MAYFAIR CAPITAL
Member of Swiss Life Asset Managers

REPORT FOR THE YEAR ENDED
31 DECEMBER 2022

UK STEWARDSHIP REPORT

FOREWORD

Since its formation over 20 years ago, Mayfair Capital has recognised the importance of stewardship. Our approach is founded on responsible investment, which drives our purpose and culture.

We undertake to allocate, manage and oversee capital responsibly to create long term value for our clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

We were proud to be announced amongst the first signatories - and one of the first real estate investment managers - accepted to the UK Stewardship Code in 2021. Mayfair Capital has sought to present its report for 2022 in a fair and balanced manner, by commenting on activities that will be improved or implemented in 2023.

The report has been drafted using plain English and avoiding jargon to help ensure that it is understandable to a wide range of readers, not only those who are experienced property investors.

This report relates to Mayfair Capital stewardship activities during the reporting period Calendar Year 2022 (1 January to 31 December 2022).

This stewardship report has been subject to independent review by a professional services firm. As part of our ongoing implementation of the Principles of the Stewardship Code, we also consult with specialist parties on a regular basis to obtain external and internal assurance. Please refer to Principle 5 for further information.

This report has been reviewed and approved by the Mayfair Capital Investment Management Limited Board of Directors.

Giles King
Chief Executive Officer

Tim Munn
Chief Investment Officer

Graham Langlay-Smith
Chief Operating Officer

James Thornton
Chairman of the Board & Non-Executive Director

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CEO'S UPDATE

"I am pleased to present the third edition of Mayfair Capital's annual Stewardship Report for clients and beneficiaries. Following on from our inclusion in 2021 as one of the first real estate investment manager signatories to the UK Stewardship Code, this report details our stewardship activities for the period 1 January to 31 December 2022."

Giles King
Chief Executive Officer
Mayfair Capital
Investment Management

Market Volatility & Resilience

2022 was a volatile year for UK real estate markets, resulting from the conflict in Ukraine, rising inflation/interest rates, the UK cost-of-living crisis, and financial uncertainty relating to the UK government's September 2022 "mini-budget". During Q4 in particular, we witnessed extreme levels of uncertainty in commercial property markets following the fastest repricing of market yields in recorded history, and the subsequent rapid fall in prices.

We have provided extensive commentary within Principle 4 of this report to outline our response to navigating this period of significant market-wide and systemic risk – including our resulting mitigation measures and eventual outcomes for clients. We strongly believe that our response to mitigating client risk during this volatile period positively reflects the effectiveness of our risk management processes.

2022 was still a positive year for our business despite a sustained a period of market turbulence. We continued to capitalise on our clear-sighted and responsible investment decision-making processes, and maintained the thematic positioning of our portfolios to the benefit of our clients. In terms of investment performance, the weighted composite of our three core balanced portfolios – representing approximately two thirds of AUM – outperformed the AREF/MSCI UK PFI Balanced Funds Index across 3-, 5- and 10-year annualised periods (to 31st December 2022). As an income focused investor, the weighted property level income return of these portfolios has been +78 bps p.a. higher than the Index over the last 10 years.

Evolving Stewardship & ESG Integration

We furthered our commitment to stewardship in 2022 by developing the Mayfair Capital UK Social Value Strategy, working with expert social value advisors to formulate a best practice and leading strategy that we plan to formally launch in 2023.

In May, we became a signatory of the Net Zero Asset Managers Initiative (NZAMi), reinforcing our commitment to supporting the goals of net zero greenhouse gas emissions by 2050 or sooner, and to support investment aligned with net zero emissions by 2050 or sooner.

We undertook asset-level net zero audits on a number of our real estate assets throughout the year, using our proprietary decarbonisation analysis tool to inform the prioritisation of assets for audit. This culminated in our largest fund, PITCH, announcing its own net zero carbon commitment – to be net zero carbon by 2050 or sooner, in line with 1.5 degrees.

We also made enhancements to our approach for monitoring and mitigating flood and climate risk, and our progress on sustainability was once again endorsed by our Global Real Estate Sustainability Benchmark (GRESB) scores, with our largest two mandates scoring 78 and 75 out of 100. Both mandates were awarded three Green Stars.

For the second year running, we participated in the 10,000 Black Interns programme to promote diversity and inclusion within our industry providing an internship to a student from Liverpool University who participated in a rotating programme of experience across our business.

Finally, we progressed a significant number of initiatives relating to Principle 2 (Governance, resources and incentives to support stewardship) and Principle 7 (systematically integrating stewardship and investment) in 2022. As a result, we have once again provided a "deep dive" examination of stewardship outcomes in these two sections of this report.

Business Growth

We furthered our innovative investments in the self-storage and residential sectors during 2022. At the end of the year, we took the decision (with investor approval) to internalise the operations of our UK self-storage portfolio. We also further deepened our partnership with a specialist, UK single-family residential investment manager. We have provided extended case studies in Principle 8 outlining how our business model has evolved in response to these developments. While these developments do not alter our profile as a predominantly direct manager of real estate (with no delegation of investment management to third-party managers on our behalf), we have provided these case studies in response to the FRC's desire to see further evidence of how we set expectations, monitor, and hold-to-account our third-party partners.

Our largest transaction in 2022 was the off-market acquisition of a £74m residential build-to-rent apartment block in Salford Quays, Manchester. The asset represented a new sector of the market for us and was acquired on behalf of a pan-European residential fund managed by our parent company, Swiss Life Asset Managers.

The above activities demonstrate our continuing ability to source compelling deals in highly sought-after sectors, notwithstanding challenging market conditions.

Conclusion

As detailed throughout the report, we strongly believe that Mayfair Capital is well-positioned to continue our strong track record of stewardship for our clients and beneficiaries. As responsible investors, we pride ourselves on our continued commitment to stewardship and are hereby pleased to present our report for the 2022 period.

INTRODUCTION

MAYFAIR CAPITAL
Member of Swiss Life Asset Managers

Mayfair Capital is the UK arm of Swiss Life Asset Managers (SLAM), one of the largest real estate managers in Europe[1] with approximately £112.2 billion of real estate assets under management and administration[2]. As part of Swiss Life Asset Managers, our investment scope has range, resource and is socially responsible.

Founded in 2003, Mayfair Capital is led by an experienced team with significant continuity of service and deep understanding of UK markets. We have a proven track record investing across risk profiles, from core to opportunistic strategies in all property market sectors and geographies. As at 31st December 2022, 71% of our AUM comprised core UK strategies. We focus on the provision of investment management services and co-investment for a select group of institutional clients to grow our business sustainably.

Mayfair Capital is a specialist UK real estate fund manager authorised and regulated by the FCA as a full scope AIFM under AIFMD.

Mayfair Capital's Chief Executive Officer is Giles King. He is supported by Tim Munn (Chief Investment Officer) and Graham Langlay-Smith (Chief Operating Officer), as well as the CIO (Stefan Mächler) and CFO (Hermann Inglin) of SLAM on the UK Executive Board. The Board is chaired by James Thornton, a non-executive chairman and original founder of Mayfair Capital. Biographies are available on our website.

We offer a tailored service to deliver superior risk-adjusted returns on behalf of our investors, combining a highly personalised service with the scale, security and knowledge advantage of being part of one of Europe's largest real estate asset managers.

Mayfair Capital assets under management (AUM) totalled £2.2 billion as of 31st December 2022, comprising 142 direct property assets. We service a range of both UK and international investors and predominantly invest in direct real estate (relating to the part- or full-ownership of specific property assets) across the risk/return spectrum. Indirect real estate investments (relating to ownership of shares in a fund or company managed by external managers), are acquired from time to time but comprise less than 1% of total Mayfair Capital AUM (0.79%).

Please refer to Principle 6 on p.42 for a detailed breakdown of our client base and real estate AUM.

Mayfair Capital's longest-running mandate is the core, income-focused Property Income Trust for Charities (PITCH) Fund, which invests on behalf of its client base of UK charities and endowments. Championing ESG, PITCH has followed formal ethical and environmental management policies since launching in 2004. The fund has consistently outperformed the MSCI/AREF UK All Balanced Open-Ended Property Fund Index (PFI) since inception with income comprising the majority of the fund's total return[3]. In addition to PITCH, we manage three core separate account mandates on behalf of institutional investors.

Mayfair Capital adopts a research-led investment approach focused on the long-term drivers of occupational demand. We act entirely independent of brokers, sourcing investments across the market, and procuring services from external advisors on a best-in-class basis. Focused on income, we have a strong track record in constructing resilient portfolios, meeting clients' investment objectives and servicing expectations with a strong responsible investment ethos.

We have championed a thematic investment strategy for more than eight years, long before other managers that now claim to do so. We utilise our proprietary Asset Scoring Model to assess the thematic strength and potential of assets, seeking to buy and hold properties positively aligned to secular, macroeconomic trends to ensure enduring occupier appeal. This approach provides us the confidence to be largely unconstrained in our approach, not beholden to market benchmarks, and to act with conviction.

Mayfair Capital is the UK arm of Swiss Life Asset Managers, one of the largest real estate managers in Europe

In November 2016, 100% of the shares of Mayfair Capital were acquired by Swiss Life Investment Management Holding AG, trading as SLAM, a wholly owned subsidiary of Swiss Life Holding AG ("Swiss Life") to expand its property activities in the UK. Real estate is a major asset class for Swiss Life comprising c.29% of its balance sheet assets[2].

For Mayfair Capital, Swiss Life provides resources and long-term commitment that have allowed us to retain and recruit the best talent to develop our investment capabilities. Our focus remains the provision of UK investment management services and co-investment for a select group of institutional clients to grow the business sustainably through long-term strategic partnerships.

We invest on behalf of a range of third-party investor clients. We manage segregated and advisory mandates for several UK-based Asset Management Companies including Schroders and Jupiter Asset Management. Within our UK pooled funds, we manage allocations for UK and European Pension Funds (public and private) and Life Insurers. Within our open-ended PITCH fund, we manage direct allocations from over 100 individual UK Charity Investors, as well as indirect allocations from an additional 20 UK-based Asset Management Companies who invest on behalf of a further c.1,200 UK Charity Investors. Finally, we manage one segregated mandate on behalf of a UK Family Office.

Please refer to Graph 6.1 on p.42 for a detailed breakdown of our AUM by Investor Type.

Swiss Life Group invests in funds managed by Mayfair Capital and other fund management businesses within SLAM. Over the last six years, we have made UK investments on behalf of Swiss Life funds with pan-European strategies. We provide asset management services to these funds, and we expect this part of our business to grow over time.

[1] ANREV/INREV/NCREIF Fund Manager Survey 2022
[2] SLAM figures as at 31st December 2022
[3] Income has delivered 78% of PITCH's total return over the last 10 years (MSCI/AREF – December 2022)

PRINCIPLE 1

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

OUR PURPOSE

Our Purpose is to provide investor clients with tailored property investment solutions to meet their risk/return requirements. To invest smartly and responsibly, in accordance with secular trends, and with full appreciation of the impact our activities have on the communities in which we invest and the environment. We seek to build long-term strategic partnerships with our investor clients and stakeholders.

OUR INVESTMENT APPROACH

We are a progressive investment manager. The attributes of our progressive style are encapsulated in our Investment Approach, which comprises our Investment Philosophy ("how we think about investing"), our Investment Culture ("how we behave as investors") and our Investment Process ("how we invest"). We refer to this as "Thinking", "Being" and "Doing".

INVESTMENT PHILOSOPHY "THINKING"

Our investment philosophy contends that income is the driving force behind real estate investment. Income has comprising approximately 74% of property's total returns over the last 40 years[4]. Our long track record of outperformance (+67bps over 5 years, +83bps over 10 years) exemplifies our ability to deliver on our clients' investment objectives through our thematic, income-focused investment approach.

Accordingly, first and foremost we are income-focused investors. We tailor the income profiles of the portfolios we manage to clients' risk profiles. Guided by our market research we invest thematically, identifying assets aligned to structural trends with physical characteristics that appeal to modern occupiers and are therefore able to generate long-term income. We seek to build and manage portfolios that provide resilient and sustainable income returns by focusing on assets with strong fundamentals and sustainability characteristics. We target assets that, when diversified, provide a mix of income protection, growth and creation due to their enduring occupier appeal.

Why?

INVESTMENT PHILOSOPHY

Thinking

- Income is key
- Structural themes
- Long term commitment
- Conviction

What?

INVESTMENT CULTURE

Being

- Investor focused
- Performance driven
- Positive environment
- Responsible investment

How?

INVESTMENT PROCESS

Doing

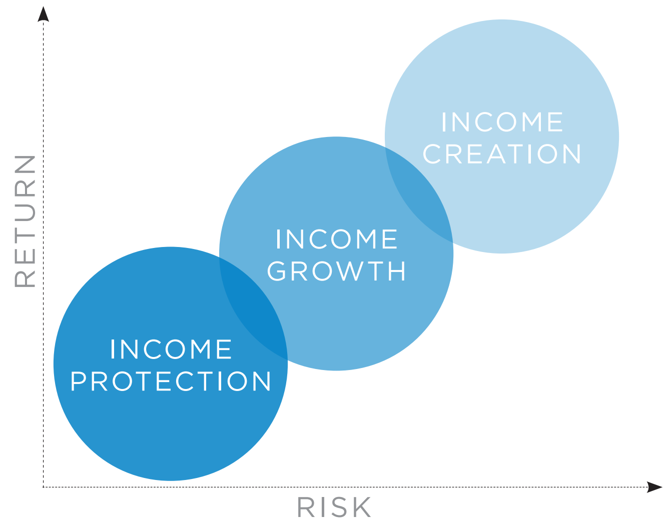
- Investor framework
- Thematic strategies
- Investment plan
- Execution

For core investors, we focus on income protection and growth through high quality income and vacancy mitigation with assets able to meet current and future occupier needs. We also place restrictions on speculative income creation initiatives to prioritise income preservation and mitigate vacancy risk. For clients with a higher risk tolerance, we apply greater focus on capital value enhancement through income creation by focusing on assets with shorter leases with extension potential that provide opportunities to improve an asset through refurbishment and the development of additional space.

We understand that long-term value is maximised when we manage resilient real estate that is adaptable to change. Therefore, we believe a thematic approach – focused on the structural trends that drive long-term real estate demand – enables better understanding of occupiers' needs and how these will change. With this insight, we invest with conviction and have the confidence to be largely unconstrained in our approach.

Sustained income preservation and growth necessitates stewardship over the land and property that we manage. This ensures a commitment to continuously align our holdings to positive economic, environmental and societal outcomes to ensure enduring occupier appeal.

[4] Annual MSCI UK All Property Index - December 2022



INVESTMENT CULTURE "BEING"

Our Purpose is supported by our Investment Culture, which determines how we behave. It is the fundamental link between how we think about investing and how we invest. Our emphasis on the merits of a progressive and shared investment culture is built on four commitments:

1. We are investor-focused. The investor is placed at the centre of our business. We build long-term strategic partnerships by putting investors' needs first. We are in it for the long run and have processes in place that govern client care and communications to ensure that client requirements are being met. See our response to Principle 6 for more detail.

2. We are performance-driven. We undertake disciplined investment with full accountability to meet investor requirements and maintain our consistently strong performance track record. We have a robust investment governance framework to ensure performance drivers and risks are closely monitored. See Principle 4 for more detail.

PRINCIPLE 1 CONTD.

3. We promote a positive working environment. Mayfair Capital is a place of opportunity for our colleagues. We believe an emphasis on teamwork, mentoring and shared best practice engenders trust, respect, and fun, which in turn produces a high-performing business. Furthermore, we recognise the importance of diversity and inclusion in ensuring better decision-making and success as a high performing business. We actively promote and encourage the positive behaviours above. See Principle 2 for more detail.

4. We are responsible investors. Principles of Stewardship determine the way we interact with stakeholders - our clients, our advisors, the communities in which we invest and the environment. Focusing on the highest standards of governance, we seek to generate sustainable value for our investors, going beyond positive investment performance. This is reflected in our approach to ESG and our responsible investment policies, which are long established. See Principle 7 for more detail.

These four investment culture commitments support our purpose. A common purpose ensures that we behave and invest with authenticity on behalf of our investors, which, in these days of short-term prioritisation, is in short supply. This is the commitment we make to our investors and stakeholders. Accordingly, our stewardship approach is built on trust, transparency and generating sustainable value.

The strength of our Investment Culture is reflected by our status as a UK Stewardship Code signatory. Mayfair Capital was included as one of the first real estate Investment Managers accepted as a signatory in September 2021 and we retained our signatory status for 2022.

INVESTMENT PROCESS "DOING"

Our Investment Process – "Doing" – details how we put our progressive "Thinking" (Philosophy) and "Being" (Culture) into practice. Our process for investment is highly disciplined and comprises both "top-down" and "bottom-up" elements as shown in the diagram opposite ('Investment Process').

"TOP-DOWN" CHARACTERISTICS

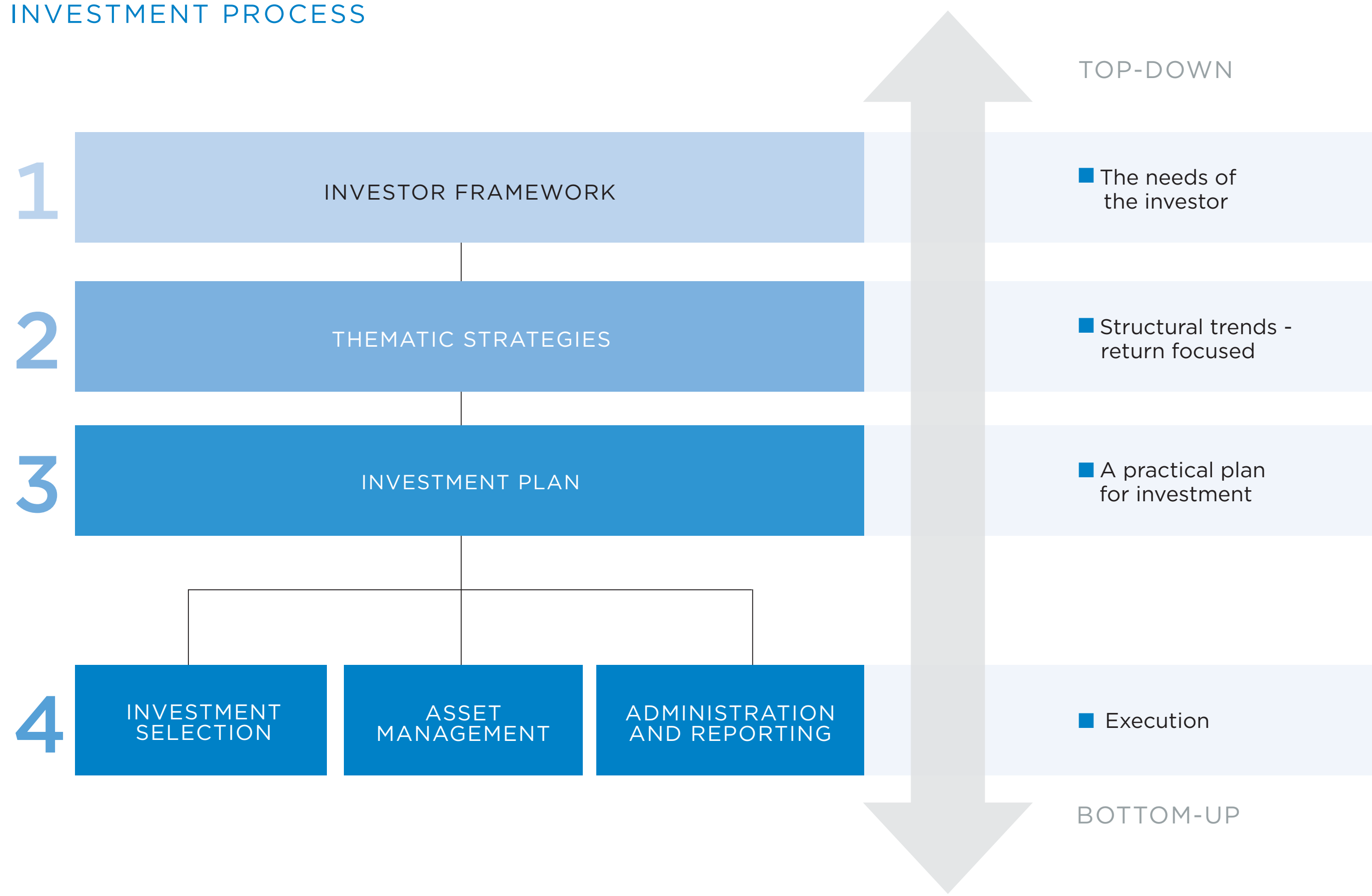
The starting point for investment is always the needs of the investor. We refer to this as the Investor Framework, which incorporates the investor's objective, their tolerance for risk, the universe in which they wish to invest (i.e. geography/sector), and any necessary investment constraints and restrictions. An Investor Framework is agreed with each investor prior to commencement of the mandate.

Next, we apply our Thematic Strategies, which detail our house views and stock selection criteria. Focused on structural trends we target investments that align to our five investment themes – Change & Disruption, Climate & Environment, Communities & Clustering, Consumers & Lifestyle, and Connectivity – to ensure we select markets that will generate enduring occupier appeal.

We then combine the Investor Framework and appropriate Thematic Strategies into an Investment Plan – a practical plan for investment that sets out the key strategic objectives for each mandate and planned investment activity. These Investment Plans are formulated at the start of the year and approved by our Investment Risk Committee ("IRC"), then reviewed after six months to ensure that the plan is on course and remains relevant.

We plan investments that are responsible, sustainable and able to meet the ESG requirements of our investors. In constructing our portfolios thematically, we mitigate income/performance risk by diversifying our exposure to assets and tenants. Portfolio risk metrics, often enshrined in pre-agreed investment constraints and restrictions, are closely monitored by the IRC on a quarterly basis to ensure that the portfolio performs as intended.

