QUARTERLY ESG AND STEWARDSHIP REPORT

GLOBAL REAL ESTATE SECURITIES STRATEGY

MARCH 2024

ESG Commentary

Expanded ESG Reporting suite in 2024

With increasing regulatory disclosure requirements and public demand for transparency in sustainability and ESG reporting, we are proud to share three ESG reports this year. These reports capture our commitment to active stewardship, ESG integration and to building a more sustainable world. They represent a comprehensive overview of sustainability and responsible investment initiatives across our business and how we are responding to key sustainability and responsible investment issues in our investment portfolios.

- Our Climate Risk Report outlines our approach to managing climate risks and opportunities that are expected to impact global real estate and infrastructure securities now and over the long term. This report draws on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and the requirements of other emerging Australian and international sustainability reporting standards.

- Our commitment to active ownership and promoting the six principles of the PRI (Principles for Responsible Investment) are outlined in our Responsible Investment and Stewardship Report. This report includes details about how we decide to cast proxy votes and examples of the engagements we have conducted over the last 12 months.

- Our Corporate Social Responsibility Report outlines our commitment to develop positive relationships with our community and our contribution to focused causes. It also covers details around our firm level diversity, carbon emissions and approach to modern slavery risks in our supply chains.

U.S. SEC announces ruling on mandatory climate disclosures

The U.S. Securities and Exchange Commission (SEC) announced its ruling for mandatory Climate Disclosure requirements in March 2024, nearly two years after first announcing its initial proposal. While there has been significant public comment and even disagreements on the scope of the ruling, this announcement marks a significant step towards improving transparency and standardisation around climate-related risks and opportunities in corporate reporting in the U.S.

The new regulations mandate both qualitative and quantitative disclosures, requiring companies to provide comprehensive insights into climate-related risks, their impact on business operations and financial condition, as well as details on climate-related targets, goals, and greenhouse gas (GHG) emissions data. Key disclosure requirements of the new rules include identifying and describing climate-related risks that materially impact, or are reasonably likely to impact the company's business, strategy, and financial condition.

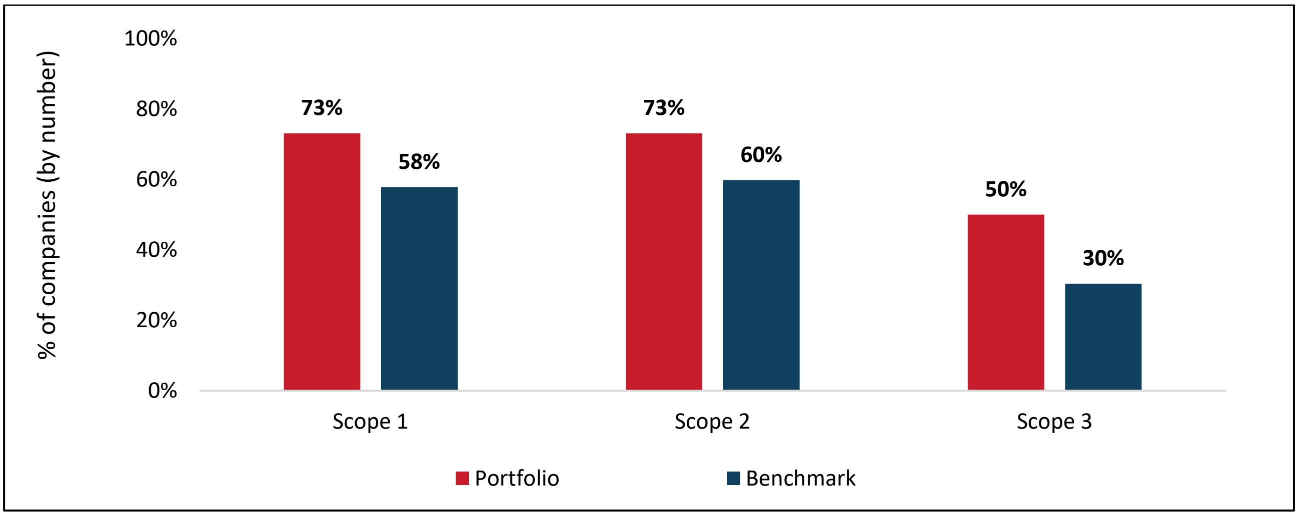
Companies are also required to disclose their governance and management approaches concerning climate-related risks, along with reporting on climate-related targets, goals, and their progress against those targets. The rules also necessitate the provision of Scope 1 and Scope 2 GHG emissions data, with phased-in requirements for external assurance of the information.

