

SUSTAINABILITY

REAL ESTATE SUSTAINABILITY POLICY

December 2025

Available for professional and institutional investors only. Your capital is at risk and the value of investments can go up as well as down.



The Sustainability Policy covers the real estate investment group of PGIM, Inc., the global investment management business of Prudential Financial, Inc. (“PFI”). Backed by a 150-year history of real estate financing and a 55-year legacy of investing in commercial real estate, PGIM’s real estate group strives to deliver exceptional outcomes for investors and borrowers through a range of real estate equity and debt solutions across the risk–return spectrum and through public real estate investment trust (REIT) securities.

This policy outlines the sustainability investing philosophy and approach of PGIM’s real estate investment group. It has been developed to outline PGIM’s views and general approach with respect to the incorporation of sustainability factors, including risks, opportunities and impacts into our investment process and investment strategies. This policy also sets out our approach to active stewardship, including engagement and proxy voting, and to governance, oversight and transparency of our sustainability activities.

As part of PGIM, the real estate investment group also aligns its sustainability philosophy and approach with PGIM’s high-level approach, as outlined in the [PGIM environmental, social and governance \(ESG\) investment policy statement](#).

OUR PHILOSOPHY AND APPROACH

At the real estate investment group of PGIM we believe that taking sustainability factors into consideration can positively impact long-term economic performance and help position our real assets for regulatory environments and client demand increasingly aligned with a low carbon economy and the changing climate. Through our active consideration of sustainability and engagement with key stakeholders including investors, partners, borrowers and tenants, we seek to deliver positive risk-adjusted returns for our investors and become an investor, landlord and lender of choice.

As one of the world’s largest real estate managers, we manage assets across a wide range of products and vehicles, and our sustainability philosophy remains consistent. We believe in providing clients with options with respect to their policies, views and beliefs in their investments. In addition to our traditional strategies that integrate financially material sustainability factors throughout the investment life cycle to pursue risk-adjusted returns, we also offer strategies, when clients request, that seek to have more positive impacts on the environment and/or society. We can also offer customization to achieve individual risk–return and impact objectives.

BASED ON A MATERIALITY ASSESSMENT¹

PGIM's real estate group philosophy and approach to sustainability are deeply rooted in the principles of materiality and focused on **building value** by reducing **carbon emissions and enhancing resilience**.

Our focus on reducing carbon is evident in PGIM's real estate group goal to be net zero carbon by 2050.² We translate that goal across our funds and assets to center on energy management practices and the provision of renewables, which enables us to reduce operational costs and improve net operating income. Enhancing resilience involves building the capacity to withstand climate-related challenges — such as flooding and heat stress — to maintain usability and asset liquidity. Our sustainability strategy focuses entirely on building value and future proofing investments while aligning with regulatory environments for real assets, which are becoming increasingly geared toward a low-carbon economy.

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

SUSTAINABILITY INTEGRATED INTO VALUE

We believe it is more constructive to invest in our assets and/or engage and support borrowers in their transitions toward understanding and managing sustainability risks and opportunities rather than to divest an asset or refuse a loan, respectively. Improving the sustainability performance of an asset, engaging to improve borrowers' sustainability practices and focusing them on a transition pathway can help create long-term value. PGIM's real estate group seeks to drive sustainability performance improvement across the investment/property life cycle.

• Real Estate Equity Investments

- **Acquisition:** For all new investments, assets are screened at the bid stage from a review of vendor due diligence, where available, and publicly available environmental information. Once under offer, comprehensive and thorough due diligence is completed by independent specialist consultants. Sustainability is a material consideration of the Investment Committee process globally. Investment critical sustainability factors include property level risks and opportunities specific to key regulatory transition risks, such as building performance standards and minimum energy performance standards, physical climate risks and other country/regionally material sustainability attributes. Each of the investment-critical factors is allocated a color key priority status indicative of 'no current issues' (green), 'important issues or actions' (amber), and 'critical issues or actions' (red) within the Investment Committee report. Any amber/red issues identified are discussed at committee and underwritten as required, such as through insurance or price adjustment.
- **Active Asset Management:** Post-investment, we conduct bi-annual portfolio reviews and, where undertaken, the annual GRESB assessment,³ to continue to evaluate sustainability

¹ The term "materiality" in this context refers to PGIM's real estate business process for identifying and evaluating sustainability factors that significantly influence its investment and stakeholder decisions. This usage aligns with the Global Reporting Initiative (GRI) methodology and is not intended to reflect the definition of materiality as established by the U.S. Securities and Exchange Commission.

