

**Item 1 – Cover Page**

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31 March 2017

This brochure dated 31 March 2017 is prepared by PGIM Real Estate Luxembourg S.A., a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

This brochure contains information about the qualifications and business practices of PGIM Real Estate Luxembourg S.A. If you have any questions about the contents of this brochure, please contact us at +352 27 62 34 10 or [enrico.baldan@pgim.com](mailto:enrico.baldan@pgim.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about PGIM Real Estate Luxembourg S.A. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This section identifies material changes that were made to this Brochure since its last annual update. PGIM Real Estate Luxembourg S.A. will deliver, within 120 days of the close of its financial year, either its current brochure, together with a summary of material changes since the brochure's last annual update, or a separate summary of those material changes. If a separate summary of material changes is delivered, PGIM Real Estate Luxembourg S.A. will offer to provide its current brochure without charge, and will instruct its clients as to how to obtain it.

This brochure, dated 31 March 2017, replaces our prior brochure dated 24 March 2016 (as amended 23 May 2016 and 22 February 2017).

Although other changes and updates have been made to our previous brochure, we do not consider any of such changes to be material.

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## Item 4 – Advisory Business

### Our Firm

PGIM Real Estate Luxembourg S.A. was founded in 1988 and is organised as a company incorporated in Luxembourg (registered number B28214). It is a directly owned subsidiary of PGIM Real Estate Germany AG (99.98%) and PGIM Financial Limited (0.02%) and an indirect, wholly-owned subsidiary of PGIM, Inc. ('PGIM'), an SEC-registered investment adviser organised as a New Jersey corporation. PGIM, Inc. is in turn an indirect, wholly-owned subsidiary of Prudential Financial, Inc. ('PFI') a publicly held company (NYSE Ticker: PRU). PFI of the United States is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.

PGIM is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier ('CSSF') as an Alternative Investment Fund Manager for the purposes of the European Alternative Investment Fund Managers Directive ('AIFMD'). It acts a management company for Alternative Investment Funds ('AIFs') that are managed out of Luxembourg as part of the European business of PGIM Real Estate as defined below. This brochure relates solely to PGIM Real Estate Luxembourg S.A. as defined above and references to "we," "us" and "our" in this brochure are to PGIM Real Estate Luxembourg S.A.. In addition, any references to "our employees" or "our officers" are to officers or employees of PGIM and its affiliates who work in the PGIM business.

PGIM Real Estate forms part of, and is integrated with PGIM Real Estate of the United States (our Parent Business), the real estate investment advisory unit of PGIM, Inc. Accordingly, a certain number of governance, authorisation and review activities relating to PGIM Real Estate are conducted as part of the overall global organisation processes and procedures of our Parent Business and PGIM, Inc.

### PGIM Real Estate Luxembourg S.A.

PGIM Real Estate Luxembourg S.A. operates as a European manager of alternative investment funds ("Funds") based in the Grand-Duchy of Luxembourg. PGIM Real Estate Luxembourg S.A.'s business is focused on the marketing and management of AIFs and the provision of non-core services to AIFs and the entities through which AIFs invest. The AIFs that it manages deploy investment strategies that allow the AIFs to receive real estate driven returns, including by investing (directly or indirectly through special purpose vehicles) in *inter alia* (a) direct real estate, (b) real estate debt, and (c) joint ventures with local operating partners that in turn invest in direct real estate and/or real estate debt. The

underlying investors are a range of institutional investors and PGIM Real Estate Luxembourg S.A. acts as investment manager to the Funds. PGIM Real Estate Luxembourg S.A. is also able to act as the investment manager of any Real Estate AIF established under the AIFMD. As at 31 December 2016 PGIM Real Estate Luxembourg S.A. managed approximately \$1.68 billion in gross real estate assets (approximately \$0.59 billion net)<sup>1</sup> on behalf of 8 clients. Of this amount, PGIM Real Estate Luxembourg S.A. considers \$0.91 billion to be managed on a discretionary basis and \$0.77 billion to be managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### *Advisory Fees*

The fees and other compensation paid or borne by our clients in respect of the advisory and management services we provide vary according to a number of factors, including the type of client and our relationship with them, the type of investment strategy and the type of services. For example, fees and other compensation for commingled funds, including those that are sub-advised, may differ from fees for single client accounts. Fees and other compensation are generally higher for investment strategies that are farther along the risk spectrum (outlined in more detail in Item 8 below), as the investments acquired pursuant to such strategies often require more active management. Fees and other compensation are generally negotiable, so it is possible for one client to pay a different amount of compensation than another client with similar investment objectives or goals, though clients invested in the same fund typically pay fees based on the same rate schedule.

Compensation structures may include base management fees, acquisition fees, disposition fees, incentive fees (performance based fees), dividends, profits, interest distribution and carried-interest payments.

Our base management fees for funds are customarily offered in tiered structures with breakpoints linked to the amount of assets in the account, so that the fee rates paid by a client decrease as the client's assets under management increase. In circumstances where a single client or investor has multiple accounts managed by us we may, in our discretion, agree with such client or consultant to aggregate the client's assets within accounts to enable the client or the consultant's clients to benefit from a lower fee tier.

We do accept performance-based fees for our advisory services on certain of our investment products, in particular our closed-ended funds. Our performance-based fee

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<sup>1</sup> The AUM figures stated here are not calculated on the same basis as the AUM figures stated in PGIM's Form ADV Part 1A and do not include uncalled client commitments

arrangements are structured to comply with Rule 205-3 under the Investment Advisers Act of 1940 and our internal policies. Fees paid by a client that pay performance-based fees may be higher due to the fact that such fees may increase based on the performance of a portfolio above an established benchmark.

In addition, certain fund agreements may provide for reimbursement of PGIM Real Estate's out of pocket expenses in connection with the formation or investment activities of such funds, including but not limited to investment advisory services or reporting performed by third party vendors at our direction and under our supervision.

#### *Payment of Fees*

Depending on the client's preference or the structure of the compensation we either bill a client for our fees or deduct fees from the client's account. Base management fees are typically payable quarterly in arrears. Performance-based fees are only paid after the applicable performance has been achieved.

PGIM Real Estate Luxembourg S.A. does not require or solicit clients to pay fees in advance. If a client were to pay advisory fees in advance and the client's advisory contract were to terminate before the end of a billing period, any prepaid fees would be refunded on a pro-rata basis.

#### *Compensation of Our Investment Professionals*

Generally speaking, except for carried interest payments noted above, the compensation of our investment professionals (including, among others, portfolio managers and research analysts) includes a combination of base salary, a discretionary, a performance-based annual cash incentive bonus, and a long-term incentive grant.

The base salary component is based on market data relative to comparable positions within the location and industry as well as the past performance, experience, and responsibility of the individual. Investment professionals' annual cash bonus is discretionary and paid from an annual incentive pool. Each investment professional's incentive compensation, including both the annual cash incentive bonus and any long-term incentive grant, is primarily determined by how significantly the individual contributes to delivering investment performance to clients consistent with portfolio objectives, guidelines, and risk parameters, as well as the individual's qualitative contributions to the organisation. Incentive compensation is designed to align the interests of each investment professional with those of clients. The performance of Funds, our overall business, and the individual employee are all important factors in determining the size of the annual bonus and any long-term incentive grant awarded to each individual. Total compensation is

designed to be competitive with the market, but an individual's actual compensation may vary. Investment professionals are all covered by the same general compensation structure, although they may manage multiple accounts. With the exception of the carried interest programme, all such investment compensation is paid by PGIM Real Estate and not from any assets of managed funds or accounts.

