Investing today. For tomorrow.

Climate Action Plan

LaSalle's sustainable goals

Climate action today, for a better tomorrow

When properly applied, sustainability criteria can positively influence real estate investment performance. When ignored, it may negatively impact performance. With that in mind, we tailor our approach to each portfolio and asset, with the primary goal of protecting and enhancing financial returns.

We all contribute in different ways and continue to integrate sustainability into our processes until it's part of everything we do.

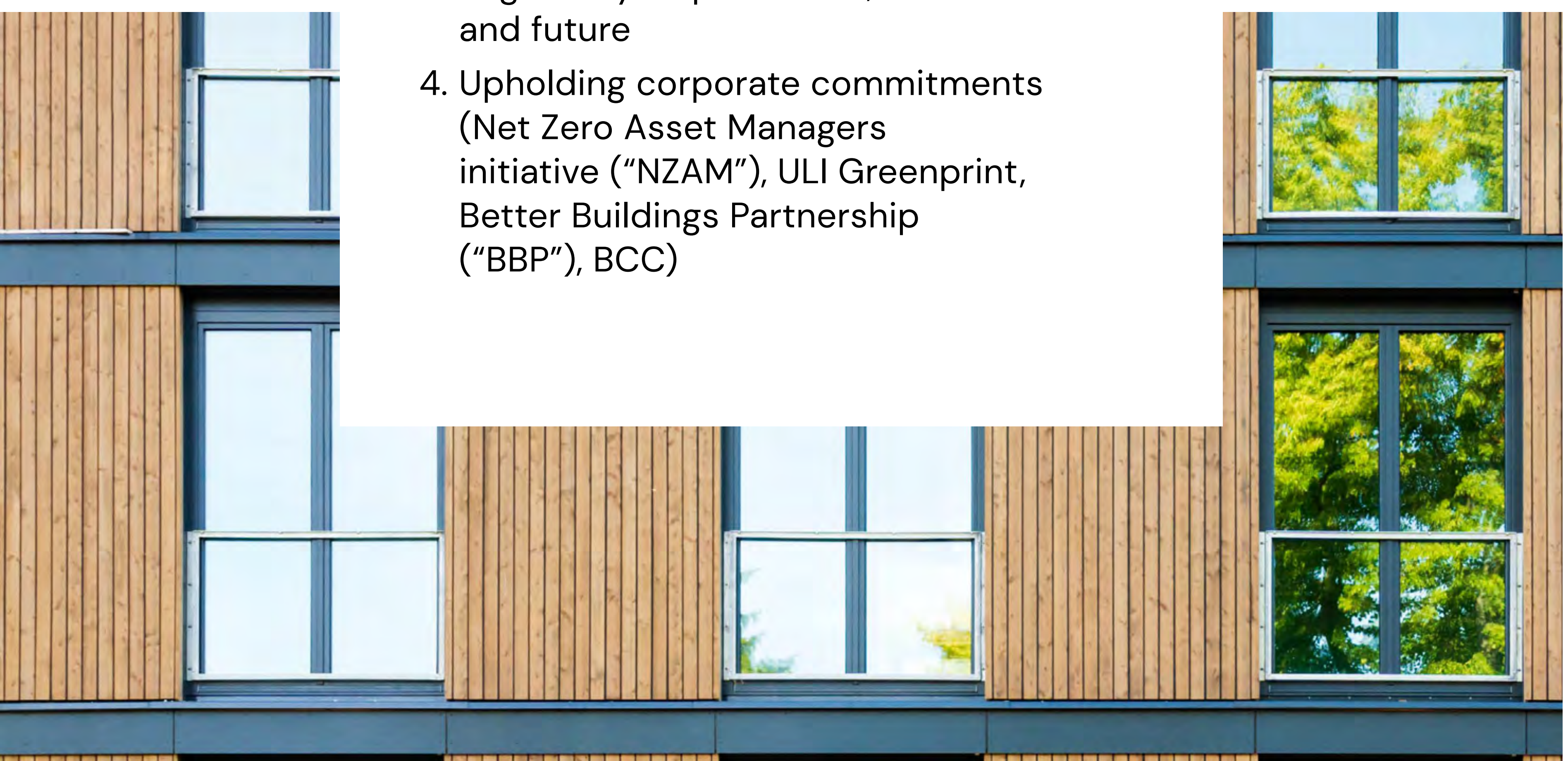
We act as a fiduciary in our role as an investment adviser and our primary responsibility is to always act in our clients' best interests, maximizing their investment returns, within the constraints imposed via client management agreements.