² Our net zero goal aligns with Urban Land Institute's (ULI) Greenprint's Net Zero Carbon Track 1 to reduce operational carbon (Scope 1 and Scope 2 emissions) by 2050 in spaces under landlord control. Our collective progress against the net zero goal is published in the ULI Greenprint Performance Report each year to publicly showcase advancements.

³ GRESB is an ESG benchmark used by investors and companies to assess and improve the sustainability performance of real estate and infrastructure investments worldwide.

progress and identify opportunities for improvement. Across the globe, we also adhere to the country/regionally appropriate in-use Green Building Certification standard as a framework for determining sustainable improvements in the operational performance of our assets. This leads to benchmarking, assurance, and validation of operational asset data. We utilize in-use certifications and construction and refurbishment certifications — as a sustainability indicator and target a percent-of-gross-asset-value coverage — for strategies that seek to promote environmental characteristics.

During ownership, we create investment plans on our SaaS sustainability platform. These include asset-by-asset assessments that identify and set timelines for improvement such as energy management practices, prioritizing energy efficiency measures, or climate risk adaptations (prioritizing nature-based solutions). The plans, aligned with sustainability and return objectives of the funds, are informed from acquisition due diligence, net zero/climate risk audits, in-use certification action plans, portfolio reviews and/or GRESB. The investment plans are actively monitored and the energy and carbon impacts tracked against the Carbon Risk Real Estate Monitor (CRREM).⁴

- **Redevelopment/Refurbishment:** As a key intervention point for improving the sustainability performances of our assets — in particular, energy performance and resilience - all new developments and refurbishments follow our best practices for new construction and major renovation projects, supported ideally and as appropriate by top-tier Green Building Rating Certifications.

As a business, we have developed and rolled out bespoke regional Green Building Certification guides. The guides include the main certifications used within each country / region and set forth prerequisite criteria for the energy (and pollution) aspects of the certifications. When appropriate, the guides provide a framework that not only allows a property to target the top 25% of local building stock but also a minimum standard of decarbonization. The Green Building Certification guides include in-use certifications and therefore also apply to performance improvements at existing assets.

The Green Building Certification guide for the UK and Europe forms the “Baseline” ambition level of a sustainable construction framework for the region. The Better and Best ambition levels target EU Taxonomy aligned sustainable investments and Science Based Target Initiative net zero buildings criteria respectively.

● Agricultural Equity Investments

- **Acquisition:** All equity investments undergo comprehensive due diligence and completion of a sustainability checklist review. The sustainability checklist review, which gathers information on different sustainability factors, has been designed in line with Leading Harvest’s agricultural land practices. The sustainability checklist review is incorporated into the Investment Committee report and is used for informing discussions on risks and opportunities and for guiding decision-making during capex planning. The checklist is dynamic and is also used in active asset management, with expansion for measuring and tracking energy, chemical input, and water use and for quantifying other management practices.
- **Active Asset Management:** All managed agricultural properties are enrolled within the Leading Harvest Standards as a framework to guide our sustainability practices. The Leading Harvest Standard comprise 13 sustainability principles as well as corresponding objectives, performance measures, and indicators of conformance, that align with our principles of sustainable farming practices. The Agricultural Equity business initially achieved certification

⁴ CRREM is the global standard to align real estate with climate goals and manage transition risk. It is noted that not all CRREM pathways are appropriate to countries, states and assets, however it provides one, of a number, of useful benchmarks to evaluate performance.

from Leading Harvest Standards in 2021. Enrollment in the standard and third-party audits occur on an annual basis.

- **Real Estate Debt Investments**

- **Loan Orientation:** Globally, the debt business (commercial and agriculture debt) performs a risk assessment process similar to the equity business. During the loan structuring and underwriting due diligence, a suite of appropriate third-party environmental assessments are engaged and a proprietary Loan Assessment is completed. Data for the loan assessment is collected by a borrower questionnaire, sustainability specific sections of the due diligence reports, and third-party physical climate risk analytics.

The Loan Assessment reviews transition and material physical climate risks, as well as sustainability attributes and requires the input of commentary on notable risks revealed through due diligence. The key findings from the due diligence assessments and Loan Assessment are presented in the Investment Committee report. Any material risks identified are discussed at committee and underwritten as required, such as through a deferred maintenance reserve or a post-closing obligation.

