



LATIN AMERICA SPOTLIGHT

Please note this is an extract from our
2020-2021 ESG Annual Report.
To view the complete report which includes
additional information and statements,
please visit pgimrealestate.com/esg

LATIN AMERICA

AS OF DECEMBER 31, 2020, UNLESS OTHERWISE NOTED

Real Estate Capabilities

1 Office

48
Professionals

19-Year
Investment Heritage

One of the Largest
Institutional Real Estate Investors
in Latin America
(based on market capital and GLA)

Proven Track Record

in industrial, residential, retail and mixed-use sectors

Socially Responsible

Company Award
(9th year in a row)

Developed 2,000

Multifamily Units since 2009 in Mexico

\$3 Billion

AUM
(Net AUM is \$2B. Excludes AUA)

Performance Metrics

YOY% CHANGE 2020 vs 2019, EQUITY INVESTMENTS ONLY



-8.5%

Energy Use Intensity
Data Coverage 5.3%



-1.2%

Water Use Intensity
Data Coverage 5.7%



-9.0%

Total GHG Emissions
Intensity
Data Coverage 5.3%

Certifications & Ratings

EQUITY INVESTMENTS ONLY

20

**SMART Blue®
Certified
Properties**

2.5M SQ FT, \$224M GAV

34

**Total Overall
Certified Properties
2013–2020**

3.2M SQ FT, \$332M GAV

18

**Properties with
ARC Certificates**

2.3M SQ FT, \$123M GAV
16 energy, 11 water and 1 waste
performance certificates

GRESB Performance

EQUITY INVESTMENTS ONLY

Sector Leaders

First Among Their Peer Groups

Mexico Industrial REIT —
Development — Industrial:
Americas

Latin America Retail Fund —
Development — Retail:
Americas

5-Star Fund

Mexico Industrial REIT —
Development — Industrial:
Americas

Diversity, Equity & Inclusion

38%

Women

8%

Women in Senior Positions

25%

Women in Professional Positions

INVESTMENT PROFESSIONALS ONLY, EXCLUDING
ADMINISTRATIVE POSITIONS



ILN Latin America Highlights

ILN SURVEY

- + In early 2020, the Latin America ILN team conducted a survey to learn more about our teams. Key feedback included recommendations to promote more engagement and more participation by senior management in ILN activities.

INTERNATIONAL WOMEN'S DAY CONFERENCE

- + To celebrate International Women's Day, Claudia Vazquez of PFI presented at a conference in Mexico City on her experiences as a Latina woman leader in the United States. She spoke of her career and her role in the Red Shoe Movement and Juntos, PFI's Hispanic business resource group.

RED SHOE MOVEMENT KICKOFF

- + This special event was hosted for PGIM Real Estate women (associates and analysts) in our Mexico City office, where Claudia Vazquez taught the first Red Shoe Movement (RSM) circle with a focus on how to identify, develop and strengthen your personal brand. RSM is a global DEI organization dedicated to the career and leadership development of women.

A DAY WITHOUT WOMEN EVENT

- + In support of the national movement against gender violence, PGIM Real Estate in Latin America participated in raising awareness about the daily femicides in Mexico. We supported our woman colleagues' participation in "disappearing" for a day from daily activities in order to highlight the importance of women and the impact of their absence during a "day without women."

PRIDE MONTH NEWSLETTER

- + Our June 2020 ILN newsletter demonstrated our support of Pride Month and explored the meanings of inclusion and diversity throughout our organization.

MARION REIMERS CONFERENCE

- + For our Pride event, we organized a conference on diversity and discrimination with Marion Reimers, a Mexican journalist and sports commentator. The presentation shared how our unconscious biases can affect the ways we express ourselves and how we can change those biases by becoming more aware of privilege.

STRESS MANAGEMENT WORKSHOP

- + In November 2020, we hosted a workshop with Benefit Lab, who presented information on how to manage stress and anxiety and shared important tools for recognizing symptoms and stabilizing emotions.