In the face of almost unprecedented public comment and lobbying on the initially proposed rules, the SEC has removed some of the more contentious requirements. These include the requirement for companies to report Scope 3 greenhouse gas emissions, disclose climate expertise of board members, and include specific financial statement metrics related to climate. Assurance requirements for emissions disclosures were scaled back, with limited assurance initially and large accelerated filers transitioning to reasonable assurance later.

The implementation of these regulations will be phased in over time, with Large Accelerated Filers being required to commence disclosures for fiscal year 2025, followed by accelerated filers in 2026 and smaller companies in 2027. Despite already facing legal challenges, companies have been advised to begin preparing for compliance during the phase-in period to ensure they can meet the new disclosure requirements.

Looking at the current climate disclosures of U.S. REITs in our Portfolio compared to the U.S. based constituents of the benchmark, we can assess the likely readiness of our Portfolio holdings compared to peers. The chart below shows the proportion of companies that disclose Scopes 1, 2 or 3 carbon emissions in our Portfolio compared to those in the benchmark, with more of our holdings already disclosing their carbon emissions.

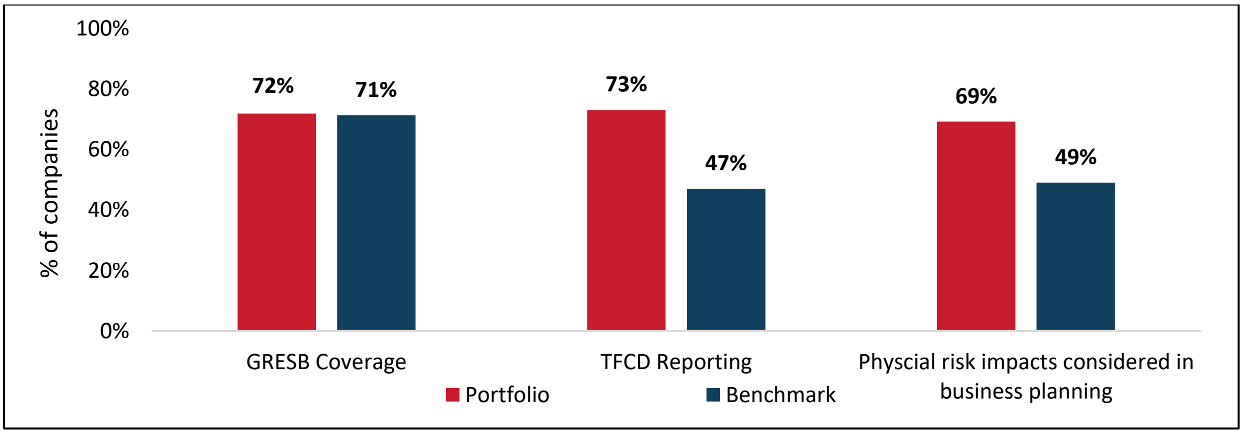
Proportion of U.S. companies disclosing Carbon Emissions, as of 31 March 2024



Source: MSCI, Company disclosure, 2023

Going further to look at broader climate-related reporting, we can compare metrics from the Global Real Estate Sustainability Benchmark (GRESB) dataset, such as the proportion of companies that report into GRESB, whether a company has a TCFD report or if it incorporates the impacts of physical climate risks into its business planning. The chart below shows that the number of our U.S. holdings reporting into GRESB is at approximately the same rate as the benchmark, however there are significantly more companies in our portfolio that are already reporting on these key climate measures.

Proportion of US companies currently reporting on climate-related impacts to their operations, as of 31 March 2024



Source: GRESB, Company disclosure, 2023

Portfolio Metrics

GRESB Score Update

We are pleased to provide the following update on our Global Real Estate Sustainability Benchmark (GRESB) score[1]. These scores are updated annually and consider environmental, social and governance factors.

For the first time since March 2020, the Portfolio GRESB score was slightly above the FTSE EPRA NAREIT Developed Index, against which the Portfolio is benchmarked, with the release of the 2023 GRESB results. The table below summarises the end of March 2024 GRESB scores for the global REIT Portfolio.

The scores for the Social and Governance components of the GRESB score were above the benchmark, with the Environmental component in line with the benchmark. Additionally, the GRESB coverage and Public Disclosure scores

[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.

