

ANNUAL STEWARDSHIP REPORT

Aligned with the principles of the
UK Stewardship Code 2020

APRIL 2023 | FOR THE YEAR ENDED 31 DECEMBER 2022

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

PRINCIPLES AT-A-GLANCE

- 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.
- 2 Signatories' governance, resources and incentives support stewardship.
- 3 Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
- 4 Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
- 5 Signatories review their policies, assure their processes and assess the effectiveness of their activities.
- 6 Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
- 7 Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
- 8 Signatories monitor and hold to account managers and/or service providers.
- 9 Signatories engage with issuers to maintain or enhance the value of assets.
- 10 Signatories, where necessary, participate in collaborative engagement to influence issuers.
- 11 Signatories, where necessary, escalate stewardship activities to influence issuers.
- 12 Signatories actively exercise their rights and responsibilities.

CONTENTS

4	Foreword
	PURPOSE AND GOVERNANCE
6	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.
12	Principle 2: Signatories' governance, resources and incentives support stewardship.
22	Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
26	Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
34	Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.
	INVESTMENT APPROACH
39	Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
45	Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
54	Principle 8: Signatories monitor and hold to account managers and/or service providers.
	ENGAGEMENT
57	Principle 9: Signatories engage with issuers to maintain or enhance the value of assets.
65	Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.
68	Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.
	EXERCISING RIGHTS AND RESPONSIBILITIES
71	Principle 12: Signatories actively exercise their rights and responsibilities.

FOREWORD

PGIM Real Estate has been a trusted partner for decades, navigating challenges and opportunities – and evolving to continually anticipate and meet the objectives of our clients. This longstanding experience across market cycles is what enabled us to enter – and emerge – from the global pandemic from a position of strength.

In 2022, \$32 billion in global transactions were closed while delivering strong risk-adjusted returns to our investors, PGIM Real Estate made significant advancements across three strategic priorities that are critical to PGIM Real Estate’s long-term success: Technology & Innovation, DEI and ESG.

Technology & Innovation

PGIM Real Estate continued to expand and grow its global innovation strategy through key partnerships with three venture capital firms in USA, Europe, and Asia Pacific, as it taps into the technology disruption wave currently transforming the real estate industry. Within PGIM Real Estate, we established 14 Innovation Councils¹ with remits covering a variety of topics globally, encompassing piloting and implementing multiple technologies – including certain technologies focused on reducing energy consumption and carbon emissions and giving better experience to our tenants.

One of my initial priorities as Chief Investment Officer was to focus on connecting PGIM Real Estate’s data, proprietary market insights and research with new technological innovations — such as artificial intelligence and predictive technologies — to help drive allocation and investment decisions. To this effect, we have established partnership with a leading university focusing on the use of artificial intelligence and predictive analytics with a view to creating techniques to better use and harness traditional and non-traditional data sources for investment decision-making.

The implementation of the data lake infrastructure project is going well, and we have now launched various global dashboards which helps us to track, measure and enhance ESG criteria within existing and future investments.

DEI

PGIM Real Estate’s commitment to advancing diversity, equity and inclusion (DEI) is rooted in the belief that diversity of experience, backgrounds and perspectives leads to better outcomes for our clients, our employees and our communities. In 2022, the DEI Office focused on building foundational elements, which included a DEI Culture Audit and enhancing processes to hold our most senior leaders accountable in their DEI behaviours. As we move forward into 2023, we remain committed to five key areas of impact: Talent, Culture, Industry, Investing and Community. Specifically, we look to advance our supplier diversity strategy, execute on key learnings and opportunities from our DEI Culture Audit, and continue to evolve our approach in how we hold our leaders accountable in their DEI behaviours.

ESG

In 2021, we were proud to align with Urban Land Institute’s (ULI) Greenprint Net Zero Carbon goal to reduce operational carbon emissions of our global portfolio of managed properties to net zero by 2050. In 2022, we advanced this goal with the preparation of a Net Zero Strategy report to describe our commitment, our pathway, and share some case studies starting from Year 1 and going forward.

Additionally, in 2022, with the future in mind, and through our expanded ESG programme, we’ve accelerated efforts to significantly mitigate our impact on the environment by creating a multi-year plan for our assets, which includes deep energy retrofits, on- and off-site renewable energy, green utility power, and climate risk assessments. We continued to improve our toolset to assess property resilience and environmental risks and rolled out a more robust ESG Due Diligence Assessment tool for Europe which aligned with the regulatory landscape. We also developed an interactive educational guide for all internal employees to increase our collective knowledge and awareness on ESG. Additionally, we continue to strive for increased transparency, and added a TCFD index in our 2021/22 Annual ESG report highlighting our climate related risks and opportunities.

¹ Innovation councils created across 2018/19.

Looking ahead, our key objectives for 2023 include increased data collection and assurance, continuing to increase our impact as a leading real estate lender, and ensuring that all our global employees receive the training and incentives necessary to increase stewardship in every aspect of what we do. Given our global scale and footprint, we recognise that we have a significant opportunity to make a positive impact. We're committed to being a part of the solution by helping the world address our biggest climate challenges.

Our entire global platform made great strides across our strategic priorities in 2022 – particularly in ESG – and we are proud to highlight these efforts in this years Stewardship Code Report. Looking ahead, we are confident in our ability to further our stewardship activities and ESG objectives with a view to ignite positive environmental and social impact while engaging in activities that strengthen our communities.



Raimondo Amabile
Global CIO, head of Europe and Latin America

The publication of this report coincides with the timeline set by the UK Financial Reporting Council (FRC) to comply with the UK Stewardship Code 2020. The Financial Reporting Council sets the UK Corporate Governance and Stewardship Codes and UK standards for accounting and actuarial work; monitors and takes action to promote the quality of corporate reporting; and operates independent enforcement arrangements for accountants and actuaries. See www.frc.org.uk "About the FRC" The UK Stewardship Code 2020 sets high stewardship standards for asset owners and asset managers, and for service providers that support them. This report covers the period 1 January through 31 December 2022, and provides an indication of our proposed business initiatives. All figures are as at 31 December 2022, unless otherwise stated. PGIM Real Estate is a business of PGIM Inc., the US\$1.2 trillion global asset management business of Prudential Financial, Inc. ("PFI", NYSE: PRU). This report has been reviewed and approved by members of the PGIM Real Estate European Executive Committee and the Board of PGIM Real Estate (UK) Limited, an FCA-regulated asset management firm and SEC regulated investment advisor. Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR pgimrealestate.com

PURPOSE & GOVERNANCE

PRINCIPLE I:

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.

PGIM Real Estate at a Glance

PGIM Real Estate is a business of PGIM Inc., the \$1.2+ trillion* global asset management business of Prudential Financial, Inc. (PFI, NYSE: PRU), and is one of the largest real estate managers in the world, with \$208 billion* in gross assets under management and administration²

Why ESG Matters

While the challenge to bring PGIM Real Estate's large and diverse international portfolio to net zero by 2050 is significant, it is also a tremendous opportunity, considering the reach of our real estate business to over 2.6 million people. We believe that delivering a successful net zero strategy across all aspects of our investment portfolio will safeguard our occupants and properties against physical climate risks. More broadly, we feel it will also help future-proof our portfolio for a market and regulatory environment increasingly aligned with decarbonization.

\$208B AUM/ AUA ¹	5,900+ Owned and financed properties ²	21 Countries with equity and debt investment	1,200+ Professionals across 35 cities ³ worldwide	3,300+ Client and prospect organizations and 250+ consultant relationships ⁴
\$84B Real Estate Equity AUM ⁵	194M Square feet across logistics, retail and office owned Properties ⁶	80,000+ Apartment units owned	1.6M+ Tenants across owned and financed properties ⁷	1M+ Residents across owned and financed properties ⁷

* Past performance is not a guarantee or a reliable indicator of future performance. Note: All figures shown are the most recent global figures available as of December 31, 2022 unless otherwise noted. PGIM Real Estate is committed to the Urban Land Institute's (ULI) Greenprint Center for Building Performance Net Zero Carbon Goal to become Net Zero by 2050 for our global portfolio of managed properties.

¹ Gross AUM/AUA; net AUM is \$134B and AUA is \$49B.

² Does not include properties where we service a loan only.

³ Cities listed represent PGIM Real Estate's global presence for debt and equity professionals as of March 1, 2023.

⁴ As of December 31, 2022. Note: 3,300+ figure includes 1,400+ active investments across over 700 client relationships.

⁵ Gross AUM, net AUM is \$62B.

⁶ Includes 139M square feet of logistics space, 32M square feet of office apces, and 23M square feet of retail space.

⁷ Tenant and Resident figures shown are estimates based on industry standard occupancy ratios as of December 31, 2022.

PGIM Real Estate is the third largest real estate investment manager (out of 77 firms surveyed) in terms of global real estate assets under management based on 'Pensions & Investments' Top Real Estate Managers list published October 2022. This ranking represents global real estate assets under management by PGIM Real Estate as of 6/30/22. Participation in the ranking is voluntary.

Our Purpose & Business Model

PGIM Real Estate is one of the largest real estate managers in the world with a history of helping individuals, institutions and communities grow and protect their wealth. Innovation has been a hallmark of our business, as first-movers across sectors and vehicles – and we’re continuing that legacy today.

We believe that doing the right thing for our people, the environment and our communities leads to better results for our stakeholders. Throughout our real estate investment, asset management, risk management and talent management processes, we strive to engage in practices that ignite positive environmental and social impact, while pursuing activities that strengthen communities around the world.

As a global leader in the real estate investment management business, PGIM Real Estate pursues exceptional outcomes for investors and borrowers through a range of solutions including:

- Real estate debt and real estate equity solutions across the risk-return spectrum and around the world
- Stabilised, transitional, mezzanine, agency and agricultural commercial mortgage financing

Our platform provides long-standing investment expertise in every region in which we operate, with extensive track records in the U.S., Latin America, Europe, and Asia.

We believe our trusted expertise, unrivalled access to global markets, strong historical outperformance, and an active approach to ESG uniquely positions PGIM Real Estate to meet the distinct objectives of our clients.

Why PGIM Real Estate? Our Distinct Advantages For Clients

TRUSTED EXPERTISE

- Deep knowledge of local real estate equity and debt markets
- Over 51 years of proprietary data and research informing our investment decisions

STRONG PERFORMANCE

- Track record of excellence¹ backed by:
- Rigorous risk management
 - Best-in-class service
 - Highly selective investment process

UNRIVALED ACCESS

- Global platform with tenured teams in 32 cities
- Enhanced sourcing, structuring and development capabilities

ACTIVE ESG APPROACH

- Integrating a robust firm-wide ESG policy to achieve better results for all stakeholders across investment, asset, risk & talent management
- Commitment to Net Zero by 2050

¹ Based on relative outperformance. Past performance is not a guarantee or reliable indicator of future results. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment

Our Investment Beliefs

PGIM Real Estate’s investing philosophy is to create exceptional value for our investors and partners by uncovering new opportunities within global real estate. We believe that:

- Real estate is a local business and that investment selection decisions should be made locally with accountability and strong risk management oversight
- An active, top-down and bottom-up approach to portfolio construction helps create value for investors
- Active management of every portfolio holding can enhance both income and capital value
- Effective diversification through tactical sector weightings and shifts, market targeting, property selection and pricing can both reduce portfolio risk and enhance returns

ESG in our Investment Practices

PGIM Real Estate believes that doing the right thing for our people, the environment and our communities leads to better results for all our stakeholders, and we embed environmental, social and governance best practices throughout our real estate investment, asset management, risk management and talent management processes. We strive to incorporate sustainability practices into our real estate investment process and the management of our global portfolio that:

- Result in increased operating efficiency
- Contribute to delivering superior risk adjusted returns
- Deliver cost savings and health benefits for our property occupants

PGIM Real Estate is the third largest real estate investment manager (out of 77 firms surveyed) in terms of global real estate assets under management based on ‘Pensions & Investments’ Top Real Estate Managers list published October 2022. This ranking represents global real estate assets under management by PGIM Real Estate as of 6/30/22. Participation in the ranking is voluntary.

Please refer to principle 7 for case study examples that illustrate how ESG practices are embedded in our investment activities.

In addition, we recognise that engaging our tenants and residents is critical to achieving our long term ESG objectives. In this year's report we have provided three case studies within principle 9 that demonstrate our commitment and progress in pro-actively engaging with our tenants.

These beliefs have resulted in an ESG strategy that underpins our investment activities. The strategy is reviewed annually by the Global Management Council, our most senior governing body, and is reinforced globally through the oversight of our Investment Risk Group. Through our commitment to responsible and sustainable real estate investing and management, we seek to deliver enhanced risk-adjusted returns for our investors, become a landlord and lender of choice and maintain our position as a practitioner of good global citizenship to all our stakeholders – investors, partners, borrowers, employees, and the communities in which we reside and invest.

Our Culture and Values

At PGIM Real Estate diversity is at the heart of everything we do. We believe that diversity of all kinds leads to better outcomes and more innovative solutions. We focus on five key areas of impact that are intended to drive sustainable change to better our communities, our employees and our clients:

Talent Management:

Our goal is to attract, retain and develop diverse talent, and promote an inclusive company culture that respects and celebrates diversity of all kinds.

Early talent programmes at PGIM Real Estate focus on attracting, developing and elevating diverse talent. These programmes include:

- Sophomore Training Programme
- Ron Andrews Diversity Scholarship
- Global Diversity Intern Cohort
- 10,000 Black Interns
- Point Foundation

We also partner with diverse organisations to recruit junior and senior college interns:

- Project Destined
- Girls Who Invest

- Sponsors for Educational Opportunity (SEO)
- Management Leadership for Tomorrow (MLT)
- ICSC Foundation

Investing:

We embrace a mindset that diverse experience, backgrounds and perspectives makes us better investors and lenders. We strive to select diverse partners and vendors, and deploy capital to investments that advance racial equity, while upholding our fiduciary responsibilities.

Real Estate Industry:

We look to leverage our global scale and footprint to influence meaningful change around diversity and inclusion practices within the real estate industry.

- We support and advocate for diverse and emerging managers through Impact Value Partners and Inclusive and Responsible Investments Group
- We are partnering with 13 organisations to influence the advancement of diversity, equity and inclusion within their own organisations

Community Engagement:

We partner with our wider community to advance social justice and equality through social and philanthropic engagement.

- Our multi-year partnerships with YouthBuild and KIPP continue
- We partner with Historically Black College and Universities, supporting students and endowments

We also partner with 5 new community organisations in the U.S. to advance racial equity and social justice.

Culture:

We harness our differences to create an equitable and inclusive workplace where all talent thrives; foundational to ensure long-term sustainability and success.

We promote a workplace that attracts, develops, retains and elevates diverse talent through an equitable and inclusive culture. Several established groups encourage PGIM Real Estate employees to get involved, for example:

- Prudential's 8 employee-led Business Resource Groups (BRGs)
- PGIM's 5 Inclusion Strands

- PGIM Real Estate’s Inclusion & Leadership Network (ILN)

Our environmental commitment is a global one, shared by all associates in all regions and reinforced through training. We are committed to discussing opportunities to improve our performance, challenging each other to come up with new and better ideas, and exchanging best management practices across regions. Our working environment is grounded by our PFI Code of Conduct (as adopted by all Group Business Units), which guides our organisation and details our core values for employees, all of whom are held accountable for excellence and integrity in every aspect of their work.

We take climate-related risks (physical, social, and transition risks) into consideration in our investment decisions with property resiliency being top of mind. Further, we seek to locate our offices in buildings with an environmental certification where it is practicable and reasonable to do so.

PGIM Real Estate’s parent, PFI, has a long-standing reputation of stability which is recognised within the industry. Similarly, PGIM Real Estate emphasises the maintenance of stability as an organisation, providing continuity to clients while maintaining superior investment results and a strong fiduciary culture. Building on the strong foundation established by our parent company, we have strived to maintain a deep commitment to the global communities in which we invest and operate. In addition to corporate grants and charitable contributions, we make employee volunteering a priority by dedicating time, skills and resources to increase human potential, self-sufficiency, diversity and inclusion. We aim to engage with all of our stakeholders to achieve our purpose: helping people grow and protect their wealth.

Our approach to ESG issues encompasses both internal and external stakeholders – all people and organisations that are subject to our influence and impact or that are identified as part of our value or supply chains.

Internal Stakeholders	External Stakeholders
<ul style="list-style-type: none"> • Our direct employees • Other PFI employees • PFI Shareholders 	<ul style="list-style-type: none"> • Investors • Borrowers • Joint Venture Partners • Property Managers • Professional Service Suppliers
	<ul style="list-style-type: none"> • Communities where our assets are located and/or where we invest • Tenants, residents, their employees, and their interests • Contractors, their employees, and their trade unions • Industry Organisations • Property Brokers • Local Government • Society At Large

Measuring Effectiveness

Measuring the effectiveness of how we meet the interests of clients and beneficiaries requires considering our continued strong investment performance, client satisfaction, and our ability to deliver the investment solutions our investors need.

Across market cycles, we have provided consistently strong performance for our investors³. As articulated in our “Investment Beliefs”, we focus on real estate as a local business - investment selection decisions are made locally with accountability and strong risk management oversight. Active management is implemented at both the portfolio level, and for each individual asset. At the property level, asset managers are focused on enhancing both income and capital value of each asset. Our stable, tenured team of real estate professionals has a demonstrated track record of transparent communication through all economic cycles, and a steadfast commitment to strategic consistency.

Additional information on how we measure client satisfaction, as well as our willingness to develop products that meet client demand has been provided in response to Principle 6.

Measuring the Effectiveness of our ESG Activities

Throughout the reporting year, we continued to measure the effectiveness of our ESG and engagement strategy through committing and reporting to industry frameworks. We have published our core commitments to ESG through several industry commitments.

In 2021, PGIM Real Estate Committed to Net Zero by 2050

In 2021, PGIM Real Estate aligned with ULI Greenprint’s Net Zero by 2050 Goal, committing to reduce operational carbon emissions of our global portfolio of managed properties. Greenprint and its members are striving to reduce greenhouse gas emissions by 50 percent by 2030 and to achieve net

³ Past performance is not a guarantee or reliable indicator of future results.

zero carbon operations by 2050. The baseline net zero goal is based on GHG Protocol scope 1 and 2 greenhouse gas emissions, and direct operational control excluding occupant operations. Collective progress will be published in the ULI Greenprint Performance Report each year to publicly showcase advancements towards both goals. As markets and industry evolve, PGIM Real Estate will consider more stringent and prescriptive net zero commitments and new strategies to adopt.

As proposed, our 2021/22 ESG Annual Report included a Task Force on Climate-Related Financial Disclosures (TCFD) index. The TCFD index will enhance our stakeholders understanding of the impacts of climate change and better evaluate short, medium and long-term risks and exposures. Additionally, we also produced a Net Zero Strategy report for our assets under management. The Net Zero Strategy report includes a definition of Net Zero and a Net Zero Pathway, which will serve as a guide to our stakeholders and the business as to the steps we intend to take to reach Net Zero. Our pathway is transparent, it is robust and it allows us to uphold our obligations. It is noted that whilst we published the Net Zero Strategy report in October 2022, we have since removed it to ensure it complies with new SEC requirements. It will be re-published in 2023. Going forward we will also consider obtaining independent external assurance of our climate-related disclosures, to increase market confidence in our reporting and in anticipation of future third-party mandatory extended assurance of net zero pathways.

Emission Reduction Targets Support our Net Zero Commitment

Our 10-year emissions targets (baseline 2017) are published in the ESG Annual Report, and they demonstrate how effective PGIM Real Estate has been in serving the best interests of clients and beneficiaries. The targets have been accelerated as partners and stakeholders work with us to create a better future with less impact on the environment and social injustices.



Emission Reduction Targets Support our Net Zero Commitment

Our 10 year goal applies to all equity assets. We track and report on performance relative to this goal for all properties that were fully owned and operational for 24 months and had 24 months of data to generate a like-for-like (“same shop”) data set.

As stewards of the environment in and around our assets, we understand that we have an obligation to educate and inform our stakeholders. Therefore, we engage our tenants, business partners, and service providers in initiatives to reduce resource use and waste, as well as improve environmental quality. We advocate the use of materials, products, construction methods and operating practices that:

- Consider impacts on human health and safety
- Diminish the quantity of resources used and waste generated over the life-cycle of the property, including through the use of sustainable and recycled materials and renewable energy
- Protect the habitat and the environment, and preserve biodiversity
- Avoid toxic substances and reduce CO2 emissions

We will continue to benchmark and improve the greenhouse gas emissions, solid waste production, and energy and water consumption of our properties; identify investment candidates whose environmental performance can be quickly and economically improved; and engage with thought leaders in the field of sustainability so that we can capitalise on opportunities to make our portfolios greener and increase value for our investors. Our social initiatives include diversity targets, health and wellbeing initiatives, community engagement, and charitable giving.

Over the course of our 50+ year history, PGIM Real Estate has developed solid foundations upon which we have built our ESG programmes. As we look towards the future, we are rolling out plans for programme expansion that are propelled by clear and actionable strategies that accelerate our performance, increase our impact throughout our global portfolio and can be tailored to meet individual fund and client needs.

SFDR Implementation

As a global firm, we have embraced the European Union Sustainable Finance Disclosure Regulation and our EU Alternative Investment Fund Managers (AIFMs) are complying with the regulation.

Even though most of our fund products consider ESG elements in their investments, not all of them do actually meet the regulatory requirements to be considered an “ESG fund” according to Art. 8 ESG SFDR as of today. PGIM Real Estate intends to expand our portfolio of ESG funds and envisages to change the status of some of the existing funds once there is more clarity about the technical part of the ESG SFDR regulation.

We have been a signatory to the UN Principles for Responsible Investment (PRI) for over a decade

The UN’s Principles for Responsible Investment (PRI) Reporting and Assessment survey results indicate we are integrating our ESG best practices throughout our organisation to deliver the highest possible value for our investors. As a signatory to the PRI since October 1, 2009, PGIM Real Estate has completed the PRI Reporting and Assessment annually. In 2020, for the fourth consecutive year, we earned, an “A+” for “Strategy and Governance” and an “A” for “Property.” In 2021, our UN PRI reporting was expanded to include our global debt business.

In 2021, the PRI module grading was also shifted from alphabetical (A+ to E) to numerical (1-5 stars), hence the scores for this latest reporting cycle cannot be directly compared to previous years. Based on data as of December 31, 2021, we earned, 4 Star* for both “Investment and Stewardship Policy” and “Direct – Real Estate” and 5 Star* for “Direct – Fixed Income – Private Debt”.

As a GRESB Participant since 2013, We Continue to See Improved GRESB Results

Since the first GRESB survey in 2010, we have increased the number of participating global funds to 23, and we continue to see improvement in our GRESB scores year after year. Our 2022 GRESB Assessment results were as follows:

2022 GRESB Global Results *

23

PGIM Real Estate funds/properties submitted for 2022 GRESB assessment

\$67.4 BILLION

GAV* was evaluated

82.3%

of global AUM* was evaluated

\$57 BILLION

of global equity AUM earned 4 Star, 5 Star and/or Sector Leader Designations

MANAGEMENT AND DEVELOPMENT

1st PLACE

Amongst Peers: Four funds/properties (U.S. Core, U.S Impact Fund, Mexico Industrial REIT, Mexico Fund)

5-STAR

Management and Performance Ratings: Three funds/properties (U.S Impact Fund, Mexico Industrial REIT, Mexico Fund)

8 OF 8

Returning funds/properties increased or maintained Management and Development scores

4-STAR

Rating for one fund/property (U.S. Core)

MANAGEMENT AND PERFORMANCE

1st PLACE

Amongst Peers: Three funds/properties (U.S. Core Plus, U.S Impact, separate account)

11 OF 15

Returning funds/properties increased or maintained Management and Performance scores

5-STAR

Ratings for two funds/properties (separate accounts)

4-STAR

Ratings for seven funds/properties (U.S. Core, U.S. Core Plus, U.S. Value-Add, U.S. Senior Housing, European Value-Add, separate accounts)

The GRESB ratings published in October 2022 represent AUM as of December 31, 2021 which was submitted for assessment in July 2022. Participation is voluntary and administration fees were paid by PGIM Real Estate’s various funds for this submission, which is a volume-based fee for all submitters and is required to participate in the ranking. GRESB ranks 1,100 property companies and funds on behalf of its investor members across the globe. GRESB scores allow for comparison within a specific year against global GRESB universe as well as defined peer groups by rating the fund out of 5 stars.