We have committed to these initiatives

- BBP CLIMATE COMMITMENT
- Better Climate™ CHALLENGE U.S. DEPARTMENT OF ENERGY
- NET ZERO ASSET MANAGERS INITIATIVE
- RACE TO ZERO
- ULI Urban Land Institute

In 2021, we committed to reduce the Scope 1 and 2 landlord-controlled operational carbon emissions and scope 3 to the extent possible.

Net zero by the year 2050 including a 50% reduction by 2030



Why decarbonize our portfolios?

1. Drive investment performance
2. Client demands, current and future
3. Regulatory requirements, current and future
4. Upholding corporate commitments (Net Zero Asset Managers initiative ("NZAM"), ULI Greenprint, Better Buildings Partnership ("BBP"), BCC)

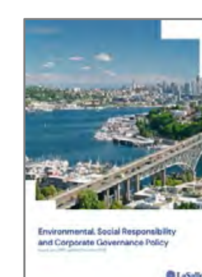
The following resources help frame the importance of Net Zero Carbon ("NZC") in our investment strategies, and describe aspects factors to consider in more detail:

LaSalle's Sustainability in Focus

ISA Briefing – Energy impact on RE
by LaSalle R&S team

Evolution to Net Zero Carbon Real Estate
by LaSalle R&S team

Value of Green by LaSalle R&S team



Global ESG Policy

Corporate targets & approach

Targets

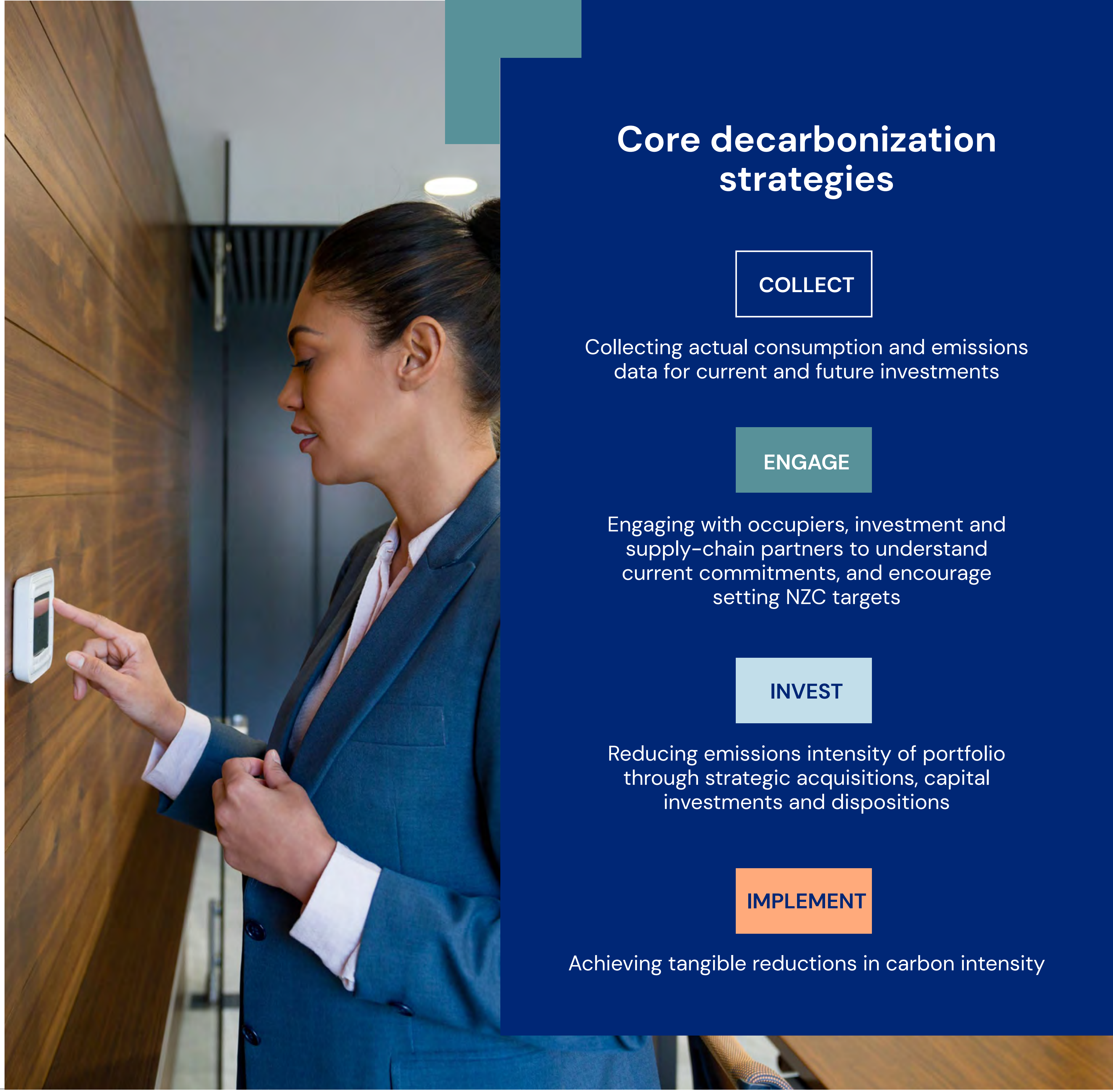
1. Reduce scope 1 and scope 2, and to the extent possible, scope 3 GHG emissions on an intensity basis*:
   - By 2030: 50% reduction from a 2019 baseline
   - By 2050: 100% net zero
2. Increase % of AUM managed in line with NZ to over 50% by 2030.