INVESTMENT PROCESS



"BOTTOM-UP" CHARACTERISTICS

Only when these three steps are concluded do we commence investment with "bottom-up" execution. We have clearly defined policies and procedures for each element of investment Execution:

- For Investment Selection, we follow disciplined processes for the sourcing, allocation and approval of new acquisitions and the undertaking of due diligence, which are subject to audit. We select assets that have appealing locational and physical attributes for modern occupiers. We use our proprietary Thematic Asset Scoring Model to assess the thematic strength of an asset against a set of key attributes, including ESG credentials for each asset type (i.e. industrial, office, retail and residential). A score is provided for the asset

PRINCIPLE 1 CONTD.

"today" and in three years' time assuming reasonable improvement measures, to guide decision-making.

- For Asset Management, an Asset Business Plan is prepared annually for every asset that we manage with a "hold/sell" analysis (undertaken to determine the business plan), which is incorporated into the annual portfolio Investment Plan. As part of the "hold/sell" analysis we monitor the continued thematic strength of each asset. Investment performance is monitored throughout the asset's hold period by the client team.
- Finally, timely and accurate Administration and Reporting is critical to ensuring investors get the information they require, and to demonstrate that we are doing what we have said we will do, which is fundamental for building trust and developing long-term strategic partnerships.

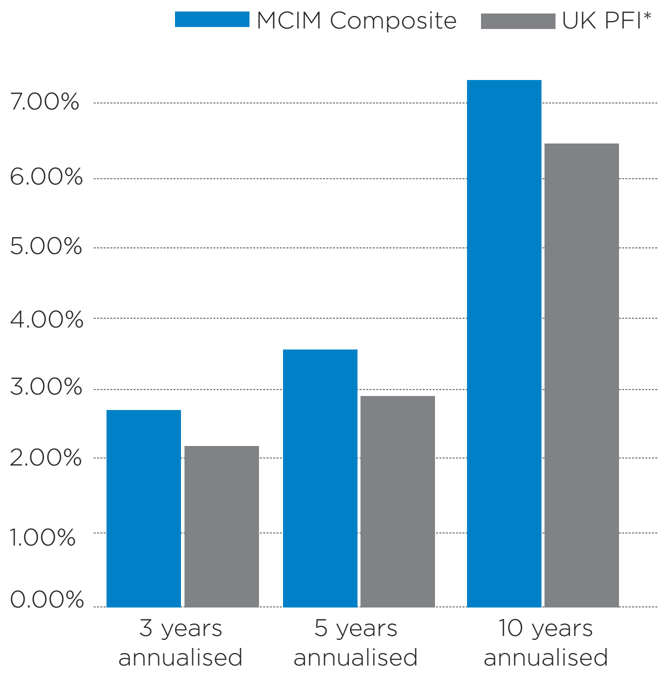
PERFORMANCE TRACK RECORD

Founded in 2003, Mayfair Capital is led by an experienced team with significant continuity of service and a deep understanding of UK markets. We have a proven track record of investing across risk profiles, from core to opportunistic strategies in all property market sectors and geographies.

In terms of investment performance during 2022, a weighted composite of our three core balanced portfolios – representing approximately two-thirds of our total AUM – outperformed the AREF/MSCI UK PFI Balanced Funds Index across 3-, 5- and 10-year annualised periods (to 31st December 2022). The composite of these portfolios outperformed the Index by 48bps on a 3-year basis, and 67bps on a 5-year basis.

Our clients benefited from the thematic positioning of our portfolios, with occupier trends –driven by secular shifts – continuing to accelerate since the onset of the coronavirus pandemic in 2020. Performance was driven by an overweight exposure to industrial and logistics, no exposure to shopping centres, and few high street shops. As a result of this allocation, we continued to deliver strong income returns with robust rent collection.

Total MCIM Fund-level returns versus AREF/MSCCI
All Balanced Funds index for period ending 31 Dec 2022:



*AREF/MSCI UK All Balanced Funds Index – December 2022

Mayfair Capital's largest fund, the Property Income Trust for Charities (PITCH), continues to deliver returns for its underlying investor base of UK charities and endowments. Targeting delivery of a high-income return, PITCH has consistently outperformed the AREF/MSCI Balanced Funds Index since launching in 2004. The fund has outperformed the index by 75 bps p.a. over the last 10 years due to its early conviction call in logistics, limited exposure to retail shops and shopping centres, and above average income return.

Mayfair Capital Property Unit Trust (MCPUT) has achieved medium and long-term outperformance, attributable to its portfolio structuring (high weighting to industrials) and active management, realising strong rental growth on its largest multi-let assets. The fund has now outperformed the index by 96 bps p.a. over the last 10 years.

Mayfair Capital Commercial Property Trust (MCCPT) has outperformed or matched the index over both the short term (3, 6 and 9 months) and the longer term (3 and 5 years). It has also produced the strongest absolute performance of our funds over all time periods – attributable to the successful letting of an office refurbishment in Central London and completion of lease re-negotiations on some logistics assets. Please note MCCPT was established in 2014; therefore, it does not have a 10 year performance record.

During 2022, a weighted composite of our three core balanced portfolios outperformed the AREF/MSCI UK PFI Balanced Funds Index across 3-, 5- and 10-year annualised periods

PRINCIPLE 1 CONTD.

STRATEGIC OBJECTIVES

To realise our purpose, we focus on five medium-term strategic objectives that align with our investment approach and contribute to long term value creation:

1. We plan to continue to provide tailored investment management services and co-investment for a select group of institutional clients and to grow the business sustainably.

2. We deal primarily with UK institutional investors, but with the support of our parent company, Swiss Life Asset Managers, we plan to broaden our investor base in future to include more large-scale institutional capital.

3. We will remain a predominantly core direct property investment manager but with a commitment to build our value-add track record over time to up to 30% of our AUM.

4. We strive to provide a positive working environment - diverse and inclusive - to attract and retain talent and to excel in responsible investment, continuing to be a leader in ESG.

5. We will continue to develop our thematic investment approach to ensure that we are building and managing a resilient and sustainable portfolio, which is necessary to maintain our strong long term performance track record.

We will seek to continue growing our AUM over the coming years with support from SLAM. Our growth targets are primarily focused on our existing products including the planned growth of the PITCH Fund by c.35%, the growth of our self-storage and single family housing strategies, and the expansion of Swiss Life's balance sheet and pan-European investment in the UK.

ASSESSING HOW WE SERVICE THE INTERESTS OF CLIENTS & BENEFICIARIES

We feel assured that we effectively served the interests of our clients and beneficiaries in 2022. Given the diversity of our investors' requirements and expectations, we assess our ability to meet clients' specific needs on an individual-client basis.

Investment performance provides a fundamental assessment of whether we are creating long term value for our clients, and we were pleased to achieve strong results for our Core/Core Plus mandates during the period (p.12 - 'Performance Track Record').

We engaged deeply with our clients throughout 2022, communicating openly and proactively on key matters such as implementation of our ESG Budgets and Plans, the thematic positioning of client portfolios, and the escalation of issues where required. Further information and illustrative examples of how we service our clients and assess client satisfaction have been provided within Principle 6 (client engagement) and Principle 10 (issue escalation).

As a reflection of our strong investment performance and support from our investors, Mayfair Capital was awarded Boutique Fund Manager of the Year at the Charity Times Awards in September 2022.

We are well aware and focused on tackling the ever-increasing needs and expectations of all our investors, with organisational culture, diversity and inclusion, net zero carbon ambitions and social value emerging as key themes for engagement in 2023 and beyond.

Please refer to Principle 6 for further information regarding our approach to client servicing, including how we review and identify measures for continuous improvement.

Duet, Salford UK

MAYFAIR CAPITAL
Member of Swiss Life Asset Managers

2 PRINCIPLE 2

Signatories' governance, resources and incentives support stewardship

INTRODUCTION

As a wholly owned subsidiary of Swiss Life Group, the activities of Mayfair Capital are encompassed within the larger Swiss Life Asset Managers (SLAM) organisation. Whilst overarching investment stewardship & ESG policies are set at the very highest levels of Swiss Life Group, responsibility for implementing governance and the resourcing of responsible investment in real estate is organised at the divisional level of SLAM.

SLAM DIVISION LEVEL - STEWARDSHIP & ESG GOVERNANCE

OVERVIEW

As a signatory of the UN PRI, SLAM maintains a clear responsible investment approach, which is ingrained in investment processes and implemented throughout the business. Stewardship and ESG criteria are embedded throughout SLAM in all core governance structures and business processes.

ESG LEADERSHIP

At Swiss Life Asset Managers there is an overarching divisional responsibility across the company for responsible investing in real estate. SLAM's Executive Committee - headed by the Swiss Life Group CIO – addresses overarching ESG issues at the most senior level on a continuous basis. Typical matters addressed at Executive Committee level include decarbonisation strategy and SFDR classification and reporting. As would be expected from one of Europe's largest real estate asset managers, SLAM's ESG platform is well resourced and has a direct reporting line to the CIO and to the Board. Key senior ESG leaders at SLAM include:

- **Florian Zingg** Head of Sustainability, Swiss Life Group
- **Nelufer Ansari** Head of ESG, SLAM
- **Valérie de Robillard** Head of ESG, Real Assets
- **Mathieu Maronet** Head of ESG, Securities

SLAM ESG PLATFORM

SLAM's dedicated ESG platform is responsible for developing, implementing and governing all ESG matters across the group. The platform draws on a dedicated and well-resourced team of 25 FTE ESG professionals working across Real Assets and Securities divisions in Europe.

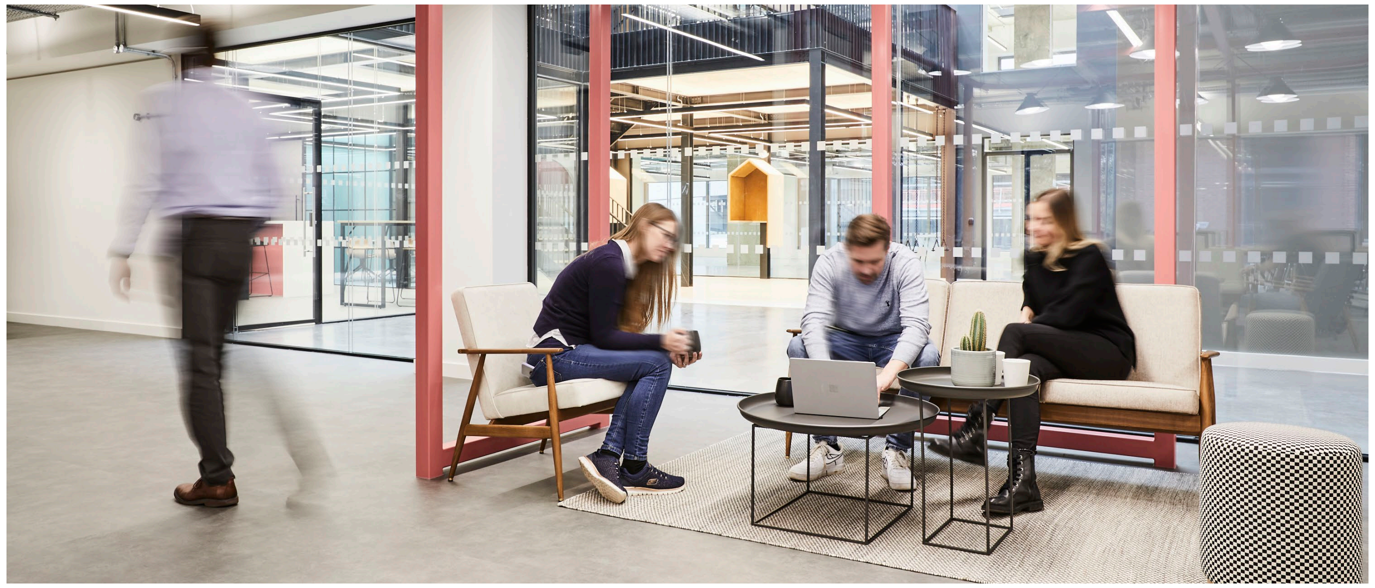
This centralised ESG team harmonises ESG activities on a divisional level to ensure alignment between country and functional units. The team is responsible for coordinating and supporting external reporting (e.g. PRI, GRESB, rating agencies) as well as active stewardship activities (e.g. engagement, proxy-voting, ESG related memberships and associations). The ESG Team is led by the Head of ESG (Nelufer Ansari) who reports directly to the Group CIO. Valérie de Robillard is the Head of ESG for Real Assets, leading a team of 8 ESG professionals solely focused on ESG for Real Assets, which includes real estate.

ESG BOARD

In addition to the ESG team, SLAM also operates an ESG Board, which is a governance body chaired by SLAM's Head of ESG and comprised of dedicated senior ESG specialists, as well as representatives from each asset class and relevant function across the business. Members of the ESG Board have sustainability as a direct responsibility in addition to their main role.

From a governance perspective, the ESG Board formulates SLAM's responsible investment approach and guides how the approach is implemented. It encourages teams across the asset classes to exchange insights on ESG topics and acts as the ESG advisor to the Executive and Management Committees. The Head of ESG reports directly to the Swiss Life Group CIO.

SLAM integrates ESG into decision-making committees by embedding members of the ESG Board on subsequent ESG committees for their corresponding asset class or business unit. During monthly committee meetings, our experts make decisions on questions around ESG integration into the investment and/or risk management process. They also advise on how to approach investments that other committees or processes may raise as controversial.



Forge, Woking UK

ESG AMBASSADORS

In addition to this, SLAM also embeds an ESG Ambassador programme across its platform to ensure that all business units have an ESG representative working to integrate ESG considerations into their respective function and country teams. SLAM ESG Ambassadors support the integration of ESG factors into the detailed processes of all teams including portfolio management, fund management, risk management and sales. By situating ESG representatives within all areas of our business, we plan to bridge the gap between business and ESG expertise.

Ambassadors coordinate ESG activities at the local level by promoting responsible investment in day-to-day operations, raising ESG awareness, and promoting both expertise and best practice across the company. ESG ambassadors take responsibility for applying and developing our approach to responsible investment as part of their annual performance targets. They lead on and participate in ESG event programmes and receive relevant external training from sources such as The PRI Academy.

ESG WEEK

SLAM facilitates an annual ESG Week dedicated to spreading ESG "know-how" and skillsets across the organisation. SLAM's ESG Week was first launched in September 2021 and incorporates a diverse programme of sessions over three days, with internal and external experts giving presentations and leading discussions on various ESG topics. Events in 2022 were attended by SLAM colleagues in Switzerland, Germany, France,

Chief Executive Officer
Giles King

Chief Investment Officer
Tim Munn

Chief Operating Officer
Graham Langlay-Smith

Chairman of the Board
James Thornton

CIO, SLAM & Executive Director
Stefan Mächler

CFO, SLAM & Executive Director
Hermann Inglin

Director, Research, Strategy and Risk
Frances Spence

Fund Director
Ned Pumphrey

Head of Human Resources
Andrea Bacca

Key

- Board of Directors
- Executive Committee
- Investment Committee
- Remuneration Committee

United Kingdom and Luxembourg. A number of sessions were organised exclusively for ESG Ambassadors, with ambassadors also leading and facilitating broader sessions offered to all interested employees of SLAM.

UK COUNTRY LEVEL - CORPORATE GOVERNANCE

BOARD OF DIRECTORS

In the UK, Mayfair Capital is governed by its Board of Directors ("The Board"). All Board members have at least 20 years of relevant experience. Most have over 30 years. Biographies of the directors are included on **our website**.

The Board meets on a quarterly basis. A formal agenda and papers are circulated prior. Regular reports are provided to the Board by the CEO, the CIO, and the COO. Stewardship is a standing agenda item within the CIO's report. All meetings are minuted and matters arising are followed up at the next meeting or beforehand if appropriate, including any actions relating to stewardship.

EXECUTIVE COMMITTEE

On a day-to-day basis Mayfair Capital is managed by an Executive Committee, which executes the strategy set by the Board. The Executive Committee meets every Monday with additional meetings as required. A formal agenda and, where necessary, papers are circulated prior to meetings. Stewardship is a standing agenda item.

The Board and the Executive Committee are jointly responsible for the oversight and accountability for effective stewardship within Mayfair Capital. This approach has been chosen to ensure that stewardship is at the heart of decision-making both strategically (at Board level) and operationally (at Executive Committee level).

INVESTMENT RISK COMMITTEE ("IRC")

The IRC is responsible for approving the strategy of each fund and advisory mandate, together with all acquisitions, disposals and major asset management initiatives. Three members are needed for the IRC to be quorate. Investment decisions are made unanimously meaning that any IRC member who is not prepared to approve a transaction has veto rights.

The IRC meets every Monday with additional meetings as and when required. Papers requesting approval for acquisitions, disposals or major asset management initiatives are circulated prior to meetings. IRC meetings are minuted. Stewardship and responsible investment are formally included in the IRC Terms of Reference and in the standard reporting template used for investment memos seeking IRC approval.

REMUNERATION COMMITTEE

Mayfair Capital's Remuneration Committee is responsible for approving promotions, salary reviews, bonuses and allocations of units in our long term incentive scheme. To ensure that the values of stewardship and responsible investment are embedded in compensation and incentivisation processes, these matters are formally embedded within our Remuneration Committee Terms of Reference and Remuneration Policy.

UK COUNTRY LEVEL – RESOURCING OF STEWARDSHIP ACTIVITIES

OVERVIEW

In the UK, investment stewardship and ESG criteria are actively considered in strategy formation, transactions, asset management and client reporting, all of which are overseen by the CIO and Investment Risk Committee and reported to the MCIM Executive Board. Christi Vosloo, UK Head of ESG, coordinates interaction between SLAM and the UK team. In her dedicated role, Christi focuses on driving the firm's ESG and Responsible Investment agenda. Reporting to both the UK CIO and SLAM's Head of ESG, Real Assets,

PRINCIPLE 2 CONTD.

Christi works closely with Scott Fawcett, Head of Asset Management, and is supported by a dedicated ESG & Risk Analyst, and UK ESG ambassadors representing various functions within the business.

Our UK direct property team and Head of ESG also work closely with EVORA Global - an external global sustainability consultant - to continually improve our processes and ensure best practice in our responsible investment activities. We also engage a range of specialist providers to advise on ESG matters, with providers selected on a bespoke basis according to the project and scope of work (e.g. JLL to advise on Social Value).

Mayfair Capital has been following a responsible investment approach for its UK charity fund, PITCH, for over 17 years - well before it became part of mainstream fund management. PITCH employs a comprehensive ethical policy – developed in consultation with the fund's investors – which excludes or limits exposure to companies involved in armaments, pornography, tobacco and alcohol.

LINKING STEWARDSHIP TO REMUNERATION

All Mayfair Capital staff members (Executive Committee, Investment Group and Operations, Finance and Administration) have mandatory and meaningfully-weighted stewardship/ESG objectives included in their annual performance objectives, which directly impact remuneration as part of our annual appraisal process. We seek to instil positive behaviours related to stewardship across our entire business and these objectives are assessed annually with each individual.

All staff members are eligible to receive annual discretionary bonuses paid in April based on performance for the previous calendar year. Performance is measured using the Swiss Life "GPS" appraisal system which analyses the extent to which staff members have met their objectives, including adherence to the principles of the Stewardship Code. Performance is measured formally at the end of each financial year, with an informal review at the half-year stage. Stewardship performance thus has implications for remuneration for all staff, aligning financial and ESG incentives and outcomes.

STAFF IMPACT & ENGAGEMENT

We have a well-established and long-running internal UK Charity Committee. The committee is a staff-led governance body that coordinates charitable giving by Mayfair Capital and its staff. The Charity Committee is comprised of five UK staff who meet quarterly and drive staff engagement through volunteering days, matched raising, and the organisation of social/charitable events. All Mayfair Capital staff are given two charity volunteering days per year in addition to normal holiday allowance to allocate to a charity of their choice. We support staff to take on community roles, such as serving as school governors, mentors and trustees/advisors to charities. Mayfair Capital staff supported 16 different charitable causes in 2022, dedicating c.45 Charity Days and c.350 hours spent with these charities.

Swiss Life conducts an annual Employee Survey for all staff across the group, with Mayfair Capital employees feeding into the SLAM module. The Employee Survey serves as a key opportunity for us to measure staff engagement, which directly relates to the four investment culture commitments that support our purpose (Principle 1) – namely our desire to promote a positive working environment that produces a high performing business capable of creating long-term value for our clients and beneficiaries. The Swiss Life Employee Survey is conducted as a voluntary and confidential process, administered by an independent, external survey provider.

Premier Inn, Leeds UK

PRINCIPLE 2 CONTD.

DIVERSITY, EQUITY & INCLUSION

We recognise the importance of diversity in all our activities including stewardship. Stewardship activities in 2022 were resourced by staff members of all ages, seniority, gender, and ethnic backgrounds.

RECRUITMENT

Diversity is a consideration in the recruitment process for all new hires. In 2022, we actively sought to enhance our diversity (particularly gender and ethnicity) by engaging our recruiters on the following initiatives where possible and appropriate:

- We promoted job advertisements on LinkedIn to reach a wider and more diverse audience of potential candidates.
- We conducted search exercises based on excluding specific qualifications to ensure we were considering a broader range of potential candidates.

We subject potential candidates to a formal recruitment process in all cases to ensure fairness and impartiality.

SLAM 365 DAYS OF INCLUSION

Mayfair Capital actively participates in SLAM's "365 Days of Inclusion" (an annual, business-wide initiative launched in 2021) which aims to increase awareness of diversity and encourage members of the group to consciously promote an inclusive culture. The initiative is ongoing, incorporating weekly activities across our 24 offices in Europe.

In 2022, a key outcome from our "365 Days of Inclusion" was the establishment of a SLAM Diversity & Inclusion Group, which now meets every month to discuss initiatives from a HR perspective. It includes representatives from the UK, France, Germany, Luxembourg and Switzerland.

MCIM staff volunteering for UK charity Trees for Cities (July 2022)

MCIM staff volunteering for UK charity Be Enriched (December 2022)

EDGE CERTIFICATION

During 2022, we also started gathering materials, information and metrics for external EDGE Certification (international certification for Workplace Diversity, Equity and Inclusion). We have applied for membership and are in the process of surveying staff members at Swiss Life Asset Managers (requiring a minimum company-wide response rate of 80% to successfully complete accreditation). Our aim is to achieve certification as a whole-business in 2023.

