

Periodic Disclosure for the APG Tactical Real Estate Pool

July 2023



25. APG Tactical Real Estate Pool

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: APG Tactical Real Estate Pool

Legal entity identifier: 549300QBO64V7D63M460

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

| Environmental and/or social characteristics | |
|---|---|
| Did this financial product have a sustainable investment objective? | |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: ___% | <input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have a sustainable investment as its objective, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments |



To what extent were the environmental and/or social characteristics promoted by this financial product met?

This product promotes the following environmental and/or social characteristics¹:

- Investments in this product adhere to the **Corporate Exclusion Policy**.
- **GRESB**² The Global Real Estate Sustainability Benchmark (GRESB) score of investments in this product.
- **CRREM**³ - Performance of the investments in this product against CRREM pathways.
- **Green building certification** - The green building certifications of the investments in this product.
- **Sustainable Development Investments**⁴ - An ambition applies to this product to actively seek investments on a best efforts basis that contribute to the Sustainable Development Goals.
- **Controversy screening** - Investments in this product are structurally monitored on (severe) controversies.
- **Climate risk** - Investments in this product are structurally monitored on (severe) controversies.
- **Anti-bribery and anti-corruption policies, whistle-blower program** - Presence of anti-bribery and anti-corruption policies and whistle-blower program.

How did the sustainability indicators perform?

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| The absence of excluded products/companies in this financial product; | There were no excluded products in the pool, no incidents or breaches. |
| The share of leaders in the product, based on the Corporate Inclusion Policy methodology; | 91% by NAV. |
| The GRESB score of investments in this product is being compared to the GRESB benchmark at both investment as well as product level; | Average GRESB score for the investments in this product is 81 which compares to an average score of 74 for all GRESB participants. |
| Asset / vehicle level performance against CRREM pathways (www.crrem.eu and www.crrem.org) is being monitored and measured at both investment as well as product level; | At the product level, non-compliant exposure, i.e. exposure to investments that exceed their CRREM pathway amounts to 18.6%. |
| The share of green building certification of assets in operation is being monitored and measured; | ~14% of the area of the investments have been certified. |

1) For more information about the Corporate Exclusion Policy, Inclusion Policy and the Sustainable Development Investments approach, please see: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>.

2) <https://www.gresb.com/nl-en/>

3) <https://www.crrem.eu/> and <https://www.crrem.org/>

4) Please note that Sustainable Development Investments do not constitute investments as defined by SFDR.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

| | |
|---|--|
| The sustainability indicator to measure SDIs is the % of investments classified as SDIs versus the overall NAV of this product; | ~43% of NAV is considered a SDI |
| Structured monitoring and quarterly reporting on (severe) controversies for investments within this product; | We make use of RepRisk, where we have set up a watchlist for this product. Controversies, ESG incidents, and other news items with high headline risk are flagged and subsequently followed up on. Controversies that have been identified during the reporting periods follow our standard engagement framework. |
| Structured monitoring and measurement of exposure to individual physical climate risk hazards for investments within this product; | A Real Estate specific framework is in place to measure and monitor physical climate risk via an internal dashboard. The framework takes into account various physical risk factors and aggregates into a final score for each investment, providing visibility on such risks at various levels (regional, country, sector etc). |
| Structured monitoring and measurement of investments with anti-bribery and anti-corruption policies, as well as a whistleblower program in place. | Investments in this product are required to have such programs in place to be eligible for inclusion in the portfolio. The RepRisk controversy screen also captures controversies related to bribing and corruption. |



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did this financial product consider principal adverse impacts on sustainability factors?

