RESOLUTION CAPITAL

QUARTERLY ESG AND STEWARDSHIP REPORT

# GLOBAL REAL ESTATE SECURITIES STRATEGY

SEPTEMBER 2026

# ESG Commentary

## Will Europe's building stock be ready for hotter summers?

This summer in Europe saw three heat waves between May and July, breaking temperature records in 18 countries. The UK Met Office issued a rare Red Warning for extreme heat, and France saw widespread temperatures near or above 40°C. The World Health Organization noted that Europe is warming at twice the global average and that much of its infrastructure, including its building stock, was not built to withstand such temperatures. Only around 20% of European homes have air conditioning, and many residential and older commercial buildings were designed to retain heat in the winter rather than shed it in summer. During prolonged heatwaves, these buildings can become uncomfortably hot, particularly when temperatures stay high overnight.

Exposure to excessive heat impacts different property types in different ways. Older city-centre office buildings and aged care homes face the greatest risk, while modern prime offices and enclosed, air-conditioned shopping centres are better placed to provide comfort to occupants. Residential properties also face increased impacts as this is where people sleep and spend a significant amount of time, including the most heat-vulnerable groups such as the elderly, young children and those with health conditions. This makes overheating a direct health and safety risk for residents and, increasingly, a habitability issue for landlords.

When our portfolio managers travelled through Europe this quarter, there was very little talk of sustainability and climate impacts during conversations with company management. Over the past few years similar visits have included discussions on issues such as energy efficiency regulations, tenant demand for green space and renewable energy procurement as part of financial and investment focussed topics. During these meetings this year, the only sector that mentioned the impacts of excessive heat or topics related to sustainability was the multifamily residential sector. These discussions focussed on the need to retrofit air conditioning to their properties.

While our only residential holding in the EU, TAG Immobilien (TEG), has a committed investment program to decarbonise its portfolio, it is weighted towards building fabric, with insulation and windows accounting for around 44% of a roughly €690m plan alongside heating system upgrades and onsite solar generation. There is not a strong focus on cooling. Other German multifamily residential REITs are taking slightly different routes to get to net zero. Vonovia (VNA) is working on a building-by-building modernisation program, focusing on electrifying heat through air-to-water heat pumps and decarbonising district heating, backed by planned annual investment rising to up to €2bn by 2028. LEG Immobilien (LEG) has explicitly prioritised emissions efficiency over energy efficiency and is relying mainly on air-to-air heat pumps and AI-controlled thermostats.

LEG is notable as the only company of the three to cite summer cooling as a tenant benefit of its heating upgrades. While all three have committed to climate neutral portfolios by 2045, LEG's lower-cost, technology-flexible approach is the most closely aligned with Germany's new heating law, and the only one that also addresses the overheating risk that was experienced this European summer.

We view the regulatory relief as a test of management conviction rather than a reprieve, and we will continue to focus on whether REITs keep their retrofit programs on their original timelines and plan for cooling as well as heating. In our next round of European engagement meetings we will ask how companies are approaching these overheating risks while also maintaining decarbonisation commitments. If summers like 2026 become the norm, this will reinforce the trend that meeting the minimum regulatory energy efficiency and comfort requirements may not be the buildings tenants want.

# Portfolio Metrics

## GRESB Score Update

The Global Real Estate Sustainability Benchmark (GRESB) scores[1] are updated annually and consider environmental, social and governance factors. This quarter the Portfolio GRESB score was above the FTSE EPRA NAREIT Developed Index, against which the Portfolio is benchmarked. The table below summarises the end of September 2026 GRESB scores for the global REIT Portfolio.

This quarter the scores for the Environmental and Social components of the GRESB assessment of our Portfolio are above those of the index constituents, while the Governance component is slightly below. Additionally, the GRESB Public Disclosure score for the Portfolio continued to be higher compared to the benchmark. Public Disclosure scores are a GRESB defined measure of the quality of public ESG information, whether they participate in the GRESB assessment or not. Our Portfolio has a higher Public Disclosure Score than the FTSE EPRA NAREIT Developed Index, at 92.2 (out of 100) compared to 89.7.