10,000 BLACK INTERNS PROGRAMME

Mayfair Capital participates in the 10,000 Black Interns Programme, which offers paid internships to address the chronic underrepresentation of Black talent in the investment management industry. During 2022, we provided a summer internship to a student from Liverpool University who participated in a rotating programme of sessions across the business.

HEALTH & WELLBEING

Mayfair Capital supports the Charlie Waller Trust, a charity which seeks to educate young people and those with responsibility for them about mental health. We are working with the Trust to improve our policies to achieve a culture of positive mental health enabling better staff engagement, productivity and retention. The Charlie Waller Trust have previously provided training and workshops for Mayfair Capital staff on the topic of Mental Health Awareness, with extra training given to line managers for supporting awareness amongst their teams. During 2022, we utilised recommended tools from Charlie Waller Trust, including during Mental Health Awareness Week.

In August 2022, we also organised a Mayfair Capital Family Day, where we invited employees' family members to a picnic in the park in order to welcome and acknowledge our wider staff community.

PRINCIPLE 2 CONTD.

Mayfair Capital Family Day (August 2022)

ANTI-SLAVERY & HUMAN TRAFFICKING

Under the Modern (Anti) Slavery Act 2015, Mayfair Capital strictly prohibits the use of modern slavery and human trafficking in our operations and supply chain. Mayfair Capital has a zero-tolerance approach to modern slavery and is committed to acting ethically and with integrity in all our business dealings and relationships. Employees must not engage in, facilitate or fail to report any activity that might lead to or suggest a breach in this policy. The prevention, detection and reporting of modern slavery in any part of our organisation or supply chain is the responsibility of all those working for us or under our control.

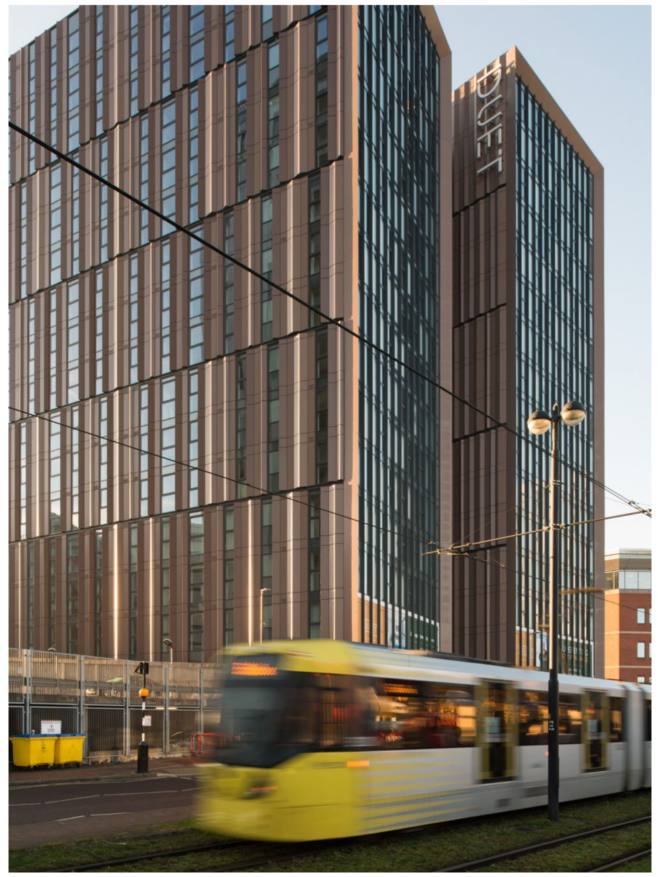
ASSESSING THE EFFECTIVENESS OF OUR RESOURCING AND GOVERNANCE

RESOURCING STEWARDSHIP ACTIVITIES

UK stewardship activities are led by the Mayfair Capital Executive Committee and subsequently resourced by all staff members involved in investment activities (transactions, asset management, fund management, research, investment strategy and risk). The seniority, experience and qualifications of all Mayfair Capital staff are communicated in the biographies on [our website](#).

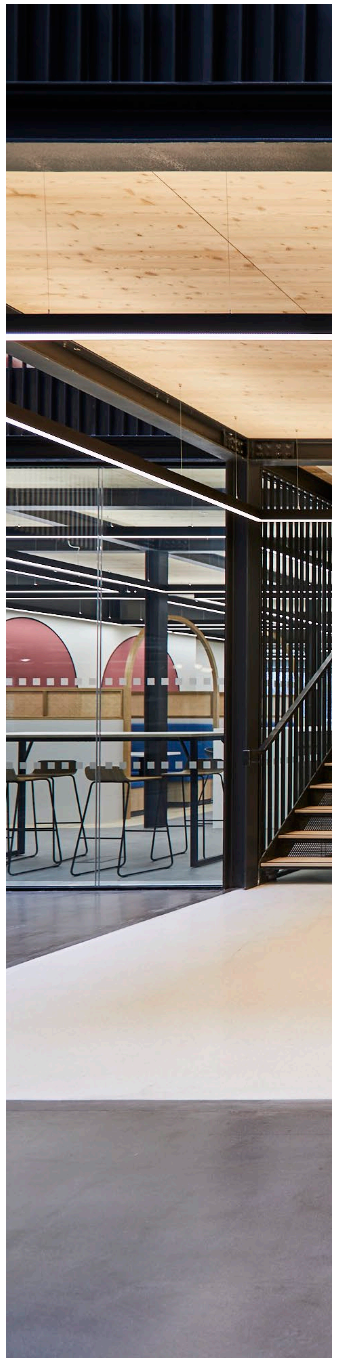
We believe that our robust resourcing and governance structures are adequate in the context of our position as both a specialist UK real estate investment manager, and the UK division of Swiss Life Asset Managers, one of the largest real estate managers in Europe. Mayfair Capital employs a relatively small team of 34 individuals in London. It is common for team members to "wear multiple hats" across functional responsibilities, including on topics related to stewardship. With this in mind, we feel that our hybrid resourcing model (comprised of both dedicated and part-time ESG resources) is appropriate given our size.

To summarise the effectiveness of our model – we maintain rigorous governance structures, embed ESG into personal objectives to directly impact staff remuneration, and engage with external sustainability consultants (e.g. EVORA Global and JLL) to ensure best practice alongside our peers. Our well-resourced platform of dedicated ESG professionals and local ESG Ambassadors ensures that we continuously benefit from cross-border collaboration as well as localised provision to support stewardship for our clients and beneficiaries.



Duet, Salford UK

MAYFAIR CAPITAL
Member of Swiss Life Asset Managers



2022 OUTCOMES

GOVERNANCE, RESOURCES & INCENTIVES TO SUPPORT STEWARDSHIP

As mentioned in the CEO's Update, we progressed a significant number of initiatives related to Governance, Resources and Incentives during 2022, with particular focus on our organisational policies, reporting and standards. Our strongest outcomes and resulting identified areas of continuous improvement included:

PLANNED OUTCOMES (2021 REPORT)

Review of UK ESG Strategy

As mentioned in our 2021 Report, we redefined our UK ESG Strategy in 2021 through an extensive, collaborative process involving all countries across Swiss Life Asset Managers. The resulting strategy was tailored to the UK's needs and objectives, including forward-looking priority focus areas and KPIs. In 2022, we implemented the first year of the strategy, which incorporated monitoring of KPIs for the first time, along with communication to all key internal stakeholders. Using the insights from the first year of the strategy, we subsequently enhanced some of the KPIs to ensure continuous improvement of our ESG approach.

Improving Third-Party Property Manager Standards

In 2021, we developed a 'Mayfair Capital Property Manager Sustainability Standards and Guidance' document, setting out our expectations for all property managers managing properties on behalf of Mayfair Capital. The document provides a clear framework for our third-party property managers, and clearly articulates our sustainability expectations and responsibilities including (but not limited to) matters on compliance, ESG data provision, health and wellbeing and improvement initiatives. We include detailed Key Performance Indicators (KPIs) to verify that property managers can be assessed appropriately on a half-yearly basis, ensuring that all sustainability expectations are being met. In 2022, we embedded this process as part of our Quarterly Sustainability Implementation Programme across our three largest core UK funds – PITCH, PUT and CPT – conducting either monthly or quarterly calls with property managers to monitor asset-level actions.

Formulation of a Social Value Strategy

A key Governance, Resourcing and Incentivisation priority for 2022 was the development of a formal UK Social Value strategy for Mayfair Capital. We recognise that the 'S' (Social) is often overlooked in ESG, and as investors in the built environment, we feel this is an area where we can make a significant contribution. As part of the strategy development process, we engaged with expert social value advisors to develop a best practice and leading Social Value strategy. The strategy was informed by over 20 years of charitable partnerships and close connections with charity investors from our Property Income Trust for Charities (PITCH) Fund. The strategy development process involved extensive materiality, legislative, and best practice analysis as well as numerous stakeholder interviews. The strategy has defined our key Social Value focus areas, method of delivery and best practice measurement and reporting on social value.

NEW OUTCOMES (2022)

Mayfair Capital Supplier Code of Conduct

In 2022, we developed a proprietary Mayfair Capital Supplier Code of Conduct that all material suppliers (£10,000+ expenditure) are now expected to adhere to, including basic expectations on human rights, Health & Safety, Diversity & Inclusion and Living Wage. Our Code of Conduct ensures that our supply chain meets these minimum requirements and aligns with our ESG expectations. As part of implementation, we distributed the Code of Conduct along with our existing Sustainability Questionnaire to all material suppliers to ensure their credentials are aligned with our goals. We asked all existing suppliers to confirm acceptance of the principles set out in the code, and as part of the new process, we now ask all new material suppliers to sign the code of conduct prior to contract signing.

Please refer to Case Study 2 in Principle 10 for further information on how we engage suppliers via our Code of Conduct and Sustainability Questionnaire.

Enhancements to our Flood Risk Policy

In 2022, we engaged with an external UK flood risk expert from CBRE to review and enhance the Mayfair Capital Flood Risk Policy. We defined prescriptive flood risk thresholds and tolerances and a clear process for assessing flood risk for all potential acquisitions. This review resulted in the inclusion of climate risk assessments as part of our standard process, ensuring that forward-looking climate risk is a key consideration in Mayfair Capital's approach to flood risk. Additional training was provided to the Investment Group on the new policy and updated process.

Please refer to Principle 7 for a detailed summary of outcomes and improvement initiatives relating to how we integrate stewardship, investment, ESG and climate change at the portfolio and property levels.

FUTURE DEVELOPMENTS (2023)

In 2023, we plan to further improve our governance structures and processes supporting stewardship by formally launching our Social Value strategy (and delivering on the first year of initiatives), completing our EDGE Certification to support Workplace Diversity, Equity and Inclusion, refining staff stewardship objectives within annual performance objectives, and striving for continuous improvement through our ESG Ambassadors, ESG Week, and Employee Survey programmes.

PRINCIPLE 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

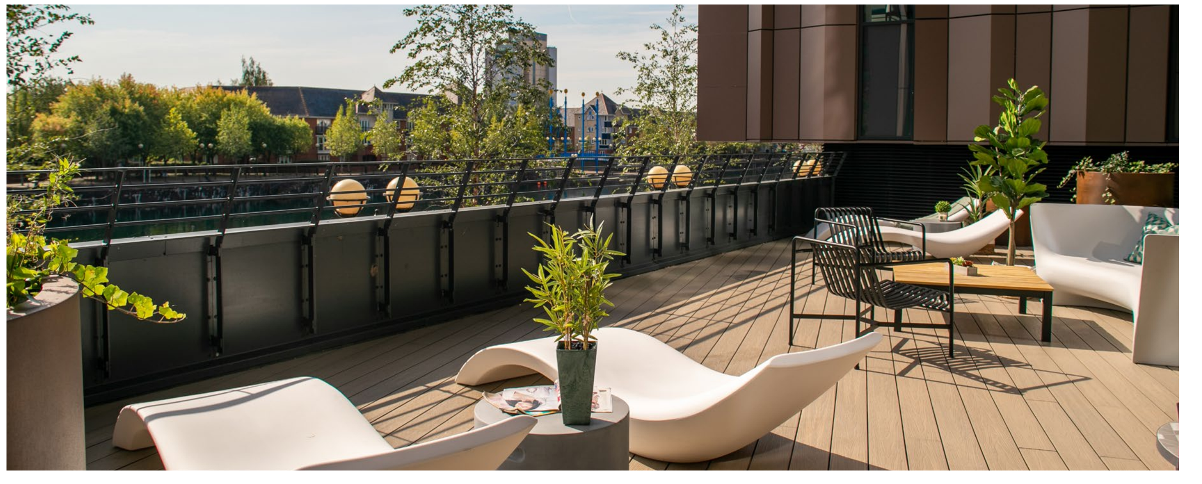
CONFLICTS OF INTEREST POLICY

Our Mayfair Capital Conflicts of Interest Policy ensures all clients are treated fairly throughout our decision-making processes. A copy of our policy is published on our website. As with all our policies, the Conflicts of Interest policy is reviewed at least annually and updated where necessary. In addition, the policy and the conflicts log are reviewed annually by ACA Compliance (Europe) Limited, a third-party consultancy, as part of a programme of quarterly compliance monitoring.

A key aspect of this policy is to prevent a conflict of interest from occurring. Where this is unavoidable, it ensures appropriate measures are taken to mitigate and manage any such conflict to ensure that no client is adversely affected. It is clearly stated in the policy that "The clients' best interests remain paramount". Adherence to this policy ensures Mayfair Capital meets the requirements of Principle 3. All new staff members must complete conflicts of interest training as part of their induction. Existing staff members are required to complete a refresher course every two years.

Mayfair Capital is an investment manager of alternative investment funds, providing investment advice to a number of investor clients. We only invest on behalf of clients (rather than trading on our own account), and therefore the principal form of Conflict of Interest that we manage relates to the interests of our clients. Although each fund and advisory client has its own unique investment strategy, conflicts may exist where investment strategies partly overlap. In order to mitigate and manage any potential conflicts relating to the acquisition of new real estate assets, we operate a deal allocation process to ensure that all clients are treated fairly.

Conflicts are identified and managed via both our Investment Risk Committee processes (Principle 2) and our weekly Transactions meeting for all Investment staff, which takes place every Monday morning. There is an obligation on all staff to disclose any potential conflict from a fund, client or personal perspective within this meeting. We have provided commentary in the '2022 Outcomes' section of this Principle (adjacent) illustrating a situation where a personal conflict was raised at our weekly Transactions meeting and subsequently raised to the IRC.



Duet, Salford UK

From a property perspective, we proactively anticipate the potential for conflicts relating to the letting of property assets. We manage letting conflicts by separating responsibilities between Fund/Asset Managers, restricting communication between client teams, appointing separate letting agents and keeping all commercial/legal matters separate and confidential.

These processes align with "The responsible allocation… of capital…" included in the definition of stewardship. We are able to identify and mitigate potential conflicts in a timely fashion because of our efficient processes and nimble approach as a specialist fund manager. The key mitigant of potential Conflicts of Interest is our weekly Investment Risk Committee process, which serves a crucial oversight function via regularity of meetings.

2022 OUTCOMES

CONFLICTS OF INTEREST

The Mayfair Capital deal allocation process operated effectively throughout 2022. There were 37 individual Investment Risk Committee meetings held and all new acquisitions were allocated successfully, with no conflicts arising between funds or mandates.

In the Spring of 2022 we arranged the acquisition of a property in the north of England for a client. One member of Mayfair Capital's investment team is related to a senior member of management at the vendor. In order to mitigate the potential conflict of interest, the Mayfair Capital employee was excluded from taking part in any aspect of the transaction and was not allowed access to any of the documentation. He was also required to sign a declaration certifying that he was not involved. The issue was discussed with the client at an early stage in the process, and approval was obtained for the mitigation measures.

In the Autumn of 2022 Mayfair Capital took over the asset management of a portfolio of UK properties owned by a fund managed by Mayfair Capital that had previously been outsourced to a third-party. In order to mitigate the potential conflict of interest and benchmark the fees, we conducted thorough market testing on the option to appoint a third-party manager (with an external advisor appointed to manage the process for independence). We obtained quotes from two other independent third-party service providers, provided full disclosure to all investors in the fund and obtained their consent prior to finalising the arrangement.

During the year we also tightened-up on staff having any outside business interests. In November 2022 we upgraded the report provided to the quarterly Management Board by including a disclosure of outside business interests along with an assessment of any potential conflict caused by the role the staff member has taken on, and if so, how it is managed and mitigated. This helps the Board to decide whether to allow staff to take on roles outside of Mayfair Capital. Whilst we continue to encourage staff at all levels to undertake charitable work outside of office hours and to use their two working-day annual allowance for charitable work, we prevent staff from taking on any outside business interests that may conflict with the interests of the Firm or of our clients.

PRINCIPLE 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

RISK MANAGEMENT FRAMEWORK

Our risk management framework encapsulates our entire investment process. Mayfair Capital is authorised and regulated by the FCA. In accordance with regulatory requirements, we have implemented a robust framework to identify, monitor and manage risk. We identify investment risk within our quarterly risk reports by categorising risk as follows:

Trinity, Manchester UK

RISK CATEGORIES:	DEFINITION:
Systematic (Market) Risk	Risk factors affecting the entire market and all properties in a similar way (interest rates, GDP, inflation, political changes such as tax or regulation).
Performance Risk	Recent performance developments (relative vs. benchmark or absolute) and risk of failing to meet investment objectives and target returns.
Liquidity Risk & Leverage	Liquidity risk: Monitors factors impacting a portfolio's ability to meet liabilities / redemptions. Where appropriate, liquidity in a portfolio is stress tested under different redemption scenarios. Liquidity within portfolios is measured by assessing the time required to convert an asset into cash given current market conditions and asset management initiatives as well as the risk an asset is potentially overvalued given current investor appetite. Leverage: Use of borrowed capital to purchase and/or increase the potential return of investment. It refers to total amount of debt on a property relative to current market value. The risk assessment considers the portfolio's ability to service financing costs and repayments, as well as the risk of breaching any of the debt covenants.
Concentration Risk	Concentration of exposure to single investments/assets, geographical focus, sectors or tenants.
Credit Risk	Refers to the credit risk of tenants defaulting at a portfolio level, i.e. aggregate tenant credit risk.
Valuation Risk	Valuation risk defines whether an asset is potentially overvalued and will earn less than expected when it matures or is sold by the holder, e.g. valuation loss caused by deviations in expected rent potential, capital expenditure, re-letting assumptions). Valuation risk also extends to fund unit pricing and the potential for dealings at an inaccurate price.
Asset Level Risk	In contrast to systematic risk, asset level risk (i.e. unsystematic risk) is specific to a particular property, e.g. capital expenditure, construction or environmental risks.
Counterparty Risk	Refers to risks from counterparties, such as property managers and banks, that could impact the operation and performance of the vehicle (e.g. mismanagement or bankruptcy). Includes limits on cash held in a single institution.
Regulatory Risk	Refers to risks arising from a changing regulatory environment.
ESG Risk	Risk of increased obsolescence, higher capex requirements and reduction in liquidity for assets that are not resilient to changes associated with climate change. These risks are split into physical risks (e.g., resilience to more extreme weather events associated with climate change, such as flooding) and transition risks (e.g., risks associated with the changing regulatory environment in the shift to net zero carbon, such as higher capex requirements to meet rising energy efficiency standards). Wider factors include environmental data availability and green building certification.

PRINCIPLE 4 CONTD.

The risk categories defined on the previous page provide a reporting framework for our main investment risk management procedures at a fund level:

- Fund risk profiling
- Fund risk monitoring
- Fund risk modelling and stress testing
- Fund risk reporting and escalation.

Responsibility for oversight of these investment risk procedures sits with the Investment Risk Committee (IRC). As stated previously the IRC is chaired by Tim Munn (CIO) and membership comprises Giles King (CEO), James Thornton (Non-Executive Chairman), Edward Pumphrey (Fund Director) and Frances Spence (Director - Research, Strategy and Risk).

On a quarterly basis, the IRC reviews investment risk reports for each Fund, which are prepared by the Research, Strategy and Risk team. Each report analyses the level of diversification in the portfolios and summarises the consistency between the current level of risk incurred by the funds and their agreed risk profiles (Investor Framework). The reports include:

- *A check on the compliance of the funds with their risk parameters*. This covers the risk limits identified in the Investor Framework as well as compliance with loan covenants (if any) and counterparty risk limits.

- *Modelling of the perceived liquidity in the fund* (i.e. the ability to convert assets into cash within pre-defined periods). For each fund, the degree of liquidity is expressed in terms of elements of the fund's portfolio that could be converted into cash within time periods related to the redemption provisions of the fund or client's requirements. These assets are assessed relative to sector, lot size and their business plan to determine the preference for sale and impact to the fund if they were liquidated.

- *A review of fund performance on a relative and absolute basis*. House View asset allocations for benchmark relative funds are back-tested to assess to what extent the sector allocation decisions made a positive contribution to fund performance.

- *The stress testing of the credit facilities* (if any) to assess the impact falls in value will have on the portfolio NAV and loan to values (LTV's), according to the fund's level of debt, as well as the impact of rental loss on the interest cover ratio (ICR).

- *Analysis of tenant counterparty risk* as well as the shape of the income expiry profile, undertaken to assess the stability of future income and understand potential impacts on the income distribution yield.

On an annual basis, the reports will also include comments on the stress testing of the assumptions that underpin the annual hold/sell analysis and prospective base case IRR. Hypothetical stress tests are undertaken using economic scenarios that have been outlined by PMA – a third-party economic and property market forecaster – to help understand the vulnerability of property portfolios to extreme moves in market value given their sectoral composition. This enables pre-emptive portfolio recalibration to preserve and enhance value, while protecting from downside risk. We do not use a quantitative approach such as correlation analysis to inform our portfolio composition. Rather, we seek to invest with conviction following our thematic investment approach, which is based on five themes that drive structural change. These themes are:

- Change & Disruption
- Climate & Environment
- Communities & Clustering
- Consumers & Lifestyle
- Connectivity

Guided by our themes, we allocate capital to locations and assets that we believe are positively aligned with the structural changes underway in our economy and across society. Risk parameters are agreed as part of the investment strategy to ensure sufficient geographic, sector and tenant diversification, but these will vary depending on the risk/return profile of the mandate.