The Chief Executive Officer for PGIM Real Estate also receives (i) performance shares which represent the right to receive shares of Prudential Financial common stock conditioned upon, and subject to, the achievement of specified financial performance goals by Prudential Financial, and (ii) book value units which track the book value per share of Prudential Financial, and (iii) Prudential Financial stock options. Each of the long-term incentive plan grants, performance shares, book value units and stock options is subject to vesting requirements.

Certain employees may engage in marketing efforts in such capacity and may receive compensation for such efforts in the form of bonuses and long term compensation that may, where permitted by law, be based directly or indirectly on the additional client capital raised as a result of their efforts.

#### *Operating Expenses*

The funds and/or products, and therefore their investors, may also be generally responsible for all cost and expenses including but not limited to fees, costs and expenses relating to (i) operation of partnership, accountants, auditors, appraisal management firm, lawyers, other professionals incurred with annual audit, legal compliance, investor record-keeping, financial reporting, legal opinions, distribution of reports; (ii) acquisition or disposition of investments, holding, leasing, financing, refinancing, development, due diligence, property management, repairs, improvements, asset monitoring, insurance, consulting, engineering, environmental inspection and indemnification costs and expenses, evaluation, negotiation, structuring, appraising, dead deal costs, structural and environmental studies, investment banking, reporting, projections, valuation, tax and accounting expenses and other similar fees, costs and expenses of the GP, Fund Manager or third parties engaged to perform such functions; (iii) brokerage commissions, transfer agent expenses, custodial expenses and other investment costs actually incurred in connection with investments; (iv) principal, interest on and fees and expenses arising out of all borrowings made by the funds and/or products; (v) fees, costs and expenses related to offering and sale of units (includes related legal fees, travel expenses, costs of preparing and periodically updating PPM and obtaining tax and legal opinions); and (vi) all fees, cost, and expenses incurred in the formation and maintenance of each Fund and related entities

including travel and accommodation expenses, legal and accounting expenses, filing fees and expenses and printing costs, or other similar amounts.

#### *Operating and Joint Venture Partners Expenses*

Operating and/or joint venture partners engaged by a Fund of General Partner may receive management fees, acquisition and/or incentive fees or other compensation for their services as a means to further align the interests of our partners with those of our clients. Subject to the terms of the applicable Fund, such fees are typically paid as operating expenses of the Fund.

#### *Other Fees Payable by Clients*

The European Central Bank has introduced negative interest rates due to adverse market conditions in Europe, therefore clients that allow for investments in non-US dollar denominated securities of foreign issuers may be charged by their custodians on Euro balances as well as certain other non-US currency balances held on deposit as a result of the negative short-term interest rate environment in certain European markets.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

#### *Performance-Based Remuneration*

As noted above in Item 5, for certain of the accounts and funds we manage, we are entitled to earn performance-based remuneration. We believe that any conflict of interest created by performance-based fee structures is addressed by PGIM Real Estate's policies and procedures, including our European investment allocation process, which is designed to manage the distribution of investment opportunities to the various investment funds and/or products managed by PGIM Real Estate.

#### *Investment Allocation Process*

A detailed deal brief is created for each proposed real estate equity and equity-oriented debt investment once it has been identified by an acquisition professional. This brief outlines the proposed investment, including the property location, preliminary return projections, proposed transaction structure, and perceived opportunities and major risks. The deal brief is distributed to all PGIM Real Estate Portfolio Managers and to PGIM Real Estate's research teams for review and comment. Investment opportunities that are suitable for more than one portfolio are allocated through a rotation process to determine fund priority in deal allocation. Portfolio Managers represent their clients' interests and only deals selected by the Portfolio Managers go into investment funds and/or products



(there are no ‘forced deals’). Two separate queues are maintained – one for core deals and another for non-core deals (PGIM Real Estate’s investment strategies are discussed below in Section 8). As deals are allocated, accounts that receive an allocation are moved to the end of the relevant queue

Certain investments that meet the specialised investment criteria for Funds investing in real estate debt investments will be allocated in priority to those Funds to the extent that the relevant Fund has investment appetite and subject to portfolio manager approval in accordance with the relevant fund terms. Similarly, certain of our Funds invest through joint ventures and, where an opportunity has been sourced by a joint venture partner, it will typically be allocated in priority to the Fund related to the joint venture to the extent that the Fund has investment appetite and subject to portfolio manager approval.

#### *Overlapping Equity and Debt Investment Opportunities*

We do not permit parallel equity and debt investments in respect of the same underlying real estate to be made by portfolios that we manage. In the event a potential transaction is identified which involves both an equity investment and a debt investment that would be suitable for one or more portfolios that we manage, the conflict of interest would be referred to the European Investment Committee or Global Investment Committee that will determine whether we will pursue the equity investment opportunity or the debt investment opportunity or neither of them.

### **Item 7 – Types of Clients**

Our client and investor base is composed of many different types of institutions, including European and global pension plans, private pension plans, national pension funds, sovereign wealth funds, family offices, charitable institutions, foundations, endowments, registered mutual funds, private investment funds, insurance company general and separate accounts, trust programs, foreign funds such as Sociétés d’Investissement à Capital Variable (SICAVs), and other U.S. and international institutions. We provide our services to both affiliated and non-affiliated clients. Our minimum account size varies by product. Generally, single client accounts have higher minimums than investments in commingled vehicles.

### **Item 8 – Methods of Analysis, Investment Strategies and Principal Risks**

PGIM Real Estate's product and service line is diverse, and includes investment opportunities in equity and debt real estate in both the public and private markets, employing a variety of financial structures.

We offer investment products and service to our clients in many areas of commercial real estate investment across the risk spectrum from Core to Value-Added to Opportunistic, all as defined below. We believe that where a product fits in this risk spectrum is a combination of the risk factors at both the property/asset level and at the portfolio level. We have set forth below some of the key characteristics that we believe are representative of real estate equity investments in Core, Value-Added and Opportunistic strategies, as well as of investments in real estate debt and securities. More detailed summaries of the investment strategies of specific funds are available upon request.

## *EQUITY REAL ESTATE*

### *Core Investments*

A "Core" portfolio is generally comprised of the major property types – office, retail, warehouse, storage, and apartment that were more than 80% leased, and hotels that are operating at, or near, market occupancy, when acquired. (For the sake of clarity, properties will not move out of the core category if their occupancy falls below the 80% threshold subsequent to acquisition). From a development perspective, core investments would include: (a) properties (office, retail, warehouse, apartment, or storage) that were developed, renovated or purchased and have now achieved leasing of 80% or more of the total leasable area; (b) properties undergoing a minor renovation/expansion that does not have a material impact on the property's occupancy or operation; and (c) build-to-suit investments which are 80% or more pre-leased and where there is reasonable protection from completion and cost overrun risk. Incidental investment activities in a "Core" portfolio may include listed securities or purchase money mortgages accepted as partial consideration in a property sale, and senior first mortgages with loan-to-value ratios at acquisition of 65% or less.