Please see the table titled: “How did the sustainability indicators perform?”

| Sustainability Indicators ⁵ | | | | |
|--|---------------|-----------------------|--|--|
| Environmental | | | | |
| Indicator | Metric | | Explanation | Observations/ data over the reporting period |
| PAI # 1 | GHG emissions | Scope 1 GHG emissions | Scope 1, 2 and 3 GHG emissions of the investments in this product are measured and monitored. Scope 3 emissions include primarily emissions related to energy used by tenants. | Total GHG Emissions (T): 75,518,421 (T) This value represents the total amount of emissions from the investments in this product, not adjusted for the ownership share. |
| | | Scope 2 GHG emissions | | |
| | | Scope 3 GHG emissions | | |
| | | Total GHG emissions | | |

5) Reported data for PAI #1, #2, #3, #7 and #18 has been assessed for GRESB participants only. These entities comprise 61% of exposure within this financial product as per year end 2022. Reported data for PAI #5 and #6 covers 65% of exposure within this financial product as per year end 2022 and is exclusively based on GRESB participants as well.

| Sustainability Indicators | | | | |
|---------------------------|--|--|--|--|
| Indicator | Metric | | Explanation | Observations/ data over the reporting period |
| PAI # 2 | Carbon footprint | Carbon footprint | Carbon footprint of the investments in this product are measured, monitored, and quantified to determine how much is attributable to this product, where measured data is available. If measured data is not available, APC will engage. | 48,737 (T) This value represents the total amount of emissions from the investments in this product, adjusted for the ownership share. |
| PAI # 3 | GHG intensity of investee companies | GHG intensity of investee companies | GHG intensity of the investments in this product is measured against applicable CRREM pathways. Consequently, the GHG intensity is measured in terms of kgCO ₂ /m ² , which is industry practice and not measured in terms of GHG by enterprise value. | Total GHG Emissions (T): 75,518,421 (T) => 75,518,421,000 Kg TRE m2 = 669,250,466 GHG intensity: ~112.8 (Kg) / m2 |
| PAI # 4 | Exposure to companies active in the fossil fuel sector | Share of investments in companies active in the fossil fuel sector | This product is not allowed to invest in companies active in the fossil fuel sector. | None |
| PAI # 5 | Share of non-renewable energy consumption and production | Share of non-renewable energy consumption and production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources | Share of non-renewable energy consumption is generally available to the extent that entities report to GRESB. | TRE Pool energy consumption: 72,980,842 MWh Renewable energy generated and consumed: 12,116,125 MWh (~17% of total) Share of non-renewable energy consumed: ~83% of total energy consumption |

| | | | | |
|---------|--|--|--|--|
| PAI # 6 | Energy consumption intensity per high impact climate sector | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector | Energy consumption intensity for real estate assets is measured on a m ² basis and compared to the CRREM pathways. | TRE assets energy consumption TRE m ² = 669,250,466 72,980,842 MWh = 0.072 GWh Use MWh / m ² Energy consumption intensity: ~0.109 MWh / m² |
| PAI # 7 | Activities negatively affecting biodiversity-sensitive areas | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas | Not measured and monitored. However, through promoting green building certification ⁶ APG aims to limit potential negative impacts. | Share of green building certifications TRE total area= 669,250,466 m ² Total area certified = 93,865,491 m ² ~14% |

| Sustainability indicators | | | | |
|---------------------------|---|---|--|---|
| Social | | | | |
| Indicator | Metric | | Explanation | Observations/ data over the reporting period |
| PAI # 10 | Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. | Monitored but not measured, as the definition is currently unclear. Breaches will be followed up by engagement and reporting. Engagements will be shared with clients on a quarterly basis or on demand. To mitigate any breaches, anti-bribery and anti-corruption policies are required, as well as a whistleblower program. | None |

6) For all new investments we recognize the following green rating schemes: Europe (BREEAM), US (BREEAM USA, LEED), Australia (GreenStar), Japan (CASBEE, DBJ, BREEAM), Other Countries (BREEAM, LEED, GRESB Tier 1 schemes (excluding WELL)). In our reporting we recognize GRESB Tier 1 schemes excluding WELL.

| | | | | |
|----------|---|---|--|---|
| PAI # 11 | Lack of processes and compliance mechanisms to monitor with UN Global Compact principles and OECD Guidelines for Multinational Enterprises. | Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. | Based on the Corporate Inclusion Policy, investments in this product are assessed on the presence of processes and compliance mechanisms to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises. This includes the requirement to have anti-bribery and anti-corruption policies in place, as well as a whistleblower program. | None |
| PAI # 13 | Board gender diversity. | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members. | For listed investments, this is being monitored and measured whilst also informing our voting decisions. | 1a) . Male vs female 1b). >30% diversity KPI 2). Voting decisions Board member Female/Male Ratio: 31% (for the ones we have data) |
| PAI # 14 | Exposure to controversial weapons | Share of investments in investee companies involved in the manufacture or selling of controversial weapons. | Based on the Exclusion Policy, no investments in controversial weapons are allowed to be made. | None |