INDUSTRY INITIATIVES

We subscribe to a number of publications and data service providers to ensure we have up-to-date market information. In addition, senior personnel of Mayfair Capital are active members of industry bodies such as AREF, INREV, the IPF and RICS to keep abreast of market developments and new legislation and regulations to monitor current and new risks.

We also work with best-in-class firms of property consultants and solicitors and receive information via their distribution lists for industry bulletins covering evolving market-wide and systemic risks. For example, we have recently been implementing procedures related to new RICS valuation standards concerning mandatory rotation cycles for the appointment of property valuers.

Please refer to Case Study 1 in Principle 9 for further information on how we are implementing RICS guidance to improve our processes for Maintaining Asset Value

Mayfair Capital and two of our advisory mandates are accredited as Living Wage Employers by the Living Wage Foundation. The real Living Wage is the only UK wage rate that is voluntarily paid by almost 12,000 UK businesses who believe their staff deserve a wage which meets basic everyday needs. Mayfair Capital's Living Wage accreditation demonstrates not only a commitment to our employees, but also to those who work in our supply chain, ensuring they are paid the "real living wage". We recognise the majority of our impact and influence is through our supply chain.

Additionally, in May 2022, Swiss Life Asset managers became a signatory of the Net Zero Asset Managers Initiative (NZAMi), reinforcing its commitment to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to support investment aligned with net zero emissions by 2050 or sooner.

Please refer to Principle 10 for more information on how we engage with industry associations and trade bodies on matters relating to the functioning of financial markets.

IDENTIFYING AND RESPONDING TO MARKET-WIDE AND SYSTEMIC RISKS

SEPTEMBER 2022 UK MINI-BUDGET

In 2022, the most pressing risks that we responded to related to rising inflation/interest rates, the UK cost-of-living crisis and the fallout from UK government's September 2022 "mini-budget".

On 23rd September 2022, the UK Chancellor of the Exchequer delivered a Ministerial Statement entitled "The Growth Plan" to the House of Commons. Referred to as a "mini-budget" in the media, the statement was delivered against the backdrop of an emerging cost-of-living crisis in the UK. Prior to the statement, the economy was facing various headwinds, including rising inflation, interest rate hikes and the slowing of both the economy and consumer demand. The "mini-budget" prompted a sharp fall in the value of pound sterling against the US dollar as world markets reacted negatively to the increased borrowing required to fund the government's proposed set of economic policies and tax cuts. Subsequently, the yield on British government debt (the gilt yield) spiked, causing sizeable negative impacts on the broader cost of debt and bond valuations.

PRINCIPLE 4 CONTD.

For real estate markets, volatility resulting from the government's "mini-budget" – and the subsequent fallout – led to a fundamental questioning of property values. Property values are typically priced in relation to the gilt yield (commonly referred to as the "Risk-Free rate"), whereby property assets are priced to reflect a risk premium above the Risk-Free rate. Over the past 40 years, the risk premium for real estate has typically been priced at approximately 230 bps above gilts[5]. Following the "mini-budget", gilt yields rose to approximately 4.5%, which pushed investors to demand higher property yields to maintain their long-term premium over gilts. Q4 2022 reflected the fastest repricing of yields in recorded history and led to high levels of uncertainty as well as low levels of liquidity in UK property markets, causing a rapid fall in prices.

The resulting impact on real estate values created significant market risk for our investors. Furthermore, rising cost of debt led to UK pension funds rushing to improve their cash holdings by selling assets. Due to their exposure to Liability Driven Investments (LDIs), Defined Benefit pension schemes needed to raise significant cash as collateral in a short space of time, creating "forced sellers" in the market, which crystalised lower asset valuations. A final consequence was that many investors in real estate funds sought to rebalance portfolio weightings to alternative assets, including real estate, through asset sales following the decline in bond valuations. The overall pace at which investors redeemed interests in UK open-ended commercial real estate funds accelerated in early October.

As a result of the events described above, we concluded there were two primary Market-wide risks for our investor clients: Liquidity Risk and Asset Pricing Risk.

[5] Calculated using the MSCI Equivalent Yield (MSCI Monthly Property Index - December 22) and the 10-year UK Gilt Yield

- **Liquidity Risk** – For our open-ended funds, we identified risk that underlying investors might seek to redeem investment holdings at short notice. The illiquid nature of real estate makes it difficult to exit open-ended real estate funds in a short space of time, particularly during periods of low market confidence, falling real estate values, and when high volumes of investors are seeking to exit. These factors can culminate in real estate funds becoming "forced sellers" (i.e. being forced to accept less than desirable sale prices for assets in order to fund high levels of redemptions at short notice). "Forced sales" lead to dramatic falls in asset valuations, which can destabilise funds by challenging liquidity and threatening performance. Therefore, effective liquidity management of our open-ended funds was of paramount importance.

- **Asset Pricing Risk** – As described above, commercial property markets were under strain in Q4 2022 from higher borrowing costs and pricing volatility. During such periods of uncertainty, it is common for transactions to "pause" until investors regain confidence at new pricing levels, leaving only "forced sellers" in the market. However, a reduction in deal volumes makes it difficult to judge relative/fair pricing, which means pricing has to drop significantly to find buyers willing to take the risk on price. With gilt yields rising to 4.5%, and property yields subsequently increasing, the underlying value of our direct real estate holdings materialised as a potential risk. Price determination was therefore crucial to assuring the value of our client's holdings.

To mitigate the above risks, we undertook the following measures:

- **Quarterly Risk Review Process** – First, our ability to identify and respond to risk is supported by our Quarterly Risk Review process led by our internal Investment Risk Committee (IRC). The Quarterly Risk Review process incorporates a review of all new and ongoing risks related to Mayfair Capital funds. During our quarterly review on 8th August (prior to the "mini-budget"), we identified increased risk from rising cost inflation pertaining to the UK "cost-of-living" crisis, as well as rising interest rates (already driving downward pressure on real estate asset values). During our 8th August meeting, our IRC conducted risk assessments for all Mayfair Capital funds, including liquidity stress testing, capital expenditure ("capex") exposure, and plans to dispose of assets in light of worsening market conditions. With this in mind, we were well-prepared to monitor and respond to further impacts relating to liquidity and pricing disruption.

- **Internal Risk Mitigation Measures** – Following the UK government's "mini-budget" announcement on 23rd September 2022 (and the resulting volatility within real estate markets), our Investment Risk Committee called an additional, formal meeting on 3rd October to respond to the increase in UK Market-risk. During the meeting, our IRC made several recommendations to effectively monitor and manage potential risks (including Liquidity Risk and Asset Pricing Risk) related to our funds. The IRC recommended the following measures, which were successfully carried out by Mayfair Capital teams:
  - A pause on all new investments due to extreme market volatility and price uncertainty. The IRC acknowledged the importance of determining sensible pricing metrics for assets across different sectors to assess the best possible time to re-enter the market.
  - Tracking and presentation of agreed pricing metrics for real estate (property transaction evidence and relative pricing to other asset classes).
  - Fair value analysis based on historic pricing of property relative to other asset classes, particularly in relation to gilt yields. The IRC agreed to monitor gilt yields and swap rates.
  - Analysis to determine acceptable investment returns over a forthcoming 2-year period. Due to the lack of price discovery within the UK market, we formulated an independent view on appropriate return targets for clients. This comprised analysis of the future expected performance of UK gilt markets.
  - Analysis of individual real estate sectors to determine relevant risk premiums over the gilt yield for each sector over time (which were then evaluated against our expectations for future income growth within each sector).
  - The holding and monitoring of sufficient cash within Mayfair Capital open-ended fund portfolios to mitigate redemption risk.

- **External Risk Mitigation Measures (Engagement)** – Alongside the IRC's recommendations, Mayfair Capital teams conducted extensive engagement with external parties to further mitigate Market-risk:
  - **Transactions** – Our Transactions team engaged deeply with the market to monitor activity and conduct price discovery. We also took a proactive approach to identifying distressed buyers in the market, who might typically present attractive value opportunities for new investment.
  - **Market Research** – Our Mayfair Capital Research team engaged extensively with SLAM's Chief Economist and Research team, and external market economists through attendance at seminars and lectures. We also made full use of all our existing market intelligence subscriptions to monitor market activity (*see Principle 4 - 'Industry Initiatives'*).

PRINCIPLE 4 CONTD.

- o **Client Communication** – We communicated proactively with clients in a direct and transparent fashion to provide clarity on market movements and improve their understanding of the situation and the risks they faced. This calmed investors and directly supported mitigation of both redemption risk and potential loss of client value at a time of severe market disruption (see Principle 6 – 'Case Study 2').

- o **Existing Client Acquisitions** – For two deals already "under offer" at the time, we engaged extensively with one client over the course of a two-week period, conducting fast-track research and analysis on their behalf. We eventually came to a joint-decision to pause investment based on market evidence (effectively abandoning both transactions). This decision was made with our client's long-term interests in mind.

We believe that our prudent response to the UK Market-risk in Q4 2022 is reflected in the following achieved outcomes for our clients:

1. **We avoided capital loss on planned acquisitions and re-entered the market sooner than many other investors**
   In retrospect, we have since calculated that pursuing the planned transactions would have resulted in a c.20% capital value loss for our client. Following the extensive price discovery efforts outlined above, we successfully determined acceptable pricing levels to re-enter the market, which provided us the confidence to resume market investment on behalf of our clients from the first week of December 2022 – arguably at a time when other institutional investors still lacked confidence.

2. **We avoided forced sales from our Funds**
   Not only did we hold sufficient cash within our open-ended funds to prevent forced property sales, but our largest fund, The Property Income Trust for Charities (PITCH) remained open during a period when many other funds and competitors decided to either close investment or defer redemptions. We successfully honoured all investor redemptions during Q4 and returned all capital at the request of clients before Christmas 2022.

3. **We effectively managed asset sale programs for Funds where the client requested to redeem capital**
   During Q4, one of our open-ended funds was required to redeem approximately 20% of fund value. Despite the general illiquidity of real estate assets and the tight window of time to execute sales, we responded by proactively managing an effective sales program. Working in the best interests of our client, our sales program consisted of several elements: first, we prepared more asset sales than needed, which allowed us to be selective on price negotiations; secondly, we appointed a variety of sales agents for different assets, to prevent the contagion effect of being identified as a "forced seller"; finally, we knew the market was moving quickly, and so the effectiveness of our fair value analysis allowed us to successfully identify acceptable sales prices. As a result, our efforts gave confidence to our investor who ended up revising down the volume of their redemptions after markets settled towards the end of Q4. We successfully met their short-term requirements without negatively impacting relative performance and were able to respond to their changing needs as markets evolved.

In conclusion, we believe the above commentary illustrates the effectiveness of our risk management processes to proactively manage and mitigate client risk during a period of extreme market volatility.

Please refer to Case Study 2 in Principle 6 for further commentary relating to how we engaged PITCH charity investors during this period of increased Market-risk.

ONGOING CLIMATE RISK

As outlined later in this report (Principle 7), we have a robust and comprehensive ESG strategy that ensures continual improvement of our ESG performance and enshrines our business commitments to addressing the impacts and risks posed by climate change.

We have made significant progress in refining and enhancing our risk assessment processes in relation to ESG and Climate Risk during 2022. Several of these risk mitigation initiatives included:

- Net zero carbon assessments for new acquisitions
- Net zero carbon audits of standing investments
- Decarbonisation pathway analysis of the standing investment portfolio
- ESG data collection
- Climate Risk modelling of physical and transition risk to Mayfair Capital's standing investment portfolio
- The inclusion of climate risk assessments as part of our standard acquisitions due diligence process
- Enhancements to our Mayfair Capital Flood Risk Policy to include defined risk thresholds and include forward looking climate risk considerations (*see Principle 2 Outcomes - 'Enhancements to our Flood Risk Policy'*).
- Enhanced quarterly risk reviews to include climate risk assessments

Please refer to Principle 7 for a detailed summary of outcomes and improvement initiatives relating to how we address climate risk within our investment portfolios.

ASSESSING HOW WE IDENTIFY & RESPOND TO RISKS

Mayfair Capital's risk management procedures are documented in our Mayfair Capital Risk Management Framework (which is continuously reviewed on an ongoing basis). At the forefront of our procedures is the ability to ensure that any inherent portfolio risk is aligned with the fund's objective and the specific risk tolerance agreed with the underlying client. Our reporting provides a holistic view of the performance drivers within our portfolios and allows us to identify areas of elevated risk and agree the measures required to mitigate these. We work on the basis of a "no surprises" approach to client reporting.

On the whole, we feel that we have capably evidenced our ability to mitigate emergent market-wide and systematic risk in 2022, including those specifically related to the UK "mini-budget". The events of Q4 2022 tested our risk management processes whilst also demonstrating the robustness of our approach. As evidenced, we were able to use our risk reporting and risk monitoring framework to quickly identify areas of vulnerability across our portfolios and agree comprehensive risk mitigation measures to achieve strong results for our clients. Further, we continue our efforts to mitigate ongoing climate risk through our thematic approach to portfolio positioning, and the increasing number of asset-level initiatives that we are advancing to address climate risk within our portfolios

Please refer to Principle 5 for further information on how we review and assure the effectiveness of our risk management policies and processes.

5

PRINCIPLE 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities

Forge, Woking UK

PREVIEW OF POLICIES & PROCESSES

POLICY REVIEW

Mayfair Capital reviewed all its policies during 2022 in accordance with our commitment to continuous improvement. All policies and procedures are reviewed at least annually in alignment with the Principles of the Stewardship Code.

Notable updates were made in Spring 2022 to the employee handbook, compliance manual and other compliance policies and procedures to reflect the requirements of the FCA's Investment Firms Prudential Regime. External assurance was obtained from ACA Compliance (Europe) Limited, a third-party firm which specialises in advising on regulatory compliance.

As mentioned within our responses to Principles 2 and 7, key actions during 2022 related to the following policies and processes:

- We have developed a Mayfair Capital Supplier Code of Conduct that all material suppliers are expected to adhere to, including basic expectations on human rights, Health & Safety, Diversity and Inclusion, and Living Wage. This ensures our supply chain is as responsible as possible. In 2022 we requested existing suppliers to confirm acceptance of the principles set out in the code, and as part of the new process ask all new suppliers to sign the code of conduct prior to contract signing.
- In 2022, we reviewed and enhanced the Mayfair Capital Flood Risk policy to clearly define risk thresholds and tolerances, and to incorporate forward looking climate risk considerations. Additional training was provided to the Investment Group on the new policy and updated process.
- Following the development of our UK ESG Strategy alongside the wider Swiss Life Asset Manager group in 2021, we implemented the first year of the strategy in 2022. This included monitoring of KPIs for the first time, and communication to all key internal and external stakeholders.
- We made enhancements to the ESG components within our Mayfair Capital annual investment plans and risk reporting processes. We review our current reporting on an annual basis, seeking to make further enhancements to ensure continuous improvement.
- We first introduced net zero assessments (relating to transitional climate risk) as part of Mayfair Capital's standard due diligence process in 2021. In 2022, we enhanced this process further to incorporate physical climate risk assessments for all potential acquisitions (includes an assessment of physical and transitional climate risk). This was embedded as part of the standard process in 2022.

INTERNAL & EXTERNAL ASSURANCE OF STEWARDSHIP

Mayfair Capital has implemented a series of internal and external processes to gain assurance. Activities carried out for the 2022 period are summarised as follows:

INTERNAL ASSURANCE

The Board and the Executive Committee are jointly responsible for the oversight and accountability for effective stewardship within Mayfair Capital. This approach has been chosen to ensure that stewardship is at the heart of decision making both strategically (at Board level) and operationally (at Executive Committee level).

The Executive Committee comprises Mayfair Capital's CEO, CIO and COO and it meets weekly. Stewardship and responsible investment are on the standing agenda for these meetings. Priorities are set by this committee, and activities are monitored on an ongoing weekly basis. Reports are provided to the UK Executive Board on a quarterly basis. In 2022 Board meetings were held in March, July, September and December.

Mayfair Capital has an internal Compliance function headed by the COO, who also acts as the Firm's Compliance Officer. As a wholly owned subsidiary of the Swiss Life group, Mayfair Capital is also subject to ongoing oversight by the Swiss Life Asset Managers Compliance function. In 2022 the COO participated in further meetings with Swiss Life subject matter experts on SFDR and related sustainability reporting topics. Initial discussions were held internally and with ACA Compliance (Europe) Limited in the Autumn of 2022 regarding the FCA's consultation paper CP22/20 Sustainability Disclosure Requirements (SDR). It is expected that Mayfair Capital will be within scope of the new regulatory requirements, and will implement them in 2023.

Mayfair Capital is additionally subject to ongoing oversight by the Swiss Life Internal Audit function. A preliminary internal audit review of Mayfair Capital was conducted in July 2022. The scope of the review focused on assessing governance, processes and controls over real estate sales and related party transactions, including the selection of assets to be sold, determination of price (and other contractual terms), selection and monitoring of brokers, approvals, and how potential conflicts of interest are handled. The preliminary review did not identify any adverse findings. Further field work will be conducted in this area in 2023.

To support assurance, Mayfair Capital Investment Management Limited is subject to ongoing oversight by the Swiss Life Internal Audit

EXTERNAL ASSURANCE

We consulted with the following external parties in order to obtain assurance:

- ACA Compliance (Europe) Limited – compliance consultants
- EVORA Global – ESG consultants
- Association of Real Estate Funds – industry body

As outlined within Principle 2, our UK direct property team and Head of ESG, UK continue to work with EVORA Global on matters relating to ongoing advice and guidance. Fund and property environmental performance data submitted to GRESB for peer group assessment is externally assured by EVORA Global to the AA1000AS Assurance standard annually.

ACA Compliance (Europe) Limited have been retained to conduct quarterly compliance monitoring of Mayfair Capital's compliance function and to provide advice and guidance on regulatory topics. In particular, ACA help us to shape our ESG/responsible investing initiatives by providing advice on key issues including:

- New Sustainability Disclosures Requirements
- New Consumer Duty regulations (see case study below)
- New rules on the promotion of high-risk investments

In terms of ongoing assurance, ACA carried out 4 compliance monitoring reviews during the 2022 period (in February, May, August and November). On completion of their review, ACA write a report to the UK Executive Board. None of the reviews identified any adverse findings.

In addition to the above assurance processes, this stewardship report has been subject to independent review by a professional services firm.

CASE STUDY 1

Implementation of new Consumer Duty regulations

We worked closely with ACA Compliance (Europe) Limited to understand the new Consumer Duty regulations published by the FCA in July 2022 and assess their impact on our business. Even though it was ultimately determined that the new rules did not apply to Mayfair Capital, some aspects of the new rules were considered to be relevant to PITCH, our specialist fund for charity investors. By agreement with PITCH's independent Investors Committee, we have adopted provisions in the Consumer Duty relating to value for money, and have updated the terms of reference of the Investors Committee to keep fee levels under review.

Capital Quarter, Cardiff UK

PRINCIPLE 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

OUR CLIENT BASE

Mayfair Capital assets under management (AUM) totalled £2.2 billion as at 31st December 2022, comprising 142 direct property assets. Of this, our client base predominantly comprises Institutional investors (Pension Funds / Life Insurers) and Charity Investors (see Graph 6.1 adjacent).

We manage segregated discretionary and advisory mandates for a small number of clients including Schroders and Jupiter Asset Management, as well as a UK Family Office. We also manage UK pooled funds, including the open-ended Property Income Trust for Charities (PITCH), a core income focused strategy; and the Thematic Growth Fund, a closed-end fund with a core plus/value-add strategy.

We also manage four UK/Ireland assets on behalf of three SLAM Funds – two pan-European Diversified strategies, and one pan-European Residential strategy.

CLIENT COMMUNICATION

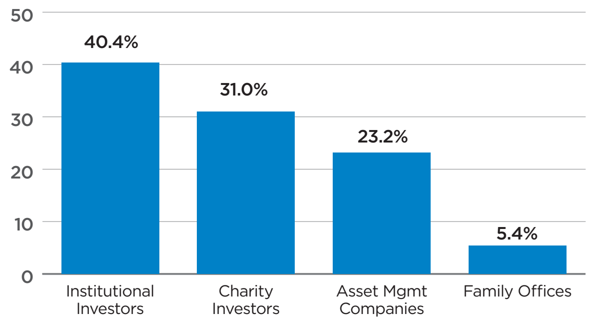
Investor communication is a key component of our investment process. Clear, informative communication is fundamental to our commitment to engender trust and develop long term strategic partnerships with our clients. We operate a “no surprises” approach to client reporting. Our client communication generally comprises meetings, written reports and verbal communication via calls and face-to-face meetings (in-person or online).