### *Value-Added*

Moving further along the risk spectrum, a "Value-Added" portfolio entails additional risk with the accompanying expectation of a greater return. A Value-Added portfolio generally seeks to capitalize on the interplay of market forces and the imbalances that may arise as a result. Value-added strategies may involve some or all of the following:

- A significant overweight or even an exclusive investment of the portfolio in a particular property type or region because management sees that property type or region as a particularly attractive buying opportunity.
- An investment strategy of identifying and meeting under-served market needs through development or renovation. A significant portion of the portfolio may be devoted to this objective.
- A specialization in non-traditional property types such as senior housing, where management sees significant new demand and inadequate skills and/or capital sources available to meet the market's needs.
- Compared to Core, a much greater use of leverage, particularly if such financing can be found at relatively attractive borrowing rates. Value-added strategies may still restrict leverage to some specified limit, such as a percentage of the portfolio value.
- A focus on investments in secondary markets.

#### *Opportunistic*

An "Opportunistic" portfolio moves even further out on the risk spectrum with the anticipation of even greater returns. Investment strategies include:

- Very high levels of leverage.
- Investment initially in the real estate recovery in other developed countries but gradually in developing and emerging markets countries.
- Investment in private U.S. real estate companies that have some particular expertise in a market niche.
- Speculative development.

#### *GLOBAL REAL ESTATE LENDING*

Our Global Real Estate Finance Group is responsible for investments in, and funds management for, commercial real estate debt products in geographically focused funds. Depending upon the particular fund, these investments may include performing and non-performing whole loans, mezzanine loans, B-Notes, preferred equity and commercial mortgage-backed securities ("CMBS"). Debt investments can be newly originated or acquired in the secondary market and secured by single assets or portfolios across all major property types. Transaction types include recapitalizations, refinancings, repositionings and acquisitions. The current geographic focus is on funds dedicated to

investing separately in the United States and Europe. Our dedicated Global Real Estate Finance team is located in offices in New York City and London. From time to time the Global Real Estate Finance Group may enter into cooperative arrangements with PGIM Real Estate Finance to offer products which benefit from the PGIM Real Estate Finance's loan origination and servicing capabilities and accordingly enter into a fee sharing affiliate arrangement.

#### *PRIMARY RISKS ASSOCIATED WITH INVESTING IN OUR PRODUCTS*

Noted below are some of the primary risks that may be representative of those encountered by investors considering investments in commercial real estate equity, debt and securities. More detailed discussion of the specific risks associated with the investments of a particular Fund may be found in the offering documents for the Fund, which are available upon request.

##### *Risk of Loss*

Any investor contemplating direct or indirect investment in commercial real estate investment products must recognise that such investments are not guaranteed by us or any of our affiliates and involve potentially significant risk of loss, which the investor must be prepared to bear. There can be no assurance that investors will achieve their stated investment objectives or that an investor will receive any return on its investment. Performance may be volatile and investors may lose their entire investment. Past performance and activities provide no assurance of future results. In addition, management fees and expenses may reduce investment returns.

##### *Risks Related to Reliance on Operating Partners, other Third Parties and key PGIM Personnel*

Investments are often proceeded through joint venture or other co-investment arrangements, the results of which may be highly dependent on the credit, acumen and behavior of the partners we choose to invest with and of other entities and individuals that they may retain, such as property managers. If the applicable venture or management arrangements are terminated for any reason, or if key personnel leave or otherwise become unavailable, there may be difficulty in finding a suitable replacement. In addition, our success will depend, in substantial part, upon the skill and expertise of certain of our professionals. The death, disability or departure of any key PGIM Real Estate professional may adversely affect our business and performance.

### *Risks Related to General Economic Conditions and Competitive Markets*

The manner in which we compete for investments and the types of assets in which we seek to invest can be affected by changing conditions resulting from sudden changes in our industry, the regulatory environment, the role of government-sponsored entities, the role of credit rating agencies or their rating criteria or processes, or the European, and other specific regions, and global economies generally. If we do not effectively respond to these changes, or if strategies we use to respond to these changes are not successful, the investment returns of the investments we manage may be adversely affected. In addition, the highly competitive market for investment opportunities in which we operate may limit acquisition of desirable target assets, affect the underwriting or pricing of these assets and/or adversely impact investment returns.

### *Risks Related to Real Estate Investments Generally*

Most of the assets that we manage will involve commercial real estate in some form, either as an equity interest in such real estate, or as debt secured by the real estate or as interests in the entities that own the real estate. The value of commercial real estate is typically dependent upon the ability of the applicable property to produce cash flow (or at least its potential to generate cash flow). However, a property's net operating income and cash flow can be volatile. The net operating income, cash flow and value of the properties may be adversely affected by any number of factors, including, among others:

- the location, age, design, and construction quality of the property;
- perceptions regarding the safety, convenience and attractiveness of the property;
- the proximity and attractiveness of competing properties;
- the adequacy and effectiveness of the property's operations, management and maintenance;
- increases in operating expenses (including but not limited to insurance premiums) at the property and in relation to competing properties;
- an increase in the capital expenditures needed to maintain the property or make improvements;
- costs associated with environmental liabilities or other legal liabilities;
- the dependence upon a single tenant, or a concentration of tenants in a particular business or industry;

- a decline in the financial condition of a major tenant;
- an increase in vacancy rates or structural voids;
- a decline in rental rates as leases are renewed or entered into with new tenants;
- for certain of its managed funds, PGIM Real Estate Luxembourg S.A. may enter into investments that involve some measure of development and/or construction risk: that is, entitlements or other permissions to build might not be obtained, or that the building works might not be completed on time, within budget, or in accordance with plans and specifications; and
- the impact of fluctuations in currency and exchange rates in respect of property and related assets denominated in a different currency to a fund and/or investor's underlying currency.

Other factors are more general in nature, such as:

- national, regional or local economic conditions;
- local real estate conditions (such as an oversupply of competing properties, rental space or multifamily housing);
- demographic factors;
- decreases in consumer confidence;
- changes in prices for key commodities or products;
- changes in consumer tastes and preferences, including the effects of adverse publicity;
- retroactive changes in building codes, or other changes in governmental regulations, fiscal policy, zoning or tax laws; and
- force majeure acts, terrorist events, natural disasters, and other factors which are beyond the reasonable control of the applicable investment fund or its investment adviser

The volatility of net operating income will be influenced by many of the foregoing factors, as well as by:

- the length of tenant leases;

- the creditworthiness of tenants;
- the level of tenant defaults;
- rent control laws, affordable housing mandates or other laws impacting operating costs;
- the number and diversification of tenants;
- the availability of trained labor necessary for tenant operations;
- the availability of financing;
- changes in interest rate levels;
- the rate at which new rentals occur;
- the property's operating leverage;
- the ratio of fixed operating expenses to those that vary with revenues, and
- the level of capital expenditures required to maintain the property and to retain or replace tenants.

A decline in the real estate market or in the financial condition of a major tenant will tend to have a more immediate effect on the net operating income of properties with short-term revenue sources (such as hotels or other properties with short-term or month-to-month leases) and may lead to higher rates of delinquency or defaults under bank loans secured by such properties.

Some of the properties we acquire are newly constructed and/or recently opened and, as such, have a limited operating history. There can be no assurance that any property, whether newly constructed and/or recently opened or otherwise, will perform as anticipated.

#### *Risks related to Portfolio Concentrations*

Concentrations of properties by asset type, strategy type (for example, speculative development) or geographic areas (countries or locations) may increase the risk that adverse economic, technological or other fundamental changes or other developments or natural or man-made disasters affecting a particular region of the country could adversely impact those properties.