For more information, please visit <https://www.gresb.com/nl-en/>. GRESB Management & Performance

By using GRESB Benchmarking to measure our progress through data integrity, continual improvement, and a comprehensive portfolio assessment, PGIM Real Estate has been able to signal to investors our strong ESG performance and leadership in each region. For our public REIT securities business, GRESB disclosures allows us to compare REIT environmental standings based on PGIM Real Estate’s environmental priorities.

PURPOSE & GOVERNANCE

PRINCIPLE 2:

Signatories' governance, resources and incentives support stewardship.

GOVERNANCE

Global Governance

PGIM Real Estate recognises the importance of robust corporate governance as it strives to deliver exceptional outcomes for investors and borrowers through a range of real estate equity and debt solutions, across the risk-return spectrum. Being part of the PFI Group, our rigorous risk management and due diligence framework is supported by long-standing principles, policies and procedures, and adhered to by our real estate professionals across our offices in 32 cities globally.

Rationale for Governance Structure

Our governance structure was designed to accommodate the needs of a large global real estate investment manager, and with the goal of ensuring centralised oversight that is supported and informed by regional governance structures. At the highest level, global councils

and committees (described below) provide strategic direction and oversight. Additionally, each region (Europe, U.S., and Asia Pacific) has a governance structure that provides local oversight – including the implementation of new regulation, prioritisation of ESG issues in our investment activities, and risk management.

As our ESG and engagement activities have been implemented over the years, they have followed the same model of global oversight supported by on the ground, regional teams. Additionally, due to the nature of ESG execution in real estate investing, investment professionals play a key role in implementation, and this is formally overseen by regional Investment Committees.

Measuring the Effectiveness of our Governance

The effectiveness of our governance is continually measured through a variety of internal and external audit and regulatory reviews, described in response to Principle 5. While the results of such audits and reviews are necessarily confidential, we can confirm that there have been no material findings in the past 5 years.

Global Governance Construct

Strategic			Operational			Investment		
Global Management Council			Global Operational Risk Committee (GORC)	GORC - Products	GORC - Affiliated & Agency Products	Global Investment Committee		
U.S. Executive Council	U.S. Debt and Agriculture Executive Council	Latin America Executive Council				U.S. Equity IC	U.S. Debt IC	
			Chief Operating Officer (COO) Team	Global Disclosure Council (GDC)	Data Governance Leadership Council	Latin America IC	Europe IC	
European Executive Council	Asia Pacific Executive Council					Global Hedging Committee	Global Equity Valuation Policy Committee	Global Debt Valuation Policy Committee

As of April 2022. 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 approved this application. The UK Board has representation on the Global Management Council.

PGIM Real Estate’s governance structure starts with the Global Management Council, which is responsible for executive oversight and risk governance. Senior leadership focuses their governance efforts in three distinct areas – Structure, Infrastructure, and Talent and Culture. Our ESG strategy also begins with the Global Management Council, which guides our ESG vision and mission.

In the following paragraphs, we have outlined activities of key governing bodies in more detail, as well as our ESG team structure and resourcing. Please note that outside of our most senior leadership, employee names are withheld for privacy reasons.

Strategic: Global Management Council

The Global Management Council is comprised of senior leaders with an average of 27 years of Real Estate Investment experience:

<p>ERIC ADLER President & CEO Real Estate Experience: 27 yrs.</p>	<p>MARCIA DIAZ Head of U.S. Core Debt Real Estate Experience: 34 yrs.</p>	<p>CATHERINE MARCUS Global Chief Operating Officer and Head of U.S. Equity Real Estate Experience: 36 yrs.</p>
<p>RAIMONDO AMABILE Global CIO & Head of Europe and Latin America Real Estate Experience: 26 yrs.</p>	<p>JEFFREY GNOINSKI Global Head of Human Resources Industry Experience: 24 yrs.</p>	<p>BRYAN MCDONNELL Head of U.S. Debt and Chair of Global Debt Real Estate Experience: 22 yrs.</p>
<p>MARK CHAMIEH Global Head of Business Development Real Estate Experience: 24 yrs.</p>	<p>DAVID HARPUM Global Head of Law Real Estate Experience: 28 yrs.</p>	<p>ANDREW RADKIEWICZ Global Head of Private Debt Strategy and Investor Solutions Real Estate Experience: 33 yrs.</p>
<p>MARLENE DELUCA Chief Marketing Officer Industry Experience: 26 yrs.</p>	<p>PETER HAYES Global Head of Investment Research Real Estate Experience: 19 yrs.</p>	<p>BENETT THESEIRA Head of Asia Pacific Real Estate Experience: 33 yrs.</p>

As of March 2023

Regional Management or Executive Councils support the Global Management Council

Regional Councils are responsible for setting the region’s strategic direction, making management decisions, and providing platform oversight. The Councils meet monthly 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, and matters related to clients and operating partners.

Operational: Global Operating Risk Committee

PGIM Real Estate has a Global Operating Risk Committee (“GORC”), which is comprised of the firm’s senior global functional heads and all regional Chief Operating Officers, or their designees. The Committee’s role is to identify potential risks to the organisation and to ensure that there is comprehensive coverage of such risks by the appropriate functional groups or persons. The PGIM Real Estate Global Head of Operational Risk Management is accountable for escalating issues or other items (e.g., New Business Activity) raised at the GORC to the PGIM Chief Risk Officer to determine the appropriate level of governance.

Entrance into any new market must be reviewed and approved by the Global Operating Risk Product Committee (GORC Products) and, if new and / or material risk is present (as determined by the Risk Management functional group), the new market must also be approved by the PGIM Global Risk Management Committee. The same process applies to all new strategies where new and / or material risk is determined to be a factor.

Investment: Global Investment Committee

The Global Investment Committee is responsible for formulating PGIM Real Estate’s global view of markets and best investment opportunities, approving transactions which exceed thresholds for specific risk attributes (e.g., size, new market, new partner), and overseeing the Global Watch List.

President & CEO RE Experience: 27 yrs.	Head of Global Real Estate Securities RE Experience: 32 yrs.	Global Chief Operating Officer & Head of U.S. Equity RE Experience: 36 yrs.
Global Head of Business and Investment Operations RE Experience: 33 yrs.	Head of Asia Pacific RE Experience: 33 yrs.	Global Head of Private Debt Strategy and Investor Solutions RE Experience: 33 yrs.
Global Chief Investment Risk Officer RE Experience: 28 yrs.	Global CIO & Head of Europe and Latin America RE Experience: 26 yrs.	Head of Core Debt Credit RE Experience: 23 yrs.
Head of U.S. Debt and Chair of Global Debt RE Experience: 22 yrs.	Global Head of Investment Research RE Experience: 19 yrs.	

As of March 2023

Regional Investment Committees

Regional Investment Committees oversee regional risk and portfolio management, investment research, transactions, and other investment activities. The Committees are responsible to:

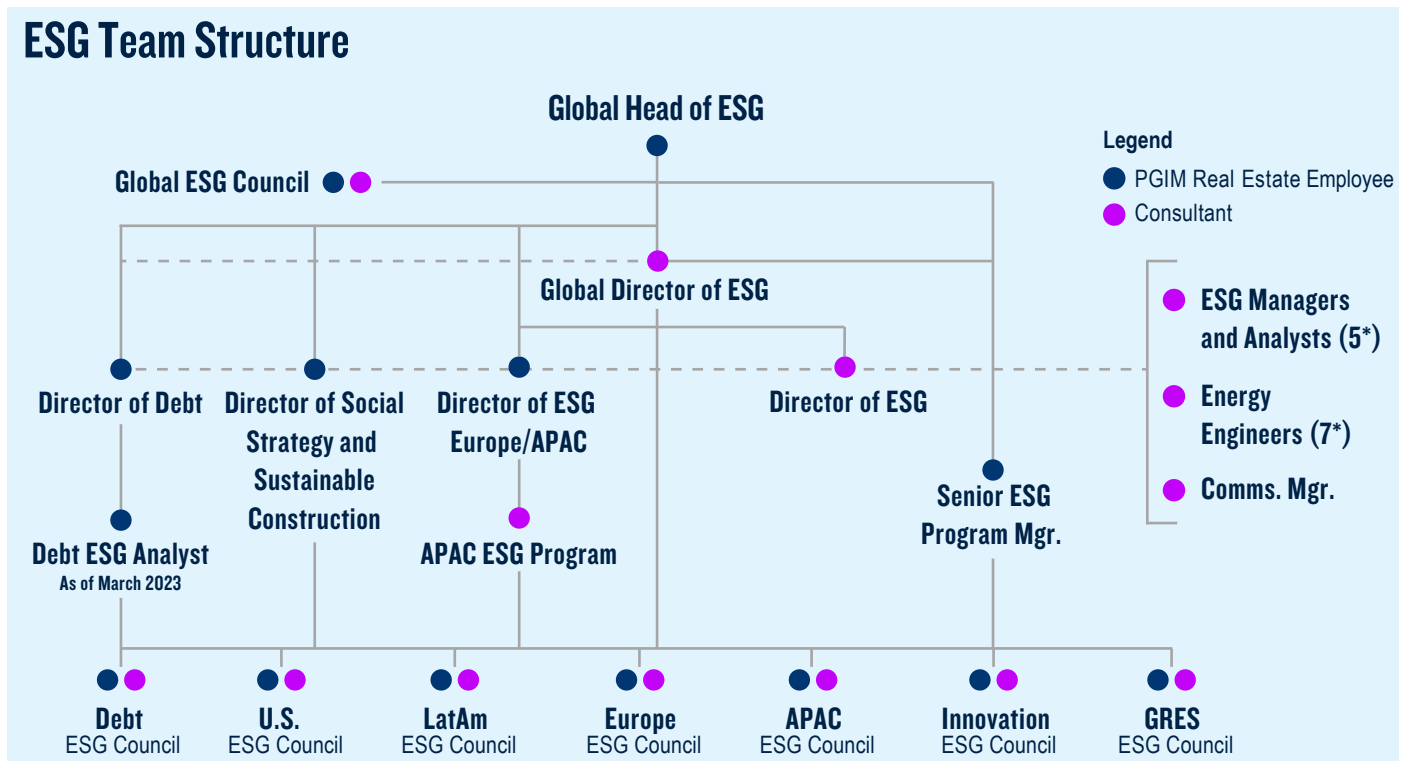
- Review and approve investment strategies for all funds, including where applicable fund-level ESG strategies and objectives
- Review and approve all investments and dispositions for portfolios, including material ESG issues and risks
- Annually review the status, positioning and strategy of each fund

ESG Staffing & Oversight

The Global ESG Council, established in 2019, consults on ESG vision, strategy and policies, and addresses client needs and expectations as they progress toward their long-term targets. The council comprises a global working group and regional working groups that collectively identify opportunities, promote tools to implement initiatives, drive regional level implementation and track and report progress. The Global ESG Council is accountable to the GMC.

PGIM Real Estate's ESG approach has a robust governance framework as follows:

- The **Global Head of ESG** is accountable for overall ESG strategy and implementation across the platform, overseeing the firm's ESG efforts at the vehicle and organisational levels. Our Global Head Of ESG brings approximately 28 years of direct real estate experience to the role. This range of experience, from research, brokerage and sustainability through asset and portfolio management allow for greater understanding of the core business which facilitates the practical integration of our ESG strategies into our business processes. Additionally, with significant experience building and leading large teams, she is also responsible for staffing and managing the global ESG team and ensuring the proper expertise is embedded in the programme.
- The **Global Director of ESG** is responsible for implementation of the global ESG programme, guiding strategy to accelerate the reduction of our worldwide environmental footprint and increase the impact of our social initiatives. Our Global Director brings expertise in firm and fund level ESG Strategic planning, environmental compliance, GRESB, energy waste and water projects and is recognised in the Environment E+E 100 honoree list in 2020 and Hall of Fame Top 100 Asian American exceptional leaders in 2021.
- The **Director of Debt ESG** is responsible for furtherance and implementation of the global Debt and Agriculture ESG strategy, including working closely with our regional ESG heads to adopt the firm strategy to our unique debt and agriculture businesses as we grow. Our Global Director has 28 years' experience in the commercial mortgage industry and real estate finance. She is an active member of CREFC Sustainability Initiative and the Mortgage Banker Association's Green Lending Roundtable, focusing on the mortgage industry's efforts to develop standardised questionnaires, scorecards and disclosures for ESG related metrics and measurements.
- There is a **Director of ESG, Americas (United States and Latin America)** and a **Director of ESG, Europe/Asia Pacific**, both of whom are responsible for programme implementation at the regional level. Our **Europe / Asia Pacific Director** brings over 20 years experience within the sustainability sector, the last 15 of which were spent within real estate. This considerable experience includes business and fund level ESG strategic planning and integration, acquisition and vendor due diligence and both climate resilience and adaptation projects. She is an active member of AREF's ESG Disclosure Working Group and the ULI UK Sustainability Product Council as well as being a co-chair for the Better Building Partnership (BBP) Investor Engagement Working Group.
- The **Global ESG Council** consults on vision, strategy and policies across the firm and establishes long-term targets.
- Lastly, **regional ESG** councils identify regional opportunities, promote tools for implementation and track and report on regional progress.



As of March 2023

In addition to the ESG professionals described above, all PGIM Real Estate investment professionals play a key role in implementing our strategy. The ESG governing bodies and team set the broad ESG and responsible investment strategy, then work hand-in-hand with investment professionals who are responsible for implementation.

3rd Party Service Providers

Additionally, we recognise the importance of third-party service providers in implementing our global strategy. This includes property managers, our ESG consultant Verdani, and other service providers that support our ESG implementation efforts. Please see Principle 8 for additional detail on our service providers, and how they are monitored.

Parent Company Governance

PGIM Real Estate derives significant governance benefits from being part of the global investment management division of a large insurance company.

Prudential Financial, Inc. (PFI)⁴

PFI’s purpose is to make lives better by solving the financial challenges of our changing world and aspires to be a global leader in expanding access to investing, insurance, and retirement security. PFI has a global presence within 40+ countries, with \$1.38T AUM⁵. The PFI board believes that the long-term success of the corporation is dependent upon the maintenance of an ethical business environment. The Board of Directors and the Audit Committee focus on adherence to both the letter and the spirit of regulatory and legal mandates by reviewing reports from internal and external auditors and the General Counsel. The Chief Ethics and Compliance Officer then communicates regularly with the Corporate Governance and Business Ethics Committee and the Audit Committee to maintain cohesion.

⁴ 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.

⁵ As of 31 December, 2022.

Additionally, PFI has an independent Internal Audit Department. The Chief Auditor reports and is accountable to the Audit Committee of PFI’s Board of Directors and reports administratively to PFI’s Chief Executive Officer. The mission of the Internal Audit Department is to provide independent, objective, assurance services designed to add value to the Company by supporting the Audit Committee of the Board of Directors in fulfilling its oversight role as defined by the Audit Committee Charter. The scope of work of Internal Audit is to assess whether the organisation’s risk management, control, and governance processes, as designed, implemented and monitored by management, are adequate and functioning. To do this, the Internal Audit Department applies risk based, control design, control condition and horizontal audits. On a rolling basis, Internal Audit develops a general audit plan identifying the various business units to be reviewed. Annual plans are formalised typically 12 months in advance.

SYSTEMS

PGIM Real Estate uses a wide variety of systems and process to support our governance structure and ESG strategy. Our systems architecture is continuously evaluated and upgraded as needed, and Operational Risk Management conducts a risk assessment on PGIM Real Estate IT’s processes and controls on at least an annual basis. It would be challenging to provide a full overview of our systems architecture; however key systems have been described below.

Property Deals Database System

Property Deals Database (PDD) is the central system in which all equity and high yield debt transactions are recorded and is currently the basis for our internal and external quarterly reporting. The system is used to monitor 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. As such, it is a powerful management reporting tool for PGIM Real Estate’s senior management and enhances accountability and governance.

All key transactional events are recorded in PDD including:

Acquisitions	Dispositions
<ul style="list-style-type: none"> Deal introduction & deal allocation Relevant investment committee approvals Transaction sign off date (i.e., completion of the pre-signing checklist) Binding date (i.e., exchange of contracts when PGIM is legally committed to the transaction) Closing date 	<ul style="list-style-type: none"> Properties are introduced to PDD when they are first marketed Estimated closing date Dispositions are approved in PDD Closing date

Measurabl

For our equity funds that report to GRESB, PGIM Real Estate uses ENERGY STAR Portfolio Manager and Measurabl’s Utility Sync system to track our utility data and improve data coverage and quality. Our ESG consultant’s engineering team monitors our data quality control process is to ensure that all of the data for our properties are accurate and complete.

LoanConnect

LoanConnect is our proprietary analysis and information system that captures data throughout the life of every loan. LoanConnect supports our governance by recording and storing all relevant information on each loan we make, including property level information, operating statements, rent rolls, valuation data, and vacancy data. Harnessing this proprietary data allows investment teams to look beyond the standard appraisal and broker package to make educated decisions based on actual historic market and comparable property performance. As of 2021, LoanConnect is also used to track ESG metrics such as energy certifications, roofing detail, green certifications, mobility scores, and resilience risk scoring.

LoanConnect’s Core Functionality

- Party Management – tracks borrowers, sponsors, tenants, property managers, internal parties, and more
- Document Management – upload and index loan, collateral, investor, and pool level documents
- Standard Operating Procedures – stores and indexes SOPs
- Origination/Pipeline – timeline, rate lock, fee, disbursement, and loan authorisation
- Servicing – various loan and collateral level info, operating statements, rent rolls, etc.
- Asset Management – case plan preparation
- Workflow and Requests – workflow management tool, loan trigger management (date driven loan tasks)

RESOURCES

PGIM Real Estate believes that our employees are a critical component to delivering exceptional results to our investors. We seek talented and diverse candidates who are looking for a rewarding career – and who want to put their skills and experience to work with teams of like-minded individuals. The company makes significant efforts to assist employees in excelling within their career at the company, and the effectiveness of this is shown by our low employee turnover rates. We believe that effective stewardship involves all employees – not just those dedicated to ESG – and therefore have added an ESG component to the talent management process of all employees.

Talent Management

PGIM Real Estate conducts employee performance assessments twice per year, at mid-year and year-end. These performance assessments are designed to ensure that employees have the ability to have rewarding and challenging careers, and over the past year ESG goals have been required of all employees (described further below). As part of these reviews:

- Employees set objectives at the beginning of the year and are evaluated both on their progress towards these objectives as well as on a set of core competencies.
- Managers are responsible for reviewing and assessing the leadership potential of their direct reports and putting development plans in place to help them reach their full potential.

Formal discussions are conducted to review these standards and development plans, provide specific feedback, and update individual employee development plans.

As part of the Managing Director Annual review programme, MDs are required to conduct diversity and inclusion self-assessments and are subject to 360 feedback on diversity and inclusion.

Employee Retention

Incentivisation of our employee base is critical to our long-term success, and to promoting a strong culture and low employee turnover. Our goal is to attract and retain talent with a total rewards package that:

- Links rewards to both PGIM Real Estate and individual performance
- Provides income, long term savings, and health protection for our employees and their families
- Offers choice and flexibility through unique and diverse programmes.

Our retention strategy has three components – reward, recognition, and development.

1. **Reward** – Our competitive compensation and benefits programme attracts talent, retains top performers, and aligns the interests of our people with our clients and our parent. Our compensation process focuses on rewarding the performance, skills and behaviours 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.
2. **Recognition** – Recognising and rewarding the accomplishments of our employees is a key component of our employee engagement strategy and is a powerful way to build an aligned culture that is focused on high performance.
3. **Development** – Our annual performance management process provides our employees with clear objectives and creates a forum for formal feedback between employees and managers.

We ensure that what we offer our employees remains competitive, relevant and valuable through benchmarking, market research, internal focus groups, and surveys.

Diversity

At PGIM Real Estate, we believe that diversity of experience, backgrounds and perspectives lead to better outcomes for our clients, employees and our communities. We take pride in our globally diverse and interconnected platform that spans 32 major office locations on four continents and believe that our culture of inclusivity encourages teamwork.

Within our employee base, PGIM Real Estate’s goal is to reflect the diversity of our investment markets, clients and communities. We recognise that we have a responsibility to be advocates for racial equity and social justice, and leverage our scale and footprint to influence meaningful change within our industry.

Our senior leaders closely review periodic reports on Equal Employment Opportunity (EEO) and Affirmative Action and Diversity and Inclusion efforts in their areas and cascade accountability throughout their organisation. EEO/AA and DEI are embedded within business strategies and individual performance plans.

In addition, PGIM Inc. has committed to a goal of “5 over 5” for a 5% increase in representation at the Senior-most levels of the firm (VP+ population) globally by 2023, through a series of outcome-oriented actions including:

- **Build diverse candidate pools to fulfil future hiring** needs by activating employee external networks, partnering with talent feeder organisations, mapping key talent markets, and building brand awareness.
- **Engage PGIM leaders in developing and retaining internal diverse talent** through targeted development, mentoring and executive sponsorship.
- **Develop and maintain an environment that leverages differences** and enables success through continuous learning, inclusive practices, and promoting the meritocracy of ideas and diversity of perspective.

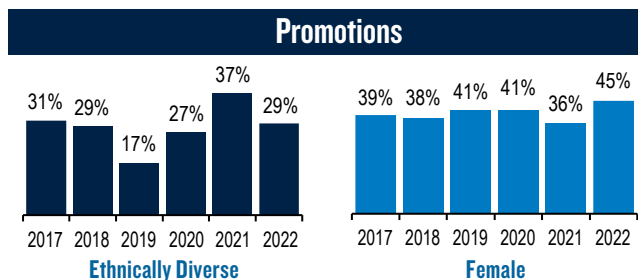
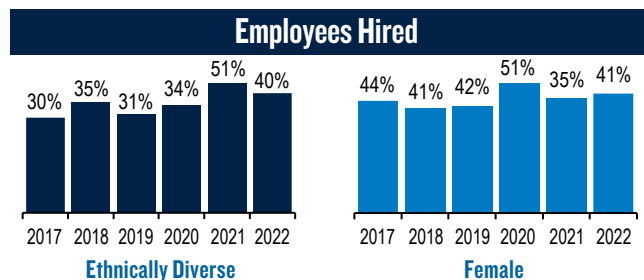
PGIM Inc.’s Inclusion Council, comprised of the Chief Executive Officers of each of the PGIM Businesses as well as our Chief Operating Officer meet bi-monthly to review progress and develop strategies to drive representation within each business.

