

ANNUAL STEWARDSHIP REPORT, FOR THE YEAR ENDED 31 DECEMBER 2021

Aligned with the principles of the
UK Stewardship Code 2020

APRIL 2022

Please note: This document was prepared and published prior to November 4, 2022, and hence, it does not reflect certain information or additional disclosures that would be included if it had been prepared to consider the applicable portions of the amended SEC marketing rule (rule 206(4)-1 under the Investment Advisers Act of 1940), which went into compliance on that date.

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

6

PURPOSE AND GOVERNANCE

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.

11

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.

24

Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

30

Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.

35

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.

41

Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

47

Principle 8: Signatories monitor and hold to account managers and/or service providers.

50

Principle 9: Signatories engage with issuers to maintain or enhance the value of assets.

58

Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.

61

Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.

65

EXERCISING RIGHTS AND RESPONSIBILITIES

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 begin to emerge – from the global pandemic from a position of strength.

In 2021, in addition to closing a record \$42.7 billion in global transactions 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

Following the hire of a global head of Innovation in 2020, PGIM Real Estate continued to expand and grow its global innovation strategy through key partnerships with two new venture capital firms in 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 Councils on a variety of topics globally, piloting 60+ and implementing 20+ technologies during the year – including certain technologies focused on reducing carbon emissions.

One of my initial priorities as incoming Chief Investment Officer is 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. The launch and implementation of a comprehensive data lake infrastructure project, harnessing our 51+ years of proprietary data will support the launch of PGIM Real Estate's artificial intelligence capability, and will also enable us to better 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. In 2021, PGIM Real Estate established its first Chief Diversity, Equity and Inclusion Officer, who is building upon the firm's expanded commitment to advancing DEI and will lead the business' first formal DEI office. The DEI Office is focused on the continued refinement and implementation of PGIM Real Estate's internal and external DEI strategy in support of five key areas of impact: Talent, Culture, Industry, Investing and Community. This appointment was a critical step in PGIM Real Estate's mission to cultivate an environment that celebrates varied experience, backgrounds, and perspectives, and builds on substantial progress made over many years – including social and philanthropic engagement and diversified recruitment efforts through partnerships with external early talent organisations.

ESG

In 2021, we continued to strategically advance our ESG program. 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. With the future in mind, and through our expanded ESG program, 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 also rolled out a number of ESG initiatives in our private real estate lending business, developing an ESG Loan Assessment with a borrower engagement component, for due diligence to assess property resilience and environmental risks.

Looking ahead, our key objectives for 2022 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 2021 – particularly in ESG – and we are proud to highlight these efforts in our first U.K. 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.



A handwritten signature in black ink, consisting of a stylized 'R' followed by a horizontal line and a small flourish.

Raimondo Amabile
Global CIO, head of Europe and LatAm

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.

¹ 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"

² 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 2021, and provides an indication of our proposed business initiatives. All figures are as at 31 December 2021, unless otherwise stated.

PGIM Real Estate is a business of PGIM Inc., the US\$1.5 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 \$1.5+ trillion¹ global asset management business of Prudential Financial, Inc. (PFI, NYSE: PRU), and is one of the largest real estate managers in the world, with \$209.3 billion in gross assets under management and administration²

Why ESG Matters

\$209B AUM/ AUA ¹	2,700+ Investor Client and Prospect Organisations, and 250+ Consultant Relationships	32 Offices Worldwide
1,100+ Professionals	4,400+ Owned and Financed Properties ²	183M+ Square Feet across Logistics, Retail, and Office Owned Properties
75,000+ Apartment Units Owned	2.1 Million+ Tenants across Owned and Financed Properties ³	1 Million+ Residents across Owned and Financed Properties ³

Note: As of 31 December 2021 unless otherwise noted. Past performance is not a guarantee of future performance.

¹ Net AUM is \$138B and AUA is \$46B.

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

³ Tenant and Resident figures shown are estimates based on industry standard occupancy ratios, as of December 2021.

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.

¹ As of end Q421.

² Net AUM is \$138B and AUA is \$46B.

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 2050²

¹ Based on relative outperformance. Past performance is not a guarantee of future performance. 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.

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.

Additionally, we recognise that engaging our tenants and residents is critical to achieving our long term ESG objectives.

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.

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

Our Culture and Values

At PGIM Real Estate, 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. 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	<div><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<ul style="list-style-type: none">• Industry Organisations• Property Brokers• Local Government• Society At Large</div>

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 zero carbon operations by 2050. The baseline net zero goal is based on CDP 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.

³ Past performance is not a guarantee of future results.

In the third quarter of 2022, we plan to disclose our Taskforce on Climate-Related Financial Disclosures Report as well as our Net Zero Pathway. The TCFD Report will help our stakeholders understand the impacts of climate change with high quality information to better evaluate short, medium and long-term risks and exposures. The Net Zero Pathway will serve as our guide and signal to stakeholders the steps PGIM Real Estate will take to reach Net Zero. This will also provide transparency and accountability. There will also be a Net Zero Report that will detail what Net Zero means to PGIM Real Estate and how we aim to achieve it. While this is not a requirement, this allows us to be more transparent with our stakeholders and uphold our obligations. We will consider obtaining independent external assurance of our climate-related reporting over the next few years, to increase market confidence in our reporting, and in anticipation of potential third-party mandatory extended assurance of net zero transition plans in the future.

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.



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 programs. As we look towards the future, we are rolling out plans for program 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) have decided to comply 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 Earned an A+ in Strategy and Governance from UNPRI in the Past 4 Years

The UN’s 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 Principles for Responsible Investment (PRI) since October 1, 2009, PGIM Real Estate has completed the annual 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. Please note however that 2021 results are not yet available.

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

In the 2021 reporting period, 84% of the firm's global equity assets under management was evaluated by GRESB. We saw improvement in our global GRESB results.

2021 GRESB Global Results *

1st Place in peer group: U.S. Value-Add Fund	5-Star Rating earned by four of our funds/ properties
13 of 14 Funds/ properties increased Management & Performance scores	6 of 8 Funds/ properties increased Management & Development scores
13 Point increase vs. 2020: Largest score increase for Management & Performance	7 Point increase vs. 2020: Largest score increase for Management & Development

* Figures refer to the latest annual 2021 GRESB Assessment, published in October 2021.

Past performance is not a guarantee of future 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.

Additional ESG Highlights

180 Total Green Building Certified Properties ¹	-8.5% Reduction – Energy Use Intensity ¹	58% Workforce Diversity (women and POC, U.S.) as of 6/30/2021
1st 3-Star Fitwel® Certification in the U.S.	5,870 Employee Volunteer Hours, U.S. (2019 and 2020)	1,300+ Of our 1,400+ owned properties tracked in Measurabl® Environmental Dashboard ¹

¹ Most recent full-year figures available as of 2020.

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, it has 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	
						Latin America IC		Europe IC
			Chief Operating Officer (COO) Team	Global Disclosure Council (GDC)	Data Governance Leadership Council	Global Hedging Committee	Global Equity Valuation Policy Committee	Global Debt Valuation Policy Committee
European Executive Council	Asia Pacific Executive Council							
Diversity Advisory Council			ESG Councils			Innovation Councils		

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 26 years of Real Estate Investment experience:

ERIC ADLER President & CEO Real Estate Experience: 26 yrs.	MARCIA DIAZ Head of U.S. Core Debt Real Estate Experience: 33 yrs.	CATHERINE MARCUS Global Chief Operating Officer and Head of U.S. Equity Real Estate Experience: 35 yrs.
RAIMONDO AMABILE Global CIO & Head of Europe and Latin America Real Estate Experience: 25 yrs.	JEFFREY GNOINSKI Global Head of Human Resources Industry Experience: 23 yrs.	BRYAN MCDONNELL Head of U.S. Debt and Chair of Global Debt Real Estate Experience: 21 yrs.
MARK CHAMIEH Global Head of Business Development Real Estate Experience: 23 yrs.	DAVID HARPUM Global Head of Law Real Estate Experience: 27 yrs.	ANDREW RADKIEWICZ Global Head of Private Debt Strategy and Investor Solutions Real Estate Experience: 32 yrs.
MARLENE DELUCA Chief Marketing Officer Industry Experience: 25 yrs.	PETER HAYES Global Head of Investment Research Real Estate Experience: 18 yrs.	BENETT THESEIRA Head of Asia Pacific Real Estate Experience: 32 yrs.

As of April 2022

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, 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.

Entrance into any new market must be reviewed and approved by the Global Operating Risk Product Committee 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 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: 26 yrs.	Head of Global Real Estate Securities RE Experience: 31 yrs.	Global Chief Operating Officer & Head of U.S. Equity RE Experience: 35 yrs.
Global Head of Business and Investment Operations RE Experience: 32 yrs.	Head of Asia Pacific RE Experience: 32 yrs.	Global Head of Private Debt Strategy and Investor Solutions RE Experience: 32 yrs.
Global Chief Investment Risk Officer RE Experience: 27 yrs.	Global CIO & Head of Europe and Latin America RE Experience: 25 yrs.	Global Head of Innovation RE Experience: 22 yrs.
Head of U.S. Debt and Chair of Global Debt RE Experience: 21 yrs.	Global Head of Investment Research RE Experience: 18 yrs.	Head of Core Debt Credit RE Experience: 22 yrs.

As of April 2022

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.

Case Study: Governance in Action – COVID 19 Pandemic

**Please note that we have deliberately expanded this case study beyond the reporting year to illustrate the effectiveness of both our long-term risk management, and our ability to quickly respond to new business threats.*

PGIM Real Estate had been positioning its equity portfolios for a downturn for several years prior to the COVID-19 pandemic, simultaneously shifting into markets and property types underpinned by demand drivers that were expected to last for a decade or more. Debt portfolios had maintained their focus on markets and sectors that presented strong fundamentals across cycles.

