

Reporting Article 29 of the Energy-Climate Act

Year 2021

ESG Overview

Principal Real Estate belongs to the Principal Financial Group that has a long-standing Environmental, Social, Governance (ESG) strategy at the company and fund level. Since 2013, a unique, overarching ESG framework called the Pillars of Responsible Property Investing (PRPI) initiative is used. This framework serves as a guide for driving efficient asset management and fiduciary governance while delivering positive financial results and successful ESG outcomes for our clients and investors.

In 2019, Principal Real Estate together with PrinRE Europe (the European Real Estate Branch of the group), adopted the group ESG Policies which are implemented at the property and fund level. Our policies inform our approach to real estate investment and management while emphasising ESG considerations as an integral approach to our fiduciary responsibility and critical in delivering superior risk adjusted returns.

Our ESG Policies incorporate ESG factors into all stages of the real estate investment lifecycle, as illustrated by the following practices.

- Responsible Property Investing Policy: documents the ESG strategies that are integrated into our real estate equity and lending operations.
- Health and wellness guidelines: provides an overview of our health and wellness goals and healthy building practices for operational assets.
- Real estate development guidelines: framework on the incorporation of ESG considerations for new development and major renovation activities.
- Building technology and innovations policy: documents our approach to ensuring specialised smart building aspects are appropriately incorporated into each of our individual assets.
- Responsible Contractor Policy: documents our expectations that all contractors maintain a work environment where people are treated with dignity and respect and comply with all applicable laws and regulations.
- Carbon Reduction Strategy: a pathway to net zero carbon for the assets in all of our portfolios is developing.

Environmental Policies

Our ESG Policies guide our approach to real estate investment and management and states that appropriate consideration of environmental issues is integral to our fiduciary responsibility and critical in delivering superior risk adjusted returns. The following ESG strategies outlined below are applicable to Principal Real Estate and its most recent funds and are integrated into every stage of the real estate investment lifecycle – including acquisitions, development, operations, and dispositions:

- (i) Partner with clients and investors to implement ESG strategies and best practices.
- (ii) Engage property tenants, residents, and guests to build partnerships and programmes that meet the needs of our communities.

- (iii) Collaborate with joint-venture partners, property managers, technicians, vendors, service providers, and lenders to implement our responsible property investing strategies, help ensure best-in-class operations, and help to potentially increase the value of our investments.
- (iv) Evaluate ESG aspects in due diligence activities of new acquisitions and loans, including utility performance, quality of building systems, resilience, transportation options, health and wellbeing aspects, and socio-economic factors.
- (v) Monitor and track the sustainability performance of our investments including energy use, greenhouse gas (GHG) emissions, water use, and waste production in addition to building-level sustainability attributes such as certifications.
- (vi) Optimize building performance, decrease risk, and reduce climate and environmental impacts of investments by:
 - Implementing best-practice operational policies and energy, GHG, water, and waste management techniques, as applicable.
 - Enforcing compliance of operational and/or utility management requirements.
 - Pursuing cost-effective development and management strategies that enhance operational and environmental performance.
 - Requiring all properties to meet or exceed all applicable ESG laws and regulations.
 - Achieving portfolio-wide energy, GHG, water, and waste performance targets for investments, as applicable.
 - Promoting accomplishments in the market; share best practices with the industry; and certify properties in LEED, BREEAM, and other industry recognised certification programmes where appropriate.
 - Implementing carbon reduction strategies across all assets.

Social Policies

PrinRE Europe including Principal Real Estate believes consideration of social issues is vital to our fiduciary responsibility and critical in delivering superior risk adjusted returns. Our ESG Policies outline social strategies which are integrated into all phases of the real estate investment lifecycle. This incorporates the implementation of the Pillars of Responsible Property investing and collaboration with joint-venture partners and service providers. The policy contains guidelines for engagement with property tenants, residents, and guests to build partnerships and programmes that meet the needs of our communities.