### *Risks related to Debt Investments*

Debt investments include commercial mortgage or mezzanine loans that we have either originated or acquired, or other investments that are secured by or supported by the cash flows from commercial property. As there is generally very limited recourse against the borrower's or sponsor's assets other than the underlying collateral, the ability of a borrower to repay such a loan typically is dependent primarily upon the successful operation of the related income-producing property, rather than upon the existence of independent income or assets of the borrower. If the net operating income of the related property is reduced, the borrower's ability to repay the loan may be impaired.

In the event of any default under a mortgage, mezzanine or other real-estate related loan held directly by us, available remedies would need to be exercised. Foreclosure of a mortgage or mezzanine loan can be an expensive and lengthy process that could have a substantial negative effect on the value of the investment, and completion of such foreclosure may require the ownership and operation of the related property and the risks related to such ownership. In addition, there is a risk of loss of principal to the extent of any deficiency realised from the value of the collateral and the principal and accrued interest of the mortgage or mezzanine loan. Some loans may restrict transfers of the equity interests securing such loans, or such transfer or foreclosure may require the consent of a senior lender or equity holders in the related real estate company. These remedial limitations may adversely affect the likelihood of repayment in the event of a default.

In the event of the bankruptcy of a mortgagor or other borrower, the loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law.

### *Risks Related to Conflicts of Interest*

As further described in Item 11 below, we may encounter actual and potential conflicts of interest in connection with our investment advisory activities, including significant conflicts with respect to other activities of ours, our Parent Business and PGIM, Inc. that may negatively impact investors. We strive to identify conflicts of interest which are inherent in our business, and seek to address them through elimination, disclosure or management.

PGIM Real Estate retains third party service providers to provide various services for our business as well as for funds that we manage or subadvise. A service provider, or its affiliate, may provide services to one or more of our clients while also providing services to



PGIM Real Estate itself, other funds managed by PGIM Real Estate, other PGIM businesses, other PGIM-advised funds or affiliates of PGIM, and may negotiate rates in the context of the overall relationship or may charge different rates or have different arrangements for specific types of services. PGIM Real Estate may benefit to a greater degree from such service provider agreements than our funds with respect to certain types of services that are offered to the funds. There is no assurance that we will be able to obtain or apply in all instances advantageous fee rates from a given service provider negotiated with respect to services provided to PGIM Real Estate or other funds it manages; or negotiated by other PGIM businesses, other PGIM-advised funds or affiliates of PGIM based on their relationship with the service provider, or that we will be aware of certain negotiated fee rates.

### *Risks Related to Financing*

We may incur leverage at a fund or property portfolio level, subject to specific constraints, and certain funds may also leverage individual assets. Incurring substantial debt could subject investments to a number of risks that could materially and adversely affect investors, including the risks that:

- fund or property cash flow may be insufficient to make required payments of principal of and interest on the debt;
- we may be unable to comply with all of the material covenants imposed by the lender;
- such debt may increase our vulnerability to adverse economic and industry conditions;
- it may be necessary to dedicate a substantial portion of fund or property cash flow to payments on debt, thereby reducing cash available for property operations, investor distributions or other purposes; and
- we may be unable to refinance debt that matures on favorable terms, or at all.

Defaults under such financing could lead to (i) acceleration of such debt (and any other debt containing a cross-default or cross-acceleration provision), (ii) an inability to borrow unused amounts under other financing arrangements, and/or (iii) the loss of some or all of a client's investments to foreclosure or sale, (iv) one or more lenders to be unwilling or unable to provide us with financing or to increase the costs of that financing.

In addition, if regulatory capital requirements imposed on bank lenders change, they may be required to limit, or increase the cost of, financing they provide. In general, this could

potentially increase financing costs to a Fund, reduce available capital or require to change our buy/hold analysis.

To the extent that floating rate financing applies to borrowings, increases in interest rates, particularly short-term interest rates, may immediately and significantly decrease results of property operations and cash flows and the market value of Fund investments.

We may, from time to time, use bank credit facilities to finance certain fund assets, on a portfolio by portfolio basis. These financing arrangements may involve the risk that the market value of the properties may decline in value, or other loan covenants may be breached, in which case the lender may require us to provide additional collateral or to repay all or a portion of the funds advanced. The Fund may not have the funds available to repay or pay down the debt at that time, which could lead to a default.

#### *Risks Related to Regulation*

Laws and regulations affecting our business change from time to time. We cannot predict the effects, if any, of future legal and regulatory change, both in Luxembourg and globally, on our business or the services we provide.

In addition, future legal and regulatory changes, including the European Markets Infrastructure Regulation, may result in cost increases to clients.

#### *Risks Relating to Technology and Cybersecurity*

Investment advisers, including PGIM Real Estate Luxembourg S.A., must rely in part on digital and network technologies to conduct their business and to maintain substantial computerised data relating to client account activities. These technologies include those owned or managed by ourselves as well as those owned or managed by others, such as custodians, financial intermediaries, transfer agents, and other parties to which we or they outsource the provision of services or business operations.

Like all businesses that use computerised data, we and our affiliates and the systems we use could be subject to a variety of possible cybersecurity incidents or similar events that could potentially result in the inadvertent disclosure of confidential computerised data or client data to unintended parties, or the intentional misappropriation or destruction of data by malicious hackers mounting an attack on computer systems. We and our affiliates maintain an information technology security policy and certain technical and physical safeguards intended to protect the confidentiality of our internal data, and take other reasonable precautions to limit the potential for cybersecurity incidents, and to protect data from inadvertent disclosure or wrongful misappropriation or destruction.

Nevertheless, despite reasonable precautions, cybersecurity incidents could occur, and might in some circumstances result in unauthorised access to sensitive information about us or our clients. In addition such incidents might cause damage to client accounts, data or systems or affect client services.

Furthermore, these systems may fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond our or others' control. Technology failure, whether deliberate or not, including those arising from use of third-party service providers or client usage of systems to access accounts, could have a material adverse effect on our business or our clients and could result in, among other things, financial loss, reputational damage, regulatory penalties or the inability to transact business.

### **Item 9 – Disciplinary Information**

Under this Item 9, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of us or the integrity of our management. We have no facts or events to report in response to this item.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Certain of our employees are approved, registered persons identified to undertake approved functions within the scope of permitted regulatory business, including marketing, operational, and administrative support to our business.

Now or in the future PGIM Real Estate may engage in marketing or support activities for or on behalf of investments offered by other affiliates. In the event an investor sourced by PGIM Real Estate enters into an investment relationship with another affiliate, PGIM Real Estate may be compensated for its efforts either by participating in the fees paid to the other affiliate by the affected investor, or in such other manner as the parties agree.

PGIM Real Estate has entered into, and may in future enter into, arrangements with affiliates and third party service providers to perform various administrative, back-office, and other services on behalf of, and relating to, client accounts. Such affiliates and service providers may be located in the US or in non-US jurisdictions. Accordingly, certain information about client accounts may be shared with such affiliates and third party service providers in connection with these functions. Subject to the terms of the applicable Fund, an appropriate portion of the expenses related to these arrangements may be charged as an expense of the Fund.

In connection with our management of certain funds, we have arrangements whereby affiliated entities ('Participating Affiliates') and their personnel provide services to us in connection with our management of the funds. In connection with those services, the Participating Affiliates and their personnel are subject to our supervision. We currently have arrangements involving the following Participating Affiliates:

- PGIM Real Estate Germany AG
- PGIM (Singapore) Pte, Ltd
- PGIM (Australia) Pty, Ltd

## **Item 11 – Code of Ethics**

We have adopted all applicable policies and procedures of our Parent Business, PGIM and PFI.