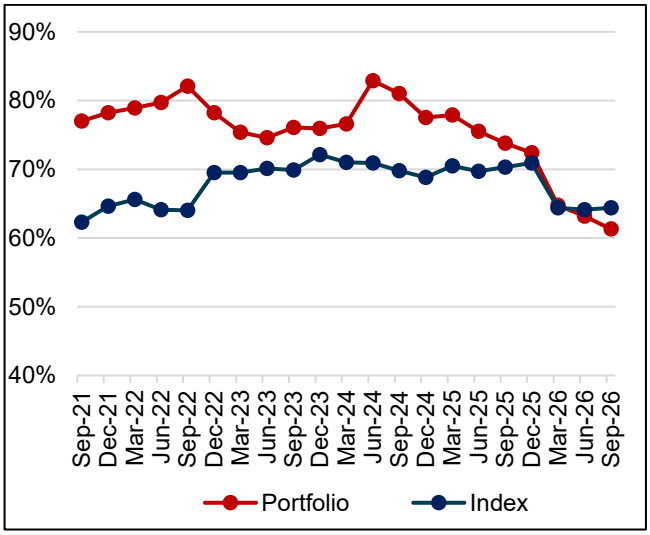
GRESB Coverage shows the proportion of companies reporting into GRESB and can show companies at the beginning of their ESG integration journeys, which typically leads to lower overall GRESB scores. Our Portfolio again has a lower coverage score than the FTSE EPRA NAREIT Developed Index, at 61.3% compared to 64.4%.

**Period Ending 30 September 2026**

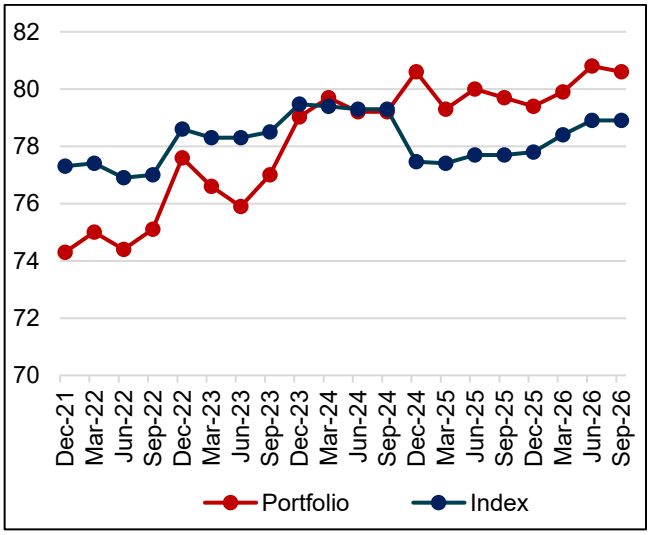
| | GRESB Score Jun '26 | GRESB Score Sep '26 | Environmental | Social | Governance | Public Disclosure Score |
|---|---|---|---|---|---|---|
| Portfolio | 80.8 | 80.6 | 71.4 | 96.1 | 95.1 | 92.2 |
| Index | 78.9 | 78.9 | 69.0 | 95.2 | 95.2 | 89.7 |
| *Difference* | *1.9* | *1.7* | *2.4* | *0.9* | *-0.1* | *2.5* |

In engagements with portfolio holdings that do not report to GRESB, we encourage them to do so, as GRESB continues to be seen as an industry standard for ESG assessment.

**Weighted average GRESB coverage (%)**




**Weighted average GRESB score (0 – 100)**




Source 1 and 2: Resolution Capital, GRESB, 30 September 2026

[1] GRESB provides a rigorous methodology and consistent framework to measure the ESG performance of individual Real Estate assets and portfolios based on self-reported data, guided by what real estate investors and industry consider to be material issues.