- **Loan Servicing:** Standardized loan documentation also addresses environmental considerations. In addition to relevant key sustainability risks, where applicable and required, the loan asset management team and loan servicer 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.

Key sustainability factors are collected across our debt portfolios including the presence of Green Building Certifications, sustainable practices, borrower's alignment with sustainability initiatives as well as key collateral attributes that provide insights to portfolio construction.

- **Real Estate Securities**

Within Global Real Estate Securities (GRES), sustainability is an important part of our multi-factor valuation model. We include a proprietary score in our buy/hold/sell company analysis, which has a material effect on our price target output. Our sustainability approach incorporates sustainability data provided by GRESB into GRES's multifactor valuation model, which adjusts traditional real estate valuation metrics to achieve a warranted price target for every name in their benchmark.

To create a comprehensive sustainability score for each company, we use a weighted average system and work continually with the executive management teams of REITs to refine this process. As we refine the process, and transparency from REITs increases, we will increase the weighting of sustainability in our price target methodology.

SUSTAINABILITY SOLUTIONS FOR CLIENTS

PGIM's real estate group provides investment solutions based on specified client objectives and requirements and in furtherance of best economic interests. A growing number of our clients consider sustainability-related issues such as affordable housing, decarbonization and biodiversity loss as part of their purpose, mission and stakeholder/beneficiary interests and see sustainability-focused strategies as an opportunity to achieve positive environmental and social outcomes while generating financial returns. As with all our clients, we seek to understand their investment objectives, investment parameters, risk/return expectations, time horizon and sustainability preferences.

APPROACH TO EXCLUSIONS

The real estate investment group of PGIM does not employ firm-wide exclusions or restricted lists for sustainability purposes. We believe that any restrictions of the investable universe should reflect clients' investment and sustainability preferences, as well as the investment and sustainability objectives of our sustainability-focused investment products.

In addition to exclusions and constraints, which are built according to specific, client-determined criteria in our separate account mandates, PGIM's real estate group employs certain sustainability-related constraints across sustainability-focused commingled products. For certain sustainability-focused commingled equity and debt products, this typically includes limits on manufacture and sale of controversial weapons and thermal coal extraction and generation, among other product-specific limitations. Such exclusionary screens are typically built using a specialist third-party screening provider and clauses in the property management or loan agreement. PGIM's real estate group reviews exclusions that we have set for our sustainability-focused commingled strategies to ensure they remain appropriate and reflective of investors' expectations as reflected in the applicable disclosure documentation.

ACTIVE STEWARDSHIP

Our approach to active stewardship, which we define to be engagement activities and proxy voting as applicable, ties back to the core objectives we seek to achieve — namely, to deliver enhanced, risk-adjusted returns for our investors and become a landlord and lender of choice.

• Engagement

PGIM's real estate group key stakeholders include our third-party partners and service providers and our tenants, borrowers, investors and the industry. The process of selecting and prioritizing engagement themes and objectives is informed by a range of factors, including market research, such as regulatory landscape, peer analysis and data-driven quantitative evidence; client engagement on interest and preferences — notably, the materiality assessments completed; and tenant and borrower engagement, to determine their needs.

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

As a company, we are committed to conducting business in an honest and ethical manner and adhering to the highest standards of integrity and accountability in all countries in which we operate. At the global level, our parent company maintains a [Vendor Code of Conduct](#) that outlines the ethical and business standards expected of suppliers and third-party partners. The code is a component of the business's broader commitment to responsible business practices, integrity, and ethical conduct throughout the supply chain.

In the UK, PGIM is subject to the Modern Slavery Act 2015, a piece of legislation that sets out a range of measures to combat modern slavery and human trafficking. In line with that legislation and based on industry and type of service provided, the real estate group has identified categories of heightened risk of modern slavery, necessitating enhanced due diligence. In the U.S., where PGIM controls the appointment and retention of construction contractors, the real estate group has also adopted a responsible contractor policy, which seeks to promote responsible practices, including fair wages and benefits.