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 93 (out of 100) compared to 88.4.

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 higher coverage than the FTSE EPRA NAREIT Developed Index, at 76.6% compared to 71%.

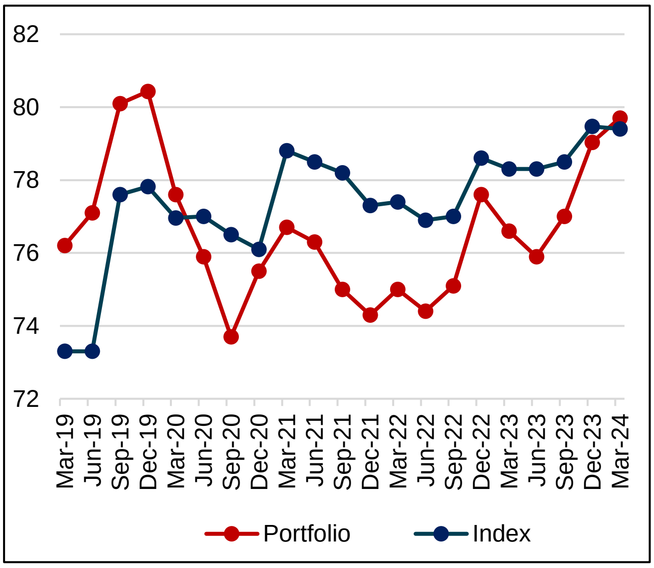
This shows our Portfolio continues to have a higher proportion of companies disclosing their ESG information and formally reporting on their ESG journey than the FTSE EPRA NAREIT Developed Index, reflecting our investment and engagement focus on companies that have ESG disclosures and that are improving their performance.

Period Ending 31 March 2024

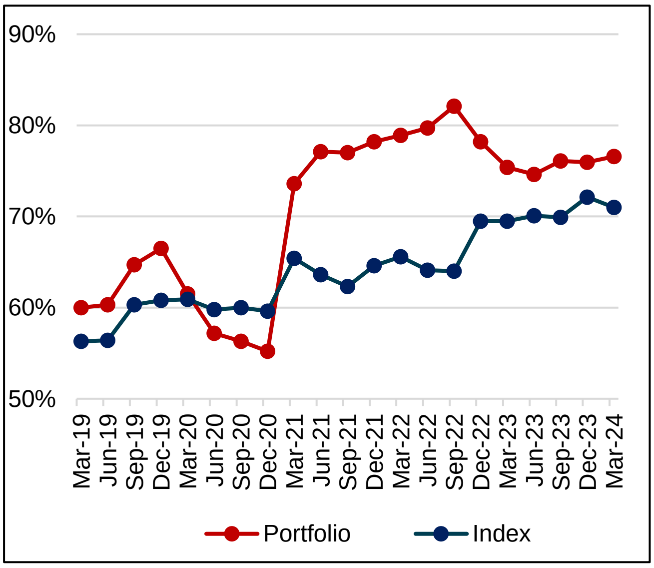
	GRESB Score Dec '23	GRESB Score Mar '24	Environmental	Social	Governance	Public Disclosure Score
Portfolio	79.0	79.7	70.6	94.2	95.0	93.0
Index	79.5	79.4	70.6	93.3	94.4	88.4
Difference	*-0.4*	*0.3*	*0*	*0.9*	*0.6*	*4.6*

Whilst our Portfolio GRESB coverage is higher than the index, we continue to engage with Portfolio holdings that do not report to GRESB and encourage them to report to GRESB as an industry standard for ESG assessment.

Weighted average GRESB score (0 – 100)