YEAR END EVENT: STAND-UP SHOW

- + Actress and comedian Michelle Rodriguez joined us in December for a stand-up show, sponsored by the ILN, about the LGBT community, being a woman in Mexico and discrimination based on skin color and weight.

COMPUTER DONATION FOR OPPORTUNITY YOUTH

- + 85 laptop computers were donated to young people who participate in the Jóvenes con Rumbo program. Jóvenes con Rumbo is the regional partner of Youthbuild in Mexico.

HOSPITAL DONATIONS FOR COVID-19

- + \$16,000 was donated to two hospitals to support their COVID-19 pandemic efforts: Hospital General de Juarez in Chihuahua and Hospital General de Soledad in San Luis Potosí. Both donations were made through PYMO, a start up dedicated to generating social impact through technology.



ESG Real Estate Awareness Week

September 27 – October 2, 2020

In 2020, we hosted a special ESG Real Estate Awareness Week that included a series of five emails with tips and recommendations for tenants to encourage sustainable behavior. As with previous years, property managers distributed the newsletters to tenants to help them learn about energy savings, climate change, carbon emissions and ESG best practices. The content focused particularly on the COVID-19 pandemic and is part of a larger endeavor to support ongoing education and engagement with our tenant base.

ESG Real Estate Awareness Week encouraged tenants to consider their impact on natural ecosystems as well as economic, social and health factors. We specifically identified sustainability performance as an area of focus and encouraged better measurement of energy, water and waste, as well as sustainable procurement and consumption (i.e., biodegradable, nontoxic, fair trade and/or recyclable products, and products with less packaging).



Governance Highlights

For PGIM Real Estate in Latin America, 2020 was an important year for progressive updates to policies and procedures. Tenant green lease agreements were formalized by adding an addendum about LEED certifications for building features, forcing an alignment with certification requirements for our industrial funds. Also, green leases for data collection were added to lease/renewal agreements. In addition, our Code of Ethics was more formally integrated into vendor contracts and lease agreements, thereby ensuring greater awareness of our ethical procedures starting in 2021.

Industrial REIT

EXPANDED ESG COMMITMENTS

The industrial REIT expanded its ESG commitments and actions in 2020 when it:

- + Drafted an ESG policy for the REIT
- + Published its first ESG report
- + Participated in the UN Global Compact
- + Declared a human rights statement
- + First submitted to RobecoSAM, scoring well above industry peers in all ESG dimensions
- + Made a commitment to LEED certify all new developments and to LEED certify 15% of portfolio by 2030

SOCIAL IMPACT POLICY

The progressive Social Impact Policy of the industrial REIT places people at the center of the development process, recognizing them as agents of change for a sustainable future. The policy sets forth procedures and guidance for strengthening human capability and promoting participation in the development process. With the goal of raising awareness of the joint responsibility to care for societies and the environment, the industrial REIT seeks to practice values that create an environment of commitment and develop a culture of internal and external responsibility with all employees and stakeholders.



Tenant Experience Assessment

Kingsley Associates was commissioned to conduct the 2020 Tenant Experience Assessment for the Mexico industrial fund. The goal of the assessment was to gauge tenant satisfaction throughout the PGIM Real Estate portfolio as a means of improving performance, increasing retention, maximizing portfolio value and achieving operational excellence. The 2020 assessment of 117 qualified properties included a new COVID-19 section to survey tenants about financial challenges and satisfaction with facility management during the pandemic.

A new ESG section was also included to gain more insight into green teams or other ESG initiatives under way. Overall, despite the pandemic, we had an increased survey response rate — of 199 responses, all 117 properties earned the Kingsley Award for having high satisfaction scores, and the majority of respondents (73%) reported satisfaction, with an increase in renewal intentions since the previous survey.