- **Tenants and borrowers:** Improving the performance of our assets under management requires collaboration on many different levels and working closely with our tenants and borrowers is vital to do this. We look to include sustainability clauses in all new leases, as a minimum to ensure compliance and data share at our assets. As part of our asset management protocol, we have also implemented Sustainable Standard Operating Guidelines (SSOG) to assist property managers in identifying opportunities to improve building efficiency, resilience and tenant wellbeing. We regularly engage with our borrowers to share best practices and information on sustainability initiatives, risks and opportunities. Our debt funds provide a variety of capital solutions to meet borrower's needs addressing both physical and transitional risk to improve the adaptability of assets in the regions we lend.
- **Industry:** PGIM's real estate group may participate in industry initiatives selectively via industry groups and trade associations for which we are a member. Senior personnel representing PGIM's real estate group is open to the opportunity to participate in industry engagements with other investors on financially material topics for our clients and in those instances where such engagement would be in furtherance of our fiduciary duty and would not be anti-competitive.

● **Our Proxy Voting Policy and Procedures**

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

Proxies are voted in accordance with GRES's proxy voting policy and the merits of individual proposals. We use third-party providers for consolidated views of the resolutions, synthesis of companies' proxy voting statements, and analysis of the proposals, as well as for the recording and delivery of votes. We do not outsource our judgments to third-party providers.

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

OUR GOVERNANCE AND RISK MANAGEMENT

The Global Management Council (GMC), as the most senior governance and decision-making authority for the real estate group, is responsible for the sustainability and climate-related strategy, policies, and overall success of our sustainability program. The GMC is led by the co-heads of real estate and advised by senior executives from across the group. The Global Sustainability Council (GSC), established in 2019, consults on the sustainability strategy to meet evolving investment, regional, and client imperatives, provides key program updates, and collaborates on tools, processes and resources. The GSC is accountable to GMC. The GSC is led by the global co-heads of sustainability and attended by senior executives from across the group and the global head of ESG for PGIM.

Regional sustainability councils (Europe, U.S., Asia Pacific, Latin America, debt and GRES) collectively identify opportunities, promote tools to implement initiatives, drive regional-level implementations, and track and report progress. The regional committees work in partnership with regional transaction teams, portfolio and asset managers, and business leads to accomplish their goals.

Our global risk groups cover both operational and investment risk. Risk related policies are designed to address the major layers of risk on a macro, portfolio and investment level. Using the industry-recognized tools and processes for comprehensively managing risk to our assets, we proactively address risk management — from initial acquisition to disposition as well as for new loans. Inclusive of risk management is our global operating risk committee (“GORC”), comprised of the firm’s senior global functional heads and all regional chief operating officers, or their designees, whose role is to identify potential risks to the organization and to ensure that there is comprehensive coverage. Entrance into any new market or strategy must be reviewed and approved by the global operating risk product committee (GORC Products) and, if new and/or material risk is present (as determined by the Risk Management functional group), the new market must also be approved by the PGIM global risk management committee. The 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.

We assess our investments for material sustainability factors, including climate-related risks, and anti-money laundering concerns. We require background checks on our partners and borrowers, and any potential conflicts of interest are identified and vetted. Additionally, we undertake a regulatory review to ensure every property will comply with all local and national laws, including sustainability standards.

TRANSPARENCY AND DISCLOSURE

We will report on how we implement this policy in our annual sustainability report. This report highlights the breadth of sustainability related activities within PGIM’s real estate group, our United Nations Principles for Responsible Investment (UN PRI) and GRESB results, and it includes disclosures covering areas recommended by the Task Force on Climate-related Financial Disclosures (TCFD) framework as well as information on stewardship activities.

We seek to provide accurate and relevant information to our stakeholders about our products and services and deal promptly, respectfully, and appropriately with client requests and concerns. On a regular basis, on a schedule determined by investors and consultants in collaboration with PGIM’s real estate group, the firm will respond to investor due diligence questionnaires that cover topics important to our investors.

APPENDIX: POLICIES AND PROCEDURES

As the investment management business of PFI, PGIM is subject to PFI’s policies. Included below are the links to selected PFI policies and statements. For more information visit

Code of Conduct: [Making the Right Choices](#)

Human Rights Statement: [Business Integrity at Prudential | Prudential Financial](#)

Anti-Human Trafficking and Anti-Slavery Policy: [Anti-Human Trafficking and Anti-Slavery Policy](#)

Equal Employment Opportunity Policy: [Equal Employment Opportunity Policy](#)

Supplier Code of Conduct: [Supplier Code of Conduct](#)

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