### *Code of Ethics*

#### *General*

We maintain a Code of Ethics as required by applicable SEC rules. This Code of Ethics requires our employees to conduct business in an honest and forthright manner in accordance with the highest of ethical standards. In addition, the Code of Ethics requires our employees to put client interests ahead of their own and disclose actual and potential meaningful conflicts of interest. The Code of Ethics incorporates the information barrier and personal securities trading policies that are described in greater detail below. Our employees are required to report any violation of the Code of Ethics promptly to Europe's Chief Compliance Officer.

We will provide a copy of the Code of Ethics to clients or prospective clients upon request.

#### *Information Barrier Standard*

PGIM's Information Barrier Standard is designed to prevent the communication of material, non-public information across the various PGIM's asset management investment sectors. Under the standard, an employee of one investment sector, including PGIM, may not communicate material, non-public information to an employee of another investment sector without approval from each sector's compliance unit. The Information Barrier standard also restricts physical access to an investment sector's offices by employees of a different investment sector.

We maintain a restricted list of issuers about which we have material, non-public information, and our policies prohibit trading, either for client or personal accounts, in the securities of such issuers.

Furthermore in instances where we deem it appropriate we may create an 'isolated information barrier' around a small number of our employees who may come into possession of material, non-public information about an issuer, whereby their knowledge is not attributed to other employees.

#### *Personal Securities Trading Policy*

We maintain a personal securities trading policy that governs the trading activities of our employees as well as their household members and dependents. Subject to certain limited exceptions, our employees are required by the policy to:

- report personal securities transactions to our compliance unit; and
- pre-clear personal securities transactions

Our access persons and investment personnel are subject to additional restrictions under the policy, including the following:

- investment personnel are generally prohibited from purchasing securities in initial public offerings;
- access persons may not trade any security on the same day that we trade such security (or an equivalent security) for client accounts (other than in client accounts that replicate a broad-based index);
- investment personnel are prohibited from trading any security within seven days before or after we trade such security (or an equivalent security) for client accounts (other than in client accounts that replicate a broad-based index);
- investment personnel must disgorge any profits from the purchase and sale (in whatever order) of the same security within 60 days; and
- access persons may not write naked call options or buy naked put options on a security held in a client account.

Furthermore, where employees of PGIM or its affiliates are allowed to invest in PGIM Real Estate Luxembourg S.A. advised Funds, policies and procedures are in place to ensure that such employees are not given an advantage over non-employee investors.

We monitor personal trading activity versus firm trading and restricted list content, and any matches are investigated by our compliance unit.

All our employees receive annual compliance training, either web-based or otherwise, regarding personal securities trading and information barrier policies. In addition, employees must annually confirm that they have read and understand the Code of Ethics, including the personal securities trading and information barrier policies.

#### *Gift & Entertainment Policy*

Our employees may occasionally give or receive gifts, meals or entertainment of moderate value, subject to compliance with applicable laws and regulations and rules of self-regulatory organisations. PGIM Real Estate Luxembourg S.A. has adopted a gift and entertainment policy to address the conflicts of interest related to gifts and entertainment, such as the appearance of having given or received something of value that influenced our business decisions or the business decisions of our clients. The policy requires the reporting and preclearance of gifts, meals and entertainment given or received which exceed certain thresholds, with additional procedures in place to ensure compliance with rules related to (i) Employee Retirement Income Security Act ('ERISA') regulations, (ii) the Foreign Corrupt Practices Act ('FCPA'), and (iii) rules related to employees of local, state or federal government. In addition, our employees are prohibited from soliciting the receipt of gifts, meals or entertainment. Senior management periodically reviews summaries of gifts and entertainment activity to detect trends of abuse, conflicts of interest, or possible violations of the policy.

#### *Political Contributions*

Due to the potential for conflicts of interest, PFI, PGIM, and PGIM Real Estate Luxembourg S.A. have established policies and procedures relating to political contributions that are designed to comply with applicable federal, state and local law. Under PGIM's political contributions policy, all employees (including spouses and dependent children) must obtain preapproval before making any political contributions.

#### *Conflicts of Interest*

As a result of the broad range of both our business and the businesses of our affiliates, conflicts of interest will inevitably arise in our operations. Described below are significant conflicts of interest which have been arranged under headings for ease of reading only. Conflicts described under one heading could appear or be repeated under one or more other headings below. These headings do not intend to limit the applicability of a particular conflict to other headings or other parts of our business.

While we follow PFI's and PGIM's standards on business ethics, personal securities trading by investment personnel, and information barriers and have adopted a Code of Ethics, allocation procedures, supervisory procedures and conflicts of interest policies, among other policies and procedures, all of which are designed to ensure that clients are not harmed by these potential or actual conflicts of interests, we cannot guarantee that such policies and procedures will detect and ensure avoidance, disclosure or mitigation of each and every situation in which a conflict may arise.

### *Conflicts Arising from Our Affiliations and Portfolio Management Responsibilities*

We are a unit of our Parent Business and PGIM Real Estate Luxembourg S.A. is an indirect, wholly-owned subsidiary of PGIM, Inc. (which is itself an indirect, wholly-owned subsidiary of PFI). As a result, we are part of a full-scale global financial services organization and affiliated with insurance companies, investment advisers and broker-dealers. Our portfolio managers are often responsible for managing multiple accounts, including accounts of affiliates, institutional accounts, insurance company separate accounts, non-discretionary portfolios and various pooled investment vehicles, such as commingled funds and other unregistered funds.

Legal, regulatory and contractual restrictions may limit how much, if any, of a particular security we may purchase or sell on behalf of a client, and the timing of the purchase or sale. Such restrictions may arise as a result of our relationship with PFI and its other affiliates. We may be prohibited from engaging in transactions with its affiliates even when such transactions could be beneficial for client accounts. Certain affiliated transactions are permitted in accordance with procedures adopted.

Certain affiliates develop and may publish research that is independent from the research that we develop and publish. We may hold different opinions on the investment merits of a given property, security, issuer or industry such that we may be purchasing or holding an investment for a client and an affiliated entity may be selling or recommending a sale of the same or a similar investment. Conversely, we may be selling an investment for a client and an affiliated entity may be purchasing or recommending a buy of the same or a similar investment. In addition, our affiliated broker-dealers or investment advisers may be executing transactions in the market in the same investments as we are, at the same time.

It is our policy not to engage in principal transactions with affiliated broker-dealers for unaffiliated institutional accounts that we manage. We may cause securities transactions to be executed for a client's account concurrently with authorizations to purchase or sell the same securities for other accounts we manage, including proprietary accounts or accounts

of affiliates. In these instances, the executions of purchases or sales, where possible, are allocated equitably among the various accounts.

We may buy or sell, or may direct or recommend that one client buy or sell, securities of the same kind or class that are purchased or sold for another client, at prices which may be different. In addition, we may, at any time, execute trades of securities of the same kind or class in one direction for an account and trade in the opposite direction or not trade for any other account due to differences in investment strategy or client direction.