In 2018, PGIM Real Estate developed enhanced governance procedures to be implemented in the event of an Economic Downturn.

In 2019, PGIM Real Estate commenced an internal initiative called Preparing for a Downturn Operationally with the goal of i) providing a global framework that can be applied across PGIM Real Estate pre and post downturn to avoid any disruption or uncertainties in the event of a downturn, ii) communicating and providing an understanding of roles and responsibilities during an economic downturn, iii) Minimising risk, iv) sharing lessons learned and best practices. This initiative includes working groups focused on communications, liquidity, control/governance, valuation, resources and training.

In 2020 – 2021, our pandemic response relied on our strong governance protocols. Governing bodies overseeing the COVID-19 response includes cross-representation to ensure continuity of approach and message:

- The **Global Management Council** met on a weekly basis to drive business and strategic decisions.
- **Regional Executive and Management Councils and a Business Continuity Plan team** comprised of regional chief operating officers, Human Resources, Business Continuity Planning and Operational Risk each met multiple times a week to assess the situation, construct plans and actions, reassess, share best practices and make decisions.
- A **COVID-19 global steering group was established** in March 2020 and through November 2020 met one time per week (formerly three times per week) to monitor the ongoing effectiveness of our COVID-19 approach and adjust our actions as the health crisis continues to evolve. Currently a subset of the original global steering group meets on an as needed basis.
- **PGIM and PFI-level Return to the Workplace Governance Teams** met on a weekly basis, to, in part, ensure all PFI business units open their offices in a safe, methodical and consistent manner that does not put our current business resiliency at risk. Specifically, these teams are responsible for approving PGIM Real Estate's return to office and return to travel proposals. These teams are still in action.

Our COVID-19 policies have been informed by the latest guidance and direction from global, national and local health experts and our parent company and will continue to evolve as the situation unfolds. The actions we have taken demonstrate an agile approach that adjusts based on ongoing external influences.

ESG Staffing & Oversight

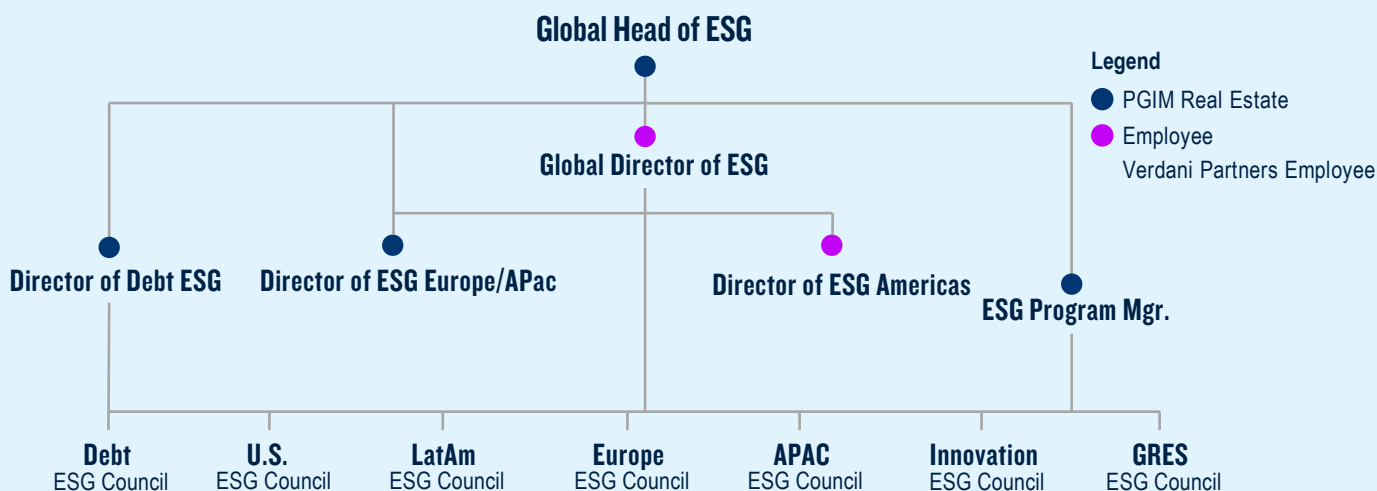
The Global ESG Council, established in 2019, consults on ESG vision, strategy and policies, and addresses client needs and expectations as they progress toward their long-term targets. The council comprises a global working group and regional working groups that collectively identify opportunities, promote 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 implementation across the platform, overseeing the firm's ESG efforts at the vehicle and organisational levels.

- The **Global Director of ESG** is responsible for implementation of the global ESG program, guiding strategy to accelerate the reduction of our worldwide environmental footprint and increase the impact of our social initiatives.
- The **Director of Debt ESG** is responsible for overseeing and expanding our debt initiatives.
- 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 program implementation at the regional level.
- 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.

ESG Team Structure



As of April 2022

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 \$1.74T 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

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, 2021.

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.

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.

Case Study: Alignment with PFI

PGIM Real Estate’s Global Head of ESG, Christina Hill, sits on the PGIM ESG council which is comprised of each of the PGIM businesses and chaired by the PGIM Global Head of ESG, Eugenia Unanyants-Jackson. The intent of this council is to address current topics and events in ESG as well as the similarities and differences in ESG strategy and implementation across the business. The Council serves as a forum to:

- Share lessons, best practices and perspectives on ESG from each of the other businesses that may help each of us with our own business decisions
- Review and discuss regulations and the impact on the business and broader market (and provide comments where applicable)
- Gather collective ESG market intelligence
- Discuss ways in which we can leverage PFI’s efforts and standing in this arena
- Discuss the implications of PFIs ESG positioning and commitments on the PGIM businesses.

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 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 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 (detail below).

Case Study: Diversity, Equity, and Inclusion (DEI) Evaluation for Managing Directors

In 2021, we piloted a DEI assessment for all Managing Directors and functional equivalents. This assessment included an employee feedback component, whereby managing directors were assessed on a variety of measures including:

- Inclusive leadership
- Promotion of an inclusive culture
- Accountability
- Commitment to DEI.

The results of the assessment were reviewed by the Global Management Council and were also included in 2021 performance reviews.

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 programs.

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

1. **Reward** – Our competitive compensation and benefits program 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.

ESG and Sustainability Education and Training

ESG Training has been made available to all investment professionals at PGIM Real Estate. In 2021, the ESG Team invited employees to attend a “Basic ESG Training”, which covered: an introduction of PGIM Real Estate's ESG Team and Program; ESG 101; Global Governing, Reporting & Regulations; Net Zero; Climate Risk/Resilience; Key ESG Global Initiatives; and ESG Industry Trends. Between 2021 and 2022, the ESG Team also hosted:

- Fund-level Trainings (i.e., for a variety of Core, Core Plus, and Value Add funds)
- ESG for Debt Training
- Net Zero Training
- Technical trainings (i.e., Asset Level Work Plan, 427 Moody's, etc.).

Videos of these trainings are available to all employees. Employee knowledge of ESG issues is also tested on a regular basis via our daily compliance trainings.

We will continue to evaluate and expand our ESG training programs in 2022.

Diversity

At PGIM Real Estate, we believe that having diversity of perspective and experiences makes us better investment managers. 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 markets where we invest and the communities we serve. We recognise that we have a responsibility to be

advocates for racial justice and equity, and leverage our global footprint, scale and business practices to be part of the solution.

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.

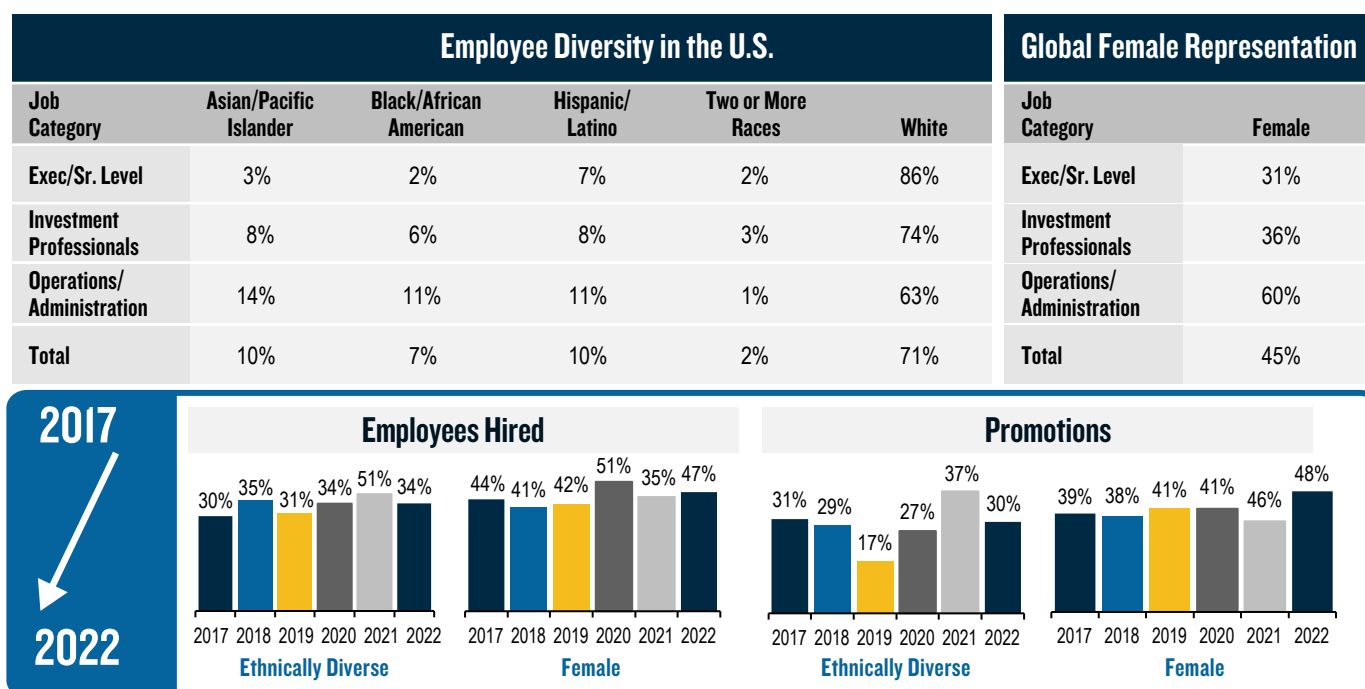
- **Develop and maintain an environment that leverages differences** and enables success through continuous learning, inclusive practices, and promoting the meritocracy of ideas and diversity of perspective.

