

# Sustainability at Principal Real Estate

**Private Equity &  
Private Debt  
July 2025**





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**Vivo on Harbor**  
Principal Real Estate multifamily property located in Los Angeles, California.

## 2024 financials

Our diversified portfolio of businesses continued to prove resilient and delivered strong results in 2024.

Use your laptop, tablet, or phone to see information including:

- Our company
- What we do
- News and events
- Investor resources

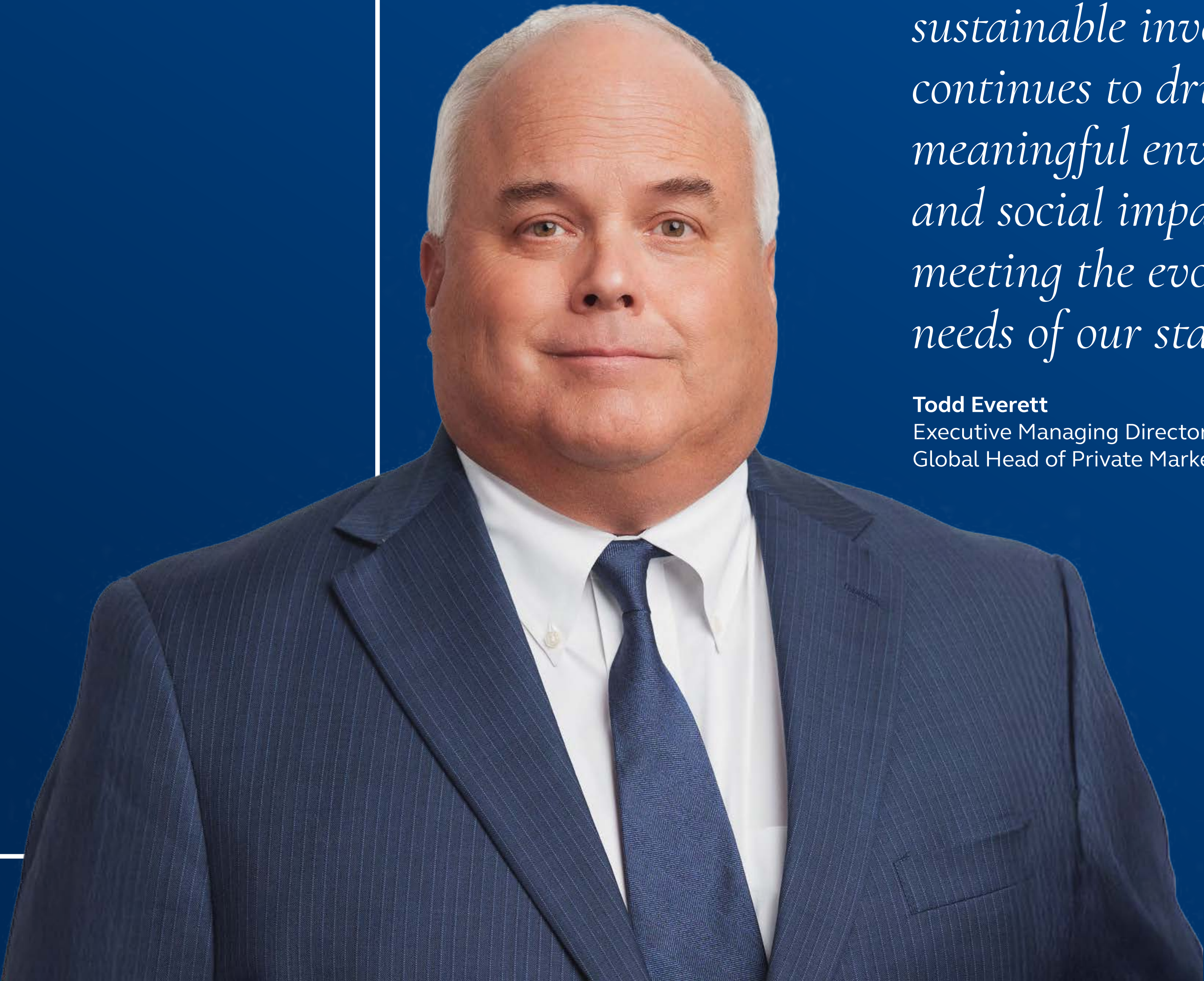
PrincipalAM.com



# About us

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“Our commitment to sustainable investing continues to drive meaningful environmental and social impact while meeting the evolving needs of our stakeholders.”

**Todd Everett**  
Executive Managing Director,  
Global Head of Private Markets



■ Watermark LIC  
Principal Real Estate multifamily property  
located in Long Island City, New York.



# A message from our Executive Managing Director

At Principal Real Estate, sustainability is fundamental to how we create value. Our investment approach integrates environmental stewardship, social responsibility, and strong governance to help bolster positive financial and environmental outcomes. We focus on developing and owning properties that enhance user wellbeing, minimize environmental impact, and build stronger, more resilient communities.

2024 marked a year of significant progress towards our sustainability efforts. We expanded our environmental monitoring capabilities by connecting 160 properties to ENERGY STAR® Portfolio Manager® for automated tracking and implementing energy shadow meters at more than 100 properties. To advance progress towards our emissions targets, we refined our decarbonization strategy through detailed property-level analysis, identifying targeted improvement opportunities.

Another major milestone was the launch of our Asset Sustainability Scorecard—an innovative tool that benchmarks individual properties against key sustainability metrics and provides tailored improvement strategies. This has been a key tool for engaging our internal teams and property managers in driving sustainability progress. We also introduced new, creative engagement resources for our property management teams to better connect with tenants, residents, and their communities. These initiatives contributed to Principal Real Estate being recognized as a top organization for portfolio-wide tenant satisfaction.

Our commitment to responsible property investing was also reflected through our ongoing strategic investments in quality, accessible housing and healthcare properties, which seek to address inequity in access to key services across communities. This approach reflects our broader mission to help create positive social impact through thoughtful real estate investments.

Within Principal Real Estate, we continued to nurture an inclusive culture through our Women in Real Estate (WIRE) initiative and our ongoing partnership with Commercial Real Estate Women (CREW) for the 9th consecutive year. Principal Real Estate employees collaborated to support meaningful partnerships with local organizations such as the DMARC Food Pantry and Dorothy’s House, while our scholarship programs continued to support educational advancement.

These achievements strengthen our foundation as we continue to progress towards our sustainability goals. By maintaining our focus on sustainable investing, we strive to continue to deliver meaningful environmental and social impact while meeting the evolving expectations of our stakeholders.

**Todd Everett**  
Executive Managing Director,  
Global Head of Private Markets



# About Principal Real Estate

## PRIVATE EQUITY

**\$49.3** billion AUM<sup>(8)</sup>  
**551** assets  
**185.1** million square feet  
Average occupancy:  
**91% stabilized properties**<sup>(9)</sup>

## PRIVATE DEBT

**\$22.8** billion AUM<sup>(6)</sup>  
**1,532** loans serviced  
**60+** years of private debt  
experience<sup>(7)</sup>



Top 10  
Global Real Estate  
Manager<sup>(3)</sup>

300+  
real estate investment  
professionals<sup>(1)</sup> averaging  
12 years of experience

460+  
employees across  
12 countries

\$124B+  
in real estate debt and  
equity transactions  
over the past decade<sup>(2)</sup>

190+  
partnerships with  
property management  
companies and  
joint venture partners

Recognized  
globally  
as a leader in  
sustainable investing<sup>(4)</sup>

A message from our Executive Managing Director

About Principal Real Estate

Our clients

# Our clients

700+  
clients across  
35 countries  
worldwide

Investor  
types<sup>(10)</sup>

2%  
Union/multi-  
employer

1%  
Non-profits

35%  
Public &  
governmental

32%  
Corporate

29%  
Insurance

1%  
Individual/  
family office



As of 31 December 2024.



# Our sustainable investing platform

“Our commitment to sustainable investing and robust governance underlies everything we do. It’s essential to delivering long-term value to our clients, investors and other stakeholders.”

Jennifer McConkey  
Managing Director, ESG and Operations

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# Our platform

Our sustainability platform, the Pillars of Responsible Property Investing (PRPI), outlines how we apply our pillars of environmental performance, occupant experience, community impact, climate resilience, and managerial excellence throughout the investment life cycle.

## Our 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.

## Our pillars: The principles that guide our sustainable investing decisions.

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



### Environmental performance

Minimizing the environmental impact of energy and water usage, waste production, and greenhouse gas (GHG) emissions



### Occupant experience

Enhancing occupant wellbeing by providing healthy, safe, and equitable spaces



### Community impact

Connecting with and contributing to the economic and social success of markets where we operate



### Climate resilience

Utilizing risk mitigation strategies to help ensure building safety and preparedness for physical and transitional climate risks



### Managerial excellence

Ensuring accountability and oversight of sustainability policies, operations, data quality, and regulatory requirements

## Cornerstones: Our core management approach that helps drive results at the property level.

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



## Foundation: The sustainability infrastructure that informs and supports the PRPI platform.

**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 sustainability-related industry trends and evolving management needs.



# Our sustainable investing evolution

 [Read more about our sustainable investing evolution \(PDF\)](#)

2007	2008	2009	2010	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<div><div>2007</div><ul style="list-style-type: none"><li>Became a member of the United States Green Building Council (USGBC)</li><li>Began registering projects for Leadership in Energy and Environmental Design (LEED) certification</li></ul><div>2008</div><ul style="list-style-type: none"><li>Established initial Green Working Group for Private Equity</li><li>Defined Pillars of Peak Performance for office buildings (PRPI precursor)</li><li>Launched first Real Estate Green Property Strategy</li></ul><div>2009</div><ul style="list-style-type: none"><li>Inaugural GRESB submission</li><li>Became ENERGY STAR® partner</li></ul><div>2010</div><ul style="list-style-type: none"><li>Became signatory to the Principles for Responsible Investment (PRI)*</li></ul><div>2013</div><ul style="list-style-type: none"><li>Formalized sustainability platform “Pillars of Responsible Property Investing (PRPI)”</li></ul></div>					<div><div>2014</div><ul style="list-style-type: none"><li>Began quarterly performance reporting on our energy use and building certifications</li><li>Joined the Department of Energy’s Better Buildings Alliance</li></ul><div>2015</div><ul style="list-style-type: none"><li>Launched second Real Estate Green Property Strategy</li><li>Developed two key documents—PRPI Stakeholder Engagement Toolkit and Property Performance Guidelines</li><li>Added green lease clauses to our standard leases</li></ul><div>2016</div><ul style="list-style-type: none"><li>Launched the PRPI Handbook for Property Managers</li></ul><div>2017</div><ul style="list-style-type: none"><li>Incorporated ESG criteria into our appraisal process</li></ul><div>2018</div><ul style="list-style-type: none"><li>Submitted first European strategy to GRESB</li><li>Incorporated industrial buildings and private debt into our sustainability platform</li></ul><div>2019</div><ul style="list-style-type: none"><li>Completed a pilot climate risk analysis on the Real Estate Core-Plus Strategy</li><li>Established the Private Debt Sustainable Investing Working Group</li><li>Developed Sustainability Guidelines for Private Debt Origination</li></ul><div>2020</div><ul style="list-style-type: none"><li>Developed Borrower Engagement Toolkit</li><li>Committed to net zero by 2050</li></ul></div>			<div><div>2021</div><ul style="list-style-type: none"><li>First commitment by a Principal Real Estate strategy to achieve net zero by 2030</li><li>Digitized and expanded borrower survey within the private debt portfolio</li><li>Joined UN Global Compact</li><li>Published our Principal Adverse Impacts Statement, Sustainability Risk Policy and Remuneration Policy</li><li>Integrated climate risk analysis into our private equity acquisitions and development due diligence process</li></ul><div>2022</div><ul style="list-style-type: none"><li>Released our third Real Estate Green Property Strategy</li><li>Launched Water Scarcity Working Group</li><li>Added physical climate risk analysis to the standard analysis process for all new loan originations</li><li>Entered first contract for wind-generated green energy</li></ul><div>2023</div><ul style="list-style-type: none"><li>Completed portfolio-level CRREM transition risk modeling for assets with emissions data in open-end discretionary private equity funds and select separate accounts</li><li>Developed sustainability objectives for a U.S. Data Center strategy</li></ul><div>2024</div><ul style="list-style-type: none"><li>Improved data coverage through utility direct connections and shadow meter pilots</li><li>Integrated the Asset Sustainability Scorecard into fund quarterly reporting</li><li>Completed new climate risk mitigation process</li><li>Developed sustainability strategy for niche European product type</li></ul></div>							

\*Associated with Principal Asset Management

\*Associated with Principal Asset Management



# 2024 sustainability highlights

## GRESB<sup>(11)</sup>

**14** strategies were submitted in 2024 and all 14 **earned Green Star Designation**

**Five-star rating** earned by the European Core strategy and European Office strategy

**Four-star rating** earned by the U.S. Core\* strategy and U.S. Green Property strategy  
\*9TH CONSECUTIVE

All strategies received a near perfect score in the management section (29/30), **outperforming the GRESB average**



## ENERGY STAR<sup>(12)</sup>

Earned **ENERGY STAR Partner of the Year** from 2016-2024

Earned **Sustained Excellence** award from 2018-2024



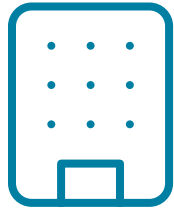
## Green Lease Leader<sup>(13)</sup>

Awarded Green Lease Leader with **Gold Recognition** by IMT and U.S. Department of Energy three consecutive times (2017-2019, 2020-2022, and 2023-2025)





4th



largest manager of  
worldwide real estate assets  
under ESG principles<sup>(14)</sup>

41,061,839

square feet with  
green or healthy  
building certifications<sup>(15)</sup>



128

certifications  
(new or renewal)  
earned in 2024



-12.4%

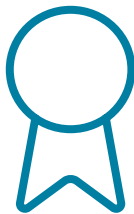


GHG emissions reduced  
since baseline<sup>(32)</sup> by  
General Account

Commercial property  
executive influence award

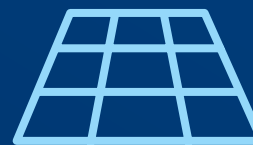
won by Principal Asset  
Management and Solar  
Landscape in the ESG category

167



properties won the  
2024 Kingsley  
Excellence Award

18



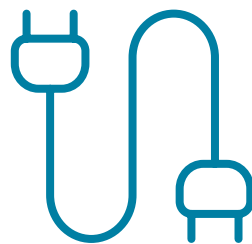
operational solar systems:  
16 behind-the-meter systems,  
2 community solar systems

-26.1%



energy use intensity (EUI) since  
baseline<sup>(32)</sup> by European Durable  
Income Strategy

160



properties have  
set up utility  
direct connections

100%



of aquisitions, developments,  
and loan originations analyzed  
for physical climate risks

31



properties  
onboarded into  
PRPI in 2024

100%



of U.S. property managers certified  
compliance with sustainability  
policies and procedures



# Our alignment

## Alignment with Principal’s strategy

Principal Real Estate’s sustainability strategy seamlessly integrates with Principal’s enterprise-wide commitment to environmental stewardship and responsible business practices. This alignment creates a powerful foundation for achieving our sustainability objectives while delivering long-term value to our stakeholders.