### *Conflicts from Competing Interests*

We may manage investment entities, some of which may be affiliates, which compete with each other for access to our resources, including investment opportunities. There may be conflicts of interest in allocating investment opportunities among the current and future Funds and accounts we or our affiliates manage. Other than specific contractual restrictions that may exist, or that may be required by investors, there are no restrictions on us or our affiliates from forming, sponsoring, owning and/or managing additional investment vehicles or accounts that have overlapping investment objectives or investment criteria. We are subject to our own allocation policies, which are subject to change in our discretion. We cannot provide assurance that we or our affiliates will not devote more time, attention or resources to some of these potentially competing clients than to others or present an opportunity to these clients that is not or cannot be presented to all. This could have a material adverse effect on a portfolio's ability to acquire assets, generate cash flow and income, and make distributions.

We may confront conflict concerns when allocating scarce investment opportunities, given the benefit of favoring accounts that pay a higher fee or generate more income for us. To address this conflict of interest, we have adopted various allocation procedures (described more fully in Item 6) as well as supervisory procedures that are intended to fairly allocate investment opportunities among competing client accounts.

Performance-based compensation may create a conflict of interest, as it can create an incentive for us or an investment professional to make or recommend investments that are riskier or more speculative than would be the case in the absence of such compensation structure. Certain of our investment professionals individually receive, as part of their compensation, carried interest payments and other performance based remuneration, which are based on the performance of the relevant portfolio. To address these potential conflicts, we have policies and procedures designed to ensure that each portfolio is managed in a manner that is consistent with our fiduciary obligations, as well as with the portfolio's investment objectives, investment strategies and restrictions, including independent internal review of investment decisions.



While we operate as a fiduciary under our various investment management and advisory agreements, investors often have agreed to indemnify us and our affiliates against certain liabilities that are not attributable to our gross negligence or fraud. As a result, investors could experience poor performance or losses for which we would not be liable.

Conflicts of interest may arise regarding proxy voting. A committee of senior PGIM Real Estate business representatives oversees the proxy voting process and monitors potential conflicts of interest relating to proxy voting. See the response to Item 17 for more detailed information concerning our proxy voting policy.

We and our affiliates have certain intra-group financial arrangements which may have the effect of giving affiliates invested in pooled investment vehicles advised by group members preferential economic terms as compared to unaffiliated investors.

Funds or other accounts managed by PGIM Real Estate may from time to time seek financing on terms beneficial to the fund or account. Financing transactions may be undertaken at the account or asset level, may be secured or unsecured and may take various forms including, without limitation, entering into loans, revolving credit facilities, privately placed debt, subscription-secured facilities, suretyship arrangements, letters of credit and interest hedging arrangements, in addition to mortgage loans. From time to time, an investor (or affiliate) in a PGIM Real Estate managed fund or account, independent of its role as investor in such fund or account, may offer financing to a PGIM Real Estate managed fund or account. Financings would be required to be on market terms, ERISA compliant (where applicable), and to address other conflicts of interest considerations that PGIM Real Estate Luxembourg SA deems relevant under the circumstances. PGIM Real Estate will not advise the lender in such transactions. Repayment of such financings or exercise of remedies by the lender under default circumstances may result in a transfer of assets from the borrowing PGIM Real Estate managed investment vehicle (or asset holding subsidiary) to third parties which may include the investor (or an affiliated) lender.

#### *Conflicts arising from Relationships with Large Clients*

Conflicts of interest may arise due to relationships with especially large clients, which may include our own affiliates. Such clients may have needs for information, reporting, operational support, or access to other resources that may be disproportionate to the nature or amount of assets managed for them, and the overall services provided may be different or greater than may be more generally provided to all other clients. As an example, representatives of PFI, PICA, PGIM, Inc.'s proprietary accounts and accounts of other affiliates (collectively, the "Affiliated Accounts") who are responsible for monitoring PFI's enterprise investment risk may have access to certain information about our assets

under management, including for third parties, that is not typically made available to non-affiliated clients (although this access does not include specific non-affiliated client identifying information or portfolio information for clients who have asked for confidentiality with respect to sharing of information with our affiliates). We believe that we manage our relationships with such Affiliated Accounts in a manner that is consistent with the best interests of all our clients.

*Conflicts Arising from PGIM, Inc. or its Affiliates' Investment and Other Activities and Relationships*

Conflicts of interest may also arise in connection with the investment or other activities of PGIM, Inc.'s and our other affiliates, or through the relationships of such parties with issuers of public securities. Affiliated Accounts may at times hold various levels of financial or other interests, including but not limited to portfolio holdings, in companies whose securities may be held or purchased or sold in client accounts. These financial interests may at any time be in potential or actual conflict with the interests of client accounts or may be inconsistent with positions held or actions taken on behalf of client accounts. These interests can include debt or equity financing, strategic corporate relationships or investments and the offering of investment advice in various forms. Thus, we may invest client assets in the securities of companies with which we or an affiliate has a financial relationship, including investment in the securities of companies that are advisory clients. At times, we may be unable to invest client assets in the securities of certain issuers as a result of these investments or relationships.

A client account may have an investment in securities of an issuer, including an equity interest in a joint venture or another entity that is engaged in a business that competes with issuers whose securities are held in other client accounts, or that competes directly with our business or that of an affiliate. Examples could include investments in publicly-traded securities of insurance or financial services companies that are competitors of PFI; or certain investments of one or more of our portfolios in entities that are engaged in commercial mortgage lending and related activities, a business in which PGIM Real Estate Finance, an affiliate of PGIM Real Estate, is actively engaged. While these types of conflicts cannot be eliminated, we have implemented policies and procedures designed to ensure that, notwithstanding these conflicts, investments of clients are originated and managed in their best interests.

In addition, our portfolio managers may have a financial interest in the accounts they advise, either directly through a carried interest program. To address potential conflicts of interest, there are procedures, including supervisory review procedures, designed to ensure that all accounts are managed in a manner that is consistent with the clients'

investment objectives, investment strategies and restrictions, as well as with our fiduciary obligations.

*Conflicts Related to Our Financial Interests and the Financial Interests of Our Affiliates*

We, Prudential Financial, PICA and other affiliates of ours at times have financial interests in, or relationships with, companies whose securities we hold, purchase or sell in our client accounts. Certain of these interests and relationships are material to us or to the Prudential enterprise. At any time, these interests and relationships could be inconsistent or in potential or actual conflict with positions held or actions taken by us on behalf of our client accounts. For example:

We invest in the securities of one or more clients for the accounts of other clients.

- Our affiliates sell various products and/or services to certain companies whose securities we purchase and sell for our clients.
- We invest in the debt securities of companies whose equity is held by affiliates.
- Our affiliates hold public and private debt and equity securities of a large number of issuers. We invest in some of the same issuers for our client accounts but at different levels in the capital structure. For example:
- Affiliated accounts can hold the senior debt of an issuer whose subordinated debt is held by our clients or hold secured debt of an issuer whose public unsecured debt is held in client accounts. In the event of restructuring or insolvency, the affiliated accounts as holders of senior debt may exercise remedies and take other actions that are not in the interest of, or are adverse to, other clients that are the holders of junior debt.
- To the extent permitted by applicable law, we can also invest client assets in offerings of securities the proceeds of which are used to repay debt obligations held in affiliated accounts or other client accounts. Our interest in having the debt repaid creates a conflict of interest. We have adopted a refinancing policy to address this conflict.
- Certain of our affiliates (as well as directors or officers of our affiliates) are officers or directors of issuers in which we currently invest, or could invest in the future and/or engage as a service provider from time to time. Our affiliates may also invest in, or engage these issuers as service providers.

