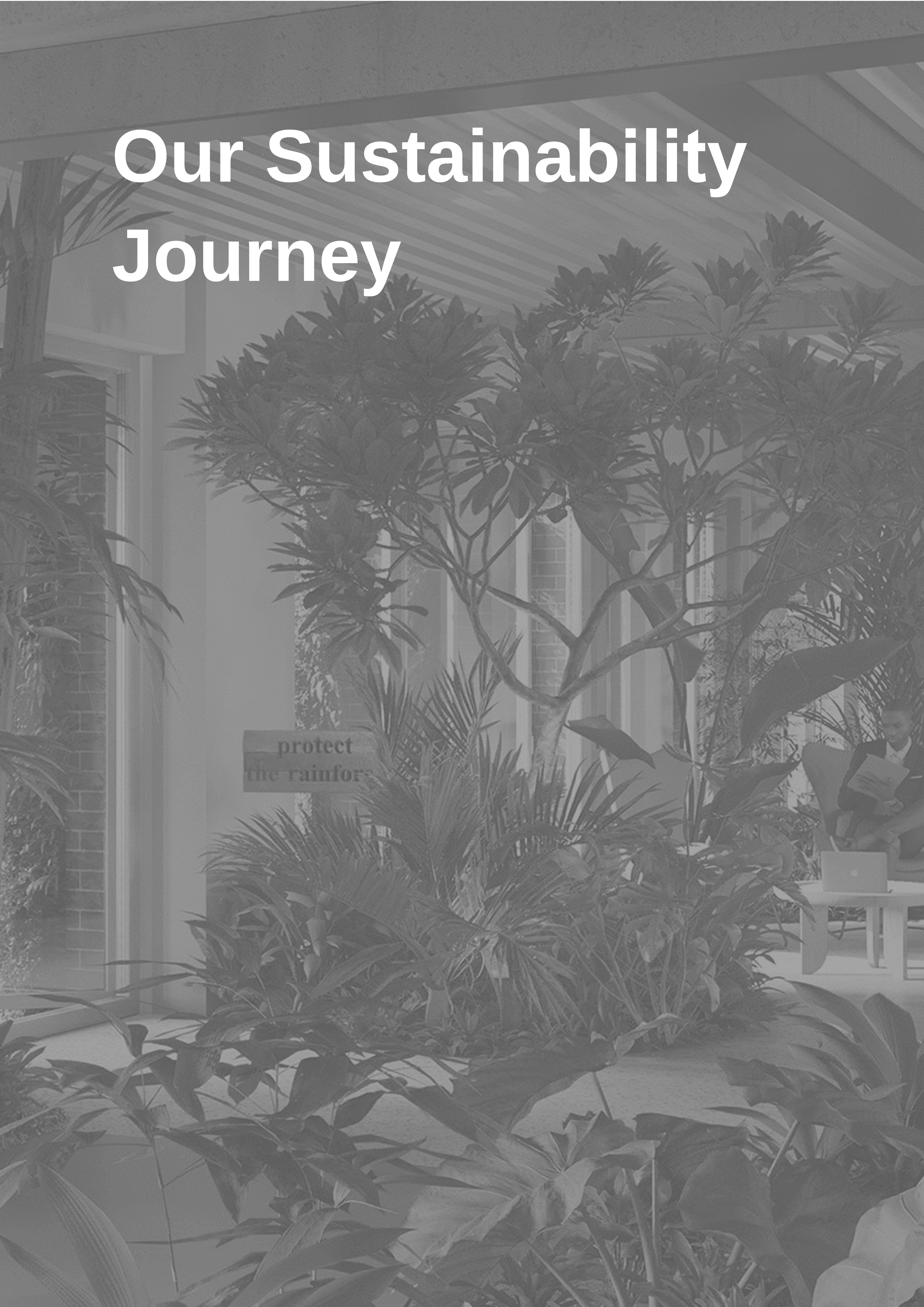
Foreword

"Sustainability is embedded within DFI's investment approach through its existing policies, procedures and due diligence processes, and is treated as a critical workstream for DFI's projects. Rather than being considered separately from investment decision-making, sustainability is integrated into how opportunities are assessed, how risks and opportunities are identified, and how investment cases are developed across markets and strategies.