Strategic sustainability integration spans across our organization. We maintain a unified approach to environmental stewardship, resource management, and sustainable business practices, supported by robust risk management frameworks and transparent stakeholder communications.

Our environmental initiatives demonstrate this coordinated approach. Energy efficiency programs, water conservation efforts, and waste reduction strategies are implemented consistently across our properties and operations. These initiatives support our corporate-wide climate objectives and carbon reduction goals, creating meaningful environmental impact at scale.

Engagement with our stakeholders reflects our comprehensive approach to sustainability. Through educational programs, performance metrics sharing, and regular dialogue, we foster a culture of environmental responsibility that extends from our corporate offices to our managed properties.

Our governance structure ensures sustainability considerations are embedded throughout our decision-making processes, from investment strategies to daily operations. This integration is supported by rigorous reporting and disclosure practices that maintain accountability and drive continuous improvement.

Through innovative technologies, data-driven solutions, and sustainable property management practices, we continue to advance our sustainability goals. This coordinated approach helps maximize our positive impact while creating enduring value for our investors, tenants, and communities.

 Read more: [Principal Financial Group® Sustainability Report 2024 \(PDF\)](#)

## Sustainable Development Goals sponsored by United Nations

Principal Real Estate aligns with the following:



## Task Force on Climate-Related Financial Disclosures

The Task Force on Climate-Related Financial Disclosures (TCFD) developed a framework to disclose climate-related risks and opportunities for investors. The Principal Real Estate Sustainability Report aligns with TCFD.



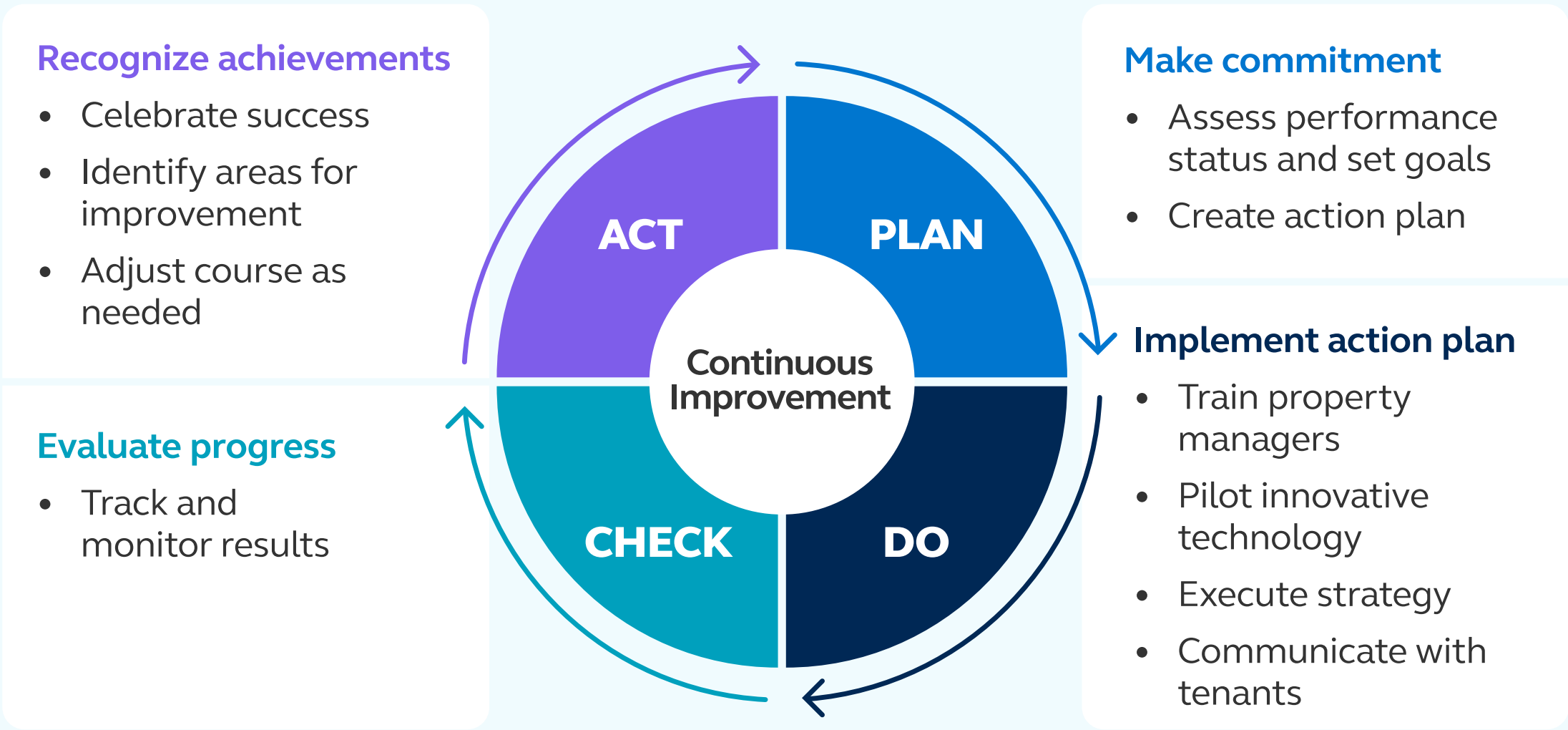
# Our process

The aim of our sustainable investing platform is to deliver positive financial and sustainability outcomes for all stakeholders by focusing on environmental performance, occupant experience, community impact, climate resilience, and managerial excellence.

## Sustainability management system

Our sustainability management system (SMS) is aligned with the ISO 14001 standard which defines an iterative continuous improvement process focused on the characteristic approach of “plan, do, check, and act.”

### The continuous improvement process is a four-step cycle:



## PLAN

Establish environmental performance objectives as defined in the PRPI and supporting Sustainability Policy and Guidelines.

## DO

Implement environmental performance objectives through our PRPI initiative by working with individual property teams and internal stakeholders to ensure environmental strategies are met.

## CHECK

Continually measure individual and fund-level property performance through proprietary and third-party data management systems as well as quarterly reports used to identify trends in environmental performance and areas for improvement.

- Maintain an internal property performance Status Board to monitor and communicate performance metrics and deliverables with our property management partners.
- Annually participate in GRESB reporting and the PRI survey allowing for benchmarking across critical environmental performance, governance, management, and policy.
- Continually track and monitor energy, water, and waste performance data with the EPA’s ENERGY STAR Portfolio Manager benchmarking tool.

## ACT

Obtain results from quarterly reports and implement actions to continually improve environmental performance of properties.



# Impacting our environment

## We do this by

- Benchmarking and monitoring energy, water, and waste performance
- Assessing our current emissions through a greenhouse gas inventory
- Pursuing green building certifications for third-party validation of sustainability performance
- Supporting initiatives that drive progress towards our sustainability targets

## Pillar alignment

### Environmental performance



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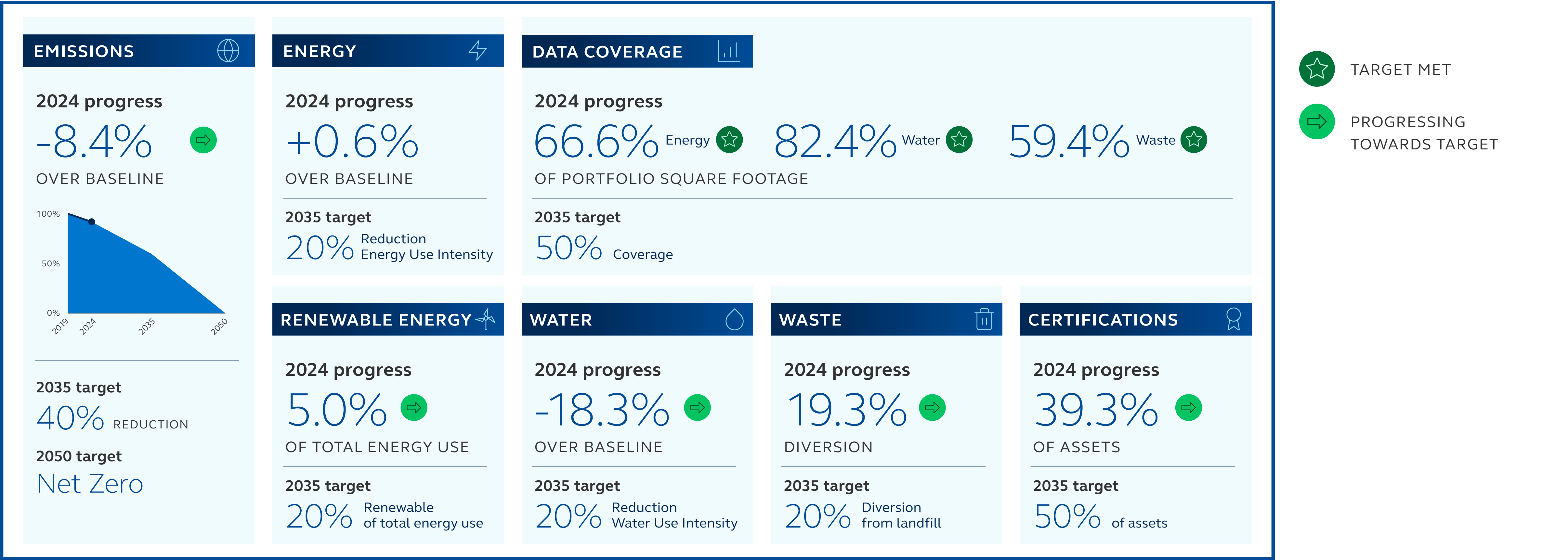
“ We can implement targeted solutions—from technological upgrades to tenant partnerships, renewable energy adoption, and green building certifications—that drive meaningful improvements in efficiency and environmental performance while supporting our financial objective of maximizing investment returns. ”

**Devin Chen**  
Senior Managing Director, Private Equity  
Real Estate Portfolio Management



# U.S. sustainability targets

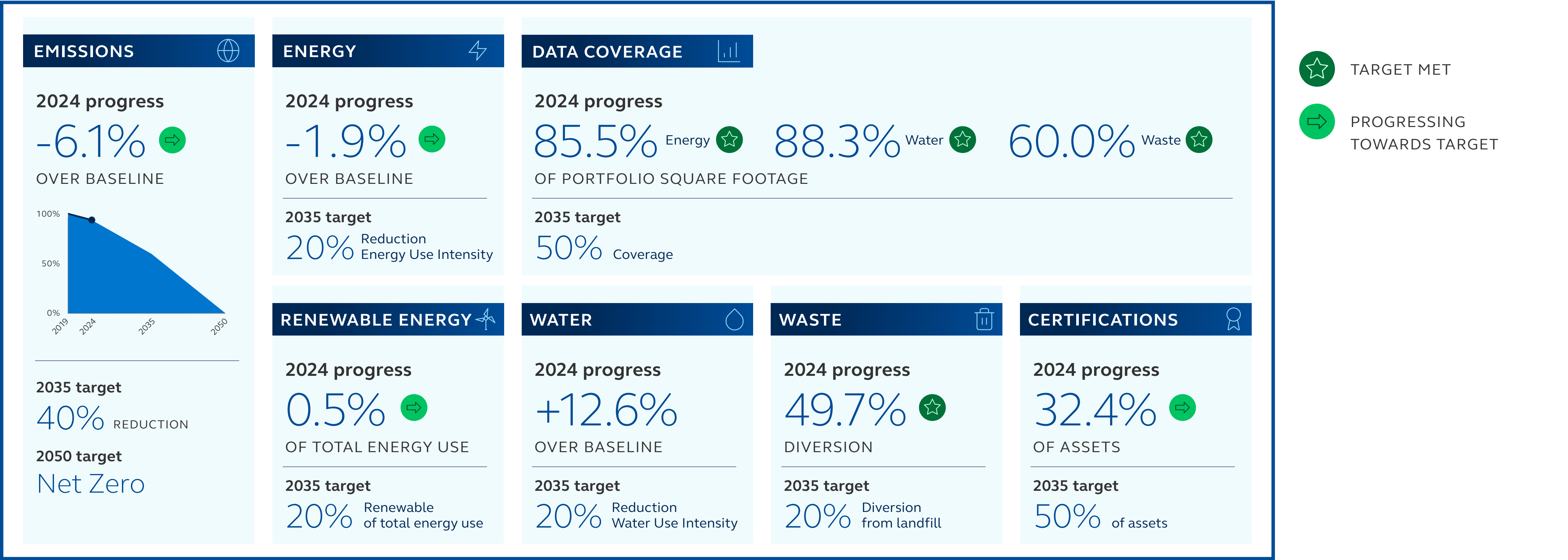
U.S. open-end discretionary private equity funds’ progress towards our sustainability targets (as of 31 December 2024)





# Europe sustainability targets

Europe open-end discretionary private equity funds’ progress towards our sustainability targets (as of 31 December 2024)



Data as of 31 December 2024. Targets and performance relative to a 2019 baseline. 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. Open-end discretionary private equity funds are the US Core, US Core Plus, Principal General Account, European Data Centre, European Office, European Long Income, and European Care Home strategies. Energy and water reduction goals are measured using energy / water intensity, defined as energy / water per square foot (gross floor area of the asset). Building certifications include new development and operational asset certifications for all sectors within the portfolio, by number of assets. The targets stated above may not materialize. Strategies in liquidation are not included in target metrics.