- In addition, some of our affiliates originate and/or service commercial mortgage loans that are sold to certain issuers of agency and private-label commercial mortgage-backed securities (CMBS) and serve as security for CMBS issued by them. The proceeds of CMBS offerings by such issuers may be used to pay the purchase price for commercial mortgage loans sold to such issuers by our affiliates. Purchases of CMBS for our advisory clients may be viewed as supporting the business of the sponsors of the CMBS who acquire mortgages from our affiliates. In addition, the commercial mortgage loans sold by our affiliates are typically sold on a servicing retained basis, which means one of our affiliates (an “affiliated servicer”) may provide certain services with respect to the mortgage loans for compensation. As a result, these commercial mortgage loans will typically be serviced by our affiliated servicer for the life of the CMBS deal or until the deal or the specific commercial mortgage matures or is terminated. In the event that a dispute arises with respect to an affiliate’s origination or servicing of a commercial mortgage loan in a CMBS trust, the affiliate’s positions and efforts may be contrary to the interests of holders of the CMBS. Unless prohibited by applicable law, we may invest assets of clients in CMBS secured by commercial mortgage loans originated and/or serviced by our affiliates. In order to mitigate the conflicts of interest related to purchases of these CMBS, we will not invest in CMBS offerings for unaffiliated clients in the primary or secondary market where commercial mortgage loans contributed by our affiliates exceed 25% of the commercial mortgage loans backing such CMBS at the time of purchase. The activities of this affiliate restrict the universe of CMBS that we are able to purchase for client accounts.

In general, conflicts related to the financial interests described above are addressed by the fact that we make investment decisions for each client independently considering the best economic interests of such client.

#### *Conflicts Related to Outside Business Activity*

From time to time, certain of our employees or officers may engage in outside business activity, including outside directorships. Employees are prohibited from undertaking outside business activities that could lead to conflicts of interest with PGIM Real Estate or other affiliates’ business.

#### *Conflicts arising from Side Agreements*

We sometimes enter into side agreements with investors in the Funds we manage. The side agreements may require supplementary reporting requirements, and often also include provisions relating to advisory committee membership, co-investment opportunities and special investment restrictions. We do not enter into side agreements

with investors that, in our judgment, would materially adversely affect the interests of other investors in the same separate account or private Fund, unless otherwise provided in the fund documents.

#### *Conflicts arising from the Use of PGIM Warehouse*

PGIM Warehouse, Inc. (the “PGIM Warehouse”) is a separately capitalised affiliate of PGIM Real Estate Luxembourg S.A. that acquires private debt, private equity, real estate investments, asset-backed securities and public bonds to be “warehoused” temporarily until subsequently placed in certain portfolios managed by us or syndicated to unaffiliated investors. When investors subscribe to portfolios, these “warehoused” assets are generally transferred to the portfolios at a price equal to PGIM Warehouse’s cost plus a “cost of carry”. While historically these transfers have been beneficial to the investors, it is possible that the value of a “warehoused asset” that was designated for a particular portfolio could decline in value prior to the time it is transferred to the portfolio.

While the primary goal of the PGIM Warehouse has historically been to provide short-term seed capital to portfolios that we and our affiliates manage, the PGIM Warehouse also provides operating capital to certain portfolios once they have closed and are in their investment period. This operating capital is generally provided through market-rate credit facilities that are secured by undrawn capital commitments from investors (“subscription lines”) and bridge loans that are secured by assets of the portfolios. For both subscription lines and bridge loans, a formal policy and procedure is followed which, among other things, requires (i) justification of the loan’s economic terms through comparison to the marketplace, (ii) approval from internal credit and investment committees, (iii) full disclosure to investors, and (iv) if required by the fund documents, investor or investor advisory council approval. In the case of a default on a bridge loan, the PGIM Warehouse will appoint an unaffiliated, third-party servicer to conduct workout or other remedial activities, as applicable.

#### *Conflicts related to Co-Investment by Affiliates*

Our affiliates may provide initial funding or otherwise invest in Funds we manage. When an affiliate provides capital for a fund, it may do so with the intention of redeeming all or part of its interest at a future point in time or when it deems that sufficient additional capital has been invested in the relevant portfolio.

- The timing of redemption by an affiliate could benefit the affiliate. For example, the portfolio may be more liquid at the time of the affiliate’s redemption than it is at times when other investors may wish to withdraw all or part of their interests.

- In addition, a consequence of any withdrawal of a significant amount, including by an affiliate, is that remaining investors remaining will bear a proportionately higher share of expenses following the redemption.

A conflict arises if the interests of the affiliated investor in a portfolio we manage diverge from those of the portfolio or other investors.

#### *Conflicts Arising from Valuation of Assets*

Our Funds may at times hold illiquid or difficult to value investments. We may face a conflict of interest when making a recommendation to clients regarding the value of such investments because its investment management fees are at times based on the value of assets under management. We believe that our valuations policies and procedures enable us to value client assets fairly and in a manner that is consistent with the best interests of clients.

### **Item 12 – Brokerage Practices**

PGIM Real Estate Luxembourg S.A. does not provide investment management services with respect to publicly traded securities and as such this section is inapplicable to its services. PGIM Real Estate Luxembourg S.A. does maintain affiliates that engage in such services, the brokerage practices of which are fully articulated in their corresponding ADV Part 2As. If, in the event that PGIM Real Estate Luxembourg S.A. were to execute a brokerage transaction for the Funds, in the selection of brokers to execute such transactions, we will consider factors including, but not limited to, the broker's reliability and execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to requests for trade data and other financial information.

### **Item 13 – Review of Accounts**

The following describes the various instances by which PGIM Real Estate reviews accounts with investors. The personnel referred to below are PGIM Real Estate personnel, but in some cases may also be officers of certain other PFI companies. Certain accounts have diversified portfolios or multiple account segments, each of which may be reviewed by one or more different investment officer or PGIM Real Estate personnel. Overall responsibility for the review of accounts is designated as follows:

- Eric Adler, Chief Executive Officer, PGIM Real Estate. Mr. Adler has responsibility as senior reviewer for PGIM Real Estate accounts.

- Philip Barrett, PGIM Real Estate's Global Chief Risk and Investment Officer, also has responsibility as reviewer for PGIM Real Estate accounts.

### *Periodic Reviews*

PGIM Real Estate has supervisory procedures governing its investment advisory activities which require our investment officers to review, on a periodic basis, the accounts of our advisory clients. Senior investment professionals are made available on an as needed basis for client meetings. The frequency of meetings is at the client's discretion, although we encourage clients to schedule face-to-face meetings at least once each year. Meetings are tailored to the client's needs and typically include a review of the economic outlook, a review of portfolio performance and an overview of future investment objectives. Generally, client meetings are attended by a member of the fund's management team and a designated marketing & client service representative.

### *Investment Committees*

PGIM Real Estates' Parent Business has a global management committee, four separate regional investment committees covering investments and potential investments in the U.S., Europe, Asia, and Latin America; and, additional investment committees covering the Global Real Estate Finance Group.

For most real estate operations, our acquisition and disposition of assets held in discretionary PGIM Real Estate -managed accounts are reviewed and approved by the appropriate PGIM Real Estate investment committee, or a subcommittee thereof, or by the portfolio manager of the affected account under delegated authority from an investment committee or the internal governance provisions of such affected account. Transactions are also reviewed by the appropriate PGIM Real Estate investment committee for those funds that are non-discretionary, but require PGIM Real Estate investment committee approval prior to seeking the investor's consent. As part of the approval process, the suitability of the acquisition or appropriateness of the sale for the particular account is confirmed, with focus on the investment guidelines, restrictions and other fund requirements of the particular account. Investment guidelines are reviewed and approved for each account at the time of formation by the applicable risk and product approval committees.