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 Inc – An Ongoing Commitment to Diversity

PGIM Inc. is steadfast in promoting inclusion, diversity, and culture across the firm.

An Ongoing Commitment



Source: PGIM. Representation at 31/03/2022. Exec/Sr Level is Managing Director and equivalent and above. Hires and Promotions 2017- 1Q 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 2021, PGIM Real Estate named our first Chief Diversity, Equity and Inclusion Officer. The Chief DEI Officer serves as the internal and external business sponsor of PGIM Real Estate’s DEI efforts. PGIM Real Estate’s DE&I Office has two dedicated resources that support the implementation of our DEI initiatives as well as a dedicated DEI budget. PGIM Real Estate is also forming a global DEI council encompassing senior leadership spanning functions and regions.

Our Inclusion & Leadership Network (ILN) is an internal group for colleagues within PGIM Real Estate, who share the common goal of cultivating inclusion and all forms of diversity in the workplace, and who seek to action this through local initiatives and events. The ILN's mandate is meaningful, not only because the business case for diversity of all forms is compelling, but because diversity strengthens our culture and our talent who are making investment decisions and strategy. The ILN's mission is to promote an equitable and inclusive workplace for all. The ILN seeks to fully integrate diversity

and inclusion programs into the talent initiatives and business strategy of PGIM Real Estate to support the career development of employees, and promote training, policies, procedures and management styles that mitigate unconscious bias. The ILN offers programming in a variety of formats to employees in our offices globally – lunches, speaker series, seminars, networking events and training modules – to address key themes such as professional development, cultural change and talent attraction and retention.

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 2021 efforts toward promoting diversity include:

- PGIM Real Estate UK's participation in the 10,000 black interns program in summer 2021 and will be participating in 2022. The firm intends to sponsor the program in 2022.
- Participation in the 30% Club cross company mentoring program.
- Supporting culture with ILN events which focus on mental health, sleep and other well-being topics.
- Providing work experience programs and support for YouthBuild in the UK.

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

Initiatives in our U.S. business

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

- Our Sophomore Training Program, a summer internship program 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 Program and have hired students from the SEO/PREA Real Estate track, 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 programs and broaden hiring opportunities.

We are also proud to continue our partnerships with YouthBuild International, Knowledge Is Power Program (KIPP), Project Destined, Management Leadership for Tomorrow and Sponsors for Educational Opportunity (SEO) through the PREA Foundation. On an individual basis, PFI and PGIM offer several programs to facilitate volunteerism and to match employee charitable donations through the PFI CARES platform.

EMPLOYEE ALIGNMENT WITH ESG INITIATIVES

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

Incentive programs are designed to directly align our investment professionals with the funds that they manage 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 programs 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**, programs 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, programs 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 program 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 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.

Business Process Help Track & Mitigate Conflicts

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). 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. 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

and to help ensure alignment of interests with our clients, 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.

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.

- 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. 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 and for the engage of service providers at the fund and asset levels – such as property managers, construction companies and advisors.

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 Part 2 Brochure of PGIM Real Estate (UK) Limited's SEC Form ADV. This brochure provides information about the qualifications and business practices of PGIM Real Estate, and combines the previously separate brochures with respect to the SEC registered investment advisers businesses of PGIM Real Estate (US), PGIM Real Estate (UK) and PGIM Real Estate (Luxembourg). [<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 program 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.

Organisationally, PGIM Real Estate operates a Global Investment Risk Group. The group, headed up by the Global Head of Risk who reports into the Global CIO, is divided into three regional teams supporting 5 regional businesses – Europe, Asia Pacific, Latin America, U.S. Equity and US Debt. The Risk Management team ensures that the firm is complying with internal policies, regulatory requirements and client obligations. It has developed 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.

PGIM Real Estate Global Investment Risk Group 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.

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 15 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 Investment 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, EIU and Real Capital Analytics.

The internal research team produce Regional Quarterly Insights, bi-annual 5 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.

CycleWatch: Better Near-Term Outlook Than January 2020

Indicators At End Of Quarter

INDICATOR	LINKED TO:	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Leading Economic Indicator	Economy & Overall Capital Markets																			
Domestic Corporate Profits	Economy & Overall Capital Markets																			
BAA to Junk	Economy & Overall Capital Markets																			
Consumer Confidence	Economy & Overall Capital Markets																			
Property Valuation Index	CRE Capital Markets																			
Architecture Billings	CRE Capital Markets																			
Employment Trend Index	Space Markets																			
Business Expansion Survey	Space Markets																			
Retail Sales	Space Markets																			
Industrial Production	Space Markets																			
Advanced Durable Goods	Space Markets																			

- Sentiment measures like consumer confidence and the business expansion survey continue to worsen, despite improving economics.
- Industrial production is improving but is still down 3.6% year-over-year.

For illustrative purposes only. Source: PGIM Real Estate proprietary research As of January 2021.

Post-COVID-19 Environment Brings New Risks

Nature of Risk	Likelihood of Realization Over Next 12 Months	Expected Impact on Economy If Risk is Realized	Estimated Impact on Real Estate If Risk is Realized
Interest Rate Expectations Shift Higher	Low	Low	High
Stimulus Fails To Reverse Recent Economic Weakness	Low	High	High
Permanent Downward Shift in Real Estate Space Usage	Medium	Low	High
Aggressive Regulation of Large Tech Companies	Low	Medium	Medium

For illustrative purposes only. Source: PGIM Real Estate proprietary research As of January 2021.

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"> Global CIO & 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 2021, several emerging systematic and market-wide risks were identified and reviewed by the Global Investment Risk Group, which included: the impact of the COVID-19 pandemic on global economies; the increase in regulatory changes and requirements; and the physical and transitional (also known as regulatory) risks posed by climate change.

Case Study: Responding to the Covid-19 Pandemic

Real estate as an asset class is relatively illiquid and therefore a large focus of PGIM Real Estate's risk management processes are specific to liquidity and cash management. The COVID-19 pandemic, with the slowdown economies experienced worldwide, tested our risk management processes in this regard and has subsequently demonstrated the robustness of our approach.

From the outset of the pandemic, the ability for many of our tenants 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 most governments-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, we also prioritised real-time responses to investor requests for portfolio updates, increased our property assessment efforts and held frequent fund calls to keep investors informed. To support our borrowers, we formed a dedicated Borrower Response Team whose members were experienced investment professionals, and we hosted a series of calls with multifamily borrowers to keep them apprised of market developments.

Case Study: Responding to the Physical and Transitional Risks Posed by Climate Change

Real estate, due to its fixed location, is typically more exposed to the physical risks of climate change than any other asset class. Physical risks essentially relate to the damage to buildings arising from extreme weather events caused by the changing climate. In 2020, PGIM Real Estate initiated a global review of all equity standing investments focused specifically on physical risks associated with climate change. This global review continued with emphasis on physical risk via the use of 427 Moody's Physical Climate Risk tools, which includes individual risk reports for New Acquisition and New Developments, and the Physical Climate Risk Exposure (PCRX) module in Measurabl (our ESG data management software platform) for standing assets. Existing standing assets are reviewed quarterly as part of Portfolio Reviews, and the ESG Team makes budget recommendations for assets flagged as High Risk and/or Red Flag for flooding and sea level rise risk factors. This work is ongoing.

A "screen" of the physical risks associated with climate change has also been implemented into the investment and due diligence process for equity and into the ESG Loan Assessment for debt, with the results presented at Investment Committee (see Principle 7).

Real estate is also exposed to transition risks of climate change. Transition risks can arise from efforts to address climate change and the transition to a net zero carbon economy. In 2021, PGIM Real Estate commissioned a series of net zero carbon audits for the assets in our European core equity fund. The programme consisted of a series of comprehensive net zero audits, desk-based asset reviews and high-level desk-based extrapolation reports. The audits/assessments were used to confirm the energy and carbon intensity of the assets and to estimate the potential costs of meeting carbon-reduction targets. This analysis will look to inform a net zero carbon pathway for the fund. Going forward, a "screen" of the transitional risks associated with climate change (using the Carbon Risk Real Estate Monitor (CRREM)) will be incorporated into the investment and due diligence process for equity standing investments, with the results again presented at Investment Committee (see Principle 7).

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 example has been provided above and in response to Principle 2, where we detailed the effectiveness of our research and investment teams in positioning our funds first for a downturn, then for the duration of COVID 19 and beyond.
- **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 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.

Looking Ahead

Until recently, an overall ESG score such as GRESB would have sufficed in demonstrating PGIM Real Estate’s adherence to sustainable policies. Now, increased regulatory scrutiny,

combined with more sophisticated Client demands, are requiring us to reconsider the information/data we need to collect and review. A large proportion of our environmental data for assets under management, particularly in Europe, sits with the tenant(s). In the instance we are unable to access this data, this could ultimately pose a liquidity and capital value risk to the asset. To address this, we are currently developing a data strategy for the region, which will include further embracing the power of technology, collaborating with others (e.g., energy bureaus) to facilitate data sharing, as well as enhancing relationships with stakeholders (including tenants and borrowers) to educate on the value of data sharing.