This approach reflects the growing importance of sustainability in both investor expectations and DFI's own internal decision-making. The business has set its own view and direction on sustainability, and these considerations increasingly influence whether an opportunity is likely to proceed. Where DFI believes sustainability improvements are achievable and material, they can strengthen the investment case; where they are more difficult to deliver, this is weighed carefully as part of the overall assessment."

- Frank Roccogrande, Founding Partner

Our Sustainability Journey



Through the Years

Driving continuous sustainability improvements through targeted asset enhancements; strengthened reporting and alignment with long-term strategic initiatives

2016

Founding, ESG Strategy

DFI founded and first ESG strategy established

Refreshed Existing Detailed Roadmap

Initiated comprehensive review of DFI's existing ESG strategy

2020

UNPRI, Strategy Implementation

Successfully completed first UNPRI reporting cycle alongside initial stages of ESG strategy implementation

2021

Sustainable Due Diligence

Created internal sustainability framework for asset-level strategy, building on DFI's ESG approach

2022

GRESB, Consultant Appointment, TCFD

Submitted **EVAF II** to GRESB, appointed best-in-class ESG consultant to improve ongoing strategy, finalised TCFD gap analysis

2023

Strategy & Reporting

Submitted to annual GRESB and UNPRI reporting; received 13-point improvement in GRESB score from previous submission; social value and social impact data collection work ongoing

2024

Upgrading ESG Data Capture

EVAF II: strengthened environmental data infrastructure through deployment of advanced hardware; real-time measurement of energy consumption, water use and GHG emissions

2025

Driving Portfolio ESG Performance

EVAF II: meeting targets across operational assets while deploying SIERA platform to provide real-time portfolio insights, identify emerging risks, and guide strategic decisions

2026

Investor and Strategic Context

In 2025, DFI continued to evolve its investment model towards more specialised, separate managed accounts with large institutional investors under clearly defined strategies. This shift has brought sustainability further to the forefront of investor dialogue, particularly as DFI expands relationships with major European and global capital partners. Sustainability performance is now widely viewed not only as a measure of responsible investment practice, but also as a key driver of asset resilience, operational performance and long-term value creation.

Managing Transition Risk

A key theme in 2025 was the management of transition risk, particularly in relation to older assets and evolving regulatory expectations. DFI's work demonstrates how active asset management can help address the risks associated with the transition to a lower-carbon economy, including the need to improve building performance and respond to tightening energy efficiency requirements. In this context, sustainability improvements are not only a matter of environmental performance, but also an important part of protecting asset relevance and long-term value.

This theme is particularly relevant in logistics, where investor scrutiny of energy performance and operational efficiency continues to increase. DFI's experience shows that targeted interventions can reduce exposure to transition-related risks while improving asset quality and supporting stronger portfolio resilience. This has become an increasingly important area of focus for both the business and its capital partners.

"Sustainability is not viewed as a standalone initiative, but as an integral component of our responsible investment strategy and long-term value creation. We remain committed to continuing this journey thoughtfully and responsibly, while maintaining the flexibility needed to respond to different market conditions, investment strategies and stakeholder expectations." Gavin Neilan, Founding Partner

Case Studies

Libra – InTown

Case Study – Units 1-2 and Units 3-4 Bracknell

Executive Summary

The portfolio comprises 11 assets totaling approximately 1.0 million sq ft, acquired with highly reversionary income (over 70%) secured against strong covenants. The assets are in prime, supply-constrained industrial and logistics hubs, primarily across Greater London and the South East of the UK, and were acquired through a combination of limited and off-market sales processes. The investment is managed in partnership with Argo Real Estate, a UK-focused industrial and logistics investor with a strong track record.

Key Sustainability Outcomes

EPC Rating Moves from a C (62) to an A (20) and BREEAM Excellent (In-Use) achieved on part.

During Q4 2024/Q1 2025 the property, comprising two leased units (Units 1-2 and Units 3-4), underwent a major external refurbishment to improve the overall energy efficiency of the unit and position the unit to pursue a green premium on both lease terms and capital exit. The lease on Units 1-2 was renewed at a new record market headline for the area and incorporated all new green lease and solar PV benefit lease clauses.

The implemented energy efficiency improvements have led to Units 1-2 moving from a 'D' rated EPC to an 'A' rating with BREEAM Excellent accreditation and Units 3-4 moving from a 'B' rating to an 'A' rating.