PGIM Real Estate – An Ongoing Commitment to Diversity

PGIM Real Estate is steadfast in promoting inclusion, diversity, and culture across the firm:

An Ongoing Commitment

Employee Diversity in the U.S.						Global Female Representation	
Job Category	Asian/Pacific Islander	Black/African American	Hispanic/Latino	Two or More Races	White	Job Category	Female
Exec/Sr. Level	3%	2%	5%	2%	88%	Exec/Sr. Level	30%
Investment Professionals	8%	5%	10%	4%	72%	Investment Professionals	37%
Operations/Administration	15%	11%	11%	1%	63%	Operations/Administration	60%
Total	11%	7%	10%	2%	69%	Total	46%



Source: PGIM Real Estate. Representation at 4Q2022. Exec/Sr Level is Managing Director and equivalent and above. Hires and Promotions 2017- 4Q 2022. Gender is representative of the global population; Ethnicity is U.S. only.

Compensation Equivalency

To promote pay equality, a legal review of PFI's compensation decisions is conducted annually through independent, outside legal counsel to protect against systemic race/ethnicity and gender biased patterns. Compensation decisions may be adjusted as required, in accordance with the results of this review. Employees can raise issues regarding pay equity with the Ethics Office, Human Resources or their manager. Pay discrimination concerns are promptly and thoroughly investigated by trained professionals dedicated to reviewing unlawful discrimination claims.

Encouraging Diversity at a Firm Level

In 2022, PGIM Real Estate's Chief Diversity, Equity and Inclusion Officer (DEI), alongside two dedicated team members, met regularly with the firm's Diversity Advisory Council. Chaired

by our CEO, Eric Adler, and Chief DEI Officer, this group of global senior leaders are responsible for setting the DEI strategy, goals, and driving DEI through the business.

Our Inclusion & Leadership Network (ILN) represents a global cross section of professionals with a diverse range of responsibilities, experiences, and tenure who work together to promote an equitable and inclusive workplace for all. The ILN takes a grassroots approach to effect inclusion at the individual level and embodies role-model behaviours and role-model leadership in the firm.

Programming throughout the year focuses on building a more inclusive culture within and across our offices in the United States and globally. Events and programmes focus on celebrating differences, on talent attraction and retention, and on awareness of and education on DEI-related topics. The ILN promotes office culture, explores regionally relevant DEI topics, engages diverse groups and champions inclusion across the firm.

Initiatives in our European Business

Each region in which we operate participates in initiatives that promote diversity. In Europe, we sponsor and volunteer with community organisations supporting homeless mothers and children, disabled individuals, and charities providing resources to underprivileged individuals.

Some other highlights from our 2022 efforts toward promoting diversity include:

- PGIM Real Estate UK's participation in the 10,000 black interns programme in summer 2022 and will be participating in 2023.
- Supporting culture with ILN events which focus on mental health, sleep and other well-being topics.
- Providing work experience programmes and support for YouthBuild in the UK.

Additionally, mentorship and networking opportunities are available for employees through Business Resource Groups (BRG) and through PGIM programmes, such as Women's Advisory Councils, Peer Networking Circles, and Student Veteran Internship programme.

Initiatives in our U.S. business

We have several programmes in place to foster diverse hiring, as mentioned below:

- Our Sophomore Training Programme, a summer internship programme for diverse sophomores, was established to broaden our pipeline of early talent.
- Our undergraduate recruiting efforts focus on hiring students from diverse organisations. We participated in the TOIGO Fellows Programme and have hired students from the SEO/PREA Real Estate track, ICSC Foundation, Girls Who Invest, Management Leadership for Tomorrow and Project Destined. We also partner with PGIM's Diversity and Inclusion Office on targeted recruitment and retention initiatives.
- Our partnership with PFI to implement veteran employment programmes and broaden hiring opportunities.

We are also proud to continue our partnerships with YouthBuild International, Knowledge Is Power Programme (KIPP), Operation Hope and Shelters to Shutters. On an individual basis, PFI and PGIM offer several programmes to facilitate volunteerism and to match employee charitable donations through the PRU CARES platform.

EMPLOYEE ALIGNMENT WITH ESG INITIATIVES

Our long-term incentive programmes are designed to retain top talent as well as directly align our investment professionals with the funds that they manage and ultimately fund performance in a meaningful way.

Human Resources is responsible for compensation decisions, and our compensation packages are benchmarked against industry standards to ensure they remain competitive.

ESG Alignment – Linking ESG Objectives to Employee Performance Reviews

Since 2020, we require all employees to make a commitment to ESG as a competitive advantage, and to report on their annual ESG contributions. Employees actively participate in PGIM Real Estate’s Environmental, Social and Governance programmes and practices at a corporate and/or property level by:

- **Championing our code of conduct** by effectively adhering to and upholding positive business relationships, ethical business practices, and corporate governance decision making.

- **Being a catalyst for the company’s internal and external social initiatives**, programmes and policies including but not limited to health, wellbeing and safety; diversity, inclusion and equality; professional and personal development; access to education; and community development and engagement.
- **Being a steward of the environment** by advocating for company initiatives, programmes and policies that address sustainability issues.

Employees are provided with examples for each of the categories above (Governance, Social and Environmental) to help them report on their commitment and the progress they have made annually to their manager. This forms a part of our annual review process where at least one objective must be ESG related and assessed against individual performance and business outcome. Our target is to have 100% of employees participate and contribute to our ESG programme and initiatives.

PURPOSE & GOVERNANCE

PRINCIPLE 3:

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

We are committed to conducting business with the highest ethical standards and always seek to place the interests of our clients and beneficiaries first. We strive to identify potential risks, including conflicts of interest, that are inherent in our business so that we can efficiently address the downsides and reduce harm to our clients and other stakeholders. Given the breadth of our real estate investment activities, a wide range of actual and potential conflicts of interest may arise from time to time in the ordinary course of our business. Effectively managing conflicts of interest is critical to addressing our fiduciary responsibilities and ensuring we can maintain the trust of our clients, employees, investors, partners and the wide communities in which we operate.

Our parent company, PFI, maintains a Code of Conduct referenced here: www.prudential.com/links/about/code-of-conduct and a Conflicts of Interest Policy that are updated at least annually by the PFI's Chief Ethics and Compliance Officer. These are reflected in specific policies and procedures within our PGIM- wide Compliance Manual and further adopted by local Boards as required. The Part 2 Brochure of PGIM Real Estate's SEC Form ADV referenced here: <https://adviserinfo.sec.gov/firm/summary/171548> is publicly available and summarises how we address conflict of interest scenarios that may arise across our business activities and interactions with various internal and external counterparties. See Item 11 – Code of Ethics. This brochure applies to PGIM Real Estate (UK) Limited, as an SEC regulated investment adviser and aligns with the firm's UK FCA regulatory obligations.

Business Process Help Track & Mitigate Conflicts

We are committed to doing business the right way.

To achieve strong governance over our business and wider stakeholder relationships, we have implemented various group-wide and company level policies and processes to guide our

management of typical institutional and personal conflicts of interest. We also have business processes for the identification, assessment and mitigation of new and suspected conflict situations that relate to specific investment activities (please refer to Principle 5 for additional detail). When actual or potential conflicts of interest are identified, we seek to address such conflicts through the implementation of effective organisational arrangements to prevent them adversely affecting our clients and counterparties. These include strategies designed to eliminate or manage the conflict through the adoption of appropriate policies, procedures or other mitigants; or to disclose the conflict to enable transparency in decision-making.

However, it is not possible to identify every potential conflict that can arise, nor guarantee that our operating practices will ensure avoidance, disclosure and/or mitigation of each and every situation in which a conflict may arise.

We maintain registers of anticipated and actual conflicts and conduct annual conflict of interest reviews across our global business. In addition to the Code of Conduct, we have adopted policies and procedures designed to address personal and institutional conflicts of interest, covering topics such as: business ethics, personal securities trading, information barriers, transaction allocation and gifts and entertainment, among others; and have implemented supervisory and assurance procedures to monitor compliance.

Examples of significant actual or potential conflicts of interest that may arise include affiliate relationships, client relationships and side agreements, investment allocations and warehousing of investments, investment consultants and service providers, outside business activities, personal securities trading, gifts and entertainment, information barriers. In addition, all employees receive regular compliance training and conflict process reminders and are required to provide an annual affirmation that they understand and comply with our Code of Conduct – “Making the Right Choices”, which applies to the whole

PFI Group. Employees receive ongoing training on conflicts of interest and are required to attest to our Conflict of Interest Policy annually.

Avoiding Conflicts Between PGIM Business Units

PGIM Real Estate as a business unit has a high degree of independence and separation from the rest of the PGIM businesses, which minimises the potential for institutional conflicts of interest. Most importantly, we operate a strict information barrier between the public and private businesses, such as between PGIM Real Estate and the PGIM Fixed Income, and between our private real estate and our listed REITS businesses, etc. The Real Estate business has established robust governance arrangements operating across its global offices, which are also designed to assist with the identification and management of potential conflicts of interest. These include fund manager boards, regional and global investment committee structures, global operational risk and product governance committees, regional executive committees and valuation committees. More information on our governance structure and governing bodies has been provided in response to Principle 2.

Avoiding Conflicts Between Business Lines

To avoid conflicts of interest related to investment transactions, actual and potential conflicts are analysed during the due diligence and approval processes. Recognising we manage both real estate debt and equity funds, as well as a listed REITS business (GRES); we do not lend to PGIM entities, all debt for our direct investments is sourced externally, and our GRES business is maintained in a separate information barrier to avoid conflicts of interest that might arise from voting or engagement issues, and to prevent the disclosure of material, non-public information. In common with our peers PGIM affiliates (sponsorship) as well as senior European real estate investment personnel and other members of senior management (through carry and co-investment arrangements) may invest into our co-mingled funds.

Avoiding Conflicts Between Side-by-Side Funds and Client Accounts

The management of numerous co-mingle funds and client accounts on a side-by-side basis can create conflicts of interest. Some examples of side-by-side management and the related conflicts of interest are as follows:

- **Performance fees:** We manage accounts with asset-based fees alongside accounts with performance-based fees. This creates an incentive for us to favour accounts for which we receive performance fees, and possibly take greater investment risks in those accounts, in order to bolster performance and increase our fees.
- **Affiliated accounts:** We manage accounts on behalf of our affiliates as well as unaffiliated accounts. We have an incentive to favour accounts of affiliates over others.
- **Larger accounts/higher fee strategies:** Larger accounts and clients typically generate more revenue than do smaller accounts or clients, and certain of our strategies have higher fees than others. As a result, a portfolio manager could have an incentive when allocating scarce investment opportunities to favour accounts that pay a higher fee or generate more income for us (or which we believe would generate more revenue in the future).

To address the conflicts of interest with respect to our different types of side-by-side management, we have developed new product and client governance frameworks, transaction policies and procedures, functional management and operational controls, and various oversight frameworks reasonably designed to address the conflict risks in these scenarios; and detect patterns and anomalies in transactions and portfolio management arrangements, to both assess our management of the risk and improve our processes.

The examples below illustrate our approach to conflict management:

Case Study: Establishment of Global Disclosure Council

Issue: Increasing client and consultant requests for extensive customised data and reporting, including ESG disclosures. To avoid potential issues of selective disclosure, cost of unreasonable disclosure requests and to protect proprietary data, a centralised approach was needed to field all non-standard client requests and review and agree an expanded existing standard reporting set to provide greater transparency to clients.

Resolution: In 2021, PGIM Real Estate established a Global Disclosures Council to agree the standard dataset for different types of products (open ended, closed ended, debt funds etc) and to review and approve incoming client requests that fall outside of the standard dataset (including non-data requests) and govern the baseline of disclosures, preventing unintended variation in client treatment and internal approach.

Through 2022 and continuing into 2023, this governance structure has been further enhanced, to support our *commitment to transparency, stewardship and operational efficiency* by defining additional pre-approved data sets of key fund level, property-level and transaction level information and performance metrics. We have also established a new governance framework for ad-hoc investor requests to address conflicts and regulatory concerns regarding selective disclosure, ESG reporting regimes and marketing rules.

In addition the council's remit includes:

- Determine if the standard should be expanded or reduced in response to client demands and market events
- Limit exceptions and evaluate strategic implications - approval of request potentially impacts all investors and other funds
- Maintain a globally consistent approach, while taking regional differences, expectations, and country specific regulations into account

The council includes senior members of our Business Development, Investor Services, Portfolio Management, Fund operations, Legal, Compliance, and other teams to ensure both client and business considerations are fairly represented.

Case Study: Acquisition and Ownership Conflicts

Potential acquisition opportunities can arise where two funds could acquire the same asset, or there is the potential to transfer or for joint acquisition of an investment between or by two clients. PGIM Real Estate, in common with many of our peers, operate a rotation system for potential equity and debt investment opportunities. Potential conflicts are also considered during decisions to invest with joint venture partners or co-investor side-cars, and for the engagement of service providers at the fund and asset levels – such as property managers, construction companies and advisors.

The acquisition and disposition of private real estate investments are reviewed by the appropriate PGIM Real Estate investment committee or by a subcommittee thereof, and where a potential conflict arises a Conflict of Interest Memorandum will be prepared and reviewed by the Chief Investment Risk Officer and the Heads of Law and Compliance, as a sub-delegated group of PGIM Real Estate's Global Operating Risk Committee. In addition, we have policies and procedures in place to ensure that there is appropriate disclosure to and, when appropriate, consent from the clients concerned and that appropriate independent advice is provided to impacted clients. However, given the wide range of mandates with differing strategies and investment objectives that we manage, it is unusual for acquisition conflicts to occur.

Additional information about how we address conflict of interest issues may be found in the Part 2 Brochure of PGIM Real Estate's SEC Form ADV. This brochure provides information about the qualifications and business practices that apply across the PGIM Real Estate group, and specifically addresses the obligations of the SEC registered investment adviser, businesses of PGIM Real Estate (US), PGIM Real Estate (UK) Limited and PGIM Real Estate Luxembourg S.A. [<https://adviserinfo.sec.gov/firm/summary/171548>].

Reviews and Monitoring

The PGIM Real Estate Institutional Conflicts of Interest inventory and policy framework are reviewed at least annually, and our compliance programme undergoes quarterly independent 3rd party reviews on a rolling annual basis. Additional information on monitoring has been provided in response to Principle 5.

PURPOSE & GOVERNANCE

PRINCIPLE 4:

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

PGIM Real Estate's Risk Framework

PGIM Real Estate is committed to maintaining a best-in-class risk management environment that is intended to preserve, protect and enhance investor capital. 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. The Global Investment Committee, headed up by the Global Chief of Investment Risk who reports into the Global CIO, is divided into three regional teams supporting five regional businesses – Europe, Asia Pacific, Latin America, U.S. Equity and US Debt and Agriculture.

The Investment Risk Management team ensures that the firm is complying with internal policies, regulatory requirements and client obligations. It has developed risk management policies and procedures and communicated them across the company to ensure that adequate controls exist to appropriately manage the business and fulfil our fiduciary duties to our clients. The Risk Management team also evaluates the company's risk profile and balances risks and resources to meet our long-term goals throughout the investment life cycle.

Operational risks are identified by PGIM Real Estate's Global Operating Risk Committee (GORC) and assessed and monitored on a formal and regular basis by the Global Operational Risk Management Group. 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, mainly geared towards compliance with industry best-practices and PFIs guiding principles and polices. Through our practices,

we continually strive to improve risk governance and manage operational risk within defined limits, to effectively reduce the frequency and impact of unexpected losses.

PGIM Real Estate Global Risk Groups processes are designed to address the major layers of risk on a macro, portfolio and investment level. Using the best tools and processes in the industry for managing all facets of risk to our assets, we ensure effective risk management — from initial acquisition to disposition as well as for new loans.

Further information on the Real Estate Global Investment Committee and the Global Operating Risk Committee is provided under Principle 2.

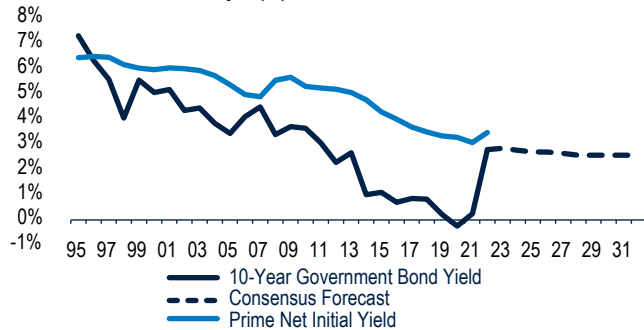
A Risk Framework Informed by Market Research

PGIM Real Estate incorporates a Global Investment Research Group, which at the broadest level, informs the firm's investment professionals on the state of the markets and emerging investment opportunities and risks. The research team currently employs 14 full-time professionals whose job it is to produce independent, evidence-based research. In addition to in-house knowledge, covering a number of subject areas including economics, finance, geography and urban planning, the research team obtains data from a variety of external sources to ensure the most relevant and accurate data and analysis available. External data resources include leading researchers such as CoStar, JLL, CBRE, GreenStreet Advisors, Property Market Analysis, Oxford Economics, Economist Intelligence Unit and Real Capital Analytics.

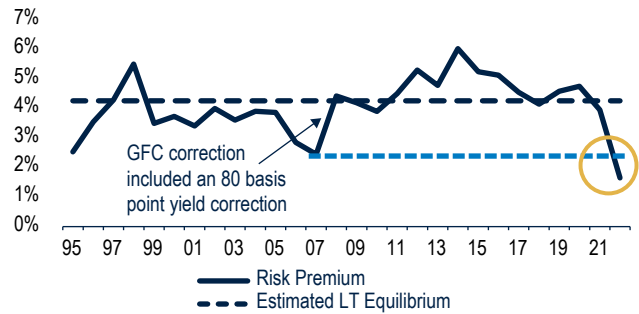
The internal research team produce Regional Quarterly Insights, bi-annual five year ahead real estate market forecasts for major cities in each region and an Annual Global Outlook, which each present thematic analyses on and around investment opportunities. Some examples are provided below:

European Pricing Exposed by Jump in Bond Yields. . .

10-Year Government Bond Yield and All Property Prime Net Initial Yield – Europe (%)



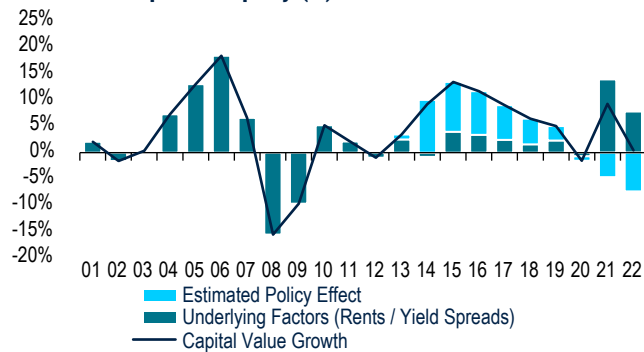
Estimated Risk Premium – Europe All Property (%)



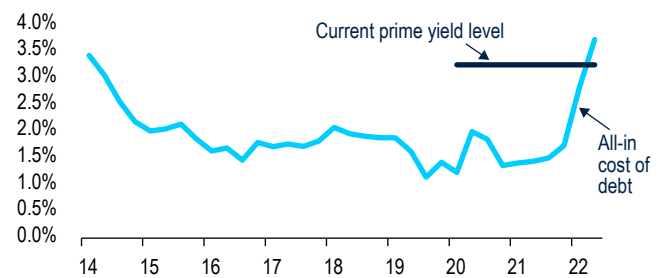
Sources: PMA, Oxford Economics, Consensus Economics, McKinsey: *Net-Zero Europe, Decarbonization pathways and socioeconomic implications*, PGIM Real Estate. As of December 2022.

. . .While Unwinding Policy Stimulus and High Borrowing Rates Also Call For Repricing

Breakdown of Annual All Property Capital Value Growth – Europe All Property (%)



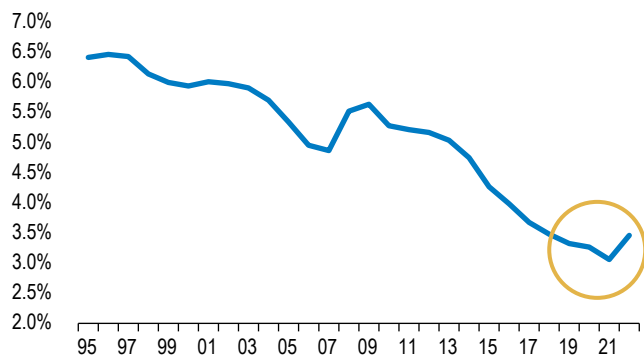
Europe All-In Debt Financing Costs, Senior Loan, Core Offices (%)



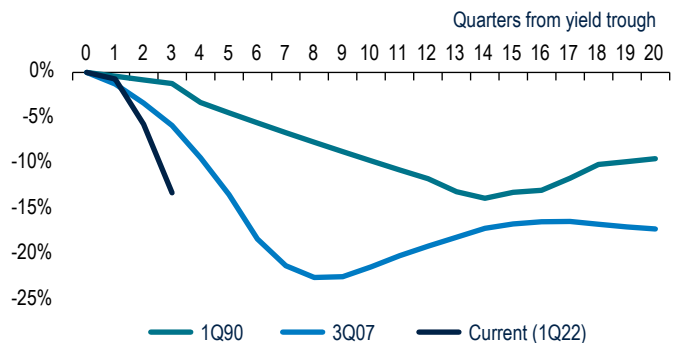
Sources: Cushman & Wakefield, CBRE, Bayes Business School, Bloomberg, PGIM Real Estate. As of December 2022.

Initial Signs Are That a Repricing is Happening Rapidly

Prime Net Initial Yield – Europe All Property (%)



Cumulative Yield Impact on Values During Periods of Sustained Yield Expansion – Europe All Commercial Property (%)



Sources: PMA, Cushman & Wakefield, PGIM Real Estate. As of December 2022.

Risk Management at the Macro, Portfolio and Investment Level

The Investment Risk Group, which also comprises a Global Chief Underwriter together with a team of regional Chief Underwriters, administer, manage and support Global and Regional Investment Committees as well as the regional allocation processes.

Regarding macro level risks the Investment Risk Group, in conjunction with the Investment Research Group, coordinates quarterly half-day meetings of the Global and Regional Investment Committees to discuss the state of the investment markets and emerging investment opportunities and risks.

On a portfolio and investment level, the Investment Risk team and Research Group actively participates in regional Investment Committees responsible for the underwriting review and authorisation of investments for PGIM Real Estate-managed funds. This includes providing oversight at the investment level in order to provide visibility to all PGIM Real Estate funds eligible to invest in a region of prospective investment opportunities in that region while applying consistent risk/return evaluation to the underwriting analysis for 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 transaction to a portfolio. It also includes oversight at the portfolio-level through periodic portfolio reviews where 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. We have highlighted members of the European Equity and Debt Investment Committees below, however as previously described each region has its own regional committees.

