

Guidelines for real estate development

Development represents an important component of real estate investing, and presents our clients and investors with unique financial opportunities. Development also has significant economic, cultural, social, and environmental implications for communities, and can act as a catalyst for growth and renewal. Principal Real Estate Investors recognizes that the manner in which development occurs has both immediate and long term impacts, resulting in an operating real estate asset, which in turn becomes an integral part of its community:



Principal Real Estate Investors' relationships with joint venture partners, developers, investors, service providers, and community stakeholders are critical to the execution of any new development. Given our role as an investment manager, and our commitment to Responsible Property Investing, we believe that proper consideration of the impact of each new development enhances the outcome.

When evaluating development projects, Principal Real Estate Investors uses the following guidelines to provide additional insight into risks and opportunities, resulting in an investment that is aligned with our environmental, social, and governance objectives.

We encourage our partners, developers, and service providers to utilize these guidelines throughout the following phases of development:

Planning and design

Through project planning and design, we encourage the following:

- Articulate the sustainability strategy and how it advances the investment strategy.
- Consider local community preferences and market dynamics in aesthetics, form, and function.
- Incorporate site selection and planning strategies that positively impact biodiversity, habitat, climate change, GHG emissions, resilience, land conservation, and transit-oriented development considerations.
- Pursue designs that achieve market appropriate performance certifications such as Leadership in Energy and Environmental Design (LEED) Silver rating or higher, secure ENERGY STAR® Designed to Earn recognition as applicable, or other green building programs.
- Evaluate and consider the adoption of new technologies and intelligent or "smart" building systems that lead to improved efficiencies, operations, and enhanced occupant comfort, services, and amenities.
- Incorporate integrative design processes and strategies with specific performance targets that exceed minimum codes standards, when appropriate, and that result in energy, water, and waste consumption reductions.
- Specify and incorporate building materials, systems, and practices that minimize impacts to occupant health and improves the environment.

Construction

During construction, we encourage project teams to apply the following practices:

- Ensure project team members are educated and held accountable for environmental goals and processes, product standards, sustainability targets, and community engagement requirements.
- Develop and implement a safe and healthy construction site and comply with all applicable regulations.
- Manage construction waste through recycling and reuse of materials, as appropriate, and fully utilize all available local resources and programs.
- Protect air quality, water quality, and local ecosystems by managing potential construction pollutants.
- Restore habitats, soils, and site conditions disturbed during construction.
- Monitor and report environmental and social impacts to ensure compliance with project targets/goals, procedures, and practices.

Operations

Through building leasing and operations, incorporate procedures and practices that enable staff to:

- Align tenant/resident and landlord interests via the inclusion of green leasing language.
- Test and commission energy, water, lighting, HVAC, and other building systems to ensure proper installation and performance levels.
- Track and monitor energy, water, and waste consumption through ENERGY STAR Portfolio Manager, sub-meters, and other available tools.
- Minimize environmental impacts and enhance financial performance through the Pillars of Responsible Property Investing (PRPI) Handbook tasks, recommendations, and guidelines.

Occupancy

During all stages of the development process, ensure that the property enhances the experience for all stakeholders, including tenants, residents, shoppers, neighbors, and guests:

- Identify and engage with local stakeholders, community leaders, and invested groups to establish protocols and ensure accountability.
- Facilitate access to daylight and natural ventilation. Monitor and manage indoor air quality.
- Provide for and promote transportation alternatives such as bicycle facilities, mass transit, and pedestrian amenities.
- Where practical, allow for individual occupant controls, task lighting, and other amenities that promote the comfort, security, and privacy of occupants.
- Forecast and evaluate the social and economic impacts, including housing affordability, walkability score, jobs, and other forms of income generation and benefits to the community.

These guidelines were developed to engage our partners, developers, investors, service providers, and community stakeholders on our commitment to Responsible Property Investing. Through the application of these guidelines, Principal Real Estate Investors believes that development can better enhance the environment, improve the occupant experience, contribute to the betterment of the community, all of which help lead towards positive outcomes desired by our clients and investors.