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|----------|--|--|--|--|
| PAI # 18 | Exposure to energy-inefficient real estate assets. | Share of investments in energy-inefficient real estate assets. | Exposure to inefficient real estate assets is being monitored through CRREM compliance, but not in accordance with the prescribed formula. The CRREM pathways are science-based and it is assumed that these pathways are more stringent than the formula provided by the SFDR. Furthermore, the formula as prescribed by the SFDR can only be applied to investments in Europe, whilst the product includes investments globally. Finally, the definitions of e.g. NZEB rules are not available in all MS to date. Consequently, APG is at the position that the CRREM methodology is a more conservative approach. | CRREM Non-compliant exposure: 18.6% |
|----------|--|--|--|--|



The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2022 (average four quarters)

What were the top investments of this financial product?

| Title | Sector | % of Exposure | Country | Exposure (mln, EUR) |
|-------------------------------------|-------------|---------------|----------------|---------------------|
| Prologis Inc | Logistics | 4.8% | United States | 14 |
| Vonovia SE | Residential | 3.7% | Germany | 11 |
| Segro PLC | Logistics | 3.0% | United Kingdom | 9 |
| Equinix Inc | Other | 2.9% | United States | 9 |
| Sun Hung Kai Properties Ltd | Residential | 2.1% | Hong Kong | 6 |
| Ventas Inc | Other | 1.8% | United States | 5 |
| VICI Properties Inc | Other | 1.7% | United States | 5 |
| Alexandria Real Estate Equities Inc | Other | 1.7% | United States | 5 |
| Realty Income Corp | Other | 1.6% | United States | 5 |
| Equity Residential | Residential | 1.5% | United States | 5 |
| Link REIT | Retail | 1.5% | Hong Kong | 4 |
| Swiss Prime Site AG | Retail | 1.4% | Switzerland | 4 |
| Simon Property Group Inc | Retail | 1.4% | United States | 4 |
| China Resources Land Ltd | Residential | 1.4% | China | 4 |
| Digital Realty Trust Inc | Other | 1.3% | United States | 4 |
| Total | | 31.7% | | 95 |



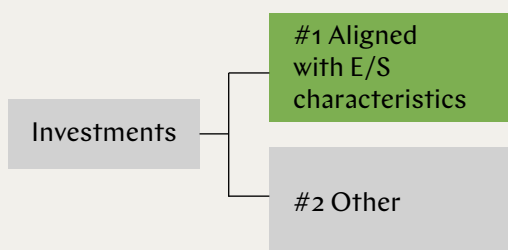
Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

The vast majority of investments in this financial product meet the environmental or social characteristics promoted. Certain investments of the financial product could constitute investments which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **What was the asset allocation?**

The asset allocation of this product is split between investments “aligned with E&S characteristics” (68.4%) and “other” (31.6%). All investments aligned with E&S characteristics are held directly.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **In which economic sectors were the investments made?**

Real Estate – The purpose of the pool is to provide access to a diversified portfolio of equity investments in listed real estate companies and/or issuers active in the real estate sector.

Real Estate Sectors allowed

Residential, logistics, offices, retail, hotels and other real estate (e.g. health care, industrial, car parks, data centers).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Investments that are subject to engagement as they do not meet the environmental and/or social characteristics promoted by this financial product, and derivatives. In this pool, 31.6% of invested capital falls under “#2 Other.”



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

We have sent a season letter to the entities in which we invest, describing our expectations. Following this letter we held follow-up dialogues and engagements focusing on our minimum expectations. In addition, APG has become a member of the Global Real Estate Engagement Network (G.R.E.E.N) which promotes similar E&S characteristics. We held three internal regional meetings to inform all portfolio managers on the minimum requirements and list of engagement priorities. The meetings and engagement progress with the companies are recorded in our internal KMS system.