MEETINGS

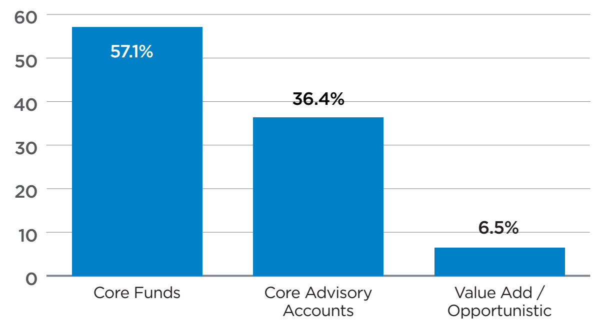
We propose open communication, and meetings are arranged by the core client team as frequently as is required. They provide an inclusive forum to encourage and facilitate productive two-way dialogue. Typical meetings include:

- Annual Strategy Meeting to understand client objectives, the requirements of key stakeholders and drivers of overall client strategy

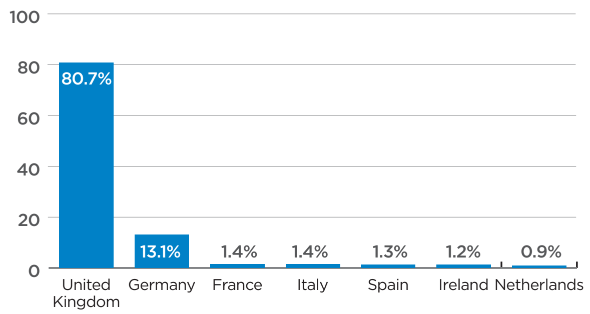
Graph 6.1 Mayfair Capital AUM by Investor Type



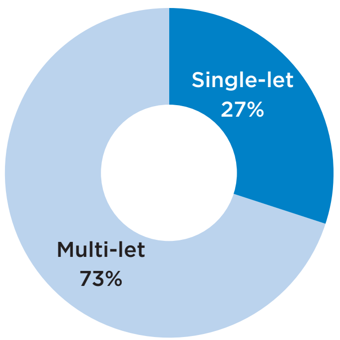
Graph 6.2 Mayfair Capital AUM by Risk Strategy



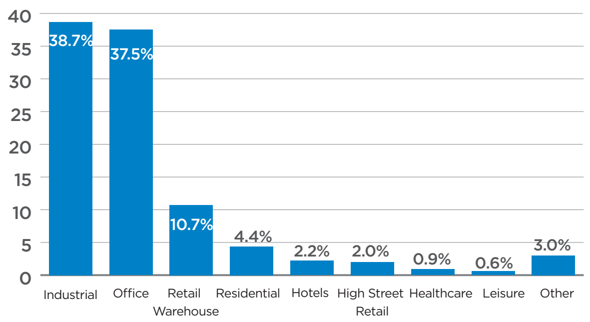
Graph 6.3 Mayfair Capital AUM by Property Location



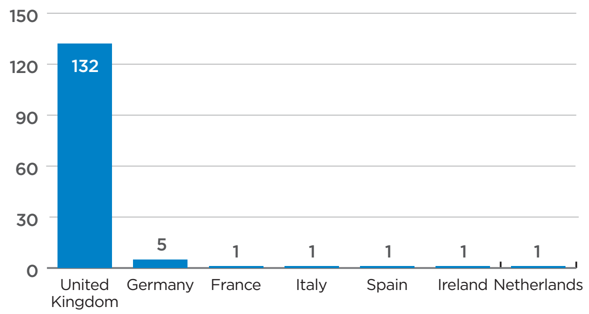
Graph 6.4 Mayfair Capital AUM by Lease Type



Graph 6.5 Mayfair Capital AUM by Property Sector



Graph 6.6 Mayfair Capital Assets by Property Location (142 assets)



- Annual ESG Strategy Review incorporating review and planning of all proposed sustainability initiatives including budget considerations
- Quarterly meetings to report on the market, portfolio activity, performance and attribution analysis, risk metrics, sustainability and financial KPIs
- Trustee and Investment Committee meetings and presentations, as required
- Investment Consultant fund reviews (acting on behalf of other investors), as required
- Transaction opportunities and pipeline, as required
- Trustee training, as required
- On-site asset inspection meetings as required for existing assets and potential purchases
- Client relationship "check-in" at least annually to assess level of satisfaction with the service and address areas of improvement

It is important to create a structure of communication where clear and swift decisions are made to allow us to operate efficiently and in the best interest of our clients. To develop trust, particularly at the beginning of a mandate, we encourage regular face-to-face meetings, including joint property visits and reviews wwhere appropriate. We advocate a team approach built on transparency and clear communication.

Where possible, all client visits are undertaken by public transport to minimise our carbon footprint. We also use tried-and-tested online meeting technology, subject to client preferences.

PRINCIPLE 6 CONTD.

REPORTING

We provide the following regular reporting during the ordinary course of operating a real estate investment management mandate:

- Annual presentation of our House View and Thematic Strategies and how we intend to implement them
- Annual presentation of the Investment Plan. Key strategic objectives are identified, including a review of the asset business plans and "hold/sell" analysis for each property, plus target investments
- Annual MSCI Portfolio Analysis Service (PAS) / Benchmark reports
- Annual GRESB benchmark reporting, incorporating Fund and property environmental performance data submitted to GRESB for peer group assessment
- Semi-annual risk reports, which are incorporated into quarterly reports
- Quarterly consolidated portfolio accounts including capital values
- Quarterly Client Portfolio Management Reports, including the following information:
    - o Market outlook
    - o Portfolio performance and attribution
    - o Transaction activity
    - o Deal pipeline and potential sales.
    - o Asset management Business Plans update
    - o ESG reporting
    - o Key portfolio risk metrics
- Transaction Recommendation Reports for transactions put forward to the IRC
- Ad-hoc reporting (e.g. market updates, recent legislation, budget summary, etc.)

We also provide annual summary reports (including activity and financial highlights) for bespoke client purposes as required, such as websites, Annual Reports, Audits, Corporate Social Responsibility (CSR) or ESG/RI reporting.

ALIGNING WITH OUR CLIENTS' STEWARDSHIP APPROACHES/POLICIES

Given the diversity of our client base, we observe a range of expectations regarding alignment on stewardship. All of our clients are unique, and we respect that each is navigating their own journey in relation to stewardship and responsible investment. As a responsible investor, we recognise the opportunity to take a flexible approach. Where we can lead engagement with clients, we will, particularly in situations when our expectations of stewardship might surpass theirs. At other times, close engagement is often required to align mutual stewardship policies to achieve a complementary approach. We embrace both approaches across our client portfolios.

For our pooled core mandates, we lead the responsible investment approach, whilst simultaneously listening to the individual needs of our investors. Mayfair Capital's PITCH fund invests on behalf of an underlying client base of c.1,200 UK charity investors. PITCH has followed formal ethical and environmental management policies since launching in 2004 – well in advance of peer funds. A considerable proportion of PITCH's AUM is allocated through third-party Investment Managers. Aligning our stewardship approach with these key "client aggregators" is of fundamental importance to the sustainable growth of our business in future. We regularly respond to ESG Due Diligence Questionnaires (DDQs) from investment consultants and charity investors. DDQs (and any feedback received from completing them) afford us an opportunity

INVESTMENT REPORTING

REPORTING CALENDAR

- HOUSE VIEWS & THEMATIC STRATEGIES (ANNUAL)
- INVESTMENT PLAN (ANNUAL)
- RISK REPORTS (SEMI-ANNUAL)
- PORTFOLIO ACCOUNTS & REPORTS (QUARTERLY)
- TRANSACTION REPORTS (AS REQUIRED)

QUARTERLY PORTFOLIO MANAGEMENT REPORTS

- MARKET OUTLOOK
- PORTFOLIO PERFORMANCE AND ATTRIBUTION
- TRANSACTION ACTIVITY
- ASSET MANAGEMENT
- ESG REPORTING
- KEY PORTFOLIO RISK METRICS

to review our stewardship approach in relation to ongoing investor expectations.

For our separate account and single mandate clients, we encounter a mix of expectations. Some of our clients are advanced in their requirements and we engaged deeply with them on stewardship alignment in 2022.

Please refer to Case Study 1 within this section for an illustrative example of how we continuously align with our clients' stewardship and investment policies

Other separate account clients are less pre-occupied with ESG objectives, particularly in cases where they might have limited internal resources available to support stewardship. For these investors, we make proactive and forward-looking recommendations to get "ahead of the curve" (aligning with our responsible investment approach) and not lag market best practice. Simple measures now – such as the implementation of data collection platforms – will make it significantly easier for clients to make fast advancements on stewardship in future, should their ambitions change. In all cases, we firmly believe that deep, constructive engagement is the only way to identify our clients' expectations in relation to stewardship (as well as promote the benefits of a progressive approach).

INCORPORATING CLIENT FEEDBACK TO ENHANCE OUR STEWARDSHIP APPROACH

Client feedback is always considered when we seek to make enhancements to our stewardship approach. In the past, such feedback has ranged from informal recommendations (such as endorsements of reputable ESG advisors and third-party service providers) to more formal requests relating to new and increasing client requirements. Over the past few years, we have witnessed increased engagement on matters such as the use of renewable electricity supplies, operational environmental data coverage (including 100%

whole building coverage by end 2025), reduction of fossil fuel dependence, and the provision of social data relating to employee Diversity & Inclusion and community engagement programmes. Planning for and responding to client requirements is a rolling process that we implement on a continuous basis. This illustrates our desire to integrate client feedback into the enhancement of our stewardship activities – both for specific clients as well as for our wider business.

As a positive reflection of our stewardship approach, we are increasingly finding that topics raised by clients are matters that we are already investigating or implementing in other areas of our business. For example, at the start of 2022, one of our separate account clients requested net zero audits on their portfolio of standing assets. We responded with our existing tools and processes to complete the audits within a short time frame.

Please refer to Case Study 1 within this section for further information on this example of how we continuously align with our clients' stewardship and investment needs.

ASSESSING OUR EFFECTIVENESS AT UNDERSTANDING CLIENTS' NEEDS

Above all else, we look to client satisfaction and investment performance as key metrics of whether we are understanding our clients' needs and meeting their expectations. Our focused approach is centred on offering a personalised service to our investors, which requires us to meet directly with them. We solicit direct, unfiltered feedback from senior leadership on a regular basis to ensure that we are meeting our clients' needs. We encourage two-way dialogue at all times, and keep our clients fully informed on key initiatives related to performance such as rent collection and asset management. We employ both quantitative and qualitative internal controls to account for our clients' needs and ensure the effectiveness of our processes. Quantitative controls form the basis of how we measure client performance. Many of our mandates adopt explicit benchmarks, which are independently verified and monitored on a continuous basis. For example, one of our mandates targets outperformance of the MSCI AREF UK Quarterly Property Fund Index (UK All Balanced Property). Relative performance is measured quarterly and reported directly to our client. Quantitative controls can also be adapted to our clients' evolving needs throughout the lifetime of a mandate, whether in response to changing market conditions or our clients' risk/return requirements. In the case of this mandate, quantitative performance controls previously included an income return requirement, which was subsequently deprioritized at our clients' request to focus on total return.

On a qualitative basis, we rely on direct feedback to inform internal controls related to client needs and satisfaction. We typically seek feedback on matters such as mandate resourcing, communication levels, reporting standards and bespoke requirements. Client feedback is incredibly important to us. One of our most important qualitative internal controls involves Mayfair Capital's Chairman meeting with every client at least once a year to obtain feedback on service levels and to identify areas of improvement. The feedback is formally presented to the UK Executive Committee and action plans put in place to make any necessary improvements. The Chairman's role serves as a vital internal control to ensure that we receive honest feedback, which is made possible by the fact that the Chairman is not a member of the client servicing team, and feedback is always provided without the client servicing team being present.

For our largest pooled investment fund, PITCH, we engage with our c.1,200 UK charity investors regularly through quarterly performance updates, briefing webinars and consistent communication, which includes the offer to all direct investors for an annual personal Fund update. In the past, our principal opportunity to assess PITCH client satisfaction has been via an annual seminar hosted physically in London for our charity investors and investment managers. The lasting impacts of COVID on workplace trends as well as the spate of UK industrial disputes and strikes affecting London public transport in 2022 made physical meetings and travel to London more difficult last year than we experienced prior to the pandemic. Over the past years, we have witnessed a sizeable reduction in the number of physical seminars facilitated by our industry, and as a result, we took the decision to replace our annual seminar with a series of hybrid events in 2022. Firstly, we hosted two online investment webinars in February and September. Agendas focused on fund performance, market-wide and systemic risks and the open sharing of investor feedback, all within an open and transparent forum. 2022 was one of the most dynamic years for property markets in recent memory, caused by the outbreak of conflict in the Ukraine (February), and the correction in interest rates and gilt markets resulting from the UK "mini-budget" (September). Our webinars were therefore well-timed in order to understand our clients' needs during such significant periods of market disruption. We also conducted a series of smaller, bespoke "Trustee Training" events throughout the year. Comprising 6-8 charity organisations at a time, these events were facilitated as roundtable discussions on themes relevant to charity investors such as regulatory changes, investment trends and ESG considerations.

We are well aware of the ever-increasing needs and expectations of our investors, with organisational culture, diversity and inclusion, net zero ambitions and social value emerging as key themes for engagement in 2022 and beyond. We are committed to further engagement with all of our clients in the future to continuously update our understanding of their evolving needs.

"Living wall" at Oakleigh House, Cardiff UK

PRINCIPLE 6 CONTD.

CASE STUDY 1

Engaging with a separate account client to meet their need for net zero audits on portfolio assets

As mentioned on p.45, we continue to see a mix of approaches amongst our separate account clients in relation to their stewardship ambitions. Our continuing priority is to engage deeply with our investors to understand and respond to their evolving needs.

During Q1 2022, we received a request from one of our clients to conduct net zero audits on their portfolio of real estate assets. Prior to this request, our engagement with the client on sustainability matters had been relatively limited due to their small (but growing) portfolio. However, since announcing a formal commitment to achieving net zero by 2030, our client informed us that net zero audits would be one of their key priorities for 2022.

Specifically, our client required net zero audits in order to facilitate pathway and cost analysis in support of their goal of achieving net zero by 2030. The client required detailed asset-level carbon reduction plans and costings, as well as reporting outputs for their Board of Directors. Quantification of the cost of achieving net zero is crucial, and therefore, net zero audits would enable them to measure the existing carbon performance of their assets, and ensure proper planning and costing of initiatives to improve each asset's carbon performance over time.

We typically conduct net zero screening on all new investment acquisitions and complete a further 2-3 asset-level audits for each Mayfair Capital fund per year. We do not typically analyse more than 2-3 audits per year, but we undertook our client's request in order to respond to their need. With their ambitious net zero target in mind, the project involved significant workload in order to achieve their goals within a short timeframe.

Initially, we engaged the client's Head of Sustainability to fully understand their requirements. We facilitated several meetings to understand their needs regarding timeframes, reporting requirements and preferred outputs. The client suggested a preferred external provider to assist with the audits, who we worked with to ensure we could deliver the audits in a preferred format.

We completed eight net zero audits in total and received positive feedback from our client as a result of our ability to satisfy their requirements. We were able to provide the information they needed to quantify the projected cost of achieving net zero, demonstrating our knowledge and ability to flexibly meet their needs. Off the back of the asset audits, we formalised an Annual ESG Budget and Plan, which we plan to utilise moving forward to help deliver on all planned initiatives.

Once the initial net zero audits were completed and approved, we started to gather tenant data. As stated in our response to Principle 7, we constantly promote ESG data sharing between landlord and tenants to support the transition to net zero carbon. It is difficult to accurately determine the carbon performance of an individual property without quality ESG data. Therefore, high-quality data supports our ability to focus on the best possible initiatives to achieve net zero.

Looking ahead, our focus for 2023 will be to continue improving data coverage across the client's portfolio, supported by the ESG Data Management System that we implemented in 2022 (*please refer to our 'Data Harmonisation & Data Management Systems' outcome in Principle 7 for further information*). We also plan to begin implementing a series of asset-level initiatives informed by the net zero audits, which will include engagement and collaboration with tenants to encourage (for example) the replacement of lighting fixtures from energy-intensive to LED, and the installation of solar PV panels.

CASE STUDY 2

Engagement with charity investors to communicate and mitigate elevated market-wide risks

The formal objective of our PITCH fund is to provide charities with a relatively high and sustainable income yield, distributed regularly through quarterly distributions, whilst aiming to maintain capital value in real terms over the economic cycle. We have a long history of meeting cashflow requirements for charity investors: since launching PITCH 19 years ago, we have never varied our redemption commitments as a result of portfolio cashflow issues and have always managed to settle redemption requests in the normal course of running the fund, which is unique within our competitor peer group.

As articulated in our response to Principle 4, we witnessed elevated Market-wide and Systemic risks during Q4 2022 following the fallout from the UK government's "mini-budget". For charity investors in our PITCH fund, this introduced both *Asset Pricing Risk* and *Liquidity Risk*.

For *Asset Pricing Risk*, we undertook the series of risk mitigation measures outlined on p.35-36 to avoid capital loss, determine acceptable pricing levels, and identify an appropriate time for market re-entry.

For *Liquidity risk*, we mitigated risk by holding sufficient cash within the PITCH portfolio to manage against volatility, and then conducted a series of bespoke engagement exercises with investors to manage through the period of heightened risk. Importantly, if redemption requests exceeded available levels of cash, the fund might have been forced to sell assets under poor market conditions, thereby harming the underlying value of client holdings (both for those investors seeking to redeem and those wishing to remain in the fund). Therefore, active investor engagement was vital in order for us to effectively manage the liquidity of the portfolio. We conducted the following engagement exercises with clients:

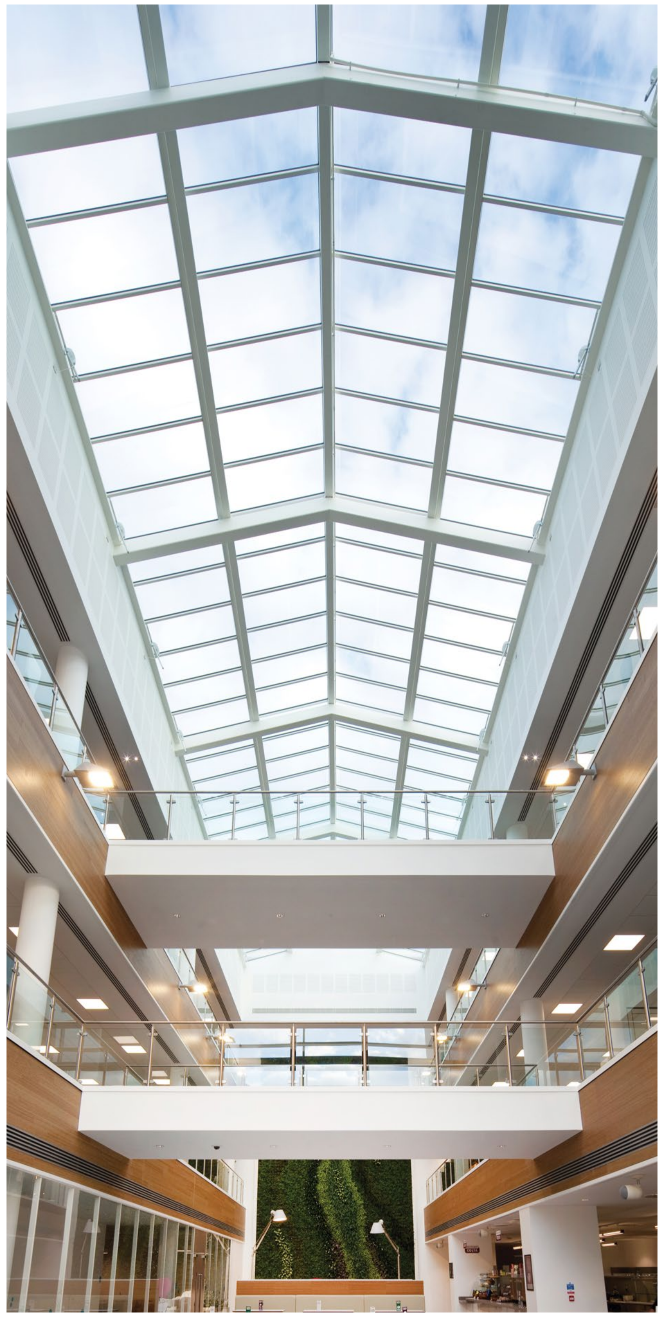
- First, we called a special meeting of the PITCH Investors Committee to facilitate open discussion with investors and determine appropriate actions in response to the elevated risks. We provided transparent scenario planning analysis, detailing the likely impacts and outcomes if redemptions increased above available cash levels. We calculated forecasts for future redemptions and proposed a series of mitigation measures, including the decision to hold more cash in the portfolio (despite already having enough to payout in-line with our forecasts). We also summarised redemption provisions from the PITCH trust deed to provide clarity and awareness of the fund's procedures to investors. The meeting was formally minuted and concluded with an agreement that the management team would communicate back to investors once the Q4 redemptions window closed.

- Secondly, we organised an online investment webinar for PITCH investors in September to communicate our views on the market, provide guidance regarding risk mitigation, and seek feedback on our proposed risk management measures. The webinar was a proactive opportunity to express our views on market pricing (which in hindsight, turned out to be correct), and to also solicit honest feedback from investors within an open and transparent forum. Our webinar was well-timed to provide clarity and comfort to clients, whilst also offering us an opportunity to better understand their needs through Q&A.

As a result of our proactive communication efforts, we were able to balance strong governance, transparency, and optimal risk management on behalf of PITCH's 1,200+ charity investors. We managed our cashflow prudently throughout the period and successfully mitigated Liquidity risk. At the end of Q4, we honoured all quarter-end redemptions, and immediately paid all distributions to investors. Not only did we successfully hold sufficient cash within the portfolio to prevent forced property sales, but the PITCH fund remained open for investment throughout the entire quarter when many other competitors decided to either close investment or defer redemptions.

PRINCIPLE 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities



Oxford Business Park, Oxford UK

OVERVIEW

We regard Responsible Property Investment (RPI) as a core part of our management approach and define it as the consideration of environmental, social and governance (ESG) issues within our investment process and operations.

We integrate ESG criteria, as well as risk factors and financial metrics, into a controlled and structured investment process. We ensure prudent investment selection, specification for development and refurbishments and management of the buildings under our care. We believe this generates long term risk-adjusted returns, supports climate change mitigation, and aligns our investment goals to those of our investors and stakeholders.

We have established a comprehensive ESG strategy that ensures continual improvement of our ESG performance and enshrines our commitments as a business. We monitor performance against our ESG strategy KPIs on an annual basis. We have implemented processes to limit our environmental impact and contribute positively to the communities in which we invest. We intend to make continual improvments in the coming years.

For further information on Mayfair Capital's approach to Responsible Property Investment, a copy of our Responsible Property Investment Policy is available on **our website**.

RESPONSIBLE INVESTMENT POLICY

GOVERNANCE

The Mayfair Capital Executive Committee is responsible for execution of the objectives outlined in our Responsible Property Investment Policy. Practical implementation is directed by the Head of ESG UK, Christi Vosloo. Mayfair Capital endeavours to inform and support all employees and key stakeholders in their responsibilities towards meeting these commitments.