## Net Zero Investment Framework

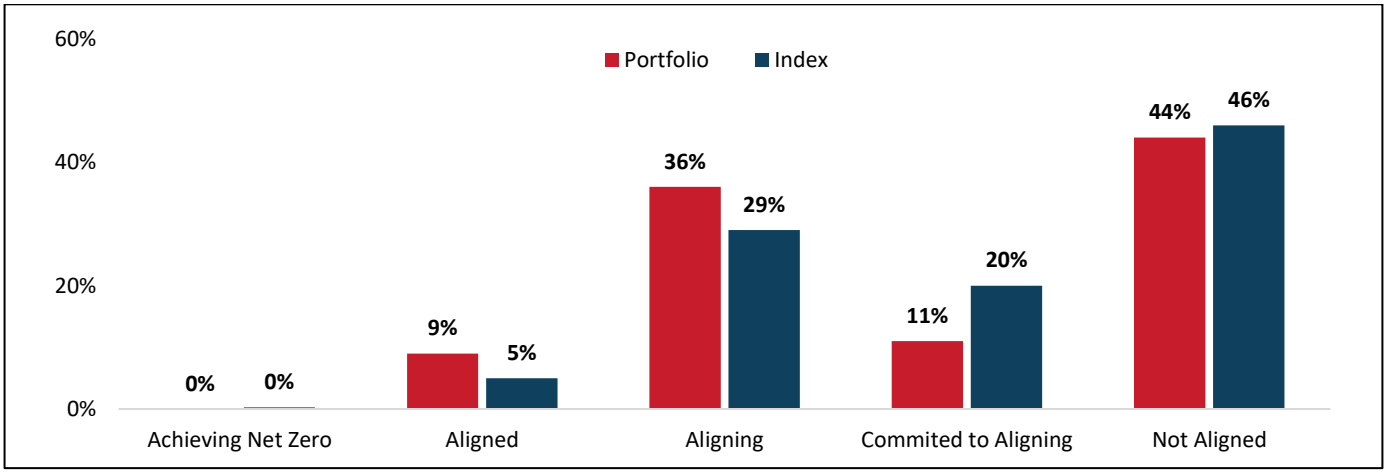
Using the Net Zero Investment Framework (NZIF)[2], we are assessing whether companies not only have a track record of decarbonising, but also whether a company has disclosed detailed decarbonisation and capital allocation plans to achieve long term decarbonisation targets.

The primary objective of the NZIF is to enable investors to decarbonise investment portfolios and increase investment in climate solutions, in a way that is consistent with achieving global net zero emissions by 2050 or sooner and which maximises decarbonisation of the real economy.

Please see our Climate Risk Report 2024 for further details on our NZIF assessments.

The breakdown of how our Portfolio holdings and the index constituents are categorised is shown in the chart below.

**Net Zero Investment Framework categorisations for our portfolio compared to the index, as at 30 September 2026**




Source: MSCI ESG Research, Resolution Capital, Corporate Disclosures, 30 September 2026

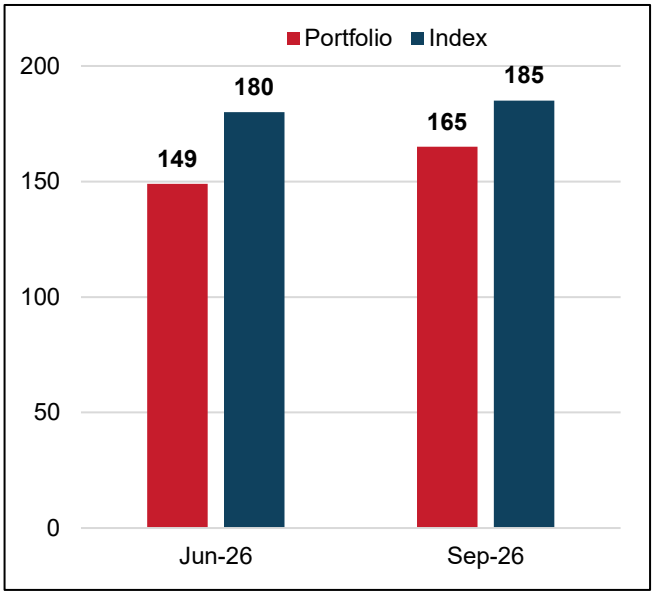
These categorisations will also help to inform our company engagements, prioritising companies in the Not Aligned and Committed to Aligning categories and encouraging them to implement policies and practices to move to higher categories. Ultimately, this is intended to progress all companies to the Aligned category and achieve Net Zero by 2050.

## Carbon Emissions

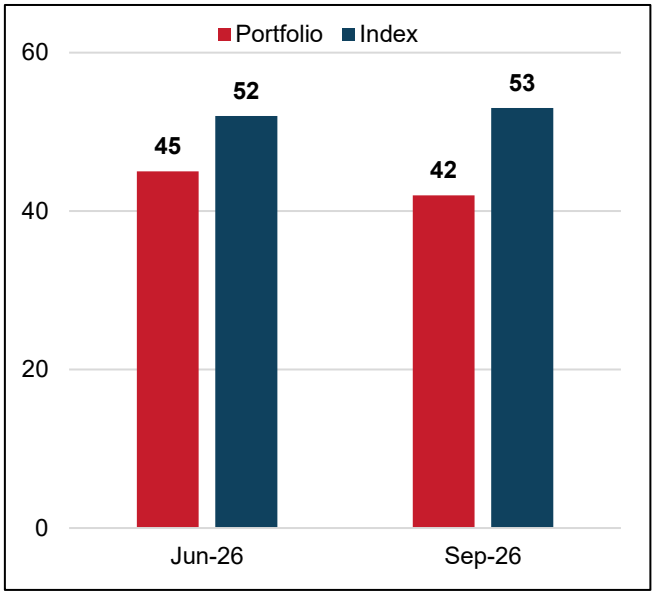
The carbon emissions and carbon intensity of the Portfolio versus the index are monitored and measured on a quarterly basis, this data is sourced from the GRESB company assessments, MSCI, Bloomberg and company disclosures. The charts below illustrate the carbon intensity of the Portfolio versus the index as of 30 September 2026. This quarter, the Portfolio's carbon intensity on an area basis remained below the index.