# Driving progress towards our sustainability targets

## DATA COVERAGE



### Collecting a comprehensive benchmark of our utility consumption

- Establishing utility direct connections where available to automate data reporting:160 properties had completed as of year-end 2024
- Piloted electricity shadow meters at 108 industrial properties in one of our separate accounts

## ENERGY



### Optimizing energy consumption

- Realizing efficiency throughout building operations with GHG emissions analysis and real-time reporting
- Completed our annual greenhouse gas inventory to understand sources of our emissions and identify where efficiency measures will have the greatest impact

## RENEWABLE ENERGY



### Securing green power for our assets

- Assessing onsite solar potential across our portfolio and installing rooftop solar where feasible
- At year-end 2024, 11 onsite solar systems were operational (9 behind the meter, 2 community solar) and 6 were under construction (behind the meter)
- Purchased renewable energy credits (RECs) for 36 assets in the U.S. and 14 assets in Europe

## CERTIFICATIONS



### Earning green and healthy building certifications to validate our properties' sustainability features

- Led an IREM CSP certification program, earning certifications for 49 properties in 2024
- Updated our Sustainability Guidelines for Real Estate Development to include green or healthy building certification for all new development projects

## TENANT ENGAGEMENT



### Engaging tenants in our sustainability initiatives

- Incorporating green lease language in new and renewing leases
- Developed tenant engagement resources to assist property teams in creating a tenant engagement plan

## INTERNAL ENGAGEMENT



### Developing tools to enhance our internal teams' access to property performance data

- Created an Asset Sustainability Scorecard showing each property's progress towards sustainability targets
- Held webinars for asset management covering their sustainability requirements in the upcoming quarter

## Community solar in Maryland

Commercial operations have commenced at GS Power Partners' (GSPP) Dorsey Run Solar, a rooftop solar array hosted on an industrial building in Maryland owned by a Principal Real Estate managed account. Dorsey Run will supply clean solar power to a local non-profit organization as the anchor offtaker as well as households in the region.

### Dorsey Run

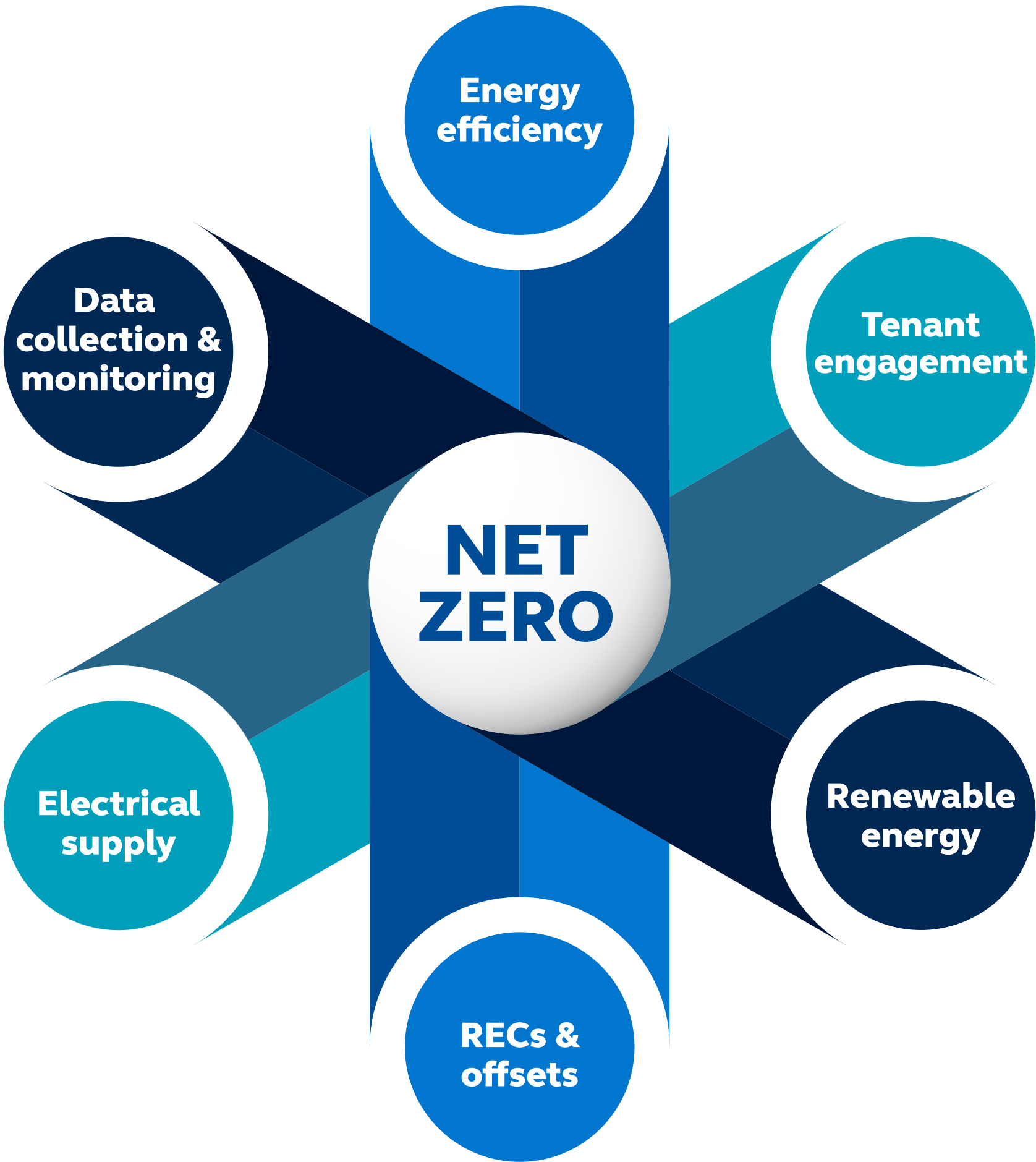
Principal Real Estate industrial property located in Jessup, Maryland.





# Our net zero strategy

Progressing towards net zero requires the application of an optimized mix of strategies tailored to each asset



## Case study: Data center sustainability

Sustainability is a key priority for many companies as they seek to mitigate climate change, manage risk, meet customer expectations, and attract investors. Increasingly, companies are looking beyond their own operations to see where they can complement their providers’ sustainability practices. In the data center industry, the largest customers have made aggressive climate pledges and providers are implementing a range of sustainability measures.

 [Learn more about evolving our data center sustainability \(PDF\)](#)

## Case study: European hotel sector

Once a competitive advantage, sustainability is now imperative in the European hotel sector. Investors and operators both have a responsibility to be good stewards of the environment and the communities in which they operate. In many ways, financial performance depends on sustainability. A strong sustainability strategy enables stakeholders to identify opportunities and manage risks related to environmental, social, and governance factors—as well as drive performance to create long-term value.

 [Read our paper on sustainability in the European hotel sector \(PDF\)](#)



# Green and healthy building certifications

Building certifications<sup>(16)</sup> show Principal Real Estate’s commitment to verifiable sustainability initiatives.  
Data as of 31 December 2024.

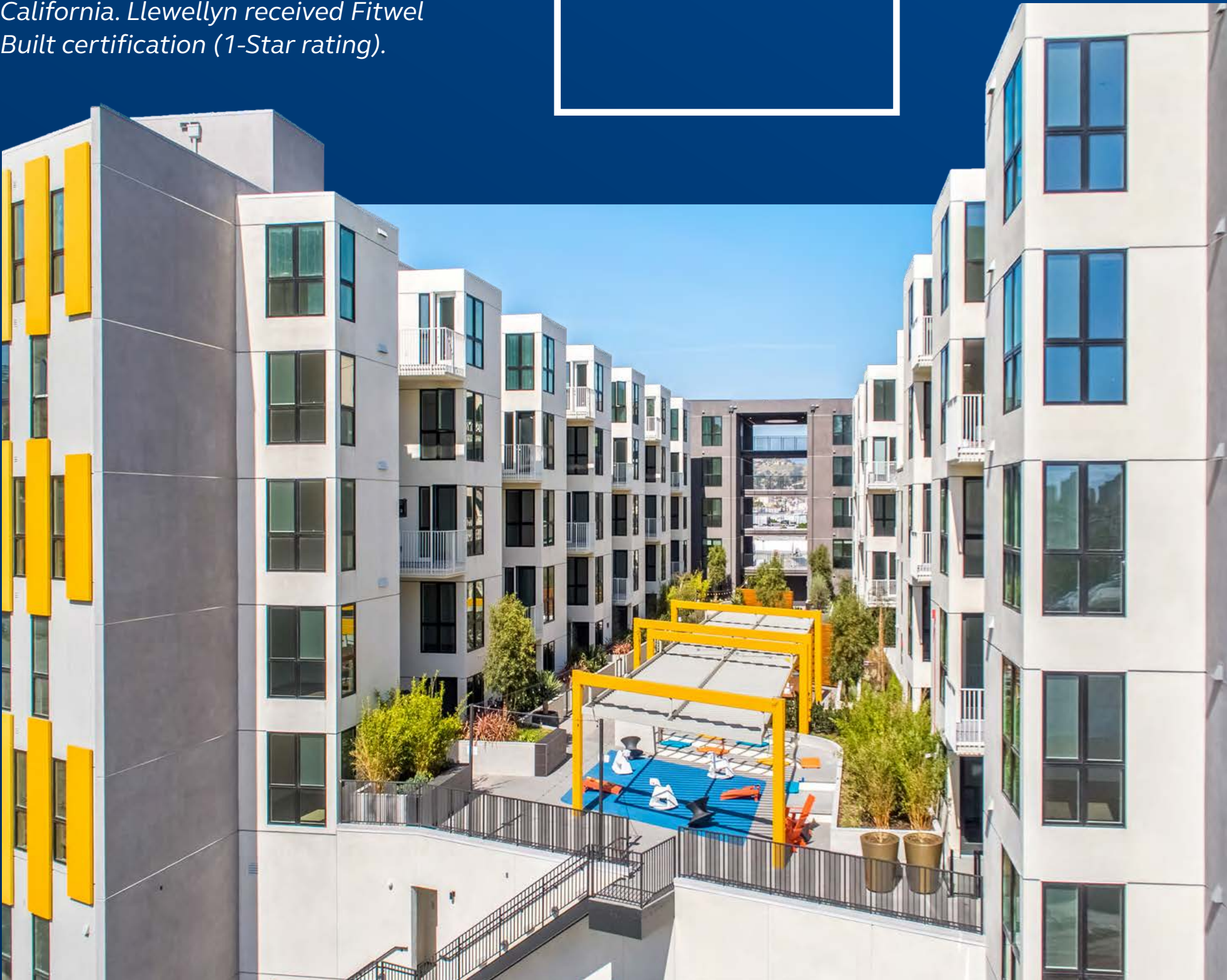
U.S.  
certifications<sup>(17)</sup>

63 LEED	70 ENERGY STAR	79 IREM	11 FITWEL
3 NGBS	4 BOMA 360	5 BREEAM	16 CALGREEN

Europe  
certifications<sup>(18)</sup>

12  
BREEAM

■ Llewellyn  
Principal Real Estate multifamily  
property located in Los Angeles,  
California. Llewellyn received Fitwel  
Built certification (1-Star rating).





## Sustainability profile: Piedmont Town Center

Piedmont Town Center is a Class A office park located in the prestigious SouthPark submarket of Charlotte, North Carolina. The park consists of two eight-story office towers, Piedmont Town Center One and Piedmont Town Center Two, two parking decks, and eighteen retail spaces. Piedmont Town Center stands as a distinctive destination within one of the nation’s most dynamic and rapidly expanding metropolitan regions.

### Energy Efficiency

At Piedmont Town Center, energy conservation stands as a cornerstone of operational excellence. The property maintains rigorous oversight through comprehensive ASHRAE Level 1 and 2 audits, providing crucial insights into building performance while guiding strategies to optimize operational costs and reduce environmental impact.

**The installation of six self-contained, water-cooled unitary devices (SWUD) is set to deliver substantial annual energy savings of up to 17%.** Furthermore, both office towers are equipped with a Mach Energy Management System, offering real-time energy monitoring and automated alerts that enable the property team to make data-driven decisions for optimal energy conservation.

### Water Conservation

The property’s comprehensive water management approach includes the installation of state-of-the-art touchless flush valves in all restrooms, replacing standard manual fixtures. **This upgrade alone achieves remarkable water savings of approximately 732,736 gallons of water annually.** Further enhancing conservation efforts, the property utilizes advanced smart irrigation controllers to optimize water usage in landscaping.