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.

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:

Association of Real Estate Funds (AREF) ESG Disclosure Working Group

Objective – to consider how sustainable finance and climate-related disclosures will affect real estate funds and to respond to the related consultations from regulators and governments.

Overview – PGIM Real Estate has been a member of AREF for over 12 years. PGIM Real Estate’s ESG Lead for Europe and APAC has been a member of the ESG Disclosure Working Group since inception.

Outcomes – In collaboration with INREV and IPF, the working group has recommended the use of CRREM and GRESB as real estate fund appropriate metrics under CP21/17 Climate Related Disclosures. This recommendation has now been posted on the TCFD Knowledge Hub. The working group has also recommended consistency of disclosures both across the EU and UK as well as internationally where the TCFD’s recommendations will apply under DP21/4 Sustainability Disclosure Requirements (SDR) and investment labelling.

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

Mortgage Bankers Association, in coordination with its subsidiary MISMO (Mortgage Industry Standards Maintenance Organisation), Commercial Real Estate Finance Green Lending Roundtable

Objective - to develop an industry wide minimum standard borrower ESG questionnaire for the commercial mortgage industry. The questionnaire creates a set of standardised questions for lenders to request of borrowers applying for commercial mortgages in the United States, allowing ESG related borrower discovery to be more consistent and repeatable.

Overview: PGIM Real Estate has been a member of the MBA for over 20 years. PGIM Real Estate's Director of Debt ESG has been a member of Commercial Real Estate Finance Green Lending Roundtable since January 2022. The roundtable has been formed to focus on climate risk, ESG goals, policies, and trends.

Outcomes: Recommended key standards to be included in the borrow ESG questionnaire include property level sustainability, energy efficiency and wellness certifications; along with collection of energy consumption data and borrower's reduction targets and plans for carbon neutrality. PGIM Real Estate also recommended inclusion of questions to gain insight on borrower transparency initiatives as measured by membership in key programs (e.g., UN PRI, GRESB, CDP, TCFD, PCAF and SBTi etc.). The questionnaire will soon be published for comment and adoption.

Conference Sponsor and Panel Participant at the United Nations Climate Change Conference (COP26) – The World Climate Summit

Objective – to use the PGIM and PGIM Real Estate platform to highlight our business focus on climate change from an investment perspective and support the underlying mission of the conference including:

- Secure global net zero by mid-century in alignment with the 1.5-degree pathway
- Adapt to protect communities and natural habitats
- Advance the conversation around financing the transition to a net zero economy
- Promote collaboration globally on these efforts

Overview – PGIM participated as a corporate level sponsor of the World Climate Summit – The Investment COP. The Investment COP is recognised as one of the most important official side events of COP26. PGIM Real Estate's Global Head of ESG and Head of Asset Management for the Americas participated on a panel titled "The Future of Building Technologies - Renovate for Energy Efficiency". The panel focused on the importance and challenges of retrofitting the built environment in the context of the net zero goal.

Outcomes (global engagement) – COP26 along with the World Climate Summit brought together 120 world leaders and over 40,000 registered participants, including 22,274 party delegates, 14,124 observers and 3,886 media representatives, making it a highly effective stage to scale engagement and share our philosophy on climate change as a large global investor. Through our panel participation, which was live streamed, we were able to effectively communicate to a large global audience the importance of focusing on the built environment as well as the criticality of collaboration and greater global consistency in our quest to reach our net zero target. The panel remains publicly available <https://www.worldclimatesummit.org/on-demand>.

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 Program

PGIM Real Estate's Compliance Group is responsible for the global regulatory compliance program, and for implementing internal policies. The team provides business specific compliance advisory guidance, and develops, maintains, and monitors compliance within the appropriate policies, procedures, and regulatory requirements.

Compliance also actively supports the asset management and portfolio teams in managing regulatory risk. 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 program 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 Program 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 2021 reporting period.

Case Study: Expanding External Compliance Program Audit to Include ESG

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

Resolution: In 2021, we began the process of expanding the quarterly reviews by the same independent 3rd-party firm that conducts our Rule 206(4)-7 testing to include our ESG policies, procedures, and practices. In 2022, this will further expand to include but not be limited to:

- 3rd party data and scoring methodologies
- 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.

We anticipate ongoing testing of our ESG practices will occur as part of our annual compliance program reviews going forward.

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

Please note that this list is illustrative and is not a comprehensive overview of all PGIM Real Estate or PFI policies. Additional policies are in place covering topic areas such as: regulatory requirements, operational policies, external communications, and trading policies.

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 Steering 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 PGIM Real Estate's Head of ESG 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. Classified funds under management as ESG funds/non-ESG funds
2. Engaged with key stakeholders in investment management and risk teams to consider how sustainability risks are currently incorporated into the investment decision making process
3. Considered how sustainability risk is incorporated into the remuneration structure and updated the remuneration policy to reflect this
4. Prepared prospectus and website disclosures for ESG funds
5. 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 program. 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. Please note that 2021 UN PRI reporting results are not yet available.

GRESB: At the investment fund level, we use the Global Real Estate Sustainability Benchmark (GRESB) as our reporting standard. 87% of data submitted to GRESB in the 2021 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 2021, 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 Gases (GHG) programs, within the scope of the verification
- The organisation's GHG emissions inventory
- Any significant changes in the organisation's GHG emission inventory since the last reporting period
- The organisation's GHG emission-related controls.

Outcomes: The third-party data assurance of GRESB data in 2021 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 are enhancing our ESG due diligence for new acquisitions and developments 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 an external consultant, 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

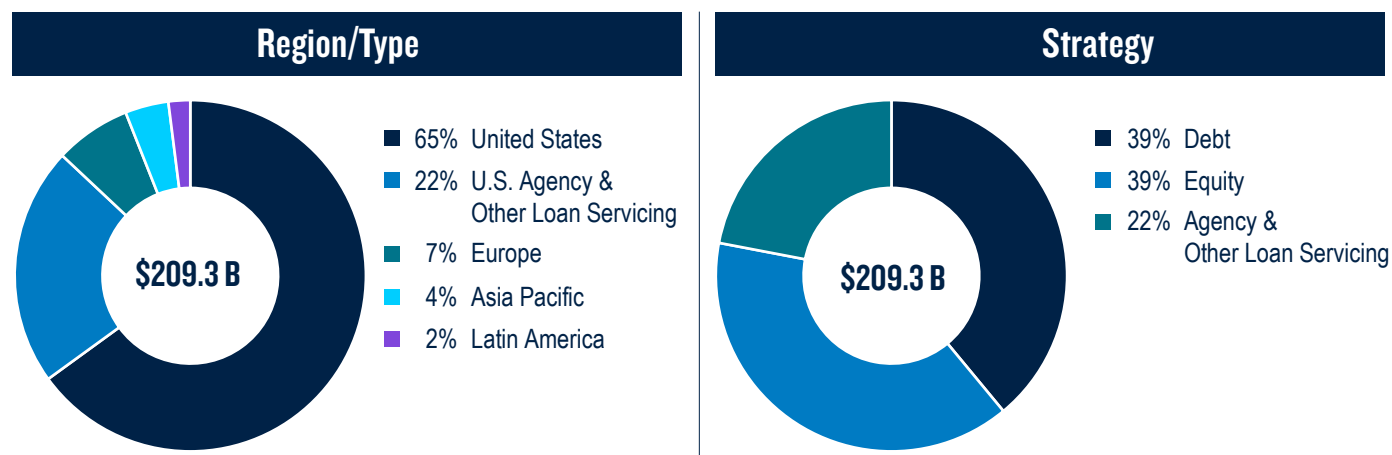
PRINCIPLE 6:

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: \$209.3 Billion⁸



⁷ Past performance is not a guarantee of future results.

⁸ As of 31 December 2021, 2021, AUM is \$163.4B Net and AUA is \$45.9B. Note: Percentages may not sum to 100% due to rounding.

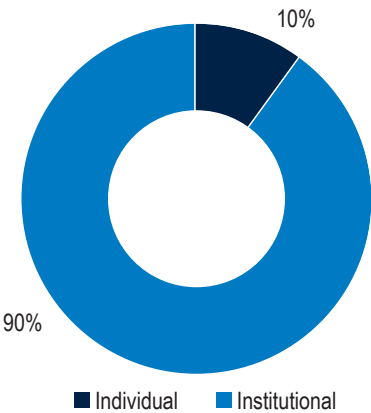
Equity includes primarily our direct Real Estate equity investments, and also our listed REITs business.

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 2021. The data represents a breakdown of our 3rd party client base by individual versus institutional. Individual includes DC Plans, Family Offices, and HNW individuals. Institutional includes Public and Private Pension plans, Endowments and Foundations, Insurance Capital, and Sovereign Wealth Funds.

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.

Frequency	Communication Type	Description
Annually	ESG Report	PGIM Real Estate published an annual ESG report which highlights our efforts to govern and operate an environmentally and socially responsible real estate investment platform.
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 2021, the firm responded to more than 70 customised ESG reporting requests, up from approximately 50 the prior year. We expect this trend to continue.

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 2022, 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, the PGIM Spring 2021 Megatrends – Weathering Climate Change report focused on climate change, and its global impact and the long-term effects on the broader economy.

PGIM Real Estate actively attends and supports conferences such as ULI (Affordable Housing and the Responsible Property Investment Councils, 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 2021, 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.

