Zencap
Asset Management

Testimony by Louis Fleury, CEO of Residential Group, a company supported by Zencap AM since 2024, whose financing has been linked to ESG objectives and a Sustainability-Linked Loan (SLL) mechanism.

Residential Group serves high-end clients with a tailor-made offer covering the entire life cycle of a real estate asset: acquisition, redevelopment, integrated services (architecture, concierge services, family office, club deals) and sale. Thanks to its 360° approach, the Group is positioned as an expert and trusted partner for investors in the luxury segment. https://www.residentialgroup.fr/

Zencap AM: You demonstrate that sustainability and high-end real estate are compatible. First of all, regarding the residential projects you carry out, often in environmentally sensitive geographical areas, could you give us some concrete examples of your environmental policy? And how do you raise awareness among your clients in this area?

Louis F.: At Residential Group, we are convinced **that the luxury real estate of tomorrow cannot exist without environmental excellence**. Our approach is part of a sustainable vision of high-end real estate, with particular attention to sensitive areas such as the Arcachon Basin and mountainous regions. In concrete terms, our environmental commitments translate into:

- Systematic analyses from the design phase onwards, enabling us to quantify and reduce the carbon footprint of each project, ranging from the structural work to the future use of the buildings.
- Energy efficiency as a standard: we systematically aim for the highest levels of energy performance, with priority given to local materials and crafts.
- Prioritizing renovation and rehabilitation: in our heritage projects, we favor the transformation of existing buildings rather than demolition and reconstruction. This approach not only preserves the architectural identity of the sites, but also significantly reduces the overall carbon footprint of these operations.
- Minimal artificialization: we fully integrate the principles of land use restraint. We ensure preservation of local ecosystems, favor intelligent densification, and incorporate renaturation solutions whenever possible.

Our clients are increasingly receptive to these issues. Our role is to support them, inform them, and promote their sustainable choices.

Zencap AM: In your urban commercial projects, you have been able to meet the high ecological standards set by the city of Bordeaux, for example. How did you achieve this?

Louis F.: In our urban commercial projects, particularly in Bordeaux, **we have fully integrated the ambitious environmental requirements** set by the municipality, viewing them not as constraints but **as levers of innovation, sustainable value, and attractiveness** for our end users.

An integrated and collaborative approach. From the early stages, we established dialogue with the city of Bordeaux, architects, environmental design offices, and future operators. This consultation enabled us to anticipate requirements in terms of:

- Energy efficiency (sourced materials, active ventilation, facades with high thermal inertia, specialized consulting firms)
- Active mobility (bicycle spaces, multimodal connections, electric charging stations)
- Urban biodiversity (green roofs, green corridors, local species, urban wildlife refuges)
- Low-carbon, local, and recycled materials
- Reversibility of spaces to anticipate their future conversion.

We believe that **the commercial and service real estate of tomorrow must combine performance, sustainability, and user comfort**. In Bordeaux, as in other cities, our projects are part of a logical of making a positive contribution to the urban fabric by creating living and working spaces that are in line with the environmental expectations of local authorities, users, and investors.

Zencap AM: Prior to financing, we discussed these issues at length, and an SLL mechanism was put in place, meaning that the interest rate is indexed to sustainability targets. Your objectives address the LCA (Life Cycle Assessment) approach, the proximity of local material sourcing, and the energy efficiency of buildings. How did you perceive this approach? Are these objectives drivers for you?

Louis F.: We had anticipated this matter well in advance and welcomed the introduction of the SLL mechanism with real enthusiasm, as it perfectly reflects our ambition to combine economic performance with environmental commitment.

A virtuous incentive, aligned with our convictions (indexing the interest rate on financing to the achievement of sustainability objectives such as LCA or energy performance), seems to us to be an effective and stimulating lever. **This approach encourages us to formalize our commitments, objectify our results, and incorporate sustainability into as many operational decisions as possible.**

Rather than perceiving them as constraints, we see these indicators as **catalysts for innovation and guarantors of consistency** in our ESG approach. They enable us to:

- Strengthen our rigor in evaluating materials,
- Prioritize local suppliers and materials, reducing our carbon footprint while supporting the regional economy,
- Achieve measurable gains in energy performance, which are beneficial for the environment, occupants, and the long-term value of assets.

This mechanism has also led us to strengthen our reporting and monitoring tools, with clear governance around key indicators. This transparency is essential, both for our financial partners and our customers, who are increasingly sensitive to the strength of the commitments made.

In short, **SLL is a real driver of transformation for us**: it forces us to go further, faster, while strengthening the credibility of our sustainable approach in the demanding sector of luxury real estate.

Zencap AM: Is your sustainability policy an asset in your sector?

Louis F.: Yes, **our sustainability policy is now a major strategic asset** in our sector on several levels.

Firstly, as a differentiator in a demanding market: in luxury real estate, where quality, exclusivity, and sustainability are essential, incorporating strong environmental criteria allows us to stand out. Our clients, whether they are users, investors, or institutional players, are increasingly attentive to the environmental impact of their projects, without ever compromising on aesthetics or comfort. Our approach therefore enables us to respond to an emerging demand for "conscious" real estate, without compromising on excellence.

Furthermore, as **a lever for value creation**, sustainability also goes hand in hand with asset appreciation:

- More energy-efficient buildings are more attractive for resale or rental.
- Reversible, low-carbon, well-designed assets are more resilient to regulatory changes and market expectations.
- And for investors, ESG criteria is becoming an essential prerequisite.

Finally, as **a matter of fundamental consistency**: Our sustainability policy is not just a stance: it cuts across all our business lines (development, architecture, transactions, asset management, Family Office, etc.) and is part of a long-term approach. It shapes the way we design projects, engage with our partners, and guide our strategy.

For all these reasons, sustainability is not only a competitive advantage, but also a guarantee of longevity, trust, and responsibility, fully consistent with the values of high-end real estate that we uphold.

The interview was conducted on June 4, 2025, as part of Zencap AM's 2025 ESG Report.