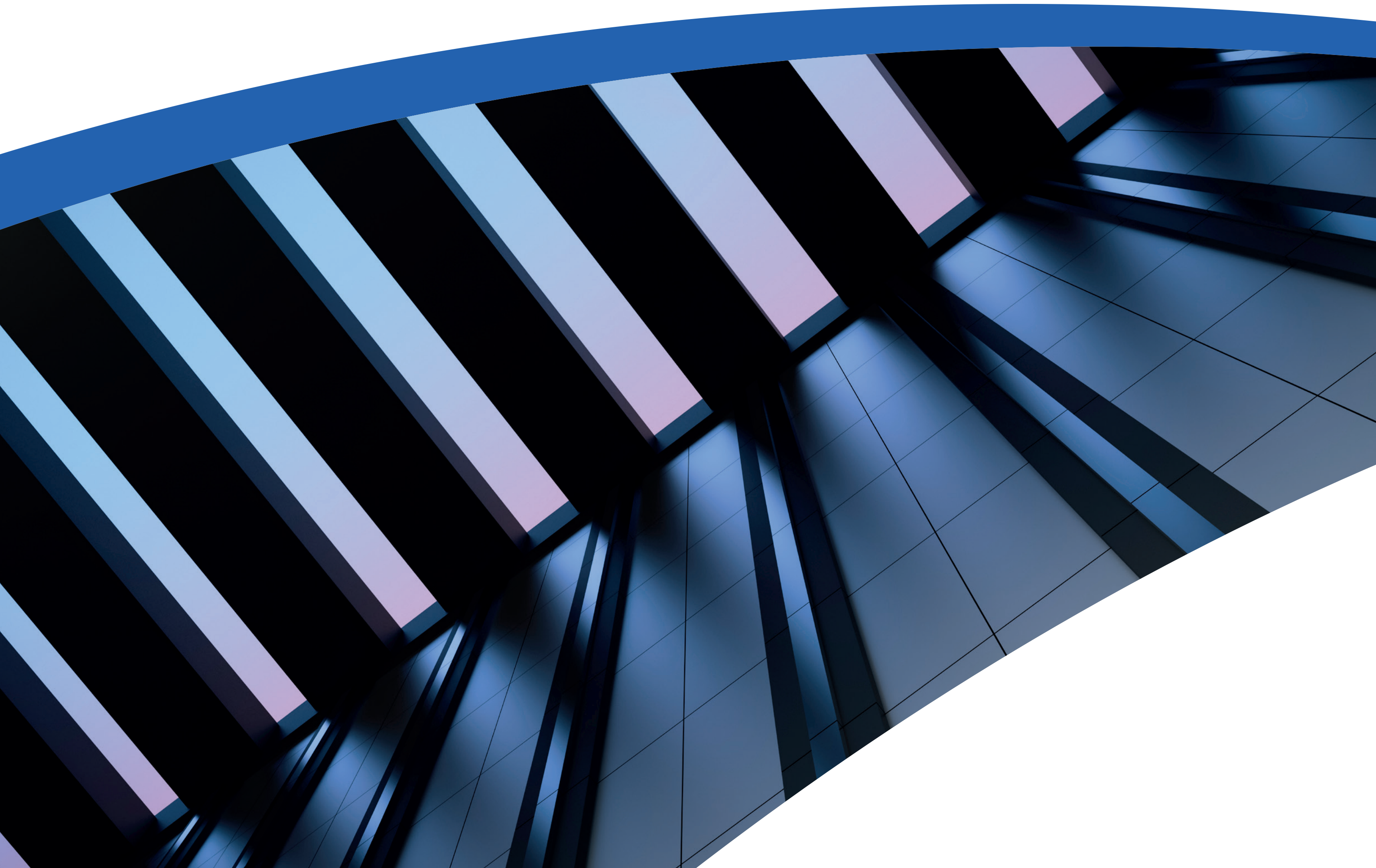
For professional clients and qualified investors only.
Capital at risk.