### Waste Management

Piedmont Town Center champions sustainable waste management through a comprehensive recycling program that actively reduces landfill impact while delivering cost efficiencies. Through partnerships with waste removal vendors, the property maintains an optimized recycling infrastructure that encompasses both cardboard and single-stream materials. The property team

facilitates seamless participation by providing strategically placed, clearly marked recycling receptacles throughout the facility, making sustainable disposal practices convenient for both tenants and staff. This thoughtful approach to waste management not only demonstrates environmental stewardship but also creates measurable value through reduced disposal costs.

### Tenant Engagement

The success of Piedmont Town Center’s sustainability initiatives can be attributed to the property management team and their consistent tenant engagement practices. The property management team hosts an annual Earth Day event to provide a more in-depth understanding of sustainability and conservation at work and at home by distributing energy saving tips, having onsite recycling opportunities for clothes, electronics, and books, and gifting plants to encourage personal gardening. The team also hosts Energy Efficiency Day, which highlights the achievements and awards Piedmont Town Center has earned with its energy initiatives.

 [Learn more about our sustainability initiatives at Piedmont Town Center \(PDF\)](#)

**Piedmont Town Center**  
Principal Real Estate  
office and retail campus  
located in Charlotte,  
North Carolina.





# Engaging our people

## We do this by

- Supporting workforce development through training programs, career advancement opportunities, and professional development resources
- Creating tenant, resident, and community engagement plans
- Contributing to the economic and social success of markets where we operate

## Pillar alignment



Occupant experience



Community impact



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“From employee development to tenant satisfaction and community engagement, we strive to foster an environment where employees thrive, our tenants feel valued, and communities flourish.”

Pat Bailey  
Chief Operating Officer, Real Estate



# Our employees

## Inclusion demographics

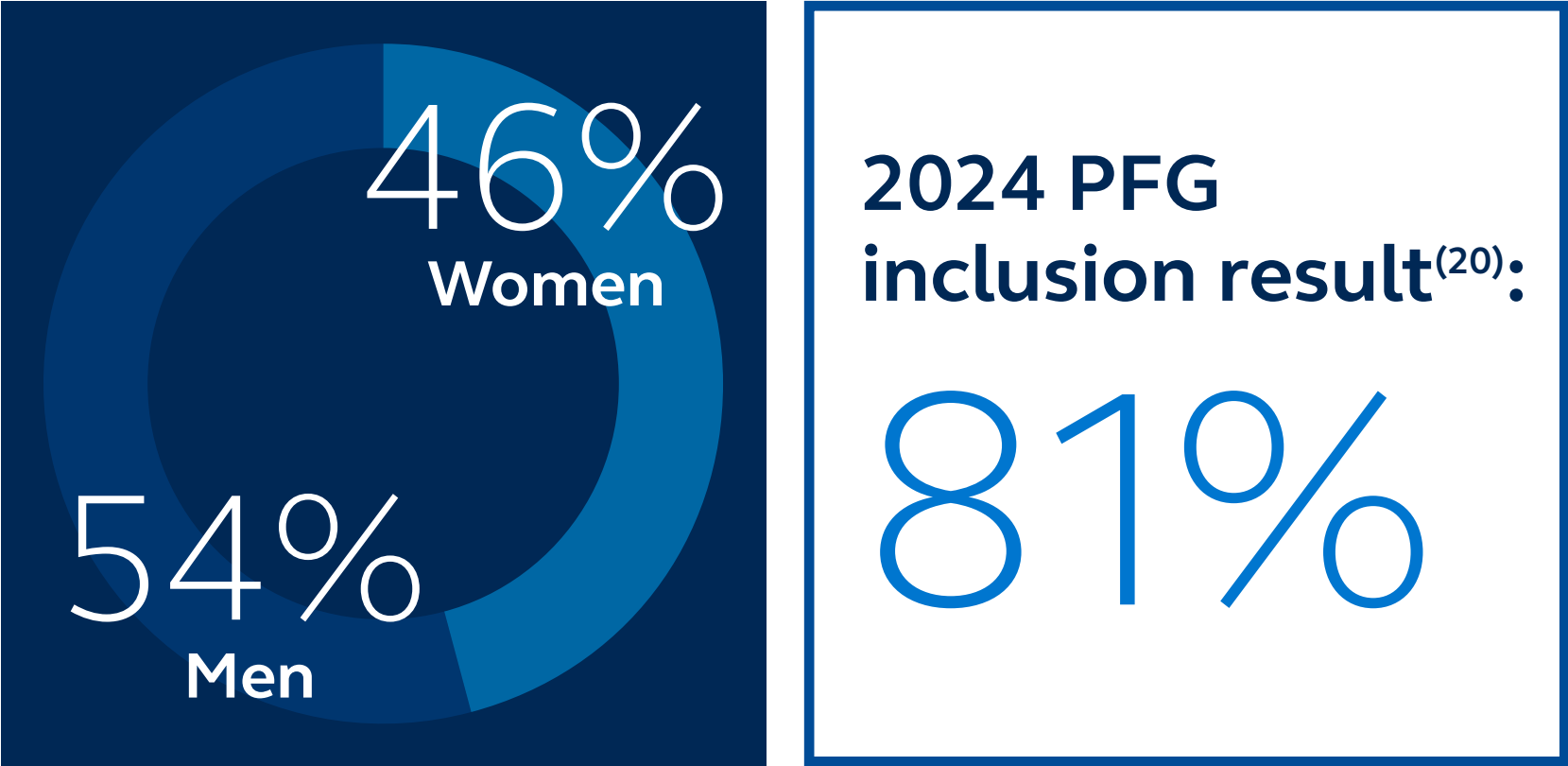
Our employees are fundamental to achieving both financial success and sustainability goals across our investment portfolio. Through monitoring of workforce demographics and structured professional development planning, we maintain a deep understanding of our team’s needs while fostering their career advancement and growth.

### Principal Real Estate employees

Percentage of U.S. employees that identify as:

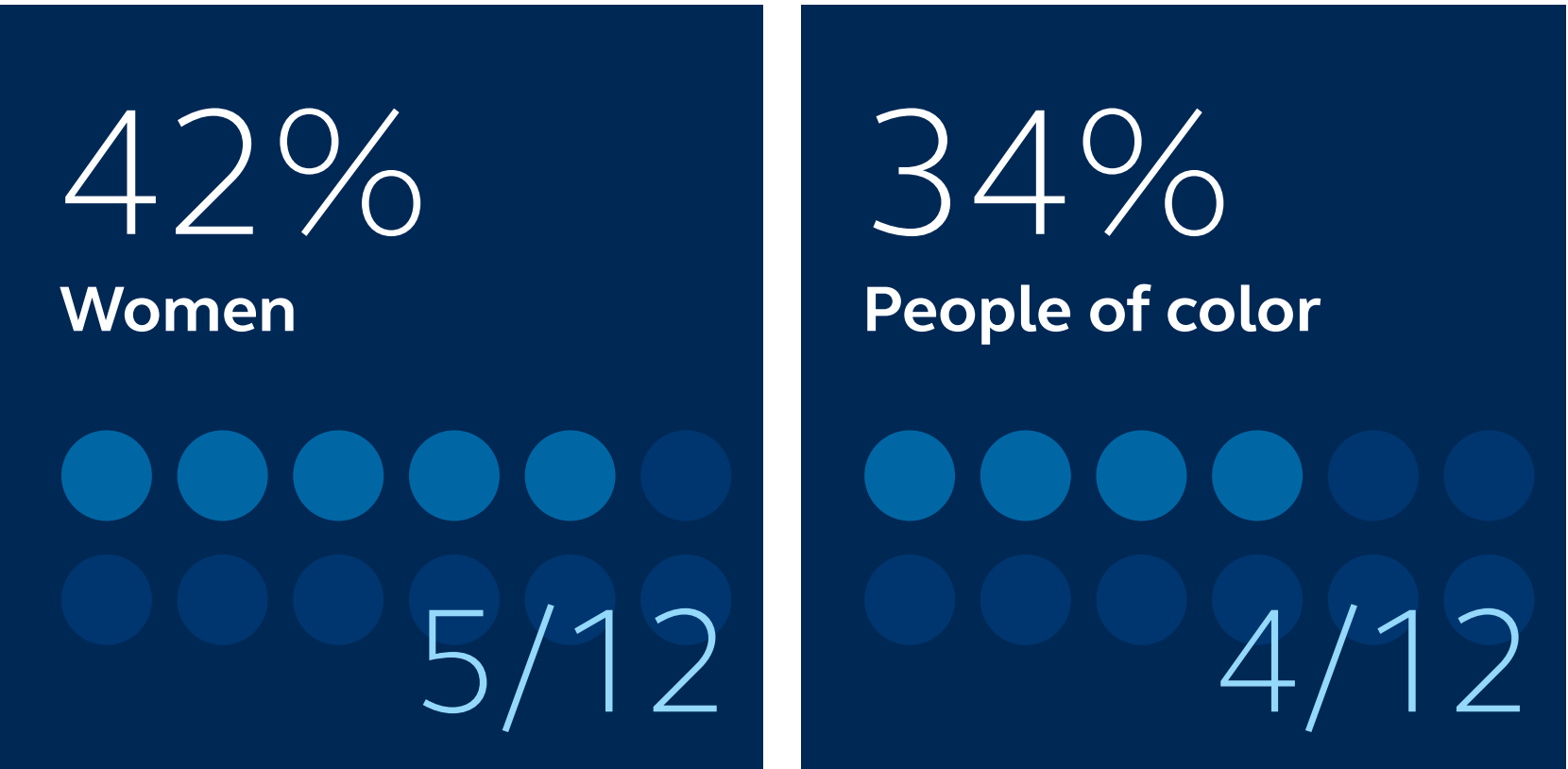


Percentage of Global employees that identify as:



### Principal Financial Group Board of Directors

Percentage of board members that identify as:



	U.S. women	Global women	People of color <sup>(19)</sup>
Principal Asset Management operating committee	33%	29%	7%
Principal Real Estate investment professionals	34%	33%	11%

Data as of December 31, 2024

Learn more about our global inclusion efforts, compensation and pay equity, supplier diversity, and training practices, please see the **Principal Financial Group® Sustainability Report 2024 (PDF)**



# Workforce development

Principal Real Estate employees receive regular sustainability training from our sustainability team, investment groups, and third-party providers.

In 2024, training courses included:

Audience	Training content
All Principal Real Estate employees	<ul style="list-style-type: none"><li>Sustainability “State of the Market”</li><li>Governance requirements, Global Code of Conduct, Information Security</li><li>Quarterly updates on progress towards targets, key initiatives, building certifications, and industry trends</li></ul>
New employees	<ul style="list-style-type: none"><li>Introduction to Principal Real Estate’s sustainability program and procedures</li></ul>
Property managers	<ul style="list-style-type: none"><li>Onboarding training for new property managers covering sustainable investing requirements<ul style="list-style-type: none"><li>31 property managers onboarded in 2024</li></ul></li><li>Quarterly webinars covering sustainability requirements in the upcoming quarter</li><li>Regulatory requirements for specific regions</li></ul>
Asset managers	<ul style="list-style-type: none"><li>Quarterly webinars covering sustainability requirements in the upcoming quarter</li><li>Monitoring building performance standards</li><li>Asset Sustainability Scorecard</li></ul>
Fund managers	<ul style="list-style-type: none"><li>GRESB overview</li><li>Asset Sustainability Scorecard</li><li>Energy Pathways to Sustainability</li></ul>

**Wilhelminatoren**  
Principal Real Estate office property located in Rotterdam, Netherlands. Wilhelminatoren received BREEAM In-Use certification (Very Good rating).





## Professional development

### Commercial Real Estate Women (CREW)

CREW serves as a vital platform connecting professionals in the commercial real estate sector. The organization focuses on empowering women in commercial real estate through strategic networking, professional development, industry outreach, and research initiatives.

Principal maintains a strong presence within the Iowa chapter of CREW, with 27 employees holding memberships, including 17 who actively serve on various committees. Committee participation offers members valuable insights into CREW Iowa’s operations, facilitates professional connections, and provides essential experience for future leadership roles within the organization.

As a Diamond-level sponsor of CREW Iowa, Principal Asset Management demonstrates its commitment to the organization’s mission. One notable benefit Principal provides is a scholarship program for attendance at the prestigious CREW Network Convention. This annual event draws more than 1,300 commercial real estate leaders from across the world, offering unique opportunities for business networking and deal-making, industry education and leadership development, exposure to emerging trends and technologies, and insights into innovative industry projects. All Principal CREW members are eligible to apply for scholarship funding to offset convention attendance expenses, encouraging them to participate in this significant industry gathering.

### Girls Who Invest (GWI)

In 2022, Principal became part of a multinational coalition of leading investment firms from the United States, United Kingdom, and Canada in supporting and partnering with Girls Who Invest (GWI). This innovative initiative targets sophomore-level college students, aiming to increase female representation in the investment industry through a comprehensive approach combining educational programs, mentorship and internship opportunities, and community support.

Both Principal Asset Management and Principal Real Estate have actively partnered with GWI’s summer intensive program since 2022 to source potential internship candidates. Internships offer valuable experiences that provide candidates with hands-on exposure to finance and investment careers. During the 2024 program year, Principal Real Estate hosted one GWI intern, contributing to GWI’s mission of developing the next generation of female investment professionals.