Weighted average GRESB coverage

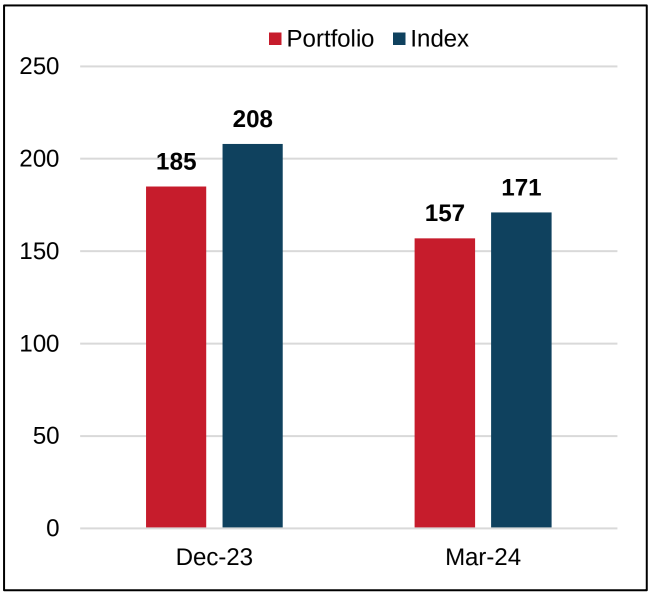


Source: ResCap, GRESB, 31 March 2024

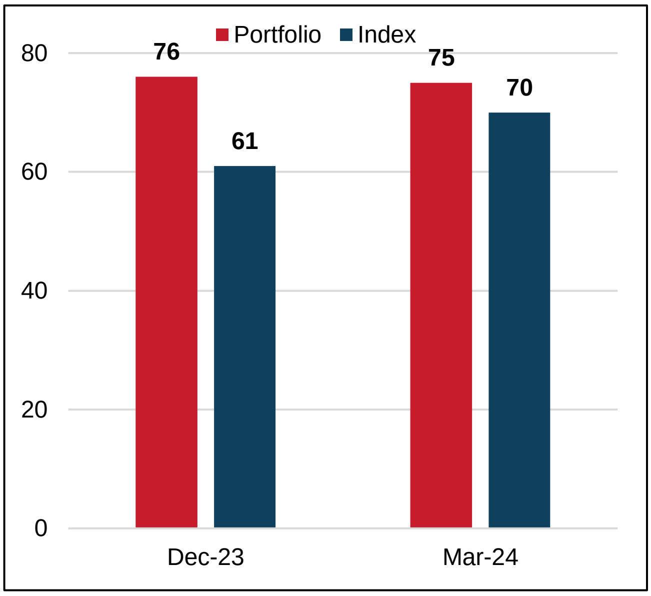
Carbon Emissions

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 31 March 2024. Unfortunately, while the Portfolio's carbon intensity on a revenue basis remains below that of the benchmark, the area-based carbon intensity of the Portfolio has remained above the bechmark's this quarter, however the difference has narrowed again this quarter.

Carbon intensity (Ton/US$1m Rev)



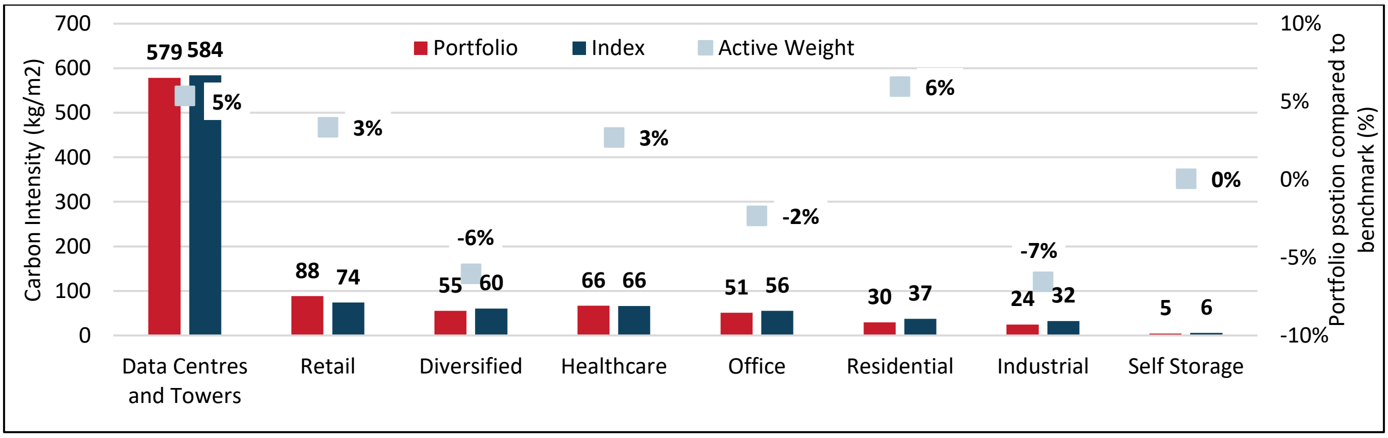
Carbon intensity (kg/m²)