Approach

1. An investment vehicle opts to **adopt one of three Net Zero Carbon pathways**, increasing in ambition from the minimum level noted above.
2. Subject to fiduciary duty, and after maximizing energy efficiency, plan for **offsetting nearer to 2040**, using only high-quality additional offsets, unless client requirements require it sooner.

*Intensity by floor area is our default metric. We will track intensity by $ invested and report when requested.

Targets in line with PAII Net Zero Investment Framework.



Core decarbonization strategies

COLLECT

Collecting actual consumption and emissions data for current and future investments

ENGAGE

Engaging with occupiers, investment and supply-chain partners to understand current commitments, and encourage setting NZC targets

INVEST

Reducing emissions intensity of portfolio through strategic acquisitions, capital investments and dispositions

IMPLEMENT

Achieving tangible reductions in carbon intensity

LaSalle's commitment to net zero

Information on interim target(s) covering the proportion of assets to be managed in line with net zero

Engaging with investors to reach alignment

Baseline: 2019

Portfolio decarbonization reference baseline
45 kgCO2e/m2, including scope 3, representing over 14 million m2 across the globe.

Target(s): 2030

Portfolio decarbonization reference target
-50% portfolio emissions in intensity terms.

GHG scopes included:

We committed to Scope 1 and 2 and to the extent possible, scope 3.

Methodology:

Net Zero Investment Framework

Scenario:

LaSalle uses CRREM pathways at the asset level where applicable

Additional information

As a fiduciary to the investors in all 150+ of our investment vehicles, our first responsibility is to deliver investment returns in line with the stated objectives of the client and in accordance with applicable regulations. We continue to engage with our investors to communicate the impact of net zero on performance, now and into the future. To date, we have successfully integrated net zero objectives into 39% of our AUM, in compliance with organizational documents and local regulations.

Policy on coal and other fossil fuel investments

LaSalle does not invest in coal/fossil fuel investments, only real estate, so no policy is required.

NZAM disclosure
September 2023

39%
of total AUM
being managed in line with net zero

$30.3 billion
being managed in line with net zero

2019 Baseline & annual progress

45 kgCO2/m2
LaSalle Private Equity Business

Our baseline is expressed on an intensity basis over floor area in order to eliminate as much variability from the property acquisitions and dispositions that occur within our vehicles. Further, due to the use of estimates and changes in our asset mix, this figure is subject to change.