[2] The Net Zero Investment Framework (NZIF), developed by the Institutional Investor Group on Climate Change in 2021, has a robust framework for determining a company's alignment with these requirements.

**Carbon intensity (Ton/US$1m Rev)**




**Carbon intensity (kg/m²)**

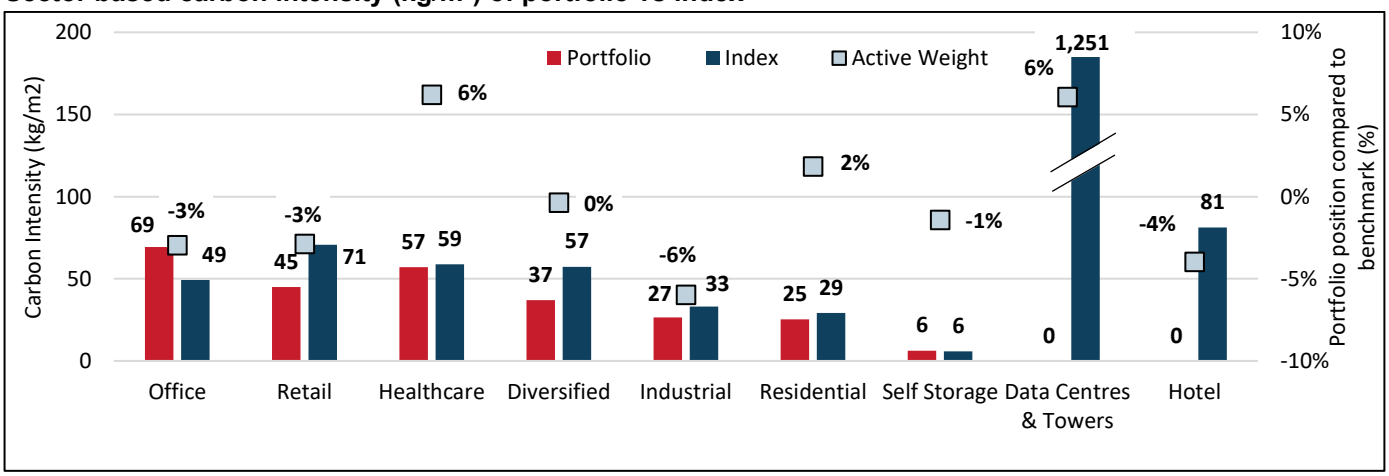



Source 1 and 2: Resolution Capital, GRESB, Bloomberg, company disclosure, 30 September 2026
Index: FTSE EPRA NAREIT Developed Index

The level of carbon emissions intensities of our Portfolio can be attributed to a combination of sector positioning and stock selection. Our stock selection within each sector leads to a lower area based carbon intensity for the Portfolio compared to the index for every sector, except for the office sector, where our underweight positioning helps to mitigate these higher emissions compared to the index.

Our carbon emissions intensity on a revenue basis increased over the last quarter. The healthcare and data centre & towers sectors were the largest overweight sectors this quarter at 6.2% and 6.1%, respectively, over the index and had an emissions intensity slightly below the health care sector peers. Our new position in GPT Group (GPT) and increasing positions in Equinix (EQIX), Prologis (PLD) and Digital Realty Trust (DLR) contributed to our higher overall revenue based emissions intensity. Reductions in our positions in Vicinity Centres (VCX), Urban Edge (UE) and Federal Realty Trust (FRT) contributed to our lower area-based emisisons intensity for our Retail sector holdings (reduced to 45 kg/$CO_2$ from 56 kg/$CO_2$).