Source: ResCap, GRESB, Bloomberg, company disclosure, 31 March 2024
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 positioning in the Data Centres and Towers sector remained relatively steady and so there was little overall change in our area-based carbon emissions intensity this quarter. The Portfolio's largest overweight sector position was again the Residential sector, contributing to mitigating the increase in Portfolio carbon emissions, as the average carbon intensity for this sector is 29.7kg CO_2/m² versus 37.3kg CO_2/m² for the index. The Retail sector remained the only sector where our Portfolio had a higher carbon intensity than the benchmark (88.1kg CO_2/m² vs 73.7kg CO_2/m²). The Portfolio had lower carbon intensities for all other sectors, with the Industrial and Self Storage sectors having the largest differences compared to the index.

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



Index: FTSE EPRA NAREIT Developed Index, 31 March 2024

The most significant impact on the Portfolio's area-based carbon intensity remains the overweight holdings in the Data Centres and Towers sector, with positions in Digital Realty Trust (DLR) and Equinix (EQIX). The chart above shows the carbon intensive nature of this sector. While new positions and increases in existing positions this quarter positively impacted the Portfolio's carbon intensity (UDR, SGRO, FIBRAPL14, URW, EQR and TRNO), there were also decreases in existing positions, and exiting some positions, that increased the Portfolio's carbon intensity (CUBE, UTG and VTR).

Proxy Voting

In the three months to 31 March 2024, Resolution Capital voted on three resolutions at shareholder meetings and voted against 2 resolutions. Note that in all cases where we intend to vote against resolutions, we communicate our rationale to the company ahead of the vote.

Proxy voting overview

31 March 2024	Vote statistics
Meetings	1
Resolutions	3
Voted For	1
Voted Against	2
Other Significant	0
Abstained	0
No Action	0

Votes against management

Healthpeak (DOC-US)

In February we voted against two resolutions at DOC's Special Meeting on approving the merger between Healthpeak and Physicians Realty Trust. We voted against the resolutions that would approve the takeover. At the time, Resolution Capital had a position in Healthpeak, but not in Physicians Realty Trust. As of 31 March 2024, Resolution Capital holds a position in the merged company.

We voted against this merger since we believed that it was negative for Healthpeak. The merger effectively reduced Healthpeak's internal growth profile, reduced the average value of its assets and impairs the life sciences offices base. The life sciences portion of Healthpeak's portfolio had been a part of the portfolio with the highest growth.

Both of these resolutions were passed at the Special Meeting, with 98% of votes cast FOR the resolutions.

Corporate engagements

In March we met with Scentre Group's new Chair, Head of Reward and Benefits and the Company Secretary to discuss concerns related to corporate governance and any potential issues regarding director elections or executive remuneration to be voted on at its AGM in early April.

This meeting was welcome as Resolution Capital had voted against the election of two directors in the last two years (Catherine Brenner in 2022 and Steve McCann in 2023) and wanted to raise the issue of succession planning and the director nomination process.

With a change in Chair over the last year, there has been some changes related to some board committees, including the Audit Committee being split into an Audit & Finance Committee and a Risk & Sustainability Committee. In particular, the chair of the Audit Committee has served on the board long enough to be not considered as independent. As a result, succession is being considered and looking for a skillset including Audit/Finance experience as well as experience in the real estate sector, which we see as a positive focus for a potential new director on this board.

In terms of sustainability, we also discussed how the company is planning on reducing its Scope 3 emissions due to tenant use of its properties and how electrification is contributing to this goal. The company has been working with tenants and educating them on the benefits.

During their engagements with tenants they have found that smaller retailers are more likely to be willing to embrace electrification than larger energy consumers. The cost element of switching is playing into decisions rather than a lack of enthusiasm about the process or outcome of electrification. The company is exploring ways to incentivise retailers to make this switch by offering access to renewable energy sources either through Power Purchase Agreements (PPA) or onsite solar panels.

During the meeting they mentioned that Scope 3 emissions reductions would be a focus at the company this year, so we will be following their actions this year to monitor progress in this area.

Contact Details

Morgan Ellis
ESG Analyst
Email: morgan.ellis@rescap.com

Andrew Parsons
CIO - Portfolio Manager
Email: andrew.parsons@rescap.com

Resolution Capital Limited
Tel: +61 2 8258 9188
Email: clientservices@rescap.com