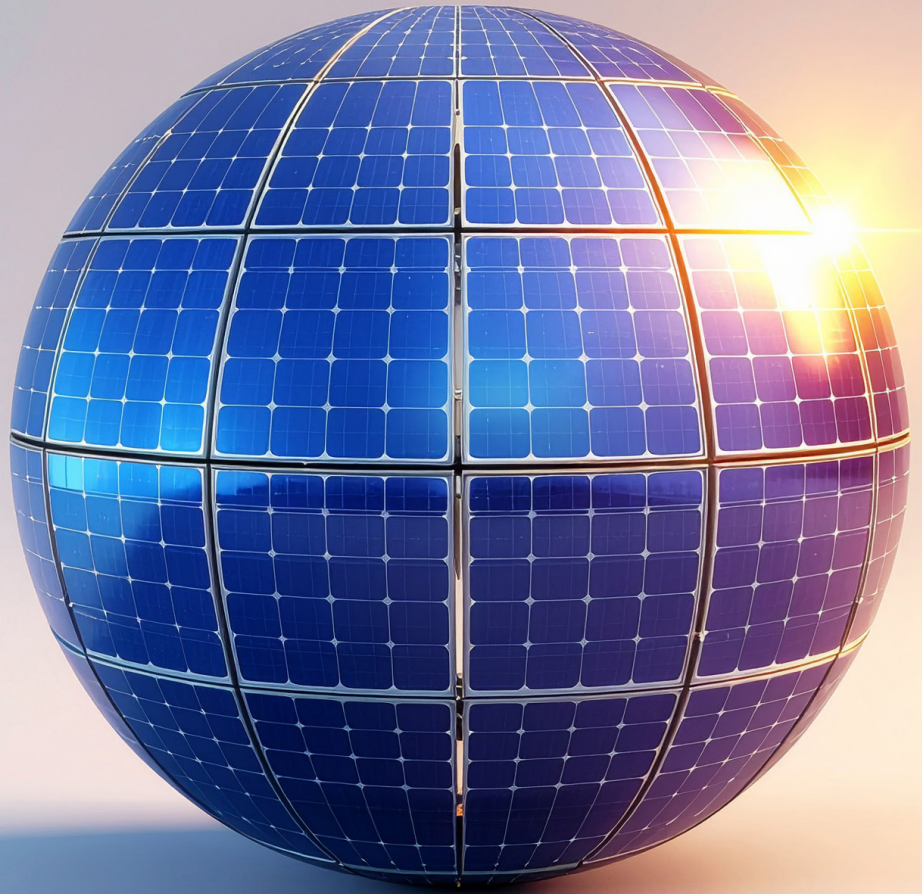




REAL ESTATE SUSTAINABILITY ANNUAL REPORT

Measuring our progress across real estate
investments and lending.



OCTOBER 2025 | FOR THE YEAR ENDED DECEMBER 31, 2024

For Professional Investors only. All investments involve risk, including the possible loss of capital.

CONTENTS

A WORD FROM OUR LEADERSHIP	3
ABOUT PGIM REAL ESTATE	4
CHAPTER 1	
SUSTAINABILITY PHILOSOPHY & APPROACH	5
CHAPTER 2	
MAJOR UPDATES 2024	12
CHAPTER 3	
SUSTAINABILITY GOVERNANCE & RESOURCES	18
CHAPTER 4	
ANTICIPATING & MANAGING RISKS	26
CHAPTER 5	
ACROSS THE INVESTMENT LIFE CYCLE	32
CHAPTER 6	
ACTIVE STEWARDSHIP	47
CHAPTER 7	
OUR PEOPLE & CULTURE	64
APPENDIX	70

A WORD FROM OUR LEADERSHIP

PGIM Real Estate's philosophy and approach to sustainability are deeply rooted in the principles of materiality and focused on reducing carbon emissions, enhancing resilience, and building value. The company integrates material factors of sustainability explicitly and systematically throughout the investment life cycle to lower risk and generate returns.

Our focus on reducing carbon is evident in PGIM Real Estate's commitment to net zero carbon by 2050. We translate that commitment across our funds and assets to center on energy management practices and the provision of renewables, which enables us to reduce operational costs and improve net operating income. Enhancing resilience involves building the capacity to withstand climate-related challenges — such as flooding and heat stress — to maintain the usability and long-term value of assets. The company's sustainability strategy focuses on building value by futureproofing investments and operations, mitigating transition risks, and aligning with regulatory environments for real assets, which are becoming increasingly geared toward a low-carbon economy.

Our approach to sustainability is data driven, and decisions, from day-to-day operations to long-term strategy, are based on research and data analysis. In 2024, the company transitioned its managed assets to a market-leading software-as-a-service (SaaS) sustainability platform to improve data automation and enable advanced data analytics to lead to better outcomes. This new platform also enabled us to onboard a more comprehensive, higher-resolution climate risk dataset across our debt and equity businesses to better inform decision-making for investments, lending, and asset management and to ensure continued compliance with evolving regulations.

PGIM Real Estate continually looks to improve processes, frameworks, and research insights not only so as to adapt to the rapidly evolving sustainability landscape and regional regulations but also, and more importantly, to better serve our clients. Other major updates to our program beyond data management and intelligence have included:

- The development and pilot of a sustainable construction framework for the UK and Europe to standardize our approach to sustainability across our joint venture and supply chain partners and borrowers and deliver high-quality build-ings: The three stepped ambition levels of the framework facilitate the integration of proportionate sustainability across every project and allow us to maximize returns.
- The rollout of a sustainability engagement tracking tool for the Asia Pacific region to monitor and analyze engagements at the asset level: The tool, designed in line with regulatory and industry benchmark requirements, enables us to guarantee coherence of actions carried out at the asset level and to provide actionable insights at the fund and country levels.
- The launch of a new fund to invest in affordable housing in the U.S. by acquiring and developing units for families with incomes of 60 to 120% of the area median income: The fund aims to fill the critical need for more-affordable housing by investing in essential properties and seeks to generate a 13 to 15% net internal rate of return.

As a business, PGIM Real Estate provides key stakeholders with transparency on the effectiveness of the company's sustainability strategy and program by committing and adhering to industry standards and frameworks, and we are proud to highlight these efforts and results in this year's Annual Sustainability Report.



RAIMONDO AMABILE
Co-Chief Executive Officer
& Global CIO



CATHY MARCUS
Co-Chief Executive Officer
& Global COO

ABOUT PGIM REAL ESTATE

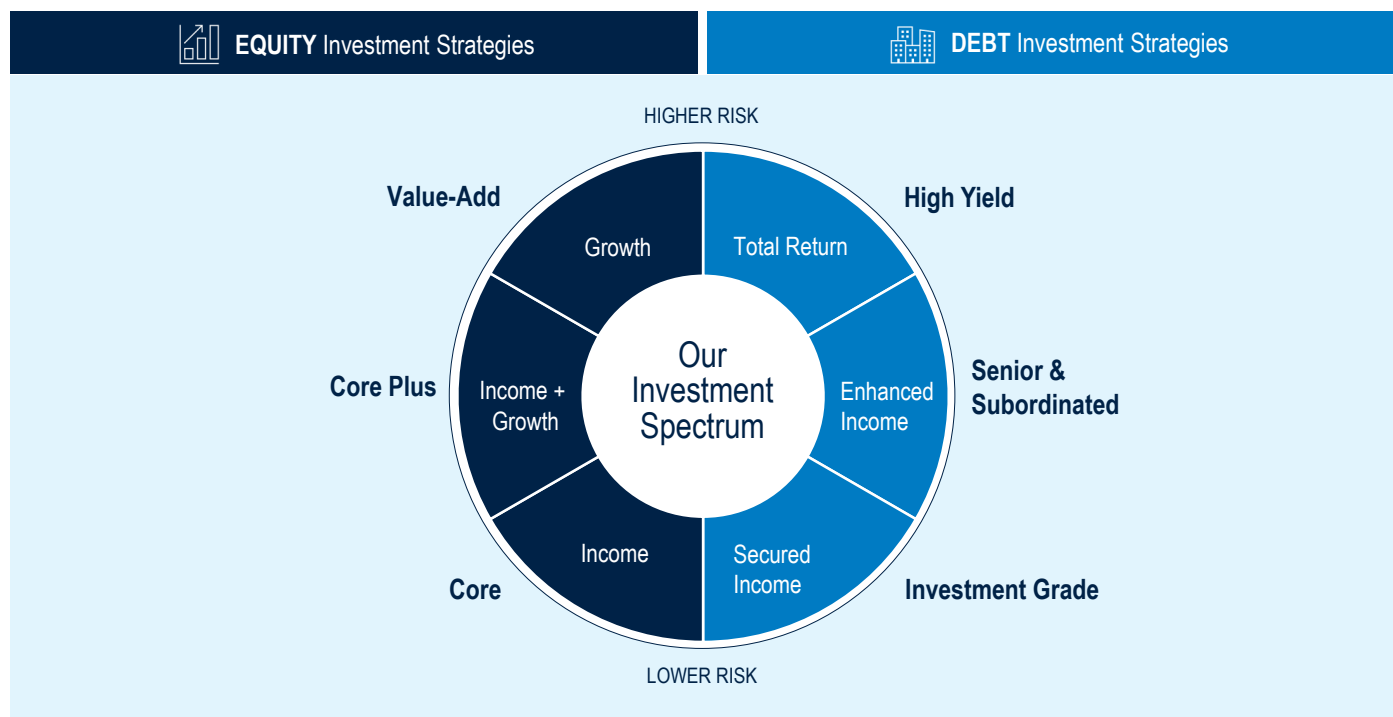
As part of PGIM Private Alternatives, PGIM Real Estate^{1,2} manages and finances real estate properties around the world on behalf of its institutional and individual investors.

Backed by a 150-year history of real estate financing and a 55-year legacy of investing in commercial real estate, PGIM Real Estate strives to deliver exceptional outcomes for investors and borrowers through a range of real estate equity and debt solutions across the risk–return spectrum and through public real estate investment trust (REIT) securities. With \$206 billion in gross assets under management (AUM) and administration and more than 1,200 professionals operating in more than 30 cities worldwide, the industry recognizes PGIM Real Estate for

having extensive access to global markets. Innovation has been a hallmark of our business as has being a first mover across sectors and vehicles — and we continue that legacy today.

Our investing philosophy is to create exceptional value for our investors, borrowers, and partners by uncovering new opportunities within the global real estate market. Institutional markets will always evolve and be in line with radical changes in technology, society, and climate, and so, we have strong conviction that medium-term demand for real estate will be driven by three megatrends: digital transformation, demographics, and decarbonization.

EQUITY AND DEBT STRATEGIES ACROSS THE RISK-RETURN SPECTRUM



Regional strategies providing exposure to multiple sectors

17 Active open-end strategies providing broad, strategic, market exposure for longer-term asset allocation

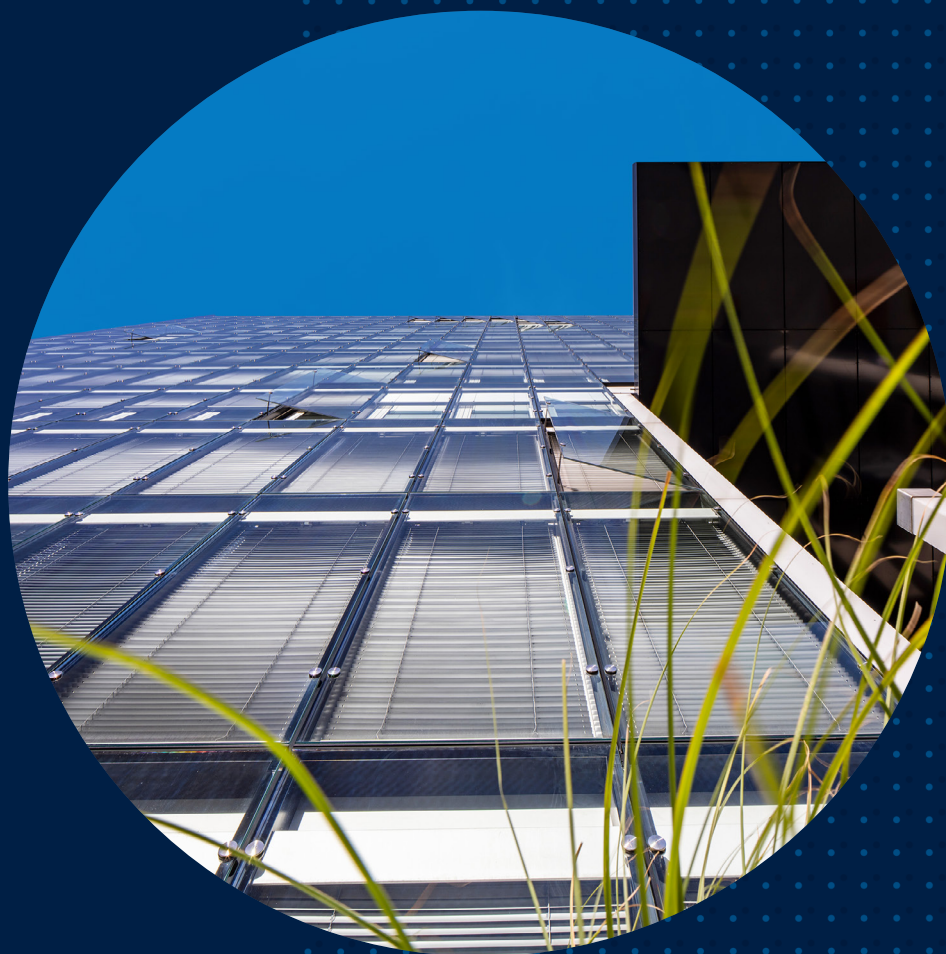
6 Active closed-end strategies focusing on tactical themes and market opportunities throughout the cycle

1 For the purpose of this report, all information unless otherwise stated is intended to be representative of PGIM Real Estate as of December 31, 2024. PGIM is the asset management business of Prudential Financial, Inc. (PFI). PGIM Real Estate is one of the asset management businesses of PGIM. PFI of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom, or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.

2 In June 2025, PGIM announced organizational changes, streamlining its operating model. Investment processes, including their sustainability component, remain unchanged. PGIM Real Estate's Sustainability Policy, Governance, and Resources described in this report refer to the policies and processes in place for the reporting period of calendar year 2024.

SUSTAINABILITY PHILOSOPHY & APPROACH

CHAPTER 01



SUSTAINABILITY PHILOSOPHY & APPROACH

As an investment adviser, we act as a fiduciary, and our primary responsibility is to add economic value to our clients' portfolios over the long term and within the constraints of applicable investment management agreements and ongoing market conditions.

We are committed to transparency and maintaining a robust risk management environment that is intended to preserve, protect, and enhance investor capital. We have multiple levels of risk management at the business, operational, and investment levels, and we take a consistent approach across the globe. At its core, our investment management business is focused on taking controlled risks to achieve a targeted level of return. We believe that taking material sustainability factors into consideration can positively impact long-term economic performance and help position our real assets for regulatory environments increasingly aligned with a low carbon economy and the changing climate.

Through our commitment to sustainable real estate investment and active engagement with key stakeholders: investors, partners, borrowers and tenants, we seek to deliver enhanced risk-adjusted returns for our investors and become a landlord, lender and investor of choice.

As one of the world's largest real estate managers, we manage assets across a wide range of products and vehicles, and our sustainability philosophy remains consistent throughout: We

believe in providing clients with options with respect to their policies, views, and beliefs in their investments. Therefore, in addition to our traditional strategies that integrate economically material sustainability factors across the investment life cycle in pursuit of enhanced risk-adjusted returns, when clients ask us to do so we are also able to manage strategies that seek to have more-positive impacts on the environment and/or society and/or to offer customization to achieve individual risk–return and impact objectives.

[PGIM Real Estate's Global Sustainability Policy](#) outlines our business practices related to sustainability. The policy is comprehensive, covering our equity, debt, agriculture specialist strategy, and securities businesses. It also covers the components of responsible investing that are key to PGIM Real Estate's sustainability strategy. As part of PGIM, PGIM Real Estate aligns its sustainability philosophy and approach with PGIM's high-level approach, as outlined in the [PGIM environmental, social, and governance \(ESG\) investment policy statement](#).



BASED ON A MATERIALITY ASSESSMENT

In response to the ever-increasing frequency and diversity of investor sustainability requests, the continually changing landscape of sustainability regulation, and the general rise of sustainability up the business agenda, PGIM Real Estate commissioned a third-party facilitator to complete a sustainability materiality assessment³ for the equity and debt businesses in Europe (2022/23), Asia Pacific (2023/24), and the U.S. (2024/25). The European materiality assessment took a financial materiality approach to evaluate how sustainability factors affect the business. The Asia Pacific and U.S. materiality assessments took a double materiality approach to evaluate both the sustainability factors that affect the business and the ways the business itself affects the world around it. A broad range of stakeholders, including investors, employees, and, indirectly, tenants and customers, were interviewed and workshopped.

The results from the stakeholder engagement were compiled, ranked, and visualized in materiality maps. The sustainability topics that were identified to be of high influence on stakeholder assessment and decisions about the company and of high ability for the business to influence or cause impact on others were identified as the most material. The most material sustainability topics, in addition to providing key factors to analyzing risks and opportunities across the investment life cycle, have informed a refresh of the business's approach to sustainability.⁴

OUR SUSTAINABILITY STRATEGY: Reducing Carbon, Enhancing Resilience, Building Value



³ The term "materiality" in this context refers to PGIM Real Estate's process for identifying and evaluating sustainability factors that significantly influence its investment and stakeholder decisions. This usage aligns with the Global Reporting Initiative (GRI) methodology and is not intended to reflect the definition of materiality as established by the U.S. Securities and Exchange Commission.

⁴ The strategy will be reviewed and updated as required, based on the findings of the ongoing materiality assessment for the U.S. business.

⁵ In May 2021, PGIM Real Estate joined ULI Greenprint's Net Zero by 2050 Goal (now Track 1). Aligners to this track will pursue net zero operational carbon by 2050 in spaces under landlord operational control. This track includes: i) Operational Carbon (Scope 1 and 2 emissions); and ii) Landlord Spaces.

FOCUS AREAS

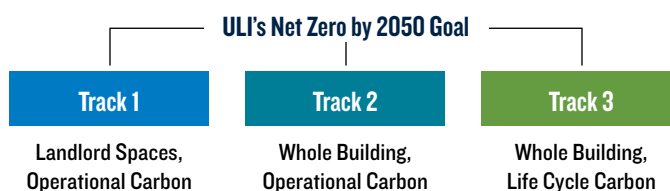
CARBON

Real estate is a primary contributor to carbon emissions, responsible for nearly 40% of annual global greenhouse gas (GHG) emissions. When consistent with investment objectives, client expectations, and regulations, we believe a focus on decarbonization helps future proof our investments and operations by ensuring our assets remain attractive to tenants and more liquid in the marketplace by mitigating transition risks and creating value.

Transition risks in real estate encompass the challenges associated with the transition to a low-carbon economy and implementations of climate-related policies, regulations, and advances in technology and market preferences. These risks expose real estate to increases in capital expenditure (capex) or reassessments of asset values. By proactively addressing transition risks and prioritizing opportunities for decarbonization, we look to enhance resilience, drive value creation, and contribute to a more sustainable future.

NET ZERO BY 2050

PGIM Real Estate is committed to the Urban Land Institute's (ULI's) Greenprint goal of net zero by 2050.⁶ In 2024, Greenprint evolved its goal to offer three optional tracks, with which Greenprint member companies can align. The tracks follow the World Green Building Council's approach to net zero and provide different options for the types of spaces and carbon in buildings to be included within the goal boundaries.



Equivalent to ULI's original Net Zero Carbon Operations by 2050 Goal, PGIM Real Estate's commitment aligns to Track 1. Aligners with this track will pursue net zero operational carbon (Scope 1 and Scope 2 emissions) by 2050 in spaces under landlord control i.e. applies to the equity business only.

Our collective progress against the net zero goal is published in the ULI Greenprint Performance Report each year to publicly showcase advancements.



⁶ For more information on the Greenprint ULI goal of net zero by 2050, see the ULI website: <https://americas.uli.org/research/centers-initiatives/uli-randall-lewis-center-for-sustainability-in-real-estate/membership/uli-greenprint-goals/>. Accessed May 2025.

OUR JOURNEY TO NET ZERO

We take a comprehensive, data-driven approach to decarbonization.

As a first step to decarbonization, our net zero pathway is focused on energy management practices to try to ensure our properties operate at peak efficiency, which reduces operating costs and increases net operating income. We prioritize advanced building automation and the integration of smart technologies to optimize energy usage and operational efficiency. These technologies provide real-time data that can be used to make immediate adjustments that can improve performance and comfort.

The provision of on-site renewables, as a second step to decarbonization, also helps insulate our assets and tenants from price fluctuations in utility markets, leading to more-predictable and, potentially, lower overall energy costs. Engaging in power purchase agreements for green energy when on-site renewables are not feasible is also seen as a valuable step to decarbonization in key markets and ultimately offers the same benefit to stabilize energy costs and reduce dependence on nonrenewable sources. PGIM Real Estate continues to evaluate both battery storage and demand-side management in its decarbonization strategies for its buildings to reduce strain on local grids and help ensure a reliable and secure energy supply.

1 ENERGY EFFICIENCY



Reduce OPEX,
Improve NOI

2 ON-SITE RENEWABLES



Energy Price
Certainty

3 GRID INTERACTIVITY & ELECTRIFICATION



Possible New
Revenue Stream

4 OFF-SITE RENEWABLES, RECS, OFFSETS⁵



Reaching
Decarbonization Goals

⁵ Off-sets are not seen as a long-term strategy and will only be deployed in the future where no viable alternatives exist.

RESILIENCE AND ADAPTATION

As a long-term asset class with fixed asset locations, real estate is especially vulnerable to physical climate risks. There are two types of physical climate risk: chronic, with long-term shifts in climate patterns, and acute, with more-sudden or extreme events. Both chronic and acute risks can impact asset values, hinder business operations, impede asset financing, and increase the costs of insurance. We believe that building resilience to withstand climate-related challenges such as flooding and heat stress — through a focus on adaptation measures — will maintain the usability of our assets and protect their long-term value. In 2025, we continue to evaluate material physical risks by country and region because risks vary based on diverse local climates, geographic features, and societal capacities to adapt.



PGIM Real Estate integrates sustainability issues explicitly and systematically into investment analysis and investment decisions to help lower risk and pursue attractive returns. We use sustainability data in both investment decisions via acquisition analysis and in active asset management via portfolio review to identify and attempt to avoid risk and identify investment opportunities.

Further information on sustainability integration into value is presented in section 5.

TRANSPARENCY AND DISCLOSURE

Obtaining certifications like those from Leadership in Energy and Environmental Design (LEED) and the Building Research Establishment Environmental Assessment Method (BREEAM) can enhance the marketability of a building to tenants and investors alike, signaling a commitment to sustainable building standards and practices. Throughout the reporting year, we also measure the effectiveness of our sustainability strategy and program by committing and adhering to industry standards and frameworks.

As a signatory to the United Nations Principles for Responsible Investment (UN PRI) since October 2009, we are committed to implementing the principles of responsible investment.

Signatory of:



Based on data as of December 31, 2024, PGIM Real Estate earned four stars for Policy, Governance and Strategy, Direct Real Estate, and Direct Fixed Income Private Debt and five stars for Confidence-Building Measures.

As a signatory to the UK Stewardship Code since September 2022, we are committed to high standards of stewardship.

PGIM Real Estate has been a signatory of the UK Stewardship Code since 2022. We believe that the 12 principles laid out by the UK Stewardship Code set high standards for responsible stewardship, and we seek to annually disclose the relevant information necessary to maintain our signatory status.

PGIM Real Estate Mexico S.C. has been recognized for the 13th consecutive year as a socially responsible enterprise.

Based on data as of December 31, 2023, PGIM Real Estate Mexico S.C. has been recognized as a socially responsible enterprise, a distinction awarded by Centro Mexicano para la Filantropía (Cemefi). This distinction singles out companies that have voluntarily incorporated social and environmental values in the operation of their businesses.

A GRESB participant since July 2010, we continue to see improved results.



In 2025, based on the 2024 reporting year, we submitted 20 funds — equivalent to 61.7 billion in gross asset value and 86% in global equity AUM, and we continue to see improvement in our GRESB scores year after year. In 2025, based on 2024 reporting, we also submitted three debt funds to the pilot GRESB Lender Assessment.

Our global environmental risk management policies and processes comply with the Monetary Authority of Singapore's environmental risk management guidelines.

PGIM Real Estate's global environmental risk management policies and processes specific to the PGIM (Singapore) Pte. Ltd entity comply with the Monetary Authority of Singapore's environmental risk management guidelines.⁷ Since May 2023, our environmental risk management framework has been subject to external audit on an annual basis.

As a member of the Northeast Sustainable Agriculture Working Group since 2017, we are committed to advancing and upholding sustainable agriculture practices.

All managed properties in our agriculture equity business were audited by Leading Harvest in July 2024 and have been successfully recertified to the [Leading Harvest Standards](#). The audit report indicates 17 notable practices and a single area for opportunity and improvement.

⁷ PGIM Real Estate Debt Business for Asia Pacific is based in Japan and Australia and is not covered by PGIM (Singapore) Pte. Ltd.

UN PRI HIGHLIGHTS



Policy, Governance and Strategy
Direct Real Estate
Direct Fixed Income Private Debt



Confidence-Building Measures

GRESB HIGHLIGHTS

MANAGEMENT & PERFORMANCE

6



5-Star Funds

Asia Pacific Core
Asia Pacific Separate Account—
Singapore Investment
European Core
European Core/Core Plus—Austria Investment
European Core/Core Plus—
Austria Investment Berlin Investment
U.S. Core—New York Investment

3



4-Star Funds

U.S. Core
Asia Pacific Separate Account—Japan
Australia and Singapore Investments
UK Affordable Housing Fund

MANAGEMENT & DEVELOPMENT

1



5-Star Funds

U.S. Value-Add Impact

1



4-Star Funds

Asia Pacific Value-Add

DEBT

2



5-Star Funds

Australian High-Yield Debt
European High-Yield Debt

1



4-Star Funds

U.S. Debt

MAJOR UPDATES 2024

CHAPTER 02



MAJOR UPDATES 2024

We regularly look to improve our processes, tools, and research insights to not only adapt to the rapidly evolving sustainability landscape and regional regulations but more important, to also better serve our clients. These improvements are presented as they relate to the sustainability strategy; as Focus Areas and/or Global Foundations.