Our Code of Conduct, Code of Ethics and Employee Handbook outlines our social policies on:

- Discrimination and harassment;
- Diversity and inclusion;
- Privacy and confidentiality; and
- Workplace safety.

Principal Real Estate adheres to Principal®'s established goals for community engagement, as evidenced in the Corporate Social Responsibility Report which can be found at the following website address: (<https://secure02.principal.com/publicsupply/GetFile?fm=WW712&ty=VOP&EXT=.VOP>), and which covers:

- Grant making to encourage strong communities, financial security, and talent-focused education;

- Community sponsorship to support community events that improve the quality of life for local residents; and
- Employee volunteering programmes that provide on-site volunteering opportunities

Governance Policies

Principal Real Estate utilises the Group's Corporate Governance platform as the foundation for our fiduciary responsibility to our clients. It includes several facts:

Investment Oversight and Governance

A system of checks and balances are designed to help prevent conflicts of interest and preserve the integrity of our advisory services:

- The portfolio team is responsible for the day-to-day activities of the portfolio, and for making recommendations to the relevant management board for consideration;
- Certain funds we manage have advisory committees, made up of fund investor representatives that oversee fund performance and provide guidance to fund managers;
- Investments will be evaluated by an investment committee using a process that includes environmental, social and governance variables. These variables are incorporated into the initial underwriting and annual business plan for each asset; and
- All employees subscribe to the Corporate Code of Conduct and Ethics and adherence is monitored by an in-house compliance department.

Policies and Procedures Compliance

Rigorous standardised procedures and practices help ensure control and compliance with management direction:

- Ongoing review and audit of investment management services;
- Engaging with independent third-party vendors to perform annual audits of investment processing controls and audits of investment vehicles' financial statements; and
- Conducting on-site property management financial and operational audits to help ensure compliance with policies and procedures and to educate and enforce best practices.

Partner Due Diligence and Oversight

We conduct thorough and extensive due diligence and underwriting on all of our joint venture partners to help insist that they abide by the same high standards for ethics, governance, and financial practices that we demand from ourselves. This process typically involves financial checks, reference checks, and Office of Foreign Assets Control verification on all potential joint venture partners and vendors.

ESG Reporting

Our Responsible Property Investing (RPI) initiatives, targets and objectives are formally communicated frequently to senior management, fund management, asset management, our clients, and investors through several methods:

- Our parent company, Principal Financial Group, publishes an annual sustainability report, written in accordance with Global Reporting Initiative (GRI) standards and demonstrating alignment with the United Nations' Sustainable Development Goals.
- A firm level biannual sustainability report, which incorporates PrinRE Europe and Principal Real Estate is also published by our Group.
- The Responsible Property Investing website, is updated throughout the year with the latest PRPI programme updates. A link to the webpage is provided here: <https://www.principalglobal.com/principal-real-estate-investors/responsible-property-investing>
- Quarterly and annual client financial reporting – Principal Real Estate includes ESG reporting in quarterly and annual client financial reporting. ESG information disclosed in these reports includes building certifications and ESG reporting performance. These reports are available upon investor request.
- ESG disclosure - information on ESG issues are submitted as part of the annual United Nations-sponsored Principles for Responsible Investment (PRI) survey and to GRESB, the global benchmark for real estate assets, that includes data from PrinRE Europe including Principal Real Estate. Our parent company also reports annually to the CDP. All reports are available upon investor request.

Funds under management

As of December 31, 2021, AUM of funds Article 8 or 9 managed by Principal Real Estate amounted € 0 million, or 0% of the total AUM:

Fund	AUM (in €m)	Classification
PRINCIPAL EUROPEAN DATA CENTRE FUND *	0	Article 8

* Fund incorporated end of 2021 with no investors as of December 31, 2021.

In addition, another fund classified Article 6 as of December 31, 2021, is in the process of becoming Article 8.

Adherence to charters, code or label

Principal Real Estate is a member of AFG.

As of December 31, 2021, none of the funds under management were labelled.