Members of the European Equity and Debt Investment Committees:

European Equity Investment Committee	
Chairperson	
<ul style="list-style-type: none"> Global Chief Investment Risk Officer 	
Other members	
<ul style="list-style-type: none"> Head of Europe Global Head of Investment and Business Operations Deputy Head of Europe Head of Transactions, Europe Head of European Debt Head of UK and Ireland Head of France, Spain and Portugal Head of Germany, Austria and Netherlands European High Yield Debt Senior Portfolio Manager Head of European Investment Research 	
Plus, for Value-Add Debt Investments:	
<ul style="list-style-type: none"> Global Head of Private Debt Strategy and Investor Solutions 	

As of April 2022

European Debt Investment Committee	European Investment Grade Sub-Committee
Chair	
<ul style="list-style-type: none"> Global Chief Investment Risk Officer 	<ul style="list-style-type: none"> Head of Core Debt Credit
Other Members	
<ul style="list-style-type: none"> Head of European Debt European Senior Debt Portfolio Manager Head of European Investment Research Global Head of Private Debt Strategy and Investor Solutions European High Yield Debt Senior Portfolio Manager Head of U.S. Debt and Chair of Global Debt Plus, Global CIO for large investments 	<ul style="list-style-type: none"> Head of European Debt European Senior Debt Portfolio Manager Relevant Portfolio Manager Plus, Head of U.S. Debt and Chair of Global Debt for large investments
Secretary	
<ul style="list-style-type: none"> Chief Regional Underwriter, Europe 	<ul style="list-style-type: none"> Regional Credit Officer, Europe
Additional Invitees	
<ul style="list-style-type: none"> Representatives of Business Development, Compliance, Law and Valuations 	<ul style="list-style-type: none"> Not Applicable

As of April 2022

By way of Example

Over 2022, several emerging systematic and market-wide risks were identified and reviewed by the Global Investment Risk Group, which included the impact of the Russia and Ukraine conflict and the risk of power outage across Europe; and catastrophic weather events posed by climate change.

Case Study: Responding to the Risk of Power Outages across Europe

Emerging Risk - Following the invasion of Ukraine, power outages were seen as a growing risk across Europe, as countries were no longer able to rely on Russian gas supplies and media reports of the potential for power outages increased across Europe. The UK Government shared plans to manage energy supplies in the event of severe shortage, including the potential for controlled rolling blackouts and in Continental Europe, some countries were taking steps to reduce national energy consumption to manage supplies over winter.

The PGIM Real Estate Operational Risk function closely monitored the situation and escalated the risk to the European Real Estate Management team in November and the Global Operating Risk Committee in December to enhance awareness.

Response - Due to the potential significant impact, a review of the PGIM Real Estate Business Continuity Plan was initiated, and actions were identified, including a test of our on-site generators (London Office), purchase of backup power banks for key personnel, vendor outreach and staff communication. Our response was informed by government guidance, including the UK Electrical Supply Emergency Code (ESEC), which details steps which the UK Government would take to manage supply shortages.

The business reached out to key vendors in November to confirm awareness of this risk and any steps taken to ensure resiliency. This helped provide assurance for PGIM Real Estate regarding availability of core outsourced services whilst also helping enhance awareness of the risk across our vendor network.

Also in November, a virtual tabletop exercise was organised for the European Business Advisory Council (EBAC) to evaluate their preparation as an incident management team in response to power disruptions. This council includes members from across PGIM Financial so provides a PGIM wide response assessment.

Ongoing Monitoring - As we move into Spring 2023, the risk of power outages reduces as warmer weather and longer days see a natural decline in energy consumption. This risk may remain present next winter, depending on countries' ability to increase gas reserves and continue to diversify their power generation strategies. However, PGIM Real Estate is now well prepared for any future regional power outages and the risk function continues to closely monitor for any new emerging risks.

Case Study: Responding to the Russia and Ukraine conflict

Emerging Risk - Since its outbreak in early 2022, the Russia-Ukraine conflict has been a tragic humanitarian disaster, causing widespread destruction and significant loss of life. The conflict has also caused significant political and economic disruptions across the world, requiring organisations to closely monitor conflict related risks across all areas of business.

Response - To help understand the PGIM Real Estate risk position, the business undertook a range of monitoring activities, including:

- Review of rapidly evolving sanctions regimes across different jurisdictions, leveraging the firm's legal and regulatory resources to track sanctions as they were issued.
- Analysis of the various relationships across the organisation to determine exposure to sanctioned entities and individuals.
- Review of exposure to properties or securities in Russia, Ukraine or Belarus within the vehicles we manage on behalf of our clients.
- Engagement with key vendors to identify any issues or concerns regarding their ability to perform critical tasks, in light of the impacts of the conflict across Europe.

The above steps, among others, helped determine the risk position for the business, and to determine mitigation strategies, where required.

Ongoing Monitoring - PGIM Real Estate continue to closely monitor the evolving crisis, tracking and monitoring risks through our well established risk management framework.

Case Study: Outreach to Loan Borrowers impacted by extreme climate and natural catastrophe events

Emerging risk – Natural hazards, including those made more extreme by climate change, can have a significant impact on commercial real estate. Due to the effects of climate change and patterns of development in vulnerable locations, property damage is becoming more common and more extreme. As a lender to real estate we want to ensure that we provide a good level of service to our customers and communities and also acknowledge our role at the forefront of the response to climate change across the world.

Response – PGIM Real Estate Loan services has developed a proprietary extreme event tracking module that incorporates mapping tools and Federal Emergency Management Agency (FEMA) declarations to identify properties across the US within the impacted areas. Upon identification, the module generates a bulk communication notice which is then followed up by personal phone call to determine if there is damage and to offer assistance if needed. Responses are updated directly within the module, enabling real time status reporting during, and following an event.

Outcomes – During 2022’s Hurricane Ian and 2023 California storms, this module enabled quick identification and outreach to those impacted. Following the success as the outreach programme in the US, the loan services team are proposing to look at the potential of extending this into the UK and Europe.

Comprehensive process to address properties impacted by earthquakes, hurricanes, fires, floods, tornadoes, or other significant events



Identification

Use of internal Significant Event module enables quick identification of properties in impacted areas by incorporating mapping tools and FEMA declarations.



Communication

Bulk e-mail communications with property specific information request sent, followed by phone calls from Insurance Specialists. Objective is to determine if there is damage and offer assistance.



Reporting

Significant Event module tracks property and loan info, degree of damage, and related comments. Module provides for real-time reporting of current status.



Resolution

If damage is over the \$20k threshold, the Asset Manager will connect with the Borrower for ongoing monitoring, until repairs are complete.

Assessing Effectiveness

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

- **Track Record⁶** - Our exceptional track record of performance and minimal credit losses in our debt business is in a large part due to our robust risk management approach. Specific examples have been provided above and in response to Principle 12, where we detailed the effectiveness of our teams in positioning our funds first for a downturn, then for the duration of COVID 19 and beyond.

⁶ Past performance is not a guarantee or reliable indicator of future results.

- **Investment Level** – As described in response to Principle 7, we have long considered environmental risk in the due diligence process and would not invest in an asset where these 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 ESG related risks in the UK and Europe. In 2020, all funds reporting to GRESB received #1 in their peer group for “Resilience”. Please note that this reporting module was discontinued by GRESB in 2021.
- **Adapting to Future Risks** – As described earlier in the response to Principle 4, PGIM Real Estate invests significantly in our in-house research capabilities and dedicates a meaningful number of resources to evaluating future risks.

Please note that these examples are illustrative, as there are many ways by which effectiveness of risk management can be measured. While risk management is at the core of our approach, there is no guarantee that future risks can be mitigated.

Looking Ahead

In response to the ever increasing frequency and diversity of investor ESG requests, the continually changing landscape of ESG regulation and the general rise of ESG up the business agenda, PGIM Real Estate commissioned a third-party facilitator to complete an ESG materiality assessment for the UK and European business.

The materiality assessment was conducted in 2022 under a double materiality approach; to evaluate both the ESG factors that affect the business as well as how the business itself affects the world around it. The assessment, which follows the Global Reporting Initiative (GRI) framework, has primarily been an exercise in stakeholder engagement. A broad range of stakeholders, including investors, employees and indirectly tenants/customers, have been interviewed and workshopped. The focus of the engagement was around ESG issues that contribute to overall sustainable development. In addition to collating direct feedback from stakeholders, a review was also completed of internal documentation and processes in order to present a complete picture of the exposure of the business to ESG.

The results from the stakeholder engagement are currently being compiled and ranked and will be visualised in a Materiality Map. The x-axis will represent the significance of the businesses ESG impacts (on others) and the y-axis will represent the degree of influence on stakeholder assessment and decisions (about the company). The topics that fall into the upper right section of the Materiality Map will be identified as the most significant. In the second quarter of 2023, the Materiality Map will be reviewed and approved by the European Executive Council and the various ESG groups and committees. The most significant ESG factors identified, in addition to providing the foundations for analysing risks and opportunities, will then inform a refresh of the UK and European approach to PGIM Real Estate’s Global ESG strategy.

Since the impact of climate change and the market & legislative response to this continue to evolve at a rapid pace, PGIM Real Estate will continue to perform this kind of Materiality Assessment on a regular basis.

Beyond our Business

Senior personnel of PGIM Real Estate are members of industry bodies such as AREF (Association of Real Estate Funds), CREFC (Commercial Real Estate Finance Council), INREV (European Association for Investors in Non-Listed Real Estate Vehicle), ULI (Urban Land Institute), British Property Federation (BPF) and RICS (Royal Institute of Chartered Surveyors), amongst others, to keep abreast of market developments and new legislation and regulations to monitor current and new risks. Our members are also an active part of many of their respective working groups, conferences and market research with an aim to share knowledge, establish industry standards and promote best practice in corporate governance and transparency.

Recently, we have taken the following active roles:

Contribution to AREF's ESG Disclosure Working Group since inception

Objective – EU Sustainability Reporting Standards are primarily drafted for equities, and do not always easily translate to real estate. Additionally, European asset managers are subject to a large volume of sustainability reporting requirements. Some of these requirements are mandatory, imposed by the regulatory authorities, whereas some are voluntary and proposed by various industry associations. The ESG Disclosure Working Group was established to consider how sustainable finance and climate-related disclosures will affect real estate funds and to respond to the related consultations from the regulators and governments.

Overview – PGIM Real Estate has been a member of AREF for over 13 years. PGIM Real Estate's Director of ESG for the UK, Europe and APAC has been a member of the ESG Disclosure Working Group since inception.

Outcomes – The working group on behalf of AREF submitted a response to the FCA consultation (CP22/20) on Sustainability Disclosure Requirements (SDR) and investment labels. The response included a revised and progressed 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 actually 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 recommendations will apply. The ESG Real Estate Metrics paper was endorsed by various Associations (including the BPF, CREFC Europe, INREV, Investment Property Forum and Pensions for Purpose) and Louisa Chender as a Senior Associate in the FCA's ESG Policy and Advisory team.

The Associations envisage an ongoing dialogue with the FCA on the most appropriate real estate metrics and thresholds for defining the investment labels. The paper has also been shared with the TCFD secretariat and ISSB (International Sustainability Standards Board) in an attempt to align real estate specific metrics to common external real estate benchmarks.

20+ Years' Involvement and Contribution to ASTM Standards

Objective – Today, every player in the real estate sector is concerned about climate risk. Property owners, investors, operators, developers, lenders and other stakeholders, increasingly must evaluate and disclose climate risks of individual properties and property portfolios and align these assessments with existing due diligence processes. A consistent, efficient and transparent approach is critical. To meet this need, ASTM International's E06.25 Sub-committee for Whole Buildings & Facilities has developed a standard guide; called the Standard Guide for Property Resilience Assessments of Buildings (WK62996).

Overview – ASTM International is one of the largest voluntary standards-developing organisations in the world. PGIM Real Estate has been an active member of ASTM for over 20 years. PGIM Real Estate's Risk Manager currently holds the position of Chair of the Subcommittee E06.25 on Whole Buildings and Facilities that is responsible for the development of this new standard.

Outcomes – This new standard provides three valuable services for the commercial real estate industry: reliable quantification of risk exposure posed by physical and climate hazards to a specific property, value estimates of the potential damage and functional recovery timeline from those hazards to a specific property and recommended practical upgrades that can be performed to make the specific property more resilient to those hazards. This Property Resilience Standard is due to be released in early 2023 and will be used along-side the ubiquitous ASTM Phase I Environmental Site Assessment and Property Condition Assessment in typical due diligence scenarios, as well as on a broader scale to assess resilience of entire portfolios.

Founding Members of the Multifamily Impact Council (MIC)

Objective: As interest in socially motivated debt and equity capital continues to grow in the US, the current lack of industry-specific impact standards and reporting guidelines creates uncertainty that may prevent the industry from realising its full potential for impact. In May 2022, a consortium of more than 20 industry leaders from across the Commercial Residential Real Estate sector established the Multifamily Impact Council (MIC) – a non-profit membership organisation dedicated to establishing impact investing principles and data-driven impact reporting frameworks for the multifamily housing industry.

Overview: PGIM Real Estate was a founding member of the MIC. PGIM Real Estate is represented on the council by one of our Executive Directors and Portfolio Managers for Impact Investing.

Outcomes: An online research library has been launched by MIC to showcase research, best practice and facilitate collaboration across the real estate sector. Going forward the council will also host regular open forums for ESG leaders to share ideas, strategies, research and more. The Council is currently in the process of developing multifamily impact investing principles to guide investments and product development, and establishing a framework to provide consistency for how the industry reports impact. Going forward the council proposes that the multifamily impact investment framework will be incorporated into existing global ESG certification programmes.

PURPOSE & GOVERNANCE

PRINCIPLE 5:

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

PGIM Real Estate has governance processes in place to ensure that our policy activities are aligned with our position on sustainable finance and our commitment to robust governance, outlined in response to Principle 2 of the UK Stewardship Code.

POLICY FRAMEWORK AND OVERVIEW

PGIM Real Estate benefits from a strong policy framework that begins with our parent company, PFI. Many policies that promote effective stewardship, including the PFI Code of Conduct, are adopted by all PFI employees.

Global Compliance Programme

PGIM Real Estate's Compliance Group is responsible for the global regulatory compliance programme, 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. This includes monitoring the regulatory environment, assessing new regulatory developments, establishing the appropriate policies and procedures, and providing training to ensure business activities are conducted in compliance with all relevant laws and regulations.

PGIM Real Estate's Compliance Department is an independent business unit reporting directly to PGIM Inc.'s Chief Compliance Officer and ultimately to PFI's Chief Compliance Office.

Some areas that our compliance department oversees include the following:

- **Conflicts of Interest:** Compliance provides employees with regular mandatory training on conflicts of interest, insider trading, privacy, ethics, and whistle blowing, and other policies.
- **Personal Trading:** PGIM Real Estate Compliance monitors personal trading activity of its employee population and reviews the trading activity against firm trading and restricted list content, and any matches are investigated by our compliance unit. An ethics committee meets regularly to consider possible violations and take disciplinary action where appropriate.
- **Gifts and Entertainment:** Our Gifts and Entertainment policy requires the reporting and preclearance of gifts, meals and entertainment given or received which 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.
- **Political Contributions:** PGIM Real Estate employees are prohibited from making any political contributions with the intent of influencing a public official regarding the award of a contract to PGIM or its affiliates. Due to the potential for conflicts of interest, PFI and PGIM Real Estate have established policies and procedures relating to political contributions that are designed to comply with applicable federal, state and local law.

Compliance Audit

Our compliance programme is reviewed on an annual basis pursuant to the U.S. Investment Advisers Act of 1940 (“Advisers Act”) and the Investment Company Act of 1940, which impose regulatory requirements on our SEC regulated investment adviser entities, which includes PGIM Real Estate (UK) Limited.

PGIM Real Estate Compliance uses a combination of internal and external means to review its compliance function. On an annual basis, we scope our targeted areas for review with an independent third-party firm to conduct our Rule 206(4)-7 (“Compliance Programme Rule”) testing, and to come up with a comprehensive testing plan. The plan is reviewed and signed off by the Chief Compliance officer of PGIM Real Estate and at a higher level by the PGIM Chief Compliance Officer. In addition to the testing performed by the 3rd-party

firm, throughout the year business unit compliance undertake compliance monitoring and assurance activities (such as review of financial promotions and other client communications, and disclosures in our Gifts and Entertainment Tracking System or Personal Securities Monitoring System) and business unit operational risk team facilitates periodic risk and control self-assessments that address various regulatory and governance concerns. Forensic testing may also be used as part of the annual review documentation.

The testing results are typically reported to the PGIM Real Estate Chief Compliance Officer, who presents them to the relevant entity Boards and management forums. There were no material findings in the 2022 reporting period.

Study: Expanding External Assurance Programmes to Include ESG

Issue: As our focus on ESG accelerates, PGIM Real Estate is increasing external review and internal validation of our approach.

Resolution: In 2022, the independent 3rd-party firm that conducts our US Investment Adviser Rule 206(4)-7 Compliance Programme Reviews was engaged to assess PGIM’s environmental and social governance (“ESG”) controls. Taking on board their best practice recommendations, we continue to document and enhance how we integrate ESG into investment and portfolio management processes, including ongoing due diligence and internal validation against the initial investment ESG Scorecard during the 6-monthly per fund portfolio reviews. In 2022, we also released a comprehensive, interactive training guide for all employees. This Primer introduces all of our ESG programmes starting from the highest level at PFI and all the way to individual PGIM Real Estate ESG” strategies. Initiatives are also underway in the areas of UN PRI and Sustainable Finance Disclosure Regulation reporting, including to codify and standardise our ESG reporting content and review processes across our investment products and asset classes.

In addition, while our annual investment manager compliance programme reviews already include testing of conduct risks and other compliance components of good stewardship, in 2023 the testing plans covering marketing materials and investor communications will be enhanced to include ESG regulatory obligations.

In 2022, 21 of the 23 funds we submitted for GRESB assessment underwent third-party environmental data assurance through DNV Business Assurance USA, Inc., and we also continued to integrate ESG factors into our ongoing oversight and third-party assurance of property managers. This counterparty assurance programme, operates in addition to our service provider due diligence programme run by the Third Party Risk Management team, and will be further expanded in 2023 to include joint venture parties.

PGIM Real Estate’s environmental risk management framework includes a stress testing process that examines the sensitivity of long-term obligations and resources to possible financial, operational, behavioural and biometric risks; and our resilience risk assessment tools are aligned with the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Every three years, which included 2022, we run a Sustainability Attributes Surveys that takes inventory of our equity portfolio’s environmental and social risks, and continues to increase the number of assets subject to energy, water and waste audits.

In 2023, this will further expand to include but not be limited to:

- Internal frameworks and proprietary ESG measurement systems
- Review of alignment between relevant funds and their stated ESG objectives
- Controls around our data submissions to industry ESG bodies
- New construction / refurbishment guide

Overview of Policies

The table below highlights the policies relating to ESG, however PGIM Real Estate and our parent company PFI have a comprehensive suite of policies pursuant to regulatory requirements. Additionally, our corporate culture recognises that maintaining the high ethical standards we demand requires more than simply issuing a statement of policy – it requires a commitment to sound ethical principles and PFI’s values. Therefore, our parent company nurtures a culture within PFI and its business units that is highly moral, with decisions and actions based on what is right - not simply what is expedient.

Policies promoting stewardship and other best practices in our investment activities	Policies that set standards for employee conduct
<ul style="list-style-type: none"> • ESG Policy • Anti-Money Laundering (AML) • Conflicts of Interest • Responsible contractor • Allocation & Valuation • Third Party Risk Management (in particular relating to the UK Modern Slavery Act) • Socially Responsible Investment Policy • Proxy Voting Policy (only applicable to listed REITS) • Fiduciary Responsibility 	<ul style="list-style-type: none"> • Code of Conduct • Gifts and Entertainment • Personal Trading • Insider Trading • Conflicts of Interest • Privacy • Fraud and Market Manipulation • Anti-Bribery and Anti-Corruption • Supervision

Review of Policies

PGIM Real Estate reviews its policies on a frequent basis to ensure they are up to date with regulations and best practices and also consistent and effective. To illustrate this, we have provided a case study below on the updating and improvement of our ESG policy.

Case Study: Improvement of ESG Policies

**Please note we have elected to provide a case study covering multiple years to illustrate the evolution of our ESG policy.*

PGIM Real Estate’s Global ESG Council is the highest-level committee within the ESG organisation, and as such has oversight of our Global ESG Policy. The policy was first implemented in 2018 and has been updated annually since then. The policy is comprehensive, covering our Equity, Debt, and Securities businesses. The Global ESG Policy also covers the components of Responsible Investing that are key to PGIM Real Estate’s ESG framework.

The most recent review process was as follows:

- The ESG team begins with an internal review, ensuring the policy is updated and in line with industry and regulatory standards.
- The updated policy is then sent for a second round of reviews by the regional ESG councils. The input from this round is incorporated into the policy and brought to the Global ESG Council for final approval.
- Once approved, the policy is then updated and posted publicly on PGIM Real Estate’s dedicated ESG webpage.

Outcomes - Policy Updates:

The outcome of the most recent policy review are as follows:

1. Added ESG language to fund private placement memorandums for increased clarity on binding criteria and disclosure compliance.
2. Included more details on our climate risk tools and Loan Assessment utilisation, as well as our new signatory announcements.
3. Published a net zero pathway report to elaborate on our strategies and plans we will deploy across our portfolio as we accelerate toward our 2050 net zero target.
4. Reviewed the Environmental, Social and Governance (ESG) Policy.

Additionally, PGIM Real Estate is actively tracking the development of various regulations on sustainability – related disclosures in the financial services sector, to ensure we are on course to be compliant with the requirements (including the EU SFDR, UK SDR, and anticipated SEC updated guidance) and voluntary ESG disclosure frameworks (such as TCFD, GRI) as relevant.

ASSURANCE OF OUR BUSINESSES & STEWARDSHIP PRACTICES

Rationale for our Approach

We have detailed below various ways in which our business practices broadly, and ESG activities specifically, receive internal and external assurance. The rationale for our approach is based on industry best practice, and our business is subject to multiple lines of both internal and external scrutiny to ensure a robust control environment.

Internal Assurance

PFI Internal Audit

PGIM Real Estate is subject to regular reviews performed by PFI’s internal audit department. The routine internal audits are conducted and designed to evaluate the adequacy of management’s control consciousness, as well as the existence and effectiveness of internal controls. Each PGIM entity is covered every 3-4 years and audits can be entity- or process-specific. These audits typically include a review of the controls within key processes such as trade execution, processing and settlement, pricing, portfolio administration and compliance with contractual, regulatory and internal requirements and guidelines. Audits typically also include a review of general controls related to the systems supporting investment management activities. All business units, including ESG, are subject to PFI Internal Audit oversight. For 2022, the PFI Internal Audit plan relating to this UK Stewardship Code Application includes ESG (globally) and UK Governance.

Where annual internal audits are required due to local regulations (e.g., Germany and Luxembourg), Internal Audit is outsourced to a local third party. These outsourced internal audits create an additional layer of independent review and take place in addition to PFI’s internal audit.

PGIM Inc.

PGIM, Inc. is subject to multiple lines of scrutiny to ensure a robust control environment. These include:

- A dedicated Operational Risk Management function with group and business unit aligned teams that conduct periodic risk assessments, tests internal controls, and monitors key performance metrics and issues management.

- A Group and Business Unit aligned Legal, Compliance, Risk, and Finance team that collaborate to create and modify policies and procedures that enhance internal controls as new regulations are adopted, regulatory guidance is issued.
- Periodic examinations by regulators and self-regulatory bodies that any regulated investment fund manager or registered investment adviser undergo.

External Assurance

Our reporting to industry bodies and frameworks, described in detail in response to Principle 1 and summarised below, provides an additional layer of review of our ESG programme. Additional information on external assurance has been provided earlier in this section, in our overview of our annual external compliance audit.

GRESB/UNPRI

As previously described, reporting to industry bodies is an important way to assure our ESG and stewardship activities, and benchmark ourselves against industry best practice.