DATA MANAGEMENT AND INTELLEGENCE | A Data Driven Approach

PROJECT: A need was identified for a new Software as a Service (SaaS) sustainability platform with advanced data intelligence and analytics and that was better aligned to market need. A data enabled approach to sustainability goals drives continuous improvement and allows informed decisions to be aligned with financial objectives. This proves particularly useful in complex multi-portfolio real estate businesses where there is a need to prioritize, as it is generally not feasible to audit all assets at once.

SUSTAINABILITY CONSIDERATIONS: PGIM Real Estate is committed to meet its sustainability goal of Net Zero by 2050 across landlord-controlled operational carbon emissions. Focusing on energy management practises, as a first step to decarbonization, ensures properties operate at peak efficiency, which reduces operating costs and increases net operating income.

ACTION: A new SaaS sustainability platform was procured by PGIM Real Estate following a successful Request for Proposal and pilot. The global equity portfolio was transitioned onto the platform in 2024. The assets were

onboarded with granular and reliable data that enabled more accurate calculation of scope 1, 2 and 3 emissions. Landlord and tenant data flows were automated as much as possible. An Application Programming Interface (API) was linked to ENERGY STAR Portfolio Manager and GRESB and a Secure File Transfer Protocol (SFTP) established to Gold – PGIM Real Estate’s proprietary enterprise-wide reporting platform. This ensured that the assets were reflected accurately; aligning landlord and tenant spaces.

OUTCOME: The advanced data analytics within the platform have allowed more detailed analysis of consumption patterns to identify assets across the portfolio with inefficiencies and areas for improvement. In the second year of implementation, PGIM Real Estate will look to activate the Investment Plan module of the platform to allow monitoring of the impact of planned capital expenditures on forward-looking decarbonization targets to manage transition risks such as financial risks from stricter regulations, changing market expectations, and increased carbon prices.



DATA MANAGEMENT AND INTELLIGENCE | Resilience and Adaptation

PROJECT: To enhance physical climate risk reporting completed for the debt and equity business and provide greater transparency on exposure, a need was identified for access to a climate risk dataset that was based on the internationally recognised Intergovernmental Panel on Climate Change (IPCC) criteria. This would enable detailed scenario analysis across multiple time horizons and alignment to advancing voluntary and regulatory reporting requirements including the EU Taxonomy for sustainable activities.

SUSTAINABILITY CONSIDERATIONS: PGIM Real Estate is committed to manage physical climate risks, focusing on improved risk management, better tools to make informed decisions, and greater asset resilience to protect people and market pricing. We believe that building resilience to withstand climate-related challenges, such as flooding and heat stress, through a focus on adaptation measures, will maintain the usability of our assets and protect their long-term value.

ACTION: A new climate risk platform was procured by PGIM Real Estate following a successful Request for Proposal and global pilot. The new dataset provides climate data across

four climate scenarios and five different time projections up to 2100. The dataset also includes two “defended” and “undefended” data calculations. Individual reports for new acquisitions and loans are procured from the Location Risk Intelligence Platform. An API was also linked to provide a Reporting Edition module in the newly procured sustainability platform for assets under management.

OUTCOME: The ESG Scorecards and Loan Assessment Scorecard used globally within the Investment Committee process and the flood risk screening / review completed as an “investment critical” item of European Investment Committee were evolved to utilise the new climate risk dataset. All new acquisitions and loans are now screened against this more comprehensive dataset. The sustainability template for the portfolio review was also evolved, focused to country / regional level material climate risks, and will be rolled out in the first half of 2025. The insights from scenario analysis allows robust risk evaluation and guides strategic planning, investment decisions and development of resilience strategies.



RISK MANAGEMENT | Carbon, Resilience and Adaptation

PROJECT: Climate-related financial disclosures are increasingly becoming mandated across various regions and countries of the globe. Investors, having previously concentrated on understanding how climate-related risks are identified, assessed, and managed, are now looking for transparency on the underlying metrics and targets. This may ultimately lead to a reallocation of capital towards more sustainable and resilient assets.

SUSTAINABILITY CONSIDERATIONS: PGIM Real Estate is committed to managing transition and physical climate risks, focusing on improved risk management, better tools to make informed decisions, and greater asset resilience to protect people and market pricing. Additionally, these enhancements will allow us to be more transparent with investors and provide more insightful reporting capabilities in the future.

ACTION: The portfolio review process has evolved and advanced for the debt and equity business to incorporate key climate-related metrics and benchmarking, aligned to the International Financial Reporting Standards (IFRS), to better monitor fund level performance and track progress.

Incorporating this analysis and description to the portfolio review process adds a layer of oversight and enhances decision-making by providing critical insights into future risks and opportunities via horizon scanning.

OUTCOME: The re-designed portfolio review templates now include a set of consistent, comparable disclosures, with a core set of climate-related metrics. The metrics required to be input include both backward looking metrics such as greenhouse gas emissions (scope 1, 2, 3 and total) and forward-looking metrics such as energy and carbon intensity targets aligned to 1.5-degree climate pathways (Carbon Risk Real Estate Monitor (CRREM)). Climate change risk exposure analysis and the degree of systematic portfolio exposure are now also required alongside commentary on strategies for mitigating risks. Provision of consistent, comparable metrics and commentary on migration has helped teams strategically plan and build resilience, help support long-term value, improve climate risk management and enhancing response efforts.



GOVERNANCE | To comply with SFDR naming rule

PROJECT: Conduct a review of the names given to products firm-wide after new regulatory guidance was issued in the European Union (EU). Any products using “transition”, “environmental”, “social”, “governance”, “impact” and “sustainability” related terms in their names to be renamed or their investment strategy realigned with the terminology used to ensure compliance. This involves meeting minimum investment thresholds, applying specific exclusion criteria, and potentially adjusting investment policies.

SUSTAINABILITY CONSIDERATIONS: To comply with SFDR naming rules. The European Securities and Markets Authority (ESMA) final report, published in May 2024 are presented as a step towards mitigating greenwashing and ensuring investors are not misled by fund names. As a result, the use of certain ESG or sustainability-related terms will trigger minimum requirements based on (i) quantitative thresholds (80%), (ii) exclusion criteria and (iii) additional qualitative criteria for some ESG or sustainability-related terms.

ACTION: As the UK Affordable Housing Fund uses the term ‘Affordable’ within its name, it must comply with the Guidelines. The fund disclosed as SFDR Article 8 with

an environmental objective to promote energy efficient homes and lower energy costs. Minimum requirements were defined for all investments based on an average energy performance certificate score. It is noted, the investment strategy for the fund also had a key performance indicator to seek to ensure all investments remain accessible and within a measurable range of affordability, which was actively monitored and reported to investors.

OUTCOME: PGIM Real Estate appointed an impact advisory firm to opine on the appropriateness of the fund’s name. The impact advisory firm confirmed that it was comfortable with the naming of the Fund, subject to a small number of amendments to the private placement memorandum. This included the inclusion of a maximum threshold to ensure that individual schemes did not become unaffordable and a quality standard for the homes. PGIM Real Estate did not consider these amendments a change to the fund’s investment strategy, rather the proposed amendments aim to more precisely define the strategy and better incorporate the fund’s targets and indicators into the memorandum. The fund documents will be updated in 2025.



LOCATION: UNITED KINGDOM
ASSET TYPE: SINGLE FAMILY HOUSING
STRATEGY: UK AFFORDABLE HOUSING



CARBON, RESILIENCE AND ADAPTATION | A Sustainable Construction Framework

PROJECT: PGIM Real Estate operates an outsourced business model for the design and delivery of new or repurposed buildings and spaces. As a result, we work closely with joint venture, supply chain partners, as well as borrowers to deliver high quality buildings. To ensure sustainability is integrated consistently and effectively across our developments, a need was identified in Europe for a Sustainable Construction Framework. Additionally, to ensure that sustainability was integrated proportionate to the development to maximize returns, the framework was proposed with stepped levels of increasing sustainability ambition. Each project could then be assessed against the framework to confirm the capital expenditure required to achieve each ambition level and a cost / benefit analysis undertaken to determine an appropriate pathway.

SUSTAINABILITY CONSIDERATIONS: We are committed to integrating sustainability throughout our investment lifecycle to both lower risks and generate returns. A development/major refurbishment represents a key opportunity to build quality, sustainable buildings and/or improve sustainability performance and turn 'brown' buildings 'green'. There is increasing evidence that sustainable buildings drive liquidity and enhance value.

ACTION: A Sustainable Construction framework was developed for the UK and Europe. The framework sets out sustainability objectives and targets, across "Baseline", "Better" and "Best" ambition levels, for our development and refurbishment pipeline.

Baseline

Minimum expected standard across our projects. It accords with our SFDR Article 8 funds and Green Building Certification guide.

Better

Aligns to the EU Taxonomy criteria; targeted to be classified as "environmentally sustainable".

Best

Aligns to net zero carbon; targeted to the UK Net Zero Building Standard and the Buildings Sector Science Based Targets-Setting Criteria (SBTi).

The Framework sets out how the objectives and targets should be addressed at each stage of the development process, provides clear roles and responsibilities, and defines the disclosure / evidence requirements to allow the project to be effectively monitored and reported. The framework was reviewed and approved by an independent sustainability consultant. Confirmation on future project alignment to the Baseline, Better or Best pathway will also be the responsibility of an independent consultant, reporting to the Global Co-Head of Sustainability.

OUTCOME: The Framework was piloted in Q4 2024. It was shared to a design team at RIBA Stage 0, to inform a large-scale demolition and redevelopment (office, hotel and residential complex). The framework was reviewed and a sustainability workshop co-hosted by the Lead Engineer and Architect to develop the site strategy and help inform the Stage 1 brief. The Stage 1 brief currently positions the development to be targeted to the Best pathway of the Framework. The project continues in 2025.



RISK MANAGEMENT | A Sustainability Engagement Tracker

PROJECT: The maturity of sustainability varies significantly across Asia Pacific countries due to economic and cultural factors. Some countries, particularly developing ones, are still in early stages of adopting sustainability practices, while advanced markets are pushing for more complex integration. This in turn influences local employee knowledge and engagement with sustainability initiatives. An engagement tracking tool was required in Asia Pacific to better report, monitor and analyze sustainability engagements at the asset level, which could then be aggregated to the fund or country level.

SUSTAINABILITY CONSIDERATION: All investment professionals at PGIM Real Estate play a key role in implementing our strategy and program. The sustainability governing bodies and team set the broad sustainability and responsible investment strategy, then work together with investment professionals who are responsible for implementation. Through appropriate training and engagement, investment professionals are encouraged to implement sustainability initiatives effectively, monitor sustainability risks more proactively, and seek to comply with evolving regulations.

ACTION: A sustainability engagement tracking tool was developed and piloted for Asia Pacific in the second half of 2023. The tool is based around four pillars: environment (E), social (S), governance (G) and resilience (R), each covered by dedicated indicators. The assessment is linked to the sustainability performance of a building over a defined period and therefore

considers engagement criteria linked to the building itself or to its management. The tool has been constructed in line with regulation and industry benchmark requirements, such as GRESB, to integrate the expectations of key stakeholders and to guarantee the coherence of actions carried out at the asset level. The scores generated provide a standardised and holistic view on the sustainability engagement initiatives at an asset level.

OUTCOME: In 2024, the sustainability engagement tracking tool was embedded into the bi-annual portfolio review process; to create both accountability and encourage continuous improvement. The scores from the tool are aggregated into fund and country level heatmaps for Asia Pacific and provide actionable insights for improvements. For example, data management consistently received lower scores in Japan, which could lead to inefficiency and potentially increased costs or risks. A market scan was subsequently initiated to look for a local data provider. Climate resilience and adaptation were also typically laggards across the region, so more physical risk targeted training was initiated to investment professionals to improve knowledge and understanding.

The methodology of the sustainability engagement tracking tool will continue to be updated over time as new regulations and market trends emerge.



SUSTAINABILITY GOVERNANCE & RESOURCES

CHAPTER 03



SUSTAINABILITY GOVERNANCE & RESOURCES

PGIM Real Estate recognizes the importance of robust corporate governance as it strives to deliver exceptional outcomes for investors, borrowers, and partners through a range of real estate equity and debt solutions across the risk–return spectrum.

As part of PFI, PGIM Real Estate’s rigorous risk management and due diligence framework is supported by long-standing principles, policies, and procedures and is adhered to by the firm’s real estate professionals globally.

Our governance structure was designed to accommodate the needs of a large, global real estate investment manager and has the goal of ensuring centralized oversight that is supported and informed by regional governance structures. At the highest level, global councils and committees provide strategic direction and oversight. Additionally, each region (Europe, U.S., Asia Pacific, and Latin America) has a governance structure that provides

local oversight, including implementations of new regulations, prioritizations of sustainability issues in our investment activities, and risk management.

As our sustainability and engagement activities have been implemented through the years, they have followed the same model of global oversight supported by on-the-ground regional teams. Additionally, due to the nature of sustainability execution in real estate investing, investment professionals play key roles in implementation, which is formally overseen by regional investment committees.



As of December 2024. Please note that this is for illustrative purposes only and is intended to convey PGIM Real Estate’s global governance construct. At the regional level there are additional committees or boards as required by local regulations, for example the U.K. Board that reviewed and approves the UK Stewardship Code application.

GLOBAL MANAGEMENT COUNCIL

PGIM Real Estate's governance structure starts with the Global Management Council (GMC), which is responsible for executive oversight and risk governance. Senior leadership focuses its governance efforts on three distinct areas: structure, infrastructure, and talent and culture. **Our sustainability strategy also begins with the GMC, which guides the strategy, policies, and overall success of the firm's sustainability efforts.**



Raimondo Amabile
CO-CHIEF EXECUTIVE OFFICER & GLOBAL CIO
Years in Industry: 28



Cathy Marcus
CO-CHIEF EXECUTIVE OFFICER & GLOBAL COO
Years in Industry: 38

GMC, headed by Raimondo Amabile as co-chief executive officer and global CIO and Cathy Marcus as co-chief executive officer and global COO, comprises senior leaders with an average of 27 years of real estate investment experience. The council's members are:

- Chief Marketing Officer
- Head of U.S. Financing Solutions & Global Head of Senior Debt Solutions
- Chief Financial Officer
- Head of Europe
- Global Head of Human Resources
- Global Head of Investment Research
- Chief Legal Officer
- Head of Latin America
- Chair of Global Debt & Agriculture
- Global Head of Private Debt Strategy & Investor Solutions
- Head of U.S. Equity
- Head of Asia Pacific

Regional councils are responsible for setting the region's strategic direction, making management decisions, and providing platform oversight. The councils meet quarterly and work in partnership with regional business heads to accomplish their goals. Regional councils are also responsible for reviewing profitability metrics, new product launches, performance, market views, sustainability, and matters related to clients and operating partners.

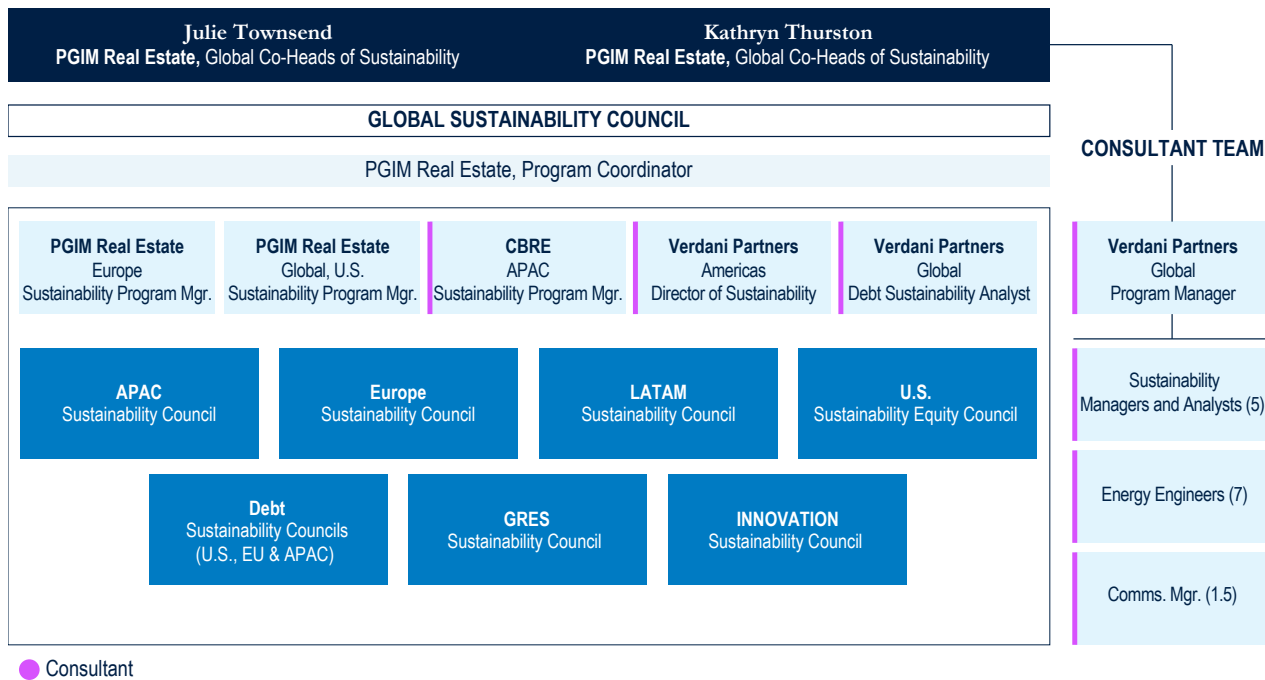
GLOBAL SUSTAINABILITY COUNCIL

The Global Sustainability Council (GSC), established in 2019, consults on sustainability strategy to meet evolving investment, regional, and client imperatives; provides key program updates; and collaborates on tools, processes and resources. The council, headed up by Kathy Thurston as global co-head of sustainability, U.S., and Julie Townsend as global co-head of sustainability, international, meets biannually and is accountable to GMC. GSC comprises senior leaders from each global region and a variety of functional areas. The council's members are:

- Chief DEI Officer
- Co-Chief Executive Officer & Global CIO
- Co-Chief Executive Officer & Global COO
- Head of U.S. Equity
- Chair of Global Debt & Agriculture
- Global Head of Core Debt Strategies
- Head of Asia Pacific
- Head of Europe
- Head of Latin America
- Chief Operating Officer, International
- Chief Operating Officer, Asia Pacific & Senior Portfolio Manager
- Global Head of Business Development PGIM Private Alternatives
- Global Head of Private Debt Strategy & Investor Solutions
- Head of Americas and Europe Business Development
- Global Head of Investment Research
- Chief Legal Officer

Regional sustainability councils collectively identify opportunities, promote tools to implement initiatives, drive regional-level implementations, and track and report progress. The regional committees meet monthly and work in partnership with regional transaction teams, portfolio and asset managers, and business leads to accomplish their goals.

SUSTAINABILITY RESOURCES, ROLES, AND RESPONSIBILITY



Julie Townsend
GLOBAL CO-HEAD OF SUSTAINABILITY

Julie Townsend, as global co-head of sustainability, international, brings approximately 24 years of sustainability real estate experience to the role. She is a member of the global COO team, the European Executive Council and presents the sustainability IC memo for all new acquisitions to the European investment committee. Julie’s extensive sustainability experience in the areas of strategic sustainability planning, development of acquisition due diligence and sustainable construction tools, and completion of asset-level mitigation and adaptation, facilitates the successful integration of our sustainability strategy across portfolios and down to the asset level.



Kathy Thurston
GLOBAL CO-HEAD OF SUSTAINABILITY

Kathy Thurston, as global co-head of sustainability, U.S., brings approximately 30 years of experience in the commercial mortgage industry and real estate finance, the last three years of which have been spent within sustainability. She is a member of the global COO team. Kathy’s extensive range of experience in the areas of investment risk, product development, and sustainability through debt portfolio management across the capital stack has given her deep understanding of the core business, which facilitates the practical integration of our sustainability strategy into business processes.

The global co-heads of sustainability are responsible for the overall sustainability program and implementations across the platform, overseeing the firm’s sustainability efforts at the business and regional levels. The global co-heads of sustainability report directly to the co-chief executive officer and global COO.

PGIM Real Estate’s director of sustainability for the Americas; sustainability program managers for global, U.S., Asia Pacific, and Europe; and a sustainability analyst for debt are responsible for program implementations at regional levels across the equity business and at the global level across the debt business. Additionally, we recognize the importance of third-party service providers in implementing our global strategy and program. Such providers include property managers; our sustainability consultant Verdani Partners, led by the vice president of global sustainability; and other service providers that support our sustainability implementation efforts.



CROSS FUNCTIONAL WORKING GROUP | Sustainability Integration Working Group

PROJECT: To help ensure that our products, funds, and client solutions maintain high integrity and are operationally scalable, in alignment with our overall sustainability strategy and global client and regulatory standards.

ACTION: A global cross functional working group was established in September 2023, led by the Global Co-Head of Sustainability, U.S., and including experienced professionals from across investment, fund operations and colleagues focused on legal and compliance issues. The objective of the working group in 2024 was to develop a framework to embed Sustainable Finance Disclosure Regulation (SFDR) disclosures into fund reporting as a pathway to business as usual.

OUTCOME: Workstreams included the clear definition of roles and responsibility including the sustainability team; development of a process flow and delivery timeline; the review of automation opportunities and production of workbooks and templates for repeatable, consistent reporting; and an improved interface with the Luxembourg Board (and regulator). The workgroup, by the interactive nature of the tasks involved, also resulted in an enhanced understanding of the regulation, requirements and engagement of teams involved.

Progress of the workstreams was monitored by the Cross Functional Working Group and updates reported to the Global COO team. The framework continues to be monitored and evolved in 2025.

EMPLOYEE ALIGNMENT WITH SUSTAINABILITY INITIATIVES

In addition to the aforementioned sustainability professionals, all PGIM Real Estate investment professionals play key roles in implementing our strategies and programs. The sustainability governing bodies and team set the broad sustainability and responsible investment strategy and then work hand in hand with investment professionals responsible for implementation.

Our long-term incentive program is designed to retain top talent as well as directly align our investment professionals with the funds they manage and to ultimately fund performance in a meaningful way. Since 2020, we encourage employees to make a commitment to sustainability as a competitive advantage and to report on their annual sustainability contributions. Employees actively participate in PGIM Real Estate's sustainability programs and practices at the corporate and/or property levels by:

- Advocating for organizational initiatives, programs, and policies that address sustainability issues.
- Being catalysts for the company's internal and external social initiatives, programs, and policies, including health, well-being, and safety; diversity, inclusion, and equality; professional and personal development; access to education; and community development and engagement.
- Championing our code of conduct by effectively adhering to and upholding positive business relationships, ethical business practices, and corporate governance decision-making.

Employees are provided with examples for each of the above categories. This forms a part of our annual review process, wherein at least one objective must be sustainability related and assessed against individual performance and business outcome. Our target is to have 100% of employees participate and contribute to our sustainability programs and initiatives.



PGIM Real Estate recognizes that the firm's most valuable asset is its people. As the case studies below show, we are committed to investing in the training, development, and upskilling of our employees.



SUSTAINABILITY TRAINING

In 2024, we continued to enhance our multifaceted approach to sustainability education firmwide. This includes providing, gamified, learning through the online "Axonify" training platform. The platform offers short training sessions, personalized modules, scoring and performance leaderboards across teams. Staff are required to maintain scores above a minimum threshold, to ensure engagement and completion, and this is monitored and tracked by senior leadership. Our sustainability education program also includes in-person regional training sessions on priority topics, as well as sessions tailored for the equity and debt platforms. Internal subject-matter experts lead the training sessions, with a focus on:

- Regulatory matters (inc. UK Sustainable Disclosure Requirements, SFDR Naming Rule);
- Risk-mitigation (inc. materiality assessment (Asia Pacific), portfolio review template, PCA questionnaire (ARED), sustainability scorecard);
- Data and data analytics (inc. GRESB scoring analysis and fund level improvement strategies, Munich RE dataset, Deepki, CRREM); and
- Integration tools (Green Building Certification guide, Sustainability Construction Framework (UK/Europe)).

We anticipate continued evolution of the sustainable investment landscape and our business approach to it. This program will continue to focus on helping to ensure that our transaction / loan securitization, portfolio and asset managers are knowledgeable and prepared to support our clients in understanding sustainability and associated regulations to meet their sustainability goals.



KEY SUSTAINABILITY EDUCATION THEME IN 2024: ANTI GREENWASHING

PROJECT: Deepen our collective understanding of recognising and preventing greenwashing

ACTION: Anti-greenwashing training was provided in June 2024 to legal, compliance, business development, marketing and portfolio teams. The training was hosted by an external law firm, was tailored to be specific to our business, and equity and debt funds, and covered the following:

- What the law says - key regulations regarding greenwashing.
- Communicating with integrity - where does good marketing end, and greenwashing start - with practical examples.
- Best practices for communicating our firm, and fund level, sustainability goals and practices.

OUTCOME: Development of standard sustainability content and procedures for new content that ensure sustainability-related claims are accurate, clear, and properly substantiated.



ANALYTICS AMBASSADOR TRAINING PROGRAM

PROJECT: Enhance the data and analytics skills of employees and foster a data driven culture to the business. To also celebrate, spotlight, and encourage innovation.

ACTION: In 2023, the Analytics Ambassador Training Program was launched into the U.S. Off the back of this success, it was re-run in two separate cohorts in 2024; the second of which was extended into Europe (To be rolled out in a fourth cohort in Asia Pacific in Q1 2025). The training was hosted across 14 separate sessions (c.35 hours) led by the PGIM Real Estate systems team, third party vendors or being self-directed. The program covered the following:

- Advanced Excel
- Innovation and Artificial Intelligence
- Fabric, Copilot & Power Platforms
- Power BI
- PGIM Real Estate data platforms including GOLD Omnia and more
- Data Storytelling Essentials

OUTCOME: To date, 85 PGIM Real Estate participants have completed the program, demonstrating its growing impact and success. The program has yielded significant benefits for employees, including:

- Improved Efficiency in Excel: Employees have saved time by learning new tips and shortcuts in Excel.
- Enhanced Data Visualization Skills: The use of PowerBI for data visualization has enhanced how employees perceive and interact with data. Participants have created dashboards that automate processes and provide valuable insights, which were previously done manually.
- Better Data Presentation: The program has helped employees build stories around data for stakeholders, making reports more tailored and effective. This has led to more focused and self-conscious data presentation, optimizing how data is displayed.