Frequency	Type	Description
Multi-Annually	Client Satisfaction Survey	<p>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.</p> <p>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.</p>

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, to pool client funds to invest in and develop affordable homes across the UK for working people and families. This investment program aims to both help alleviate the supply-and-demand imbalance in the affordable-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: A key element of the strategy delivery is the creation of the Asset Management Strategy which encompasses eight key principles that the 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 will select and appoint third party property managers and suppliers that demonstrate policies and values consistent with Fund Strategy.
2. **Customer Journey** - creating a customer journey that is consistent across the Fund, best in class and recognisable.
3. **Customer Leasing Terms** - Standard leasing terms focusing on achieving a stable NOI over the long term, flexible to market conditions change 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 ultimately 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, 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 our approved panel of building surveyors, mechanical and electrical engineers and environmental / sustainability consultants. The due diligence reports are reviewed by the transaction and portfolio managers and the Investment Committee report compiled. ESG is a material consideration of the investment committee process globally. The investment committee report includes the output of an asset level ESG scorecard (based on 20 questions), which calculates environment (40%), social (15%), governance (15%) and resilience (30%) into “above average”, “average” and “below average” categories, and also requires the input of commentary on notable risks. Data representing Principle Adverse Impacts, as defined under the Sustainable Finance Disclosure Regulation (SFDR), are also presented within the Investment Committee

report. Any material risks identified are discussed at committee and underwritten, as required, for example through insurance, a price adjustment etc.

The asset level ESG scorecard incorporates the following:

- **Environmental:** physical risks and attributes which promote environmental stability (building certification, high-efficiency HVAC equipment, presence of energy management system, energy source, lighting and water fixtures, biodiversity and recycling infrastructure)
- **Social:** property attributes that impact the living and social experience (affordability; contribution to surrounding area; ventilation; air quality; and contaminants)
- **Governance:** property attributes that measure the commitment to ESG (green clauses in leases; and responsible person to implement ESG objectives) and
- **Resilience:** climate related physical risks at the property level (using Moody’s ESG Solutions, see Principle 4).

Asset-Level ESG Performance Report

Score		Rating (Above Average, Average, Below Average)
Property ESG Score	61	Average
Environmental	71	Average
Social	90	Above Average
Governance	45	Average
Resilience	41	Average

Please note image is for illustrative purposes only.

A re-review of investment critical ESG risks was completed in 2022 for the UK and Europe with six material risks identified. This includes three regulatory compliance risks i.e., minimum energy performance standards, “energy in-efficient” real estate as defined by SFDR and the alignment to EU Taxonomy technical screening criteria (Article 8 and 9 funds only). As part of the re-review, we have also defined a PGIM Real Estate appropriate climate path, using CRREM, and risk classifications for flood, including an allowance for climate change, and pollution. Climate path, flood and pollution subsequently make up the remaining three investment critical ESG risks. Where a new investment falls short of the six material risks, an estimate on the likely Capex costs for alignment will need to be presented to the investment committee. The new investment committee report template is proposed to be rolled out in 2022 for all new investments.

Active Ownership

Post investment, we use the GRESB assessment to evaluate our ESG progress and identify opportunities for improvement. During 2021, 84% 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., 84% 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. 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 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 our tenants is vital to do this. We look to include green clauses in all of our lease agreements, as a minimum to ensure compliance and data share at our assets. Going forward we will look to also engage with tenants strategically and adopt 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: Positioning for Net Zero Carbon

Project: £91.5M acquisition of a mid-1960's core office building (NLA 61,973sqft), City of London, UK

ESG Considerations: Enhancements were identified during acquisition due diligence to be required across the services element of the building, alongside the provision of low or zero carbon technologies, in order to retain an Energy Performance Certificate rating of B on reassessment (in line with the likely uplift in requirements under the Minimum Energy Efficiency Standard legislation) and the energy intensity targets set out by net zero carbon (using recent publications from the UK Green Building Council and London Energy transformation Initiative).

Action: Based on the life cycle of the service plant and the option of a lease break for the longer of the two leases, major works were recommended to the services of the building in 2027. The works have an estimated capital expenditure (Capex) of £11.9M, which has been budgeted into the Asset Strategy for the office building. The Capex was approved through Investment Committee and the office building acquired in the fourth quarter of 2021.

Outcome: Our comprehensive due diligence process facilitated the release of Capex at point of investment to future proof the asset, specifically in terms of climate mitigation and transition risk.

Case Study: Retrofit for Energy Efficiency and Sustainability

Project: Upgrade of the central cooling plant serving the 30-storey office tower (NLA 2,310,056sqft), Midtown South, Manhattan, New York

ESG Considerations: PGIM Real Estate is committed to meet its sustainability goal of reducing portfolio-wide landlord-controlled carbon emissions by 100% by 2050 and the New York City Local Law 97 Mandate to reduce greenhouse gas (GHG) emissions by 40% by 2030. The proposed upgrade to the central cooling plant, which had come to the end of the product life cycle, created a prime opportunity to install an energy-efficient system that would cool the building and maintain tenant comfort, while continuing to decrease GHG emissions.

Action: An in-depth analysis of existing building operations and energy consumption as well as available square footage, identified a thermal energy storage (TES) system to be the most appropriate solution. The system's core capabilities include capturing and storing energy produced overnight in the installed ice tanks for space conditioning use the following day. The selected system combined highly energy-efficient chillers and high-capacity storage tanks as well as an automatic temperature-control feature to allow continuous monitoring and performance evaluation.

Outcome: Capital investments in the building simultaneously delivered environmental benefits: data for 2021 demonstrated a reduced energy intensity by 23% and GHG emissions intensity by 24% (equal to 2,915 Metrics Tons CO₂e) over a 2017 Baseline (in line with emissions goals described in response to Principle 1), and financial returns (reduced tenant energy costs).

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 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: Remediation of Brownfield Land

Project: HUD 223(f) loan to support renovations to a multifamily property, Tennessee, US

ESG Considerations: Shallow ground conditions on site were identified to be impacted with fuels and solvents, likely to be associated with the adjacent dry cleaners and petrol filling station. Soil remediation and a sub-floor slab air vapor mitigation system was required to ensure that suitable indoor air quality was achieved for the residents.

Action: Soil remediation and vapor intrusion mitigation was made a condition of the loan. The loan asset management team continues to monitor the borrower's compliance through quarterly status updates.

Outcome: Our comprehensive due diligence process facilitated the appropriate remediation of the site for continued residential use.

Agency Lending

Our agency lending due diligence process differs from private real estate debt lending, as each agency has their 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.

Through the affordable lending platform, PGIM Real Estate has helped finance more than \$3.7 billion in affordable housing loans since 2010 through FHA, Fannie Mae, and Freddie Mac - and over \$4.1 billion in affordable housing loans since 2004. Through its Green programs, the Agency group financed 1,131 affordable units in 2021.

PGIM Real Estate also offers an expanded line of multifamily property financing options through Fannie Mae, Freddie Mac, and FHA. Each of these lending programs offers a multifamily green financing program for qualifying properties based on energy and water savings requirements. PGIM Real Estate Green loan production through these programs (Freddie Mac GreenUp, Fannie Mae Green Rewards, and FHA Green Loan) has totalled over \$902 million in 2021.

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 weighed 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, antitakeover 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 outsource 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.

As a global policy, our PFI Vendor Code of Conduct and Terms of Engagement document applies to all interactions between a vendor and PFI group company, which includes PGIM Real Estate. 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. In Europe, we are committed to ensuring that the Responsible Contracting Policy, or a regionally appropriate variation of this, is imminently rolled out across the business.

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 KPI+ Right to appoint external consultants to conduct review account reconciliation

ESG is already embedded into the PMA. However, going forward we are completing a comprehensive review of all PMAs across Europe to include “standard” ESG clauses, as proposed below.

Proposed Standard ESG Clauses	
Sustainability Risk Management	Manage compliance of sustainability requirements at the managed property where relevant to the services provided by the managing agent. 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.
Data Management	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 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 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
Procurement	Consider sustainability as part of the due diligence process when selecting services from any third-party provider or contractor
Sustainability Disclosure & Communications	Ensure regular liaison with Occupiers on a range of Property Management issues, including sustainability issues
Utilities & Waste Management	Require waste contractors to provide relevant waste data when negotiating new waste management contracts

Each year PGIM Real Estate continues to monitor property manager performance through a property manager review program.

The Property Manager Review (“PMR”) is intended to assess and to reduce operational risk at PGIM Real Estate’s property managers. The program demonstrates responsible oversight of third party property managers and partners and strengthens 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 at PGIM Real Estate’s property managers. The European PMR is conducted by an external accounting, tax, consulting and business advisory firm with PGIM Real Estate Operational Risk overseeing the process and ensuring involvement of the relevant PGIM Real Estate key 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 changes in regulation and the environment. E.g. for 2021, ESG was added to the PMR scope.

- 1. 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.

- 2. 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 program. Due to the Covid-19 pandemic, on-site visits for 2020 and 2021 took place virtually. Asset Management, Operational Risk and the European Executives have the ability to prioritise/deprioritise assets and property managers e.g. due to high turnover of key personnel, changes in processes/systems, errors in reporting / lack of timely reporting.

To complete the review, a workshop with Asset Management, Operational Risk and the European COO to discuss findings and recommendations identified by the advisory firm is organised. 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.