LaSalle is reporting publicly the aggregate baseline emissions from our 2019 holdings globally in our direct private equity business. Going forward, annual progress will be reported as an aggregate across only those vehicles that are being managed in line with net zero.

Each of our vehicles that are managed in line with net zero will set their own objectives that may be in line with, or more ambitious than LaSalle's overall commitment. Each will monitor their own progress against an intensity basis baseline, by property type and by region. Additionally, each will measure and monitor energy use intensity (EUI). Where applicable, assets and portfolios may be monitored against CRREM curves to aid in planning capital expenditures for decarbonization interventions. Each will report their annual results accordingly to their own clients.

Consider ESG in a risk management context

Many—but not all—investors have added sustainability and social objectives alongside investment performance goals. Trade-offs between impact and financial goals, if any, should not be made blindly; clearly identified, measurable objectives are essential. **But even if ESG goals are not pursued, financial risks stemming from structural trends such as climate change must be considered** in order manage capital prudently. Secular changes from climate change and new regulations have the potential to impact performance for all investors.

APPROACH:	Traditional		Responsible / sustainable	Impact	
	Risk naïve	Risk aware		"Finance first"	"Impact first"
Financial goals	Seeks attractive financial returns				*Accept lower returns*
Manage "ESG-related" risks		Considers climate, social and regulatory risks to the extent they impact financial returns; seeks related opportunities			
Impact goals			Reduces negative outcomes for people / planet		
				Generates positive outcomes for people / planet	
					"Additional" contribution to solutions
Strategy and tactics	• Comply with existing regulations	• *Same as left, plus...* • Incorporate modeling of physical and transition climate risks • Avoid or limit exposure to assets heavily exposed to ESG risks, and/or require higher return • Invest in green improvements needed to meet current and anticipated market or regulatory requirements	• *Same as left, plus...* • **Exclusion** approach limits exposure to assets and tenants with certain environmental and social characteristics • **Active** approach goes beyond exclusions to improve environmental and social outcomes (e.g., brown-to-green strategies that deliver attractive financial return)	• *Same as left, plus...* • Act earlier than strictly necessary in base case assessment of financial returns, or when returns are not yet proven • Emphasis on "additionality"—i.e., investments that otherwise would not happen	• Addresses environmental and societal challenges through strategies that may generate a below-market financial return for investors • Additionality essential
		Most consistent with fiduciary investment management			

Adapted by LaSalle Research and Strategy from Urban Land Institute and Impact Investing Institute.

How we add value

Sustainability increasingly presents opportunities to create value and mitigate risk

Our sustainability policy supports an approach that seeks to add value at every opportunity, by enhancing **Accretive Value Drivers** (AVD) and fortifying **Defensive Value Protectors** (DVP).

We aim to add value at every stage of the investment lifecycle, from due diligence through acquisition, development, maintenance and asset management. Sustainability assessment outcomes and any applicable improvement plans are reflected in underwriting and Investment Committee approval documents.

Importantly, asset managers carry out regular sustainability reviews to optimize investment and development opportunities and minimize risk.

ACCRETIVE VALUE DRIVERS (AVD)

- More desirable spaces
- Rent premiums
- Increased occupancy
- Increased tenant retention
- Faster lease-up
- Lower operating expenses
- Higher net operating incomes
- Greater investor appeal
- Lower cap rates

Decreased...

- Carbon pricing risk
- Climate impact risk
- Resilience risk
- Regulatory disclosure risk
- Insurance premium risk
- Valuation risk
- Functional obsolescence risk
- Reputational risk

DEFENSIVE VALUE PROTECTORS (DVP)

Sustainability integrated in investment strategy

Mitigating risks and identifying opportunities to drive investment performance.