SUSTAINABILITY SYSTEMS

PGIM Real Estate has the resources necessary to maintain a comprehensive, technology-driven infrastructure. We invest significant resources in technology and information systems for research, portfolio construction and management, portfolio administration, asset management, and compliance.

Our systems architecture is continually evaluated and upgraded as needed, and Operational Risk Management conducts a risk assessment of PGIM Real Estate information technology processes and controls on at least an annual basis — and quarterly in some regions. The key systems are described below:

DEEPMI

In 2024, PGIM Real Estate transitioned the global equity business to a new SaaS sustainability platform: Deepki. The platform is used to collect, manage, and analyze asset-level environmental data for all equity properties. Deepki supports connection to ENERGY STAR Portfolio Manager, incorporates automation of utility data, and improves data coverage and quality. Our sustainability consultants provide a data quality control process to ensure that all sustainability data about our properties are accurate and complete. Deepki facilitates the aggregation of asset-level data at both the portfolio level and the business level to track performance targets. Additionally, data submitted for GRESB reporting funds is subject to further independent third party data quality approval. Further information is provided in the Appendix.

OMNIA

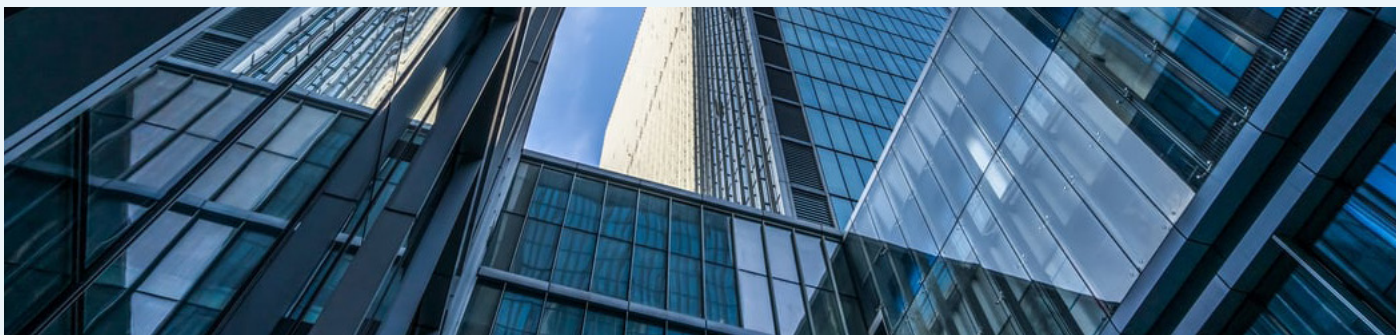
Omnia is our proprietary analysis and information system that captures data throughout the life of each loan. Omnia supports our governance by recording and storing relevant information on each loan made, including property-level information, operating statements, rent rolls, valuation data, and vacancy data. Harnessing such proprietary data enables investment teams to look beyond the standard appraisal and broker package to make educated decisions based on actual historical market and comparable property performances. As of 2023, Omnia is also used for tracking sustainability metrics such as energy certifications, green certifications, mobility scores, and resilience risk scores.

GOLD

GOLD is our proprietary enterprise-wide reporting platform that aggregates debt and equity data across regions for use by the business to gauge a holistic view of our business-level data. GOLD data is accessed through interactive user-friendly dashboards from a centralized reporting portal. GOLD modernizes the way we access data; it can create new efficiencies; and it aims to support improved outcomes for our analysis, reporting, and clients. Asset-level environmental data is included within GOLD.

PROPERTY DEALS DATABASE

Property Deals Database (PDD) is the central system in which all equity and high-yield-debt transactions get recorded. It is currently the basis for our internal and external quarterly reportings. The system is used for tracking, recording, and monitoring deal allocation and approvals following the allocation and investment committees. Key signatories also sign off through PDD before a deal proceeds to signing and closing. PDD is a comprehensive management reporting tool for PGIM Real Estate's senior management and enhances accountability and governance. It is planned that PDD will be decommissioned and replaced with an improved system in 2025.



The two case studies below provide examples of the business' continual evaluation and upgrade to the systems architecture.



INTEGRATING USER ACCESS OF THE NEW SaaS SUSTAINABILITY PLATFORM WITH PFI SAILPOINT SOLUTION

PROJECT: As a critical layer of security, usability, and scalability, employee access to the new SaaS sustainability platform (Deepki) was recommended to be managed through single sign-on (SSO). SSO lets employees log in once and access multiple applications or services without re-authenticating. Instead of managing separate identities for each application, employees sign in once through a trusted identity provider (IdP) and gain secure access across systems. Azure Active Directory (Azure AD) is a cloud-based identify and access management service and was selected as the IdP solution for SSO.

ACTION: The SSO set up was initiated in January 2024 through the creation of Azure AD groups for User Acceptance Testing (UAT) prior to full deployment in February 2024 in both UAT and production environments. This approach used Azure AD for access management and ensured a structured deployment process with verification steps in both test and live environments.

OUTCOME: User provisioning to Deepki is managed through Sailpoint in line with the PFI systems policy. SailPoint is used business wide to control, manage and monitor user access to critical applications and data. The platform provides identity governance and access management, enabling the business to control, manage, and monitor user access to resources. The user scope within Deepki is then set to country, property, and fund levels. Employees default to the country scope.

To note, external user access to Deepki is limited to sustainability consultants and Property Management Companies. External access and user scope, typically limited to property level, is managed by Verdani Partners, as our global sustainability consultant.



CONTINUAL IMPROVEMENT OF SYSTEMS ARCHITECTURE

PROJECT: A need was identified for a new SaaS platform to streamline the ingestion and standardisation of property operational data, primarily rent roll data, managed by third party managers. PGIM Real Estate has a decentralised approach to management and contracts approximately 70 property managers across the globe. Each manager utilizes a different system for property management and reporting. This lack of standardization makes data analysis difficult and inefficient.

ACTION: PRODA, as an AI learning-based software, was selected as a potential software solution and was piloted across the European business in 2022/3. Learnings were made during the pilot phase notably: to improve the quality of the data on the various property manager systems, to streamline the ingestion of PRODA data to the European data hub (Voyanta) and to provide sufficient training to third party managers. A PTR tool was subsequently developed, which was a functionality outside the PRODA platform, designed to automate the process of exporting PRODA data to Voyanta.

OUTCOME: The implementation of PRODA has allowed the business to reduce reporting timelines and improve data quality and decision making. The data from PRODA is ingested into Power BI reporting and once approved by Asset Managers (based upon a quarterly review of rent roll variances) is shared with Portfolio Management teams and used for investor reporting.

PRODA was rolled out across the Asia Pacific business in 2024 and looking forward, PRODA will be integrated with our new Global Data hub. This is expected to automate the export of PRODA data into the new Data hub, enabling direct ingestion into Power BI for investor reporting. Once live, Asset Managers will be able to review rent roll variances quarterly, with approved data flowing directly to Portfolio Management. Full automation is targeted for rollout in 2026, aligning with the broader systems architecture improvement initiative.

ANTICIPATING & MANAGING RISKS

CHAPTER 04



ANTICIPATING & MANAGING RISKS

PGIM Real Estate is committed to maintaining a robust risk management environment that seeks to preserve and protect investor capital and support its growth. At its core, the investment management business is focused on taking controlled risks to achieve a targeted level of return.

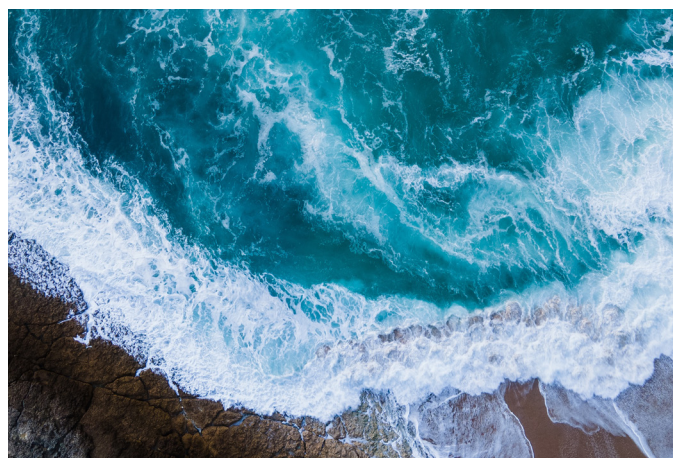
PGIM Real Estate operates a global investment committee. Headed by the global head of risk, who reports to the global CIO, the committee is divided into three regional teams supporting five businesses: Europe, Asia Pacific, Latin America, U.S. Equity, and U.S. Debt and Agriculture. The Global Investment Risk Group (IRG) seeks to ensure that the business complies with internal policies, regulatory requirements, and client obligations. The group has developed policies and procedures and communicated them across the organization to ensure that adequate controls exist to appropriately manage the business and fulfill the company's fiduciary duties to clients. The Global IRG also evaluates the company's risk profile and balances risks and resources to meet long-term goals throughout the investment life cycle.

Operational risks are identified by the Global Operating Risk Committee and assessed and monitored on formal and regular bases by the Operational Risk Management team. The operational risk process at PGIM Real Estate entails identification, communication, and mitigation of operational risks and monitoring control issues. The operational risk function also provides guidance on certain company-wide initiatives and PFI's guiding principles and policies. Through its practices, PGIM Real Estate continually strives to improve risk governance and manage operational risk within defined limits to effectively reduce the frequency and impact of unexpected losses.

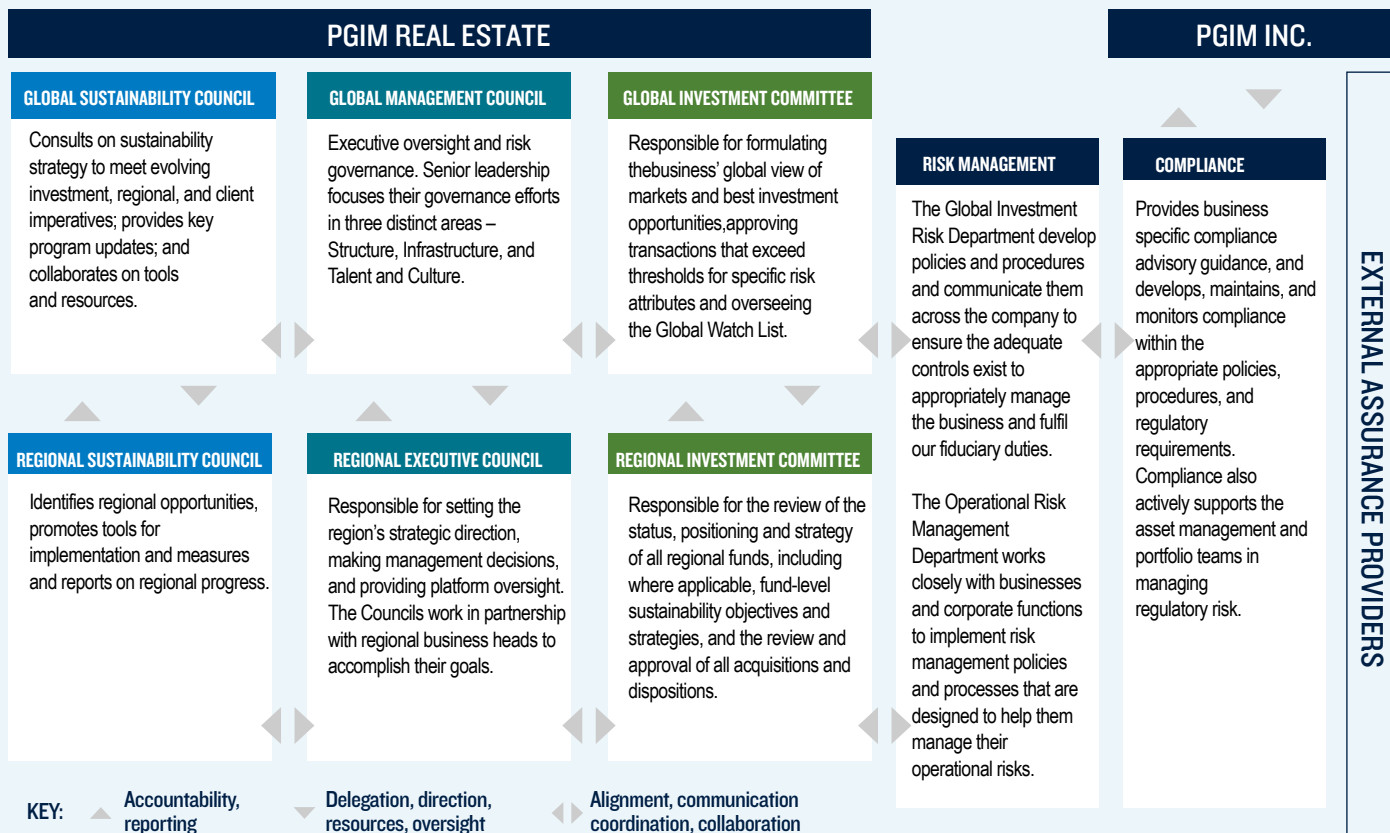
PGIM Real Estate's Compliance Group is responsible for the global regulatory compliance program and for implementing internal policies. The team provides business specific compliance advisory guidance and develops, maintains, and monitors compliance within the appropriate policies, procedures, and regulatory requirements. Compliance also actively supports the asset management and portfolio teams in managing regulatory risk, which includes monitoring the regulatory environment, assessing new regulatory developments, establishing appropriate policies and procedures, and providing training to help ensure business activities are conducted in compliance with applicable laws and regulations. PGIM Real Estate's Compliance Department is an independent business unit reporting directly to PGIM's global chief compliance officer and, ultimately, to PFI's chief ethics and compliance officer.

PGIM Real Estate's compliance program is reviewed on an annual basis pursuant to the U.S. Investment Advisers Act of 1940 and the Investment Company Act of 1940, which impose regulatory requirements on U.S. Securities and Exchange Commission (SEC)-regulated investment adviser entities.

PGIM Real Estate compliance uses a combination of internal and external means to review the organization's compliance function. On an annual basis, the business scopes out targeted areas for review by an independent third-party firm to conduct compliance program Rule 206(4)-7 testing and to come up with a comprehensive testing plan. The plan is reviewed and signed off on by the chief compliance officer and at a higher level by PGIM's global chief compliance officer. In addition to the testing performed by the third-party firm, throughout the year business unit compliance assumes some responsibility for affirming controls that can be categorized as monitoring — such as report reviews from the Gifts and Entertainment Tracking System or Personal Securities Monitoring System — and business unit operational risk teams conduct periodic risk and control self-assessments that address various regulatory and governance concerns. Forensic testing may also be used as part of annual review documentation. Testing results are typically reported to the chief compliance officer, who presents them to the relevant entity boards and management forums. There were no material findings in the 2024 reporting period.



THREE LINES OF DEFENSE



The following case study provides an example of part of our Three Lines of Defense in action.



IMPLEMENTATION OF A CENTRALIZED REPOSITORY FOR GOVERNANCE DOCUMENTS

PROJECT: To set up a centralized, global repository for governance documents. The central depository was recommended after an internal audit revealed that Standard Operating Policies (SOP) were not being updated annually in line with enterprise guidance.

ACTION: An effective document management system was selected based on an adaption from PGIM Fixed Income's version and uses existing ServiceNow infrastructure. Early stakeholder engagement was critical to ensure the folder structure was well organised and easy for users to navigate and that the naming conventions would work across all business units and regions. A test phase was also initiated to gather feedback from members of business units who would be required to work with the repository.

OUTCOME: The Policies and Procedures Electronic Repository (PAPER) was launched into the U.S. and Europe in April 2024. Asia Pacific opted for a separate SOP repository due to

functional needs. Key features of the document management system, other than storage, include:

- Lifecycle governance (version control, audit trails, automated review notifications)
- Search and filter capabilities (by region, business unit, document type, and owner)
- Role-based access (administrators, employees, Operational Risk oversight)
- Data classification protocols (internal use only)

The use of PAPER across the business enhances our document lifecycle management and operational risk controls. To note, the Global Sustainability Policy and the UK Modern Slavery SOP are both held in the repository. Automated review notifications are sent to the listed document owners in the sustainability team and operational risk respectively to keep the policies current.

A RISK FRAMEWORK INFORMED BY MARKET RESEARCH

PGIM Real Estate incorporates a Global Investment Research Group, which at the highest level and in conjunction with senior leaders, informs the firm's overall investment outlook. The Investment Research Team then works closely with the Portfolio Management Teams in an ongoing and cooperative fashion, developing portfolio strategy, investment underwriting, sector and market targets, real estate cycles, hold-or-sell analyses, and market analyses in support of the investment program for a client.

The research team currently employs 14 full-time professionals whose job is to produce independent, evidence-based research. In addition to in-house knowledge covering a number of subject areas such as economics, finance, geography, and urban planning, the research team obtains data from a variety of external sources to ensure the most-relevant and most-accurate data and analyses available. External data resources include leading researchers such as CoStar, JLL, CBRE, Green Street Advisors, United States Residential Property Market Analysis, Oxford Economics, Economist Intelligence Unit, and Real Capital Analytics.

The internal research team produces regional quarterly Insights, biannual five-year ahead real estate market forecasts for major cities in each region, annual Regional Outlook Chart Packs, an Annual Global Outlook, and Annual Regional Spotlights, which each present thematic analyses on and around investment

opportunities. Some examples of risks identified, monitored, and, when possible, mitigated during the reporting period are:

- **ELEVATED INTEREST RATES:** Market interest rates remain elevated compared with recent history. Leverage is less accretive to borrowers and lenders and saw their interest coverage ratios diminish. The Investment Research Group developed an internal real estate pricing model to evaluate market and sector pricing risks.
- **LOW MARKET LIQUIDITY:** Real estate is an established asset class but is still vulnerable to outflows to the larger asset classes — especially when major equity and bond investors find themselves overallocated to real estate. Capital outflows then put further pressure on values as assets get sold into a dwindling pool of capital. This liquidity risk was consistently highlighted by the Investment Research Group in PGIM Real Estate's Quarterly Investment Strategy Meetings.
- **GEOPOLITICAL CONFLICTS:** Military conflicts in Russia–Ukraine, Israel–Palestine, and other parts of the world look contained in the context of economic spillovers but could still exacerbate wider issues related to supply chain pressures and energy costs, and they make economic cooperation between developed economies more difficult to navigate. These international conflicts pose the threat of being long and drawn out and require ongoing monitoring.

The following case study presents an example of our thematic analysis on affordable housing in the United States and the portfolio teams capitalizing on the investment opportunity.



PROVIDING AFFORDABLE APARTMENTS AMID HOUSING SHORTAGE IN THE U.S.

PROJECT: Rental housing, which accounts for over one-third of all housing, is now unaffordable for more than one-quarter of households. The underlying cause of declining affordability is demand for housing has outstripped new supply, particularly over the past 15 years. A [white paper](#) from PGIM Real Estate suggests this presents an opportunity for private investors to help, by investing in new affordable and market-rate housing units.

ACTION: A new fund was raised in late 2024, with the first close in December, primarily to target this need and opportunity. The fund will invest in the development and acquisition of affordable or essential housing for families making 60% - 120% of area median income (AMI) in the top 20 cities in the U.S. The fund will target 70% of units affordable and 30% of units market-rate at the portfolio-level. The target return of the fund is 13-15% net IRR.

The fund also discloses as SFDR Article 8 and looks to promote both social (affordable housing) and environmental (energy efficiency) characteristics. The promotion of energy efficiency, through ENERGY STAR or GRESB recognised green building certification, is intended to help reduce energy bills, which are typically the second highest expense after rent, for residents.

OUTCOME: A predecessor to this new fund, was launched in 2018. It has created and preserved 2,400 units with 95% of units affordable to families making less than 120% AMI. As of December 2024, the predecessor fund has realized 35% of the investments totalling \$280M gross value with an average net IRR of 28%. The fund also participates in GRESB and achieved 5-Star rating and 1st place peer group ranking in 2024.

RISK MANAGEMENT AT THE MACRO, PORTFOLIO, AND INVESTMENT LEVELS

With regard to macrolevel risks, the Investment Risk Group, in conjunction with the Investment Research Group, coordinates quarterly half-day meetings to discuss the state of the investment markets and emerging investment opportunities and risks.

On the portfolio and investment levels, the Investment Risk Group and Research Group actively participate in regional investment committees responsible for the underwriting review and authorization of investments for PGIM Real Estate–managed funds. The duties include providing oversight of prospective investment opportunities for all PGIM Real Estate funds eligible to invest in a region while applying consistent risk–return evaluation for the underwriting analysis of all investment proposals.

Based on the suitability of a transaction for a portfolio’s investment strategy, the chief investment risk officer can veto the allocation of a portfolio’s transaction. The officer also gives oversight at the portfolio level through six monthly portfolio reviews wherein the strategy, risks, and opportunities of each PGIM Real Estate fund are discussed in a meeting between the respective fund management team and the regional investment committee.

PGIM Real Estate continually looks for opportunities to enhance processes, and during 2023, the European equity investment committee process was updated to better reflect material sustainability factors within investment decision-making. The update included an allocation of time for the presentation of an overview of the material findings of the sustainability due diligence and any proposed underwriting of risks by the global co-head of sustainability within the investment committee.

The following case study presents an example of our business response to a high-risk incident in Munich to safeguard our employees and operations.



SAFEGUARDING PEOPLE AND OPERATIONS

PROJECT: To protect the safety and well-being of all employees during a high-risk incident, ensure business continuity, and strengthen operational resilience across the organization.

On 5 September 2024, a shooting incident occurred outside the Munich office of PGIM Real Estate Germany AG. The entire office, encompassing all departments—from investment and asset management to operations and compliance—was placed on lockdown.

ACTION:

- i) Emergency Response Activation:
 - Immediate lockdown of the Munich office.
 - Real-time communication with all staff across departments.
 - Coordination with local law enforcement and building management.
- ii) Employee Support Measures:
 - Mental health and trauma counselling offered to all staff.
 - Flexible work arrangements implemented post-incident.

iii) Operational and Risk Governance Enhancements:

- No formal review was required, but the incident highlighted gaps in crisis communication.
- A new process introduced in late 2024 now ensures Business Risk Officers notify the PGIM Resilience Office of local disruptions.

OUTCOME: All staff were accounted for and were unharmed. The firm’s swift and coordinated response across departments reinforced a culture of care, trust, resilience and credibility. The incident validated the strength of PGIM Real Estate Germany AG’s emergency preparedness and cross-departmental coordination. Stewardship extends beyond investment practices to include how the business protects and empowers their people.

SUSTAINABILITY RISK

We have a [Sustainability Risks Policy](#), to inform sustainability risk management with regard to PGIM Real Estate's equity and debt businesses. Sustainability risk is defined from the perspective that an environmental, social, or governance event or condition, if it occurs, might have a material negative impact on the value of our clients' investments. A key part of our role as a fiduciary is to act in the best interests of our clients, which includes appropriately taking account of how those sustainability risks could negatively impact our clients' investments. The Sustainability Risks Policy therefore outlines our framework to identify, measure, manage, and monitor sustainability risks to our clients.

As sustainability data and risk measurement evolve, we expect to continue enhancing our processes and tools to inform our management of these risks.

ASSESSING EFFECTIVENESS

Although there is no one way to assess the effectiveness of our systemic and marketwide risk management approach, three key components that are helpful to consider are our overall track record, our ability to mitigate risks at the investment level, and evaluation of how effectively we can adapt our systems and processes in the face of future risks.

TRACK RECORD: Our strong track record of performance and minimal credit losses in our debt business is due in large part to our robust risk management approach. Specific examples have been provided above, where we detailed the development of an

internal real estate pricing model to evaluate market and sector pricing risks, to implement internal audit findings to create a centralized depository for governance documents, and to activate our emergency response procedures to help safeguard the safety and well-being of all employees and business continuity during a high-risk incident.

INVESTMENT LEVEL: We have long considered environmental risk in the due diligence process and would not invest in an asset in which such risks could not be sufficiently mitigated. The success of our approach is evidenced in the fact that we have not suffered any material loss as a result of sustainability-related risks across the globe. In 2020, all funds reporting to GRESB received #1 in their peer group for resilience. The module, originally an optional supplement, has now been integrated into the standard GRESB assessment forms. As above, 86% of global equity AUM and three debt funds were submitted to GRESB in 2025, based on the 2024 reporting year. The International Financial Reporting Standards (IFRS) S2 climate-related metrics for real estate have been modeled based on GRESB assessment forms, which reflects the appropriateness and increasing relevance of the GRESB assessment standard.

ADAPTING TO FUTURE RISKS: PGIM Real Estate continues to invest significantly in its in-house research capabilities and dedicates a meaningful number of resources to the evaluation of future risks.

Note that these examples are illustrative, because there are many ways by which the effectiveness of risk management can be measured. And even though risk management is at the core of our approach, there is no guarantee that future risks can be mitigated.



ACROSS THE INVESTMENT LIFE CYCLE

CHAPTER 05



ACROSS THE INVESTMENT LIFE CYCLE

PGIM Real Estate considers the management of economically material sustainability factors as a proxy for good management and a contributing factor to long-term value preservation and creation across asset classes, which helps futureproof the firm's funds.

SUSTAINABILITY INTEGRATION

During the holding period of direct investments (typically 7 to 15 years for core funds), we seek to integrate material sustainability factors into decision-making. Given that our private real estate debt strategies do not typically have equity-style rights to influence decision-making for our investments postclosing, our sustainability integration focuses on evaluating borrowers through preinvestment due diligence and active monitoring during our holding period (typically upwards of five years for senior loans).