Further Examples

Sustainability Consultants

Verdani Partners, a full-service sustainability and ESG consulting firm, is the primary service providers 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 2021. Examples include:

- Submitted 18 funds, c.256.9M SQ FT across 1,210 assets, to the 2021 GRESB Real Estate Assessment. Seven funds earned 4-Star, 5-Star and/or First Place in peer group designations.
- Assisted in completing the Firm's 2020 UN PRI Report, which earned a grade of A+ for Strategy and Governance and an A for Property under the PRI Principles for Responsible Investment.
- Assisted in publishing a public-facing GRI-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), tenants (energy, water and waste awareness campaigns).
- Developed and circulated ESG due diligence best practices for new construction and major renovation projects.
- Developed a net zero commitment framework to achieve net zero carbon emissions by 2050.
- Conducted six fund specific ESG strategy training sessions and one Climate Resilience methodology training for key PGIM Real Estate stakeholders.

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 2021 met PGIM Real Estate's needs. There was however one instance 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.

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

Our ESG Framework

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

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

ENVIRONMENTAL



SOCIAL



GOVERNANCE



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.

Looking ahead, in Q1 of 2022, PGIM Real Estate released a request for proposal (RFP) to market for both Equity and Debt covering the UK and Europe, which will include a materiality assessment of some of our key investors. This will ensure that we continue to identify and prioritise the most relevant sustainability topics to their organisations and can evolve our ESG strategy accordingly. We are currently at interview stage and will look to appoint the preferred strategic partner in Q2.

Property Management Engagement

Outside of the PMA and quarterly meetings, as presented in Principle 8, PGIM Real Estate also undertake a global property management survey through the ESG programme. The survey allows us to identify property issues, trends and opportunities regarding tenant and community engagement, procurement and sustainability. 761 property managers responded to our annual

property manager survey in 2021, 63% increase over 2020. In January 2021, we recorded 177 of our property managers with an ESG Program Award for their participation in our 2020 ESG programme.

Tenant engagement

As discussed in Principle 7, we utilise SSOGs to encourage PGIM Real Estate Asset Managers and our property managers to engage tenants. These include but are not limited to:

- MoU and ESG clauses in leases to share data, as a minimum.
- Asset level advice to reduce environmental impact (and operational expenditures). This advice covers lighting, water and HVAC efficiency, amongst other topics.
- Tenant events held at our properties to increase sustainability awareness, including Earth Day, electronic waste drives, World Water Day, and others.
- In 2021, 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 programs 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 – which works towards improving occupant health and wellbeing (see Principle 12). To note, Fitwel will not only deliver health and wellbeing-related infrastructure improvements, but it 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.

Again, looking ahead, in Q2 2022, we have initiated a pilot strategic tenant engagement programme, targeting at our top 10 UK tenants (by square footage). The engagement programme will look to better understand our tenant real estate needs but also allow us to engage with them on ESG, in terms of their own strategy, commitments, targets, challenges, and opportunities for collaboration.

Case Study: Achieved Fitwel 2-Star Rating of a 22-storey office tower (NLA 441,176 sqft), Austin, Texas

Project: To promote the health and wellness of the tenant and 1,400 employees of the building and verify our approach through the Fitwel certification rating system.

Highlights specific to stakeholder engagement:

- Stakeholder collaboration was undertaken to establish a health mission and set goals for the building
- An occupant commuter and satisfaction survey were undertaken
- Indoor Air Quality (IAQ) testing was conducted, and the results shared with the tenants.

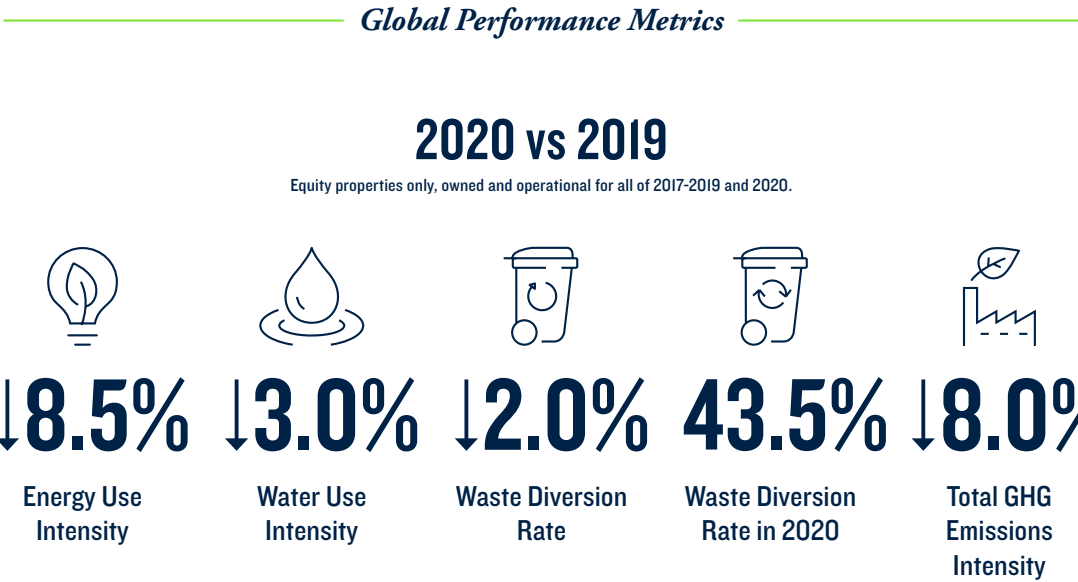
Actions:

- All workspaces have access to thermal control devices
- Signage encouraging healthy snacking was added to the staff break areas and healthy snacks and beverages are provided free of charge
- Information on a Crop Share delivery program, Farmhouse, was publicised to occupants
- Staff were provided access to a lactation room and a quiet room
- Motivation stair signage was added to the interior stairwells
- Occupants were provided with free of charge access to an on-site fitness facility
- Occupants were provided with free of charge access to secure and covered on-site bicycle storage, showers and lockers
- Various policies were developed for the building, including an Indoor Air Quality Policy and Tobacco- and Smoke-Free Policy.

Outcome: Achieved an asset score of 110.93 under the Multi-Tenant Base Building v2.1 and was awarded with a Fitwel 2 Star Rating in November 2021. The project benefitted the overall performance of the building but also increased the building and facilities manager's consideration and awareness of tenant needs.

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 2022. This is to accommodate the data collection, processing, and quality assurance timeline

Tenant Engagement

COVID-19 restrictions sharply curtailed our ability to conduct engagement activities in 2020 and 2021, however we have outlined below our activities during COVID, our pre-pandemic approach to tenant engagement, and our objectives for 2022.

Supporting Tenants During COVID-19 Pandemic

Please note that the responses below describe our global portfolio, unless otherwise specified. PGIM Real Estate followed CDC Guidelines in the US and Mexico, and World Health Organisation Guidelines elsewhere.

- Retail:** PGIM Real Estate took several practical measures to maintain operations at its retail properties while protecting the health of guests and employees. Six of our shopping centres in the United States and five in Singapore achieved advanced cleaning certifications through the Global Biorisk Advisory Council or the Singaporean government by complying with best practices in their cleaning procedures. In the United States and Mexico, we made our tenants aware of guidance from the Centers for Disease Control and Prevention (CDC) and state and local regulations that affected their operations. When feasible, we arranged space for curbside pickup of purchases and outdoor seating for restaurants. And we conducted social media campaigns to promote awareness of our tenants’ revised operating hours and service options.
- Office:** At many of PGIM Real Estate’s office properties, occupancy in 2020 was greatly reduced because tenants’ employees opted or were required to work from home. For those who continued to work at their offices, efforts to provide safe working environments were expanded. Wherever possible, building engineers increased filtration to the highest minimum efficiency reporting value (MERV) ratings and increased outdoor air flow. In restrooms, electric hand dryers were replaced with paper towels to reduce the airborne spread of the virus and foot openers were added on bathroom doors. In building lobbies, we removed seating to prevent tenants from congregating in groups, installed

plexiglass shields at security desks and installed signage reminding occupants to maintain physical distancing. Going forward, building management will be considering how to more safely use amenity spaces based on what was learned during the pandemic.

- **Multifamily:** Our multifamily properties, of necessity, continued operations. Property managers took steps to align HVAC use with CDC or WHO-recommended best practices, including installing MERV 13 (hospital-grade) filters in all compatible HVAC systems. Management offices remained staffed, scheduled in staggered shifts so as to limit office occupancy. Leasing appointments were held virtually or by prior appointment only — and with appropriate COVID-19 screening. Many building amenities closed, and those that remained open were regularly sanitised and set up for physical distancing. Maintenance staff wore appropriate protective coverings and underwent COVID-19 screenings prior to entering residential units. Finally, we kept tenants informed on updated protocols via property websites and signage.
- **Industrial:** The industrial sector remained open for business — in large part because tenants have almost exclusive control over their workplaces. Our property managers provided tenants with information, resources and recommendations based on CDC and World Health Organisation best practices as well as state regulations to enhance their workspaces, including advanced housekeeping and disinfecting, the provision and use of personal protective equipment, physical distancing, quarantining, and tracking and reporting employees with symptoms or positive COVID-19 test results. Those recommendations have also included engineering alterations such as air filtration and touchless equipment in the forms of faucets, light switches and door openers.
- **Alternatives:** Our alternatives sector remained stable throughout the pandemic, with our four major asset classes of student housing, storage, data centres and manufactured housing now returning to pre-pandemic operations. Efforts were taken within each asset type to follow COVID-19 safety guidelines, with special attention given to supporting tenants via physical distancing measures and sanitation. These property types have remained attractive in the current market, and valuations continue to increase, resulting in stability throughout our alternatives business.

Approach to Tenant Engagement Pre-COVID in 2019

In 2019 we held approximately 1,089 in person events in the United States. While covid prevented us from replicating these events in person in 2020 and 2021 we continued to drive engagement and education through a number of “distanced” engagement efforts, described above.

2022 and beyond

As the pandemic is reaching its end, we have reignited our onsite programming and currently have approximately 1,510 events planned in 2022.

