

As of May 2024

RESPONSIBLE PROPERTY INVESTING

The pathway to attractive financial and sustainable investing outcome potential

Principal Real Estate has a longstanding commitment to corporate stewardship and responsible property investing. Our sustainability efforts formally began around 2008 although much of the foundation was already in place through our robust policies, procedures, management practices, investment oversight, and governance platform.

We believe sustainable investing practices in real estate help reduce risk, improve a property’s competitive stature, and increase tenant interest and retention—ultimately providing a foundation for potentially higher rents. As fiduciaries for our investors, we understand, quantify, and act upon sustainable investing through our Pillars of Responsible Property Investing platform.

We believe the continued evolution of the real estate market presents new challenges and opportunities for investment management. Changing tenants and market preferences, community impacts, emerging technologies, climate risks, and the pursuit of cost efficiencies and emissions reduction require a strategic and ever-evolving sustainability response.

“It is the foundation of our business strategy to meet growing investor demand for sustainability performance and deliver results for clients. This is exactly what Principal Real Estate believes we’ve done with our responsible property investing efforts.”

TODD EVERETT

Executive Managing Director,
Global Head of Private Markets,
Principal Asset Management

Pillars of Responsible Property Investing

Principal Real Estate’s Private Equity and Debt Sustainable Investing Platform

The PRPI platform is based on a foundation of governance, guiding policies, reporting practices, and research. The cornerstones represent how we apply sustainability best practices throughout the lifecycle of an investment, and the five pillars guide our investment management practices. The foundation, cornerstones, and pillars support our overall sustainable investing vision.

VISION

Through our commitment to responsible property investing and strong governance practices, we seek to invest in and lend on real estate that delivers positive financial and sustainability outcomes for all stakeholders while promoting health and wellbeing for tenants and residents, minimizing environmental impacts, and enhancing the communities where we invest.

PILLARS | The principles that guide our ESG decision making.

Each pillar consists of key performance indicators (KPIs) used to track sustainable investing performance and progress.

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|--|--|---|--|--|
| <p>Environmental performance</p> <p>Minimizing the environmental impact of energy and water usage, waste production, and greenhouse gas emissions</p> | <p>Occupant experience</p> <p>Enhancing occupant wellbeing by providing healthy, safe, and equitable spaces</p> | <p>Community impact</p> <p>Connecting with and contributing to the economic and social success of markets where we operate</p> | <p>Climate resilience</p> <p>Utilizing risk mitigation strategies to help ensure building safety and preparedness for physical and transitional climate risks</p> | <p>Managerial excellence</p> <p>Ensuring accountability and oversight of sustainability policies, operations, data quality, and regulatory requirements</p> |
|--|--|---|--|--|

CORNERSTONES | Our core management approach that drives results at the property level.

The cornerstones represent an iterative, continuous improvement cycle, starting at property acquisition and continuing until the property is sold.



FOUNDATION | The sustainable investing infrastructure that informs and supports the PRPI platform.

| Governance | Policies | Reporting | Research |
|--|---|--|--|
| Governance to strengthen internal and external accountability, transparency, and operational controls. | Policies to set clear sustainable investing expectations. | Reporting to provide stakeholders with actionable, clear information aligned with industry benchmarks. | Research to anticipate and assess industry trends and evolving ESG management needs. |

Targets







Principal Real Estate's Greenhouse Gas (GHG) and Environmental Goals for Private Equity

Sustainability targets help drive property performance. Our next generation of targets have been set, with performance being measured over a 2019 baseline¹:

GHG emissions reduction target:

- › 40% by 2035
- › Net Zero by 2050

Environmental targets applicable to participating funds by 2035²:

-  **Energy use intensity³:** 20% reduction
-  **Water use intensity³:** 20% reduction
-  **Waste:** 20% diversion
-  **Data coverage:** 50% coverage
-  **Renewable energy:** 20% of energy use (on-site and off-site)
-  **Building certifications⁴:** 50% of the portfolio

Why sustainable investing is important for investors

Our focus on sustainability considerations is a core aspect of our fiduciary duty to clients. But, based on our experience, we believe sustainable investing can also potentially improve real estate investment outcomes:

- › **Better alignment.** Investors, tenants, and communities have various sustainability goals, values and preferences.
- › **Better perspective.** With a more holistic valuation, we have enhanced our fiduciary oversight and governance.
- › **Better potential results.** Sustainable buildings and socially responsible investment funds show advantages over traditional competitors.
- › **Better certainty.** We aim to protect against climate, regulatory, and environmental risks.
- › **Better potential performance.** Sustainably certified buildings can be associated with higher tenant satisfaction, occupancy rates, rents, and higher sales prices.

There is no guarantee such investment outcomes will be improved or attained.

UN Sustainable Development Goals

Principal Asset Management has made the commitment to align with the UN Sustainable Development Goals (SDGs). The SDGs where we focus our alignment include:



Industry recognition

Industry organizations have recognized us for our ongoing commitment to excellence in responsible property investing.