As a house, we believe it is more constructive to invest in our assets and/or engage and support borrowers in their transitions toward understanding and managing sustainability risks and

opportunities rather than to divest or refuse a loan, respectively. Improving the sustainability performance of an asset and engaging to improve borrowers' sustainability practices and focus them on a transition pathway can help create long-term value. Because final investment decisions lie with transaction professionals and portfolio managers overseen by the relevant investment committee, transaction professionals and portfolio managers receive sustainability training and are supported by regular meetings with the sustainability team. As such, we have not built a separate, siloed sustainability team but have instead embedded sustainability into our investment approach.

PRIVATE REAL ESTATE EQUITY INVESTMENTS

PGIM Real Estate seeks to drive sustainability performance improvement across the property life cycle.

ACQUISITION

For all new investments, the firm's transaction teams screen assets at the bid stage after reviews of vendor due diligence when available and publicly available environmental information — for example, an energy performance certificate rating, a flood risk rating, and any green building certifications held. Once an asset is under offer, PGIM Real Estate portfolio managers commission comprehensive and thorough due diligence via a standardized scope of works, an approved panel of building surveyors, mechanical and electrical engineers, and environmental and sustainability consultants.

The scope and extent of the due diligence undertaken during acquisition, although standardized, tend to vary between regions and depend on the type, size, and desired speed of acquisition as well as the individual processes each property owner has in place. The due diligence reports are then reviewed by the transaction and portfolio managers, and an investment committee report gets compiled.

In the UK and Europe, up to seven sustainability factors are considered investment critical — meaning that the factors could have a material impact on an investment decision from a regulatory or financial aspect, and a negative appraisal could preclude investment. The factors include material climate-related and low-carbon transition risks, pollution, Sustainable Finance Disclosure Regulation (SFDR) principal adverse indicators, and any environmental characteristics promoted by the fund, including sustainable investments.

For each of the factors, a decision tree has been developed to support the transaction and portfolio managers in identifying material risks, considering potential impacts, and setting forth any mitigation measures that might be required. Each of the investment-critical factors is allocated a color key priority status indicative of no current issues (green), important issues or actions (amber), and critical issues or actions (red) within the investment committee report. The capex cost (up to 10 years) of mitigation works is presented against any material risks or opportunities identified. This is an exception to climate adaptation measures, which are presented with a capex cost up to five years.

Priority	Definition
●	Critical Issues/Action – Resolution or clarification required prior to a legal commitment to transact
●	Important Issues/Actions – To be considered within or following the proposed transaction and addressed when appropriate
●	No Current Issues – No further action is presently considered necessary within the transaction

Across the rest of the globe, PGIM Real Estate has implemented a framework to integrate sustainability risks and opportunities in investment decisions based primarily on a sustainability scorecard. The sustainability scoring methodology has been developed around three pillars: environment (E), social (S), and governance (G), each covered by dedicated indicators. The assessment is linked to a building's performance during the course of a defined period and therefore considers criteria that can be measured at the asset level. All E, S, and G pillars are linked to the building itself or to the building's management method and are defined to facilitate the evaluation of any type of physical real estate asset regardless of its asset class (e.g., residential, office, hotel).

The sustainability scorecard is a proprietary tool and has been constructed in line with regulation and industry benchmark requirements such as those of GRESB and LEED to integrate key stakeholders' expectations and help ensure the coherence of actions carried out at the asset level. PGIM Real Estate does not currently use sector averages or estimates to assess its assets' sustainability performances. These sustainability scores, reported as below average, average, and above average, provide a standardized and holistic view of real estate assets' performances with regard to sustainability factors and enable the incorporation of sustainability

risks and opportunities into the investment-decision-making process. Below-average scores require the presentation of additional explanation detail and a risk mitigation strategy.

The amber and red investment critical factors in the UK and Europe and any risk mitigation strategies of the sustainability scorecard in the Americas and Asia Pacific get discussed by the members of the investment committee and are underwritten, as required — for example, through capex reserves or insurance.

ACTIVE ASSET MANAGEMENT

Post investment, we use the GRESB assessment, a green building certification framework, and a portfolio review to continue evaluating our sustainability progress and to identify opportunities for improvement. During 2025, the equivalent of \$61.7 billion in AUM as of December 31, 2024, was evaluated by GRESB. During ownership, we create detailed, asset-level work plans for GRESB reporting funds, which include asset-by-asset assessments that prioritize and identify areas of improvement such as green certifications or properties that could benefit from net zero energy audits.

Across the globe, we also look to adhere to the in-use certification standard to provide a framework for determining and driving sustainable improvements in the operational performance of our assets, leading to benchmarking, assurance, and validation of operational asset data. The business has also looked to use in-use certifications — among new construction and refurbishment green building certifications — as sustainability indicators to promote environmental characteristics and target a percent-of-gross-asset-value coverage for SFDR Article 8 funds.



MANAGING TO GREEN BUILDING CERTIFICATION STANDARDS

PROJECT: As alternative property sectors become mainstream, e.g. self-storage assets, new and relevant certifications are needed by the teams to assess and guide sustainability building performance improvement. In early 2024, PGIM Real Estate was invited to participate in the Institute of Real Estate Management (IREM) Certified Sustainable Property (CSP) pilot for self-storage assets. The certification represents an attainable, affordable and meaningful recognition program for existing buildings only and rewards sustainability efforts in areas of energy and water efficiency, health and purchasing.

ACTION: Three self-storage facilities, two located in boroughs of New York, and the third in New Jersey, were onboarded to the IREM CSP pilot program. Each property completed scorecards evaluating sustainability performance and received credit for energy benchmarking in U.S. EPA ENERGY STAR Portfolio Manager. We also leveraged a comprehensive self-storage audit program administered by

the JV partner across their 98 ExtraSpace Storage facilities in 2022 to receive additional credit towards the energy efficiency and carbon reduction criteria.

OUTCOME: All three assets were successful in receiving IREM CSP certification in late 2024 (note that there are no levels of certification under IREM). The self-storage facilities comprised three of the first five IREM CSP self-storage certifications in the U.S. IREM went further by recognizing one of the New York assets (located in Long Island) to have achieved the most significant reduction and conservation in their sustainability initiatives (receiving the Jackson Control Carbon Reduction Award, Energy Conservation Award, and Water Conservation Award). The IREM CSP certification is valid for three years. On recertification the assets will be required to submit their initial energy and water assessments with three-year improvement plans to catalyze continued performance improvement.

A series of case studies is presented below as example outcomes of the sustainability due diligence completed for new investments acquired in the UK and Europe in 2024. The examples are provided for our Pan European core, core plus, and value-add funds.



PROJECT BOND (CORE)

In December 2024, the European core fund closed on an Apartment Hotel in Hamburg, Germany. The due diligence identified an energy performance gap existed at the hotel, which is the discrepancy between predicted energy performance and actual energy use. Ensuring the hotel operates at peak efficiency reduces the operating costs and increases net operating income.

- **CARBON** – The provision of sub-metering, an energy management contract, and leak detection to the chiller

systems were identified to assist in optimising the energy performance during ownership. This would also have a positive impact on EU Taxonomy alignment (substantial contribution to climate mitigation) and would delay the “CRREM misalignment year”⁸.

The Capex for upgrade works to the property services was estimated at €0.5 million, which was budgeted into the investment analysis and approved by the European Investment Committee.



JADE PORTFOLIO (CORE PLUS)

In May 2024, the European core plus fund acquired a portfolio of purpose-built student accommodation (“PBSA”) in the UK. The due diligence identified a possible exposure to the expected 2030 Minimum Level of Energy Efficiency standard (EPC rating B).

- **CARBON** – The electrification of two of the PBSA blocks was identified to contribute to improved EPC ratings of B and in delaying the CRREM misalignment year.
- **RESILIENCE AND ADAPTATION** – Flood risk management plans were recommended at two of the properties to manage the residual low risk of flooding. This included a river wall condition survey at one of the properties.

The Capex for upgrade works to the property services and flood risk management works was estimated at £0.85

million. This Capex, alongside an allocation for sub-metering at the assets to achieve EU Taxonomy alignment (substantial contribution to climate mitigation), were budgeted into the investment analysis and approved by European Investment Committee.

During ownership, the flood risk management plans were prepared as a priority for the properties and have been implemented on site. A BREEAM In Use gap analysis (Part 1 and 2) and roadmap to achieve a rating of Very Good has also been completed for an “example” asset. The roadmap will provide a framework to determine and drive additional sustainable improvements, beyond climate mitigation and adaptation, in the operational performance of the assets during ownership.



PROJECT MÜLE (VALUE ADD)

In April 2024, the European value add fund acquired its first investment in the Nexus strategy, located in Mülheim an der Ruhr, Germany. The Nexus strategy, structured as a 95:5 joint venture, is focused to acquire and reposition last-mile logistics assets in Germany. The due diligence identified a potential exposure to the 2030 Minimum Energy Performance Standards (16% worst performing) and an increased exposure to a risk of flooding with climate change.

- **CARBON** – The installation of low or zero carbon technologies were identified to contribute to improved EPC ratings of C and in delaying the CRREM misalignment year.
- **RESILIENCE AND ADAPTATION** – Detailed flood risk modelling was proposed in ownership to include the specification of

any adaptations required as part of the proposed fit-out and development.

- **CARBON, RESILIENCE AND ADAPTATION** – The new warehouse was designed to target a minimum EPC Rating C and green building certification DGNB level Gold.

The capex for upgrade to the property services, provision of PV and flood risk modelling was estimated at €0.7 million, which was budgeted into the investment analysis and approved by the European Investment Committee.

During ownership, a comprehensive flood risk assessment and feasibility study for the provision of a heat pump and on-site PV have been commissioned.

Our comprehensive due diligence ensures the underwriting of capex at the point of acquisition. This helps to future proof assets in terms of climate and transition risk and positions the portfolios towards net zero. The assets / portfolio are now onboarded to Deepki.

8 CRREM provides a science-based, forward-looking measure of when an asset's performance misaligns with global climate goals.

As part of PGIM Real Estate's asset management protocol, the company implemented Sustainable Standard Operating Guidelines (SSOG). The guidelines are updated periodically and intended to assist our property managers in identifying opportunities to cut costs, seek human health improvements, and enhance efficiencies by considering sustainability in their operations.

In 2024, the Property Strategic Plans (PSP) used in Europe evolved to include a Sustainability Action Plan (SAP) to enhance the integration of sustainability considerations into asset and portfolio management budget-planning processes and effectively replace the previous stand-alone asset-level work plans. PSP creates a baseline of the current implementation status of an asset and facilitates more-targeted identification of relevant measures for future budget integration. SAP provides a decision tree designed to support asset managers in identifying appropriate sustainability measures (e.g., a green building certification) and efficiency initiatives (e.g., specific to acquisition due diligence, green building certification action plans, GRESB trackers, and SSOG). The sustainability measures and efficiency initiatives identified using the decision tree are then logged into a sustainability program for the year and integrated into PSP's major work plan. The addition of SAP to PSP helps provide a systematic approach to identifying, budgeting, and cross-checking of required sustainability actions in line with targeted objectives. A pilot to evolve the asset-level work plans to SAP was also initiated in the U.S. Going forward, SAP will flow into the investment plan module on Deepki.

Sustainability is a material consideration of the portfolio review process globally, whereby the sustainability strategy, risks, and opportunities of each fund get discussed in a meeting between the respective portfolio management team and the regional investment committee. Details on the evolved portfolio review are presented in section 2.

Improving the performances of our assets requires collaboration on many different levels, and working closely with our tenants is vital to such improvement. We look to include specific sustainability clauses in all of our new leases as a minimum to ensure compliance with regulations and to allow utility data sharing at our assets. Our assets are typically multilet or operated by a single tenant under triple net lease terms. Under triple net lease terms, the tenant is responsible for maintenance of the asset, including energy usage, and landlord input is limited. The terms ultimately make it hard for a landlord to influence the sustainability characteristics of the asset. To counter that, we initiated an occupier engagement program whose aim is to develop relationships with tenants to encourage data sharing and energy-saving improvements to a building, the ideal being that through such engagement, we adopt either letters of authority or memorandums of understanding.



Two case studies are presented below as examples of active asset management initiatives in 2024 undertaken to manage transition and physical climate risks in our European portfolios.



ACTIVELY MANAGING TRANSITION RISKS

PROJECT: To retrofit an existing multi-tenant commercial building, near the Champs-Élysée in Paris, to improve energy efficiency and tenant comfort. The works were primarily required to comply with local energy regulations (2050 objectives of the Tertiary Decree and the BACS Decree) but were also targeted to improve the energy performance rating for the building (Diagnostic de Performance Énergétique) and reduce overall transition risks.

ACTION: A comprehensive energy audit was commissioned for the office and common areas of the building. The energy audit was undertaken to inform the retrofit works and identify the most impactful and cost-effective steps. A fabric first approach was taken to the audit to prioritize improvements to minimise energy demand of the building by focusing on its envelope (walls, roof, windows, etc.) before looking at technical building services like heating and cooling systems.

OUTCOME: The multiple scenarios modelled allowed the design of preferred retrofit works. The proposed works include a reduction to thermal bridging of the existing façade, the installation of a high-performance building management system and the conversion of the existing gas-fired heating and district air-conditioning systems to heat pumps. The retrofit will also be guided by the BREEAM In Use (Part 1) action plan held for the building to achieve a Very Good rating by 2027.

Implementation will proceed in distinct phases from 2025 as the building will remain operational throughout the retrofit works.



ACTIVELY MANAGING PHYSICAL CLIMATE RISK

PROJECT: In 2020, PGIM Real Estate initiated a global review of all equity standing investments focused specifically on physical risks associated with climate change. This global review continued with emphasis on physical risk via the use of 427 Moody's Physical Climate Risk tools, which includes individual risk reports for New Acquisition and New Developments, and the Physical Climate Risk Exposure (PCRXX) module in Measurabl for standing assets (now via the use of Munich RE Physical Climate Risk tools).

ACTION: Existing assets within the Affordable Housing fund in the UK are reviewed bi-annually as part of Portfolio Reviews and budget recommendations are made for assets flagged as High Risk and/or Red Flag to allow for detailed assessment and adaptation, as required. Q1 2024, 30% GAV of the fund was identified, based on the desk-based third-party risk screen, to be at High Risk and/or Red Flag of fluvial and coastal flood risk.

PGIM Real Estate commissioned a detailed flood risk report to be undertaken across all assets, to provide both a current views on the flood risk to the fund's assets (including fluvial, coastal, surface water, groundwater and infrastructure risk)

as well as a view on climate change, at both the 2030 to 2039 and 2100 timeline.

OUTCOME: The detailed assessments allowed the re-classification of all High Risk and/or Red Flag assets to be downgraded to medium or lower residual risk. Specific recommendations were made for "medium" risk assets to include, by way of example, provision of flood risk management plans, connection to the Environment Agency Flood Warnings, and a maintenance regime for surface water drainage systems. Actions are currently ongoing with the property managers in this regard.

The report has allowed all parties including its property managers, undertaking day-to-day management of the assets, to better understand and manage physical climate risks (and eliminate the risk introduced by poor resolution mapping).

The following examples provide case studies of strategic initiatives undertaken in active asset management to achieve systematic sustainability performance improvement and impact.



DEVELOPED AND IMPLEMENTED A PV STRATEGY, GERMANY

PROJECT: To identify and implement a viable business model for the provision of rooftop photovoltaic (PV) systems for light industrial premises in Germany. The business case for the provision of PV is especially strong in Germany due to the high price of electricity relative to other developed countries in Europe (Eurostat) and due to the existence of government/state subsidies including the feed-in premium scheme for commercial and industrial rooftop solar projects.

SUSTAINABILITY CONSIDERATIONS: Focusing on the provision of renewables on-site, as a second step to decarbonization, helps properties to reduce their operational carbon emissions (Scope 3), reliance on fossil fuels and can help to stabilise and/or reduce operating costs. It also provides an opportunity to engage the tenant on wider sustainability topics, opening doors for further collaboration.

ACTION: The asset management team evaluated a series of business models to install rooftop PV systems (and negate tax implications to the wider business). This included a rooftop rental model, where the rooftop is leased to a third-party company, who invests, owns and operates the system. From a financial viewpoint, the landlord receives the sustainability benefits and obtains the roof rental income with no upfront costs.

OUTCOME: The rooftop rental option as the most immediately viable option was piloted for two large logistics assets and a legal framework and network of delivery partners were established. The rooftop rental option has since been implemented at the pilot assets and further assets were identified for rollout.





DEVELOPED AND IMPLEMENTED A HYBRID PV STRATEGY, CORE PAN ASIA-PACIFIC PORTFOLIO

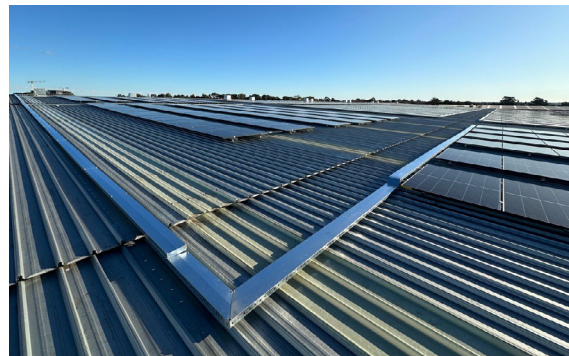
PROJECT: To identify and implement the optimal business model for the provision of rooftop PV systems to light industrial premises within the core pan Asia-Pacific portfolio. Common business models include: direct ownership, where the landlord buys and operates the system themselves; leasing, where the landlord pays a fixed fee to use the PV system; and Power Purchase Agreements (PPA), where a third party owns and operates the system, selling power to the landlord. The best model will depend on factors like tenant profile, market conditions and specific national or regional policy landscape.

SUSTAINABILITY CONSIDERATIONS: Focusing on the provision of renewables on-site, as a second step to decarbonization, may help properties reduce their operational carbon emissions (scope 1,2 and 3), reliance on fossil fuels and stabilizes and/or reduce operating costs. It also provides an opportunity to engage the tenant(s) on wider sustainability topics, opening doors for further collaboration.

ACTION: The asset management team worked with local partners to complete detailed financial assessments for each of the assets to compare the risks and returns of the viable models. The assessments included an evaluation of energy consumption patterns, tenant engagement and willingness to invest, the cost of grid electricity and country-specific policies, FITs and subsidies.

OUTCOME: A hybrid strategy was developed for the provision of PV across the core pan Asia-Pacific portfolio as summarised below:

- **Australia** - adoption of the direct ownership approach. The proposed PV system will supply c.50% of tenant annual energy needs. The tenant is committed to pay a service fee for the electricity consumed. The system is currently being installed and is expected to be operational by August 2025.
- **South Korea** – execution of a rooftop leasing contract. The PV system, now operational, supplies c.5 – 10% of tenant annual energy needs. The bulk of the energy generated is sold back to the grid.
- **Singapore** – negotiated a 20-year PPA. The proposed PV system will supply 100% of landlord annual energy needs at a discounted rate compared to conventional utility prices. The system is currently being installed and is expected to be operational in mid-2026.



FORWARD COMMITMENT TO ACQUIRE AFFORDABLE, SUSTAINABLE HOMES, LITTLEHAMPTON

PROJECT: In December 2024, the Affordable Housing Fund in the UK received approval to acquire 73 turnkey homes in Littlehampton, on the south coast of England. The deal is structured as a forward commitment agreement. The deal presented an affordable single-family rental housing opportunity, in a strong rental location, delivering forecast returns in line with fund requirements and a high sustainability offering.

SUSTAINABILITY CONSIDERATIONS: The fund discloses as SFDR Article 8 with an environmental objective to promote energy efficient homes and lower energy costs. The homes are designed to achieve an Energy Performance Certificate Rating B (SAP scores 87 to 84), which exceeds the minimum energy efficiency requirements of the fund.

ACTION: The homes are designed to be timber framed, as a more sustainable construction material, and are modular, which reduces waste and energy consumption during construction. The homes are also designed to be served by individual air source heat pumps (ASHP). Analysis showed that the material selection and modular nature of the homes reduced total embodied carbon by over 55% compared to a RICS typical low rise apartment scheme and the ASHP reduced energy demand by 27% compared to a typical gas boiler system.

OUTCOME: The forward commitment by the Fund allowed the project to proceed and to address the local need for affordable rental housing while also incorporating high sustainable design features to reduce the overall carbon footprint of the development.

REDEVELOPMENT OR REFURBISHMENT

The redevelopment or refurbishment stage of the property life cycle is the key intervention point for improving the sustainability performances of our assets — in particular, energy performance. All new developments and refurbishments follow our best practices for new construction and major renovation projects, supported ideally and as appropriate by high-level green building certifications.

A green building certificate such as from LEED or BREEAM provides an independently verified rating scheme to showcase the standard of sustainability performance attained. PGIM Real Estate is committed to pushing the sustainability performance of its new developments and major refurbishments to a minimum of BREEAM very good, or global equivalent. The rating is generally indicative of the top 25% of new buildings in the UK market. Green building certifications cover a range of environmental and social aspects. A rating of very good can be achieved through a total score across all aspects of the certification but does not necessitate an equivalent level of performance within each individual aspect. By way of example, although a building might achieve a rating of very good, the rating does not mean the building achieved a very good performance in the energy aspect specifically.

In 2023, PGIM Real Estate developed and rolled out green building certification guides for the UK and Europe, Asia Pacific, and the U.S. The guides include the main certifications used within each region and set forth prerequisite criteria for the energy and pollution aspects of the certifications. When appropriate, the guides provide a framework that not only allows an asset to target a rating representative of the top 25% of new buildings within the certification schemes but also allows an asset to achieve a minimum standard of energy efficiency. The green building certification guides also include in-use certifications and therefore also apply to performance improvements at existing assets.

The green building certification and the use of the green building certification guide are now being used as sustainability indicators by the majority of SFDR Article 8 funds within the business to facilitate the promotion of energy efficiency and decarbonization, respectively. The green building certification guides are bespoke for each of the regions. The green building certification guide for the UK and Europe — that is, green building certification and prerequisite minimum credits — form the baseline ambition level of the UK/Europe Sustainable Construction Framework also presented in section 2.



Two case studies are presented below as examples of how sustainability has been embedded into a new development completed in 2024 and into a major refurbishment undergoing the later stages of technical design in 2024. The original design and planning approval for both assets predates the rollout of the green building certification guide for Asia Pacific, but both case studies still showcase the business focus on energy efficiency and decarbonization as well as the desire to deliver into the top 25% of new buildings in a local market.



TRANSFORMING A DISTRIBUTION CENTRE INTO A CARBON NEUTRAL OPERATING HUB

PROJECT: To replace a 30-year-old, single-storey warehouse at 4 Benoi Crescent, Singapore with a 5-storey modern ramp-up, premium distribution centre (spanning c.64,490sqm). The facility was designed beyond regulatory requirements to be carbon-neutral in operation and achieve the highest level of certification for energy and water efficiency standards (targeted to Building and Construction Authority (BCA) Green Mark Platinum rating).

ACTION: A carbon study was completed during concept design and refined throughout the subsequent design stages to quantify the environmental impact of construction, building materials and operational energy and to prioritize low-carbon materials and solutions. This included the identification and deployment of innovative initiatives, such as the use of battery energy storage solutions during the 9-month construction period instead of a traditional diesel generator (reducing carbon by an estimated 220 tonnes). The facility will target the generation of approximately 2MW of rooftop solar power and utilise a smart building management system (BMS).

OUTCOME: The asset was awarded Green Mark Platinum in January 2023 and completed in February 2024. The project team continues on-site to execute the solar installation agreement in 2025.

The BMS, managed by the Property Management team, allows ongoing energy and water consumption monitoring and building optimisation. Based on 2024 datasets, the asset is reporting high energy efficiency of 23kWh/sqm (compared to the CRREM 1.5 energy intensity target of 77kWh/sqm). The asset is expected to be in the top 25% of the Singapore national building stock and meets the business definition of a SFDR sustainable investment.



TRANSFORMING AN OLDER CLASS C OFFICE BUILDING INTO THE WORKPLACE OF TOMORROW

PROJECT: To reposition a 51-year-old, 24-storey CBD tower in Brisbane as a premium A-Grade commercial building rich in amenities and designed for flexibility.

ACTION: Development approval, dated May 2022, was received on the basis that the transformation would retain and repurpose the existing concrete structure, significantly reducing upfront embodied carbon (estimated at over 70%) compared to a traditional demolish-and-rebuild approach. Development approval required the building to target 5-star Green Star Design and As-Build rating and Building Code of Australia (condition 13a). The low carbon design of the building has continued to evolve in the interim period and will also incorporate an innovative cross laminated timber extension – a 1,500sqm addition spanning three new levels.

OUTCOME: Ongoing detailed design and assessment has allowed the property to aim to set a new benchmark for adaptive reuse in commercial redevelopment by surpassing the sustainability conditions on the original development approval and target

a 6-star Green Star Office Design & As-build rating, 5.5 star NABERS base building energy rating and 4 star NABERS base building water rating. The sustainable design features will also include 100% renewable energy supply, solar rooftop, rainwater harvesting, and EV charging stations.



A final case study shows examples of the integration of sustainability across the investment life cycle, focused on material sustainability risk and opportunities within the European Value Add fund.



ACROSS THE INVESTMENT LIFE CYCLE, EUROPEAN VALUE-ADD FUND

ACQUISITION

In December 2024, the European Value Add fund acquired a ready-to-build licensed beachfront land plot located in Lagos, Algarve for the development of a 5-star 116 key hotel and 24 serviced apartments. Enhancements were identified during acquisition through due diligence across the design of the building, as below:

- **CARBON** – To ensure that the envelope and services not only achieved an Energy Performance Certificate rating of B but also met the requirements of the SFDR defined “energy efficient” building (i.e. with a Primary Energy Demand below Nearly Zero Energy Building (NZEB) threshold). The NZEB would also include a requirement for the provision of on-site renewables.
- **RESILIENCE AND ADAPTATION** – Due to the high risk of water stress in the local area with the changing climate, a requirement for LEED Certification level Gold within the Development Management Agreement, was extended to include mandatory credits within the LEED Certification specific to minimising water usage, for water saving and for water recycling.

ACTIVE ASSET MANAGEMENT

The Signature portfolio, comprising ten operating senior housing properties in the Greater London area, has been onboarded to Deepki.