### Women in Real Estate (WIRE)

Principal Real Estate launched Women in Real Estate (WIRE) in 2016 as a strategic initiative to enhance gender diversity within the organization. WIRE’s core purpose is to foster an environment that supports professional growth through targeted development programs and networking opportunities. The initiative also aims to build a more inclusive culture and develop leadership across the global real estate investment management sector. WIRE is open to all Principal Real Estate employees, and the group currently comprises over 100 members.

#### Throughout 2024, WIRE organized several impactful events including:

- A strategic workshop focused on professional development and career planning
- An environmentally-focused event combining a property tour of a sustainable redevelopment project with a conservation discussion panel
- An industry-specific panel highlighting Principal Real Estate’s expertise in the data center sector, featuring accomplished leaders from within the organization
- An ongoing mentorship initiative designed to expand professional networks and enhance industry knowledge among participants



WIRE members volunteering at Dorothy’s House, a safe place for survivors of human trafficking and exploitation to work on their healing journeys.



Principal CREW members attending the CREW Network Convention.



## Growing a talent pipeline<sup>(21)</sup>

### Co-Op internships

Principal Real Estate supports youth and higher education through our co-op internship programs. Principal Real Estate’s co-op internship program attracts students seeking to gain education and experience in areas such as acquisitions and dispositions, private debt origination, debt and equity asset management, and operational and fund accounting. 12 interns completed the co-op program in 2024.

### Principal Real Estate scholarship program

Principal supports education by annually awarding higher education grants for targeted student engagement and experiential learning initiatives. Building on the commitment of Principal to support higher education, Principal Real Estate established a scholarship program in 2020 which offers up to \$7,500 per student per year, renewable for up to four years. Since its inception, 11 students have been awarded scholarships.

### Rotational analyst program

Principal Real Estate’s Rotational Analyst Program allows incoming analysts to rotate through roles in all four of the quadrants of real estate investment (public and private debt and equity). The analysts spend time in each of the areas, allowing them to gain a broader view of real estate operations before starting their careers in any one of the areas.

*“Being part of this program has been an incredible opportunity that gives me a comprehensive understanding of real estate and how all aspects interconnect. The chance to collaborate with a variety of people with such diverse backgrounds has strengthened my technical abilities and widened my understanding of the industry. Each day brings new challenges that help me grow my capabilities and deepen my industry knowledge, and this experience has been truly transformative for my career development.”*



Mia Rand is a current commercial real estate rotational analyst participating in the program. During her time, she will rotate through different roles in the four quadrants of real estate.





# Tenant and resident engagement

Engaging our tenants and residents is crucial to achieving our sustainability goals. Through collaborative efforts, we can significantly reduce energy consumption, water usage, and waste generation across our properties. Our engagement strategy includes transparent sharing of building performance metrics and implementing customized tenant engagement plans. We provide comprehensive resources and education about our Pillars of Responsible Property Investing platform to empower our occupants to make sustainable choices.

Each property implements a tailored engagement approach that may incorporate:

- Regular building updates and communications
- Personalized utility consumption feedback
- Digital engagement through social media
- Interactive tenant meetings and events
- Annual satisfaction surveys
- Educational sustainability guides
- Hands-on sustainability training sessions

These initiatives create a collaborative environment where property managers and occupants work together toward common sustainability objectives.

## New engagement resources


In 2024, we created new tenant, resident, and community engagement resources for property managers to use at their properties. The engagement plan templates outline ways in which property managers will engage with tenants and the community to understand their needs, collaborate on achieving goals, identify actions, and monitor outcomes.

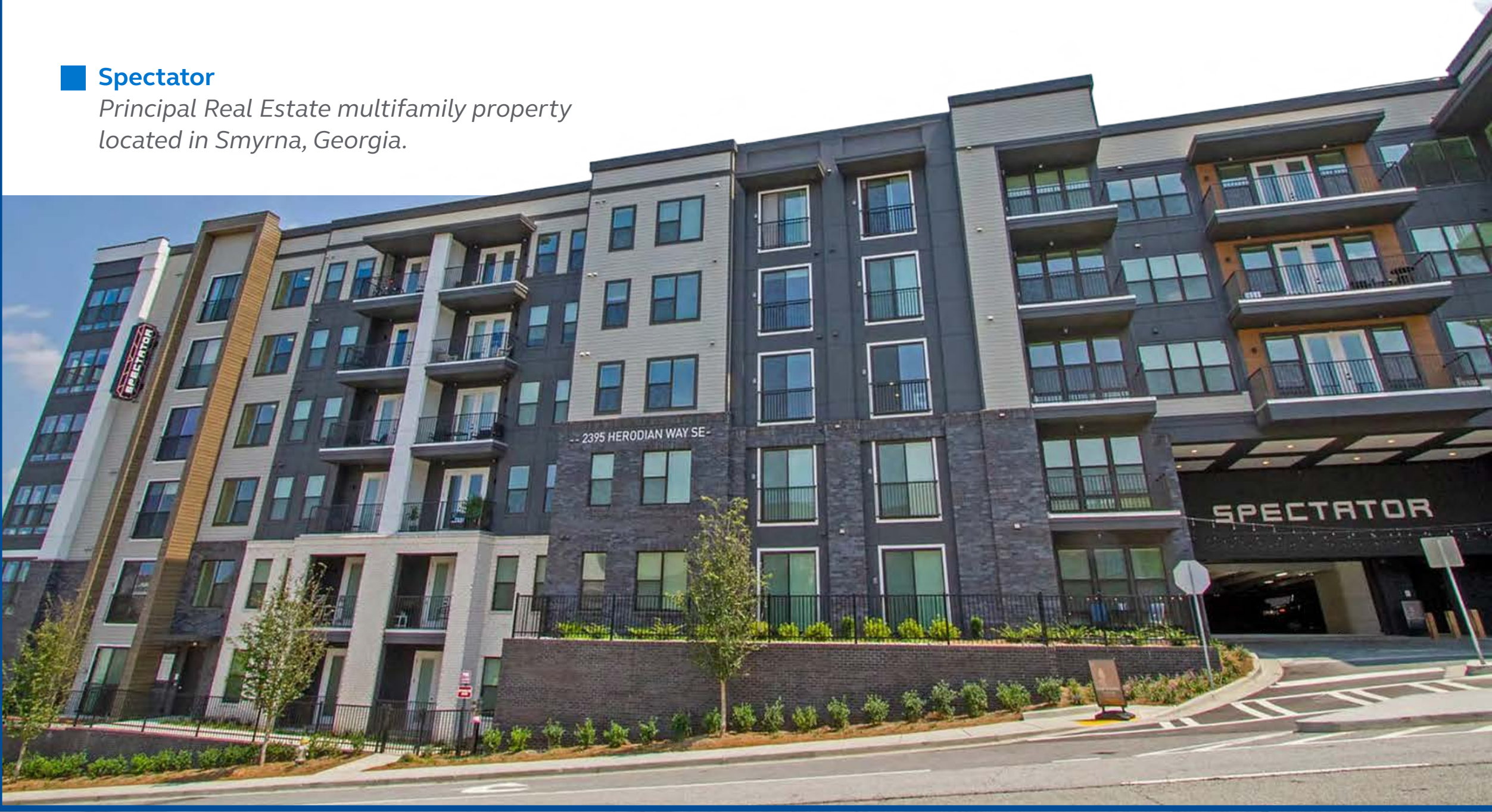


## Sustainability profile: Spectator

Spectator, a mid-rise multifamily property in Smyrna, Georgia, offers luxury living with modern amenities. The property builds resident connections through various community events, including monthly trivia nights, annual poolside gatherings, and casual meet-and-greets. These activities help create a vibrant, social atmosphere where residents can bond with neighbors and the property management team.

 [Learn more about sustainability initiatives at Spectator \(PDF\)](#)

 **Spectator**  
Principal Real Estate multifamily property  
located in Smyrna, Georgia.





Kingsley tenant survey results<sup>(22)</sup>

**167 properties won the 2024 Kingsley Excellence Award** (159 U.S. properties, 8 Europe properties). This is presented to properties that exceed the Kingsley Index in Overall Satisfaction and have a 30% response rate for office, industrial, and medical office, a 20% response rate for retail, or 15 respondents for multifamily.

The Kingsley Excellence Awards Commercial Elite 5 recognizes CRE organizations that have the highest satisfaction across their portfolio. Principal Real Estate won the 2024 Kingsley Excellence Commercial Elite 5—Office award.

U.S. results:

- Participating Principal Real Estate office and industrial properties exceeded the Kingsley Index for overall satisfaction, and demonstrated improvements in satisfaction year over year.
- Management satisfaction exceeded the Kingsley Index for participating Principal Real Estate office, industrial, and multifamily properties. In addition, Principal Real Estate’s participating office and industrial properties showed improvement in management satisfaction year over year.



- Tenant renewal intentions exceeded the Kingsley Index for office, industrial, and multifamily properties, and improved year over year for participating industrial and multifamily properties.

Europe results:

- 42% of office tenants indicated they are likely to renew

Overall:

- 22 properties won the Kingsley Excellence Award 100% Club based on their perfect 2023 and 2024 overall tenant satisfaction scores.



*“Resident engagement events such as our bike share program, partnerships with local businesses and art residency program aim to foster a sense of community and create a more positive living environment.”*

**Jen Faulkner**  
Senior Regional Portfolio Director

**EDIT at River North**  
Principal Real Estate multifamily property located in Denver, Colorado.

A focus on health and wellness

Principal Real Estate is dedicated to investing in buildings that promote occupant, resident, and visitor wellbeing. Our Sustainability Guidelines for Health and Wellness outline best practices for providing opportunities for physical activity, accessible healthy food and clean water, quality social connections, and healthy environments.

Residents at The Island in Minnetonka, MN can embrace a wellness-focused lifestyle through an array of premium amenities. The thoughtfully designed community promotes both physical fitness and relaxation, featuring a state-of-the-art fitness center for maintaining an active lifestyle. For ultimate rejuvenation, residents can take advantage of the heated outdoor pool complete with cabanas or unwind in the soothing sauna. The property’s social spaces include an inviting fire pit for outdoor gatherings and a contemporary Wi-Fi-enabled coffee lounge, all set within the scenic Minnetonka landscape.

**The Island**  
Principal Real Estate multifamily property located in Minnetonka, MN.





# Community development

## Community engagement at our properties

Our properties serve as hubs for charitable initiatives, community service, and public events that bring people together.

**The property management team at 929 Office Tower in Bellevue, WA organized several impactful events to get tenants involved in sustainability efforts, including:**

- An Earth Day celebration featuring multiple vendor partnerships
- A charitable food collection campaign benefiting local shelter organizations
- A holiday giving tree initiative, where tenants could select gift tags representing children in need and provide presents that were distributed during the holiday season

## Sustainability profile: Courts at Spring Mill Station

The Courts at Spring Mill Station, a multifamily property located in Pennsylvania, demonstrates its commitment to the community through a successful partnership with GreenDrop. This partnership facilitates sustainable donation of various items including clothing, household goods, furniture, and electronics to benefit local nonprofit organizations. The program’s remarkable success is evidenced by the expansion to three collection bins, which require weekly pickup due to the generous participation of community residents.

 [Read about our sustainability initiatives at The Courts at Spring Mill Station \(PDF\)](#)

**Courts at Spring Mill Station**  
Principal Real Estate multifamily property located in Conshohocken, Pennsylvania. Courts at Spring Mill Station has partnered with GreenDrop to host donation boxes onsite.

## Employee engagement in our community

Principal Real Estate demonstrates its commitment to social responsibility through active support of employee volunteerism and community engagement.

Principal Real Estate’s WIRE group demonstrated their commitment to community service through multiple impactful initiatives in 2024. Their efforts focused on two key charitable partnerships:

### DMARC Food Pantry Network

WIRE supported DMARC’s mission of addressing basic human needs through their network of fourteen partnering pantries, mobile services, and home delivery programs by:

- Organizing a critical donation drive supporting Iowa’s largest health-based pantry network
- Assisting with food sorting and packing at the DMARC facility

### Dorothy’s House

Dorothy’s House provides safe housing, therapeutic services, and resources to support survivors of human trafficking in healing and rebuilding. WIRE members supported this vital organization by:

- Volunteering at Dorothy’s House to help with garden maintenance and yard work
- Raising \$2,100 in donations

## Sustainable community support

In 2024, Parque Guadaira, a retail property in Spain, demonstrated exemplary community engagement through various impactful initiatives. The property emerged as a vital community hub by hosting local markets that amplified the visibility of neighborhood organizations. Notable among these efforts was the property’s ongoing partnership with the Megacan Animal Protection Organization. By providing dedicated space for their regular flea markets, the property helped support their animal shelter operations through increased donation opportunities and community awareness.

Parque Guadaira’s commitment to sustainable community support extended to practical environmental initiatives. The property maintains three dedicated collection points: two for second-hand clothing and one for used oil. These collection efforts benefit both the environment and local charitable organizations, with proceeds supporting the East West Association and Humana Foundation.



# A focus on affordable housing and medical care facilities

## Irish social housing

The Principal Eurozone Durable Income Strategy owns an Irish social housing portfolio comprised of 55 homes. The homes are leased to Dublin’s local authorities on 25-year terms. The authority uses these homes to provide housing to individuals with disabilities, people experiencing homelessness, and/or those on low or fixed income.

## Single-family residential

Single-family residential homes have emerged as a crucial housing solution amid the growing disparity between home prices and household incomes since 1990. These properties offer an affordable alternative to homeownership while providing essential social benefits. They create housing accessibility for those seeking quality living spaces without the financial burden of purchasing, while fostering stable communities through long-term tenancy. The model supports diverse neighborhoods by enabling mixed-income housing options and provides suitable environments for both families and seniors. These rentals offer the traditional benefits of single family living—including privacy, space, and outdoor areas—while providing market flexibility to accommodate changing demographic needs. Through strategic partnerships, this housing segment continues to expand in key growth markets, as demonstrated by recent portfolio acquisitions.