The list below is a sample of the types of events that have been hosted on the past, and is representative of our intentions in 2022.

- | | |
|--|---------------------------------------|
| • Holiday/ Seasonal Parties: breakfast, brunch, lunches, BBQs, food trucks, concerts (all national holidays, Veteran’s Day, Earth Day, Holiday tree lighting, ugly sweater contests) | • Alzheimer’s mini walk |
| • Drive: toys for tots, gift drives, coat & clothing Drive | • 5k run/walks |
| • Pride Pantry Donation | • Race for Hope |
| • Blood Drive | • Relay for Life |
| • Food Drives/ Donations | • Art classes |
| • Pet adoption | • Yoga classes |
| • E-Waste Collection | • Networking breakfast |
| • Bingo | • Understanding Medicare, Alzheimer’s |
| • Father’s Day car show | • Senior prom (senior housing dance) |
| • Health & Wellness - Flu Clinic | • Carnival |
| • Breast Cancer awareness events | • 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
- Seeking to educate borrowers in the reduction of their portfolio’s environmental impact and where relevant, promote sustainable design and construction methods
- Encourage 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.

Case Study: Influencing the borrower to improve ESG performance

Project: In 2021, PGIM Real Estate’s European Value Add Debt Fund funded c.1.6M sqft of cold storage facilities in the UK. The financing was granted to repay existing debt within the structure as well as three expansion projects.

Actions: On review of the business plans and subsequent discussions with the borrower the financing was extended to include significant capital expenditure. The capital expenditure was specifically targeted to upgrade the existing hydrofluorocarbon cooling systems (both a greenhouse gas and ozone depleting substance) to more modern and environmentally friendly argon gas systems and to retrofit the existing cold stores with more sustainable and energy efficient refrigeration plant.

Outcomes: In support of the clear ESG commitments for the capital expenditure, PGIM Real Estate was able to use the security of the structure to unlock the necessary additional finance required and at market favourable rates (which could not be achieved through traditional lending).

Further capital expenditure has now been allocated to two smaller extensions (totalling c.100,000 sqft) plus a larger new and fully-automated cold storage facility (c.220,000 sqft). The borrower is targeting 100% renewable energy for this new fully-automated facility. Additionally, the construction phase is expected to create 230 jobs over two years, with a further 300 jobs expected to be created once the facility is in operation.

Case Study: Collaborating with the borrower to facilitate the redevelopment of brownfield land

Project: Originate a senior construction loan for the development of industrial buildings (totalling 208,261sqft) on a former oil production and storage facility, South Bay, Los Angeles, US. The loan was proposed to finance the land and improvements, soil remediation, as well as the vertical construction and leasing.

Actions: The borrower’s business plan included completing all oil well abandonment and soil remediation work. In addition to leveraging internal resources, PGIM contracted third parties with expertise in oil well abandonment and soil remediation, amongst others, to assess the validity of the project. Circa 6 months into the groundwork significant changes to the well abandonment scope of works were required by the primary regulatory authority, which created a number of unforeseen challenges.

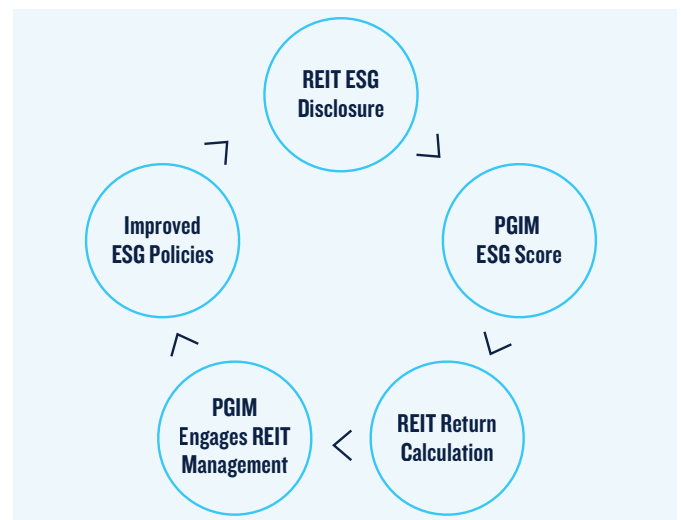
Outcomes: PGIM Real Estate’s third-party consultants worked in collaboration with the borrower’s consultants to complete the oil well abandonment and soil remediation works in accordance with local code/regulations and the evolving regulatory requirements. This ultimately achieved regulatory approval and facilitated the suitable redevelopment of brownfield land.

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 the 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 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 giving students the opportunity to be published in the Property Chronicle.</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 33% over the last three 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>
Real Estate Balance	Basic	<p>Role and Contribution: PGIM Real Estate was an inaugural member of Real Estate Balance, when it was founded in 2015, and have signed up to the CEO Commitment on Diversity. We have year on year since participated as a member in their efforts to promote and support increased diversity in real estate, which has specifically included attending and inputting on various workshops including speed mentoring.</p> <p>Outcome: There is much to do, but we are on a path to improve our diversity as a company and in real estate more widely, in line with the CEO Commitment on Diversity.</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, going forward, we will 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, will look to promote diversity and help state-funded school students learn about a career in real estate.</p>
Urban Land Institute (ULI)	Moderate	<p>Role and Contribution: PGIM Real Estate by way of representation has recently taken a lead role on ULI's Europe Technology and Real Estate Product Council with the purpose of exploring how technology and innovation in real estate can enhance customer experience and quality of life.</p> <p>Outcome: Going forward, the business by representation will also have an active involvement in the UK Sustainability Product Council and will be involved in an ESG panel at the 2022 European 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: PGIM Real Estate has committed to sharing the requested asset level sustainability data for our European core equity fund. 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 programs that promote workplace diversity and inclusion.</p> <p>Outcome: PGIM Real Estate actively contributed to the development of a climate-related due diligence guide for commercial real estate lenders, which was released in May 2021, to drive up standards in the industry.</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 2021 more than 84% 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

48.7% of AUM as at 31 December 2021

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 in the U.K, which include SLAs and KPI 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 properties owned by PGIM Real Estate.

Escalation measures: We had conducted repeated engagements with senior management of the property manager. However, there was a lack of improvement by the property manager. This resulted in its 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: While it has only been a few months the new property manager has put new Executive Directors in place, has been reducing agency staffing, and has grown occupancy by about 4% at each building.

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 used to collect, manage, and analyse asset-level the environmental data that 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 2021, PGIM Real Estate have escalated efforts to improve our 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
- Developing an 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 effort
- 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.

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 funds with prior year assessments increased data coverage over 2021.

Private Real Estate Debt Investments

48.7% of AUM as at 31 December 2021

As described in response to Principle 9, our ability to escalate ESG issues is primarily determined during the initial investment and underwriting process. As previously described, we conduct a thorough analysis of ESG issues as part of due diligence, and where applicable ensure impose ESG related requirements through loan covenants. Depending on the nature of the loan, we will also structure mechanisms to enforce 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 loan documents, our approach to ESG when structuring loans is highly proactive. Our comprehensive due diligence process (described in full in response to Principle 7 and summarised below) addresses ESG issues and retaining loan servicing in house (described in Principle 7) provides additional monitoring and risk management benefits. We will continue to evaluate how to increase our impact as a lender, for example via green lending.

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 thoroughly mitigated. We require full third-party engineering and environmental and impact assessments reports (including a review of sustainability) 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 extends well beyond paying reference to the borrower's ESG policies. We seek to actively evaluate engagement at the tenant, resident and community level and 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 have been enhanced to include house 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.

Enabling Escalation in the Loan Structuring Process

As described above, our ability to escalate ESG issues with borrowers occurs in the loan due diligence process. Below is an example of how PGIM Real Estate identified meaningful issues during due diligence and required remediation as part of the lending documents. Issues are monitored by our in-house loan servicer and enforced if necessary.

Case Study: Seismic Retrofit of a Multifamily Property

Project: Refinance of a multifamily garden style apartment property, California, US

ESG Considerations: It was discovered during loan due diligence that some of the apartment buildings at the 1970's construction property did not have adequate earthquake resilience.

Action: A complete seismic retrofit of the property was made a condition of the loan. The loan asset management team monitored the retrofit works and confirmed satisfactory completion within the agreed-upon post-closing time frame.

Outcome: Our comprehensive due diligence process facilitated the appropriate detailing and reinforcement of the building for seismic protection.

Global Real Estate Securities Investments

2.6% of AUM as at 31 December 2021

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 REIT's 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 of our goals and net zero commitment. We continue to seek ways to expand our impact in measurable ways, such as by advancing toward 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 – Fitwel Certifications

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 9 Fitwel certifications implemented at properties in 2021 (10 Fitwel certifications achieved in 2020). 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 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.

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

Background: 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 practical and supportive training programmes and at the same time address the skills gap in the construction industry. PGIM UK staff have worked alongside YouthBuild students in London on community projects and delivering employability / personal development sessions in the YouthBuild centres or more recently online.

Issue: In order to improve on their charity work YouthBuild now need to broaden their contacts in the construction industry to ensure training and work opportunities for the youth they serve.

Action: PGIM Real Estate U.K. is working to ensure that any development company we work with on a construction project is introduced to YouthBuild to see if there is scope for the developer to support YouthBuild in any way. YouthBuild are currently delivering training from a site in Thamesmead, London where they have a partnership with the Peabody Trust to work towards the long-term regeneration of the area.

YouthBuild are next looking to set up in the Midlands and are partnering with the Princes Trust for that region. Our European Value Add Debt strategy is starting to make material investments in that region and looking to support YouthBuild's strategic expansion. In particular, the strategy is providing financing for a site acquisition in central Birmingham, plus funding to develop an over 500 unit "build-to-rent" residential scheme on the site. The strategy is engaged heavily with both a private developer and Birmingham City Council on the project and working to introduce both the developer and the local council to YouthBuild.