Portfolio management

- Portfolio-level tracking of sustainability performance and climate risk
- Informs portfolio construction strategies, acquisitions and hold/sell decisions
- Sustainability approach reflected in annual strategic plans

Asset acquisitions

- Assessment of key sustainability information and climate risk screening
- Development of a budget and action plan for achieving investment performance, including through sustainability focused plans
- Findings and improvement plans reflected in underwriting and Investment Committee approval documents

Asset management

- Ongoing efforts to track performance: certifications and data on energy, water and waste consumption and GHG impact, including tenant data
- Sustainability plan integrated into annual asset level business plan, operating budget and capital plan
- Tackle quick wins soon after acquisition, and leverage opportunities to maximize efficiency in planned capex
- Address climate risk mitigation and adaptations as needed
- Continuous focus on operating efficiently and partnering with property teams and tenants

Net Zero Carbon strategy

From data to decarbonization

Energy saving & decarbonisation

NZC audits	Business plans	Delivery
Detailed review with sustainability team, technical specialists and asset managers	Net zero initiatives included in business plans: • Energy saving • Decarbonisation • Renewable energy generation Phased to align with broader strategies and market demand (leasing / refurbishment / sale)	Country specific project management teams to structure procurement and deliver different types of initiatives: • Quick wins • Onsite renewable energy • Works to landlord areas • Tenant engagement strategies

Implementation

- **Tenant engagement:** aligned energy saving strategies
- **Solar:** on site renewable energy generation to reduce tenant energy costs
- **Development:** low carbon strategies (embodied & operational)
- **Physical risk:** adapt to withstand more frequent and intense physical hazards
- **Transition risk:** ensure assets are future-ready in a decarbonising economy

All subject to fiduciary duty and client governing documents

Asset-level sustainability plans

Each asset's tailored plan may include a range of potential activities

Performance & targets

- Goals and regulations
- Utility data and progress towards goals
- Green Building Certifications
- Completed projects