Key Sustainability Improvements

- Installation of solar roof panels
- Installation of LED lighting with sensor controls
- Removal of gas-fired heating
- Installation of new electric VRF heating and cooling
- Installation of electrical vehicle charging points
- Full external redecoration to cladding, windows, doors and roller shutters

Olympia Net Zero Carbon Strategy

- As part of DFI's £1.3 billion investment in Olympia, a long-term Net Zero Carbon strategy assessment was undertaken to evaluate the asset's future decarbonisation pathway and climate resilience
- DFI worked in partnership with Evora Global to develop the strategy and undertake a detailed analysis of the asset's operational and embodied carbon performance, future transition requirements and decarbonisation opportunities
- The Carbon Risk Real Estate Monitor (CRREM) methodology was used to assess future carbon performance trajectories and benchmark Olympia against comparable asset classes and sector-specific decarbonisation pathways
- The outputs of the analysis are currently being reviewed by Olympia's estate management team to support future investment planning, asset management decisions and alignment with the asset's long-term sustainability objectives

Managing Asset for Long Term Resilience

Project Libra

Background

DFI's Libra portfolio branded as Intown Logistics is a prime example of how sustainability and value creation can be pursued simultaneously in the urban industrial sector. Acquired in June 2023 as an 11-asset portfolio of predominantly freehold urban logistics assets across Greater London and the Southeast, Libra was specifically structured around a thesis of income reversion and ESG-driven value uplift.

Actions

- EPC upgrade programme: Through a targeted capex programme, DFI has upgraded 17 units, with nearly all completed refurbishments achieving EPC A (with two exceptions)
- ESG data infrastructure: Automatic ESG data loggers have been installed across all Libra estates (apart from Park Royal), enabling ongoing monitoring of energy consumption and environmental performance
- Capex for performance: The broader £30mn capex programme focused on roof replacements, cladding, lighting and MEP upgrades which improves the energy performance of each asset alongside its physical condition and market appeal
- Occupier engagement: Key lease events are being structured to align landlord and tenant interests around ESG performance, including EPC compliance and energy efficiency improvements

Outcome

- At acquisition, the average portfolio EPC rating was C. The portfolio average has improved to B, with the trajectory towards nearly full EPC A coverage by exit
- Leasehold extension: The long leasehold at Nottingham has been extended to 150 years, providing the long-term security needed to justify significant ESG investment in the asset

Other Assets

Alongside Project Libra, DFI continued to make progress through active asset-level management across the portfolio. This includes work at Catalyst Bicester and other assets where sustainability considerations are being incorporated into ongoing development and asset management activity. These projects demonstrate that sustainability progress is often delivered through practical, hands-on interventions that improve the performance and future-readiness of individual assets.

DFI sees this asset-level execution as an important part of its sustainability story. Across the portfolio, there are examples of strong operational delivery and targeted improvements that support both commercial objectives and sustainability outcomes. These case studies help bring the wider strategy to life by showing how sustainability priorities are translated into real decisions and measurable action on the ground.

Driving continuous sustainability improvements through targeted asset enhancements; strengthened reporting and alignment with long-term strategic initiatives.

ESG Goals

Our 3 Strategic Goals

DFI’s responsible investment approach is organised around three strategic goals, applied consistently across our corporate operations and investment activities.

These three goals provide the strategic framework through which all of DFI's ESG activities at the corporate, fund and asset levels are developed and assessed.

1. Responsible Governance:

Promoting responsible corporate governance across all activities, extending to our partners and supply chain. This encompasses equality and diversity, business ethics and compliance, transparency and disclosure, responsible supply chain management, and physical and cyber security

2. Climate Change Resilience:

Increasing resilience against climate change across our corporate operations and investment portfolios. This covers carbon emissions, energy and water consumption, biodiversity and land use, resource and material management, climate change adaptation and sustainable building design

3. People and Communities:

Advocating welfare for our people and local communities, including the communities in which we invest. This includes local community engagement, tenant engagement, health and safety, employee wellbeing and satisfaction, and the promotion of diversity, equity and inclusion

ESG Performance

Environment: Climate and Energy

Real estate is one of the largest contributors to carbon emissions globally. Investors, regulators and occupiers are all increasingly focused on energy performance and carbon reduction. For a value-add manager like DFI, refurbishment and repositioning activity creates a natural opportunity to improve energy efficiency and future-proof assets against tightening regulatory requirements turning an ESG obligation into a value creation lever.