## Manufactured housing

Our U.S. Real Estate Core Property Strategy formed an exclusive joint venture with a vertically integrated operating partner to acquire manufactured housing properties in high-growth markets. As the path to single-family homeownership becomes increasingly expensive, manufactured housing is another alternative that offers many of the benefits of single-family housing at a lower price point: the average cost of a new single-family home is approximately seven years of the area median income, while the cost of a manufactured home is approximately two years of the median income. In addition to a lower price point relative to single-family home ownership, manufactured housing typically includes amenities consistent with those of traditional multifamily properties.

## Health care strategy

The Principal Health Care Strategy focuses on building a diverse collection of healthcare-related real estate investments with a focus on long-term, sustainable growth. The strategy invests across multiple healthcare property types, including:

- Senior living facilities (nursing homes and assisted living)
- Specialty medical rehabilitation centers (focusing on psychiatric care, elderly care, and cancer treatment)
- Medical office buildings and care centers

This diversified approach spreads investments across different areas of the healthcare real estate sector.

**Klinik Friedenweiler**  
Principal Real Estate care home property  
located in Friedenweiler, Germany.





# Leading with transparency

## We do this by

- Demonstrating transparency through internal and external reporting
- Assessing and monitoring climate risks
- Engaging in the industry and with our peers

## Pillar alignment

 Climate resilience

 Managerial excellence



## Leading with transparency

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“Sustainability is more than a strategy; it helps create value and promotes good governance. By integrating sustainability into our policies and risk management practices we are building a more resilient portfolio that can deliver both positive financial and sustainable outcomes.”

Tia Van Beek  
Managing Director, Asset Management



# Our governance structure

## Alignment and collaboration across the business



# Governance policies

## Sustainability policy and guidelines

Our Sustainability Policy and supporting Sustainability Guidelines form the foundation of our sustainable investing strategy and set clear expectations for employees, property management partners, and others with whom we do business with. The guidelines include topics such as:

- Acquisition Due Diligence
- Building Technology and Innovation
- Climate Resilience
- Data Centers
- Data Management
- Emissions Reduction
- Health and Wellness
- Operations and Management
- Private Debt Origination
- Real Estate Development
- Responsible Contracting

 [Read more about our \*\*policy and guidelines \(PDF\)\*\*](#)

## Employee policies

All employees are required to complete an annual training course and acknowledge their understanding of our Global Code of Conduct. Every Director and employee of Principal Financial Group is accountable for following the code.

 [Learn more about \*\*Principal Financial Group's employee policies and code of conduct \(PDF\)\*\*](#)



# Reporting and transparency

## Borrower sustainability survey

We maintain a systematic approach to monitoring the sustainability performance of our private debt portfolio through an annual Sustainability Survey, distributed to borrowers each year to gather data from the previous year's operations. The survey captures key information about both lender and building sustainability characteristics, with all responses stored and analyzed in a central database. In 2024, we modernized our process by implementing a digital survey platform. The 2024 survey response rate was 56%.

## External reporting

We communicate sustainability-related information to investors in several ways:

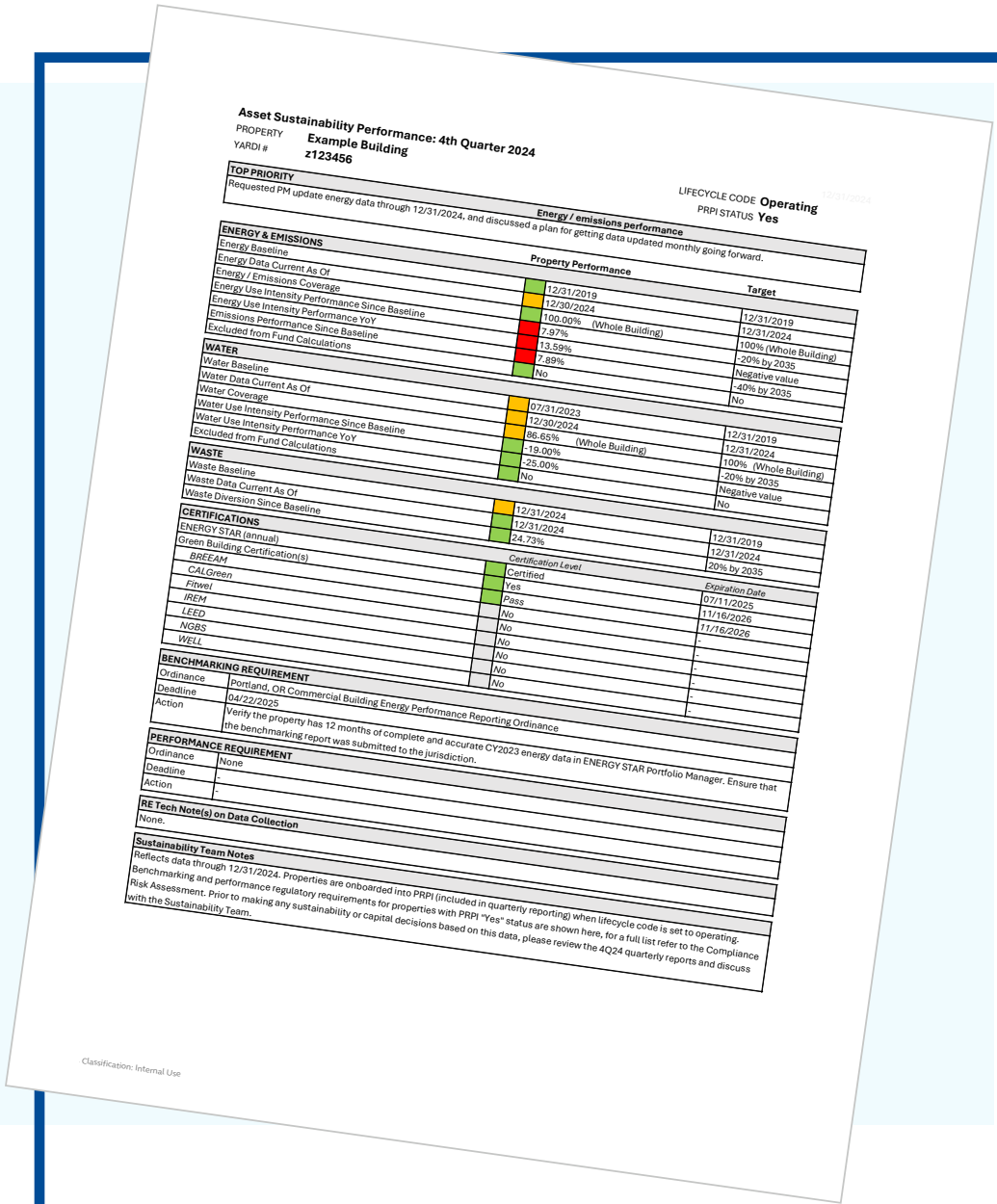
- The Principal Financial Group Sustainability Report aligns with the Global Reporting Initiative (GRI) standards, Task Force on Climate-Related Financial Disclosures (TCFD), and the Sustainable Development Goals (SDGs). This report is available on the [Principal Sustainability Data Center](#).
- This Principal Real Estate Sustainability Report, which is aligned with TCFD and the SDGs.
- Our [Responsible Property Investing](#) website where we publicly disclose our sustainability policies and practices as well as progress updates, thought leadership, and more.
- Quarterly and annual client financial reporting, where we disclose sustainability information including building certifications and sustainability reporting performance.
- The annual Principles for Responsible Investment (PRI) survey, CDP reporting, and GRESB (a global sustainability benchmark for real estate assets).

## Internal reporting

We communicate sustainability information across our organization through:

- Quarterly Property Performance Reports that detail energy, water, waste, and green certifications performance.
- A quarterly summary sent to all of Principal Real Estate detailing performance relative to targets, certifications, and key initiatives undertaken in the quarter.
- Quarterly performance reports published by several strategies that highlight key sustainability data.
- Regular updates to senior management on sustainability performance.

In 2024, we created an Asset Sustainability Scorecard which shows each property's progress towards sustainability performance targets and key initiatives including energy, water, and waste performance, data coverage, and certifications, and recommendations for how to improve each metric. The scorecard is populated by asset management teams who discuss any areas of concern with property managers; then presented at quarterly meetings with fund management. We have seen improvements in data coverage and accuracy, as well as enhanced transparency for asset and fund management.



“The Asset Sustainability Scorecard has become a key collaboration tool to help us monitor property-level sustainability performance and engage stakeholders.”

**Brent Heemsker**  
Portfolio manager



# Risk management

## Enterprise risk

We use a system of checks and balances to help prevent conflicts of interest and preserve the integrity of our advisory services.

### Investment oversight and governance

To monitor our fund activities, fund-specific advisory committees are made up of investor representatives who oversee fund performance. Additionally, our investment committee consists of cross-functional senior members of Principal Real Estate who evaluate investments including consideration of environmental, social, and governance variables. Separate account activities are monitored by the portfolio managers in consultation with the client.

### Compliance

#### Products

- Our compliance and Internal Audit and Risk Consulting groups conduct ongoing reviews and audits of investment management services.
- Third-party experts audit our investment-processing controls and investment vehicles’ financial statements annually.
- Acquisition, loan origination, and major decisions are governed by our investment committee.

#### Partners

- We conduct due diligence and underwriting on all potential partners, vendors, and borrowers, including financial checks, reference checks, and Office of Foreign Assets Control verification.
- Private equity property management partners annually certify their compliance with operational policies, procedures, and requirements.

#### Properties

- We complete on-site property management audits on assets in our private equity portfolio to ensure policy compliance and provide education on best practices.
- We conduct annual tenant surveys on owned assets to validate quality of service and satisfaction.
- We complete annual property inspections and financial reviews of the properties securing our loans.

#### Kraanspoor

Principal Real Estate office property located in Amsterdam, Netherlands. The Kraanspoor office building was constructed on top of a former shipyard craneway.





## Climate risk

### Private Equity

We assess physical and transition climate risk as part of both our due diligence process for new developments and acquisitions and regularly as part of the portfolio-level property review. **Physical risks** reviewed include flooding, heat stress, hurricanes, sea level rise, water stress, wildfires, and earthquakes. **Transition risks** are evaluated by examining emissions targets aligned with 1.5°C scenarios and ensuring compliance with regulatory requirements including specific energy disclosure, audit, or building performance standards.

For new property developments, our risk assessment process begins with an engineering review when high-risk hazards are identified. The team implements necessary risk mitigation measures in both design and operations, incorporating these considerations into the underwriting and approval process. Once operational, property managers receive detailed information about identified risks and specific mitigation strategies.

When acquiring existing properties, we integrate high-risk results into the Property Condition Assessment (PCA). The PCA consultant evaluates these hazards during site reviews and recommends appropriate mitigation measures through capital improvements and operational procedures. These recommendations are then incorporated into the underwriting process. After closing, we ensure asset and property managers are informed of identified climate risks and recommended resilience measures.

Our ongoing risk management approach includes clear communication of applicable regulations to management teams. We support property teams in meeting local, state, and regional regulatory requirements while implementing recommended resilience measures to ensure long-term asset protection and compliance with relevant regulations.

A comprehensive climate risk mitigation framework was implemented in 2024 for properties with a high risk identified. Under this framework, each property with an identified high risk must develop a tailored mitigation plan using our climate risk prescriptions. The process requires property and asset managers to document existing risk mitigation measures, identify unaddressed vulnerabilities, and outline specific strategies to address remaining risks. Additionally, these mitigation measures must be incorporated into standard operating procedures, maintenance schedules, and emergency response protocols, including the development of emergency and business resilience plans and communication templates.

### Private Debt

The Principal Real Estate Private Debt team conducts comprehensive climate and natural hazard risk analysis for all new loan originations. This assessment covers current hazards including various types of flooding, storm events, wildfires, and earthquakes, as well as projected 2050 risks like sea level rise, extreme heat, rain, and drought.

Our standardized evaluation assesses natural hazard exposure for each new loan, with a particular focus on flood, earthquake, and windstorm risks. Based on the findings, we require the borrower to take appropriate actions such as property retrofits or insurance coverage. We also maintain annual portfolio-wide hazard exposure tracking to effectively manage systemic risks.





# Industry involvement

We are committed to collaborating with investors, regulators, industry associations, and other groups to ensure that industry-wide standards reflect a commitment to sustainability performance. In support of this commitment, we participate in several industry associations and align with organizations that seek to improve sustainability performance, including:

- American Council of Life Insurers (ACLI)
- BVI Sustainability Committee
- CDP\*
- CEO Action for Diversity & Inclusion Pledge Signatory
- Council of Institutional Investors (CII)\*
- CREFC Sustainability Committee and Transparency Subcommittee
- Department of Energy Better Buildings Alliance
- ENERGY STAR Partner
- Environmental Protection Agency Industrial/Warehouse Working Group
- Fitwel Champion
- GRESB
- International Corporate Governance Network\*
- Investor Alliance for Human Rights\*
- Life Mortgage and Real Estate Officers Council
- Mortgage Bankers Association
- Mortgage Industry Standards Maintenance Organization (MISMO) - ESG Green Lending Borrower Questionnaire Working Group
- CFA Institute DEI Code (USA & Canada)\*
- NCREIF ESG Task Force
- Principles for Responsible Investment\*
- Real Estate Roundtable Sustainability Policy Advisory Committee
- Task Force on Climate-Related Financial Disclosures
- UN Global Compact\*
- Sustainable Development Goals\*
- Urban Land Institute Responsible Property Investing Council
- United States Green Building Council

\*Principal Financial Group or Principal Asset Management have made their commitments. By default, the real estate funds managed by Principal Real Estate have also made these commitments.