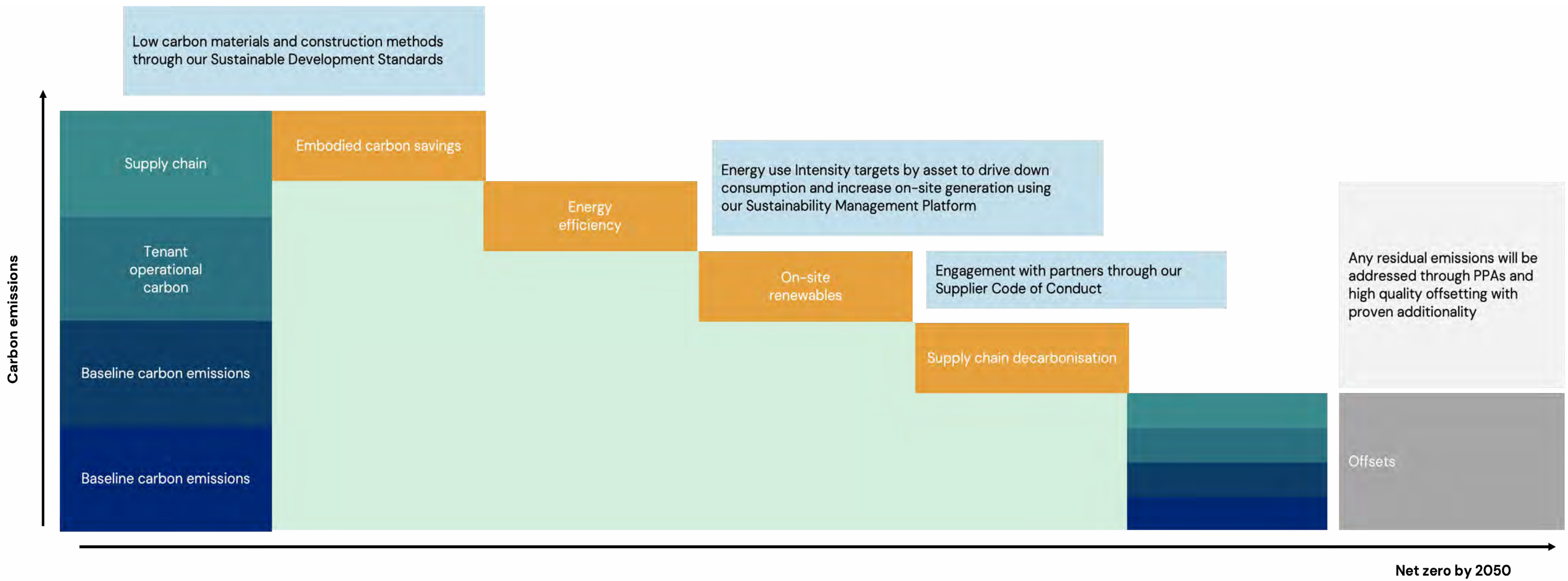
Activities & schedule

- Data coverage
- Technical building assessments
- Operational activities
- Capital improvements
- On site renewables and energy procurement
- Water, waste and biodiversity
- Tenant and community engagement
- Proptech (e.g. EV chargers)
- Climate risk mitigation

OUTCOMES

10 principles of Net Zero Carbon

Holistic approach to a Net Zero Carbon pathway



Progress to NZC can be evaluated against a "CRREM curve"

Evaluating climate risk

Climate action today, for a better tomorrow

LaSalle incorporates climate risk into investment decisions by:

Evaluating
data from climate risk data providers to consider in overall market assessments

Identifying
climate risks as we evaluate new acquisitions

Mitigating
identified risks in new and standing assets

Incorporating
climate risk in our portfolios' strategic planning as a factor we weigh in making buy/hold/sell decisions

Publishing
thought leadership on how LaSalle and the industry at large become intelligent and careful consumers of predictive models

Reporting
climate risk to inform clients, fulfill global commitments and promote transparency

How to choose, use and better understand climate-risk analytics

The evaluation of both physical and transitional climate risk includes several chronic and event-driven physical hazards, as well as legislative and regulatory changes across global jurisdictions.

This allows us to assess the materiality of the potential impact from both types of risks.

Externally impactful forces to meeting NZ goals

The real estate industry relies on outside factors in order to reach net zero goals

Tenant operations outside landlord control

- Tenant engagement programs underway to work with tenants to collect their data and to reduce their energy consumption

Market needs to recognize the value of decarbonization efforts

- Increasing tenant demand for NZ space expected to drive rent premia and reduce downtime and vacancy
- Capital market demand for NZ from buyers and lenders would help drive landlord decarbonization efforts across a market

Greening of the electrical grids

- Most real estate buildings cannot be truly net zero without green electricity from the grid
- Offsets or procuring green energy would likely be required to claim net zero

