PIMCO

PIMCO PRIME REAL ESTATE

Sustainability Playbook

Abridged version

SEPTEMBER 2025

A company of Allianz


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Leadership perspective

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A message from the CEO and the CSO

SEPTEMBER 2025

In today's rapidly evolving climate and regulatory landscape, real estate companies are responding to client mandates by embedding sustainability frameworks that go from foundational upgrades to forward-looking investments in resilience and climate risk management. At PIMCO Prime Real Estate, we support more than 50 clients with tailored approaches that reflect their specific sustainability goals, considering not only carbon reduction strategies, but also health and well-being.

Our sustainability framework is focused on active local management, enabling our teams to source deals and execute business plans with precision. Our superior track record of implementing portfolio decarbonization strategies globally and across sectors continues to bring value to our clients. We use CRREM (Carbon Risk Real Estate Monitor) as a global benchmark to guide our decarbonization efforts, and our operational expertise has already enabled a 25% CO_2 reduction in our clients' real estate portfolios ahead of schedule. We remain on track to meet even more ambitious targets by investing in energy efficiency, renewable energy, and applying strategic measures that support the transition of one of the world's largest real estate portfolios toward net zero.

This playbook showcases the areas of expertise that we have developed and explains how we apply them into sustainability-driven actions. It outlines our strategies for evaluating and identifying environmental risks across client portfolios, alongside technologies that we have implemented to futureproof assets and support long-term sustainability. While we make improvements to individual buildings, and in accordance with local regulation, we roll out change on a global scale and develop our approach and enhance our capabilities as our industry evolves.

Our journey

Since 2018, PIMCO Prime has been adapting clients' real estate portfolios to respond to dynamic market changes. We have invested in building a strong sustainability foundation, prioritizing our people, processes, and systems to enable us to embed sustainability across the asset lifecycle through established global processes. We designed our framework to consider both equity and debt as well as all sectors and regions and developed robust data programs that support every aspect of decision-making. We will continually assess and evolve our approach to provide market-leading value to our clients.

STRONG FOUNDATION

We have built a strong foundation with strategic alignment across the business through:

- Adopting market trends early, developing strong industry alignment and understanding of local regulation
- Integrated sustainability expertise throughout our global organization
- Implemented change throughout regions and sectors, across both equity and debt
- Established processes across the asset lifecycle to embed sustainability
- Developed robust programs to systematically utilize data that monitors progress and influences decision-making

TAKING ACTION

We take action and adapt to the transforming market, establishing a breadth of initiatives such as:

- Embedded Paris-alignment across our investment and asset management processes
- Evolved our capabilities to offer our clients non-financial data reporting at a Reasonable Assurance quality
- Introduced specialized physical climate resilience assessment tool
- Achieved energy intensity reductions for a range of asset types in different countries via a balanced mix of measures
- Deployed our smart building program to monitor energy, carbon, and health and well-being performance
- Secured top building certifications by creating sustainable and desirable spaces
- Supported our tenants and partners to reduce emissions and drive real change

ON THE HORIZON

We keep one eye on the horizon, continuously improving our approach to provide market-leading value to our clients:

- Continue to expand our approach and to scale our existing initiatives
- Expand our approach to integrate rapidly emerging areas such as embodied carbon and biodiversity

Framing our approach

Drivers

The continuously evolving market landscape is being defined by regulation, occupiers, and investors. These drivers have profound implications for the real estate industry, presenting both risks and opportunities for investors.

REGULATION
Increasingly stringent (non-) financial disclosure and building performance standards are having material impacts.

OCCUPIERS
Demand for sustainable buildings is growing rapidly, creating a shortfall in the market.

INVESTORS
Net zero compliance remains top of the agenda for many investors and creates opportunities for those skilled to transition assets.

Our expertise

In this dynamic operating environment, real estate players are evolving their approach by adjusting investment practices and policies. PIMCO Prime began developing the expertise to adapt our clients' real estate portfolios in 2018 and continually evolves with the ambition to remain a market leader in this area.

To deliver resilient returns, on a product-by-product basis, we prioritize key areas for action which are supported by robust data collection. We focus on carbon and energy performance as well as climate risk adaptation as we see them as the most critical issues from a regulatory and market perspective.

PORTFOLIO MANAGEMENT

- Global approach, local implementation
- Materiality-driven framework
- Consistency at scale
- Monitoring & reporting

INTRINSIC ASSET RESILIENCE

- Energy performance
- Operational and embodied carbon
- Renewable energy
- Climate risk adaptation

SUSTAINABLE MANDATES

- Sustainable investments
- Capacity to align to sustainable regulations, such as Sustainable Finance Disclosure Regulation (SFDR), alongside initiatives as EU Taxonomy

Our delivery model

Our integrated, disciplined, and data-driven approach, guided by a proactive and continually evolving philosophy, enables us to deliver at scale. We do this through three important actions: evaluating our assets and partners; enhancing the performance of our portfolio; and engaging with our partners and industry bodies to drive progress in sustainable practices.

EVALUATE
Measuring the sustainability impact of investments, we develop and maintain a comprehensive understanding of intrinsic asset resilience throughout the investment lifecycle.

ENHANCE
Delivering material performance enhancements on a global scale, we use data to shape our decisions.

ENGAGE
Driving positive change throughout portfolios, we proactively engage with our tenants, partners, and industry bodies to educate and influence adoption.

Fully integrated approach

500+
investments across different global markets and sectors[1]

Embedded sustainability
Expertise throughout our global teams, across the investment value chain

Evaluate, Enhance, Engage
Our three-step approach allows us to focus on what counts for each investment

100%
of direct equity investments covered by our carbon footprint and energy monitoring program

Delivering at scale

Outperforming targets
Across a global portfolio of €27.3B AUM in 2025, we are on track to meet Carbon Risk Real Estate (CRREM) V2 GHG pathway

Global approach to implementation
Global strategy delivered by local asset management, technical and sustainability experts

43%
of global Net Asset Value (NAV) has achieved a leading “green building” certification, e.g. BREEAM or LEED[2]

Activating the market

Partnerships for success
We share best practice with our partners to support positive change

Engaging tenants
Collaborating with tenants through green leases and tenant sustainability roundtables

Data-driven approach

We take a data-driven approach. Through the use of sustainability data platforms and our proprietary operational data store (comprising relevant performance data, sustainability credentials and project management resources), we leverage data across the property lifecycle to drive sustainability improvements across our clients’ portfolios.

1 As of Q2 2025.

2 Only considering top levels of building certification standards (BREEAM , HQE – “Very Good” or better; LEED, DGNB – “Silver” or better; or other alternative comparable certification).

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