- **CARBON** – The electrification of eight of the assets in the portfolio was identified during investment due diligence to contribute to improving / retaining EPC ratings of B and aligning to the carbon intensity targets set out by the CRREM 1.5°C decarbonization pathway. Based on the life cycle of the building services, electrification works have been programmed into the asset investment plans for 2026/27. PV have also been proposed on a similar timeline.
- **RESILIENCE AND ADAPTION** – In line with London Plan policy and a need to minimize water usage, measures are also currently being identified across the portfolio for water saving and recycling, including retrofitting. This workstream is ongoing and once defined will also be programmed into the asset investment plans.

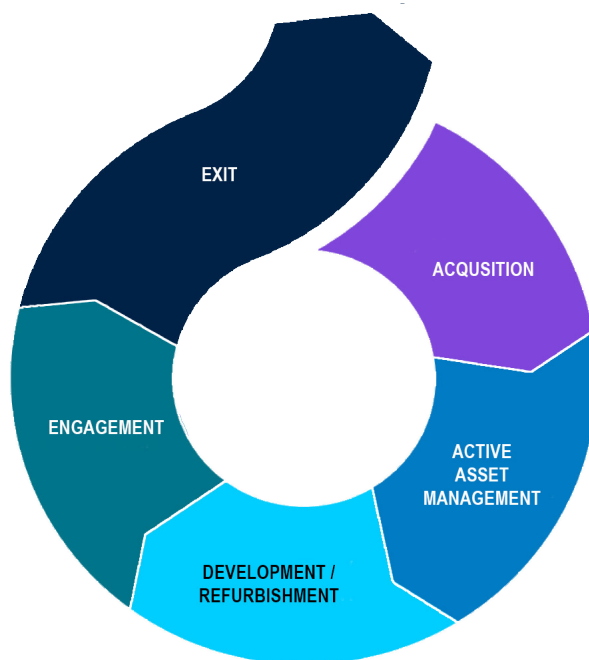
Following Capex works, the assets will target BREEAM In Use rating Very Good.

DEVELOPMENT / REFURBISHMENT

The Box strategy currently comprises two, ground-up developments of big box logistics properties. Project Rodgau, a c.12,900sqm greenfield logistics development, is located near Frankfurt. The acquisition was closed with a building permit in place. Project Castrop-Rauxel, a c.8,540sqm brownfield with existing building to be demolished, is located near Dortmund.

- **CARBON, RESILIENCE AND ADAPTATION** – Sustainability has been embedded into the design and construction processes with requirements for a life cycle assessment to manage embodied carbon, a high level of operational energy efficiency (ASHP and PV) and climate resilience.

Both builds will target DGNB Gold and EU Taxonomy Alignment (substantial contribution to climate change mitigation). This is equivalent to the “Better” pathway in the UK/Europe Sustainable Construction Framework.



PRIVATE REAL ESTATE DEBT INVESTMENTS

LOAN ORIENTATION

For all new debt investments, the lending team operates a screening stage similar to the equity business. As part of the due diligence stage, other than commissioning a suite of appropriate building, mechanical, electrical, environmental, and sustainability reports from our approved suppliers, we also look to complete a proprietary sustainability loan assessment. Data for the loan assessment gets collected via a borrower questionnaire, sustainability-specific sections of the due diligence reports, and the Munich Re Location Risk Intelligence platform.

Since 2023, the sustainability loan assessment offers specific regional and property-type functionality to best capture sustainability risks and opportunities in the local market, alongside a modernized set of questions to evaluate property-level environmental and transition risks and physical climate resilience. The sustainability loan assessment incorporates the following factors:

- **ENVIRONMENTAL:** Physical risks and attributes that promote environmental stability (e.g., high-efficiency HVAC [heating, ventilation, and air-conditioning] equipment, lighting, and fixtures; electric vehicle charging stations; recycling infrastructure)
- **SOCIAL:** Risks and property attributes that impact the living and social experiences at a property (e.g., affordability, walk scores, contaminants, accessibility)

- **GOVERNANCE:** Risks and attributes that measure an asset's compliance with regulatory mandates for energy performance and the borrower's commitment to sustainability (e.g., green certifications; engineering, procurement, and construction policies; disclosures; alignment with sustainability organizations)
- **RESILIENCE:** Climate-related physical risks at the asset level (using the third-party scoring analysis).

The sustainability loan assessment generates an overall sustainability loan score of 0 to 100, with environmental, social, governance, and resilience subscores. Certain risks logged in the assessment may also trigger risk stoplights to alert deal teams to key risk parameters, including, by way of example, material physical climate risks, energy performance, or property-level contaminants.

Findings from the due diligence assessments, the risk stoplight discussion, and the sustainability loan score are presented in the investment committee paper. Any material risks identified are discussed by the investment committee and underwritten either through a deferred maintenance reserve if applicable or through a postclosing obligation. For the postclosing obligation, the borrower is typically given 60 to 90 days to complete the work, but a shorter time period may be required if appropriate.

PGIM REAL ESTATE'S PROPRIETARY SUSTAINABILITY LOAN ASSESSMENT

- Contains more than 30 attributes, which are scored
- Results in a standardized 0 to 100 score
- Is integrated into the investment committee's approval process

INFORMATION FOR THE SUSTAINABILITY LOAN ASSESSMENT IS SOURCED FROM

- Borrower's questionnaire
- Building, mechanical, electrical, environmental, and sustainability reports
- Munich Re Location Risk Intelligence platform

SUSTAINABILITY IN LOAN DOCUMENTS

PGIM Real Estate's standardized loan documentation also addresses environmental considerations. Examples are:

- Requirements to comply with environmental laws, regulations, and orders.
- Requirements to disclose to PGIM Real Estate, as the lender, any contamination or violation of environmental laws, regulations, and orders and to conduct remediation at the borrower's sole expense.

The loan asset management team and loan servicer, as described below, will monitor compliance with the environmental and financial covenants, as applicable, throughout the life of the loan to ensure the continued knowledge and understanding of the assets.

LOAN SERVICING

PGIM Real Estate benefits from an affiliate loan-servicing provider: PGIM Real Estate Loan Services. Borrowers tend to prefer working with lenders that retain servicing, because they interact so frequently with the loan servicer during the life of the loan. From an investment perspective, PGIM Real Estate values the risk management benefits of retaining loan servicing so as to enable close monitoring of the loans, to mitigate potential risks, and to act quickly if loans become troubled. Investors directly benefit from the reporting capabilities and seamless integration of process and technology from an integrated loan-servicing platform.

Two case studies are presented below as example outcomes of the sustainability loan assessment completed for loans secured for senior debt into Germany and the U.S. in 2024.



SENIOR DEBT, LOGISTICS PORTFOLIO

In May 2024, the General Account, PRES Europe Sarl (JPB) and Publica General Account (“Fund”) received authorisation to provide a senior loan to recapitalize an unencumbered portfolio of thirteen industrial assets across Germany. The due diligence completed identified a potential exposure at two assets to the 2030 Minimum Energy Performance Standards (16% worst performing buildings).

- **CARBON** - The installation of low or zero carbon technologies were identified to contribute to improved EPC ratings and in delaying the CRREM misalignment year.

A hard obligation was made within the loan agreement to upgrade the property services at the two assets, as part of wider approved Capex works, during the loan term. The loan agreement also required periodic reporting on the upgrade works and annual updates on both the Minimum Energy Performance Standards and CRREM analysis.

Our comprehensive due diligence facilitate the underwriting of capex at the point of lending. This helps future proof assets in terms of transition risk and positions the portfolio towards net zero.



SENIOR DEBT, MULTIFAMILY PORTFOLIO

In August 2024, the General Account (“Fund”) received authorisation to provide a senior loan for the refinancing of seven apartment assets (c.3Msqft) across the U.S. The due diligence completed identified four assets to be in areas known to have elevated radon levels. Radon testing was subsequently required at these assets prior to loan closing. The radon testing identified two properties with elevated radon levels in some of the apartment dwellings.

The specification of required radon protection measures was agreed between PGIM Real Estate and the Borrower. A hard obligation was made within the loan agreement to retrofit

the agreed radon protection measures at the two assets during the initial six months of the loan term. The loan agreement also required radon testing post-installation of the radon protection measures to confirm indoor air quality conditions. The requirements of the loan agreement were met in early 2025.

Our comprehensive due diligence helps facilitate the underwriting of remediation requirements at the point of lending and supported improvements in air quality for residents in the apartment dwellings.

AGRICULTURE SPECIALIST STRATEGY

As a specialist strategy, PGIM Real Estate builds diversified farmland portfolios across the U.S., comprising, primarily, permanent plantings and row crops. The firm also provides farmland and timber clients with customized finance solutions to meet their needs.

AGRICULTURAL EQUITY

Prior to acquisition, all equity investments undergo comprehensive due diligences and completions of sustainability checklist reviews. The sustainability checklist review, which gathers information on numerous different sustainability factors, has been designed in line with Leading Harvest's agricultural standards. These cover soil quality, water efficiency and quality, the use of renewable energy, waste management practices, consideration for special sites, local community and indigenous peoples, and climate risk — using the third-party scoring analysis. A process has also been developed to evaluate threatened, at-risk, and endangered species at each property that serves as a reference and informational tool for our internal team, farm managers, and on-site property managers.

The sustainability checklist review is incorporated into the investment committee paper and is used for informing discussions on risks and opportunities and for guiding decision-making

during Capex planning. The checklist is dynamic and carries into ongoing management use, with expansion for measuring and tracking energy, chemical input, and water use and for quantifying other management practices.

All managed agricultural properties are enrolled within the Leading Harvest Standards as a framework to guide our sustainability practices. The standards comprise 13 sustainability principles as well as corresponding objectives, performance measures, and indicators of conformance that align with our principles of sustainable farming practices. PGIM Real Estate's agricultural equity business initially achieved certification from Leading Harvest Standards in 2021. Enrollment in the standards and third-party audits occur on an annual basis.



AGRICULTURAL DEBT

In 2023, a proprietary Agriculture Loan Assessment tool was designed for all new agriculture loans.

The scoring tool was built on the same architecture as the Sustainability Loan Assessment and assesses key risks related to agriculture industry standards. The assessment evaluates property-level physical climate risk, environmental risk factors (water, waste regulation and management, soil, decarbonization) and scores a set of governance-related questions for loan sponsors. Data for the agricultural loan assessment is collated through a borrower, environmental and property condition consultant questionnaires.

The Agriculture Loan Assessment tool was rolled into production in 2024.



GLOBAL REAL ESTATE SECURITIES INVESTMENTS

Our Global Real Estate Securities (GRES) business invests in listed real estate company securities or REIT securities and combines top-down fundamental company research with a bottom-up value-oriented approach and a focus on risk management.

We focus on valuation relative to a company's underlying real estate assets (net asset value) as well as the company's ongoing-concern valuation. Through detailed company research that includes regular management visits, property tours, and financial analysis, we analyze the quality and sustainability of real estate asset cash flows and the growth of company dividends. We also evaluate the company's strategy and its management's track record and incentives.

Sustainability is an important part of our multifactor valuation model. We include a proprietary sustainability score in our buy/hold/sell company analysis, which has a premium or discount to net asset value assigned to every REIT under coverage. Our sustainability approach incorporates sustainability data provided by GRESB and is weighted so as to be consistent with PGIM Real Estate's investment-level considerations related to sustainability. Following are examples of factors that may be taken into consideration for each company in our universe:

- **ENVIRONMENTAL:** Sustainability case studies, building certifications, GHG emissions, waste and water consumption rankings, and overall resilience score for each REIT's portfolio
- **SOCIAL:** A company's disclosures with regard to economic and culture factors, stakeholder satisfaction, and community engagement and our assessment of REITs' portfolio social standings, looking at affordable-housing benefits and walkability measures
- **GOVERNANCE:** Independent versus non-independent board composition, lengths of tenures of board members, proxy access, insider ownership of stock, non-staggered board, antitakeover provisions, and business conflicts of interest with executive management teams.

To arrive at a comprehensive sustainability score for each company, we use a weighted-average system, and we work continually with the REITs' executive management teams to refine our process and increase transparency. This scoring activity yields powerful new insights through peer performance comparisons and gives us a meaningful way to effectuate change in sustainability throughout the industry.



ACTIVE STEWARDSHIP

CHAPTER 06



ACTIVE STEWARDSHIP

Our approach to active stewardship, which we define to be engagement and proxy voting as applicable, ties back to the core objectives we seek to achieve — namely, to:

- Deliver enhanced, risk-adjusted returns for our investors.
- Become a landlord and lender of choice.

Stakeholder engagement is the key focus of the social pillar in our sustainability framework. As a result, we engage across a range of material environmental, social and governance factors. We have subsequently set out key themes, objectives, and measured and recorded activities and progress in engagement for partners and service providers, borrowers, tenants, investors, and the industry.

The process of selecting and prioritizing engagement themes and objectives is informed by a range of factors, including:

- Market research such as considering the regulatory landscape, peer analysis, and data-driven quantitative evidence
- Client engagement on interest and preferences — notably, the materiality assessments completed

Our engagement approach is global, but we consider regional nuances and standards when applying factors, which means that certain issues get emphasized or omitted depending on the market or region. For example, in Europe, we comply with General Data Protection Regulation principles when engaging with tenants in regard to data collection.

ENGAGEMENT WITH OUR PARTNERS AND SERVICE PROVIDERS

To support our investment activities, PGIM Real Estate relies on a network of carefully selected vendors and service providers, that are appointed based on rigorous selection criteria on market terms. Engagements are governed through Third-Party Risk Management (TPRM) standards, which set out requirements for assessing and managing third-party risk. The standards follow the complete third-party life cycle — from planning for a new relationship to engagement, to ongoing monitoring, and, finally, through to termination. When applicable, local regulations and requirements also get integrated into this process.

As a company, we are committed to conducting business in an honest and ethical manner and adhering to the highest standards of integrity and accountability in all countries in which we operate. At the global level, our parent company maintains a

Vendor Code of Conduct that outlines the ethical and business standards expected of suppliers and third-party partners. The code is a component of the business's broader commitment to responsible business practices, integrity, and ethical conduct throughout the supply chain. We believe we operate in accordance with the United Nations Universal Declaration of Human Rights and the International Labour Organization's core conventions, and we recognize and support the United Nations Guiding Principles on Business and Human Rights.

In the UK, PGIM Real Estate is subject to the Modern Slavery Act 2015, a piece of legislation that sets out a range of measures to combat modern slavery and human trafficking. In line with that legislation and based on industry and type of service provided, the company has established categories to identify heightened risks of modern slavery and human trafficking, as summarized below:

- Service providers in Europe are screened prior to onboarding to identify involvement with heightened risk categories. An additional business case checklist was introduced that asks additional questions about a vendor that is onboarding — specifically, questions about the type of work to be carried out, how the vendor was selected, whether the vendor has processes in place to ensure compliance with the act, and so on.
- Service providers operating in heightened risk categories such as catering, cleaning, security, construction, maintenance, and refurbishment are then subject to enhanced due diligence. If any of a service provider's responses to the business case checklist indicate relevance to the Modern Slavery Act 2015, the service provider is required to complete a dedicated modern slavery questionnaire.

Every year, PGIM Financial Ltd. issues a Modern Slavery Act Statement for the UK group, which is approved by the UK Boards and published on the PGIM website. The business also provides appropriate training for staff about expected standards and behaviors.

In the U.S., where PGIM Real Estate controls the appointment and retention of service providers, we have also adopted a responsible contractor policy (updated in March 2024), which seeks to promote responsible practices, including fair wages and benefits.

AWARDING CONTRACTS

In line with PGIM Real Estate's TPRM process, we conduct inherent risk rating and due diligence prior to awarding contracts, including checks on compliance and litigation, dependency and reliability, information security, and data.

- For discrete, time-limited tasks — for example, transaction-related tasks — the required standards are set out in the contract. The tasks are either commissioned based, which tends to incentivize strong performance, or based on fixed-fee or hourly rates.

- For core and enduring tasks — for example, those of valuers, property managers, and fund administrators that are key to our investment and asset management approach — the required standards, including performance expectations, are set out in a service-level agreement (SLA). Performance expectations within a SLA include relevant key performance indicators (KPIs), appropriate monitoring requirements, and details on remedies and penalties. Such SLAs are subject to a prescribed, regular monitoring process. SLAs are based on fixed or tiered fees. Termination is normally stated at three months.

An example of the typical KPIs and monitoring regime for our UK property management agreements are set out below.

KEY PERFORMANCE INDICATORS	MONITORING REGIME
<ul style="list-style-type: none"> • Targeted and timely rent, service charge, and insurance collection • Timely payment of supplier invoices • Timely account reconciliation • Regular inspection of buildings • Timely issue of quarterly management report • Timely update of tenant information • Collection of sustainability data 	<ul style="list-style-type: none"> • Attend a quarterly meeting to review the quarterly management report and to monitor KPIs • Right to appoint external consultants to conduct and review account reconciliation

We continually look for opportunities to improve and enhance our engagement with service providers. The following two case studies provide examples of the procurement of key service providers to the global sustainability program in 2024. A further case study presents an initiative to optimize existing invoice payment processes with a view to improve vendor relations in Europe in 2024.



PROCUREMENT OF THE NEW SaaS SUSTAINABILITY PLATFORM

PROJECT: The procurement of the new SaaS sustainability platform was established through a software usage contract that specifically included an SLA (dated September 2024). The SLA outlines the specific level of service the vendor promises to deliver for the sustainability platform. This includes uptime guarantees, remedies for non-compliance, support responsibilities, maintenance and security, backup and hosting.

ACTION: KPIs were included in the SLA specific to critical and non-critical improvements in the platform functionality, which were defined during the pilot (known as 'success criteria'). The latest update on the success criteria was shared in the week preceding contract signing. The success criteria are managed and monitored informally in the Global + U.S. weekly (operational + transversal) project management meetings. They are also managed and monitored formally under the terms of the contract in an annual meeting (from

01 June 2025). In the event of significant breach by the vendor of the success criteria, and if no remedy is reached within 30 days, the contract can be terminated. Termination is stated at three months.

To minimise business disruption and ensure a smooth transition, KPIs were also inserted into the SLA specific to data completeness and integrity / accuracy. The KPIs were time-bound to ensure that the new platform was fully operational before access was restricted to the previous sustainability platform. In the event of significant breach by the vendor of the data completeness KPI's, the vendor was required to cover the costs of the previous SaaS platform in 2025.

OUTCOME: All KPI's were monitored through 2024 and the data completeness KPI's approved and 'signed off' in the Steering Committee in January 2025.



REQUEST FOR PROPOSAL FOR SUSTAINABILITY CONSULTANT

PROJECT: In January 2024, PGIM Real Estate initiated a Request for Proposal (RFP) to the marketplace for a full-service sustainability consulting firm to provide strategic direction to the global debt and equity businesses, drive and execute the sustainability program and deliver accurate annual benchmarking and reporting. The RFP was initiated to allow a structured re-evaluation of services and capabilities, enhance transparency and ensure competitive pricing, which ultimately leads to better outcomes and informed decision-making.

ACTION: A short-list of five qualified vendors were selected to participate. The RFP was run through the PFI procurement team to ensure it was streamlined, optimal and appropriately evaluated. All five vendors chose to submit a response. The submissions were reviewed and scored individually by key stakeholders, including three stakeholders from the sustainability team. The scores were totalled, weighted in line with the requirements of the RFP, and a total score generated for each vendor.

OUTCOME: Verdani Partners, who have supported PGIM Real Estate global sustainability program since 2019, received a high score and alongside their competitive pricing were awarded a 12-month contract. It is noted that Verdani Partners is certified as a Women/Minority Business Enterprise (WMBE) by the Supplier Clearinghouse. Delivery based and timebound KPIs were inserted in the contract to ensure efficiency and effectiveness in execution of the sustainability program and reporting.



OPTIMIZING PROCESSES TO STRENGTHENING VENDOR RELATIONSHIPS

PROJECT: To improve the third-party invoice process and payment times. The overall aim being to reduce financial strain on vendors, prevent damage to business reputation from late payments, and to foster stronger, more stable vendor relationships.

ACTION: A review was conducted across major European markets to examine the entire lifecycle of a third-party invoice, from the moment it is received by the business to when the payment is finally released to the vendor, including the process of allocating the invoice to the appropriate property, fund, or business unit, and navigating the relevant payment systems. Significant opportunities for efficiency improvements were identified within the existing approval process and systems and a series of recommendations identified and made to the European Executive Council, as below:

- A centralized software resource is required to automate and streamline invoice payment processing
- The approval matrix and cost categories across fund structures and markets should be standardized
- The number of bank accounts should be reduced and a strategic banking partner identified for the European business cash accounts to reduce complexity

- Manual payments should be removed across all jurisdictions to create transparency with the payment process
- A single invoicing system should not be allocated for a single project

OUTCOME: A new legal entity data management tool has been identified and will go live in May 2025. Accounts Payable modules will be built out and vendor data set up with the potential to assist in vendor relationship monitoring. Going forward efforts will focus on automation of payment processes including integration with online banking platforms. Various workflow management enhancements are in flight and upon successful implementation the scope of the solution will be expanded across the globe.

ONGOING MONITORING AND REVIEW

The TPRM team is responsible for ongoing due diligence and monitoring of third-party engagements. The extent of due diligence and monitoring is commensurate with the risk associated with the contract, with primary focus on financial condition, performance, internal control effectiveness, and legal and regulatory compliance.

The primary goals of the TPRM team are to protect and preserve the stability of the business, including PGIM Real Estate and its clients. The organization has established distinct roles and responsibilities for all processes and escalation procedures, which are well communicated. To that end, if an issue is identified, it gets escalated to the appropriate internal stakeholders for remediation or risk acceptance.

The Operational Risk team within PGIM Real Estate is also responsible for the performance review of key third-party engagements and oversees a global Property Manager Review (PMR) program. In 2023, the European program was extended to cover operational joint venture (JV) partners, now known as the JV Partner Review (JVPR). In 2024, JVPR was extended again to cover management companies (ManCos), now known as the ManCo Review (ManCoR). The review program, conducted on an annual basis, is undertaken by an external audit firm.

The primary goals of PMR, JVPR, and ManCoR, similar to those of the TPRM team, are to assess and reduce operational risk across PGIM Real Estate specific to property managers and operating partners and to strengthen confidence and trust in key stakeholder relationships to our clients. The review program also provides direct and independent insights into daily operations and the associated controls of PGIM Real Estate's property managers and operating partners.

For PGIM Real Estate Europe, PMR, JVPR, and ManCoR consist of two building blocks: (1) a risk assessment and (2) on-site visits, which are updated annually to reflect emerging risk areas and changes in regulations and the environment. In 2024, the risk assessment was enhanced to improve clarity and relevance across jurisdictions. Key updates included the addition of questions about money laundering and terrorism's financing risks within supplier onboarding processes, as well as new questions focused on the accuracy of rent roll data. Terminology across the assessment was also standardized to ensure consistency and ease of understanding throughout the region.

After the reviews, a workshop is held with key stakeholders to discuss the findings and the recommendations identified by the audit firm. For issues identified, action plans get created and followed up. An overview of the annual PMR results is also presented to the relevant boards and executive councils by operational risk.

RESPONDING TO A THIRD-PARTY RISK EVENT

As part of the Operational Risk Framework, the Risk Event and Quality Control Error program is designed to identify and review events resulting in actual or potential impacts within our businesses. The review includes events that occur through our third-party providers that have material impacts on our business (e.g., third-party performance, control issues, data breaches).

Upon identification of an error, the business will follow up with the third party to find out the root cause of the issue or error and to learn the steps taken to address the impacts and actions taken to implement immediate and long-term control enhancements. Errors are documented centrally, with remedial-action plans logged and tracked to completion through the Governance Risk & Compliance tool.

Operational Risk also reviews Risk Event and Quality Control Error data to identify trends or emerging risks. All events are reported to the appropriate board (e.g., PGIM Lux or PGIM UK Ltd.), and when emerging third-party risks get identified (e.g., high volume of operational errors), they will be discussed with the relationship owner to determine whether further action is required.

Through that process and other monitoring controls, we can correct situations in which third-party actions fall short of our expectations. The review provides an opportunity to learn from mistakes and continually improve our control environment both internally and through our third-party providers to help minimize the risk of errors reoccurring.



Third Party Risk Management (TPRM)
is the continuous process of identifying,
assessing, and managing risks presented
by third parties to an organization, its
data, operations and finances.

ENGAGEMENT WITH OUR TENANTS

We use SSOG to encourage PGIM Real Estate asset managers and property managers to engage tenants. SSOG focuses on the provision of asset-level advice to reduce environmental impact and operational expenditures. The advice covers lighting, water, and HVAC efficiency, among other topics.

Optimizing buildings' environmental performances while supporting the health, safety, and well-being of building occupants is central to our tenant engagement strategy at PGIM Real Estate. Engagement varies across properties and regions, but some examples are provided below:

- **GREEN LEASES:** To enhance tenant engagement and foster collaboration and communication on sustainability we look to utilise green leases. Standard green lease clauses, utilised appropriately, encourage joint efforts to improve a building's environmental performance through various means, such as data sharing, setting targets, and agreeing on strategies for waste management, energy consumption, and other environmental factors.



Based on the submission of PGIM Real Estate's green leasing templates and sustainability policies to Green Lease Leaders, the U.S. business was awarded Green Lease Leader Silver status in the 2023 cohort of landlord recipients.

The Green Lease Leaders runs on three-year cycles, so a reapplication would need to be completed in 2026.

- **TENANT SATISFACTION SURVEYS:** To help us meet or exceed our tenants' expectations, every two years we evaluate important tenant topics such as property management, leasing, maintenance, property features, sustainability, and general tenant satisfaction. The goal of the assessments is to gauge tenant satisfaction throughout our portfolio with views to improving performance, increasing retention, enhancing portfolio value, and pursuing operational excellence.
- **SUSTAINABILITY ATTRIBUTES SURVEY:** To identify key property issues, trends and opportunities regarding tenant engagement, procurement, and sustainability, every three years

we undertake a sustainability attributes survey. The survey queries property managers with regard to approximately 60 sustainability attribute indicators in such categories as lighting, roof efficiency, water efficiency, energy efficiency, waste management, transportation, and refrigerants. The results provide a snapshot of global, regional, and fund-level sustainability performance from which key recommendations in each category can be made.