What DFI is already doing:

- DFI is progressing an EPC upgrade programme across the Libra portfolio, improving assets from an average EPC rating of C toward B and ultimately targeting A in order to enhance energy performance, reduce transition risk and support long-term asset value
- DFI is also pursuing leading sustainability certifications across selected assets, including a LEED Platinum target at Holstenwall and the achievement of DGNB Gold at Dionysus, reflecting a focus on high-performance building design and environmental quality
- Real-time energy consumption monitoring has been deployed across EVAF II assets via SIERA, giving DFI better visibility over operational performance and enabling more informed decisions to improve efficiency and manage environmental impacts
- Across EVAF I assets, DFI has supported green energy procurement as part of its wider approach to lowering operational carbon emissions and aligning portfolio performance with evolving investor and occupier expectations
- DFI has also completed a TCFD gap analysis to assess the maturity of its climate-related risk management and disclosure practices, helping to identify priorities for strengthening resilience across the business and its real estate portfolios

Environment: Building and Places

DFI’s investment strategy is fundamentally about transforming buildings by repositioning, refurbishing and repurposing assets to meet the needs of modern occupiers. This creates a direct opportunity to embed sustainability into the physical fabric of assets and demonstrate how active management can deliver buildings and places that are more resilient, functional and attractive.

DFI’s approach to decarbonisation is grounded in practical action and measurable performance improvement, particularly through asset upgrades, operational efficiencies and better building design. This enables the business to communicate progress credibly while maintaining flexibility across a diverse portfolio and range of markets.

Much of the work already underway therefore contributes directly to decarbonisation, even where long-term corporate commitments are still evolving.

What DFI is already doing:

- DFI is pursuing recognised building certifications across key assets, including BREEAM “Very Good” at Lamda, DGNB Gold at Dionysus and a LEED Platinum target at Holstenwall, demonstrating a clear focus on improving building quality, sustainability credentials and long-term occupier appeal
- At Dionysus through the Mylo Living concept, and at Agora, DFI has emphasised amenity-rich design that supports wellbeing, fosters community and helps create places that are more attractive and functional for occupiers
- DFI is also delivering capital expenditure programmes that upgrade MEP systems, façades and public areas, improving the physical performance of assets while enhancing the quality and usability of the buildings and surrounding spaces
- At Holstenwall, DFI has secured ESG subsidy support from the Hamburg municipality, helping to advance sustainability-led improvements and reinforcing the role of public-private collaboration in delivering better buildings and places

Social People and Communities

DFI's portfolio is heavily weighted towards living sectors, including student accommodation, micro-living, multifamily and flex-living. In these asset classes, resident experience is closely linked to asset quality, income resilience and long-term value, while the assets themselves can also make a positive contribution to the wider communities in which they operate.

What DFI is already doing:

- Lamda has been recognised by students as one of Leicester's leading student accommodation schemes and has achieved Gold in the Global Student Living Index, highlighting DFI's focus on delivering a high-quality residential experience that supports wellbeing, satisfaction and long-term asset appeal
- Through the Dionysus asset and its Mylo Living brand, DFI has developed a residential platform centered on sustainability, wellbeing and affordability, reflecting an approach to living sector investment that prioritises both resident needs and long-term social value
- Agora has been designed around community and shared amenity provision, including co-working space, a gym, communal kitchen, cinema room and garden lounge, helping to create a more connected and attractive living environment for residents
- In Spain, Box is targeting more affordable routes to residential ownership through privatisation, supporting access to housing while aligning DFI's investment strategy with a clear social need in the market

Governance: Responsible Investment & Governance

DFI recognises that strong governance is essential to effective sustainability integration. Sustainability considerations are incorporated into the structures and processes that support due diligence, investment submissions and decision-making, helping ensure they are reflected not only in policy but also in day-to-day investment practice.

This governance framework supports consistency, accountability and oversight across the organisation, while linking sustainability priorities to investment committee processes and wider business strategy. As DFI continues to develop its approach, governance remains a core foundation for implementation, monitoring and reporting.