Technology improvements

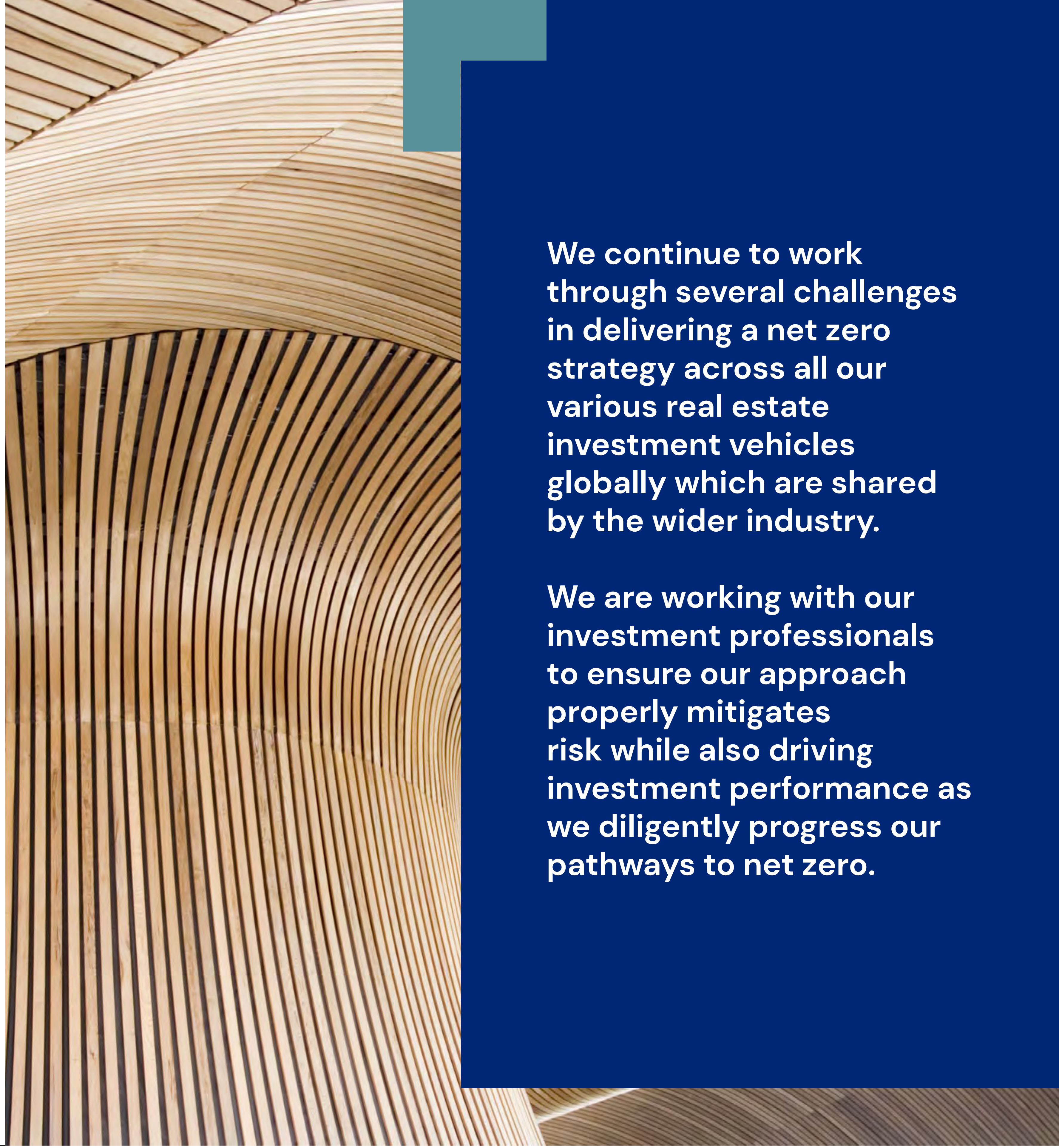
- Design, availability and cost of new mechanical equipment (i.e. electric heat pumps, carbon recapture technologies, etc.)
- More efficient technology for on-site renewables, especially for properties with less available space

Regulatory environments

- Locations with regulatory carrots and/or sticks should accelerate decarbonization within that market, while less regulated markets may see slower adoption

Additional challenges

Access to data	Aspects of our carbon footprint are currently estimated using a benchmark approach where primary data is not available. We are targeting increasing coverage and quality of data to ensure that carbon impacts can be more robustly assessed. This will be achieved through use of automated data collection technology and services, and green lease clauses.
Changing market	There is a continual evolution of Net Zero Carbon definitions in commercial real estate. We continue to engage in industry conversations around this topic and closely monitor market conditions.
Global approach	As an international business we study the varying market speeds and evolving regulations globally. Our strategy ensures a consistent global ambition with targeted approaches for each of our investment vehicles.
Embodied carbon	The real estate industry's understanding of embodied carbon is more limited compared to operational carbon. The industry is still in the early stages of establishing a baseline and consistent measurement to assess construction carbon impacts and embodied carbon from supply chains.
Engagement of key stakeholders	The buy in of key stakeholders to the strategy will be critical, notably investors and occupiers. Engagement with tenants and suppliers is therefore a key feature within the strategy. Solutions include the sharing of data and best practice across our business and the wider industry.
Costs to deliver	We understand that for some asset classes the cost of delivering net zero carbon performance may be challenging. Our comprehensive program of net zero carbon audits is generating the detailed information we need to feed into our investment strategy.



We continue to work through several challenges in delivering a net zero strategy across all our various real estate investment vehicles globally which are shared by the wider industry.

We are working with our investment professionals to ensure our approach properly mitigates risk while also driving investment performance as we diligently progress our pathways to net zero.

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