UNPRI: PGIM Real Estate reports on company activities through the UN PRI’s Reporting and Assessment survey. As previously mentioned, in 2021 for the first time we reported on our global debt business in addition to our global equity business. The debt business received a 5 Star rating.

GRESB: At the investment fund level, we use the Global Real Estate Sustainability Benchmark (GRESB) as our reporting standard. 94% of data submitted to GRESB in the 2022 reporting period was voluntarily assured with two 3rd-party environmental data assurance providers to improve data quality and build investor confidence.

GRESB Data Assurance

In 2022, we increased the amount of data submitted to GRESB that was subject to independent 3rd party verification. The objective of this process is to verify:

- Conformance with applicable verification criteria, including the principles and requirements of relevant standards or Greenhouse Gasses (GHG) programmes, within the scope of the verification
- The organisation’s GHG emissions (Scope 1 and 2), energy, water and waste inventory
- Any significant changes in the organisation’s GHG emissions (Scope 1 and 2), energy, water and waste inventory since the last reporting period
- The organisation’s GHG emission-related controls

Outcomes: The third-party data assurance of GRESB data in 2022 revealed no material misstatements in our data. We are committed to ongoing efforts to increase the integrity and reliability of our GHG data and relevant internal controls to enhance decision-making and transparency.

Ensuring stewardship reporting is fair, balanced and understandable

Reporting and adherence to reporting norms (GRI, TCFD)

Our annual ESG report is prepared with reference to the standard disclosures in the GRI sustainability reporting 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.

Our resilience risk assessment tools are aligned with the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and we have enhanced our ESG due diligence in the UK and Europe for new acquisitions by using those assessment criteria.

Ensuring our Stewardship Report is Fair, Balanced, and Understandable

In an effort to ensure that this Stewardship report is fair, balanced, and understandable, PGIM Real Estate has:

- Had the full report reviewed by our compliance department, and the PGIM Real Estate (UK) Limited board, and members of the European Executive committee
- Selected case studies that are balanced among different geographies and asset classes
- Explained outcomes and impact, not just activities
- Focused not just on achievements, but also including detail of challenges where applicable
- Provided forward-looking objectives for stewardship and ESG beyond specific outcomes and activities in the reporting year

INVESTMENT APPROACH

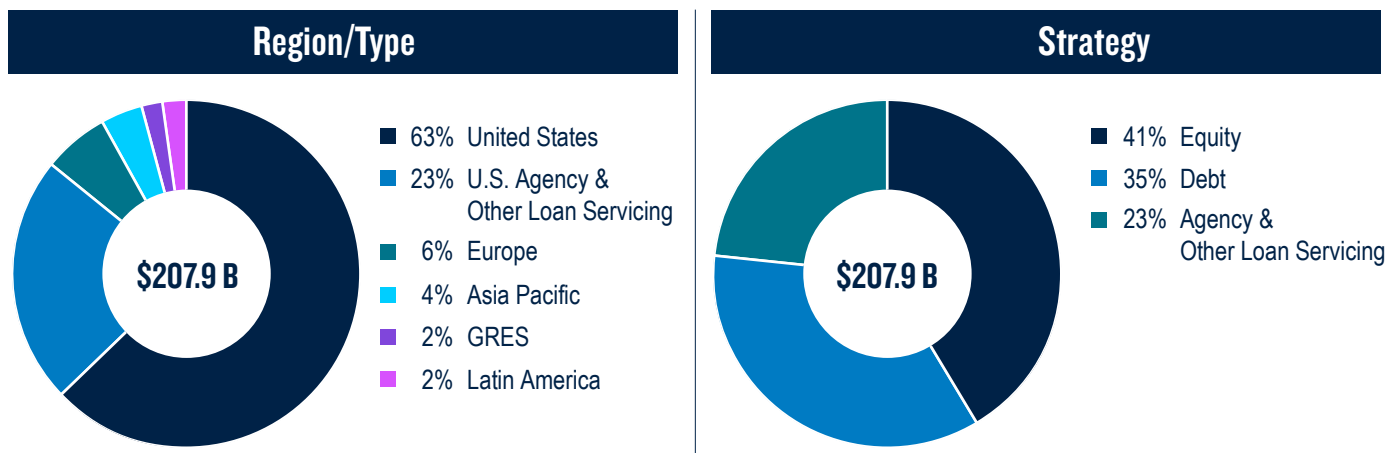
PRINCIPLE 6:

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

OVERVIEW OF PGIM REAL ESTATE CLIENT BASE

PGIM Real Estate pursues exceptional outcomes for our clients through a range of real estate equity and debt solutions across the risk return spectrum. Across market cycles, we have provided consistently strong performance for our investors⁷. We focus on real estate as a “local business” – investment selection decisions are made locally with accountability and strong risk management oversight. Active management is implemented at both the portfolio level, and for each individual asset. Asset managers are focused on enhancing both income and capital value of each asset. Our stable, tenured team of real estate professionals has a demonstrated track record of transparent communication through all economic cycles, and a steadfast commitment to strategic consistency.

Global Assets Under Management: AUM and AUA: \$207.9 Billion⁸



⁷ Past performance is not a guarantee or reliable indicator of future results.

⁸ As of 31 December 2022, AUM is \$133.8B Net and AUA is \$48.7B. Note: Percentages may not sum to 100% due to rounding.

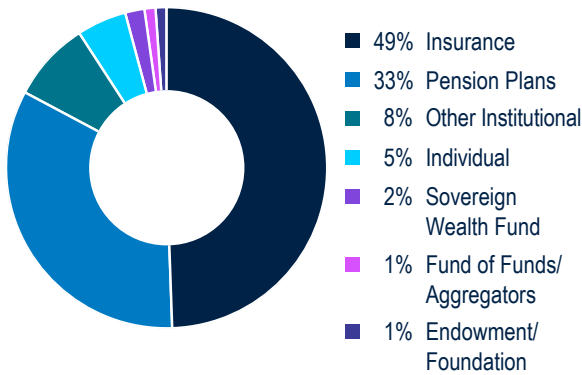
Equity includes primarily our direct Real Estate equity investments, and also our listed REITs business.

Debt includes our global private real estate lending business

Agency & other Loan Servicing represents our Assets under Administration (AUA). Agency loans are generally multifamily loans originated by PGIM real estate on behalf of U.S. Agencies (Fannie Mae, Freddie Mac & FHA). These loans are serviced by PGIM Real Estate’s affiliate loan servicer, PGIM Real Estate Loan Servicing (RELS).

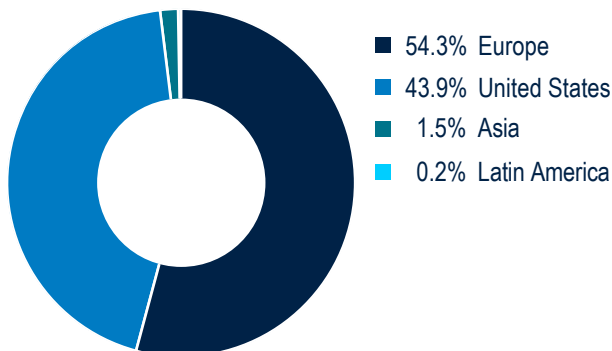
Our ESG integration strategies differ by asset class (as articulated in Principles 7, 9, and 11).

PGIM Real Estate Client Breakdown



Global client breakdown is as of 31 December 2022. The data represents a breakdown of our 3rd party client base. Individual includes DC Plans, Family Offices, and HNWI individuals. Pension Plans include Public and Private.

Source of Funds’ Capital



European source of funds capital breakdown is as of 31 December 2022.

Investment time horizon

The precise amount to time required to deliver a client’s requirement will vary, influenced by the nature of the client, the specific strategy pursued and the potential attributional impact the allocation to that strategy has on their overall portfolio level return and other requirements. For a relatively illiquid asset class such as property, even the most value add type strategy will require a time horizon of at least two to three years, with more usual core type strategies seeing hold periods of a minimum of five years. At the long end of the spectrum, we have held some assets in our US core fund across multiple market cycles dating back to the early 1970s.

COMMUNICATING WITH CLIENTS

PGIM Real Estate values transparency and communication, and as such engages frequently with our clients, and provides comprehensive reporting on manager governance, portfolio performance, ESG, and other topics.

Client Reporting Frequency/Mechanism

We are committed to providing investors with timely and accurate information and reports, and a high level of transparency and meaningful disclosure. We have built a secure, online Investor Portal where copies of all reports and communications are available.

Frequency	Communication Type	Description
As Requested	Investment Due Diligence, Operational Due Diligence, ESG Due Diligence	On a regular basis, on a schedule determined by investors and consultants in collaboration with PGIM Real Estate, the firm will respond to investor due diligence questionnaires that cover all topics important to investors. This customised reporting provides a high degree of transparency.
Quarterly	Standard Reporting	Preliminary Fund Report that includes performance highlights and transactions. Full fund report describing portfolio results, the Fund managers’ outlook and objectives. For equity funds an overview of ESG activity in the fund. Client-level capital account statements and financial statements for Funds that they invest in.
Quarterly	Quarterly Insights Research Report	Regional coverage of the latest investment trends and where investors might find value.
Bi-Annually	Fund Updates	Minutes from Fund Advisory Council Meetings.
Annual	Global Outlook Research Report	Our assessment of the outlook for the global and regional real estate markets, which identifies the opportunities we believe are among the most attractive on a risk-adjusted basis over the next 12 months.
Ad Hoc	Various	Organisational announcements, current reports on market activity or sector-related topics from our Research team.

Please note that this is intended to be illustrative and is broadly representative of the reporting investors receive. Reporting frameworks may differ by fund and client account.

Case Study: Responsiveness to Client ESG Reporting Requests

Increasing ESG Due Diligence requests: In the reporting year 2022, ESG questions became an embedded part of investor due diligence requests. Almost all investor requests had at least a question or two about ESG, and about a third had more robust sections on ESG. We responded to over 80 requests that were just focused on DEI and/or ESG. We expect an increase in requests for case studies and anticipate requests that will follow standardised governance structures such as INREV and regulations on fund classification such as SFDR.

Pilot of Expanded ESG Reporting in Quarterly Reports: In 2021, the ESG team collaborated with three equity funds to pilot expanded ESG reporting sections in standard fund reports. This including commentary on specific Environmental, Social, and Governance achievements, in addition to reporting on green certifications and GRESB results.

Looking Ahead: In 2023, for select funds we are in the process of developing annual fund level ESG reports, as well as expanding the ESG reporting sections for more equity funds. Additionally, we are evaluating adding ESG reporting for our debt strategies, for newly originated investments.

Additionally, as discussed in Principle 3, in 2021, PGIM Real Estate established a Global Disclosures Council to agree the standard dataset for reporting by different types of products, and to review and approve incoming client requests, to improve efficiency and transparency.

ESG Engagement and Education:

Our stakeholders include organisations that are subject to our influence and impact or are identified as part of our value or supply chains. We identify issues that are material to our stakeholders by engaging different groups in a variety of ways: in-person conversations, social media, customer satisfaction surveys, property manager surveys, employee surveys, an annual partner conference, fund advisory councils, frequent ad-hoc investor meetings, disclosure with our fund reports, annual report, ESG reports and press releases. Internally, our stakeholder engagement process has identified economic performance, governance, labour practices, and environmental performance as key issues. Finally, as part of its Outfront series, PGIM published a white paper in Fall 2022: “ESG and Greenwashing: navigating the tide of fact and fiction in sustainable investing.” The paper highlights that as the ESG landscape continues to evolve, asset managers need to act with integrity and investors need solutions they can trust. PGIM Real Estate actively attends and supports conferences such as ULI (UK, Europe, Asia Pacific Summit, Affordable Housing and the Responsible Property Investment), ULI Greenprint Meetings and webinars, the US Green Building Council’s Greenbuild conference, NAREIM’s Sustainability Conference among others. PGIM Real Estate has also participated on many conference panels and several white papers.

ESG Reporting

In addition to client reporting, as described in response to Principle 1 PGIM Real Estate reports on company activities through the UN PRI’s Reporting and Assessment survey and GRESB. Reporting to external bodies provides our clients with a meaningful way to benchmark our ESG performance against our competitors. Additionally, the firm publishes an annual ESG report.

ENGAGING CLIENTS AND ENSURING CLIENT SATISFACTION

Ultimately, our clients’ satisfaction – both broadly and in terms of ESG - is best measured by whether our clients continue to do business with the firm. Additionally, our ability to attract new investor capital is a key metric of 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, where at both the firm and fund level we need to demonstrate our ability to act as a true fiduciary, to protect and preserve client capital, and to deliver upon our commitment to ESG factors. Typically, this due diligence process continues post investment in the form of ongoing operational and investment due diligence.

In 2022, PGIM Real Estate saw strong positive third-party capital flows, which would not have been possible did we not consider the views of our clients and beneficiaries and ensured our products and way of doing business was satisfactory. Our platform broadly has seen consistent growth since the Firm’s inception. At the highest level, these third-party capital inflows are the truest measure of our ability to deliver value to our clients and beneficiaries.

Specific tools to gather and integrate client feedback, as well as specific actions we have taken to integrate it into our business practices, have been described below. ESG issues have been increasingly important to our clients, and the measures described in Principle 1 (e.g., our net zero commitment, interim targets, and reporting to GRESB and UNPRI) have been influenced by client preferences.

Tools & Forums for Gathering Client Feedback

Frequency	Type	Description
Quarterly	Investor Update Calls	The majority of our Funds hold regular quarterly investor update calls which seek to provide investors with detailed updates regarding performance and transaction activity. These calls are interactive, and investors are encouraged to ask any questions they may have to be answered directly by the Portfolio Management team.
Bi-Annually	Advisory Council Meetings	Most commingled Funds have Advisory Councils consisting of investors and their consultants who provide periodic input to management in meetings generally held two times each year (the exact timing and number of meetings is determined by the Council). Advisory Council members receive no compensation from the Fund or PGIM Real Estate, although PGIM Real Estate reimburses members 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. ESG issues are on the agenda of many Advisory Council meetings.
Annually or more frequent	Client specific meetings	Our clients will typically meet with us at least once a year and in some cases as frequently as quarterly. The nature, context and content of these meetings can and will vary, with some being formal board or trustee presentations, while others will be less formal interactions with client staff. Through these interactions, very specific information will be 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 which are of mutual importance. Long term one on one engagement is an important part of maintaining trust and confidence in manager client relationships and often provides early insight into a specific developmental area, vital when seeking to enable long term stewardship of a relatively illiquid asset class.
Annually	Client Conference	We hold an annual global client conference in the spring, as well as regional conferences. Our firm invites clients to meet with portfolio managers, senior staff and industry experts to hear updates about the firm, and industry as a networking opportunity.
Multi-Annually	Client Satisfaction Survey	As part of our continued effort to provide high-quality service to our clients, PGIM Real Estate commissions a leading market research and consulting firm every three years to obtain formal feedback on our clients’ perceptions of PGIM Real Estate’s investment capabilities, products and service delivery. The consulting firm has extensive experience evaluating investor feedback in the real estate industry and the information they help us collect enables us to better understand our clients’ needs and improve our services. Survey results in 2021, including client views around ESG, were used to help set our priorities for the following years. We have used the survey results to evaluate the effectiveness of our client engagement methods and inform our focus areas for improvement.

Case Study: Launching an Affordable Housing Fund in Response to Client Interest

Project: Following increased feedback received by clients through engagement relating to social matters and impact investing, in December 2020, PGIM Real Estate launched its UK affordable housing strategy. This strategy pools client funds to invest in and develop UK rental homes, which are let at affordable rents for working people and families. This investment programme aims to both help alleviate the supply-and-demand imbalance in the rental housing sector and strengthen PGIM Real Estate’s long commitment to sustainability.

PGIM Real Estate, as Fund Managers, are delivering this strategy by:

- Creating and promoting sustainable communities by targeting the provision of high quality new affordable homes with strong ESG credentials
- Investing long term to provide consistent, recognisable homes, service and management standards
- Protecting and enhancing the long-term value of the assets and the reputation of the Fund
- Providing stable returns to the Fund investors

Key Outcomes: The UK Affordable Housing Fund has now committed nearly £300 million across 27 housing schemes, providing just over 1,500 homes. One key element, is the creation and delivery of the Asset Management Strategy which encompasses eight key principles that the Fund’s appointed property managers adhere to in order to provide consistency of approach to all the Fund’s assets and customers.

The eight key principles are:

1. **Procurement of Property Managers and Third-Party Suppliers** - The Fund only appoints third party property managers and suppliers that demonstrate policies and values consistent with Fund Strategy.
2. **Customer Journey** - Creating a customer journey that is (i) consistent across the Fund’s assets, (ii) best in class and (iii) recognisable.
3. **Customer Leasing Terms** – Market standard leasing terms focusing on achieving a stable NOI over the long term, including flexible conditions to minimise voids and maximise customers length of stay. Affordability is key with agreed metrics benchmarked annually.
4. **Customer Lease Management** - The Fund’s aim is to balance the need to provide stable returns for the investors while being socially responsible and protecting the long-term reputation of the Fund.
5. **Investment of Long-Term Capital** - The Fund will target capital investment that enhances the long-term value of the assets as well as encouraging customer retention.
6. **Integration of new Technologies** - Identify opportunities to integrate new technology to enhance the customer experience, differentiate our product and increase NOI.
7. **Data Protection** - The Fund and Property Managers will protect the information collected from our customers.
8. **ESG Commitment** - The Fund is committed to designing and embedding a market leading ESG Strategy into the procurement of homes and asset and property management.

Focus on Continuous Improvement

Reflecting on the effectiveness of our approach to understanding client needs, we are aware of the opportunities for enhancement we face, as identified by our 2021 client survey. We outline some of these below:

- Increasing frequency of client communication
- Sharpening focus/relevance and succinctness of client reporting

- Enhancing relationships with clients globally beyond those in Europe.

In light of the above, we are committed to further evolve our research, engagement and reporting to more fully capture the nuance of our client needs. We will provide more information on our progress in future reports.

INVESTMENT APPROACH

PRINCIPLE 7:

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Overview

Investments may be made through a range of real estate equity or debt solutions across the risk return spectrum. When investing in joint ventures, PGIM Real Estate Funds will usually be the majority owner/stakeholder. With this position, PGIM Real Estate as manager also maintains control over the decision-making processes.

PGIM Real Estate views ESG as a proxy for good management and a contributing factor to long term value preservation and creation across asset classes, which helps to “future-proof” our funds. We utilise every possible opportunity during the holding period of our direct investment (typically 7 – 15 years for core funds) to integrate ESG factors into decision making. Given our private real estate debt strategies do not typically have the equity-style rights to influence the decision of our investments post-closing, our ESG integration focuses on evaluating borrowers through pre-investment due diligence and active monitoring during our holding period (typically upwards of 5 years for senior loans). The information on our holding period provided here should be viewed in the context of our investment time horizons explained under Principle 6.

As a house, we believe it is more constructive to invest in our assets and/or engage and support borrowers in their transition towards sustainability, rather than divest or refuse the loan respectively. Improving the ESG performance of an asset and engaging to improve borrower’s sustainability practices and focus them on a transition pathway will ultimately create long-term value. Because final investment decisions lie with transaction professionals and portfolio managers (overseen by the relevant Investment Committee), they receive ESG training, and are supported through regular meetings with the ESG team. As such we have not built a siloed separate ESG team but have embedded ESG into our investment approach.

Private Real Estate Equity Investments

ESG across the Property Life Cycle



PGIM Real Estate uses every opportunity across the property life cycle to drive ESG performance improvement.

- 1) **Acquisition** – screening, due diligence, investment critical, underwriting
- 2) **Active Ownership** – asset level work plan, net zero audit, property management agreement, tenant engagement, green leases / memorandum of Understanding / letter of authority, reporting / disclosure (GRESB), technology
- 3) **Redevelopment / Refurbishment** – development checklist, certification
- 4) **Divestiture** – selling with information

Acquisition

For all new investments, the transaction teams “screen” assets at bid stage from a review of vendor due diligence, where available, and publicly available environmental (“E”) information, which in the UK includes Energy Performance Certificate rating(s), the Environment Agency flood risk rating and any green building certifications held. Once under offer, PGIM Real Estate portfolio managers commission comprehensive and thorough due diligence utilising a standardised scope of works and approved panel of building surveyors, mechanical and electrical engineers and environmental / sustainability consultants. The scope and extent of the due-diligence undertaken during acquisition, whilst standardised, will tend to vary between regions and dependent 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 reviewed by the transaction and portfolio managers and the Investment Committee report compiled.

In the UK and Europe, up to seven items of ESG are considered ‘investment critical’ i.e. could have a material impact on an investment decision from a regulatory or financial aspect, and where a negative appraisal may preclude investment. These include:

- a) Minimum energy performance standard
- b) Energy in-efficient real estate, as defined under SFDR
- c) Binding criteria under SFDR (Article 8 funds only)
- d) Alignment to EU Taxonomy technical screening criteria (Article 8 funds only)
- e) PGIM Real Estate climate path (using CRREM)
- f) Flood risk, including scenario analysis for climate change (using Moody’s ESG Solutions, see Principle 4)
- g) Contaminated land.

For each of these items, a decision tree has been developed to support the transaction and portfolio managers in identifying material risks, considering potential impacts and any mitigation measures which might be required.

Each of the investment critical items are allocated a colour key priority status within the Investment Committee report, as below.

Environmental, Social and Governance Elements

- 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

The CAPEX cost (up to 10 years) for mitigation works is presented against any material risks within the Investment Committee report. This is with exception to climate adaptation measures which are presented with a CAPEX cost over 5 years.

The investment committee report also includes the output of an asset level ESG scorecard. The asset level scorecard is utilised across the globe, however similar to the scope and extent of due diligence undertaken during acquisition, it does vary between regions. In the UK and Europe the scorecard is based on 15

questions and calculates environment (65%), social (20%), governance and resilience (25%) into “above average”, “average” and “below average” categorises, and also requires the input of commentary on notable risks.

The asset level ESG scorecard is utilised within the acquisition process across the globe, in the UK and Europe, incorporates the following:

- **Environmental:** physical attributes which promote environmental stability (building certification and level achieved, metering data coverage and automation, presence of energy efficient equipment, energy source, low carbon transport options, water fixtures, and recycling infrastructure)
- **Social:** property attributes that impact the living and social experience (building certification, presence of comfort and wellness measures, and green clauses in leases)
- **Governance and resilience:** property attributes that measure the commitment to ESG (asset level action plan, managed plan and adaptation to climate change).

Asset Level ESG Performance Report

Property ESG Score	Below Average	Notable Risks	Mitigants / Strategy
Environmental	Below Average	The units do not benefit from green building certifications. The main heating source to the buildings are natural gas. Energy data is not collected.	Allowance has been made for the provision of smart meters, solar PV panels (where not already available) and electric vehicle (EV) chargers.
Social	Below Average	The units do not benefit from health and wellness certifications or measures (e.g. air quality monitoring etc). There are no green leases.	Plan to implement a tenant engagement app to enhance the sense of community across the sites.
Governance (including Resilience)	Average	The units do not currently benefit from ESG Action Plans.	ESG Action Plans will be developed for the units. All high risk and red flag issues have been resolved during due diligence.

The “amber” and “red” investment critical items and results of the scorecard are discussed at Investment Committee and the risks underwritten, as required, for example through insurance, a price adjustment etc.

Active Ownership

Post investment, we use the GRESB assessment and the BREEAM In Use certification framework to evaluate our ESG progress and identify opportunities for improvement. During 2022, 82.3% of our global equity assets under management were evaluated by GRESB.