117 Properties

earned the Kingsley Award for having high satisfaction scores



SILAO SANTA FE 01
Industrial property in Guanajuato, Mexico
Kingsley Survey Overall Satisfaction Score of 5 out of 5



Sustainability Projects

Ramos Arizpe I High-Performance Facility

Among the buildings in our portfolio, the Ramos Arizpe I facility stands out with its numerous high-performance and sustainable features.

- + Automated lighting system — installed in 2018 — with an automatic start ignition powered by photocells
- + Product area lighting with motion sensors and dimmable controllers that adjust for natural light
- + Software that measures energy consumption and provides periodic reporting
- + Cool-roof technologies with three-inch fiberglass insulation ceilings using thermoplastic polyolefin insulation in the office area
- + Restrooms outfitted with water saving fixtures
- + A park certified as a Safe Park by the National Association of Industrial Parks of Mexico
- + Regional gardens on the property that are sustained by treated water from the park's absorption well
- + Tenant and Employee Services :
 - Transportation was provided for all employees and a social gathering kiosk was built for social events
 - Employee cafeteria menu is carefully selected by a health consultant and approved by the safety and hygiene department
 - Tenant amenities include medical staff inside the facility, ATM, grocery store and day care center

Juarez BTS Facility

In 2020, PGIM completed construction of its first property in Mexico to be built to LEED specifications. Having already received its SMART Blue certification, the Juarez BTS facility in Ciudad Juárez is anticipated to achieve LEED Certified status under the LEED v4 Building Design and Construction: Warehouses and Distribution Centers rating system in October 2021.

Several of the project's design features contribute to the building's sustainability.

- + Prismatic domes in the roof reduce the need for artificial lighting during the day
- + LED lighting and occupancy sensors are incorporated to reduce energy use
- + The HVAC system was designed to meet American Society of Heating, Refrigerating and Air Conditioning Engineers ventilation standards rather than the less-stringent Mexican building codes
- + The building automation system manages the HVAC system in order to balance energy efficiency and occupant comfort
- + Indoor water use is reduced by high-efficiency plumbing fixtures and fittings
- + Exterior water use is minimized by Xeriscaping with native plants that require little additional irrigation
- + Emissions associated with employee commuting are reduced by providing tenant transportation services
- + Employee wellbeing is enhanced by amenities such as an on-site infirmary and cafeteria

This project has been made possible because of the commitment of both tenants and owners to creating a sustainable facility. The contractors involved also received additional training and were enthusiastic to learn about green building practices. The strategies implemented and lessons learned demonstrate that sustainable building is not only possible but also desirable.

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It should be noted that the RTS are still in draft form and subject to further changes before they become effective. As a consequence, PGIM Real Estate may need to adopt its implementation to meet the requirements as they enter into force by 1 July 2022. PGIM Real Estate is also in the process of implementing the applicable requirements as per EU Regulation on the establishment of a framework to facilitate sustainable investment (the "Framework Regulation"), which will apply from 1 July 2022.

Not all financial products mentioned in this ESG Annual Report do have as their objective sustainable investment and promote environmental or social characteristics for the purposes of the SFDR. Those financial products are therefore not subject to the additional disclosure requirements for financial products referred to in Article 8 or Article 9 SFDR. For the same reason, these financial products are not subject to the requirements of the Framework Regulation. The investments underlying those financial products do not take into account the EU criteria for environmentally sustainable economic activities. Please refer to the specific documentation for each individual financial product to assess its SFDR categorization.

Coronavirus

Occurrences of epidemics, depending on their scale, may cause different degrees of damage to national and local economies that could affect the value of the Fund and the Fund's underlying investments. Economic conditions may be disrupted by widespread outbreaks of infectious or contagious diseases, and such disruption may adversely affect real estate valuations, the Fund's investments, and the Fund and its potential returns. For example, the continuing spread of COVID -19 (also known as novel coronavirus) may have an adverse effect on the value, operating results and financial condition of some or all of the Fund's investments, as well as the ability of the Fund to source and execute target investments. The progress and outcome of the current COVID -19 outbreak remains uncertain.

PGIM Real Estate
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