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 is 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.

Outcomes: 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 prioritise keeping Investors current.

Case Study

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. The assets are under construction and practical completion of the schemes will occur in 2023/2024.

The new assets are targeting an EPC rating expected of "A", and the developer/operator 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

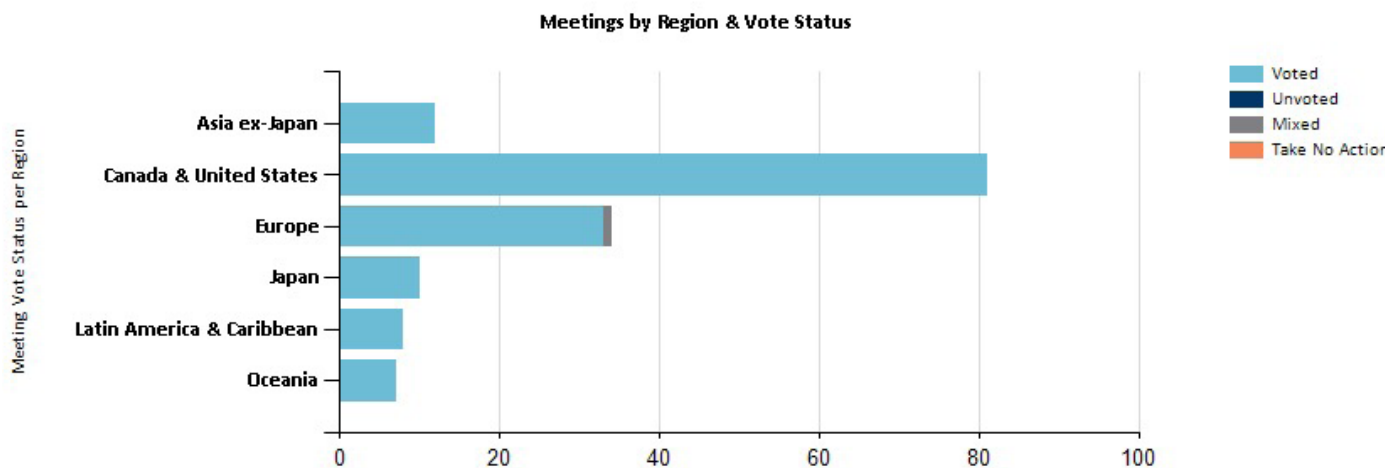
Any client may obtain a copy of our proxy voting policy, guidelines and procedures, as well as the proxy voting records for that client’s securities, by contacting the client service representative responsible for the client’s account. Our proxy voting record is not currently publicly available, and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

2021 Voting Record by Region

In 2021, our Global Real Estate Securities (GRES) business voted 1,009 out of 1,010 potential proxy votes. GRES maintains a proxy voting policy, and has engaged a proxy agent to execute proxy votes in accordance with the policy.



IMPORTANT INFORMATION

For professional investors only.

All investments involve risk, including the possible loss of capital.

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. The information is not intended as investment advice and is not a recommendation about managing or investing assets.

PGIM Real Estate, which is affiliated to PGIM Real Estate (UK) Limited, 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 Real Estate (UK) Limited and PGIM, Inc. are registered investment advisors with the US Securities and Exchange Commission, and PGIM Real Estate (UK) Limited is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom with registration number 181389. Registration as a registered investment adviser does not imply a certain level of skill or training. 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.

In the United Kingdom, information is issued by PGIM Limited with registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR. PGIM Limited is authorised and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number 193418). In the European Economic Area ("EEA"), information is issued by PGIM Real Estate Luxembourg S.A. with registered office: 2, boulevard de la Foire, L1528 Luxembourg. PGIM Real Estate Luxembourg S.A. is authorised and regulated by the Commission de Surveillance du Secteur Financier (the "CSSF") in Luxembourg (registration number A00001218) and operating on the basis of a European passport. In certain EEA countries, information is, where permitted, presented by PGIM Limited in reliance of provisions, exemptions or licenses available to PGIM Limited under temporary permission arrangements following the exit of the United Kingdom from the European Union. These materials are issued by PGIM Limited and/or PGIM Real Estate Luxembourg S.A. to persons who are professional clients as defined under the rules of the FCA and/or to persons who are professional clients as defined in the relevant local implementation of Directive 2014/65/EU (MiFID II).

PGIM Real Estate Germany AG is a German Capital Management Company with a respective license pursuant to sec. 20, 22 of the German Capital Investment Act (Kapitalanlagegesetzbuch–KAGB). In case PGIM Real Estate Germany AG markets or distributes units or shares in external investment funds, i.e., investment funds for which PGIM Real Estate Germany AG does not provide the collective portfolio management within the meaning of Directive 2011/61/EU or, respectively, the KAGB, such marketing or distribution is performed in accordance with sec. 20 para. 3 no.6 KAGB. PGIM Real Estate Germany AG is not responsible for the collective portfolio management (including portfolio and risk management) within the meaning of Directive 2011/61/EU or, respectively, the KAGB, with regard to the respective investment funds in this case. It is also not responsible for the content of any marketing material (including prospectus, Offering Memoranda etc.) provided by the fund manager or other third parties. PGIM Real Estate Germany AG will not examine or assess the individual situation of any prospective investor and does not provide any personal recommendations, including recommendations related to tax issues, to prospective investors relating to transactions in the respective investment funds. Where relevant, prospective investors should seek advice from qualified third parties before they take an investment decision.

The information provided in the document is presented by PGIM (Singapore) (Pte. Ltd.), a Singapore investment manager that is registered with, and licensed by the Monetary Authority of Singapore. In Hong Kong, information is provided by PGIM (Hong Kong) Limited, a regulated entity with the Securities & Futures Commission in Hong Kong to professional investors as defined in Section 1 of Part 1 of Schedule 1 (paragraph (a) to (i) of the Securities and Futures Ordinance (Cap.571). In Japan, information is provided by PGIM Real Estate (Japan) Ltd., a Japanese asset manager that is registered with the Kanto Local Finance Bureau of Japan. In Australia, information is issued by PGIM (Australia) Pty Ltd ("PGIM Australia") for the general information of its "wholesale" customers (as defined in the Corporations Act 2001). PGIM Australia is a representative of PGIM Limited, which is exempt from the requirement to hold an Australian Financial Services License under the Australian Corporations Act 2001 in respect of financial services. PGIM Limited is exempt by virtue of its regulation by the Financial Conduct Authority under the laws of the United Kingdom and the application of ASIC Class Order 03/1099. The laws of the United Kingdom differ from Australian laws.

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

The information contained herein is provided by PGIM Real Estate. This document may contain confidential information and the recipient hereof agrees to maintain the confidentiality of such information. 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. The information contained herein is current as of the date of issuance (or such earlier date as referenced herein) and is subject to change without notice. PGIM Real Estate has no obligation to update any or all such information; nor do we make any express or implied warranties or representations as to the completeness or accuracy. 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. These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services. These materials do not constitute investment advice and should not be used as the basis for any investment decision.

These materials do not take into account individual client circumstances, objectives or needs. No determination has been made regarding the suitability of any securities, financial instruments or strategies for particular clients or prospects. The information contained herein is provided on the basis and subject to the explanations, caveats and warnings set out in this notice and elsewhere herein. Any discussion of risk management is intended to describe PGIM Real Estate's efforts to monitor and manage risk but does not imply low risk.

All performance and targets contained herein are subject to revision by PGIM Real Estate and are provided solely as a guide to current expectations. There can be no assurance that any product or strategy described herein will achieve any targets or that there will be any return of capital. Past performance is not a guarantee or reliable indicator of future results. No representations are made by PGIM Real Estate as to the actual composition or performance of any account.

Performance targets set forth within this document are based on disseminated price quotes or actual prices from recent transactions and the returns realised between acquirers and their counterparts in the relevant established regional markets. Using published data regarding actual transactions, a reasonable basis is determined via the consideration of the extent to which reliable data is known about the transactions representative of the relevant region; and the general nature of the underlying transactions (arms-length transaction, distressed sale, etc.). Please note, real estate sales data may not be regularly reported or verified in certain regions; therefore, there is no guarantee that the performance targets or other assumptions set forth in this presentation will prove to be accurate in the face of actual changes in the market or other material changes in regional or local markets specific to this strategy.

These materials are for informational or educational purposes. In providing these materials, PGIM (i) is not acting as your fiduciary and is not giving advice in a fiduciary capacity and (ii) is not undertaking to provide impartial investment advice as PGIM will receive compensation for its investment management services.

SFDR: As a global firm, PGIM Real Estate has embraced the European Union's Sustainable Finance Disclosure Regulation and the EU-Alternative Investment Fund Managers (AIFMs) have decided to "comply" in accordance with Art. 4 ESG SFDR on manager level. You will find the manager level disclosures in relation to our Principle Adverse Impacts -Investment Due Diligence Policy and our Sustainability Risks Policy on our website (<https://www.pgim.com/real-estate/esg>)

PGIM Real Estate is in the process of implementing the applicable requirements as specified by the commission delegated regulation, which supplements the SFDR with regard to regulatory technical standards ("RTS") specifying the content, methodologies and presentation of information in relation to sustainability indicators and the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, websites and periodic reports. 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 January 2023. 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 January 2023.

Even though most PGIM Real Estate fund products pursue an ESG risk management policy and consider ESG elements in their investments, not all financial products mentioned in this Stewardship 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. PGIM Real Estate intends to expand their 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. Please refer to the specific documentation for each individual financial product to assess its SFDR categorisation.

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.

© 2022 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