Signatory of:



Signatory to the Principles for Responsible Investment since 2010⁵



Signatory to the Financial Reporting Council UK Stewardship Code (2022)⁶



**ENERGY STAR
Partner of the Year 2016-2024⁷
Sustained Excellence 2018-2024**



GRESB 4-Star rating (2023)⁸
U.S. Core strategy, *8th consecutive year*
European Core strategy, *4th consecutive year*
European Office strategy, *2nd consecutive year*
The Firm paid GRESB an application fee to be evaluated and use the rating

GRESB Green Star rating (2023)⁸
Ten strategies (U.S. and Europe)
The Firm paid GRESB an application fee to be evaluated and use the rating



Green Lease Leader Gold Recognition⁹
Third consecutive award, 2017, 2020, 2023

¹ Baselines are individually set for each property depending on data availability and property acquisition/development date. The first 12 months of available data on or after calendar year 2019 will be utilized as the baseline for each asset.

² Open-end discretionary private equity funds are the US Core, US Core Plus, Principal General Account, European Core, European Office, European Long Income, and European Care Home strategies.

³ Principal Real Estate's energy and water reduction goals are measured using energy/water intensity, defined as energy/water per square foot. It's calculated by dividing the total energy/water by the gross floor area of the building.

⁴ Building certifications include new development and operational asset certifications for all sectors within the portfolio. GHG = Greenhouse Gas. The ESG targets are based on Principal Real Estate Investors' view and/or predictions for energy savings performance. The targets stated above may not materialize.

⁵ Principal Asset ManagementSM, a trade name of Principal Global Investors, LLC, has been a signatory to the PRI since 2010.

⁶ Awarded to Principal Asset Management, Financial Reporting Council UK Stewardship Code.

⁷ Energy Star, 2024 Energy Star Partner of the Year, awarded to Principal Real Estate Investors. Each year, the EPA honors organizations that have made outstanding contributions to protecting the environment through energy efficiency. March 2024, U.S. Environmental Protection Agency.

⁸ Awarded to Real Estate entities with a score higher than 50% of the points allocated to the Management and Performance components. Entities with more than 15 points in Management and 35 points in Performance OR 15 points in Management and 35 points in Development will receive the Green Star designation. This rating is based on absolute performance.

⁹ The U.S. Environmental Protection Agency (EPA) annually landlords and tenants who incorporate green leasing to drive high-performance and healthy buildings. www.greenleaseleaders.com. Please see Notes to sustainable investing in the Important Information section.

Risk Considerations

Investing involves risk, including possible loss of principal. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions. Potential investors should be aware of the risks inherent in owning and investing in real estate, including value fluctuations, capital market pricing volatility, liquidity risks, leverage, credit risk, occupancy risk and legal risk.

Important Information

This material covers general information only and does not take account of any investor's investment objectives or financial situation and should not be construed as specific investment advice, a recommendation, or be relied on in any way as a guarantee, promise, forecast or prediction of future events regarding an investment or the markets in general. The opinions and predictions expressed are subject to change without prior notice. The information presented has been derived from sources believed to be accurate; however, we do not independently verify or guarantee its accuracy or validity. Any reference to a specific investment or security does not constitute a recommendation to buy, sell, or hold such investment or security, nor an indication that the investment manager or its affiliates has recommended a specific security for any client account. Subject to any contrary provisions of applicable law, the investment manager and its affiliates, and their officers, directors, employees, agents, disclaim any express or implied warranty of reliability or accuracy and any responsibility arising in any way (including by reason of negligence) for errors or omissions in the information or data provided.

All figures shown in this document are in U.S. dollars unless otherwise noted.

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Integration of sustainability considerations and/or environmental, social and governance (ESG) factors is qualitative and subjective by nature. There is no guarantee that the criteria used, or judgment exercised, will reflect the beliefs or values of any particular investor. Investment teams have a high degree of investment process autonomy and may consider or weight sustainability and/or ESG criteria or factors differently (or not at all). For those teams that consider sustainability and/or ESG factors as part of the investment process in strategies that are not explicitly sustainability and/or ESG-oriented, those sustainability considerations and/or ESG factors are generally no more significant than other factors in the investment selection process, such that sustainability considerations and/or ESG factors may not be determinative in deciding to include or exclude any particular investment in the portfolio. Information regarding responsible practices or other sustainability metrics, including ESG data, differs by source and may not be accurate or complete. Integration of sustainability considerations and/or ESG

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Neither this document, nor the sustainability considerations contained therein, relate to a specific investment strategy/product managed by Principal Asset Management (or its affiliates) nor their classification under the Sustainable Finance Disclosure Regulation (EU) No. 2019/2088. More information on the Principal Asset Management Sustainable Investing Policy can be found at <https://www.principalam.com/eu/about-us/esg>

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