During ownership we create detailed asset-level work plans for GRESB reporting funds (i.e., 82.% of our assets under management), which include asset-by-asset assessments that prioritise and identify areas of improvement, such as green certifications or properties that could benefit from net zero/

energy audits. The asset level workplans create a baseline of current implementation status across a portfolio as well as allow more targeted implementation measures for future budget cycles.

In the UK & Europe, we also look to utilise the BREEAM In Use certification standard to provide a framework to determine and drive sustainable improvements in the operational performance of our assets, leading to benchmarking, assurance and validation of operational asset data. The table below presents an example of how we are utilising BREEAM In Use for the French assets within our core fund.

Asset	Fund	Sustainability Performance Improvement using BREEAM In Use (BIU)
Prime residential asset (1,703sqm) in the 16th Arrondissement, Paris	Core	BIU pre-assessment (Part 1) completed in 2022. Achieved “good” rating. Asset to be certificated in 2023. Action plan commissioned to achieve “very good” rating within next three years.
Prime residential asset (5,404sqm) in the 16th Arrondissement, Paris	Core	BIU pre-assessment (Part 1) completed in 2022. Action plan generated for sustainability improvements to achieve “good” rating and budgeted into CAPEX in 2023. Asset to be certificated by end of 2023.
Affordable residential asset (3,473sqm) for families in the 17th Arrondissement, Paris	Core	BIU pre-assessment (Part 1) completed in 2022. Action plan generation to “good” and “very good”. Sustainability improvements budgeted into CAPEX to achieve “good” rating in 2023. Assets to be certificated by end of 2023.
Grocery-anchored logistics asset (99,934sqm), Salon-de-Provence	Core	Asset achieved BIU (Part 1) rating of “good” in 2022. Action plan generated and programmed to target “very good” rating by 2025.
Multi-tenant office/retail asset in a prime location in the 8th Arrondissement, Paris	Core	Asset achieved BIU (Part 1 & Part 2) rating of “very good” in 2021. An “excellent” rating is targeted by 2025.

ESG is a material consideration of the portfolio review process globally, where the ESG strategy, risks and opportunities of each PGIM Real Estate fund are discussed in a meeting between the respective portfolio management team and the Regional Investment Committee.

As part of our asset management protocol, we have also implemented Sustainable Standard Operating Guidelines (SSOG). The guidelines, which are updated annually, are intended to assist our property managers to identify opportunities to cut costs, address human health and improve efficiencies by “greening” their operations. We have ESG clauses included in our property management agreements, which require the provision and collection of data, and going forward will also require the reduction of the environmental impact of our properties (see Principle 8).

Improving the performance of our assets under management requires collaboration on many different levels and working closely with out tenants is vital to do this. We look to include green clauses in all of our new leases and regears, as a minimum to ensure compliance and data share at our assets.

Our assets under management are typically multi-let or operated by a single tenant until full repairing and insuring (FRI) lease terms. Under FRI lease terms the tenant is responsible for maintenance of the asset, including energy usage, and the landlord input is limited. This ultimately makes it hard for the landlord to influence the ESG characteristics of the asset. To counter this, we have initiated an occupier engagement programme, which aims to develop relationships with tenants to encourage data sharing and energy saving improvements to the building. The ideal being that through this engagement we are able to adopt either letters of authority or memorandums of understandings.

Development/Refurbishment

The development/refurbishment stage of the property lifecycle is the key intervention point to improve the sustainability performance of our assets, in particular energy performance. All new developments and refurbishment follow our best practices for new construction and major renovation projects, supported ideally by high level building certifications.

Case Study: Re-positioning for Climate Mitigation and Transition Risk

Project: £170M acquisition of 918 single-family housing units, located across 15 schemes in Manchester and Liverpool, UK

ESG Considerations: The investment was made through PGIM Real Estate’s UK Affordable Housing fund. The strategy of the fund aims to ensure that much needed rental housing is available to tenants at affordable rents, at a time of high inflation and a cost of living squeeze, and strengthens PGIM Real Estate’s long commitment to sustainability. As part of the due diligence process and underwriting, enhancements were identified to the units for the provision of low or zero carbon (LZC) technologies, in order to retain, or improve, Energy Performance Certificate ratings of B on reassessment (in line with the likely uplift in requirements under changes to Approved Document L June 2022), reducing utility cost for tenants and offering low carbon transport options for residents.

Action: The provision of LZC technologies, including the provision of smart meters, solar photo voltaics and electric vehicle charging points, have an estimated capital expenditure (Capex) of £7.0M (£7.6k per unit), which has been budgeted into the Asset Strategies for the units. The Capex was approved through Investment Committee and the portfolio acquired in March 2023.

Outcome: Our comprehensive due diligence and underwriting process allows for a Capex spend to future proof the assets, specifically in terms of climate mitigation and transition risk.

This case study was selected to show an example of the approach to ESG measures adopted across a large portfolio of properties to mitigate climate and transition risk.

Case Study: Using BREEAM to Identify, Benchmark And Validate Sustainability Improvements

Project: Our Core Pan-European fund holds three logistics warehouses, located in key transport hubs of the Rotterdam and Eindhoven regions of the Netherlands. Utilising the BREEAM New Construction (NC) and BREEAM In Use (BIU) standard frameworks, sustainable improvements have been identified specific to the operational performance of each of the three assets.

Actions: For the two newest assets (2021), sustainability improvements have been identified to include the provision of PV installations to the roofs, in order to target BREEAM construction “Very Good” and “Excellent” ratings. The PV installations are together calculated to generate up to 12.48 GWh of energy, which is proposed to be used by the tenants as well as being delivered back to the grid. For the built asset (2013), sustainability improvements have been identified to include the provision of low carbon transport options and the upgrade of the tenant fit out and solar shading, in order to target a BIU “Good” rating.

The assets boast in many cases from storm water retention systems, native landscaping and biodiversity initiatives to enable them to enhance their resilience to climate change and minimise their impact on local ecosystems. To further improve the accuracy of utility consumption data for the three assets, in addition to automated energy meters and waste management, the fund is prioritizing the provision of smart water reading meters. With the application of the smart meters, “Smartvatten”, both landlord and tenants will be able to monitor water use and detect leakages online and in real time.

Outcomes: For the 2021 assets, the PV installations will be completed in March and April 2023 respectively. As well as achieving a top level of performance under the BREEAM certification framework, the assets will be awarded EPC of A+++. CAPEX has been allocated for the sustainability improvement works at the 2013 asset, which will be programmed into 2023/24.

This case study was selected to show an example of the benefit of green certification at property level in relation to quantifiable ESG improvements.

Case Study: Establishing a Fund Level Net Zero Pathway

Project: Establishing a net zero pathway for PGIM Real Estate’s Core Pan-European fund

ESG Considerations: The works included the completion of on-site net zero audits for seven assets and desk-based extrapolation reports for the remainder. The purpose of each audit was to baseline energy and carbon performance, identify necessary interventions to align with net zero carbon using building-specific 1.5°C decarbonization pathways developed by the Carbon Risk Real Estate Monitor (CRREM) and estimate capital expenditure required to align with net zero carbon.

Actions: The interventions identified across the portfolio followed the energy hierarchy i.e. initially looking at enhancements to improve energy efficiency & conservation within the assets, the feasibility of the electrification of the assets and the potential for the generation of on-site renewable energy. The reduction in carbon emissions resulting from the identified interventions has been shown to push out the stranding risk of the portfolio to 2042.

Outcome: Going forward suitable recommended interventions will be incorporated within Asset Level Work Plans for the fund and will be programmed into ongoing maintenance, future refurbishments and tenant fit-outs etc. Detailed net zero audits will also be completed on a rolling annual basis for new assets acquired into the fund in order to continue to evolve the net zero pathway.

This case study was selected to show how PGIM Real Estate has implemented a net zero pathway for an established European fund product.

Private Real Estate Debt Investments

Due Diligence

For all new debt, the lending team operate a similar screening stage to the equity business. As part of the due diligence stage, other than commissioning a suite of appropriate building, mechanical and electrical and environmental / sustainability reports from our approved suppliers, we also look to complete a proprietary ESG Loan Assessment that was rolled out globally in 2021. Data for the loan assessment is collected through the issue of a borrower questionnaire, ESG specific sections of the due diligence reports and Moody’s ESG Solutions.

The ESG Loan Assessment incorporates the following:

- **Environmental:** physical risks and attributes which promote environmental stability (high-efficiency HVAC equipment, lighting, and fixtures; electric vehicle charging stations; recycling infrastructure; etc.),
- **Social:** risks and property attributes that impact the living and social experience at a property (affordability; walk scores; contaminants; accessibility),
- **Governance:** risks and attributes that measures the asset’s compliance with regulatory mandates for energy performance and the borrower’s commitment to ESG (green certifications; Energy Performance Certifications; policies, disclosures, alignment to ESG organisations etc.). and
- **Resilience:** climate related physical risks at the asset level (using Moody’s ESG Solutions, see Principle 4).

The ESG Loan Assessment will generate an overall “ESG Loan Score” (0 to 100) with Environmental, Social, Governance and Resilience sub-scores.

The findings from the due diligence assessments and ESG loan score are presented in the Investment Committee paper. Any material risks identified are discussed at Investment Committee and underwritten, through a deferred maintenance reserve (if applicable) or a post-closing obligation. For the post-closing obligation, the borrower is typically given 60-90 days to complete the work, but a shorter time period may be required if appropriate.

PGIM Real Estate’s Proprietary ESG Loan Assessment:	Information for the ESG Loan Assessment is sourced from a wide variety of sources including:
<ul style="list-style-type: none"> • Contains over 30 attributes which are scored • Results in a standardised 0 to 100 score • Is integrated into the Investment Committee Approval process 	<ul style="list-style-type: none"> • Borrower Questionnaire • Building, mechanical and electrical and environmental/ sustainability reports • Moody’s ESG Solutions

ESG in Loan Documents

PGIM Real Estate’s standardised loan documentation also addresses environmental considerations. Examples include:

- 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 borrowers sole expense.

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

Loan Servicing

PGIM Real Estate uses an affiliate servicer, PGIM Real Estate Loan Services (“RELS”). Because borrowers interact frequently with the loan servicer over the life of the loan, borrowers prefer to work with lenders that retain servicing. Thus, the borrower knows that it will continue to work with PGIM Real Estate for the life of the loan, and not a third-party servicer. From an investment perspective, PGIM Real Estate values the risk management benefits of retaining loan servicing to allow us to closely monitor the loans, mitigate any potential risks and act quickly if loans should become troubled. Investors directly benefit from the reporting capabilities and seamless integration of process and technology from an integrated loan servicing platform.

Case Study: Re-positioning through lending for Climate Mitigation and Transition Risk

Project: £40.4m of mezzanine finance for the acquisition and refinance of a portfolio of senior living homes, located across the UK. The portfolio had been aggregated through a mixture of acquisition and conversions / redevelopments resulting in a wide spectrum of asset age and obsolescence risk.

ESG Considerations: As part of the due diligence process, an assessment was completed for three of the properties, one from each of the property sub-groups, to identify the operational carbon “stranding” risk against the CRREM 1.5 degree decarbonization pathway. “Stranding” as defined by CRREM is an asset which does not meet future carbon and energy efficiency standards and market expectations, increasing its risk of early economic obsolescence. Our due diligence identified one of the properties, representative of the first generation homes i.e. opened from 2011 to 2016, was already at risk of stranding.

Action: Energy efficiency improvements, including the optimisation of existing heating provisions, the installation of solar photo-voltaics and the electrification of the property, were recommended specific to the stranded asset. The improvements, if installed, would push the stranding risk of the property out to 2036 within the CRREM pathway. The capital expenditure (Capex) for the improvements was estimated at £100,000, and extrapolated across the remainder of the first generation homes (total of £300,000). With the establishment of the approximate capital needs for the collateral, the investment team were able to adjust underwriting assumptions to account for the need of these improvements from property cash flow.

Additionally, and to continue to manage carbon risks and allow future accounting, ongoing access to utility data for all properties, was made a condition of the loan.

Outcome: Our comprehensive due diligence and underwriting process allows for a Capex spend to future proof the older assets, specifically in terms of climate mitigation and transition risk.

This case study was selected to show an example of the approach to ESG measures adopted across a portfolio of properties with varying ages to mitigate climate and transition risk.

Case Study: Performance improvement delivered through the Loan Agreement

Project: £230M loan to a speculative logistics development (1.3Msqft) in the West Country, UK

EGS Considerations: The property was proposed to be constructed to a minimum BREEAM rating of “Very Good” (condition of planning) and an EPC rating of “A”.

Action: Through discussions with the borrower during the negotiation of the financing, borrower agreed to use all reasonable and commercially prudent endeavours to achieve a higher BREEAM rating of “Excellent”. This understanding was made a condition within the terms of the loan agreement. Further, under the Development Management Agreement this requirement was extended to include mandatory credits within the BREEAM assessment for both thermal comfort modelling i.e. climate adaptation, and a Stage 4 Life Cycle Assessment i.e. to allow informed decisions on embodied carbon.

Outcome: Through a series of carbon reduction measures, using circular economy principles and low carbon materials, a nearly 50% reduction has been achieved in upfront embodied carbon (515kgCO₂e/m² compared to c.1,000kgCO₂e/m²¹). The borrower has also now targeted a net zero carbon embodied development and proposes to purchase high quality² off-sets to compensate for the residual embodied carbon emissions.

The negotiated changes elevated this development into the top 10% of new non-domestic buildings in the UK and supports our business ESG strategy ambitions specific to climate adaptation and embodied carbon.

¹ Which has been identified by a number of organisations as “business as usual” upfront embodied carbon

² As determined by the UK Green Building Council Gold Standard.

This case study was selected to show an example of the performance benefit of embodied carbon reduction measures implemented at the property level.

Agency Lending

Our Agency lending due diligence process differs from private real estate debt lending, as each agency has its own underwriting standards and requirements. However, PGIM Real Estate has a unique opportunity to help finance multifamily and affordable housing in the U.S. via our Agency business.

With over 20 years of experience working with Fannie Mae, Freddie Mac and the Federal Housing Administration, we are committed to leveraging our deep multifamily, affordable housing and healthcare expertise to maintain a leadership position and advance the future of our communities. We work with our clients to craft the appropriate financing solution for their diverse needs. We are well-versed in structuring loans around various affordable programmes including LIHTC, Section 8, as well as other local and state-wide regulatory agreements. PGIM Real Estate can and has executed affordable loans in all 50 states, plus D.C. and Puerto Rico.

PGIM Real Estate also offers an expanded line of multifamily property financing options through Fannie Mae, Freddie Mac, and FHA. Each of these capital sources offers different multifamily Green financing programmes for qualifying properties based on energy and water savings requirements via Green improvements or Green building certifications. PGIM Real Estate Green loan production through these programmes (Freddie Mac GreenUp, Fannie Mae Green Rewards, Freddie Mac and Fannie Mae Green Building Certification programmes, and FHA Green Loan) totaled over \$272 million in 2022.

Global Real Estate Securities Investments

For our Global Real Estate Securities (GRES) business investing in listed real estate company or REIT securities, ESG is an important part of our multi-factor valuation model. We include a proprietary ESG score in our buy/hold/sell company analysis, which has a material effect on our price target output. Our ESG approach incorporates ESG data provided by GRESB and is weighted so it is consistent with PGIM Real Estate’s environmental and social priorities. Below are the various factors that drive a proprietary ESG score for each company in our universe:

- **Environmental:** ESG case studies, building certifications, greenhouse gas emissions, waste and water consumption rankings and an overall resilience score for each Real Estate Investment Trust (REIT’s) portfolio.
- **Social:** a companies’ disclosures with regards to diversity, stakeholder satisfaction and community engagement. We also assess REITs’ portfolio social standings, looking at affordable housing benefits and walkability measures.
- **Governance:** independent versus non-independent board composition, lengths of tenure of board members, proxy access, insider ownership of stock, non-staggered board, anti-takeover provisions and business conflicts of interest with executive management teams.



To create a comprehensive ESG score for each company, we use a weighted average system, and 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 ESG throughout the industry.

INVESTMENT APPROACH

PRINCIPLE 8:

Signatories monitor and hold to account managers and/or service providers.

Our Service Providers

To support our investment activities, PGIM Real Estate rely on our network of carefully selected service providers, including property managers; external valuers; data providers; a proxy advisor; fund administrators; building, planning, development and environmental/sustainability consultants; as well as sales and letting agents. All of our service providers are appointed on a “best-in-class” basis on market terms.

At a global level, PFI maintain a Vendor Code of Conduct and Terms of Engagement document which requires that suppliers maintain ethical, humane, socially responsible and legally compliant business practices. It covers subjects such as regulatory compliance, business practices, health and safety, employment practices and sustainability practices.

In the US, where PGIM Real Estate controls the appointment/retention of service providers, we have also adopted a Responsible Contracting Policy, which seeks to promote responsible practices including fair wages and benefits. We endorse small business development, including minority and women-owned businesses, market competition and control of operating costs. Going forward, the US business has proposed to direct 20% of spending towards diverse suppliers and has in 2022 onboarded a vendor (Supplier IO) to assist.

In the UK, PGIM Real Estate is subject to the Modern Slavery Act, a leading piece of legislation which sets out a range of measures to combat modern slavery and human trafficking. In line with this legislation, PGIM Real Estate UK maintains risk-based processes to ensure identification and management of associated risks across our supply chain:

- The UK Business has established categories to identify heightened risk of modern slavery and human trafficking, based on industry and type of service provided.
- All UK Service Providers are screened to identify involvement with these heightened risk categories, prior to onboarding.

- Service providers associated with these categories are subject to additional due diligence requirements, both prior to onboarding and on an ongoing basis.

Every year, PGIM Financial Ltd issues a Modern Slavery Act Statement for the UK Group, which is approved by the UK Board and published on the PGIM website.

To enable a high level of understanding of the risks of modern slavery and human trafficking (and their avoidance) in our business and supply chains, we also provide appropriate training to staff about expected standards and behaviours.

For many new/renewal service provider contracts, we run a competitive tender process or draw a provider from an approved panel where applicable. In line with PGIM Real Estate’s Third-Party Risk Management 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 and collect references.

- For discrete, time-limited tasks, for example transaction related tasks, the required standards are set out in the contract. These tasks are either commissioned based, which tends to incentivise strong performance, or are based on a fixed fee/hourly rate.
- For core, and enduring tasks, for example 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”). The performance expectations within the 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. The SLAs are based on a fixed or tiered fee. Termination is normally stated at three months.

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

A typical UK Property Management Agreement, which include SLAs and KPIs	
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 ESG 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 / review account reconciliation

ESG is already embedded into the PMA. However, we are currently completing a comprehensive review of all retendered / renewed PMAs across the globe to include “standard” ESG clauses, as proposed below.

Proposed Standard ESG Clauses	
Sustainability Risk Management	<p>Manage compliance of sustainability requirements at the managed property where relevant to the services provided by the managing agent.</p> <p>Monitor regulatory compliance and arrange, on behalf of PGIM Real Estate, for statutory actions, inspections, monitoring and tests to be undertaken in areas of Landlord responsibility.</p>
Data Management	<p>Record and report on a quarterly basis energy data from meter readings, invoices, half hourly data files, or a combination thereof in PGIM Real Estate standard format where the Property Manager is responsible for procurement of energy supplies.</p> <p>Record and report on a quarterly basis water data from meter readings, invoices, or a combination thereof in PGIM Real Estate standard format where the Property Manager is responsible for procurement of water supplies.</p> <p>Record and report on a quarterly basis waste data in PGIM Real Estate standard format where the Property Manager is responsible for delivery of waste management services.</p>
Procurement	<p>Consider sustainability as part of the due diligence process when selecting services from any third-party provider or contractor.</p>
Sustainability Disclosure & Communications	<p>Ensure regular liaison with Occupiers on a range of Property Management issues, including sustainability issues.</p>
Utilities & Waste Management	<p>Require waste contractors to provide relevant waste data when negotiating new waste management contracts.</p>

Each year PGIM Real Estate continues to monitor property manager performance globally through a Property Manager Review (“PMR”) programme.

The PMR is intended to assess and to reduce the operational risk of PGIM Real Estate’s property managers. The programme demonstrates responsible oversight of third party property managers and partners and strengthens the trust and confidence of PGIM Real Estate’s investors and other stakeholders. It also provides direct and independent insights into daily operations and associated controls of PGIM Real Estate’s property managers. The European PMR is conducted by an external audit firm and overseen by the Operational Risk team, to ensure the involvement of all relevant stakeholders.

For PGIM Real Estate Europe, the PMR consists of two building blocks: (1) a risk assessment and (2) on-site visits; which are updated on an annual basis to reflect emerging risk areas and changes in regulation and the environment. E.g. for 2021, ESG was added to the PMR scope and for 2023, Operational Risk are looking to incorporate coverage around EU Taxonomy defined Minimum Social Safeguards.

- Risk Assessment:** An annual risk assessment is conducted for all European property managers which consists of three modules: (1) Cash Management, (2) Related Parties / Supplier Transactions and (3) Operational Risk – General / Occupied Properties / Accounting.
- On-Site Visits:** All property managers of European registered funds are in scope for on-site visits with 1-4 assets per property manager and / or fund, based on a rolling

3 year programme. Asset Management, Operational Risk and the European Executives have the ability to prioritise/deprioritise assets and property managers based on potential concerns or emerging risks, for example, due to high turnover of key personnel, changes in processes/systems, errors in reporting / lack of timely reporting.

Following the review, a workshop is held with Asset Management and Operational Risk to discuss the findings and recommendations identified by the advisory firm.

For issues identified, action plans are created and followed up. An overview of the annual European PMR results is presented to the relevant Boards and the EEC by Operational Risk.

For 2023, this process is being expanded to incorporate Joint Venture Partner (JVP) engagements. The JVP review will run alongside the PMR and will maintain a similar structure, albeit with some variations to reflect the differing nature of the JVP relationships.

Further Examples

Sustainability Consultants

Verdani Partners, a full-service sustainability and ESG consulting firm, is the primary service provider supporting our global ESG Programme. They have been appointed on a fixed term contract, which was renewed in 2021. As a direct service provider based in the United States the contract falls under the requirements of our Responsible Contracting Policy. It is noted that Verdani Partners is certified as a Women/Minority Business Enterprise (WMBE) by the Supplier Clearinghouse. The fixed term contract includes KPIs based upon specified timebound deliverables. The deliverables, arranged across an annual programme of works, are monitored by Christina Hill as the Global Head of ESG at PGIM Real Estate through weekly calls/meetings with Shubha Maheshwari as the PGIM Real Estate Director of ESG employed by Verdani Partners.

There were many instances of Verdani Partners sufficiently meeting the needs of the business in 2022. Examples include:

- Submitted 23 funds, c.288.7M SQ FT across 1314 assets assets, to the 2022 GRESB Real Estate Assessment. Ten funds earned 4-Star, 5-Star and/or First Place in peer group designations.
- Assisted in completing the Firm's 2021 UN PRI Report, which earned 4-Star for Investment & Stewardship Policy and Property and 5-Star for Fixed Income and Private Debt.
- Assisted in publishing a public-facing GRI and TCFD aligned annual ESG report.

- Hosted ESG communications with portfolio managers (fund level ESG strategies), asset managers (asset-level ESG work plans), PGIM Real Estate employees (ESG highlight newsletters and global and regional ESG Council meetings and updates), property managers (ESG highlight newsletter), and tenants (energy, water and waste awareness campaigns).
- Assisted in publishing a Net Zero Strategy to achieve net zero carbon emissions by 2050.
- Launched an online modular ESG training programme for PGIM Real Estate employees.