## Pledge for impact

### The Home for All Pledge

Principal Real Estate is committed to the Mortgage Bankers Association (MBA) Home for All Pledge. This pledge formalizes our commitment to promote affordable housing and inclusion in housing and our company. Signatories help the industry promote policies that support continued liquidity and stability in multifamily markets and remove barriers to increase the supply of rental housing across the US.

### CREW CRE Pledge for Action

Principal Real Estate’s Executive Managing Director Todd Everett signed the CREW Network’s CRE Pledge for Action. The pledge supports the advancement of women and other individuals in underrepresented groups based on (but not limited to) race, ethnicity, sexual orientation, ability, religion, or age. Phase I of the pledge is a commitment to the following six goals:



### CRE Pledge for Action Goals

1. Partner with CREW Network to support our mission to transform the industry by advancing women, and begin efforts now to make change.
2. Close the compensation gap in our industry by conducting a pay equity study.
3. Increase inclusion through senior executive sponsorship of women and/or other individuals in underrepresented groups within the company.
4. Advance women to top roles to achieve gender diversity in leadership.
5. Increase diversity through intentional recruiting and hiring of individuals from diverse backgrounds.
6. Implement accountability strategies that measure progress.



# Sharing our expertise

## CREW Network Sustainability Council

As part of our commitment to sustainability leadership, Madeline O’Donnell, Senior ESG Analyst, actively participates in the CREW Network Sustainability Council, an exclusive forum of 20 sustainability leaders from across North America. The Council provides a forum for collaborative peer discussions on emerging sustainability trends, challenges, and opportunities. Through this valuable partnership and active engagement, we strengthen our sustainability initiatives by exchanging industry insights and best practices with fellow market leaders, ultimately enhancing our ability to deliver sustainable value for our investors.

 [Learn more about the CREW Network Sustainability Council](#)

## Bundesverband Investment und Asset Management (BVI)

Julia Groenewold, ESG Manager, is a member of the sustainability committee of the Bundesverband Investment und Asset Management (BVI), which plays a pivotal role in shaping sustainable investment practices with Germany’s fund industry. The members of the committee help address both strategic and technical aspects of sustainable investing, actively engaging with regulatory initiatives related to sustainable finance for securities and real estate funds. Their work includes developing approaches for BVI’s proactive involvement in evolving legal frameworks.

## Speaking Engagements

Our commitment to sustainability knowledge-sharing extends to industry leadership and education. Madeline O’Donnell served as a featured speaker for ENERGY STAR’s webinar “All Hands on Deck: How to Educate and Motivate Your Internal Stakeholders on Energy Efficiency”. The session focused on effective strategies for mobilizing both internal teams and external partners to advance sustainability objectives, particularly in achieving energy and emissions reduction targets. Madeline shared insights on leveraging communication strategies and data-driven approaches to build compelling business cases and drive stakeholder buy-in across the organization, supporting successful implementation of sustainability projects.

 [Watch the ENERGY STAR webinar](#)

Continuing our commitment to knowledge sharing, Madeline also participated as a featured speaker at BREEAM’s industrial market analysis session, sharing expertise on sustainability in the industrial real estate sector. Through this thought leadership engagement, Madeline contributed to an insightful discussion examining current sustainability trends and future outlook for industrial properties, further demonstrating our organization’s commitment to advancing sustainable practices across diverse property sectors.



## As we look toward 2025 our strategic sustainability initiatives will look to focus on:

- Development and implementation of a new biodiversity guideline
- Rollout of selected data management platform across select U.S. and European investment strategies
- Enhancing U.S. property management sustainability tools and resource center
- Comprehensive assessment of sustainability targets and achievement progress
- Pilot shadow meter campaign to ensure access to critical energy data
- Continue initiatives to expand green building certifications throughout our portfolios



# Additional information

■ 461 Dean  
Principal Real Estate multifamily property  
located in Brooklyn, New York.

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# Task Force on Climate-Related Financial Disclosures

The Task Force on Climate-Related Financial Disclosures (TCFD) has developed a framework to help organizations disclose climate-related risks and opportunities for investors. Principal Real Estate’s Sustainability Report aligns with TCFD. For more detail on Principal Real Estate’s alignment, refer to the [TCFD Disclosures](#).

## Governance

### Describe the board’s oversight of climate-related risks and opportunities.

The Nominating and Governance Committee of the Principal Financial Group Board of Directors monitors risks and mitigation related to our enterprise sustainability strategy, goals, and performance, as well as our political contribution activities. It also receives updates from management regarding sustainability-related activities and key initiatives and provides guidance to the Board, other Board committees, and management (as appropriate) concerning material sustainability matters. The Committee shall oversee Principal Financial Group’s environmental, social, and governance (ESG) strategy and key initiatives, shall receive updates from management regarding Principal Financial Group’s ESG activities, and shall provide guidance to the Board, other Board Committees, and management, as appropriate, concerning ESG matters.

For example, twice per year the Nominating and Governance Committee is informed about specific environmental metrics, such as our greenhouse gas emissions reduction targets and performance.

The Audit and Human Resources Committees provide additional oversight of specific environmental, social, and governance matters.

### Describe management’s role in assessing and managing climate-related risks and opportunities.

Our management is committed to assessing climate-related risk for each asset and managing associated risks by having a robust due diligence process in place for new acquisitions, managing existing properties in accordance with our Sustainability Policy and associated Sustainability Guidelines, and monitoring evolving regulations affecting our assets.

The due diligence process involves conducting physical and transition climate risk assessments of each property considered for acquisition.

In addition to the physical climate risk analysis, our climate risk process involves assessing transition risk by reviewing regulations the property is subject to, such as those that require benchmarking

energy use, establish building performance standards, or place limits on greenhouse gas emissions. Any identified regulations are included in the documentation for investment committee approval and communicated to the asset and property management teams. Our third-party consultant also conducts a bi-annual property level review of regulations with impact to our assets.

Property management teams are required to follow the Sustainability Handbook for Property Managers that includes monitoring climate-related risks by benchmarking utilities to calculate GHG emissions and tracking building ordinances, among other requirements as part of our compliance process.

Management has oversight responsibility for sustainability performance through the dedicated Managing Director of ESG and Operations, who leads the portfolio-wide Sustainable Investing efforts. The Managing Director of ESG and Operations at Principal Real Estate reports directly to the Chief Operating Officer of Principal Real Estate, with responsibilities including the environmental management of all real estate assets, overseeing climate risk analysis, and monitoring the climate-related aspects of the real estate portfolio, and identifying property and portfolio-level resilience strategies.

## Strategy

### Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

- Current and emerging local and regional regulation: Our properties are subject to climate-related transition risks, which includes emerging regulations.
- Acute physical damage and disruptions to property operations: Climate change may lead to an increase in the frequency and severity of natural disasters, such as changes in precipitation extremes and droughts.
- Chronic physical damage and disruptions to property operations: In addition to acute increases in frequency and severity of natural disasters, climate change may also lead to an ongoing increase in the frequency and severity of natural disasters or change from one form of natural disaster to another over time.
- Changing operational parameters: Climate change is forecasted to increase the duration and intensity of heating and cooling days, thus necessitating longer HVAC and capital equipment utilization schedules.



Strategy (cont.)

- Rising utility costs: Climate change may impact utility availability and pricing due to supply and demand.
- Rising insurance premiums: Climate change may lead to rising insurance premiums due to potential increased property damage from changing climate patterns and increased severity of natural disasters.
- Reputation: Climate change may lead to reputational damage since physical damage to properties could negatively impact a variety of factors, including building occupant comfort, tenant/resident health and safety, work and lifestyle disruption, continuity of operations, client confidence in our investments, and more.

Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Our investment management practices are a material aspect of our business, strategy, and financial planning. The impacts of climate-related issues are detailed in the risks and opportunities identified above. These climate impacts are considered as part of business strategy and financial planning.

Climate Risk Analyses identify higher and lower risks for each property, which enables the organization to prioritize accordingly, and the quarterly performance reporting informs financial planning by providing progress on energy, water, and emissions that affect operating costs and investor sentiment.

Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

In 2024, all of our open-end discretionary private equity strategies were analyzed for transition risk utilizing the CRREM model to review the portfolio’s risk associated with meeting the 1.5° C global warming target. Actual emissions data was utilized to the extent available.

We are targeting alignment with the 1.5°C scenario with a goal of reducing greenhouse gas emissions to net zero by 2050. The portfolio-level climate risk analysis provides insight into our progress towards these targets and indicates highest-impact assets for targeted reduction initiatives.

We regularly benchmark and report on environmental performance of existing assets, including consumption of energy, water, and waste diversion as well as the corresponding GHG emissions produced. We have Climate Prescriptions that are distributed to properties at risk for flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes.

Risk management

Describe the organization’s processes for identifying and assessing climate-related risks.

We assess physical and transition climate risk as part of both our due diligence process for new developments and acquisitions and, for select funds, regularly as part of our portfolio-level property review.

Physical risk

Physical risks reviewed include flooding, heat stress, hurricanes, sea level rise, water stress, wildfires, and earthquakes. Our risk analysis provider reviews these hazards at both the RCP 4.5 and 8.5 scenarios, and on multiple time horizons (current, 2030, 2040, 2050, 2075, and 2100).

Transition risk

From a policy and legal perspective, an increasing number of jurisdictions and regional governments are adopting climate action plans, renewable energy portfolio standards, or other environmental regulations targeting greater energy efficiency and reduced carbon emissions associated with commercial buildings. Our climate risk analysis process includes identifying if the property is exposed to specific energy disclosure (benchmarking), audit, or emissions reduction mandates (building performance standards).

Scenario analysis

Portfolio level reporting on owned assets covers the same set of physical and transition risks, with the addition of the CRREM model to review the portfolio’s transition risk associated with meeting the 1.5°C global warming target.

The portfolio analysis identifies the highest risk assets in the portfolio. The portfolio management team reviews this information and can use it when making future buy/sell decisions.

Describe the organization’s processes for managing climate-related risks.

The climate risk summary report is provided to the property team on each new property development and acquisition.

For new property developments, the engineer reviews the property design to determine if it properly accounts for the identified high-risk hazards. Design adjustments and/or operational procedures for risk mitigation are implemented as applicable. Changes and recommendations are incorporated into the underwriting and committee approval process as needed. Once the property is operational, the property manager is notified of the property’s climate risks and provided the climate risk prescription for each identified high risk.



### Risk management (cont.)

For existing property acquisitions, information on identified high risks is provided to the Property Condition Assessment (“PCA”) consultant, who considers the high-risk hazards in their onsite review and provides recommendations for mitigation practices via capital improvements and/or operations practices. These recommendations are reviewed by the engineer and acquisitions team and incorporated into the underwriting and committee approval process as needed. Upon closing, the asset manager and property manager are notified of the property’s climate risks and provided the climate risk prescription for each identified high risk.

We have a process in place to identify, assess, and manage the potentially material financial impact of transition risks on the entity’s business.

- Policy and Legal: Information on transition risk and identified regulatory requirements are provided to the asset manager and property manager. All Principal Real Estate property managers are contractually required to ensure their properties are in compliance with all local rules and regulations, including current and emerging climate-related laws, such as benchmarking regulations.
- Technology: We continuously monitor low carbon technology options and their associated costs including solar panels, efficient building systems, and others. Where financially appropriate, we will invest in low carbon technologies.
- Market: We monitor market trends and changing customer behavior that could influence demand for low-carbon buildings. In addition to our internal research teams who review industry trends, we also have a third party sustainability expert conduct market research.
- Reputation: We recognize that many investors are looking for low carbon products. Additionally, our internal research teams and third party sustainability expert conduct research about changes in customer preferences.

#### Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

In addition to the aforementioned climate risk analysis process, we conduct an annual catastrophe analysis on the portfolio, which includes a review of climate-related risks including flash flood, hail, river flood, and tropical cyclone. Identified exposure to risk by asset value and potential replacement costs are incorporated into the investment decision-making process and property management decisions.

### Metrics & targets

#### Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Our targets for 2035 over a 2019 baseline<sup>(23)</sup> are:

- Greenhouse gas emissions reduction: 40% (net zero by 2050)
- Energy use intensity reduction: 20%<sup>(24)</sup>
- Water use intensity reduction: 20%<sup>(13)</sup>
- Waste diversion from landfill: 20%
- Data coverage: 50%
- Renewable energy: 20% of energy use
- Building certifications: 50% of total portfolio assets<sup>(25)</sup>

#### Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

Greenhouse gas inventories were completed for calendar year 2024 including Scope 1, Scope 2, and Scope 3 Category 13 emissions. We calculated market-based emissions based on reported energy consumption and estimations for participating strategies\* totaling 357,316 MTCO2e. This value is primarily comprised of tenant related emissions due to the nature of the asset ownership.

Scope 1: 4,067 MTCO2e  
Scope 2 (market-based): 17,497 MTCO2e  
Scope 3 Category 13 (Downstream Leased Assets): 335,752 MTCO2e

\*Greenhouse gas inventories were completed for the following strategies: US Core, US Core Plus, General Account, two US separate accounts, European Office, European Care Homes (one strategy), European Durable Income, and European Data Center strategies.

#### Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

In addition to the targets outlined above, our targets support the Principal Financial Group target of net zero by 2050 using a 2019 baseline.



# Sustainable Development Goals

The below reflects our policies and actions in alignment with the SDGs. For information on Principal Financial Group’s SDG alignment, refer to the [2024 Principal Financial Group Sustainability Report](#). For additional detail on Principal Real Estate’s SDG alignment refer to the [Sustainable Development Goals disclosure](#).