PRINCIPLES

The core principles of our RPI policy are:

E **Environmental:**
Actively manage and improve the environmental performance and climate related resilience of our real estate investments.

S **Social:**
Promote safe and healthy buildings which encourage productivity and positive customer experiences for the communities, workers and visitors who use them.

G **Governance:**
Ensure robust processes are in place to minimise legislative, environmental and social risks and to obtain reliable asset level data throughout the investment cycle, whilst disclosing our activities and progress towards achieving our objectives.

All these policies and procedures require committed engagement with our stakeholders, including tenants, property managers, suppliers, lawyers and other third-party service providers.

OBJECTIVES

OPERATIONAL

- E S G Ensure compliance with all applicable environmental and health and safety regulation.
- E Improve data coverage across the portfolio to enhance performance monitoring and to support the carbon emission reduction strategy.
- E Where landlord controlled, ensure energy, water and waste data is collected and monitored on a quarterly basis, at a minimum.
- E Where tenant controlled, engage with tenants to monitor energy, water and waste data on an annual basis, where possible. Seek to implement green lease clauses, to encourage data sharing and tenant collaboration on ESG goals.
- E S G Incorporate ESG asset-level initiatives into business plans aiming for best practice where possible.
- E S G Maintain an active dialogue with key stakeholders on ESG issues, encouraging building occupants to improve environmental performance.
- E S G Ensure minimum ESG requirements for property managers to encourage best practice and ensure all training needs are met for employees and relevant stakeholders.
- E Maintain oversight of physical and transition risk across the portfolio.
- E S G Conduct regular reviews of suppliers to ensure they meet Mayfair Capital's ESG requirements.

PRINCIPLE 7 CONTD.

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TRANSACTIONS

E S G Undertake a formal risk assessment on prospective investments to assess asset compliance, resilience and risks relating to environmental, social and governance issues.

E S Conduct a review of the potential to improve existing environmental or social performance as part of due diligence, including capital expenditure as required.

S G As part of the IRC review, ensure social aspects such as health, safety, tenant comfort, location and transportation aspects of the building are assessed.

E S G Review the applicability to complete ESG Asset Logbooks on newly-acquired assets as part of the ESG onboarding process.

G In addition to industry relevant policies, ensure that all assets under management, potential investments, employees and stakeholders adhere to internal policies.

DEVELOPMENT & REFURBISHMENT

E S G Ensure contractors have robust procedures in place to manage environmental, social and governance issues.

E G Ensure compliance with Minimum Energy Efficiency Standard (MEES) regulations and maintain a comprehensive understanding of all current and future regulatory requirements.

E Identify opportunities to implement efficiency measures throughout each design phase, including alignment with or certification to green building standards.

E Where practical, track and assess the impact on energy efficiency of improvements made as part of refurbishments.

E S Engage with key stakeholders to ensure both environmental and social aspects are carefully considered throughout the refurbishment process, including health and wellbeing of occupants.

MAXIMISING ESG CREDENTIALS AT THE PROPERTY LEVEL

We are committed to using our influence where possible to improve sustainability of the built environment. We achieve this through careful asset selection, development specification, asset refurbishment and diligent integration of ESG considerations into all business processes.

We carefully select investments through our rigorous ESG acquisition screening process and look to maximise asset value through refurbishment and the implementation of ESG initiatives. There is increasing recognition of the 'value' of ESG through growing evidence of enhanced rents, reduced void periods, and increased leasing velocity. Many ESG initiatives are not only a cost but provide a return through reduced consumption and running costs or provide an additional income stream (e.g. solar panels).

When we refurbish assets, we aim for best practice energy efficiency, carbon reduction, and health and wellbeing measures. We improve lighting, remove gas supplies, install on-site renewable energy, and incorporate wellbeing features such as cycle stores, showers and biophilia. We also encourage use of sustainable materials and practices during refurbishment.

Our proprietary Mayfair Capital Sustainable Development and Refurbishment Guide includes detailed ESG principles governing all refurbishment activities. ESG Acquisition Checklists are completed for all new acquisitions, and Responsible Investment procedures are incorporated throughout our asset management and reporting processes. These procedures extend to:

- ESG Asset Logbooks
- Green Lease Policy
- Mayfair Capital Sustainable Refurbishment Guide
- Mayfair Capital Supplier Code of Conduct
- Mayfair Capital Supplier Sustainability Questionnaire
- Mayfair Capital Property Manager Sustainability Standards & Guidance
- Mayfair Capital Sustainable Fit-out Guide

All these policies and procedures require committed engagement with our stakeholders, including tenants, property managers, suppliers, lawyers and other third-party service providers. We work closely with EVORA Global and other expert ESG advisors (selected on a project by project basis) to continually improve our processes and ensure best practice in our responsible investment activities.

REPORTING

We are committed to transparent reporting and continual improvement on ESG:

- Swiss Life Asset Managers publishes an annual **Responsible Investment Report** and **Group Sustainability Report**
- The Group are supporters of the Task Force on Climate-related Financial Disclosures (TCFD) and have published **a second annual response to TCFD**.
- We are signatories of UNPRI, responding to the survey annually and publishing our **RI Transparency Report**.
- Following our acceptance as a signatory to the UK Stewardship Code, we publish a copy of our report on **our website**. In line with our responsibilities, we continue to report on our progress annually.

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ADDITIONAL CLIENT REPORTING

We commit to reporting on ESG on a quarterly basis for all clients. The level of reporting is tailored to the client, and asset level or tenant level reporting can be provided if required. We specifically report on managing agent activity, tenant engagement, refurbishment or other construction activity, and relevant services (air conditioning, car parking, flood zone risk, EPC ratings, potential costings, etc.). Additionally, we measure and monitor portfolio environmental performance (including energy, water and waste). In addition to the Divisional reporting published by Swiss Life Asset Managers (**SLAM Responsible Investment Report**), we commit to providing clients with bespoke ESG reporting including annual benchmarking reports such as The Global Real Estate Sustainability Benchmark (GRESB).

TENANT ENGAGEMENT CONSIDERATIONS

Engaging closely with tenants is vital to our responsible investment approach. In describing our approach to tenant engagement, it is essential to highlight the impact that tenant lease terms have on our ability to integrate stewardship and ESG initiatives at the asset-level. We distinguish between two approaches to integrating ESG initiatives within our properties:

1. **'Multi-let' leases** – For properties comprising 'Multi-let' leases, Mayfair Capital maintains full control of the asset assuming full responsibility for common parts of buildings (roofs, shared amenities, entrances, staircases, etc.) The landlord of a 'Multi-let' property lets space within each property to tenants (e.g. second floor, third floor, etc.), and charges a fee to tenants for general upkeep and use of common parts. 'Multi-let' leases allow landlords to fully manage and integrate ESG initiatives within properties, such as the selection of renewable energy suppliers. We hold regular tenant meetings at 'Multi-let' assets to establish tenants' needs, build support for sustainability initiatives, and draw on occupiers' own ideas for ESG integration.

2. **'Full repairing and insuring' (FRI) leases** – FRI leases offer limited control to landlords. FRIs typically relate to properties with a single tenant ('Single-let') that assumes full responsibility for features such as general repair, maintenance, property insurance, broadband, and utility procurement. The 'Single-let' tenant is responsible for operation and upkeep, meaning the landlord's ability to influence aspects of the property is limited in comparison to 'Multi-let' leases.

Mayfair Capital manages 55 individual 'Single-let' assets. Weighted by value, these properties constitute 27% of our total £2.2bn AUM (illustrated by Graph 6.4 on p.43). Despite the increased challenge of making a meaningful difference in these assets, we undertake tenant surveys to try to understand our occupiers' views on sustainability and identify areas in which we can assist. For example, if an occupier is seeking to enhance the energy efficiency of their building, we would be eager to find ways to help them fund the cost of this - perhaps through extending their lease or paying an increased rent. Sustainable objectives are more easily attained by working in partnership.

This distinction between 'Multi-let' and FRI leases is an industry-wide challenge affecting all real estate investment managers or landlords who seek to improve the sustainability credentials within existing 'Single-let' properties. In our experience, many 'Single-let' FRI tenants are reluctant to engage with landlords because there is no legal requirement to do so and they may have their own ESG plan and priorities, and in some cases are targeting their largest premises first. This is a key challenge for managers of existing real estate assets - it is far easier for a landlord to optimise ESG characteristics in a refurbishment or new build (e.g. through onsite renewable energy) before an FRI lease is signed with a new tenant.

There is no "quick fix" solution and affecting change requires long term solutions. Despite energy procurement within 'Single-let' properties being a tenant responsibility, we can affect positive change by collaborating closely with tenants. We strongly believe that responsible property investors have an obligation to promote ESG data sharing between landlord and tenants, to collaborate on the implementation of onsite renewables and other ESG initiatives, and to engage and influence tenants to switch to renewable energy suppliers.

More effective collaboration and positive engagement between landlords and tenants will be required to achieve successful and consistent ESG data sharing and the transition to net zero carbon. Until then, we remain focused on our primary goal of reducing the environmental impact of our buildings – increased data sharing is just the first step. We seek to be market leaders and will continue our efforts to positively influence our occupiers in accordance with our own ESG principles.

ASSESSING OUR INTEGRATION OF STEWARDSHIP AND INVESTMENT

As illustrated in the preceding sections, our commitment to integrating stewardship and investment is reflected in the lengths that we go to in order to implement a bespoke Responsible Property Investment policy, various reporting disclosures, and granular best practice initiatives at both the portfolio and property levels.

We continually strive to meet both market and investor expectations. We leverage third-party specialist advisors on key ESG topics who provide regular market, industry and legislative updates to ensure we are remaining abreast of key ESG trends and expectations. We also gather feedback from investors, ensuring that we action and incorporate feedback to enhance existing processes.

The Global Real Estate Sustainability Benchmark (GRESB) remains the dominant sustainability benchmark for real estate, providing an objective assessment of the integration of ESG and stewardship in relation to an Investment Manager's peers. Two of our largest funds participated in GRESB in 2022, receiving scores of 78 and 75 out of 100 with both mandates awarded three Green Stars.

We are well aware that our clients and beneficiaries are constantly "raising the bar" in terms of their expectations. Continuous improvement is therefore essential to the ongoing effectiveness of our integration measures.

Please refer to Principle 6 for further information on how we engage with clients and beneficiaries to understand their evolving expectations in relation to Stewardship, ESG issues and climate risk.

Duet, Salford UK

2022 OUTCOMES

INTEGRATING STEWARDSHIP & INVESTMENT

As mentioned in the CEO's Update, we progressed a significant number of initiatives related to the integration of Stewardship and Investment during 2022, with particular focus on net zero carbon, data collection, practical sustainability actions and social value. Our strongest outcomes and subsequent identified areas of continuous improvement included:

Enhanced ESG Reporting in Investment Plans & Risk Reporting

As explained in our last report, we took a decision as a business during 2021 to include ESG as a formal risk consideration within annual investment plans and risk reporting. In 2022, we significantly enhanced and expanded upon the way we document these considerations within plans and reports, which will allow us to support forward-looking ESG analysis in future, including year-on-year comparisons of ESG risk for our assets and portfolios.

Net Zero Carbon Pathway Analysis

Building climate resilience through the development of a clear pathway to net zero carbon has been a primary focus point for Mayfair Capital and our parent company, Swiss Life Asset Managers ("The Division") during 2022. We have a duty to take practical steps to decarbonise, future-proof and maintain the value of the real estate under our care.

In 2021, we commenced a Division-wide project to develop our decarbonisation pathway, basing our initial analysis on the CRREM (Carbon Risk Real Estate Monitor) tool. This culminated in a Divisional commitment to reduce the carbon intensity (kgCO2e/m2) of SLAM's direct real estate portfolio by 20%, in line with the aims of the Paris Agreement. In May 2022, the Division became signatories of the Net Zero Asset Managers Initiative (NZAMi), reinforcing its commitment to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees celsius; and to support investment aligned with net zero emissions by 2050 or sooner.

In 2022, we advanced our Division-wide decarbonisation pathway analysis by developing pathways for all funds - which can be scaled down to country, portfolio and asset level - whilst also progressing our programme of asset and portfolio level net zero actions in line with our NZAMi commitment. In addition, we undertook asset level net zero audits on a number of Mayfair Capital properties using our decarbonisation analysis to inform prioritisation. Detailed net zero audits of our assets help us to understand current performance, as well as the interventions and costs required to achieve net zero carbon.

Following this analysis, in December 2022, we announced a net zero carbon commitment on behalf of our PITCH fund to be net zero carbon by 2050 or sooner, in line with 1.5 degrees. In addition, we also announced an interim target of a 32% carbon intensity reduction by 2030. We are engaging with our clients on the decarbonisation analysis we have undertaken, with engagement and appetite determined by the fund and investor ESG requirements.

In 2023, we plan to expand our programme of conducting net zero audits by further improving coverage and quality of data used within our decarbonisation tool. Our ESG Team plans to engage with each Fund Manager to improve data coverage and quality, thereby ensuring that enhanced data is included in the annual update of the tool. By maintaining a clear understanding of our pathway to net zero, we will be able to prioritise effectively, plan carefully, and use all the decarbonisation levers available to us in order to make informed investment decisions.

Enhanced Net Zero Considerations within Investment Due Diligence

During 2021, we formally incorporated net zero assessments into our standard due diligence process to ensure that we are carefully screening all new purchases. Net zero assessments involve the review of an asset's current operational performance and the identification of potential measures to meet future operational net zero targets and associated costs. This enables us to mitigate stranded asset risk while attaining a clear view of future costs to improve our assets, which are subsequently factored into the investment case for each property. Net zero assessments allow us to assess the ability of the asset to achieve net zero carbon, and derive a full understanding of the asset's impact on a respective portfolio's overall net zero carbon pathway. In 2022, we engaged with our building surveyors to enhance the net zero assessments at acquisition and to improve estimation and reporting. The enhancement includes CRREM modelling as part of all assessments.

Net Zero Action Plan & Solar Approach

In light of future net zero requirements and our own net zero ambitions (mentioned above), we have developed a clear action plan and decarbonisation strategy for Mayfair Capital, which includes careful consideration of the key actions we need to undertake across all funds that we manage on behalf of our clients and beneficiaries.

Druing 2022, we conducted a solar portfolio review across four mandates as part of our approach to solar implementation. This served to identify solar capacity, priority assets and tenants with the greatest potential for solar installations. Following this, we launched our Solar Working Group, which is used to share updates, best practice and processes to ensure coordinated implementation of solar at Mayfair Capital.

PRINCIPLE 7 CONTD.

Green Building Certification Strategy (BREEAM)

In 2021, we defined our approach to Green Building Certification and formulated a strategic approach. For all extensive refurbishments, we aim for best-in-class certification. For operational assets, we have begun a rolling programme of certification, carefully selecting assets for in-use certifications. In 2022, we pursued implementation of our Green Building Certification strategy by increasing the number of green building certifications across our portfolio. In 2023, we plan to identify additional assets for certification as part of the rolling programme.

Data Harmonisation & Data Management System

As a business we are acutely aware of the importance of ESG data for performance monitoring and for supporting net zero ambitions/targets. Comprehensive, quality data is critical for supporting decarbonisation analysis and ensuring robust ESG reporting. During 2021, we launched the implementation of a consistent approach to data acquisition and management through the use of two data management systems across six of our funds. During 2022, we successfully onboarded all Funds to the system, and started collecting energy, water and waste data for three Funds that had not previously collected data. The ultimate aim is to improve ESG data collection to drive enhanced performance monitoring and automated acquisition of tenant data (subject to permissions). In 2023, we plan to consolidate the use of two systems, and to streamline this to one for all clients and beneficiaries. We plan to use this system to significantly improve our quarterly sustainability programmes and future reporting.

Living Wage Accreditation

Following our initial accreditation as a Living Wage Employer by the Living Wage Foundation in November 2021, we expanded our commitment as a Living Wage employer in 2022 by undertaking an extensive supply chain review to prepare our largest fund, PITCH, for Living Wage accreditation. We were delighted to receive confirmation that PITCH was approved as an accredited Living Wage Employer by the Living Wage Foundation in December.

Please refer to Principle 10 for further information regarding how we collaboratively engage with our supply chain and industry to influence positive change.

2022 GRESB Submission

Two of Mayfair Capital's largest mandates reported to the Global Real Estate Sustainability Benchmark (GRESB) during 2022. As part of this reporting process, all environmental data (energy, water, waste and GHG) was assured by external consultant EVORA Global to the AA1000AS Assurance Standard. As a demonstration of our commitment to continual ESG improvement and transparency, both mandates were awarded three Green Stars, achieving 75 and 78 points respectively.

Climate Risk Modelling within Investment Due Diligence

We currently conduct an annual climate risk analysis (physical and transitional) on Mayfair Capital's standing investment portfolio to understand the CVaR – Climate Value at Risk – of our real estate assets. In 2022, we expanded on this process to include Climate Risk assessments as part of ESG Risk within our due diligence process (*see above – 'ESG included in Investment Plans and Risk Reporting'*).

Please refer to Principle 2 for further information on outcomes and improvement initiatives relating to resourcing, governance, and remuneration of stewardship at the corporate level.

M&S, Southgate UK

PRINCIPLE 8

Signatories monitor and hold to account managers and/or service providers

In the spirit of seeking to address all principles of the UK Stewardship Code, we believe it is pertinent to phrase our response to Principle 8 in terms of how we actively engage with property management firms as a principal. A property manager is an essential external service provider for real estate investments.

THIRD-PARTY PROPERTY MANAGERS

OVERVIEW

As a core function of Mayfair Capital's operating model, we retain specialist third-party property managers to assist in managing real estate assets within the mandates that we manage and advise.

Generally, we do not delegate responsibility to other investment managers, and only delegate to specialist investment advisors in select cases (please refer to Case Study 2 within this section for further information). The assertive management of third-party property managers is fundamental to our asset management approach - having a reliable and locally based property manager on the ground is essential for ongoing property monitoring and liaising with tenant customers.

We appoint property managers on a "best-in-class" basis on market terms and monitor service delivery through property management agreements, which include service level agreements and KPIs. Performance is monitored on a recurring basis to assure high levels of service for competitive fees. Further, we also set energy consumption criteria for 'Multi-let' assets under our control, and property managers assist us in monitoring energy consumption, CO2 emissions, water use and recycling.

We ensure that all property managers regularly attend sites and liaise with tenants, and we commit to inspecting all properties internally at least twice a year. This frequency is increased substantially for 'Multi-let' properties. Visits will be considerably more frequent in the event of outstanding issues or management opportunities to add value.

MONITORING THIRD-PARTY PROPERTY MANAGERS

Formal Property Management Agreements are agreed with all property managers prior to the commencement of services. These agreements outline clear and actionable performance criteria as well as service-level KPIs. Formal service agreements typically include detailed service schedules, responsibilities, fee arrangements, insurance and liability considerations, and all relevant terms relating to service expectations such as conflicts of interest, complaints procedures, dispute resolution procedures and scope of authority.

We generally agree detailed service schedules relating to the following requirements:

- Property Management Services
- Financial management Services
- Service Charge Budgeting
- Asset Management
- Building Consultancy
- Landlord & Tenant Engagement
- Lettings
- Local planning

The depth of service provided by our property managers reflects their essential role within our operating model. With this in mind, we take a structured approach to monitoring their performance throughout the lifecycle of each asset. Monitoring starts with formal reporting and communication procedures, and trickles down into more frequent and informal communication as required. We adopt an "open and often" approach to communicating with property managers to ensure that the full scope of services is monitored appropriately.

The assertive management of third-party property managers is fundamental to our asset management approach

We engage property managers using a combination of formal and informal procedures to monitor each portfolio's performance on a rolling basis:

- Formal written management reports (quarterly)
- In-person management meetings (quarterly & more often as required)
- Physical property inspections and subsequent inspection reports (bi-annually or annually)
- Accounting procedures and performance metrics relating to rent and insurance collection (quarterly)
- Service charge budgeting. expenditure and collection (annually)
- Communication on key property-level events such as rent reviews, lease expiries, project works or insurance matters (quarterly & ad hoc in between)
- Issue escalation and complaints resolution on matters such as local government regulation changes, tenant concerns, building maintenance requirements, unexpected events at the property (quarterly & ad hoc in between)

During 2021, SLAM launched Project IPSUM – an internal project to rationalise property management appointments across its real estate portfolio. The initiative seeks to optimise service levels for client investors by establishing a network of preferred property management partners across Europe. Project IPSUM seeks to increase efficiency, reduce complexity, introduce scalable processes and synergies across regions, derive higher service quality through regular performance assessments, and improve monitoring of property managers through an overarching

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performance management system. Following the development of harmonised performance KPIs and documentation (Property Management Agreements and Service Level Agreements) in 2021, SLAM's focus for 2022 was the consolidation of property manager relationships in Germany and France. For the UK, our business unit was deemed to already have a satisfactory number of existing relationships, therefore, our goal is to build on this foundation by further improving efficiencies with our existing partners in future. At this stage, we await the completion of further consolidation in Germany and France before we proceed with engagement initiatives relating to the standardisation of agreements, performance monitoring, and assessments based on our standard KPIs.

ENGAGEMENT BEYOND MONITORING

As part of our ongoing management of investments with property managers, we also proactively engage with tenants and local stakeholders to improve and enhance assets, including on matters relating to environmental and social factors:

- As part of onboarding, we provide tenants with our refurbishment guide and seek to agree to share ongoing tenant energy, waste and water data
- We propose the inclusion of "green lease" clauses in new lettings relating to the landlord and occupier undertaking specific responsibilities relating to the sustainable operation of the property, for example in relation to energy efficiency measures, waste management or water efficiency
- We set-up data monitoring for all landlord-controlled space
- Green energy contracts are procured for all landlord-controlled supplies
- We undertake tenant satisfaction surveys and regular tenant meetings to seek ways of enhancing and operating assets that benefit all parties
- We actively pursue increased recycling in all our properties
- We undertake building improvement reviews and analyse plant and machinery to improve energy efficiency
- During refurbishment, we incorporate improved lighting, remove gas supplies where possible and incorporate wellbeing features such as cycle stores, showers and biophilia
- We also pursue the use of sustainable materials and practices in the refurbishment process through our Sustainable Refurbishment and Development Guide

Please refer to Principle 9 for further information relating to how we engage with broader service providers.