In doing so, Verdani Partners served our investors, our employees, our tenants and the wider local communities well.

Fund Administrators

PGIM Real Estate actively engages with fund administrators as an essential external service provider to support our direct investment activities. The assertive management of our fund administrators is fundamental to our investment and asset management approach. We appoint fund administrators on a “best-in-class” basis on market terms and monitor their service delivery through legal management agreements, which include SLAs and KPIs. The KPIs set within the SLA relate to timeliness, accuracy and quality of deliverables. The KPIs are monitored by the vendor engagement manager on a quarterly basis.

Overall, fund administrator services provided in 2022 met PGIM Real Estate's needs. There was however one instance in 2021 where business expectations were unmet. This was followed by engagement and escalations with the fund administrator and senior executives at PGIM Real Estate over multiple months, concluding with termination of relationship with the service provider. A competitive tender process was subsequently run to market and a replacement fund administrator appointed.

ENGAGEMENT

PRINCIPLE 9:

Signatories engage with issuers to maintain or enhance the value of assets.

Our Approach and Selection Process

Our approach to engagement ties back to the core objectives that we seek to achieve through our commitment to responsible investing (as explained under Principle 1), namely to:

- Deliver enhanced risk-adjusted returns for our investors
- Become a landlord and lender of choice
- Maintain our position as a practitioner of good global citizenship to all our stakeholders – investors, partners, borrowers, employees, and the communities in which we reside and invest

Stakeholder engagement is the foundation of the social pillar for our ESG framework. We have subsequently set out key themes and objectives and measured and recorded our activities/progress for both our people and our communities (including tenants).

 ENVIRONMENTAL	 SOCIAL	 GOVERNANCE
Sustainable Investing	Stakeholder Engagement	Responsible Investing
Operations & Resilience Environmental Data Management Operating Efficiencies Certifications Health and Wellness Resilience & Business Continuity	Our People Diversity, Equity & Inclusion Rewards & Recognitions Benefits & Wellness Career Development	Policy & Governance Governance Framework Risk Management Throughout the Investment Life Cycle
Investment Process Due Diligence ESG Assessment Investment Committee Climate Risk Assessment	Communities Community Betterment Charitable Activity Tenant Retention Resident Engagement	Business Engagement Standardization of Best Practices Measurement & Reporting of ESG Progress

The process to select and prioritise engagement themes and objectives is informed by a range of factors, including:

- Market research, e.g., considering the regulatory landscape, peer analysis and academic evidence
- Client engagement on interest and preferences
- Alignment with the Sustainable Development Goals (SDGs) – PGIM Real Estate’s ESG programme aligns with all 17 of the SDGs adopted by the United Nations Member States in 2015 as part of the 2030 Agenda for Sustainable Development

ENVIRONMENTAL

Resource Reduction



Sustainable & Resilient Operations



Environmental Impact



SOCIAL

Diversity, Equity & Inclusion



Stakeholder Engagement



Community Involvement



GOVERNANCE

Risk Management



Responsible Investment



Measurement & Reporting



Alignment with the Sustainable Development Goals

The implementation of our stewardship, including in respect of engagement, is guided by our Global ESG Council and tactically implemented with the support of our Regional ESG Councils. Our engagement approach is global, but we consider regional nuances when applying them. This means that certain issues are emphasised, depending on the market or region. For example, in Europe when engaging with tenants, in respect of data collection, we are mindful of the more stringent data privacy laws in the region, relative to the US.

Similar to Principle 7, our response to this principle will be divided into three sections to address our engagement approach as it applies to Private Real Estate Equity Investments; Private Real Estate Debt Investments; and GRES Investments.

Private Real Estate Equity Investments

On the private real estate equity side, we define “engagement” as the interactions we have with our investors, property managers, tenants and partners on ESG.

Investor Engagement

PGIM Real Estate proactively engages with investors through quarterly interactive investor update calls, bi-annual advisory council meetings, annual investor specific meetings, our annual investor conference and a multi annual client satisfaction survey. Examples of how feedback received from our investor engagement influenced our decision-making in 2021 are set out under Principle 6.

In 2022, as part of our materiality assessment for the UK and Europe, we engaged a third party to interview ten of our key investors for both equity and debt. The investors were selected through internal consensus, with opinions gathered across a cross-functional executive team. The focus of the engagement was around ESG issues that contribute to overall sustainable development. More specifically the questions included the following:

- Topics about which investors want more transparency
- Topics around which investors want improved performance
- Perception of current sustainability practices
- Perception about the relative priority of sustainability topics
- Opportunities for additional responsible practices

The questions posed were designed to include responses which required scoring/ranking, to allow a consensus to be established around critical impacts, questions stated as facts to guard against bias, and open ended questions to allow us to gain more detailed insights on specific topics. The investor interviews were recorded and transcribed and the key outputs identified, alongside other

stakeholder engagement outputs, are currently being compiled and ranked into a Materiality Map. The most significant ESG factors identified within the Materiality Map, in addition to providing the foundations for analysing risks and opportunities, will then inform a refresh of the UK and European approach to PGIM Real Estate’s Global ESG strategy.

Since the impact of climate change and the market & legislative response to this continue to evolve at a rapid pace, PGIM Real Estate will continue to perform investor interviews and/or surveys as part of a materiality assessment on a regular basis.

Property Management Engagement

Outside of the Property Manager Review and quarterly meetings, as presented in Principle 8, PGIM Real Estate also undertakes a global property management survey through the ESG programme. The “Sustainability Attributes Survey” has been issued annually since 2019. The survey is completed to identify key property issues, trends and opportunities regarding tenant and community engagement, procurement and sustainability. In 2022, we received responses from 968 properties with a gross floor area of over 218m sqft, across four continents, or 90% of operational assets. This was a 27% increase over 2021.

Data points collected included the use of energy-saving window technology, LED lighting, irrigated landscaping, onsite waste separating/sorting and air quality technologies. The results of the Sustainability Attributes Survey provide a snapshot of global, regional and fund-level sustainability performance from which key recommendations in each category are shared with portfolio management teams.

Tenant Engagement

As discussed in Principle 7, we utilise Sustainable Standard Operating Guidelines (SSOGs) to encourage PGIM Real Estate Asset Managers and our property managers to engage tenants. The SSOGs are focused to the provision of asset level advice to reduce environmental impact (and operational expenditures). This advice covers lighting, water and HVAC efficiency, amongst other topics.

Additional tenant engagement methods and tools, utilised across PGIM Real Estate, include but are not limited to:

- ESG clauses that address the tenant-landlord relationship, investment in efficiency, tenant fit-outs, building operations, and tracking and reporting. Based on the submission of PGIM Real Estate’s green leasing templates and ESG policies to Green Lease Leaders in 2022, the global business was awarded Green Lease Leader Silver status in the 2023 cohort of landlord recipients.

- A strategic tenant engagement programme, launched in 2022 for our UK funds, which aims to develop relationships with our largest occupiers to encourage data sharing and energy saving improvements to the respective buildings. Ideally, through this engagement we will be able to adopt either letters of authority or memorandums of understandings.
- Tenant events were held at various properties to increase sustainability awareness, including Earth Day, electronic waste drives, World Water Day, and others.
- Tenant satisfaction surveys were completed in 2022 for all tenants occupying assets within five pan-European funds and a UK fund.

- In 2022, PGIM Real Estate engaged tenants through various ESG campaigns, including Earth Hour, Earth Day, Energy Water Waste Awareness Month, Bike to Work Week, and Pollinator Week. These programmes are implemented annually and globally at the property level. For Earth Day, property managers are encouraged to host awareness and education activities for their tenants.

Additionally, PGIM Real Estate through our ESG Strategy are focused on certifications such as Fitwel and BREEAM In Use (BIU) – which works towards improving occupant health and wellbeing (see Principle 12) amongst other aspects of sustainability. To note, Fitwel and BIU will not only deliver health and wellbeing-related infrastructure improvements, but will also typically push the boundaries of an overall management strategy at the asset level facilitating general improvements in tenant engagement management practices, which may ultimately lead to increases in tenant satisfaction.

Case Study: Outcome of the European Tenant Satisfaction Surveys

Project: Tenant satisfaction surveys were completed in 2022 for all tenants occupying assets within five pan European funds (EuroCore, EVP II, EVP III, PEREF II and LTIF-SCS funds). The primary objectives of the survey were to determine the level of tenant satisfaction; evaluate tenant sentiment and understanding of sustainability issues; and consider response rates (as a proxy for interest). The surveys were conducted for both residential and commercial assets and in all language regions. The standardised questionnaire collected basic information, asked tenants to rate their ‘satisfaction’ in a series of categories, and gave respondents an opportunity to comment on areas for improvement. The categories included property management and maintenance, accommodation, comfort garden/surroundings, sustainability and communication.

Outcome:

- The surveys achieved overall tenant response rates of between 3.4% to 18%. Commercial tenants had a response rate of 6% - 22% and residential tenants had a response rate of 1.85%. The low response rates could be the result of the period chosen to share the surveys with tenants, which was December 2022.
- Commercial tenants were generally satisfied with the environmental/sustainability performance of the buildings they occupy, whereas residential tenants are according to the responses given in the survey rather dissatisfied. This is although based on a small number of tenants from the portfolio.
- The survey Net Promoter Score for commercial tenants is -50 to 100, respectively -88 for residential tenants. However, due to the low response rate, the results of the Net Promoter Score are not very representative.

Next steps:

- Contact the tenants who are willing to provide their environmental / sustainability performance with Property Management
- Work closely with (residential) tenants to improve their satisfaction / response rates
- Share results with Property Management and set a goal to improve, focusing on the tenants’ most important sustainability aspects

Case Study: Travel Plan Survey for Lampwick Quay

Project: In October 2022, Manchester Life Management Limited, as property managers at Lampwick Quay, conducted a travel survey of residents. The travel survey provides invaluable information on how people are travelling to and from their homes, why they travel the way they do, and how to improve travel to Lampwick Quay and make it more sustainable. As a responsible landlord, we are committed to reducing the number of single occupancy car journeys and to helping residents make a more sustainable travel choice where possible.

Outcome: The headline results of the survey are shown below:

- Over half of respondents own a car, the majority of which park their car at Lampwick Quay;
- Just over 10% of respondents would consider being members of a car club;
- Additionally, just over 10% of respondents own a bicycle;
- All respondents were in full time employment. An equal number drive, walk or get the tram to work as work from home;
- Of those who do not use public transport, over a third of respondents raised that cheaper fares and more frequent services would encourage them to use public transport more often. The other factors that would encourage the respondents to use public transport more often are faster journey times, more direct routes and greater reliability.

Next Steps: We continue to provide travel advice and guidance to residents, via the Concierge Team and the Residents' Portal cross checking schedules against live online timetables. We have updated our social media strategy to promote appropriate national awareness days, e.g. 'Walk to Work Day' and local running, walking and cycling groups. Additionally we have negotiated a discount for all residents with Go Outdoors, a local outdoor retailer, and E-Car Club, an electric car company, to encourage residents to make more sustainable travel choices.

Amongst other initiatives, we remain committed to promoting the use of car sharing (Uberpool) via social channels, and continue to research new ideas for modes of transport and sending out information and promotion accordingly.

Outcomes

Through a combination of asset level workplans, property management and tenant engagement, we continue to make progress toward our ESG targets:



Please note that our reporting schedule is aligned with GRESB and other annual ESG reporting activities, and as such updates are not available until June 2023. This is to accommodate the data collection, processing, and quality assurance timeline.

Tenant Engagement

In 2022, as the Covid pandemic reached an end, we held approximately 1,510 in person events in the United States. These included but are not limited to:

- Holiday/ Seasonal Parties: breakfast, brunch, lunches, BBQs, food trucks, concerts (all national holidays, Veteran's Day, Earth Day, Holiday tree lighting, ugly sweater contests)
- Drive: toys for tots, gift drives, coat & clothing Drive
- Pride Pantry Donation
- Blood Drive
- Food Drives/ Donations
- Pet adoption
- E-Waste Collection
- Bingo
- Father's Day car show
- Health & Wellness - Flu Clinic
- Breast Cancer awareness events
- Alzheimer's mini walk
- 5k run/walks
- Race for Hope
- Relay for Life
- Art classes
- Yoga classes
- Networking breakfast
- Understanding Medicare, Alzheimer's
- Senior prom (senior housing dance)
- Carnival
- Craft fair / Farmers Markets
- Book club
- Wine Pairing / happy hours
- Summer Dog splash days

Private Real Estate Debt Investments

On the private real estate debt side, we define “engagement” as the interactions we have with investors and borrowers on ESG and other issues throughout the life of the loan. Investor engagement is discussed above under equity. For borrowers engagement initiatives may include:

- Seeking to educate borrowers in the reduction of their portfolio’s environmental impact and where relevant, promote sustainable design and construction methods
- Encouraging borrowers to develop sustainability expertise on topics such as energy ratings, green building certification as well as to develop their own ESG strategy and industry affiliations
- Monitoring and enforcing ESG covenants established in the lending documents
- Reviewing and approving borrower consents
- Reviewing and approving borrower business plans and plans for efficiency enhancements

Case Study: Collaborating with the Borrower to Strengthen Climate Resilience Measures

Project: PGIM Real Estate originated a 2022 Core loan on a recently constructed hotel in Tampa, Florida. The loan was to provide permanent financing on the full-service, high-rise hotel situated on a waterfront promontory in Tampa that had historically been exposed to flooding and storm surge. In addition, climate modeling commissioned by PGIM Real Estate indicated that the waterfront was subject to high risk of hurricanes.

Actions: PGIM Real Estate worked with the Borrower to identify probable flood exposure scenarios based on a comparison of climate model data, with construction floor plans and elevations augmented by temporary flood proofing measures at select locations within and around the building. In addition, we were able to confirm hurricane-resistant exterior glazing and façade details based on projected wind speed analysis of the entire building exterior. Finally, PGIM Real Estate worked with the borrower to implement an acceptable Business Continuity Plan that included hurricane emergency planning and flood preparedness measures.

Outcomes: Our customised climate risk assessment and close collaboration with the borrower allowed this transaction to close with the hotel benefitting from strengthened climate resilience measures.

Case Study: Influencing the Borrower to Improve Sustainability and Reduce Greenhouse Gas Emissions Across a Portfolio of Properties

Project: PGIM Real Estate partnered with Fannie Mae on a 10-year Green Rewards senior loan to finance sustainability upgrades at 25 multifamily residential properties located in the south-eastern United States.

Actions: The PGIM Real Estate-approved property upgrades included comprehensive replacement of older apartment heating systems with new, high efficiency heat pump units, the replacement of gas-fired water boilers with all-electric models, the removal of ozone-depleting refrigerants from the air conditioning systems, the provision of smart thermostats and energy management upgrades, and the installation of water-efficient plumbing fixtures and water-saving lawn irrigation equipment.

Outcomes: In support of the ESG commitments shared by both PGIM Real Estate and Fannie Mae, the 25 properties are being renovated to achieve a projected 15% reduction in energy usage and 20% reduction in water usage, as well as elimination of all Scope 1 GHG emissions from a majority of the properties.

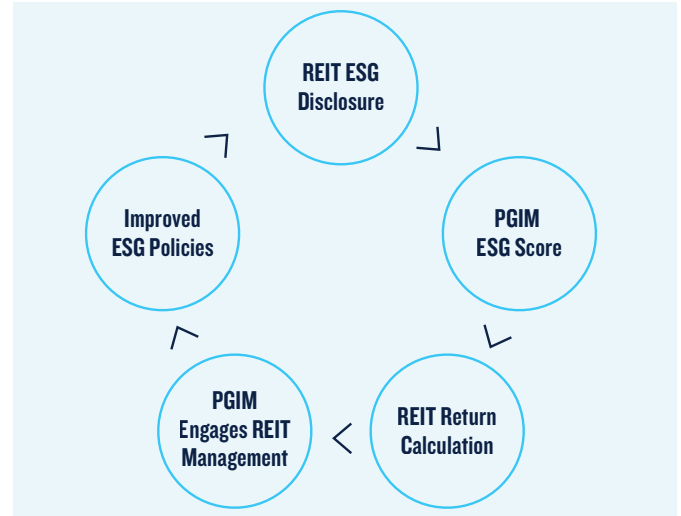
PGIM Real Estate’s loan servicing team is monitoring the renovations and will confirm compliance through annual post-renovation energy audits throughout the loan term.

Global Real Estate Securities

For our GRES business, we define “engagement” as the interactions we have with the real estate company’s management team on ESG.

As significant shareholders, we are in a strong position to influence ESG-related decisions for these REITs. We estimate that each member of the analyst team meets with the senior management of a REIT roughly a hundred times each year, which gives us ample opportunities to discuss our ESG priorities and methodologies. Throughout these management meetings we advocate for thorough and transparent disclosures on relevant policies.

GRES – ESG Virtuous Cycle



REITs that elect to improve their ESG focus will see a corresponding increase in projected returns in our valuation methodology (see Principle 7), thereby increasing the potential for increased ownership in their shares by our strategies.

ENGAGEMENT

PRINCIPLE 10:

Signatories, where necessary, participate in collaborative engagement to influence issuers.

While there are no issuers in the traditional sense for direct real estate investors, there are many collaborative engagements with other investors and wider stakeholders that we participate in to create sustainable outcomes for clients and beneficiaries, as well as the economy, environment and society.

PGIM Real Estate is a signatory/member of a number of industry bodies such as AREF, CREFC, INREV, ULI, BPF and RICS, amongst others. A number of senior personnel within our business are also actively involved in many of their respective working groups and executive boards / councils with an aim to not only share knowledge, establish industry standards and promote best practice in corporate governance and transparency (as discussed in Principle 4) but also ultimately to look to influence positive change.

As a business we acknowledge the depth and breadth of ESG challenges across the real estate sector and are also mindful of our ability to make a significant impact. Many of the challenges we have looked to invest both capital and resource into are

driven out of our ESG strategy, which considers key stakeholder requirements, the strength of our business and the opportunities we are presented with in the market.

As a business we recognise and looked to respond to the following ESG challenges:

- There is a lack of diversity within the commercial real estate industry, which impacts its ability to be equitable and inclusive;
- There is a vast need for climate technology, innovation and tools within commercial real estate, which impacts its ability to achieve decarbonization goals; and
- There is a lack of industry consensus on metrics, frameworks and disclosure standards specific to real estate, which limits the inflow of capital into ESG performing funds.

The ESG investment related memberships and initiatives are summarised below. For the sake of brevity, we have provided an overview of collaborative engagements that our UK employees participate in, however other regions have similar engagements with relevant regional or global industry bodies.

Organisation	Level of Involvement (basic / moderate / advanced)	Detail
--------------	-------------------------------------------------------	--------

Diversity, equity and inclusion

Academy of Real Assets	Advanced	<p>Role and contribution: PGIM Real Estate was an inaugural member of the Academy of Real Assets, when it was founded in 2021, and by way of representation are an active part of the Editorial Board. The Academy is focused on promoting diversity and helping under-served and under-privileged schools learn about a career in real estate.</p> <p>Outcome: To date, the Academy has launched a series of virtual engagement sessions for UK state-funded schools to set out the opportunities for a career in real estate as well as host an inaugural national essay competition (“The Town of the Future will...”) giving students the opportunity to be published in the Property Chronicle. In 2023, the national essay competition will have the option of an essay or to produce a short film (“If this building could talk...”) giving 50 students the opportunity to publish their own book or have their film curated on a bespoke channel and distributed nationally.</p>
------------------------	----------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Organisation	Level of Involvement (basic / moderate / advanced)	Detail
British Property Federation (BPF)	Moderate	<p>Role and contribution: PGIM Real Estate by way of representation have actively led BPF’s Finance Committee since 2019.</p> <p>Outcome: Within this role, we have actively promoted gender diversity and improved the composition of the committee from 24% to 42% over the last four years (against a target of 40% in line with BPF’s Diversity & Inclusion policy).</p>
Mindful Business Charter	Moderate	<p>Role and Contribution: PGIM Real Estate became a signatory to the Mindful Business Charter in May 2021. The intention of the Charter is to remove unnecessary sources of stress and promote better mental health and wellbeing in the workplace. PGIM Real Estate, by way of representation, has subsequently attended bi-monthly signatory calls and has presented to other signatories (and third parties) on the methods employed to integrate the Charter into our practices and culture.</p> <p>Outcome: We remain committed to further deepen the integration of the Charter into our business through the development of additional practical processes and smart goals.</p>
BFI Flare: London LGBTQIA+ Film Festival	Moderate	<p>Role and Contribution: PGIM Real Estate collaborated with the British Film Institute (BFI) on BFI Flare: London LGBTQIA+ Film Festival, one of the world’s most significant and long-standing LGBTQIA+ film events. This was the 37th BFI Flare London film festival and was a product of a 4 year collaboration between PGIM Real Estate and the BFI.</p> <p>Outcome: PGIM Real Estate partnered in hosting a special film screening of French film Winter Boy starring Juliet Binoche at the Southbank BFI cinema in March 2023 as part of the festival.</p>

Climate technology, innovation and tools

Association of Real Estate Funds (AREF)	Advanced	<p>Role and Contribution: PGIM Real Estate by way of representation have been an active part of the AREF Training and Education Committee since forming in 2018, which has included the setting up of the FutureGen Committee & Network and a number of events. By way of representation, PGIM Real Estate are also an active part of the AREF ESG Disclosure Working Group since forming in 2021 and have been significantly influential in the recent establishment of the AREF D&I Taskforce in 2021.</p> <p>Outcome: Other than responding to sustainable finance and climate- related disclosure consultations as discussed in Principle 4, we have contributed to further development of the appropriate tools and metrics that will allow asset managers to better define climate risk exposure and decarbonisation. In respect of D&I, we have lead on one of the three key D&I workstreams: social mobility. The social mobility working group, with similar objectives to the Academy of Real Assets, has looked to promote diversity and help state-funded school students learn about a career in real estate. In November 2022, PGIM Real Estate sponsored, hosted and participated in AREF’s inaugural DEI event.</p>
Urban Land Institute (ULI)	Moderate	<p>Role and Contribution: PGIM Real Estate by way of representation has actively led ULI’s Europe Technology and Real Estate Product Council since the end of 2021. The council has the purpose of exploring how technology and innovation in real estate can enhance customer experience and quality of life. By way of representation, PGIM Real Estate are also an active part of the UK Sustainability Product Council.</p> <p>Outcome: In addition to designing the Technology and Real Estate Product Council workshops, including site visits and four roundtable discussions, which we moderated, we held a webinar on Cyber Security in the Built Environment. PGIM Real Estate has also been actively involved in ESG panels at the 2022 European Conference, UK Conference and the APAC conference.</p>

Organisation	Level of Involvement (basic / moderate / advanced)	Detail
Metrics, frameworks and disclosure standards		
European Association for Investors in Non-Listed Real Estate Vehicles (INREV)	Advanced	<p>Role and Contribution: PGIM Real Estate was an inaugural and data contributing member to the INREV Asset Level Index (ALI), which launched in 2017, and by representation are an active member of the Performance Measurement Committee, since January 2021, which has specially involved the review of appropriate ALI sustainability metrics. More recently, PGIM Real Estate, again by way of representation have become actively involved in the INREV Debt Working Group, which is currently working towards the development of an ESG questionnaire for debt funds.</p> <p>Outcomes: In 2022 PGIM Real Estate shared the requested two years of asset level sustainability data for our European core equity fund. PGIM Real Estate is again committed to participating in this initiative early in 2023. Additionally, PGIM Real Estate by way of representation are actively involved in the INREV European ODCE focus group, since the launch of our European core equity fund in 2019, which provides a test case for piloting new initiatives (inc. the ALI sustainability metrics and asset to fund level reconciliation).</p>
Commercial Real Estate Finance Council (CREFC) Europe	Moderate	<p>Role and Contribution: PGIM Real Estate by way of representation have been an active part of CREFC’s Green Lending / ESG Working Group since forming in 2019. More recently PGIM Real Estate by way of representation have been an active part of the CREFC Diversity, Equity & Inclusion Committee since forming in 2021, which will look to develop policies and programmes that promote workplace diversity and inclusion. Most recently, this group has been engaging young leaders within CREFC to expand collaboration efforts that provide young professionals with mentors and provide women networking opportunities to expand their careers in CRE</p> <p>Outcome: In addition to participating in DEI initiatives with CREFC, PGIM Real Estate actively contributed to the development of a borrower DDQ with a goal to set a minimum standard of borrower level ESG questions for debt providers.</p>
Joint collaboration between The Good Economy & Big Society Capital	Moderate	<p>Role and Contribution: PGIM Real Estate by way of representation formed part of the project group, which was initiated in June 2020, as endorsers of a Sustainability Reporting Standard for social housing. The aim of the project was to ultimately develop and test a framework to provide a consistent approach for social and affordable housing investment funds to assess and report on their impact credentials for people and the planet.</p> <p>Outcome: PGIM Real Estate actively contributed to the development of a White Paper entitled “Towards an Approach to Impact Reporting in Social and Affordable Housing” which was published in April 2021, to help improve the quality of corporate reporting and to raise the inflow of capital into social housing.</p>
GRESB	Basic	<p>Role and Contribution: PGIM Real Estate has been a member of GRESB since 2013. GRESB is an investor-driven organisation that assess and benchmarks the ESG performance of real assets.</p> <p>Outcome: In 2022 more than 82.3% of PGIM Real Estate’s equity global assets under management are evaluated by GRESB. This formally signals our support for this initiative aimed at developing a voluntary, consistent ESG disclosure framework for use by companies in providing information to investors and other stakeholders.</p>
UN Principles for Responsible Investment (PRI)	Basic	<p>Role and Contribution: PGIM Real Estate became a PRI signatory in October 2009 to show out support for responsible investment.</p> <p>Outcome: On an annual basis we report to PRI on senior leadership practices, organisational overview, investment and stewardship policies, and real estate investment practices. This formally signals our support for this initiative aimed at developing a voluntary, consistent ESG disclosure framework for use by companies in providing information to investors and other stakeholders.</p>

ENGAGEMENT

PRINCIPLE II:

Signatories, where necessary, escalate stewardship activities to influence issuers.