**Sector based carbon intensity (kg/m²) of portfolio vs index**




Index: FTSE EPRA NAREIT Developed Index, 30 September 2026

# Proxy Voting

In the three months to 30 September 2026, Resolution Capital voted on 85 resolutions at 8 shareholder meetings and voted against three resolutions. Note that in all cases where we intend to vote against resolutions, we communicate our rationale to the company ahead of the vote where possible.

| Proxy voting overview | |
|---|---|
| **30 September 2026** | **Vote statistics** |
| Meetings | 8 |
| Resolutions | 85 |
| Voted For | 82 |
| Voted Against | 3 |
| Shareholder Resolutions | 0 |
| Abstained | 0 |
| No Action | 0 |

## Votes against management

**British Land (BLND)**

At British Land's AGM in July, we voted against the resolution to approve the company's CEO remuneration.

We voted against the remuneration report for the company's incoming CEO, as it is the same remuneration structure that we voted against last year.

We viewed that structure as having a misalignment between executive remuneration and company performance. The overall structure led to a significant increase in CEO compensation, despite mixed shareholder return outcomes. Additionally, we viewed the sign on bonus for the incoming CEO, which includes £5m in equity combined with time-based components, as excessive.

The remuneration resolution was passed with 97.9% of shareholders voting FOR the resolution.

**Segro (SGRO)**

In September we voted against two resolutions related to Prologis' takeover offer for Segro.

During June and July this year, Prologis proposed several takeover offers for Segro, the last of which resulted in the board recommending the deal to shareholders.

Our investment team had several meetings with Segro's board to discuss the deal and to share our thoughts and what we considered to be fair value for the transaction.

We felt that the final offer, comprising of shares and cash considerations, did not represent a reasonable premium to Segro's unaffected share price or net asset value. We also felt that it failed to reflect the future income and value creation from Segro's logistics and data centre development pipelines, or the scarcity of its existing portfolio.

All resolutions related to the takeover received significant majorities, with 98.1% of shareholders voting FOR the transaction.

## Corporate engagements

As part of our Net Zero Investment Framework (NZIF) assessments, we look at what plans companies have to achieve their decarbonisation targets and whether they have set aside capital to invest in the projects that are required to achieve those goals.

This quarter we engaged with Extra Space Storage (EXR), a U.S. based self storage REIT. EXR is currently assessed as "Not Aligned", since it does not have a net zero target. However, the company has strong initiatives in other areas to reduce its carbon emissions and improve the resilience of its portfolio.

EXR achieved its prior carbon reduction targets well ahead of schedule. Given self storage is inherently a low energy consumer with limited remaining low-hanging fruit, the company has set a new target of a 26% reduction by 2030 against a 2024 baseline. This target will include the Life Storage portfolio acquired in 2023.

The pathway to this 2030 target inlcudes lighting and sensor upgrades, automation systems, and continued onsite solar deployment. Onsite solar generation remains the largest driver of sustainability-related capital expenditure. Solar and lighting upgrades are increasingly built into due diligence and onboarding capex requirements for newly acquired properties.

The company's solar rollout program has been running since 2014 and spends around US$30-35m annually. The portfolio currently generates 68 GWh of renewable electricity compared to 779 GWh of total consumption. Approximately 50% of owned properties currently have solar systems installed. The company believes this could rise to 60-65% as technology and panel performance improves.

This program could be impacted by the removal of the solar production tax credit, which is safe harboured through 2026 and 2027.

The company has been reluctant to disclose Scope 3 emissions in the past. Given EXR undertakes minimal

construction activity and with tenant use of properties driving consumption (both are typical sources of Scope 3 emissions for REITs), management considers these disclosures to be of limited materiality. The company has revisited this topic periodically as new regulations have emerged, but absent a mandatory requirement, the company does not intend to disclose voluntarily.

On physical risk, EXR is linking physical risk exposures to financial impacts. The company works with insurance brokers and providers to leverage their data and modelling, with wind and water (and some earthquake exposure in California) the most material risks.

Property return requirements are adjusted by exposure to risks. For example, Florida requires a higher return threshold than markets with lower hurricane exposure. This has shaped portfolio decisions, including the disposal of a small number of the highest-risk properties each year (typically 10-20 per year).

Mitigation at the property level includes grading, overflow ponds, and enhanced roof drainage, which contributes to higher repairs and maintenance costs. The company self-insures for tenant claims, which creates a direct incentive to mitigate climate risk at the property level and maintain a strong tenant experience.

We will monitor the company's progress on its solar rollout and carbon reductions for is updated target. Otherwise the company has strong programs that have a systematic and pragmatic approach to decarbonisation.

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