- **ANNUAL AWARENESS CAMPAIGNS AND EVENTS:** To increase awareness and promote engagement, we run various global sustainability campaigns throughout the year, which are implemented at the property level. In 2024, the campaigns included Health & Wellbeing, Earth Hour, Earth Day, Sustainable Transportation, Pollinator Week, Resilience and Energy, Water, and Waste + Emissions Awareness. For Earth Day, property managers were encouraged to host awareness and education activities for their tenants and to document examples of engagement to communicate to the business.

Additionally, through our sustainability strategy, PGIM Real Estate focuses on certifications such as Fitwel and BREEAM In Use (BIU), which work toward improving occupant health and well-being, among other aspects of sustainability. To note, Fitwel and BIU will not only deliver health and well-being-related infrastructure improvements but also, typically, push the boundaries of an overall management strategy at the asset level, thereby facilitating general improvements in tenant engagement management practices, which may ultimately lead to increases in tenant satisfaction.



PGIM Real Estate has been a Fitwel Champion since 2020 and received the 2024 Best in Building Health Award.

Examples of tenant engagement initiatives in 2024 are presented below.



COLLABORATION ON ELECTRIC VEHICLE (EV) CHARGING STATIONS

PROJECT: Landlord and tenant collaboration to facilitate the roll out of Electrical Vehicle (EV) charging infrastructure across nine assets within a UK separate account group. The provision of EV chargers in the car parking areas of the pubs and inns, has both environmental and social benefits, as it assists tenant employees and their guests with accessibility and helps on the transition towards lower carbon transport.

ACTION: The tenant, who has the biggest private network of electric vehicle chargers in hospitality, approached PGIM Real Estate, as the landlord to nine of their pubs, to collaborate and support in the installation of EV chargers across the portfolio. EV charging feasibility studies have been completed by an EV charging vendor on a rolling basis. The viability for the provision of electric vehicle chargers is not financially feasible at three of the assets and is now being explored through a different vendor.

OUTCOME: As a minimum, a single 50kW rapid charging station has been installed at three of the assets, which provides an 80% charge in 30 – 60 mins. Each charging point is powered using 100% renewable electricity and is compatible with virtually all EV on the market today. A ‘charging hub’, which provides six 150kW ultra-fast charging points, has also been installed at one of the assets (Queen of the Lock in Balloch). For the operational EV chargers the average number of weekly sessions since

installation range between 23 – 126 and the average dwell times range between 34 – 51 minutes. Development works are ongoing at two of the assets with the last asset in the portfolio currently undergoing a feasibility study.



UNLOCKING TENANT CONTROLLED ENERGY DATA

PROJECT: Landlord and tenant collaboration to allow the share of granular utility data across six senior living assets, in the south-east of the UK. To also foster a relationship of open communication and achieve shared sustainability goals. Engagement is imperative for landlord-tenant energy programs, particularly for assets with low levels of operational control, such as assets with fully repairing and insuring (FRI) leases. Ultimately, tenant participation enables sustainability targets to be reached more quickly and more easily, in turn benefiting the asset, and environment.

ACTION: PGIM Real Estate proactively engaged with the tenant to request sight of utility data. We were transparent about data usage and requested consent for automatic access to energy consumption data across the entire portfolio. The engagement was positive and led to ongoing open communication and engagement, by the tenant, on completed

energy audits and identified energy saving measures and, by the landlord, on completed green building certifications.

OUTCOME: Set-up of automated landlord and tenant granular utility and waste consumption data share to allow for energy efficiency and carbon footprint benchmarking. Understanding and support, as required, on energy efficiency initiatives including an Light Emitting Diode (LED) roll out program across the portfolio, initiated in 2024 (to be completed in September 2025). LED technology uses up to 75% less energy than traditional lighting, resulting in substantial energy cost saving. Also led to understanding on a waste management program that means no general waste goes to landfill.

Open communication and collaboration is ongoing.



COLLABORATION ON SMART METER ROLLOUT

PROJECT: Rollout of smart meters across the German portfolio, driven by both sustainability initiatives and mandatory requirements. PGIM Real Estate prioritizes advanced building automation and the integration of smart technologies to optimise energy and water usage and operational efficiency. In Germany, smart electricity meters are now mandatory for buildings consuming 6,000kWh or more annually, as part of a broader energy transition strategy. Compliance is required by 2030.

ACTION: Mapping of the German portfolio was initiated in 2024 to identify assets legally required to have smart electricity meters installed and assets where it was also feasible, based on asset investment plans, to extend this to include smart heat and water meters. To streamline the process of implementing across the portfolio a series of smart meter vendors were pre-screened and framework agreements negotiated. For single tenant assets, individual agreements were made with the tenant, or the meters were replaced in consultation with them.

OUTCOME: To date, 53 electricity meters have been installed in 18 assets; 11 heat meters have been installed for 11 assets; and 46 water meters have been delivered to 18 assets with installation ongoing. Electricity and heat meters are yet to be installed at three assets as coordination is ongoing with the network operator. Data from the operational smart meters is automatically transferred to the new SaaS sustainability platform via an API integration. This automated data flow helps provide reliable and consistent information for analysis and reporting within the platform. Analysis of water consumption data has already allowed the early detection of water leaks and repairs to be carried out.

The overall goal is a 100% rollout across the existing portfolio by the end of 2025.



ENGAGING TO IMPROVE THE ENERGY EFFICIENCY OF HOSPITALITY ASSETS

PROJECT: To identify and implement an energy management solution specific to the hospitality sector, which not only improves energy efficiency but also maintains guest comfort. The solution would need to be cost-effective and deliver a Return on Investment (RoI) within the hold period of the assets.

Four hotel/co-living assets in Hong Kong were identified on acquisition to have unnecessarily high energy consumption. The high energy consumption was a result of the inefficient heating, ventilation and air conditioning (HVAC) operations to the guest rooms. Focusing on energy management practises, as a first step to decarbonization, helps properties operate more efficiently, which can reduce operating costs and increases net operating income.

ACTION: The asset management team identified a Smart Room Energy Management (SmartREM) solution which leverages Internet of Things (IoT) sensors to monitor room occupancy, guest temperature preferences, and HVAC performance in real-time. By automatically adjusting the

HVAC system based on room occupancy and pre-set parameters, the SmartREM solution significantly reduces energy waste while maintaining optimal conditions for guest comfort. The team engaged with the operators of the four hotel/co-living assets and between February and July 2024 implemented pilots across all 761 rooms.

OUTCOME: The pilots delivered measurable sustainability and financial benefits. By way of example, one of the co-living assets, which comprised 435 rooms, recorded a 26% reduction in energy usage of the HVAC over six months (equivalent saving of 105.6 tonnes carbon dioxide). A clear return on investment was evident through the Capex Model. The SmartREM solution has subsequently been purchased and considered for other hospitality assets.

ENGAGEMENT WITH OUR BORROWERS

Borrower engagement encompasses the interactions we have with a borrower on material sustainability factors and other issues throughout the life of a loan. Engagement initiatives may include:

- Seeking to educate borrowers in the reduction of borrowers' portfolios' energy and water consumption and, when relevant, promoting sustainable design and construction methods
- Engaging with and educating borrowers regarding physical, building-specific risks based on our rigorous and comprehensive due diligence process — for example, with respect to fire safety or climate-related physical risks such as flooding, sea-level rise and heat stress
- Encouraging borrowers to develop sustainability expertise on such topics as energy ratings and green building certifications as well as to develop their own sustainability strategies and industry affiliations
- Determining, monitoring, and enforcing the sustainability covenants established in the lending documents
- Reviewing and approving borrower consents; engaging directly with borrowers on their business plans and plans for efficiency enhancements throughout the life of investments; and encouraging considerations of future sustainability factors and reporting standards

The two case studies below are examples of borrower engagement in 2024 during the hold period of a loan:



SUSTAINABILITY PERFORMANCE IMPROVEMENT DELIVERED THROUGH THE LOAN AGREEMENT

PROJECT: In October 2022, our European high-yield debt fund received authorisation to provide a €64M loan for the speculative development of four logistics assets in Spain.

ACTION: Through discussions with the borrower during negotiation of the financing, the borrower agreed that the logistics assets would be designed to be highly energy-efficient and to maximize sustainability features. A hard obligation was made within the loan agreement to design the assets to achieve EPC Ratings of A and BREEAM Ratings of Excellent upon completion.

OUTCOME: The sustainability credentials of three of the buildings were confirmed upon completion across 2023/24. The associated loans matured between January and December 2024 with the fourth building achieving practical completion in January 2025.

The negotiated changes during loan orientation elevated these developments into the estimated top 10% of new non-domestic buildings in Spain. This supports our sustainability strategy to help future proof assets in terms of transition risk and positions the assets towards net zero.



INCREASED BUDGETED DEVELOPMENT COSTS TO IMPROVE BUILDING SAFETY

PROJECT: In November 2021, our European high-yield debt fund received authorisation to provide a mezzanine loan for the speculative development of two residential towers in Manchester, UK.

ACTION: Through engaging directly with the borrower on their business plans during the loan period, we consented to an increase in the original budgeted development costs for the inclusion of a second staircase. The second staircase was not legally required, due to the original date planning permission was granted for phase 2 (dated July 2021), however was agreed on the basis that the building was still

under construction and the known upcoming changes to Approved Document B: Fire Safety (to be enacted September 2026).

OUTCOME: Positive discussions and negotiations were held with the borrower to agree on the cost increase and the implementation of the second staircase. The addition of the second staircase was seen as a proactive safety measure that would serve as a crucial secondary escape route, improving evacuation efficiency and providing a dedicated space for firefighters.

ENGAGEMENT WITH OUR INVESTORS — AND PROXY VOTING

Ultimately, investor satisfaction both broadly and in terms of sustainability is best measured by whether investors continue to do business with the firm. We actively seek and incorporate the views of our clients to ensure we are closely aligned with their interests and expectations. Additionally, our ability to attract new investor capital is a key metric that tells whether our services align with client demand.

As is standard throughout the asset management industry, each new client engagement typically begins with a client-led, competitive, and thorough due diligence process wherein at both the firm and fund levels, we need to demonstrate our abilities to act as a true fiduciary, to protect and preserve client capital, and to deliver on our commitment to material sustainability factors. Typically, the due diligence process continues post-investment in the form of ongoing operational and investment due diligence.

In 2024, PGIM Real Estate experienced robust and positive third-party capital flows, a success made possible by actively considering the views of our clients and beneficiaries and ensuring that our products and ways of doing business met their expectations. Our platform broadly has experienced consistent growth since inception. At the highest level, third-party capital inflows are strong indicators of our ability to deliver value to our clients and beneficiaries.

Outlined below are specific tools we use to collect and incorporate client feedback, along with specific actions we have taken to integrate the feedback into our business practices. As sustainability issues have become increasingly important to our clients, the transparency benchmarks and targets (e.g., net zero commitment, reporting to GRESB and UN PRI) have been influenced by client preferences.

TYPE	FREQUENCY	DESCRIPTION
Investor update calls	Quarterly	Most funds host quarterly investor update calls that provide investors with comprehensive updates regarding performance and transaction activity. The sessions are interactive, and investors are encouraged to ask questions, which are addressed directly by the portfolio management team.
Advisory council meetings	Typically annually	Most commingled funds have advisory councils made up of investors and their consultants, who offer periodic input to management during meetings. The advisory councils typically convene annually, though the timing and frequency of the meetings are determined by the council. Advisory council members receive no compensation from the fund or PGIM Real Estate, although members are reimbursed for their out-of-pocket costs in attending council meetings. Council members are asked to comment on such items as the fund's investment strategy and philosophy, diversification strategy, annual business plan, recently completed transactions, and client reports. Sustainability topics can be included in the agendas of many of the advisory council meetings.
Client-specific meetings	Annually or more frequently	Fund representatives usually meet with most clients at least once a year and in some cases, as often as quarterly. The nature, context, and content of such meetings vary, with some being formal board or trustee presentations, and others being less-formal interactions with client staff. Through the interactions, very specific information gets exchanged, which in some cases, can lead to variations in an existing mandate, the introduction of a new offering, or the instigation of a new ongoing discussion of one or more themes that are of mutual importance. Long-term one-on-one engagement is crucial for building and maintaining trust and confidence in client relationships and often provides early insight into specific areas of development that is vital in achieving the long-term stewardship of a relatively illiquid asset class.
Client conference	Annually	An annual global client conference is held in the spring, as are regional conferences. As part of such conferences, as a networking opportunity, clients are invited to meet with portfolio managers, senior staff, and real estate industry experts to receive updates about the firm and about the real estate industry.
Client satisfaction survey	Multiannually	We commission leading market research and consulting firm Kingsley, a Grace Hill company, to obtain formal feedback on client perceptions of our business's investment capabilities, products, and service delivery. Kingsley has extensive experience in evaluating investor feedback in the real estate industry, and the information that Kingsley collates gives us a better understanding of clients' needs and improved services. Past survey results, including client views around sustainability, help us set priorities for future years. The business continues to use Kingsley survey results to evaluate the effectiveness of our client engagement methods and to inform focus areas for improvement.



ASCERTAINING RELATIVE IMPORTANCE OF SUSTAINABILITY AND SUSTAINABILITY TOPICS TO OUR U.S. BUSINESS AND KEY STAKEHOLDERS, INCLUDING OUR CLIENTS

PROJECT: In response to the ever-increasing frequency and diversity of investor sustainability requests, the continually changing landscape of sustainability regulation and general rise of sustainability risk and resilience topics up the business agenda, PGIM Real Estate commissioned a third-party facilitator to complete a sustainability materiality assessment for the U.S. business.

SUSTAINABILITY CONSIDERATIONS: The selection of environmental, social and governance topics by their materiality is a crucial element in guiding a strategic approach to sustainability topics and creating relevant disclosures for stakeholders. Material topics for PGIM Real Estate include topics that have a direct or indirect impact on our ability to protect or enhance value for key stakeholders through our equity and debt assets under management.

ACTION: The materiality assessment was commissioned in the U.S. in 2024 and followed a double materiality approach; to evaluate both the sustainability factors that affect the business as well as how the business itself affects the world

around it. The assessment has primarily been an exercise in stakeholder engagement. A broad range of stakeholders, including investors, employees and tenants/occupiers, have been engaged and feedback gathered through surveys and interviews. In addition to collating direct feedback from stakeholders, a review was also undertaken of environmental and building performance regulations, regional physical resiliency factors, due diligence questionnaires, internal documentation and processes to present a complete picture of the exposure of the business to the landscape of sustainability factors across the region.

OUTCOME: The focus of the engagement was around sustainability impacts and risks and opportunities that contribute to sustainable ownership and development. The results are currently being compiled, ranked and visualized into a materiality map. The most significant sustainability factors identified, in addition to providing the key factors for analyzing risks and opportunities for investment analysis and portfolio review in the U.S., will inform a final approach to PGIM Real Estate's global sustainability strategy.

COMMUNICATING WITH CLIENTS AND EVALUATING EFFECTIVENESS

PGIM Real Estate values transparency and communication, engages frequently with clients, and provides comprehensive reporting on manager governance, portfolio performance, sustainability, and other topics. We are dedicated to delivering timely and accurate information and reports as well as to maintaining high transparency and meaningful disclosure to clients. We have developed a secure online investor portal whereby all reports and communications can be accessed.

TYPE	FREQUENCY	DESCRIPTION
Investment, operational and sustainable due diligence	On request	On a regular basis, according to a schedule determined by investors and consultants in collaboration with PGIM Real Estate, the business responds to investor due diligence questionnaires covering topics of importance to investors. These customized reportings provide high degrees of transparency.
Standard reporting	Quarterly	We provide: <ul style="list-style-type: none"> Flash reports containing preliminary fund-level performance highlights and transactions Quarterly fund reports detailing portfolio results, the fund managers' outlooks, and the fund's objectives. An equity fund report includes an overview of the sustainability activity within the fund. Client account statements and fund-level financial statements
Quarterly insights Report	Quarterly	Regional coverage of current investment trends and topics investors may find beneficial
Fund updates	Biannually	Minutes from advisory council meetings

TYPE	FREQUENCY	DESCRIPTION
Global outlook research report	Annually	Our assessment of the outlook for global and regional real estate markets, which identifies opportunities we believe are among the most attractive on a risk-adjusted basis for the upcoming year
Sustainability report	Annually	Our publication of a global sustainability report that outlines our strategy, progress across our program, building performance metrics, and achievements (e.g., GRESB and UNPRI results) as well as a fund-level sustainability report for our U.S. core fund. As the oldest and one of the largest funds in the Open End Diversified Core Equity index, this fund has more than \$25.7 billion in AUM, and understanding its sustainability performance has become increasingly important to investors seeking to make fully informed decisions.
Various	Ad hoc	Organizational announcements, current reports on market activity, or sector-related topics from our research team

Note: This chart is intended to be illustrative and broadly representative of the reports clients receive. Reporting frameworks may vary by fund and client account.



STRENGTHENING OUR CLIMATE-RELATED FINANCIAL DISCLOSURES FOR OUR CLIENTS

PGIM Real Estate has aligned reporting to Task Force for Climate related Financial Disclosures (TCFD) since 2020.

The International Financial Reporting Standards (IFRS), Sustainability 2, Climate-Related Disclosures launched in 2023 incorporate and expand on the recommended disclosures of the TCFD. The objective of IFRS S2 Climate-related Disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial

reports in making decisions relating to providing resources to the entity.

We continue to advance our sustainability program and have made significant progress in both strategy and risk management in 2024, which aligns with the more detailed requirements of IFRS S2. A gap analysis, summarised below, has identified areas for further improvement and full alignment going forward.



STRENGTHENING OUR CLIMATE-RELATED FINANCIAL DISCLOSURES FOR OUR CLIENTS (CONTINUED)

GOVERNANCE

The objective of climate-related financial disclosures on governance is to enable users of general-purpose financial reports to understand governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.

STRATEGY

The objective of climate-related financial disclosures on strategy is to enable users of general-purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.

RISK MANAGEMENT

The objective of climate-related financial disclosures on risk management is to enable users of general-purpose financial reports to understand an entity's processes to identify, assess, prioritize and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.

METRICS AND TARGETS

The objective of climate-related financial disclosures on metrics and targets is to enable users of general-purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress toward any climate-related targets it has set and any targets it is required to meet by law or regulation.

ALIGNMENT TO IFRS S2 ACROSS OUR BUSINESS:

The sustainability strategy begins with the Global Management Council, as the most senior governing body. Additional oversight and support is provided from the Global Sustainability Council, Investment Risk group and Sustainability team.

We recognize that climate risks—both physical and transition— can have impacts on the investments we manage. Our sustainability strategy is focused to reducing carbon, enhancing resilience and building value.

Direct investment - We utilise every possible opportunity during the holding period to integrate sustainability factors into decision making.

Private real estate debt strategies - Our sustainability integration focuses on evaluating borrowers through pre-investment due diligence and active monitoring during our holding period.

GRES business - Sustainability is an important part of our multi-factor valuation model. We include a proprietary sustainability score in our buy/hold/sell company analysis, which has a material effect on our price target output.

Metrics:

We seek to report GHG emissions in accordance with the Greenhouse Gas Protocol to include insight on market based GHG emissions, Renewable Energy Certificates and material Scope 3 emissions.

Target:

We seek to align with PGIM Real Estate's commitment to net zero operational carbon by 2050 in spaces under landlord control i.e. Scope 1 and 2.

PGIM Real Estate's Global Sustainability Policy to be updated to reflect advances to the program in 2024.

Pages 7 - 9

Pages 13, 14, 31, chapter 5

Pages 75 - 79

Additional environmental performance reporting available on request.

OUR PROXY VOTING POLICY AND PROCEDURES

For our GRES business, which accounts for 2% coverage of our AUM and assets under advisement, we define active stewardship as both engagement and proxy voting. As part of the sustainability engagement process, GRES meets with senior management of a REIT each year to discuss sustainability scores, priorities, and progress. REITs that elect to sharpen their sustainability focus may see a corresponding increase in projected returns and may become eligible for additional investment from GRES strategies.

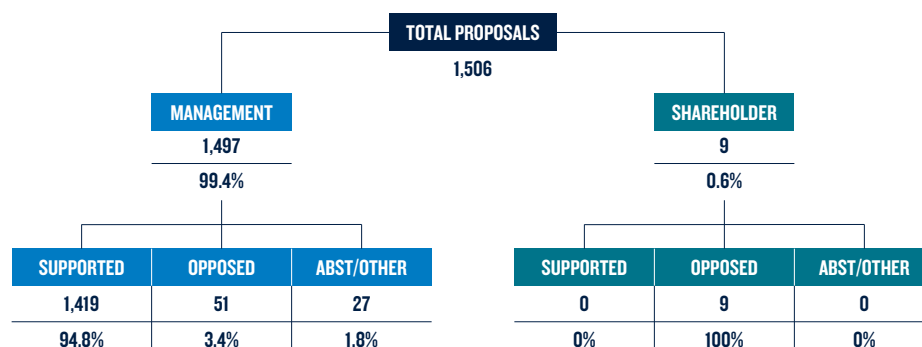
Proxy voting is an important tool for GRES and a key aspect of stewardship. The business uses voting powers delegated to us by our clients and investors to support our investment themes. When clients delegate proxy voting rights to us, we exercise voting rights in the best interests of our clients and to preserve and enhance the value of their investment portfolios. That exercise includes a focus on transition risks to ensure issuers are well positioned to deal with changing policies, changing regulatory environments, changing societal trends, and changing consumer preferences.

Proxies are voted in accordance with PGIM Real Estate GRES business proxy voting policy and the merits of individual

proposals. We use third-party providers for consolidated views of the resolutions, synthesis of companies' proxy voting statements, and analysis of the proposals, as well as for the recording and delivery of votes. We do not outsource our judgments to third-party providers.

When voting on shareholder proposals, our GRES business is guided solely by whether, in our opinion, implementation of the shareholder proposal is in our clients' economic interests, which depends on many industry-, geography-, and company-specific factors. Our equity managers are not guided either by any perceived benefits of the proposal that are extraneous to the company's performance unless otherwise explicitly directed by the client or product objective or by the identity of the proponent or the proponent's motivation. All proposals involving sustainability-related topics are viewed through the lenses of whether and how they could impact shareholder value. The assessments are mostly qualitative and differ from company to company — even within the same sector — based on company-specific circumstances.

The following summary outlines our voting record from January 1 to December 31, 2024:



VOTE AGAINST PROPOSAL BY LARGE-CAP DATACENTRE REIT TO ADD EXCULPATION PROVISION

MANAGEMENT PROPOSAL: The issuer proposed to implement a provision to eliminate the personal liability of certain officers of the corporation for monetary damages to shareholders for the breach of the fiduciary duty of care (an “exculpation provision”). The proposal followed an amendment to legislation in the state of its incorporation. The company cited the need to attract and retain top executive talent and reduce the burden of frivolous lawsuits and rising insurance costs.

VOTING RATIONALE: GRES team reviewed the management proposal alongside their sustainability and proxy voting policies and determined that supporting the proposal was not in

line with their stated policies or the best interests of shareholders. The GRES team concluded the company could still attract top talent without undermining officer accountability or weakening shareholder protections.

OUTCOME: While the board's intent may be to align with evolving legal standards and reduce litigation risk, the proposal raised concerns about weakening officer accountability, and the GRES team voted against the proposal. In the absence of a compelling justification, voting against the amendment upholds shareholder protections and reinforces a commitment to strong corporate governance.

ENGAGEMENT WITH INDUSTRY, REGULATORS, AND POLICYMAKERS

Senior personnel of PGIM Real Estate are members of industry bodies such as AREF, CREFC, INREV (European Association for Investors in Non-Listed Real Estate Vehicles), ULI, the British Property Federation, and the Royal Institute of Chartered Surveyors). Membership in those bodies enables us to keep apprised of market developments and new legislations and regulations and then monitor current and new risks. Our members are also active parts of many of their respective working groups,

conferences, and market research, with aims to share knowledge, establish industry standards, and promote best practices in corporate governance and transparency.

In recent years, we have taken on further membership and committee roles to actively contribute to creating and updating sustainability policies and to support the industry in its response to government and regulator consultations.

The following case studies provide examples of PGIM Real Estate's role and contributions made in 2024.



ENGAGEMENT WITH THE MARKET ON SUSTAINABILITY POLICY & REGULATIONS IN 2024

PROJECT: PGIM Real Estate has been a member of the Association of Real Estate Funds (AREF) for over 14 years. PGIM Real Estate's global co-head of sustainability has been a member of the ESG Disclosure Working Group since its inception in January 2022.

ACTION: The working group exists to engage real estate asset managers to prepare a market-wide model response to consultations from the Financial Conduct Authority (FCA) and European Securities and Markets Authority (ESMA) and other regulators. In calendar year 2024, the working group submitted responses to the following consultations:

- FCA GC23/3: Guidance on the anti-greenwashing rule;
- FCA CP24/8: Extending the SDR regime to Portfolio Management;
- TNFD Draft Sector Guidance – Engineering, construction and real estate; and
- HM Treasury: UK Green Taxonomy (this later consultation did not include the PGIM Real Estate representative).

A sub-working group of named individuals again revised and progressed a paper on ESG Real Estate Metrics. The proposed principles and real estate specific metrics aim to encourage the regulator to adopt sustainability reporting standards that will work for the real estate industry, based on metrics that are appropriate for the asset class. The proposed metrics also aim to facilitate consistency of disclosures both across the UK and Europe as well as internationally where TCFD / IFRS recommendations will apply.

OUTCOME: The FCA and TNFD consultation responses and the ESG Real Estate Metrics paper were endorsed by various Associations (including the BPF, CREFC Europe, INREV, Investment Property Forum and Pensions for Purpose). Following engagement with the Transition Plan Taskforce (TPT) Secretariat, the ESG Real Estate Metrics paper is referenced in the TPT finalised Guidance for Asset Owners and Asset Managers, which is also now available on the IFRS Knowledge Hub.



ENGAGEMENT WITH THE UK GOVERNMENT ON LEASEHOLD AND FREEHOLD REFORM BILL

PROJECT: PGIM Real Estate is currently engaged in a consultation process with the UK Government regarding the proposed legislation on restricting ground rent for existing leases.