Private Real Estate Equity Investments

52.1% of AUM as at 31 December 2022

For Private Real Estate Equity there are no issuers, as our funds own real estate assets directly. As described in response to Principle 7, for our equity assets ESG objectives are generally set at the time of investment, or in the annual asset level work plan process, and monitored on an ongoing basis via scheduled asset and portfolio reviews.

Engagement priorities align closely with the overarching objectives outlined in response to Principle 1, including our Net Zero Commitment, our 10-year reduction targets, and our goal to improve our GRESB scores.

Escalation of stewardship activities in private real estate equity can take several forms, including:

- **Escalating issues with service providers:** Property managers play a key role in the management of ESG issues at the asset level. As described in response to Principle 8, we are rolling out updates to our Property Management Agreement across

the globe, which include SLAs and KPIs that will allow us to benchmark property manager performance against our ESG and stewardship objectives, and escalate ESG issues should they be identified. Other forms of escalation with property managers and other service providers include collaboration, senior management engagement and terminating service provider relationship (please see case study relating to removal of property managers below).

- **Modification of asset level work-plans:** As described in response to Principle 7, Asset Managers develop a strategic plan for each asset that includes specific ESG objectives based on the original underwriting assumptions and the goals of the portfolio. A new or revised plan is produced annually and reviewed and approved by the Portfolio Manager at the annual budget meetings. These annual reviews provide an opportunity for progress measurement, and escalation of engagement where progress in meeting objectives are behind target.

Case Study: Removal of Property Manager

Issue: In 2021, we observed continued underperformance and a lack of strategic execution by a property manager in respect of two major senior living properties in Arizona owned by PGIM Real Estate.

Escalation measures: We conducted repeated engagements with senior management of the property manager. However, there was a lack of improvement by the property manager. This resulted in their replacement by a new property manager whom we have a pre-existing relationship with, and demonstrates a strong track record in performance, including in respect of ESG.

Outcome: The new property manager has put new Executive Directors in place, has been reducing agency staffing, and has grown occupancy by about 10% at each building. At the transition, Net Operating Income was negative \$50K, and in the first quarter of 2023 was positive \$50K.

Case Study: Engaging a Broad Range of Stakeholders to Improve Data Collection

Issue: Data collection is critical to achieving our Net Zero goal and other ESG objectives. As described in response to Principle 2, Measurabl is the tool we use to collect, manage, and analyse asset-level environmental data, which allows us to measure our progress. However, collecting a complete data set for the properties we own is challenging, even with Measurabl.

Escalation measures: In 2022, PGIM Real Estate continued to escalate efforts to improve data collection. We engaged many of our partners, and specific actions taken included:

- Rolling out a data collection protocol to all property teams, and issuing scheduled reminders of year-round internal deadlines for data collection;
- Working with regional consultants to improve data coverage at a local level;
- Enhancing our onboarding package for new property management contacts to educate them on PGIM Real Estate’s data collection protocol, including access to a customised recorded webinar;
- Engaging PGIM Real Estate’s global Asset Management teams to support ESG data collection efforts;
- Increasing the number of assets with utility automation (which automates the entry of utility data into Measurabl);
- Beginning to track renewable energy use in Measurabl;
- Engaging with Measurabl’s product team to feedback on ways to improve the platform and allow greater and more consistent data collection across the globe.

Outcomes: Improved data access and sources has enhanced our ability to monitor our progress against net zero and hold relevant stakeholders in our value chain, such as property managers, accountable. The majority of GRESB reporting funds with prior year assessments increased data coverage over 2022.

Private Real Estate Debt Investments

45.9% of AUM as at 31 December 2022

As described in response to Principle 7, our ability to escalate ESG issues is primarily determined during the initial investment and underwriting process. We conduct a thorough analysis of ESG issues as part of due diligence, and where applicable impose ESG related requirements through either mitigation of risks prior to loan closing, or where appropriate, expanding loan requirements through loan covenants. Depending on the nature of the loan, we will also structure loan terms and parameters to address pre-determined ESG requirements.

As with our private real estate equity business, the issues we prioritise when considering structuring loans are closely aligned with our broader Firm goals outlined in Principle 1.

Because our ability to influence sponsors post-investment is largely determined by up front agreement of the loan structure, terms, and ongoing requirements, our approach to ESG when structuring loans is highly proactive. Our comprehensive due diligence process (as described in full in response to Principle 7 and summarised below) addresses any ESG issues, and retaining loan servicing in house (described in Principle 7) provides additional monitoring and risk management benefits. We continue to evaluate how to increase our impact as a lender, for example via enhanced ESG provisions and reporting requirements in loan documents where practicable and the consideration of formal green lending frameworks being developed in the marketplace.

Recap of ESG priorities in the Lending Process

Environmental: PGIM Real Estate will not invest in or lend against assets where we do not believe any environmental risks can be appropriately mitigated. We require full third-party engineering and environmental assessments reports (including a review of sustainability attributes) for every property that we finance, and complete a needs assessment on every property, which includes HVAC and other energy related property functions. All assets undergo a structural review during the due diligence process. The funds benefit from a platform of selected external consultants who provide specialist due diligence that includes environmental and structural surveys.

Social: As we seek to identify the partners with whom we work, we recognise that best-in-class borrowers are those who fulfil their social obligations across the assets they operate, and in the communities where they are based.

Our evaluation of Social impacts includes a review of borrower’s engagement, programming and consideration at the tenant, resident and community level. Our underwriting approach quantitatively and qualitatively addresses the primary risks and attributes that impact the living and social experience at a property.

Comprehensive asset level diligence, appropriate loan documentation, structuring, and covenants then also form important components to delivering on our portfolio level strategic objectives.

In addition to our role as a fiduciary, we view it as important to raise stakeholder awareness and promote broader change in the real estate industry. We are currently working on further developing out our proprietary analytical framework to work with borrowers to better measure “Social” attributes. Critical quantitative measures that we consider include health, safety and accessibility as well as affordability and transportation connectivity.

Governance: As previously described, we are committed to doing business with firms that align with our values and adhere to our policy standards. PGIM Real Estate’s loan documents include market standard global economic and trade sanction screening requirements including on any change of control. Our Anti Money Laundering (AML) procedures include checks that no investors or borrowers have been placed on the U.S. Treasury Department’s Office of Foreign Asset Control’s (OFAC) list and other global lists of sanctioned countries, entities and individuals as relevant to the client and investment manager’s jurisdiction. We also maintain a Customer Due Diligence (CDD) procedure that requires PGIM Real Estate to gather certain counterparty identity information and verify that information to form a reasonable belief that PGIM Real Estate knows the identity of its investors, JV Partners, borrowers, and property buyers/sellers.

Global Real Estate Securities Investments

2.0% of AUM as at 31 December 2022

ESG considerations are an integrated component in our investment process. We assign a justified premium/discount to NAV (a price target output) for every REIT under our coverage based on a number of factors, including a proprietary ESG score and a management score. Corporate governance considerations have been a major component of our management score for years, with a focus on board independence, non-staggered boards, etc. More recently we’ve integrated “Environment and Social” through our subscription to GRESB. Our management

scores are now influenced by how REITs score in the GRESB annual survey. We expect to continue to review how ESG is incorporated into our investment approach. The integration of the GRESB results has led to numerous ESG conversations with REIT management teams that we expect to result in further information and increased industry focus. In addition, appropriately discounting our target stock price for REITs with poor corporate governance has allowed our team to avoid investment in apparent “value traps” that have materially underperformed peers.

EXERCISING RIGHTS AND RESPONSIBILITIES

PRINCIPLE 12:

Signatories actively exercise their rights and responsibilities.

The reporting requirements set forth by the FRC do not directly apply to our private real estate equity and debt businesses that comprise the majority of our AUM and AUA, however there are clear rights and responsibilities that we have as a real estate investor. Therefore, we have interpreted the FRC's request broadly and outlined below the ways in which we seek to exercise our rights and meet our responsibilities as a real estate investor.

Rights

As asset owners, we can have an impact throughout the real estate investment cycle – from acquisition to disposition. As lenders, our rights are determined in loan documents, and as such we do detailed due diligence to ensure appropriate enforcement mechanisms are in place before a loan is finalised. As previously described, where applicable both fund and asset level strategies support our goals and net zero commitment. We continue to seek ways to expand our impact in measurable ways, such as by advancing towards our net zero target, our consumption reduction targets, and our stated goal to improve fund-level GRESB scores.

Responsibilities

Our responsibilities to all our stakeholders – including tenants, investors, and beyond – have been outlined throughout this report, and include:

- **Setting ESG goals** that benefit our stakeholders and society at large (Principle 1) and monitoring our progress toward these goals in a credible and transparent way.

- **Appropriately aligning employees** with our Firm and client objectives, while incentivising ESG activities (Principle 2).
- **Maintaining a robust governance structure** (Principle 2, 3) and policies to support it (Principle 5), and ensuring appropriate controls and reviews are in place.
- **Ensuring our risk management practices are effective** and support well-functioning financial markets (Principles 3-5).
- **Taking into account our client needs**, and proactively soliciting and responding to client feedback (Principle 3 and 6).
- **Integrating ESG** practices into our investment process across all asset classes, and where applicable throughout the asset holding period (Principle 7).
- **Engaging with all stakeholders** to raise awareness of how they can support our ESG emissions reductions, as well as engaging with all stakeholders to raise awareness around critical matters concerning the environment and our communities and how we can collectively drive toward our reduction targets, reach our net zero goal and deliver positive outcomes for all of the parties we influence (Principles 8-11).
- **Enforcing our rights through appropriate monitoring** of service providers and counterparties (Principles 8 and 11).

All these activities support our objective to become a landlord and lender of choice, as well as our goal of being a positive and productive global citizen.

Private Real Estate Equity Investments

Examples of our engagement activities have been provided in response to Principles 9 and 11, and additional examples are presented below.

Case Study – Prioritizing the health and wellness of tenants and customers

Social value rose up the agenda during the pandemic and PGIM Real Estate is pleased to report that health and well-being influences building design and operation, as evidenced by three Fitwel certifications implemented at properties in 2022 (9 Fitwel certifications achieved in 2021). Fitwel's seven health impact categories include strategies for increasing opportunities for physical activity and access to healthy foods, as well as strategies for supporting social equity for vulnerable populations and improving impact on community health.

The Centre for Active Design recognised PGIM Real Estate as a Fitwel Champion. The Champion designation shows that PGIM Real Estate is committed to the Health and Wellbeing of occupants and guests through a portfolio-wide Fitwel certification strategy. PGIM Real Estate was featured on the Fitwel Champion Page in May 2021.

Case Study – COVID-19 Response

From the outset of the pandemic, the ability for many of our tenant to meet rental payment obligations became difficult and we took strategic steps to assist them. At our multifamily properties, we worked with tenants to identify and apply for government or other assistance. For our mall properties in Singapore, we passed through 100% of the government tax rebate to our tenants and permitted tenants to convert their cash security deposits to bankers guarantees to provide them with additional liquidity. In all regions and sectors, we offered rent deferral or rent relief options on a case-by-case basis.

In Europe, we recognised rent collection rates of more than 90% in the industrial sector and more than 80% in the office sector, albeit physical occupancy throughout the severe lockdown periods was less than 50% because of government-imposed home office obligations. Physical occupancy in the industrial sector remained high for the duration of the lockdown periods (Reference period is March 2020 to March 2022).

Throughout the pandemic, PGIM Real Estate prioritised real-time responses to investor requests for portfolio updates, increased our property assessment efforts and held frequent fund calls to keep investors informed.

Private Real Estate Debt Investments

Examples of our engagement activities have been provided in response to Principles 9 and 11, and additional examples are presented below.

Case Study – Integrating Corporate Social Responsibility into Investment Practice

Our parent company, PFI, first supported YouthBuild in the United States over 30 years ago and PGIM Real Estate has been supporting YouthBuild in London since April 2019. YouthBuild's simple ethos is to support young adults into employment through a series of learning and practical training programmes and at the same time address the skills gap in the construction industry.

PGIM Real Estate is currently working to ensure that any development company we work with on a construction project in the UK is introduced to YouthBuild to determine whether there is scope for a partnership. Our staff have also been working alongside YouthBuild students in London on community projects and delivering personal development and employability sessions in the YouthBuild centers. Additionally, we are also now providing training for the YouthBuild management team in the form of a Leadership Insights programme to support them in their own presentation and pitches to potential partners.

In 2022, PGIM placed their first YouthBuild intern into the IT department on a rolling monthly contract. This represents a huge step forward in our support of their students coming through the programme and into work.

YouthBuild are looking to expand beyond London and are intending to partner with the Princes Trust to set up in the Midlands. Our European Value Add Debt strategy is starting to make material investments in the region and looking to support YouthBuild's strategic expansion. In particular, the strategy is providing financing for a site acquisition in central Birmingham, plus potential funding to develop a +500 unit multifamily rental residential scheme on the site. We hope that presenting this collaborative approach to the local authority will yield support for YouthBuild to start a scheme in the area.

Case Study – COVID-19 Borrower Response

We believe our response to the pandemic across our lending platform is a useful example of our proactive risk management, and ability to help prevent defaults. Our approach to dealing with distress or borrower requests during the pandemic was to create a Borrower Response Team with 11 seasoned investment professionals. The Borrower Response Team was tasked with:

- Modifying loans if relief was warranted
- Monitoring loans following any modification
- Reviewing and documenting any subsequent property or loan level requests.

Weekly status updates were sent to Portfolio Managers with specific loan level details together with a summary chart outlining modifications by type, asset class, and dollar amount.

Modification strategies varied, and most were to provide short term amortisation relief and retain full interest payments, where possible. No debt forgiveness was granted, maturity extensions were limited, and we prioritised keeping Investors current.

Case Study: Lending to Meet Needs

Student numbers are at an all-time high. This is driving strong demand for purpose-built student accommodation, which continues to outpace the supply of available beds. PGIM Real Estate's European debt funds continue to support the supply of high quality purpose built student accommodation in the UK.

We are currently funding the construction of 1,280 beds in Warwick and Coventry, in close proximity to the University of Warwick, which is a Russell Group university and ranked within the top 10 universities in the UK. Construction of the first asset in Warwick (780 beds) completed in September 2022 and is now fully occupied, with construction of a second asset in Coventry (500 rooms) well progressed and due to complete in September 2023.

The Warwick asset has achieved an EPC rating of A, with the Coventry development also targeting this same level of performance. Additionally the operator/developer are implementing detailed monitoring of power usage across the schemes, including power saving measures such as in-room temperature set limits, occupancy sensors for lights and use of LED lamps across all rooms.

The operator is also focused on student mental health, providing a high level of communal space and amenity within the schemes, including access to their own proprietary mental health and wellbeing platform to help students through the challenges they might face at University and when living away from home. They also organise regular events in the communal spaces to encourage social interaction and create a community feel within their schemes.

Global Real Estate Securities Investments

PGIM Real Estate’s GRES business has a Proxy Voting Policy that is available to investors on request.

Our Proxy Voting Policy and Procedures

Our proxy voting policy contains detailed voting guidelines on a wide variety of issues commonly voted upon by shareholders. These guidelines reflect our judgment of how to further the best interest of our clients through the shareholder or debt-holder voting process. We generally vote with management on routine matters such as the appointment of accountants or the election of directors. From time to time, ballot issues arise that are not addressed by our policy or circumstances may suggest a vote not in accordance with our established guidelines. In these cases, voting decisions are made on a case-by-case basis by the applicable portfolio manager taking into consideration the potential economic impact of the proposal. Please note that the majority of our real estate securities clients invest via commingled funds, and do not have the ability to override our proxy voting policy.

How to Obtain Information Regarding Proxy Voting

Any client may obtain a copy of our proxy voting policy, guidelines and procedures, as well as the proxy voting records for that client’s securities, by contacting the client service representative responsible for the client’s account. Our proxy voting record is not currently publicly available, and therefore a link has not been provided.

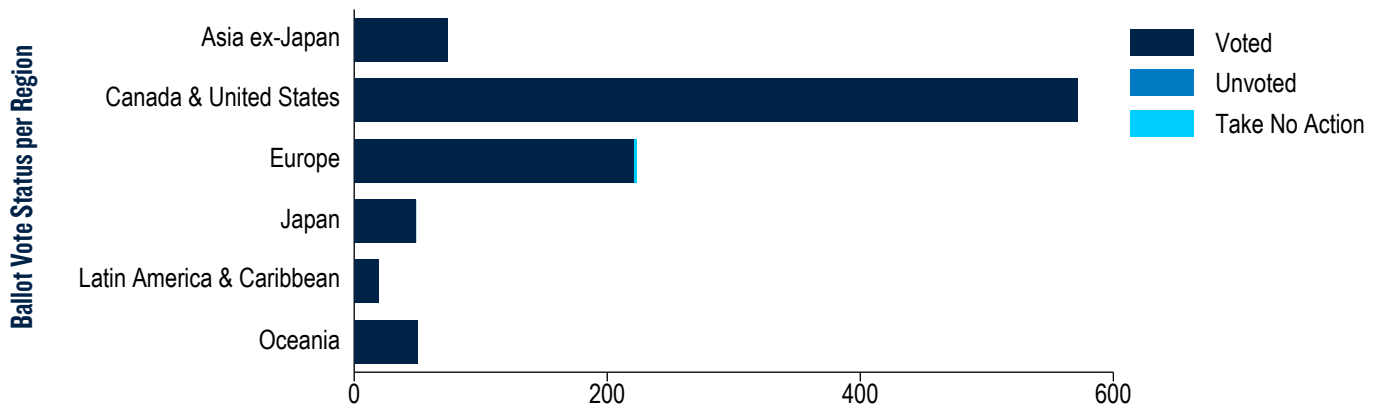
Securities Lending and Proxies

Per our proxy voting policy, under certain circumstances PGIM Real Estate may not recall loaned securities in order to vote.

2022 Voting Record by Region

In 2022, our Global Real Estate Securities (GRES) business voted 985 out of 986 potential proxy votes. GRES maintains a proxy voting policy, and has engaged a proxy agent to execute proxy votes in accordance with the policy.

Ballots by Region & Vote Status



IMPORTANT INFORMATION

This report is for informational and educational purposes only and should not be construed as investment advice or an offer or solicitation in respect of any products or services to any persons who are prohibited from receiving such information under the laws applicable to their place of citizenship, domicile or residence.

All data is accurate as at submission date unless otherwise state.

PGIM Real Estate is the real estate investment management business of PGIM, Inc. the principal asset management business of Prudential Financial, Inc. ('PFI') of the United States. PGIM is a trading name of PGIM, Inc. and its global subsidiaries. PGIM Limited is a subsidiary of PGIM, Inc., and both are registered investment advisors with the US Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training. PGIM Real Estate (UK) Limited is authorised and regulated by the Financial Conduct Authority (the "FCA") of the United Kingdom (Firm Reference Number 181389). 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

PGIM Real Estate is headquartered in Newark, New Jersey and also includes the following businesses globally: (i) PGIM Real Estate (UK) Limited with registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR; (ii) PGIM Real Estate Luxembourg S.A. with registered office: 2, boulevard de la Foire, L1528 Luxembourg; (iii) PGIM Real Estate Germany AG with registered office: Omnium Große Gallusstraße 18 60312 Frankfurt, Germany; (iv) PGIM (Australia) Pty Ltd with registered office: Deutsche Bank Place 126 Philip Street, Sydney, NSW 2000 Australia; (v) PGIM (Hong Kong) Limited with registered office: Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong; (vi) PGIM Real Estate (Japan) Ltd. with registered office: The Prudential Tower, 2-13-10 Nagata-cho, Chiyoda-Ku, Tokyo 100-0014, Japan; (vii) PGIM (Singapore) Pte. Ltd. with registered office: 88 Market Street #43-06 CapitaSpring, Singapore 048948.

The information contained herein is provided by PGIM Real Estate. Distribution of this information to any person other than the person to whom it was originally delivered and to such person's advisers is unauthorised, and any reproduction of these materials, in whole or in part, or the divulgence of any of its contents, without the prior consent of PGIM Real Estate, is prohibited. Certain information in this document has been obtained from sources that PGIM Real Estate believes to be reliable as of the date presented; however, PGIM Real Estate cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. Any information presented regarding the affiliates of PGIM Real Estate is presented purely to facilitate an organisational overview and is not a solicitation on behalf of any affiliate.

Past performance is not a guarantee or a reliable indicator of future results.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG"); PGIM Real Estate's overarching ESG mission is doing the right thing for our people, the environment, and our communities. While a financial product mentioned in this Stewardship Report may not seek to implement a specific ESG, impact or sustainability strategy, ESG considerations are embedded through various stages of PGIM Real Estate's investment processes that target efficiency and screen for risks and is applied to some degree across most of the funds' investments.

© 2023 PGIM, the PGIM logo, and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide.

PGIM Real Estate