None of the PGIM Real Estate investment committees are responsible for the day-to-day decisions with respect to specific investments made by or on behalf of the funds.

### *Other Account Reviews*

Investors may receive quarterly and annual reports covering the assets and liabilities and net profit or net loss of the fund or other investment vehicle, as well as a review of the significant investments and/or dispositions made on behalf of the account. Some funds also have advisory councils, comprised of investors, which meet annually or semi-annually to discuss fund issues with the portfolio management team.

With respect to U.S. mutual funds, we are subject to oversight by the manager of each such fund, as well as by such mutual fund's Board of Directors. Officers of mutual funds that we advise have regular contact with our investment officers with respect to PGIM Real Estate's day-to-day activities.

With respect to accounts of PICA and other affiliates, periodic reports are made to senior management of PFI. Quarterly and annual performance reports, which may include summaries of purchase and sale activity, are made to our other advisory clients.

### **Item 14 – Client Referrals and Other Compensation**

PGIM Real Estate Luxembourg S.A. may utilise affiliated or unaffiliated entities to facilitate the distribution of certain investment vehicles in jurisdictions where it is necessary. While we do not typically engage in solicitation arrangements with unaffiliated parties, we may from time to time compensate a third party for investor referrals. In both instances, the manner and amount of compensation would typically be negotiated on a case by case basis.

### **Item 15 – Custody**

If we are deemed under SEC or CSSF rules to have custody of client assets and clients receive account statements from qualified custodians, we are required to make certain disclosures. We have nothing to disclose in response to this requirement. As required by custody guidelines, private funds managed by PGIM Real Estate are subject to an annual independent audit and the audited financial statements are usually distributed to investors within 120 days of the end of the funds' fiscal year.

With respect to securities portfolios managed by GRES, we do not take physical custody of the assets of our clients. Client assets are generally held in custodial accounts with banks, broker-dealers or other qualified custodians retained by our clients under arrangements negotiated by them.



## **Item 16 – Investment Discretion**

We usually receive discretionary authority from our Funds and clients at the outset of an advisory relationship as per documented client agreements, which permits us to select the identity and amount of the investments to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Fund or account.

When selecting investments and determining appropriate investment amounts, we observe the investment policies, guidelines, limitations and restrictions established by the funds, accounts and clients we advise.

A client's investment guidelines and restrictions must be provided to us in writing.

## **Item 17 – Voting Client Securities**

### *In General*

We accept the authority to vote securities held in clients' accounts when our clients delegate this authority. The investment management agreements with clients will generally specify whether or not we have the authority to vote proxies on clients' behalf.

### *Proxy Voting Policy and Procedures*

Our policy is to vote proxies in the best economic interests of clients, both in the long term and in the short term. In the case of pooled accounts, our policy is to vote proxies in the best long-term economic interest of the pooled account.

Our proxy voting policy contains general guidelines for voting on a wide variety of issues that shareholders are commonly asked to address. These guidelines reflect the judgment of how we can best further the economic interests of clients through the shareholder voting process.

From time to time, ballot issues arise that are not specifically addressed by our policy, or circumstances may suggest a vote not in accordance with established guidelines. In these cases, voting decisions are made on a case-by-case basis taking into consideration the potential economic impact of the proposal.

We do not receive all ballots in advance of voting deadlines, but when ballots are received in a timely fashion, we strive to meet our voting obligations within industry standards. We cannot, however, guarantee that every proxy will be voted prior to its deadline. There may also be other situations where it is not able to vote a proxy, or choose not to. For example,

with respect to international holdings, we take into account additional restrictions that might impair our ability to trade those securities or have other potentially adverse economic consequences. We generally vote on a best efforts basis if it is determined that voting is in the best economic interest of clients.

For private real estate portfolios, each proxy received is reviewed by the applicable portfolio manager and generally voted in accordance with the policy.

We provide disclosure of our proxy voting policy to clients who provide vote proxies authority, generally at the time of agreeing the relevant investment management agreement. Any client may obtain a copy of these items, as well as the proxy voting records for that client's securities, by contacting the client service representative responsible for the client's account.

#### *Note with Respect to the Voting of Certain Securities*

Some clients may participate in securities lending programs in their accounts. We do not control or participate in any way in these programs and does not know when or which securities in clients' accounts are in these programs. We cannot vote securities that are out of clients' portfolios on loan or are otherwise excluded from voting privileges.

#### *Client Direction of Voting*

Although most of the clients for whom proxies are voted authorize to vote in accordance with our proxy voting policy, a client may request us to vote its proxies in accordance with a different policy. We will try to accommodate such requests. In addition, a client may direct us to vote its securities in a particular way on a particular proposal and we will seek to do so, assuming timely receipt of the instruction. However, if the ballot pertains to the client's own meeting, the ballot will be voted in accordance with the relevant third party proxy vendor's policy. (See "Conflicts of Interest in the Voting Process" immediately below.)

#### *Conflicts of Interest in the Voting Process*

Occasionally, a conflict of interest may arise in connection with proxy voting. For example, the issuer of the securities being voted may also be a client. When an actual or potential conflict of interest is identified between us and our clients that we are unable to resolve, the matter is referred to the proxy voting committee for resolution, which may include abstaining from a particular vote or voting in accordance with the policy of proxy voting facilitator rather than our own policy.

#### *Accounts for Which We Do Not Vote Securities*

Some clients elect to retain voting authority for themselves. Those clients receive proxies and other solicitation materials from their custodians, and if we receive these materials for the account of such a client, we will endeavour to forward them to the client's custodian. If a client has a question about a particular solicitation, the client may contact its client service representative and we will try to address the client's question. We will not, however, disclose how we intend to vote on an issue for other clients' accounts.

#### *Class Actions and Corporate Actions*

In addition to voting rights with respect to securities held in clients' portfolios, there may be other rights associated with those securities, including the right or opportunity to participate in class actions and corporate actions.

We have agreed with some clients to file proofs of claim for class action lawsuits relating to securities held, or formerly held, in their portfolios while managed by us. Other clients may have their custodians handle proofs of claim or may handle such matters themselves.

Where we have agreed to handle proof of claim filings for a client, we will generally seek and use best efforts to file such notices in all class action lawsuits in which the client is eligible to participate. In so doing, we will not inquire into the particular circumstances of any client. As a result, we will not seek to determine on an individual basis whether facts and circumstances relevant to that client would suggest that non-participation in the class action is appropriate or more advantageous to that client. For example, a client on whose behalf a proof of claim is filed may, as a result of having joined the class, waive or relinquish other claims that it may have against the target of the class action. The client may also have an interest or position with respect to the nature of the class action claim that is adverse to that of the class of plaintiffs. We would generally not be aware of those circumstances. Had the client elected to handle class action lawsuits for itself, it might have determined not to file the proof of claim in such a class action. We do not provide any legal advice or services in connection with class actions.

With respect to corporate actions (such as an issuer's merger, tender offer, dividend distribution, etc.), we participate on behalf of clients who authorise us to do so, taking such action as we deem to be in the best interest of the clients' accounts.

#### **Item 18 – Financial Information**

We have no financial commitment that impairs our ability to meet our contractual and fiduciary commitments to our clients.