ACTION: To proactively engage with policy makers to help ensure that any legislative changes are fair, effective and lawful. By providing comprehensive feedback and advocating for the protection of our investors, we act in their best interests and highlight the critical role of professional freeholders in the real estate market.

OUTCOME: We have responded to the consultation that the proposed legislation would disproportionately affect professional freeholders and their beneficiaries, including pension holders who rely on ground rent investments for their income. We have stressed that the removal of legitimate property interests without fair compensation would

undermine the UK's standing within the international investment community and set a dangerous precedent. We have also been proactive in working directly with government bodies and the Law Commission to suggest improvements that could be made to benefit leaseholders in terms of direct management of their properties and enhanced regulation of the sector.

PGIM Real Estate was previously involved in coordinating and implementing the "Public Pledge for Leaseholders" (implemented in June 2019) which created and promoted a voluntary code for developers and freeholders to reform the sector and help improve the financial and legal environment for residential long leaseholders.



INDUSTRY ENGAGEMENT TO ENHANCE SUSTAINABLE REAL ESTATE INVESTMENT

PROJECT: PGIM Real Estate has been a member of Better Building Partnership (BBP) since July 2022. PGIM Real Estate's global co-head of sustainability has been co-chair of the BBP's Investor Engagement Working Group (IEWG) since relaunch of the group in January 2023.

ACTION: The Working Group exists to support and engage asset managers to integrate different aspects of sustainability into their investment and lending decision-making processes.

OUTCOME: The first output for the working group in 2023 was an update to the BBP's Acquisitions Sustainability Toolkit to reflect how the industry has shifted since the original drafting in 2017, with a greater focus on topics including net zero carbon, environmental regulation and climate resilience. The toolkit was designed to provide transaction teams and their advisors with a comprehensive and relevant resource, empowering them to make informed decisions aligned with their sustainability goals.

In 2024 the working group officially launched the evolved BBP Sustainability Acquisition Toolkit to the market, providing training and showcasing member case studies. To support greater alignment and standardisation, the working group also met with lenders including members of Loan Market Association (LMA) and CREFC Europe to explain the Toolkit and encourage uptake.

Alongside the launch of the Toolkit, the working group hosted training to members on UK SDR, Integrating Sustainability across Long Income, and the annual members GRESB roundtable. The roundtable provides the real estate sector with an opportunity to provide sector wide feedback on the annual GRESB assessment, channel queries to GRESB and provide practical guidance so all benefit from their feedback.

By contributing to the IEWG, the business is looking to help improve liquidity and transparency of material sustainability data in investment.



GRESB
LENDER ROUNDTABLE
REAL ESTATE

PARTICIPATING IN THE GRESB DEBT LENDER ROUNDTABLE

PROJECT: PGIM Real Estate has been an active member of GRESB since 2010. PGIM Real Estate's global co-head of sustainability has been a member of the GRESB Lender Roundtable since launch of the group in January 2024.

ACTION: The roundtable provides a collaborative effort to advance sustainability practices and enhance sustainability integration in the real estate debt industry.

OUTCOME: A comprehensive and thorough review was conducted of the new GRESB Lender Assessment available on the GRESB Portal, including feedback for each indicator.

Feedback provided by PGIM Real Estate largely aligned with other participants reviews and was incorporated into GRESB's summary report. Several suggestions are reflected in planned 2025 changes such as deferring the score of certain ESG asset-level indicators in the performance section and removing the 'tenant and community' section, which was considered irrelevant for lenders.

By contributing to the development and refinement of the new GRESB Real Estate Lender Assessment, the business is looking to help shape responsible lending standards.



OUR PEOPLE & CULTURE

CHAPTER 07



OUR PEOPLE AND CULTURE

At PGIM Real Estate, we believe that a culture of responsible leadership and ethical business conduct is essential to our ability to deliver value for our investors, borrowers, and other stakeholders, as well as to our success in attracting and developing the best talent. We are committed to creating a safe and inclusive environment grounded in mutual respect, trust in one another, collegiality, teamwork, meritocracy, intellectual honesty, transparency, and an unwavering commitment to our clients.

As a business, we are focused on five areas of impact: talent, culture, industry, investing, and community. Our programs and initiatives across those five areas are designed to be open and accessible and to help all individuals feel valued and empowered to invest in their own career development.

The PGIM Inclusion Council, established in 2019, includes the Co-CEO & Global CIO and Co-CEO & Global COO of PGIM Real Estate, among other senior leaders. The council plays an active role in listening to our people, overseeing the global culture and inclusions strategy, evaluating the impact of our inclusion efforts, and continually adjusting and evolving our approach to meet employee, client, government, and regulatory expectations. Regional leadership teams such as the Europe, Middle East, and Africa Diversity, Equity and Inclusion Council and Japan D&I Committee focus on regional priorities and initiatives.

The strategy is championed by our investment teams, and it permeates each department and team across every level of talent. The work is spearheaded by an in-house team of experts in the PGIM Global Office of Diversity, Equity & Inclusion, which was established more than a decade ago.

At PGIM Real Estate, we are committed to doing business the right way to maintain and enhance our reputation in the marketplace and to continue to uphold the trust placed in us by our customers and other stakeholders. All employees follow PFI's Code of Conduct: Making the Right Choices, which includes our principles and core values and which sets clear expectations for integrity, accountability, and responsible decision-making. We encourage employees to report concerns about potential violations of our standards, our policies, or the law. Business ethics officers provide resources and act as points of contact for reporting concerns as well as for sending questions employees may have on PFI's policies, including our Code of Conduct, conflicts of interest, and outside business activities.

TALENT

Our work as a global asset manager relies on a skilled workforce with diverse perspectives and experiences. We aim to attract, develop, promote, and retain talent at all levels while fostering an inclusive culture that respects and values differing backgrounds, perspectives, and experiences. Hiring and retaining a high-caliber workforce is part of how PGIM Real Estate fulfills its purpose to create value for its clients.

Our leadership development programs aim to create a productive and inclusive workplace in which employees have the skills, support, and resources to succeed in their jobs. Our programs are open to all employees at the requisite experience or corporate level.

- The PGIM Pinnacle program is a customized cross-business experience designed for executive leaders. It aims to build a collective understanding of PGIM's growth agenda, to foster community among leaders, and to drive new leadership behaviors that enhance decision-making and accelerate execution speed.
- PGIM OutLEAD is a cross-business initiative for leaders defined as vice president or above. The initiative aims to develop leaders across PGIM by teaching how to help others reach their full potential and deliver outstanding results.
- The PGIM ASCEND program is the cornerstone of our management training, providing tools to create a positive and inclusive work culture. The program focuses on essential skills for managers and aligns with PGIM's business strategy and culture of partnership and nimble decision-making.
- For our rising talent, defined as those with eight years or less of professional experience, we offer the Amplify program. This initiative serves as a two-way listening channel between global rising talent and executive leadership, helping ensure that the perspectives of next-generation talent get considered in strategic decision-making.

We also offer access to thousands of virtual learning opportunities, including instructor-led training, webinars, and articles. Additionally, our Tuition Assistance Program offers financial support to employees pursuing further education via the program's recognition of various industry study programs and reimbursement of costs to enhance professional knowledge.

To attract, develop, promote, and retain talent, we also strive to ensure that as a business, we focus on (1) professional and career development, (2) rewards and recognitions, and (3) benefits and wellness.

- **Professional and career development:** Our ongoing talent management process provides our employees with clear objectives and creates a trusted environment for feedback between employees and their managers. It is designed to help employees pursue rewarding and challenging careers. Whether they're interns, entry-level analysts, work-placement program hires, or experienced employees, we commit to supporting everyone in their efforts to excel personally and professionally by offering a wide range of benefits and development programs.
- **Benefits and wellness:** Our competitive compensation and benefits program is designed to align the interests of our people with the interests of our clients and our parent company. Our goal is to provide income, long-term savings, and health protection for our employees and their families. Our benefits program offers employees choices and flexibility through unique and diverse programs to cater to all needs.
- **Rewards and recognition:** Our compensation process focuses on rewarding performance, skills, and behaviors that deliver results. Individual compensation decisions are based not only on an individual's performance but also on regional and group performance as well as PGIM Real Estate's overall financial performance. Recognizing and rewarding

the accomplishments of our employees and group performance are key components of our employee engagement strategy and are powerful ways to build an aligned culture focused on high performance. We ensure that our offerings to employees remain competitive, relevant, and valuable by means of benchmarking, market research, internal focus groups, and surveys.

We are committed to fair compensation for all employees regardless of race, ethnicity, or gender. We take pay discrimination concerns seriously and strive to ensure that they get investigated promptly and thoroughly by trained professionals dedicated to reviewing unlawful-discrimination claims. That approach underscores our dedication to fostering an inclusive and equitable workplace wherein every employee is valued and compensated fairly.

CULTURE

PGIM Real Estate strives to enable a culture wherein all employees feel understood, respected, and valued. We believe in the power of inclusion to generate informed decision-making, encourage non-consensus views, and deliver the best outcomes for our clients. Employees who feel comfortable being themselves, offering new ideas, and sharing their perspectives directly contribute to our ability to best serve our clients' needs.

We are committed to evolving our culture to be fully inclusive by striving to ensure again, that everyone feels understood, respected, and valued. Our multiyear behavior and culture change program, called Inclusive Leadership, focuses on building skills and mindsets essential for making inclusion a core value across the business. All employees are invited to participate so as to learn about psychological safety and growth mindset.

The following case study outlines the details of Inclusive Leadership in Year 2.



INCLUSIVE LEADERSHIP TRAINING, YEAR 2

PROJECT: PGIM Real Estate continued Year 2 of our multi-year organizational culture change initiative, Inclusive Leadership – a global program embedding inclusion into our daily practices. The program recognizes that the path to an inclusive culture is paved with small changes to daily behaviors, leading to better decision-making, which in turn, helps teams and businesses outperform.

ACTION: Vice Presidents and Managers of people globally were invited to voluntarily participate in INCLUDE, Year 2 of our Inclusive Leadership program, which focused on equipping leaders with tools to enhance social interactions and foster a sense of autonomy and belonging within their teams.

OUTCOME: Over 81% of employees across the globe completed Year 2 of the program

Our offices in the Americas, Asia Pacific, and Europe build community and belonging by lifting and empowering the voices of all employees, and we inspire celebration of the wide range of backgrounds in our global network through affinity months and heritage month celebrations. An expansive PFI network of employee-led business resource groups, which are open to all employees, increases visibility and engagement to create a culture of inclusion by offering all employees regular opportunities to recognize and embrace our differences, to learn from one another, and to connect with one another.

PGIM Real Estate's Inclusion & Leadership Network (ILN) has been the cornerstone of reinforcement of our culture and values at the grassroots level, office by office. Originally started

as the Women's Leadership Network, it was expanded in 2017 to include all employees from different backgrounds and experiences and to have as its mission the creation of an equitable and inclusive workforce for all. ILN offers both virtual and in-person programs open to colleagues in all regions to discuss challenges faced in the workplace, improve networking and career opportunities, and help the business change for the better. Specifically, the European ILN encompasses five employee-led working groups that focus on (1) Gender Equality, (2) Internal Diversity (Mental Health and Neurodiversity), (3) LGBTQ+, (4) Racial Equality, and (5) Social Mobility. The working groups are open to all employees in the UK and Europe.



2024 HIGHLIGHTS OF THE EUROPEAN INCLUSION & LEADERSHIP NETWORK

GENDER EQUALITY

PGIM Real Estate's annual Women's Networking events at MIPIM (France) and Expo Real (Germany), have become popular industry meet ups, and are open to all participants. Our traditional MIPIM event was attended by 178 participants in 2024.

We also celebrated International Women's History Month to acknowledge the progress made toward gender equity, representation in our industry and the challenges and opportunities that lie ahead. With support from other teams at PGIM, there was a global panel discussion featuring senior business leaders as well as a fireside chat in London featuring Olympic hockey player Laura Roper. For International Men's Day, we hosted a presentation and a Q&A session by David Eakin, who dedicates himself to educating employees on mental health management and guiding organisations in fostering authentic cultures of resilience.

LGBTQ+

PGIM Real Estate and ILN again co-sponsored the British Film Institute 2024 Flare event. Flare is the UK's largest queer film event and celebrates the best new LGBTQIA+ cinema from around the world. This year it was the film "Close To You" directed by Dominic Savage and included Q&A with lead actor Elliott Page.

RACIAL EQUALITY

Celebrating UK Black History Month, we hosted a fireside chat in London with Cambridge Professor Jason Arday to discuss the value of inclusion in large institutions, how Black communities can continue to challenge stereotypes and explored the theme "reclaiming the narrative." We also hosted a networking social event hosted by Sip n' Stroke, a London-based Black-owned business, where participants had the opportunity to paint, connect with others and celebrate the rich history and contributions of the Black community.

SOCIAL MOBILITY

As in previous years, we continued to support Social Mobility in all age groups and across the continents together with organisations such as YouthBuild (UK), Apprentis d'Auteil (FR) and Joblinge (DE).

INVESTING

Given PGIM Real Estate's global footprint and expertise, the firm has the capabilities to work with clients that desire to allocate capital in a way that drives positive socioeconomic impact. PGIM's Emerging Manager Portfolio is a \$200-million long-term commitment made more than a decade ago to invest in high-performing early-stage fund managers in alternatives whose backgrounds and experiences are often underrepresented in the asset management industry. Those investments focus particularly on managers raising capital for first or second funds. By providing intellectual and financial capital and serving as an advocate for this segment, we seek to break down barriers that prevent teams led by underrepresented fund managers from raising capital. By investing in successful early-stage funds, we gain access to potentially high-quality managers with whom we can scale our investments through other platforms within the PFI General Account.

COMMUNITY

PGIM Real Estate cares deeply about the global communities in which we operate, so we look to develop meaningful firmwide projects that leave a lasting impact on the world. We partner with dozens of community organizations globally whose work spans education, job readiness, food security, and healthcare. Our employees volunteer their time and skills to support those organizations.

Our parent company, PFI, offers U.S. employees the benefit to have their charitable donations matched by The PFI Foundation up to \$5,000 per eligible employee per year. In 2024, more than 3,300 employees contributed over \$4.1 million to eligible charities of their choice, ranging from international aid organizations to local nonprofit organizations. The PFI Foundation matched \$3.7 million, for a total of \$7.8 million.

We have a multiyear, multifaceted partnership with YouthBuild Global, an organization that prepares and empowers young people to make positive impacts in their communities through service and leadership. PFI, has supported YouthBuild for more than three decades, with PGIM Real Estate partnering with the organization for the past 10 years. PGIM Real Estate has cultivated its long-standing partnership with YouthBuild to empower

young people — aged 16 to 24 years who are not employed or in school — to find pathways to meaningful employment and financial wellness. Through education, practical-skills training, and career development programs focused primarily on construction, the collaboration helps young people gain valuable technical skills, build confidence, and access opportunities that lead to stable and rewarding careers.

The partnership spans across the U.S., the UK, and Mexico, with our network of employee ambassadors actively engaging volunteers in local YouthBuild events and activities, including mock interviews, financial management training, property site visits, and personal development sessions. Through the course of our partnership, we have held more than 180 events with 700 employee volunteers who have touched more than 1,500 students, who have placed 530 graduates, and who have launched a pro bono consulting program, now in its fourth year.

INDUSTRY

The asset management industry stands at the intersection of capital, communities, and households. PGIM Real Estate recognizes the significant impact of our investment decisions on people and society, which is why diversity of thought is critical to fair and accessible investment solutions. Diversity of thought is also the reason we participate and actively engage with our peers and industry associations across the globe — in an effort to create a more-inclusive industry. Culture and inclusion are of importance to many of our clients worldwide, and we aim to assist clients in that space by sharing our strategy, taking part in industry research, and being transparent in our own culture and inclusion practices. In addition, alongside PGIM, we actively engage through industry associations to respond to regulatory and government requests for comment or information. We strive to dismantle barriers to entry and to empower and develop the next generation of leaders — at PGIM, at PGIM Real Estate, and in the real estate industry.

The following case studies provide details on YouthBuild UK and an overview of the pro bono consulting program with YouthBuild Newark and Chicago.



IN 2024, PGIM REAL ESTATE IN THE UK HAD OVER 41 EMPLOYEES VOLUNTEER THEIR TIME TO:

- Provide 3x full day workshops delivering employability / personal development sessions for over fifty YouthBuild participants;
- Develop a comprehensive leadership insights program for the YouthBuild management team delivering topics to support their development;
- Support YouthBuild leadership team with mentoring opportunities.
- Attend student graduations, celebrating the achievements of students and partner organizations.



PRO-BONO YOUTHBUILD CONSULTING PROGRAM WITH YOUTHBUILD NEWARK AND CHICAGO

PROJECT: To provide strategic real estate expertise and hands-on support to YouthBuild chapters in Newark and Chicago, enhancing their infrastructure and enabling long-term community development.

ACTION: The program, initiated in 2022, has targeted specific YouthBuild chapters to address real-world challenges – and utilizing our real estate expertise to help advise YouthBuild, where we are able to do so. It involves employees who voluntarily consult in special projects for 2-3 months, dedicating up to 50% of their weekly time to these initiatives. Executive-level sponsors from PGIM Real Estate oversee the projects. To date, three programs have been completed. This initiative is recognized as a win-win for both organizations.

OUTCOME: In 2024, PGIM Real Estate expanded its Program to include both YouthBuild Newark and YouthBuild Chicago, deploying teams of volunteers for approximately 9–10 weeks (July–September), dedicating 40–50% of their time on real estate focused projects. The volunteers collaborated with YouthBuild staff to understand their needs, developed tailored solutions and created deliverables that supported both their strategic planning goals and operational execution.

APPENDIX



APPENDIX

PGIM REAL ESTATE: FACTS AND FIGURES

PGIM Real Estate is the real estate investment advisory unit of PGIM, Inc. (PGIM), a U.S. Securities and Exchange Commission (SEC)-registered investment adviser organized as a New Jersey corporation. Certain of its operations are conducted through PGIM Private Alternatives (UK) Limited (PGIM Private Alternatives (UK)), a company incorporated in England (registration number 03205768), and through PGIM Luxembourg S.A. (PGIM Luxembourg), which is organized as a company incorporated in the Grand Duchy of Luxembourg (registration number B28214). Both PGIM Private Alternatives (UK) and PGIM Luxembourg are indirect, wholly owned subsidiaries of PGIM and are SEC-registered investment advisers.

PGIM Real Estate is a global real estate investment adviser headquartered in Newark, New Jersey. We have offices across the United States as well as in Abu Dhabi, Amsterdam, Frankfurt, Hong Kong, London, Luxembourg, Mexico City, Milan, Munich, Paris, Seoul, Shanghai, Singapore, Sydney, and Tokyo. As of December 31, 2024, PGIM Real Estate managed approximately \$90.1 billion in gross assets \$57.1 billion (net) for investors worldwide. Of that net amount, approximately \$56.3 billion is managed on a discretionary basis, and \$0.8 billion (net) is managed on a nondiscretionary basis. The investment strategies we employ for our clients span private real estate, private real estate debt, and publicly traded real estate securities across the risk-and-return spectrum — from core through core plus and value add to opportunistic — and geographically across the United States, Asia Pacific, Europe, and Latin America.

Our investment products generally comprise separately managed accounts and open-end and closed-end commingled private funds and are typically structured as limited partnerships, private real estate investment trusts, insurance company separate accounts, and other tax-efficient vehicles. We also provide discretionary and nondiscretionary investment advisory services for both affiliated and unaffiliated clients both directly, through express contractual relationships, and indirectly, pursuant to subadvisory arrangements with affiliated and unaffiliated investment advisers.

In addition to offering investment products and advisory services, we prepare research, reports, and investment papers dealing with investment matters, which are distributed to clients, certain prospective clients, and affiliates.

MANAGEMENT OF CONFLICTS OF INTEREST

Like other investment advisers, we are subject to various conflicts of interest in the ordinary course of our business. We strive to identify potential risks, including conflicts of interest, that are inherent in our business, and we conduct annual conflict-of-interest reviews. However, it is not possible to identify every potential conflict that can arise. When actual or potential conflicts of interest get identified, we seek to handle such conflicts through elimination or disclosure of the conflict or through management of the conflict via the adoption of appropriate policies, procedures, or other mitigants.

We have adopted various policies and procedures designed to address conflicts of interest arising from the overall investment activities of PGIM Real Estate, including activities between us and our affiliates, and we have implemented supervisory procedures to monitor compliance with our policies. Example policies are code of ethics, information barrier standards, personal securities trading standards, and gifts and entertainment.

- **CODE OF ETHICS**

We maintain a code of ethics as required by applicable SEC rules. Our code of ethics requires employees to conduct business in an honest and forthright manner in accordance with the highest ethical standards. In addition, the code of ethics requires employees to put client interests ahead of their own and disclose actual and potential meaningful conflicts of interest. Employees are required to promptly report any violation of the code of ethics to the chief compliance officer. Refer to our code of ethics, available on our website.

- **INFORMATION BARRIER STANDARDS**

PFI's information barrier standards are designed to prevent the communication of material, nonpublic information across the various PGIM asset management investment sectors. The standards also restrict physical access to an investment sector's offices by employees of a different investment sector.

- **PERSONAL SECURITIES TRADING STANDARDS**

We maintain personal securities trading standards that govern the trading activities of our employees as well as their household members and dependents. Our access persons and investment personnel are subject to additional restrictions. Furthermore, when employees of PGIM or its affiliates can invest in PGIM Real Estate–advised funds, policies and procedures are in place to ensure that such employees are not given advantages over nonemployee investors. We evaluate personal trading activity versus firm trading activity, and restricted-list content and any matches get investigated by our compliance unit.

- **GIFTS AND ENTERTAINMENT**

We have adopted policies to address conflicts of interest related to gifts and entertainment, such as the appearance of having given or received something of value that influenced our business decisions or the business decisions of our clients. The policies require the reporting and preclearance of gifts, meals, and entertainment given or received that exceed certain thresholds. In addition, our employees are prohibited from soliciting the receipt of gifts, meals, or entertainment. Senior management periodically reviews summaries of gifts and entertainment activity to detect trends of abuse, conflicts of interest, or possible violations of the policy.

An ethics committee meets regularly to consider possible violations and take disciplinary action when appropriate. All employees receive periodic but not less than annual training either web-based or otherwise regarding our personal securities trading and information barrier policies. In addition, employees must annually confirm that they have read and understand our code of ethics, including the personal securities trading and information barrier policies.

EXAMPLES OF CONFLICTS OF INTEREST: SIDE-BY-SIDE MANAGEMENT

To address conflicts of interest with respect to our different types of side-by-side management, we have developed policies and procedures as follows:

- Those related to the allocation of private real estate investment opportunities and of aggregated orders of publicly traded real estate securities, both of which are designed to ensure fair and equitable allocation among the relevant clients over time
- Supervisory procedures governing investment advisory activities that require our investment officers to review, on a periodic basis, the accounts of our advisory clients: All portfolios of private real estate debt and equity investments are reviewed on a semiannual basis with senior members of the firm, including the Co-Chief Executive Officers and Global Head of Risk. During the meetings, compliance with investment guidelines for the relevant portfolio is reviewed, and feedback regarding the portfolio's performance, challenges, client feedback, and priorities, among other items, is discussed.

- With respect to portfolios of publicly traded real estate securities, control functions such as those of our compliance team review and assess data and processes related to our management and trading, and report the results of the analyses independently to our senior management. Examples of such independent reviews are (1) daily compliance reviews of accounts to assess consistency with guideline restrictions, (2) periodic reviews of trading to examine allocations and timings, and (3) periodic reviews by the appropriate groups of individuals charged with oversight responsibility for our investment management, trading, and related activities.

Compliance monitors fund guidelines on a transactional basis by periodically performing forensic testing on fund portfolios and playing oversight roles with committees such as the allocation and investment committees.

Refer to the [PGIM Real Estate Brochure](#) for further examples of side-by-side conflicts of interest and specific details on the allocation of private real estate investments and aggregated orders of publicly traded real estate securities.

EXAMPLES OF CONFLICTS OF INTEREST: CLIENT RELATIONSHIPS AND SIDE AGREEMENTS

We may agree to provide certain of our clients with levels of information, reporting, operational support, other resources, or overall services that are different from or greater than the levels we generally provide other clients. In doing so, we would not provide anything inconsistent with the best interests of all of our clients, and in all events, we would do so only in compliance with applicable law.

In addition, we sometimes enter into side agreements with investors in the funds and other investment vehicles that we manage that may include supplementary rights, including with regard to such matters as advisory committee membership, access to coinvestment opportunities, special investment restrictions, information rights, and reporting requirements. We do not enter into side agreements with investors that in our judgment would materially adversely affect the interests of other investors in the same fund or investment vehicle, unless otherwise permitted under the relevant legal documents. Any such rights are afforded to investors in compliance with applicable law.

EXAMPLES OF CONFLICTS OF INTEREST: PROXY VOTING

We accept the authority to vote securities held in our clients' accounts when our clients delegate voting authority to us. Our investment management and advisory agreements with clients generally specify whether we have the authority to vote proxies on their behalf.

In meeting its fiduciary duty, PGIM Real Estate's principal concern in voting portfolio proxies is the anticipated economic effect of the proposals on the values of our clients' portfolio holdings in both the long term and the short term. Our proxy voting policy contains general guidelines for voting on a wide variety of issues that shareholders are commonly asked to vote on. The general guidelines reflect our judgment of how we can best further the economic interests of our clients through the shareholder voting process. From time to time, ballot issues arise that are not addressed specifically by our policy, or circumstances may suggest a vote not in accordance with our established guidelines. In such cases, our voting decisions are made on a case-by-case basis, taking into consideration our fiduciary duty to clients. To note, the majority of our real estate securities clients invest via commingled funds and do not have the authority to override our proxy voting policy.

Our proxy voting policy is available to clients on request. Our proxy voting record is not currently publicly available.

Refer to the [PGIM Real Estate Brochure](#) for further examples of proxy voting conflicts of interests and a more-detailed description of our proxy voting policy.