Please refer to Principle 10 for further information relating to how we engage with Communities, Tenants and Suppliers related to our assets.

FUTURE PRIORITIES FOR ENGAGEMENT

As part of our ongoing engagement with our managing agents, in 2023 we will focus on the following priorities:

- Continued implementation and compliance with our Mayfair Capital Property Manager Sustainability Standards & Guidance document (as per Principle 2)
- Landlord and tenant data collection
- ESG Asset Logbook updates (including asset ESG audits)
- Implementation of property-level ESG recommendations (e.g. from asset ESG audits)
- Ongoing tracking of GRESB asset level data
- Tenant engagement on data collection and implementation of ESG initiatives, e.g. on-site renewables
- Review of the renewable tariff for landlord-controlled supplies

SERVICE DELIVERY TO MEET CLIENT NEEDS

The continued strong investment performance of our three core balance portfolios (outlined in Principle 1) was underpinned by high rent collection levels by our local property managers. All third-party property managers delivered satisfactory service on behalf of our mandates in 2022. Service levels met investors' needs in line with property management agreements and no interventions or issue escalations were required.

During 2022, we continued to engage property managers on our proprietary ESG service and reporting standards ('Mayfair Capital Property Manager Sustainability Standards and Guidance'), focusing on continuous improvement measures such as data collection and quality.

Mayfair Capital onboarded one new property manager in 2022 following the acquisition of a large-scale residential build-to-rent (BTR) tower in Salford Quays, Manchester. The acquisition represented a new sector of the market for us (Build-to-Rent Residential) and therefore we invested significant time and focus engaging with the new residential property manager to ensure a smooth start to managing the asset.

We also furthered our innovative investments in the self-storage and residential sectors during 2022. These investments followed our actions in 2021 to acquire a UK self-storage operator, and confirm a partnership with a specialist, UK single-family residential investment manager. As articulated by real estate industry trade body, INREV, there is increasing appetite from investors to invest in operational real estate sectors[6]. This emerging shift in thinking within the real estate industry has been driven by investors looking to capture income returns from nascent sectors of the market that are positively aligned to secular trends.

Notably, our business model has evolved in relation to our recent investments in the self-storage and single-family residential sectors, whereby the role of the property manager within these investments sectors has either been internalised or subcontracted to an external third-party (while still retaining full responsibility for Investment Management).

These investments have required innovative property management considerations , particularly in relation to: (a) How the traditional role of the property manager has been replaced or augmented; and (b) how issues are escalated to protect investors' interests (Principle 11). We have provided extended commentary at the end of this section to outline how our business model has evolved to ensure continued service delivery to meet our clients' needs.

Please refer to Principle 7 for further information on how we integrate stewardship and investment at the property-level in partnership with our third-party property managers.

[6] INREV - 'Operational Real Estate – Real Asset or Real Economy' 2020

PRINCIPLE 8 CONTD.

CASE STUDY 1

Internalisation of a Self-storage operating company on behalf of a Mayfair Capital fund

During 2021, we made our first acquisition in the self-storage sector by acquiring the assets of a UK self-storage company, and subsequently expanded the portfolio across the North and the Midlands.

The portfolio currently includes ten trading storage assets with further pipeline assets to be acquired. Performance has been strong since acquisition, surpassing all revenue, EBITDA, and capital appreciation forecasts during the 2022 year.

At the time of purchase, the existing operating company was retained to provide operational and development services on the portfolio (services which reflect the typical role of a property manager in other real estate sectors). The operator provided good service levels throughout 2021 and the first half of 2022, performing in-line with all KPIs within the Management Agreement, with no tenant or operational issues escalated.

Towards the end of the first year of operation, a review was undertaken to re-examine the structure of services provided to the portfolio. Despite good performance by the original operator, a decision was taken to internalise the operational capability via a wholly-owned subsidiary of Mayfair Capital based on the following rationale:

- **Financial** – Internalising the operational capability would provide cost savings to existing fund investors.
- **Risk management** – Appointing an MCIM-owned entity to manage the portfolio would provide improved fiduciary oversight/accountability and therefore stronger risk management compared to contracting with an external third-party.
- **Reduced risk of operational volatility** – Appointing an MCIM-owned entity would reduce the potential for operational disruption that could otherwise have resulted from the termination of services by an external third-party operator.

With investors' best interests in mind, we appointed an external advisor to manage a process of market testing to ensure that commercial terms between the Mayfair Capital fund and new wholly-owned subsidiary of Mayfair Capital were consistent with, or better than, market terms.

From a risk management perspective, we identified potential concern from investors that conflicts might arise if the governance structure were to become merged between the existing Fund Manager (Mayfair Capital), the new subsidiary company, and the underlying operating team. We therefore established a clear governance structure to avoid this scenario and we communicated this clearly to investors.

Following approval by the Fund's investors to appoint MCIM as operator for the portfolio on behalf of the Fund, we notified the FCA of the change and developed a robust operating agreement clearly setting out the new responsibilities between the separate entities. The operating agreement contained rigorous checks and balances related to operator activity, prioritising an appropriate level of process to manage any potential performance issues to ensure continued risk mitigation on behalf of investors. The agreement was negotiated to the same standards as would be expected for a new external manager.

The decision to internalise operations ensured retention of all existing store staff and caused no store-level disturbance, with the only operational change being the additional resourcing of head office responsibilities to provide oversight and direction of day-to-day store management (such as marketing and setting sales prices).

As described in the previous section, Mayfair Capital typically assumes the role of Investment Manager and Asset Manager on our mandates, electing to outsource all Property Management services to third-parties. For our Self-storage portfolio, the role of property management has now been assumed by the new subsidiary company, which assumes full responsibility for the activities of the business (such as leasing, arrears management, property repairs, etc.).

With regard to Issue Escalation (Principle 11), the operational company is now responsible for managing potential issues such as tenant complaints and property faults. The business has established customer complaint and dispute resolution protocols, which are set out and articulated to customers. Issue escalation procedures will function similarly to other mandates, whereby "on the ground" issues at the property-level will remain a responsibility of the local property manager (in this case, the operating company). Formal escalation processes exist to account for situations when the operating company may require a real-time response from Mayfair Capital as Investment Manager.

In summary, we believe that our solution to internalise operations was fully considered and evaluated all potential options with clients' best interests prioritised. We achieved a mutually beneficial result for both Fund investors and Mayfair Capital, culminating in a journey from working with an external operating partner upon acquisition to seamlessly operating the internalised company from 1st January 2023.

Mayfair Capital Self-storage portfolio assets

PRINCIPLE 8 CONTD.

CASE STUDY 2

Subcontracting Investment Management and Asset Management services to a specialist UK manager

As mentioned in our above response to Principle 8, Mayfair Capital's PITCH fund formalised a partnership with specialist UK residential investment manager, Hearthstone, in 2021. The partnership has delivered beneficial diversification to the PITCH portfolio and achieved attractive exposure to the single family home private rented residential sector.

As part of the partnership, Mayfair Capital has subcontracted Investment Advisory and Asset Management duties to Hearthstone on behalf of the fund. Property Management services remain outsourced to a "best-in-class" external property manager, Connells, as per our approach on other mandates.

By subcontracting selective functions to Hearthstone, Mayfair Capital can utilise Hearthstone's expertise and access to a specialist investment sector, whilst still retaining full oversight and responsibility for Investment Advisory and Asset Management services. Mayfair Capital remains liable and responsible for all investment activities, maintaining oversight via the PITCH Fund team and Mayfair Capital's Investment Risk Committee (IRC).

With regard to Investment Advisory services, Hearthstone provide expertise on top-down strategy, transaction sourcing and completion of due diligence measures. All investment recommendations are formally reported to the PITCH fund team, Mayfair Capital's IRC, and the external PITCH Investors Committee.

Mayfair Capital retains the ability to veto all recommendations by Hearthstone, with the IRC functioning in the same way as all other Mayfair Capital funds. Mayfair Capital also retains the right to sell portfolio assets in order to meet fund liquidity requirements, which distinguishes the subcontracting arrangement from a typical indirect investment.

Indicative assets - Specialist UK Residential Manager

Hearthstone have assumed subcontracted responsibility for Asset Management services such as lease renewals, rent reviews and new lettings. They liaise directly with the property manager (Connells) and report all property, tenant and financial data directly to the PITCH fund team.

Following our appointment of Hearthstone as Investment Advisor and Asset Manager, we notified the FCA of the appointment and have since established a process of weekly meetings to ensure continuous monitoring of both the portfolio and Hearthstone's responsibilities.

With regard to Property Management services, Hearthstone played an important role in providing a recommendation of a suitable property manager – Connells – for the assets. Mayfair Capital maintained full decision-making authority for the appointment, which was made on a similar basis to how we appoint other property managers (i.e. on a "best-in-class" basis on market terms). Hearthstone provided several options for us to consider before appointing the property manager, and the decision was ultimately made based on selection criteria including market presence, track record and fees.

We established service level agreements and KPIs within the resulting property management agreement with Connells as per all our other mandates to create alignment. Connells undertake all expected property management services related to the portfolio such as rent collection, unit repairs, and resolving tenant matters.

In regard to the escalation of potential issues (Principle 11), we have established clear lines of communication and delineation of responsibilities amongst all parties, with Connells reporting directly to Hearthstone, who escalate to Mayfair Capital as the ultimate Investment Manager, with all urgent issues being escalated directly to Mayfair Capital as required. This aligns to our existing issue escalation framework for all other mandates. We have also established clear approval levels to establish clarity in regard to decision-making. For example, we have established approval levels on OPEX and CAPEX between the Property Manager, Asset Manager and Mayfair Capital as the Investment Manager.

During 2022, we were pleased to receive good service levels from both Hearthstone as Investment Advisor/Asset Manager, and Connells as Property Manager, with no issues escalated. The portfolio has performed positively from an occupational perspective, with all units being let up quickly, reaching fully-let status by the end of the period.

The partnership strategy is achieving our intended goal for clients; providing them with improved fund diversification and the creation of new, resilient income streams.

9

PRINCIPLE 9

Signatories engage with issuers to maintain or enhance the value of assets

In the spirit of seeking to address all principles of the UK Stewardship Code, we believe it is pertinent to phrase our response to Principle 9 in terms of how Mayfair Capital actively engages with external service providers related to maintaining and enhancing asset value for direct property investments (such as property valuers, firms of solicitors, project managers, specialist asset managers and development partners).

OVERVIEW

In addition to external property managers (Principle 8), we also appoint external service providers and consultants to execute specific roles related to asset business planning and investment execution.

As mentioned in Principle 1, we tailor the income profiles of our portfolios to the risk profile of each investor. For core investors, we focus on income protection and growth through high quality income and vacancy mitigation. For clients with a higher risk tolerance, we apply greater focus on capital value enhancement through income creation. For such investors seeking higher risk-adjusted returns, we prioritise capital value enhancement through shorter leases with extension potential, asset improvements through refurbishment, and development of additional space.

Despite the fact that c.94% of our client AUM relates to Core strategies (Graph 6.2 on p.43), all of our client mandates require a combined approach to both maintain and enhance asset values. Although Value Add and Opportunistic risk strategies may incur a greater focus on asset value enhancement initiatives (such as physical repurposing and the refurbishment of existing property assets), asset value enhancement initiatives remain an important consideration within our Core portfolios

MAINTAINING ASSET VALUE

As well as property management, we believe there are three "core services" related to maintaining real estate asset values:

i. **Property Valuation** – External valuers are appointed to carry out independent asset valuations on a recurring basis. The frequency of valuations is tailored to fund requirements (dictated by financial regulations and legal requirements) with most valuations typically occurring on a quarterly or bi-annual basis.

ii. **Performance Measurement** – We engage service providers to perform external performance analysis of portfolios and industry benchmarking. Mayfair Capital typically engages MSCI to conduct historic performance and attribution analysis.

iii. **Legal & Property Advisory** – External advisors are appointed to conduct due diligence on real estate assets. Third-party legal advisors are engaged on legal due diligence, while building, environmental and sustainability surveyors are appointed to undertake physical due diligence of the asset and site. Third party lenders, brokers, tax advisors and other consultants are engaged on further due diligence matters as required. We prioritise the appointment of "best-in-class" specialists in all areas to maximise value.

ENHANCING ASSET VALUE

We seek to protect investors' interests on all leasing, refurbishment and development projects by engaging external project specialists. Whereas some investment managers might internalise project services to capture increased corporate profits, our highest priority is to engage "best-in-class" providers capable of delivering optimal outcomes for our investors.

We typically engage the following external service providers on value enhancement projects:

- Development Managers
- Contractors
- Architects
- Quantity Surveyors / Project Managers
- Sustainability, Mechanical & Electrical Systems Consultants
- Specialised Leasing Agents

As part our commitment to actively promote the creation of safe and healthy buildings, we seek to identify asset value enhancement initiatives that can simultaneously deliver positive ESG outcomes, greater productivity, and positive experiences for the workers, communities and visitors who use our assets. For example, for all investment mandates under our control, all landlord controlled supplies are on a 100% renewable tariff.

METHODS OF ENGAGEMENT

Given the range of ongoing asset maintenance and enhancement projects across our 142 UK properties, we adopt a range of methods to engage with our service providers. As with our approach to monitoring property managers (Principle 8), we make use of both formal reporting procedures as well as more frequent communication as required. We differentiate our methods according to the formality and frequency of engagement:

a) **Planned & recurring engagement** – To a large extent, we engage with "core service" providers in a structured manner by adhering to regular deadlines and reporting procedures for services such as property valuation and performance measurement. For example, we engage external property valuers in accordance with each fund's valuation policy, which may require valuations on a monthly, quarterly or bi-annual basis.

b) **Project-based engagement** – We commonly engage service providers on asset enhancement initiatives such as refurbishing commercial property buildings. These projects are informed by asset-level business plans and our "active management" approach (Principle 11). We typically engage service providers during the lifecycle of a project through formal reporting, in-person meetings, project budgets and KPIs.

c) **Ad Hoc engagement** – Occasionally, service provision also occurs on an ad hoc basis whenever we identify a new client need within a portfolio. For example, when acquiring new assets on behalf of a fund, we engage third-party legal advice in accordance with our disciplined investment and due diligence process (Principle 1). Ad hoc communication with service providers will often incorporate in-person meetings, phone calls and email/digital communication until the initiative is completed.

2022 OUTCOMES – SERVICE PROVIDERS

As mentioned above, maintenance and enhancement initiatives are common across all of our directly-managed property investments, with value enhancement initiatives receiving greater focus within Value Add and Opportunistic risk strategies.

With this in mind, it would not be prudent to illustrate a full list of 2022 outcomes relating to how we maintain and enhance asset value across all our 142 direct real estate assets. Instead, we have provided two case studies to illustrate outcomes that are typical of our investment approach.

PRINCIPLE 9 CONTD.

Impact Park, Bloxwich UK

CASE STUDY 1 - MAINTAINING ASSET VALUE

Acting in response to stricter industry guidelines for UK valuation practices

On 13th January 2022, the Standards and Regulation Board (SRB) of The Royal Institution of Chartered Surveyors (RICS) published a report following an independent review of UK real estate investment valuations. The goal of the report was to futureproof UK real estate valuation practices and to increase public confidence in the practices themselves.

The report outlined stricter guidelines for valuation practices, including 13 key recommendations that covered major aspects of the valuation process including independence, quality assurance, methodology and risk. The SRB accepted all recommendations from the review put forward by the review chair, Peter Pereira Gray.

Included within the report was a recommendation that the RICS should propose time-specific, mandatory procurement and rotation processes for portfolio valuations, limiting maximum tenure for valuation firms to 9 years and, in cases of 'high-risk' valuations, reducing maximum tenure to 5 years. Mayfair Capital CIO, Tim Munn, called a special meeting of Mayfair Capital's Investment Risk Committee (IRC) on 7th February 2022 to discuss the rotation of fund valuers.

After reviewing all Mayfair Capital funds and their respective valuer appointments, it was determined that our three longest standing mandates could be 'high-risk' under the RICS' definitions (defined within the new guidance as "funds involving regulatory requirements and/or third-party reliance"). In light of the report's recommendations, there was general support from Mayfair Capital's IRC to implement a change of valuer appointments for these three funds.

While there was no obligation for us to carry out these measures, the IRC acknowledged that the recommendations contained within the RICS report reflected best practice that would inevitably support the best interests of our investors. With this in mind, we proceeded to act on the recommendations, despite them not yet being mandatory.

Our IRC acknowledged that rotating valuation appointments can be disruptive and potentially lead to performance volatility, so a process was agreed to mitigate this risk. Simultaneously, the IRC was also able to identify potential benefits to rotation – including the opportunity to align the appointment fee basis across our mandates. Appointing multiple firms (rather than appointing a single firm across all funds) would also allow us to sense-check valuation tones and measure service levels over time.

Taking the above into consideration, we initiated a process across our funds to: (1) Appoint a panel of valuation firms for future rotation; and (2) Make three new appointments to our longest running mandates, to rotate every five years. As a result of this process, our largest fund, PITCH, served notice on its previous valuer in December 2022. The new appointment will begin in Q2 2023 at the conclusion of the previous service provider's notice period.

We believe this case study illustrates a sound combination of our Risk Management processes (Principle 4), Issue Escalation procedures (Principle 11), and collaborative engagement with our wider industry (Principle 10) in relation to how we maintain asset value for our clients.

PRINCIPLE 9 CONTD.

CASE STUDY 2 - ENHANCING ASSET VALUE

Major refurbishment and re-letting of two warehouse units in Stockport to create increased income and sustainable asset value on behalf of charity investor clients

Units A-D of Orion Business Park, Stockport comprise four modern, 'mid-box' warehouse units ranging from 29,000-49,000 sq. ft. The site was acquired by Mayfair Capital on behalf of the Property Income Trust for Charities (PITCH) in December 2020. The asset is located within the South Manchester industrial market, which benefits from good transport links (including Manchester Airport) and serves a wide catchment area with a strong local economy. The local market is characterised by robust demand for good quality modern units under 50,000 sq. ft, which are undersupplied in the Greater Manchester area.

The units were originally constructed in 2005 at the rear of the business park, with steel portal frame construction and profile steel clad elevations. At acquisition, all four units had energy performance certificates of C (scores of 55, 60, 63 and 65 respectively).

The asset was acquired with a weighted average unexpired leased term (WAULT) of 4.5 years remaining. During the acquisition's pre-marketing phase, it became apparent that the tenant of two of the units wished to vacate, and new occupiers would want the units stripped out and improved.

Mayfair Capital teams created a high quality building refurbishment plan for the units, to enhance their appeal to new tenants with a particular focus on ESG improvements, including the installation of rooftop solar panels. Considering the units were 15-20 years old, the refurbishment envisaged complete replacement of the mechanical and electrical services (M&E) within the buildings, and substantial stripping out of the existing extended offices to enhance the amenity for new occupiers. During the marketing, a tenant willing to utilise the existing fit-out was identified for one unit, which we considered to be an attractive and sustainable opportunity to repurpose the existing building.

Both units received a complete refurbishment of their roofs and Unit B benefitted from:

- Strip out of extensive fit-out of previous tenant
- New M&E throughout, including lighting, fire alarm system and a new power supply (previously, the power supply served both units and needed to be split)
- New energy efficient Variable Refrigerant Flow (VRF) air-conditioning with heat recovery system and removal of gas
- New kitchens, bathroom facilities and showers

In addition to this, we enhanced the sustainable credentials of the building by installing:

- New solar panels providing c.140kWp for each unit, with the energy being provided to the occupier.
- Power Purchase Agreement (PPA) agreed with tenants.
- Six EV charging points

As a result of the full refurbishment of Unit B, the EPC rating improved from C to A.

Mayfair Capital worked with Jones Lang LaSalle (JLL) as the key service provider on the refurbishment, with JLL providing building surveying, project management, and letting services. JLL were selected as a "best-in-class" partner on the basis of their excellent track record, and strong agency, surveying and project management teams in the region. Combined with their existing knowledge of the building itself and Mayfair Capital's investment objectives as property manager on PITCH, JLL performed an integral role to execute the refurbishment for the benefit of PITCH investors.

The refurbishment plan was completed in August 2022. It successfully delivered enhanced sustainability credentials and specifications to the units, thereby increasing their attraction to occupiers and enhancing their already strong income profile. Following the refurbishment, two new lettings were completed in Q4 2022:

1. Unit A (39,000 sq. ft) was leased to a new tenant on a 10-year lease at a rent equivalent to £7.50 per sq. ft.

2. Unit B (30,000 sq. ft) was leased to another new tenant on a 10-year lease, reflecting £8.25 per sq. ft (24% ahead of the pre-refurbishment figure).

As a result, the asset's weighted average unexpired lease term improved from 4.5 years at acquisition, to 6.6 years. Our enhancement initiatives led to the property achieving a valuation increase of c.+37% from c.£15.6m at acquisition (December 2020) to c.£21.4m (30th September 2022).

This case study exemplifies our sustainable approach to asset value enhancement, as well as our ability to integrate ESG and climate risk considerations at the property-level to drive results on behalf of our clients. The project will assist with future GRESB results for the fund and contribute towards its overall Net Zero goals.

Stockport - Prior to PV installation

Stockport - After PV installation

10 PRINCIPLE 10

Signatories, where necessary, participate in collaborative engagement to influence issuers

In the spirit of seeking to address all principles of the UK Stewardship Code, we believe it is pertinent to phrase our response to Principle 10 in terms of how Mayfair Capital actively collaborates with broader stakeholders beyond Property Managers and service providers, namely our Industry, Communities, Tenants and Suppliers.