## Access to Economic Resources

**Investment in Affordable Housing:** We invest directly in affordable housing (single-family, multifamily, and manufactured housing) and acquire and manage low-income housing tax credits (LIHTC) to foster affordable housing opportunities.

## Increase Resilience Against Climate-Related Extreme Events

**Climate Risk Analysis:** As part of our acquisitions and development process, we analyze the site’s risk from exposure to seven major climate risks (flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes).



## Mental Health and Wellbeing

**Fitwel Champion:** Fitwel is a building certification that uses evidence-based design and operational strategies to enhance building environments by addressing a broad range of health behaviors and risks. Each strategy is linked by empirical evidence to at least one of the seven Health Impact Categories.

**Sustainability Guidelines for Health and Wellness:** As part of our overarching Sustainability Policy, we have Sustainability Guidelines for Health and Wellness that convey our commitment to designing, constructing, and overseeing capital and tenant improvements with the health, safety, and welfare of building occupants in mind.

## Air and Water Contamination

**Sustainability Guidelines for Real Estate Development:** During all stages of the development process, our partners, developers, and service providers are responsible for protecting air and water quality and local ecosystems by managing potential construction pollutants. Once the property is operational, indoor air quality must be monitored and managed.

**Due Diligence Checklist:** Our standard due diligence checklist for private equity assets includes radon testing for properties in areas of high radon levels.



## Access to Education

**Principal Real Estate College Scholarship:** We have established a scholarship program for students who are members of a minority group, are veterans, have a disability, or have financial need.

## Technical and Vocational Skills

**Internships:** Our internship program provides interns with exposure to many areas of Commercial Real Estate.



## Promote Gender Equality

**Women in Real Estate:** To help attract, retain, and advance women in the organization, in 2016, Principal Real Estate established Women in Real Estate (WIRE).

**Sponsorship of Commercial Real Estate Women (CREW) Network:** We support both the Iowa chapter of CREW and employees’ membership expenses for involvement in the organization.





Water Quality

**Sustainability Guidelines for Real Estate Development:** During all stages of the development process, our partners, developers, and service providers are responsible for protecting air and water quality and local ecosystems by managing potential construction pollutants.

Water Use Efficiency

**Environmental Targets:** Our targets seek to reduce water use intensity 20% by 2035 (over a 2019 baseline<sup>(23)</sup>).

Water Scarcity

**Climate Prescriptions:** Climate Prescriptions are resources that detail property-level resilience strategies to combat material climate risks identified throughout the portfolio. A prescription specific to water scarcity is shared with property managers at impacted properties to educate about the specific risks and best practices for managing the risks.



Energy Efficiency

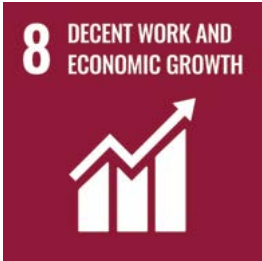
**Environmental Targets:** Our targets seek to reduce energy use intensity 20% by 2035 (over a 2019 baseline<sup>(23)</sup>).

**Decarbonization Planning:** In support of our goal to reduce GHG emissions 40% by 2035 and achieve net zero by 2050, property-specific decarbonization strategies are being developed.

Renewable Energy

**Environmental Targets:** We seek to source 20% of energy use from renewable sources—either on-site or off-site.

**Solar Energy Investments:** At our properties nationwide, we are pursuing solar opportunities by installing solar panels directly or leasing roof space for solar panels.



Global Resource Efficiency

**Sustainability Guidelines for Real Estate Development:** Our Sustainability Policy is supported by Sustainability Guidelines. The guidelines for development detail best practices for material use reduction.

Youth Employment

**Internships:** Our internship program provides interns with exposure to many areas of Commercial Real Estate.

Community Impact

**Community Impact Measurement:** One of the five pillars of the PRPI platform is Community Impact: connecting with and contributing to the economic and social success of markets where we operate. Key Performance Indicators (KPIs) within this pillar may include jobs created, investment in community, use of union labor, donations and volunteer activities, affordable and workforce housing, community space, and contaminated site remediation.

Financial Market Monitoring

**Reporting:** We communicate sustainability-related information to investors in several ways:

- The Principal Financial Group Sustainability Report
- This Principal Real Estate Sustainability Report
- Our [Responsible Property Investing website](#)
- Quarterly and annual client financial reporting
- The annual Principles for Responsible Investment (PRI) survey, CDP reporting, and GRESB (a global sustainability benchmark for real estate assets)





Affordable Housing

**Low-Income Housing Tax Credits:** We invest in affordable housing properties that have been allocated low-income housing tax credits on behalf of Principal Life Insurance Company.

**Middle-Income Housing Strategy:** To address the need for affordable housing across the U.S., we are is committed to investing in a middle-income housing strategy, targeting multifamily properties with rental rates that enable the community to live sustainably within their means.

**Irish Social Housing:** The Principal Eurozone Durable Income Strategy owns an Irish social housing portfolio comprised of 55 homes. The homes are leased to Dublin’s local authorities on 25-year terms.

Monitoring Financial Markets

**Principal Real Estate Reporting:** We communicate sustainability-related information to investors in several ways:

- The Principal Financial Group Sustainability Report
- This Principal Real Estate Sustainability Report
- Our [Responsible Property Investing website](#), where we publicly disclose our sustainability policies and practices as well as progress updates, thought leadership, and more.
- Quarterly and annual client financial reporting
- The annual Principles for Responsible Investment (PRI) survey, CDP reporting, and GRESB (a global sustainability benchmark for real estate assets)



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**Irish Social Housing:** The Principal Eurozone Durable Income Strategy owns an Irish social housing portfolio comprised of 55 homes. The homes are leased to Dublin’s local authorities on 25-year terms.

Resilience Against Natural Disasters

**Climate Risk Analysis:** As part of our acquisitions and development process, we analyze the site’s risk from exposure to seven major climate risks (flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes).

**Climate Prescriptions:** Climate Prescriptions are resources that detail property-level resilience strategies to combat material climate risks identified throughout the portfolio.

**Catastrophe Analysis:** We conduct an annual catastrophe analysis on the portfolio as part of the insurance process, as there are increased operating costs associated with climate disasters, such as costs to fix water leaks or building damage as a result of natural disasters.

Waste Management

**Environmental Targets:** Our targets seek to achieve a waste diversion rate of 20% by 2035.





Waste and Recycling

**Waste Management:** Waste management is a core performance metric. Property teams are required to enter energy, water, waste, and other key metrics in ENERGY STAR Portfolio Manager. To foster responsible consumption, property managers complete waste technical assessments that quantify the amount and type of waste produced at each property. Waste technical assessments identify opportunities for improved waste management strategies that can lead to better waste diversion rates and reduced waste management costs.

Sustainability Reports

**Principal Real Estate Sustainability Report:** [Principal Real Estate’s Sustainability report](#) is available on the Responsible Property Investing website.

**Reporting:** We communicate sustainability-related information to investors in several ways:

- The Principal Financial Group Sustainability Report
- This Principal Real Estate Sustainability Report
- Our [Responsible Property Investing website](#)
- Quarterly and annual client financial reporting
- The annual Principles for Responsible Investment (PRI) survey, CDP reporting, and GRESB (a global sustainability benchmark for real estate assets)

Sustainability Education

**Employee Sustainability Training:** Our staff regularly receive sustainability training and communication. All employees receive sustainability education upon joining and throughout their career at the firm.

**External Education:** Our partners and property managers participate in trainings on key sustainability topics and our expectations for sustainability performance. Further, members of the sustainability team present on climate risk and mitigation at conferences and as requested by investors, partners, Principal employees, and other interested parties; and thought leadership on relevant sustainability topics are researched and published for public consumption.



Climate Resilience

**Climate Risk Analysis:** We assess physical and transition climate risk as part of our due diligence process for new developments and acquisitions and, for select funds, regularly as part of our portfolio-level property review. Physical risks reviewed include flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes. Our climate risk analysis process includes identifying if the property is exposed to specific energy disclosure (benchmarking), audit, or emissions reduction mandates (building performance standards).

**Climate Prescriptions:** Climate Prescriptions are resources that detail property-level resilience strategies to combat material climate risks identified throughout the portfolio.

Greenhouse Gas Emissions

**Environmental Targets:** Our targets seek to reduce GHG emissions 40% by 2035 and reach net zero by 2050 (over a 2019 baseline<sup>(23)</sup>).

**Decarbonization Planning:** In support of our goal to reduce GHG emissions 40% by 2035 and achieve net zero by 2050, property-specific decarbonization strategies are being developed.

Climate Change Education

**Education on Climate Change Impact and Mitigation:** Relevant Principal Real Estate staff have received training on the impacts of climate change and mitigation strategies.



Partnerships

**Industry engagement:** We are committed to working with investors, regulators, industry associations, and other groups to ensure that industry-wide standards reflect a commitment to sustainability performance. In support of this commitment, we participate in several industry associations and align with organizations that seek to improve sustainability performance.



# Additional resources and contact information

## Principal Real Estate

[Responsible property investing website](#)

## Principal Asset Management

[Sustainable Investing website](#)

## Principal Financial Group

[Sustainability website](#)

[Sustainability Data Center](#)

[2024 Sustainability Report](#)

## For additional information or to learn more, please contact:



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# Endnotes

- (1) Includes investment professionals of Principal Real Estate Europe Limited and its affiliates.

(2) As of 31 December 2024. This is an annual update. Excludes public REIT transaction volume.

(3) Managers ranked by total worldwide real estate assets (net of leverage, including contributions committed or received, but not yet invested; REOCs are included with equity; REIT securities are excluded), as of 30 June 2024. “The Largest Real Estate Investment Managers,” Pensions & Investments, 7 October 2024.

(4) As recognized by 2024 Global Real Estate Sustainability Benchmark (GRESB) assessments representing data from 1 January 2023 to 31 December 2023. In order to receive a ranking, the firm paid GRESB an application fee to be evaluated and rights to use the rating. Principal Real Estate recognized as ENERGY STAR Partner of the Year 2016-2024, Sustained Excellence Award 2018-2024. The U.S. Environmental Protection Agency (EPA) annually honors organizations that have made outstanding contributions to protecting the environment through energy efficiency, April 2024.

(5) Includes clients of, and assets managed by, Principal Real Estate Europe Limited and its affiliates. Assets under management figures shown here may include model only assets, does not include assets that are managed by Principal International and Retirement and Income Solutions divisions of Principal. Due to rounding, figures shown may not add to the total.

(6) Includes clients of, and assets managed by, Principal Real Estate Europe Limited and its affiliates.

(7) Principal Real Estate became registered with the SEC in November 1999. Activities noted prior to this date above were conducted beginning with the real estate investment management area of Principal Life Insurance Company and later Principal Capital Real Estate Investors, LLC, the predecessor firm to Principal Real Estate Investors, LLC.

(8) Reflects externally reported AUM; client reported AUM may vary due to JV interests and other balance sheet adjustments. Includes AUM of Principal Real Estate Europe Limited and its affiliates. Does not include investments in the real estate operating company (REOC) program.

(9) Excludes value add and development properties.

(10) Due to rounding, percentages shown may not equal 100%.

(11) Source: 2024 Global Real Estate Sustainability Benchmark (GRESB) assessments representing data from January 1, 2023 to December 31, 2023. 5-star rating reflects top 20% worldwide performance; 4-star rating reflects top 40% worldwide performance. Green Star rating is awarded to entities with scores higher than 15 out of 30 on the Management and 35 out of 70 on Performance components. For information on the GRESB Green Star Rating please visit: <https://www.gresb.com/nl-en/faq/what-is-a-green-star/>.
- (12) Source: 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.

(13) IMT and the U.S. Department of Energy’s Better Building Alliance awards landlords and tenants who incorporate green leasing to drive high-performance and healthy buildings. [www.greenleaseleaders.com](http://www.greenleaseleaders.com)

(14) Worldwide real estate assets, in millions, as of June 30, 2024. Pensions & Investments, October 2024)

(15) Includes US and European properties.

(16) In order to receive a certification, a fee was paid to LEED, BOMA, Fitwel, IREM, BREEAM, WELL, and NGBS to be evaluated and for rights to use the certification.

(17) Certification data as of December 31, 2024.

(18) Certification data as of December 31, 2024.

(19) Represents U.S. employees only.

(20) The Global People Inclusion Index is a proprietary survey tool measuring employee inclusion at Principal.

(21) “The Principal Financial Group Foundation, Inc., (the “Principal Foundation”) is a duly recognized 501(c)(3) entity focused on providing philanthropic support to programs that build financial security in the communities where Principal Financial Group, Inc. (“Principal”) operates. While the Principal Foundation receives funding from Principal, the Principal Foundation is an independent organization. The Principal Foundation doesn’t practice any form of investment advisory services and isn’t authorized to do so.

(22) In order to receive an award, a fee was paid to Kingsley to be evaluated and for rights to use the award.

(23) 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.

(24) 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.

(25) Building certifications include new development and operational asset certifications. Multifamily, office, retail, and industrial property types only. As real estate strategies expand into other property types, inclusion in this goal will be determined by applicability of building certifications to the property type.



Task Force on Climate-Related Financial Disclosures

Sustainable Development Goals

Additional resources and contact information

Endnotes

Important information

Risk Considerations

Past performance does not guarantee future results. Investing involves risk, including possible loss of principal. Potential investors should be aware of the risks inherent to owning and investing in real estate, including: value fluctuations, capital market pricing volatility, liquidity risks, leverage, credit risk, occupancy risk and legal risk. All these risks can lead to a decline in the value of the real estate, a decline in the income produced by the real estate and declines in the value or total loss in value of securities derived from investments in real estate.

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