What DFI is already doing:

- DFI has been a signatory to the UN Principles for Responsible Investment since 2020, reflecting its formal commitment to integrating responsible investment principles into its investment processes and ownership practices
- DFI undertakes annual reporting to both GRESB and UNPRI, supporting transparency, external accountability and more consistent communication of sustainability progress to investors and other stakeholders
- DFI has developed an internal sustainability framework to help guide asset-level strategy, providing a more structured basis for identifying, prioritising and implementing ESG initiatives across the portfolio
- An ESG committee is in place within DFI, helping to provide internal oversight, coordination and accountability for the development and implementation of the firm's sustainability agenda
- DFI has also appointed an external ESG consultant, bringing additional specialist expertise to support the evolution of its responsible investment approach, reporting and asset-level execution
- ESG considerations are integrated into DFI's investment committee process, as evidenced by initiatives such as the LEED upgrade and ESG subsidy support at Holstenwall, demonstrating how sustainability factors are embedded within investment decision-making and capital allocation

Governance: Data, Technology and Continuous Improvement

As sustainability expectations continue to evolve, DFI is focused on strengthening data quality, improving internal scoring and using better information to inform decisions across investment and asset management. This creates a feedback loop in which stronger performance insight supports better investment selection, sharper asset management and clearer prioritisation across the business.

Technology, digital tools and stronger data systems are helping accelerate this shift by enabling more effective tracking, monitoring and implementation of sustainability actions across the portfolio. Greater awareness across investment teams and senior management is also supporting stronger alignment around priorities and performance expectations.

What DFI is already doing:

- DFI has deployed the SIERA platform across EVAF II to provide real-time portfolio-level insights, strengthening the firm's ability to monitor sustainability performance, identify trends and support more data-led decision-making across investment and asset management activities
- At Libra, DFI has implemented advanced metering hardware to measure energy, water and greenhouse gas emissions in real time, improving the quality and timeliness of operational data available to inform performance management and sustainability action
- Automatic ESG data loggers have also been installed across all Libra estates, excluding Park Royal, creating a stronger data infrastructure for ongoing monitoring and helping DFI build a more consistent and scalable approach to asset-level sustainability tracking
- DFI's improvement in GRESB results demonstrates year-on-year progress in the maturity of its sustainability management, reporting and underlying data processes, providing a useful external benchmark for continuous improvement
- Third-party assurance has also been completed for GRESB, helping to strengthen confidence in DFI's reported data and reinforcing the credibility, robustness and transparency of its sustainability disclosures

Governance: Industrial and Logistics

Urban industrial and logistics assets sit at the intersection of two powerful forces shaping the sustainability agenda in real estate. On one side, the relentless growth of e-commerce and last-mile delivery is intensifying demand for well-located urban logistics space, placing these assets at the heart of modern supply chains. On the other, the industrial sector faces growing scrutiny over its environmental footprint energy consumption, vehicle movements, air quality particularly in dense urban locations where the social and environmental impacts of logistics activity are most acutely felt.

The obligation is to ensure that industrial assets meet rising ESG standards set by occupiers, lenders and regulators. The opportunity is that assets which meet those standards command meaningfully better rents, lower vacancy and stronger exit pricing than those that do not making ESG improvement a direct driver of financial returns. ESG is increasingly becoming both a liquidity factor and an occupational factor in the industrial and logistics sector.

What DFI is already doing:

- Through Project Libra, DFI is delivering a targeted EPC upgrade programme across an urban logistics portfolio, improving building performance and reducing transition risk in a sector facing rising occupier and regulatory expectations
- DFI has committed significant capital expenditure across Libra to upgrade roofs, cladding, lighting and MEP systems, demonstrating how active asset management can enhance both operational efficiency and long-term asset competitiveness in industrial and logistics
- DFI has installed ESG data loggers and advanced metering infrastructure across much of the Libra portfolio, strengthening visibility over energy use and environmental performance at estate level and creating a better platform for ongoing improvement
- Lease events within the Libra portfolio are being used to align landlord and occupier interests around EPC compliance and energy efficiency, showing how DFI is embedding sustainability into occupier engagement and asset management processes
- At Nottingham, DFI extended the asset's leasehold term to support longer-duration investment, creating the security needed to justify deeper sustainability-led capital improvements and future-proof the asset over the long term

Looking Ahead

2026 and Beyond

Looking ahead, DFI sees significant opportunity to build on the progress made to date by improving sustainability performance, strengthening data and continuing to raise awareness across the organisation. As reporting frameworks evolve and investor expectations continue to rise, the business expects sustainability to play an even more prominent role in investment screening, asset management and portfolio strategy.

DFI also sees further opportunity to highlight the successes already achieved across its portfolio through clearer storytelling and stronger case studies. This will help demonstrate to investors how sustainability is being translated into action at both strategic and asset level. The focus remains on delivering practical, credible progress and communicating it in a way that is relevant to institutional investors and aligned with their priorities.

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