COMMITMENTS & MEMBERSHIPS

As a member of Swiss Life Asset Managers, we promote responsible investment by providing resources and know-how to industry and sustainability associations. By doing so, we actively contribute to further development of our industry. Stakeholder engagement is critical to our responsible investment approach and fiduciary duties. Encouraging an active and transparent dialogue with our investors and tenants is a powerful tool for reducing risk while fostering readiness for a more sustainable future. For more information, please refer to the Swiss Life Asset Managers Approach to Responsible Investment.

We are active members and signatories to a number of associations and industry initiatives, some of which are detailed opposite. A full list of Swiss Life Asset Managers memberships can be found here.

COLLABORATIVE STAKEHOLDER ENGAGEMENT

We collaborate and engage on a number of issues that may affect our investors through **industry trade body engagement** with entities such as the Association of Real Estate Funds ("AREF"). Recent topics of engagement include the use of creditor voluntary arrangements (CVAs), as well as fund structuring issues such as liquidity in daily traded property funds.

Please refer to Principle 4 for more information on how we engage with industry trade bodies to identify and respond to market-wide and systemic risks.

Signatory of:

Community engagement is critical for facilitating third-party dialogue with stakeholders living in the communities where we invest. As asset owners, this opportunity to build lasting value within social environments is vital to enhance the socio-economic benefits and impact of our real estate. The creation of our Social Value strategy in 2022 was a key improvement initiative on behalf of our community beneficiaries. We recognise that the 'S' (Social) is often overlooked in ESG, and we feel this is an area where we can make a significant contribution within the communities in which we invest. We plan to formally launch the strategy and deliver on our first year of initiatives in 2023.

Tenant engagement is a fundamental focus for our business, particularly in relation to how we seek to systematically integrate material ESG and climate change issues at the asset-level. We conduct tenant satisfaction surveys on an ongoing basis to ensure that we receive formal feedback from our tenants. Surveys are conducted every three years at a minimum, and feedback is followed-up directly with tenants. In addition to formal feedback, we leverage close relationships with tenants to maintain active dialogue and ensure that matters are addressed in a timely manner. In 2022, we focused on promoting improved data sharing between tenants and Mayfair Capital as landlord. Data sharing allows landlords to better understand asset performance, informing efficiency and cost saving measures that ultimately benefit the tenant. Tenant engagement is critical to supporting effective implementation of onsite renewables. We continue to encourage tenants to use renewable tariffs as well as solar panels (also commonly referred to as photovoltaics – PVs), which are a vital tool for supporting our net zero carbon ambitions.

Please refer to Principle 7 for further information on how we engage with our Tenant beneficiaries to integrate Stewardship and Investment at the property-level.

Supplier engagement is a standard business practice for Mayfair Capital, and we conduct sustainability reviews for all suppliers every three years. Suppliers are required to complete and return a comprehensive sustainability questionnaire on matters relating to Corporate and Social Responsibility, Environment, and Health and Safety. Responses are reviewed and assessed to ensure that suppliers meet minimums standards prior to contract renewal.

Please refer to Case Study 2 within this section for detailed commentary on how we developed a proprietary Mayfair Capital Supplier Code of Conduct during 2022.

LINKING ENGAGEMENT TO INVESTMENT DECISIONS

As articulated within our Purpose (p.8), we seek to invest *"with full appreciation of the impact our activities have on the communities in which we invest and the environment."*

As a direct real estate manager of 142 properties involving over 450 individual tenants throughout the UK alone, we are constantly engaging with a broad number of community, tenant and supplier stakeholders linked to the operation, performance and care of our assets. Engagement with stakeholders directly supports investment performance, ESG performance and the creation of positive Social Value outcomes.

Strong relationships enable deep engagement, which in-turn sustains better-informed investment decisions. In the example of our tenant stakeholders, a strong relationship with a tenant often affords us a better understanding of their operational performance, business plans and ESG aspirations, all of which give us confidence as their landlord on behalf of our clients. There have been instances in the past where investment decisions to acquire new properties have been fortified by our knowledge that an existing and engaging Mayfair Capital tenant is also a tenant in the new property – illustrating that a strong relationship based on deep engagement can support our ability to generate strong results for our clients.

However, it can be difficult to engage stakeholders in situations where there is no legal requirement for them to do so. As articulated in our response to Principle 7, 'Single-let' tenants on Full Repairing & Insuring leases can resist our efforts to engage on ESG improvement initiatives. In such cases (where we are unable to achieve our desired engagement outcomes), we will often pursue informal methods to engage stakeholders in advancement of our Purpose.

In 2023, we plan to engage community, tenant and supplier stakeholders via the launch of our Social Value strategy, continued implementation of our Supplier Code of Conduct, and ongoing implementation of property-level initiatives to support net zero pathways, all of which are expected to lead to better-informed investment decisions on behalf of our clients.

CASE STUDY 1

Expansion of our accreditation as a Living Wage Employer on behalf of another Mayfair Capital Fund

The real Living Wage is the only UK wage rate that is voluntarily paid by almost 12,000 UK businesses who believe their staff deserve a wage that meets basic everyday needs. It is independently calculated each year based on living costs, and accredited employers choose to go further by paying all their staff, including subcontracted staff, a real Living Wage.

In 2021, Mayfair Capital and one of its advisory mandates (MCPUT) were accredited as a Living Wage Employer by the Living Wage Foundation. Mayfair Capital's Living Wage accreditation demonstrates not only a commitment to our employees, but also to those who work in our supply chain, ensuring they are paid the 'real Living Wage'. We recognise the majority of our impact and influence is in our supply chain.

To expand our commitment as a Living Wage employer in 2022, we undertook an extensive supply chain review to prepare our largest fund, PITCH, for Living Wage accreditation. We were delighted to receive confirmation that the PITCH Fund was approved by the Living Wage Foundation in December 2022 as an accredited Living Wage Employer.

Installatio of solar panels at T3, Solihull UK

CASE STUDY 2

Development of a Mayfair Capital Supplier Code of Conduct for all material suppliers

As previously mentioned within Principle 2, we have developed a proprietary Mayfair Capital Supplier Code of Conduct, which includes basic expectations on human rights, Health & Safety, Diversity & Inclusion and Living Wage. As part of a new process, all new material suppliers will be asked to sign the Code prior to contract signing, and adhere to the Code throughout their engagement.

Our Code of Conduct is a collaborative engagement tool that enables us to influence our supply chain by promoting awareness of stewardship topics to shift our industry in the direction of our ESG expectations. It involves direct communication with third-party suppliers – as well as the soliciting of feedback and answering of questions – to improve our suppliers' understanding of best practice and evolving standards related to stewardship.

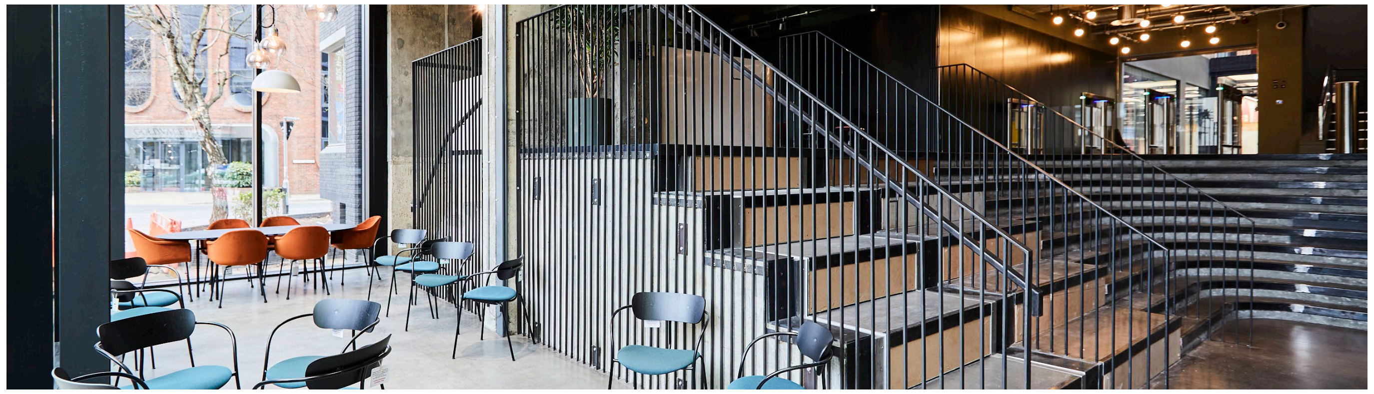
We distributed the Code of Conduct to all material Mayfair Capital suppliers (£10,000+ expenditure) during 2022, and asked each supplier to confirm acceptance of the Code's principles. Responses from each supplier were reviewed and assessed. In future, any supplier who fails to meet our minimum standards will be flagged and considered at contract renewal.

Our Mayfair Capital Code of Conduct was distributed alongside our existing Sustainability Questionnaire, which aims to ensure that the sustainability credentials of all material suppliers align with our goals. The comprehensive questionnaire includes (but is not limited to) the following topics:

Corporate & Social Responsibility
- Diversity and Inclusion
- Anti-bribery
- Human rights and modern slavery
- Living Wage
- Community impact
- Supply chain risk

Environment
- Environmental policy
- Impact monitoring
- Environmental Management Systems
- Sustainable procurement

Health & Safety
- Including policies and ISO45001 certification



Forge, Woking UK

11

PRINCIPLE 11

Signatories, where necessary, escalate stewardship activities to influence issuers

In the spirit of seeking to address all principles of the UK Stewardship Code, we believe it is pertinent to phrase our response to Principle 11 in relation to the monitoring, prioritisation and escalation of issues relating to Mayfair Capital's direct property investments.

ISSUE MONITORING & ESCALATION

As outlined in Principle 1, we monitor investments at the property-level on a continuous basis via asset management, administration and reporting processes to protect and enhance asset performance over time.

All potential issues related to performance are monitored throughout the investment hold period by the respective asset manager of each property. The asset manager operates robust controls to ensure the successful execution of the business plans for each investment. We refer to this asset management approach as "active management":

- An Asset Business Plan is prepared at the start of each year for every asset
- All Asset Business Plans approved by the IRC are reviewed after 6 months
- We conduct a "Hold/Sell" analysis, determined by the asset's thematic qualities and performance prospects
- Our proprietary Asset Scoring Model is applied to determine the long term resilience of the asset by assessing its enduring appeal to occupiers
- Reliable and locally based property managers are appointed, and their service monitored
- Detailed costed actions are agreed to meet key asset objectives through management, repositioning and sale
- ESG targets are reviewed and embedded at various stages of our "active management" approach
- Third-party service providers are procured as required on a "best-in-class" basis on "market terms"

As outlined in Principle 8, our business model delegates property management services to "best-in-class" and "hands on" property managers. Our expectations for issue monitoring and escalation are clearly captured within property management agreements that articulate our service level expectations and performance KPIs.

In terms of escalating issues at the property level, the asset manager is responsible for escalating all key issues to the Mayfair Capital Investment Risk Committee (Principle 2). The IRC meets every Monday - with additional meetings as and when required – to discuss acquisition, disposal, and asset management initiatives. A typical asset management matter requiring the attention of the IRC might relate to tenant engagement, leasing, or refurbishment project issues affecting investment performance.

The IRC typically agrees a course of risk mitigation that the asset manager is responsible for implementing. Subsequent reviews of the issue and risk mitigation programme are taken until the matter is resolved.

Issues requiring more urgent, real-time responses at the property-level are typically a delegated responsibility of the local property manager. It is common practice within the direct real estate industry for external property managers to resolve "on the ground" issues, which reiterates their importance as a critical service provider within Mayfair Capital's operational model.

As outlined in Principle 8, we clearly define the scope of delegation, authority and responsibility within formal Property Management Agreements, and include formal notification processes for significant issues such as major complaints received from tenants, criminal damage to the property, or major security incidents. Formal escalation processes exist to account for situations when the property manager may require a real-time response from Mayfair Capital as investment manager, however, such incidents are rare, and none occurred during the period.

Furthermore, the slow speed at which real estate activities tend to unfold at the property-level means that Mayfair Capital's IRC processes would still be capable of identifying, mitigating and resolving risks in an appropriately timely fashion without disruption to the day-to-day functioning of a mandate. Regardless, all Mayfair Capital Asset Managers are instructed to alert the Chief Investment Officer if an exceptional issue arises that requires urgent response or mitigation in real-time by the Investment Manager.

ISSUE ESCALATION FOR NON-UK AND INDIRECT PROPERTY INVESTMENTS

Mayfair Capital predominantly acquires UK-domiciled direct real estate. In the case of non-UK and Indirect real estate investments, issue escalation procedures differ according to the following procedures:

1. Non-UK Direct Property Investments

As illustrated by Graph 6.3 on p.42, approximately 19.3% of total Mayfair Capital AUM relates to direct real estate assets domiciled outside of the United Kingdom. For these properties, Mayfair Capital employs SLAM-affiliated managers to fulfil asset management services. This ensures that we maintain a local but consistent approach to service provision. For example, in the case of the European Thematic Income & Growth fund ("TIGR"), the fund employs two SLAM subsidiaries - SLAM Germany in Munich, and BEOS in Regensburg – to fulfil on-ground asset management services. Issues are monitored by the fund management team based in London via close alignment and collaboration with SLAM colleagues. All issues for non-UK assets are escalated to the Mayfair Capital IRC.

2. Indirect Property Investments

Indirect real estate investments comprise less than 1% of total Mayfair Capital AUM. These investments are managed by external managers and therefore involve engagement with third-party fund managers. Indirect investments would typically be selected to provide access to areas of the market that require specialist management, or where the typical lot sizes are too large for our investors to access directly while maintaining diversification. Examples include investing in central London offices or the student accommodation sector. We do not invest in listed real estate securities to gain property exposure for clients. Full due diligence is undertaken whenever a decision is taken to invest in a third-party fund, embracing financial analysis and a wide range of factors such as GRESB Scoring for environmental aspects (Principle 7) and thematic fit with our investment strategy (Principle 1).

Issue monitoring for indirect investments is a responsibility of the Mayfair Capital fund manager. Indirect asset issues are escalated to the Mayfair Capital IRC and subsequently raised to external managers of the respective investment such as the fund Advisory Committee if necessary.

NEW INVESTMENTS IN THE SELF-STORAGE AND RESIDENTIAL SECTORS

As mentioned within our response to Principle 8, we continued to make acquisitions in the self-storage and single-family residential sectors during 2022. At the end of the year, we took the decision (with investor approval) to internalise the operations of our UK self-storage portfolio. We also further expanded our partnership with a specialist, UK single-family residential investment manager. Please refer to the extended case studies in Principle 8 for more information on how we have implemented new processes related to monitoring, prioritisation and escalation of issues within these sectors.

As mentioned in our CEO's Update, these developments do not alter our profile as a predominantly direct manager of real estate (with no full delegation of investment management to third-party managers on our behalf). We have provided these case studies in response to the FRC's desire to see further evidence of how we set expectations, monitor, and hold-to-account our third-party partners. As with Non-UK direct property investments, we liaise with specialist external entities who fulfil asset management services including operational responsibility of the assets and development projects. All issues are still monitored by the Mayfair Capital fund management team.

2022 OUTCOMES

ISSUE ESCALATION

There were three formal issue escalation events raised to the Mayfair Capital Investment Risk Committee (IRC) during the period:

I. Potential flood risk in relation to a new property acquisition

On 7th March 2022, Mayfair Capital's IRC reviewed an initial acquisition recommendation for an industrial asset on behalf of a separate account client. The property comprised two adjacent industrial units situated on an industrial estate in northern Kent. The IRC initially approved the recommendation subject to further due diligence, highlighting that the property was clearly situated in an elevated area albeit within close proximity to higher flood zones near the Kent coastline.

Initial analysis using the UK Government Environment Agency's flood mapping tool indicated that the property was categorised as "lowest risk" (i.e. not in a flood zone), but these flood maps did not account for future changes in rising sea levels. Therefore, Mayfair Capital's IRC requested further investigation into potential for future flood risk. We commissioned a comprehensive flood risk report from the portfolio's insurers, Willis Towers Watson, and their Physical Climate Change Risk & Sustainability Consulting team. Within their findings, it was identified that the acquisition was "deemed to have a 'Very High' (highest rating) exposure to coastal flooding in both current and future climatic scenarios". In light of this evident future risk, we communicated the findings to our client and mutually agreed to terminate the acquisition, formally withdrawing from the acquisition process at the end of March 2022.

This outcome led to subsequent analysis of another Mayfair Capital-owned asset in the same location, however, the IRC concluded that future risk of flooding was minimal and therefore acceptable. These events prompted a review of our flood risk assessment policy, resulting in enhancements to the policy and its associated processes. This case study illustrates our approach to continuous improvement of our risk management processes, and the effectiveness of our issue escalation procedures.

Please refer to the outcomes section of Principle 2 for an overview of enhancements made to our Mayfair Capital Flood Risk Policy during 2022.

2. Potential compliance risk relating to new UK industry guidance regarding rotation of valuation agents

On 13th January 2022, the Standards and Regulation Board (SRB) of The Royal Institution of Chartered Surveyors (RICS) published a report following an independent review of UK real estate investment valuations. The report recommended stricter guidelines for valuation practices, indicating potential implications for our real estate funds. Mayfair Capital CIO, Tim Munn, called a special meeting of the IRC on 7th February 2022 to escalate the potential issue and discuss the implications for our funds and clients.

Please refer to Case Study 1 within Principle 9 for further information on how we responded to this issue.

3. Potential fund risk relating to a lease dispute at a property owned by a Mayfair Capital fund

On Monday 20th September, a Mayfair Capital asset manager escalated a potential issue to the IRC relating to a Mayfair Capital-owned property in the Northwest of England. The dispute involved three separate entities – Tenant A, Assignee B, Tenant C – with the dispute primarily relating to the current tenant in occupation, Assignee B.

Tenant A was the original tenant of the property on a lease until 2028 with a break option in 2023. This break option had been operated by the tenant in 2018 meaning that the lease would expire in 2023. In 2020, Tenant A assigned the lease to Assignee B who proceeded to occupy the unit. At the time of the assignment, Mayfair Capital ensured that Assignee B was aware that the break had been operated and that an agreement for lease had already been entered into with Tenant C to grant them a new lease from shortly after the break date. Assignee B confirmed that it was aware of this.

However, in 2022, Assignee B tried to apply for a new lease under the Landlord & Tenant Act 1954 to run from the break date in 2023.

The Mayfair Capital asset manager sought permission from the IRC to proceed to a court ruling in order to secure vacant possession in order to crystallise the new lease to Tenant C. As part of the IRC's discussion, it became evident that all potential outcomes from a court ruling would be favourable to the fund owning the property. Mayfair Capital sought external legal advice, which similarly concluded that seeking a court ruling would be the best option, particularly as they advised that the interpretation appeared routine and clear-cut. The IRC questioned whether the Mayfair Capital Fund could end up with proceedings against it, but it was clarified that there was greater potential risk to the Fund if the matter was not taken to court.

As stated, it was evident that all outcomes were favourable to the Fund. Court proceedings took place in Manchester in early 2023 and the judge ruled in favour of the Mayfair Capital Fund. We believe this case study displays effective use of our issue escalation processes to communicate and mitigate against potential risk.

Please refer to Principle 3 for several case studies illustrating how we escalate potential conflicts of interest in order to prioritise the best interests of our clients.

12

PRINCIPLE 12

Signatories actively exercise their rights and responsibilities

Engagement with stakeholders is critical to our responsible investment approach and fiduciary duty as investors

PROXY VOTING POLICY

As a member of Swiss Life Asset Managers, we believe that engagement with stakeholders related to our investment portfolios is critical to our responsible investment approach and fiduciary duty to investors. Encouraging active and transparent dialogue with our investee companies is a powerful tool for reducing risk whilst fostering the readiness for a more sustainable future. Active stewardship leads this objective by promoting engagement in-line with positive economic development.

Mayfair Capital maintains an explicit Proxy Voting Policy that drives how we exercise voting rights to the benefit of MCIM Funds and investors. The overall aim of the policy is to reflect Mayfair Capital's investment philosophy and objectives, as well as to meet client and other relevant stakeholder needs. The policy considers responsible investment, stewardship, ethical and investment guidelines.

MCIM funds principally invest in direct property assets. Our Proxy Voting Policy relates to indirect investments held in third-party funds or collective investment schemes, which invest in real property assets. As of 31st December 2022, less than 1% (0.79%) of total Mayfair Capital AUM related to indirect investments. This allocation specifically relates to the Mayfair Capital Residential 2 (MCR2) fund, a closed-ended vehicle providing mezzanine finance to developers of residential properties in Greater London and the Southeast of England.

As part of our Proxy Voting Policy, we review all environmental and social-related votes and actively promote ESG-related matters where we hold a seat on the board of an investee company.

Where Mayfair Capital invests in a third-party fund, we will actively engage with the manager, attend all fund briefings and vote on resolutions at EGMs and AGMs. If there is an investors' committee, we will either seek representation or engage with the representative for minority investors to improve governance on such issues as redemption procedures, modernisation of trust deeds, etc.

A copy of our Proxy Voting Policy is made available to investors on request. Information on how MCIM has voted, in relation to a specific fund, is disclosed in the relevant fund's annual report and audited financial statements (within the Fund Manager's Report).

We did not receive any opportunities to exercise our voting rights during the 2022 calendar year. Regardless, we have provided the adjacent case study to indicate how we have exercised our voting rights in the past. We are prepared to exercise our rights and responsibilities as responsible investors where necessary in future.

CASE STUDY

Escalation of an issue relating to an Indirect property investment

A fund managed by Mayfair Capital held units in a third-party fund (an "Indirect" real estate investment). We decided to sell our units in the fund, and having served our redemption notice, the manager of the related third-party fund failed to engage with us. It subsequently transpired that there were failings in that third-party fund's liquidity plan meaning our redemption could not be met in accordance with the trust deed. Income was also being used to support capital meaning that income distributions were also suspended. Furthermore, there was a lack of clarity over aspects of the redemption mechanism in the trust deed of the third-party fund.

As a result, we escalated the position by engaging with solicitors to represent our interpretation of the trust deed and regulatory position to the manager whilst working closely with the representative of the minority investors on the third-party fund's advisory committee to flag the issue and reach a solution for the benefit of all investors.

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