MANAGING SELECTIVE DISCLOSURES THROUGH THE GLOBAL DISCLOSURE COUNCIL

PROJECT: Selective disclosures can create conflicts of interest where firms prioritize certain clients, potentially harming those not prioritized. In 2021, PGIM Real Estate implemented a baseline disclosure standard for different financial product types (including open-ended, closed-ended, and debt products). These standards aim to ensure transparency and fairness in financial dealings.

The Global Disclosure Council, which include senior members of business development, investor services, portfolio management, fund operations, legal, compliance and sustainability, sits on a ad-hoc basis to continue to evaluate whether the standards should be expanded (or reduced) and associated implications, to review and approve requests outside these standards, and to maintain a globally consistent approach.

ACTION: In 2024, the Global Disclosure Council convened on three separate occasions (January, September and November) to address various client requests related to customized and/or side-letter reporting.

OUTCOME: All requests were evaluated on the merits of whether the information being requested met the selective disclosure threshold, per guidance from legal and compliance. All council meetings were minuted and actions tracked.



CLIENT CONCESSION OVERSIGHT GROUP

OVERVIEW: Side agreements can create conflicts of interest where firms prioritize certain client needs, potentially harming those not prioritized. The Client Concessions Oversight Group, which includes the Co-CEOs, senior member of business development and legal, and the relevant regional head for the product, sits on an ad-hoc basis to evaluate whether material non-standard variations to the provisions of side letters, set-up of side cars etc. affect the management of the base fund position and are acceptable for the manager.

ACTION: In 2024, PGIM Real Estate was required to sign two sustainability focused side-letters for a value-add strategy and a debt strategy. The side letter for the value-add strategy required specific sustainability disclosures, primarily focused to transition and physical climate risks. In the instance of the debt strategy, the side letter contained sustainability-linked performance criteria, any deviations from which would result in a fee rebate to the investor.

An analysis was completed by the portfolio teams, legal and the sustainability teams of the side letters. The sustainability disclosures requested for the value-add strategy was concluded to be aligned to regulatory requirements and the associated data already being shared to investors on request. The sustainability-linked performance criteria requested for the debt strategy, required performance analysis, and hence a client concession memo was prepared as part of the client concession process and the decision elevated to the Client Concessions Oversight Group.

OUTCOME: The client concessions memo prepared by portfolio management and sustainability teams for the debt fund confirmed that the conclusion of the performance analysis was that it was “business as usual” and did not change the investment strategy, management of the fund, or lending. No conflicts of interest were determined to exist.

ENVIRONMENTAL PERFORMANCE

- The performance data reporting period: January 1 to December 31, 2024
- Reporting cycle: Year 2024
- Reporting Frequency: Annual
- Environmental performance indicators for energy, water, waste and greenhouse gas emissions (specifically carbon dioxide) typically refer to whole building data (i.e. landlord and tenant, scope 1 – 3) and refer to performance by the global equity investments only (c.\$74Bn AUM)
- Restatement of information: None; however, given new data collection methods and a material change to the portfolio impact year on year comparability, the restatement of information will be revisited in future years
- PGIM Real Estate will look to establish a new baseline for operational carbon (Scope 1 and 2 emissions) to measure future performance, and will focus, in terms of specific targets, on the Net Zero 2050 goal
- Contact: For additional information about this report or above PGIM Real Estate’s Sustainability Program contact: pgim.real.estate.global.sustainability@pgim.com

GOALS AND TARGETS

PGIM Real Estate assets under management voluntarily target performance goals that align with the U.S. Department of Energy’s Better Buildings Challenge to improve building portfolio efficiency by at least 20% in 10 years. The Better Buildings Initiative (which includes the Challenge) aims to accelerate the adoption of energy efficiency and other decarbonization strategies across all buildings, leading to significant energy and cost savings, and reducing carbon emissions.

10 YEAR, 2027 TARGETS FROM A 2017 BASE YEAR



ENVIRONMENTAL PERFORMANCE METRICS 2017 – 2024

Progress toward the 10-year target is measured from 2017, as a base year, and uses cumulative percentage changes in intensities, based on the sum of year over-year changes, as calculated from a like-for-like data set. The original intent of the targets is understood to be specific to landlord-controlled areas and this is reflected in the initial 2017 base year. Since 2019 onwards, however, the data is representative of whole building data i.e. landlord and tenant. Negative values represent year-over-year reductions⁹.



⁹ Assets Included In The Analysis

PGIM Real Estate utilizes the like-for-like (LFL) calculation methodology outlined by GRESB and determines assets in scope for the targets as outlined below:

Parameters:

- Data coverage (area and time) is positive for both reporting years
- The asset is classified as Standing Investment for both reporting years

Exclusions:

- The asset performance >10x GRESB intensity threshold
- The asset reports +/-25% variation from one year to the next

Data coverage (area and time) refers to the portion of the floor area for which data is available, as well as the part of the reporting year for which data is available.

Energy, GHG and Water Intensity

PGIM Real Estate calculates energy, greenhouse gas emissions and water intensity based on whole building data and three data coverage levels – 100%, less than 100% (by time) and 0%.

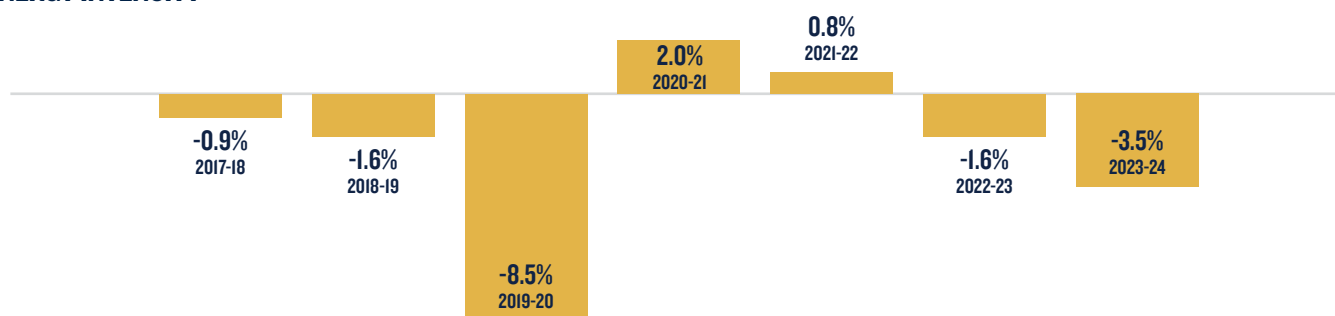
- For 100% data coverage, energy / greenhouse gas emissions are calculated by dividing total energy consumption by the gross floor area, considering all energy types and multiplying by the appropriate emissions factor. Water is calculated on a similar basis i.e. by dividing total water consumption by the gross floor area.
- Assets with less than 100% data coverage (by time) have estimated intensities determined using gap-filled values at the meter level i.e. using actual consumption data at the meter level from previous months. The intensity is weighted by the data coverage and missing data coverage respectively.
- Assets with 0% data coverage are excluded.

The metrics are not normalized by occupancy.

Landfill Waste

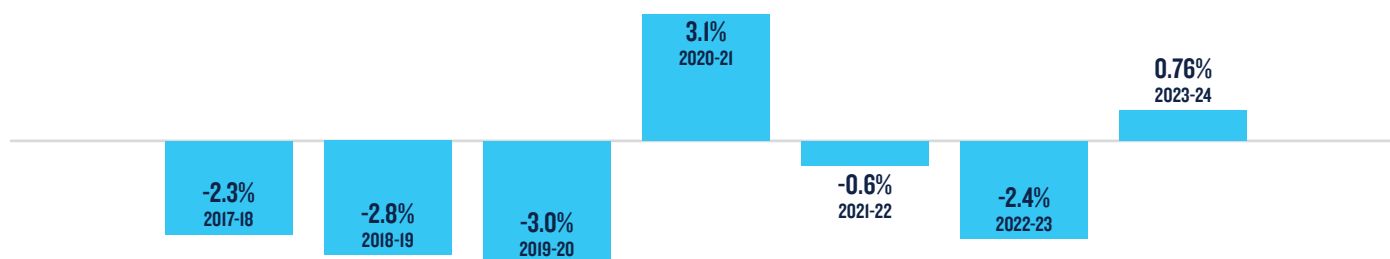
For assets with 100% data coverage, total waste consumption is divided by the gross floor area. All other assets are excluded.

ENERGY INTENSITY



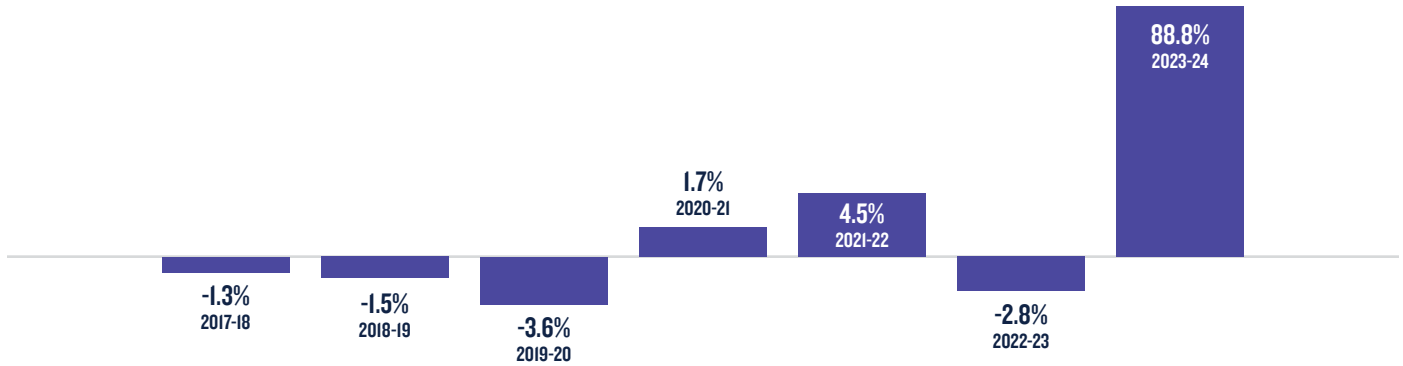
YEAR	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
% Change	-0.9	-1.6	-8.5	2.0	0.8	-1.6	-3.5	-13.32
Data Coverage (by floor area)	22.3	39.4	38.1	47.2	33.1	38.9	37.2	

WATER INTENSITY



YEAR	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
% Change	-2.3	-2.8	-3.0	3.1	-0.6	-2.4	0.76	-7.24
Data Coverage (by floor area)	16.6	28.2	22.0	34.2	28.4	34.2	31.0	

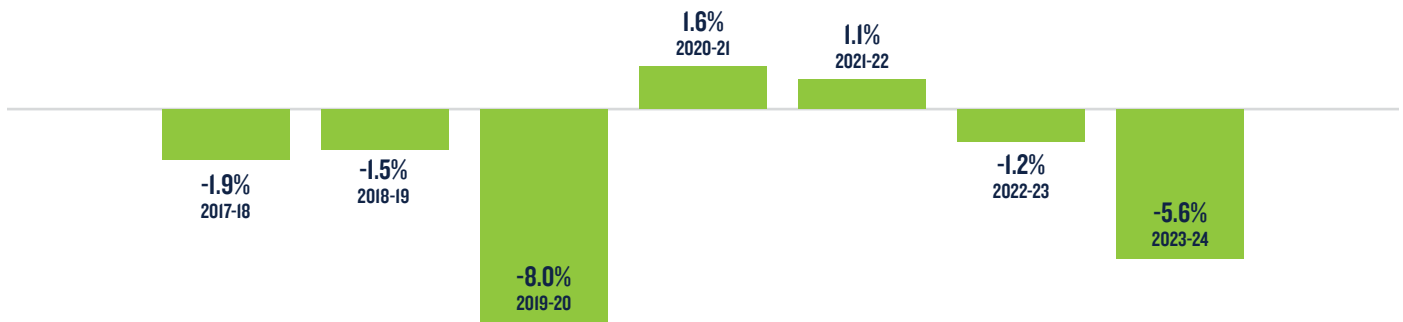
LANDFILL WASTE



YEAR	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
% Change	-1.3	-1.5	-3.6	1.7	4.5	-2.8	88.8	85.8
Data Coverage (by floor area)	4.2	15.6	6.9	16.8	9.2	12.5	10.8	

To note: The industry standard approach for waste data collection is for property managers to estimate waste mass based on bin volume and disposal frequency. This dataset is then converted and assigned to applicable waste meters on Deepki Ready. These limitations in data collection can lead to a false bias where imperfect observation patterns are misinterpreted as genuine changes in intensity, leading to inaccurate year-over-year comparisons. Additionally, data coverage for waste is significantly lower than for energy or water. Considering these factors, there is relatively lower confidence in the landfill waste metrics (and waste diversion rate).

GREENHOUSE GAS (GHG) INTENSITY



YEAR	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
% Change	-1.9 (scope 2)	-1.5	-8	1.6	1.1	-1.2	-5.6	-15.52
Data Coverage (by floor area)	25.0	39.4	38.4	46.0	32.8	38.9	37.2	

DATA QUALITY AND MANAGEMENT

PGIM Real Estate continually strives to improve data quality and derive actionable insights to allow the accurate measurement of program progress. The following is noted specific to the 2024 dataset:

1) New data collection methods

In January 2024, the equity business was transitioned to a new SaaS sustainability platform (see Section 2). The platform provides, amongst other enhancements, better data automation and improved measurement and decoupling of tenant-controlled consumption from landlord-controlled consumption. The 2024 dataset therefore allows a more robust representation of landlord and tenant areas and scope 1, 2 and 3 emissions, but cannot be directly compared to previous year-on-year emissions.

2) Material change to portfolio

In August 2024, the Mexican real estate investment trust (Terrafina), which was managed by PGIM Real Estate, was sold. This has resulted in a material change in value (-5%) and distribution of assets under management from the previous year-on-year emissions. The extent of the impact is not clear from the available datasets.

As a result, and according to best practise guidelines, the base year and short-term targets for energy, water, waste and greenhouse gas emissions will be re-reviewed as they are no longer representative or appropriate.

In line with the original intent of the 10-year targets i.e. specific to landlord-controlled areas, the reported year-on-year reductions for Scope 1 and 2 emissions since 2017 are presented below¹⁰. The results, whilst they cannot be directly aggregated to a total, indicate a strong progress towards the overall 20% greenhouse gas emissions reduction target.

SCOPE 1

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
% Change	1.4	-0.6	-3.8	2.4	1.2	-2.3	-6.1	-7.7

SCOPE 2

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
% Change	-1.9	-2.8	-10.5	-0.6	-1.0	-3.5	-4.5	-24.8

DATA ASSURANCE

From 2020, PGIM Real Estate has consistently submitted a high percentage of assets under management to GRESB (86% in 2025, based on the 2024 reporting year) and the underlying datasets for independent third-party verification. The objective of the third-party verification is to confirm the following (for energy, water, waste and greenhouse gas emissions data):

- Conformance with applicable verification criteria - including the principles and requirements of relevant standards or greenhouse gas programs – within the scope of the verification of the business greenhouse gas emissions inventory;
- The business's environmental information systems and controls; and
- The environmental claims and assertions made by the business.

Outcomes

The third-party data assurance of GRESB data in 2025 revealed no evidence that the environmental claims and assertions listed (1) are not materially correct, (2) are not a fair representation of environmental data and information, and (3) have not been prepared in accordance with the calculation method referenced. PGIM Real Estate is committed to ongoing efforts to increase the integrity and reliability of environmental data and relevant internal controls to enhance decision making and transparency.

A copy of the Third-Party Data Assurance letter is available on request.

¹⁰ This dataset does not include gap-filling.

A PROPOSED WAY FORWARD

The original intent of the 10-year targets was to focus on building portfolio efficiency and reducing carbon emissions of landlord-controlled areas and the base year was set accordingly. Advances have been made in the interim period with data automation, measuring and decoupling tenant emissions from landlord-controlled emissions, and allowing more appropriate performance monitoring, which better reflects the original intent of the targets and the Net Zero 2050 goal.

Following the procurement of the new, advanced SaaS sustainability platform and the structural and geographical change to the global assets under management, PGIM Real Estate will look to establish a new baseline for Scope 1 and 2 emissions to measure future performance. It remains the objective of the business to continue to drive efficiency measures across energy, water and waste indicators, but in terms of specific targets the focus will be on the Net Zero 2050 goal.

SIGNPOST GLOBAL REPORTING INITIATIVE

GRI is an international independent standards organization that helps businesses, governments, and other organizations understand and communicate their sustainability impacts. The GRI Standards are the most widely accepted and comprehensive sustainability reporting standards. By providing a framework for reporting on critical sustainability issues such as energy intensity, waste generation, diversity and equal opportunity, and occupational health and safety, GRI helps businesses, governments, and private citizens make better, more-informed decisions.

This report has been prepared with reference to the standard disclosures in the GRI Sustainability Reporting Standards 2021 guidelines. The preparation of this report considered all GRI principles for sustainability reporting, including guidelines for

principles involving the defining of report content and report quality. The process for the defining of content and boundaries reflects our previous sustainability reporting practices, feedback from stakeholders, and discussions with subject matter experts.

GRI INDEX

The following content index displays disclosure titles, numbers, and descriptions from the GRI content index, based on GRI standards, and indicates the locations (page numbers in this report or the corporate website) on which the disclosure topic is addressed.

GRI STANDARD	RELEVANT DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Pg. 4
	2-2 Entities included in the organisations' sustainability reporting	Pg. 4, 75
	2-3 Reporting period, frequency and contact point	Pg. 4, 75
	2-4 Reinstatements of information	Pg. 75
	2-5 External assurance	Pg. 78
	2-6 Activities, value chain and other business relationships	Pg. 4, 71
	2-7 Employees	Pg. 4, 65
	2-8 Workers who are not employees	Not applicable
	2-9 Governance structure and composition	Pg. 19-21
	2-10 Nomination and selection of the highest governing body	Pg. 20
	2-11 Chair of the highest governance body	Pg. 20
	2-12 Role of the highest governance body in overseeing the management of impacts	Pg. 20
	2-13 Delegation of responsibility for managing impacts	Chapter 4
	2-14 Role of the highest governance body in sustainability reporting	Pg. 20
	2-15 Conflicts of interest	Pg. 72-74
	2-16 Communication of critical concerns	Pg. 65
	2-17 Collective knowledge of the highest governing body	Pg. 22, 23
	2-18 Evaluation of the performance of the highest governing body	Pg. 31
	2-19 Remuneration policies	Summary of Remuneration Policy
	2-20 Process to determine remuneration	Pg. 66
	2-21 Annual total compensation ratio	Not available
	2-22 Statement on sustainable development strategy	Pg. 3

GRI STANDARD	RELEVANT DISCLOSURE	LOCATION
	2-23 Policy commitments	Pg. 6, 7-9
	2-24 Embedding policy commitments	Pg. 23, 48, 55, 65-67
	2-25 Processes to remediate negative impacts	Chapter 5 & 7
	2-26 Mechanisms for seeking advice and raising concerns	Pg. 48, 51, 65
	2-27 Compliance with laws and regulations	Available on request
	2-28 Membership associations	Pg. 61-63
	2-29 Approach to stakeholder engagement	Chapter 6

MATERIAL

GRI 3: Material Topics 2021	3-1 Process to determine the material topics	Pg. 7
	3-2 List of material topics	Pg. 7-9
	3-3 Management of material topics	Pg. 31, Chapter 5
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Pg. 59
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Pg. 23, 72
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Available on request
	302-3 Energy intensity	Pg. 76
	302-4 Reduction of energy consumption	Pg. 76
GRI 303: Water and Effluents 2018	303-5 Water consumption	Pg. 76
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	Pg. 45
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Available on request
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	Pg. 77
	305-5 Reduction of GHG emissions	Pg. 77
GRI 306: Waste 2020	306-3 Waste generated	Available on request
	306-4 Waste diverted from disposal	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg. 66
	401-3 Parental leave	Available on request
	403-5 Worker training on occupational health and safety	Pg. 23, 72
	404-2 Programs for upgrading employee skills and transition assistance programs	Pg. 65-67
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Available on request
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pg. 68-69

SIGNPOST UK STEWARDSHIP CODE

The following content index displays the core principles, numbers, and descriptions, based on the UK Stewardship Code, and indicates the locations (page numbers in this report or the corporate website) on which the disclosure topic is addressed.

STEWARDSHIP CODE PRINCIPLES	RELEVANT DISCLOSURES	LOCATION
Principle 1: Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	<ul style="list-style-type: none"> About PGIM Real Estate Sustainability Philosophy and Approach Major Updates 2024 – Data Management & Intelligence + Carbon, Resilience & Adaptation Our People and Culture 	Pg. 4 ; 5-12 ; 13 ; 14 ; 16 ; & 65-69
Principle 2: Signatories' governance, resources and incentives support stewardship.	<ul style="list-style-type: none"> Sustainability, Governance & Resource Major Updates 2024 – Governance Our People and Culture – Talent 	Pg. 15 ; 18-26 & 65-66
Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	<ul style="list-style-type: none"> Appendix: Management of Conflicts of Interest 	Pg. 72-74
Principle 4: Signatories identify and respond to marketwide and systemic risks to promote a well-functioning financial system.	<ul style="list-style-type: none"> Anticipating and Managing Risks Major Updates 2024 – Risk Management Active Stewardship – Engagement with Industry, Regulators / Policy Makers 	Pg. 14 ; 26-32 & 61-63
Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.	<ul style="list-style-type: none"> Appendix: Management of Conflicts of Interest Anticipating and Managing Risks Sustainability Philosophy and Approach – Transparency & Disclosure Active Stewardship – Engagement with our Investors (IFRS case study) Appendix - GRI 	Pg. 10-11 ; 26-32 ; 58-59 ; 72-74 & 80-81
Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	<ul style="list-style-type: none"> Appendix: PGIM Real Estate Facts & Figures Active Stewardship – Engagement with our Investors 	Pg. 56-59 & 71
Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.	<ul style="list-style-type: none"> Across the Investment Lifecycle 	Pg. 32-46
Principle 8: Signatories monitor and hold to account service providers.	<ul style="list-style-type: none"> Active Stewardship – Engagement with our Partners and Service Providers 	Pg. 48-51
Principle 9: Signatories engage with issuers to maintain or enhance the value of assets.	<ul style="list-style-type: none"> Active Stewardship 	Pg. 47-63
Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.	<ul style="list-style-type: none"> Our People and Culture Active Stewardship – Engagement with Industry, Regulators / Policy Makers 	Pg. 61-63 & 64-69
Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.	<ul style="list-style-type: none"> Active Stewardship – Engagement with our Investors (and Proxy Voting) 	Pg. 60
Principle 12: Signatories actively exercise their rights and responsibilities.	<ul style="list-style-type: none"> Active Stewardship – Engagement with Industry, Regulators / Policy Makers Active Stewardship – Engagement with our Investors (and Proxy Voting) – Our Proxy Voting Policy & Procedures 	Pg. 60-63

SIGNPOST JAPAN STEWARDSHIP CODE

The following content index displays the core principles, numbers, and descriptions, based on the Japan Stewardship Code, and indicates the locations (page numbers in this report or the corporate website) on which the disclosure topic is addressed.

STEWARDSHIP CODE PRINCIPLES	RELEVANT DISCLOSURES	LOCATION
Principle 1: Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.	<ul style="list-style-type: none"> Sustainability Philosophy & Approach Active Stewardship 	Chapter 1, 6
Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	<ul style="list-style-type: none"> Appendix: Management of Conflicts of Interest 	Appendix
Principle 3: Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.	<ul style="list-style-type: none"> Sustainability Philosophy & Approach Major Updates 2024 Sustainability Governance & Resources 	Chapter 1, 2, 3
Principle 4: Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	<ul style="list-style-type: none"> Active Stewardship 	Chapter 6
Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist: it should be designed to contribute to sustainable growth of investee companies.	<ul style="list-style-type: none"> Active Stewardship - Engagement with our Investors - And Proxy Voting 	Chapter 6
Principle 6: Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.	<ul style="list-style-type: none"> Active Stewardship - Engagement with our Investors - And Proxy Voting 	Chapter 6
Principle 7: To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.	<ul style="list-style-type: none"> Sustainability Governance & Resources Active Stewardship Our People & Culture 	Chapter 3, 6, 7
Principle 8: Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.	<ul style="list-style-type: none"> Active Stewardship - Engagement with Our Partners, Service Providers, Tenants and Our Borrowers 	Chapter 6

AUSTRALIAN ASSET OWNER STEWARDSHIP CODE

The following content index displays the core principles, numbers, and descriptions, based on the Australian Asset Owner Stewardship Code, and indicates the locations (page numbers in this report or the corporate website) on which the disclosure topic is addressed.

STEWARDSHIP CODE PRINCIPLES	RELEVANT DISCLOSURES	LOCATION
Principle 1: Asset owners should publicly disclose how they approach their stewardship responsibilities.	<ul style="list-style-type: none"> • Sustainability Philosophy & Approach • Sustainability Governance & Resources • Anticipating & Managing Risks • Active Ownership 	Chapter 1, 3, 4, 6
Principle 2: Asset owners should publicly disclose their policy for voting at listed company meetings and voting activity.	<ul style="list-style-type: none"> • Active Stewardship – Engagement with Industry, Regulators and Policy Makers • Active Stewardship – Engagement with our Investors and Proxy Voting 	Chapter 6
Principle 3: Asset owners should engage with companies (either directly, indirectly or both).	<ul style="list-style-type: none"> • Active Stewardship 	Chapter 6
Principle 4: Asset owners should monitor asset managers' stewardship activities.	<ul style="list-style-type: none"> • Active Stewardship 	Chapter 6
Principle 5: Asset owners should encourage better alignment of the operation of the financial system and regulatory policy with the interests of long-term investors.	<ul style="list-style-type: none"> • Active Stewardship – Engagement with Industry, Regulators / Policy Makers • Our People and Culture 	Chapter 6, 7
Principle 6: Asset owners should report to beneficiaries about their stewardship activities.	<ul style="list-style-type: none"> • Active Stewardship 	Chapter 6
Principle 7: Asset owners should outline how they utilise collaboration in their stewardship activities.	<ul style="list-style-type: none"> • Active Stewardship – Engagement with Industry, Regulators / Policy Makers • Our People and Culture 	Chapter 6, 7