A platform for value creation

November 2025



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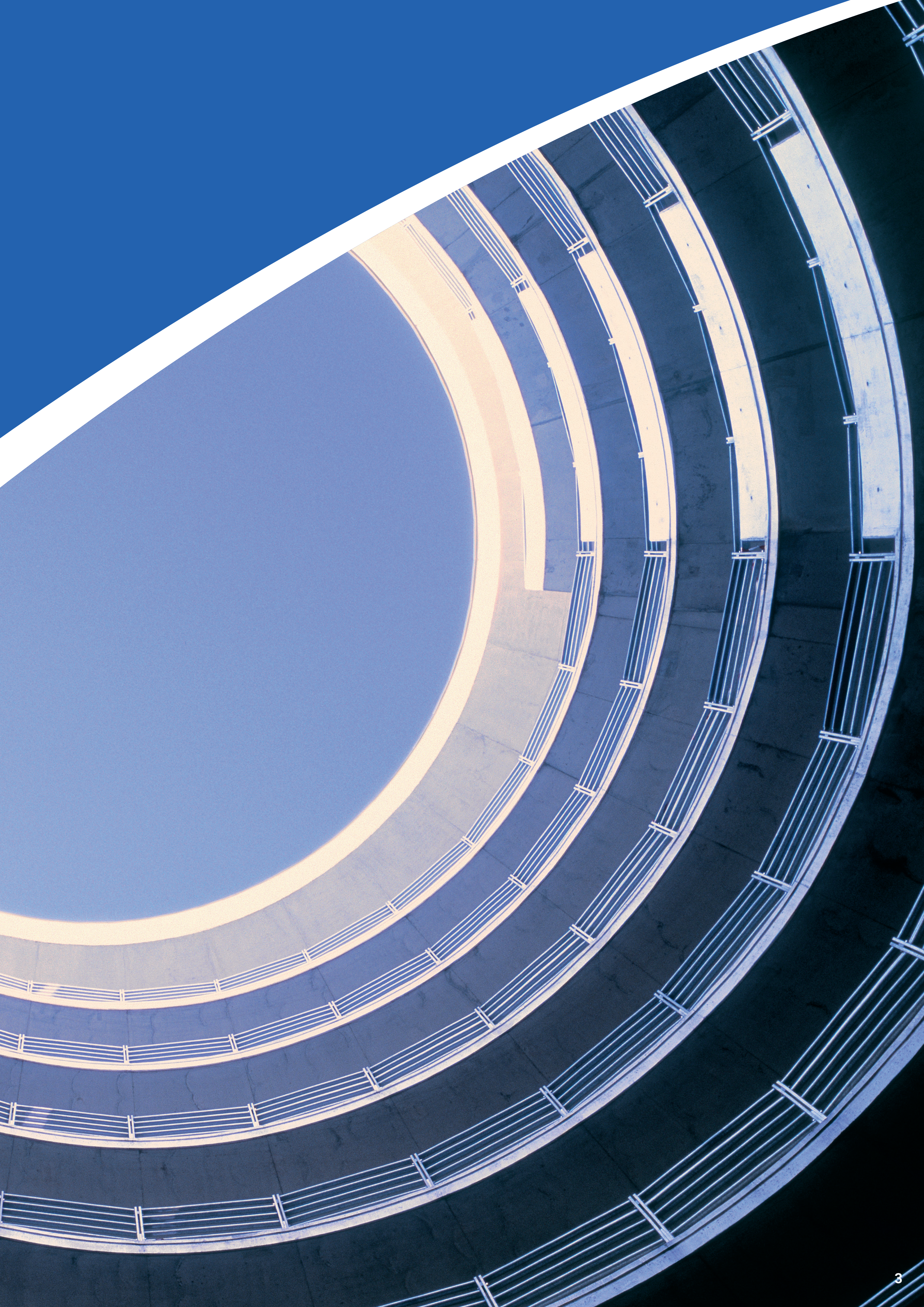


1

Executive Summary

L&G has identified potentially attractive investment opportunities within real estate sectors influenced by enduring global trends. These include residential property, urban logistics, industrial, and operationally intensive asset classes, such as hospitality and leisure

These sectors differ from traditional real estate (e.g., retail, offices, large-scale logistics) due to their higher operational intensity and unique value creation potential

L&G's partnership with Proprium Capital Partners leverages Proprium's expertise in investing in real estate operating companies, providing investors with the potential for a diversified, asymmetrical risk/return profile

The investment approach applies private equity-style techniques, deploying multiple value creation levers while aiming to incorporate robust downside risk mitigation

Targeted value creation strategies within vertically integrated platforms potentially enable investors to unlock returns not typically available through standard real estate ownership

While this strategy introduces additional complexity, it offers the possibility for significantly enhanced returns alongside structured downside risk mitigation

The cyclical behaviour of real estate operating platforms differs from traditional property assets, offering both return enhancement and portfolio diversification1 within broader real estate allocations

We therefore see them as a valuable addition and complement to portfolios, enhancing the contribution of real estate to the overall balance of risk and reward at the total plan level.

1. **It should be noted that diversification is no guarantee against a loss in a declining market.**
2. L&G: The Future of Private Markets, 2024

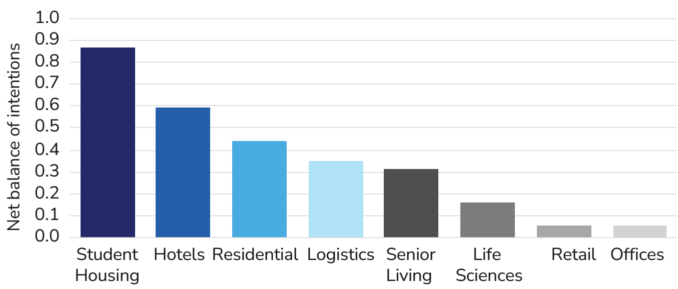
2

The structural tailwinds: Harnessing underlying growth in real estate demand

Over the long term, we believe pervasive global megatrends will increasingly influence real estate typologies and occupier demand. These megatrends can be summarised as the “Four Ds”: Demographics, Decarbonisation, Digitalisation and Deglobalisation[2]. This has driven growth in residential and industrial, within which segments such as multi-family residential, affordable housing, student accommodation and urban logistics appear best placed to provide real estate solutions to changes in society and demography. Similarly, over the last decade there has been an increasing shift in consumer spending away from products and towards experiences. In our view, real estate such as hotels and hospitality may be among the assets well placed to benefit in that context.

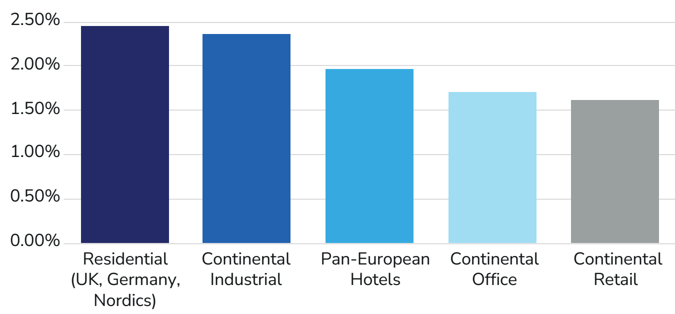
We see this manifesting in the projections for real estate rental income growth. The graph below shows long-term income growth expectations across Europe: multi-family, industrial, student accommodation and hotel sectors are expected to perform well and we think further differentiation can be enabled by exposure to business revenues rather than traditional rent review patterns. These sectors are also the areas widely viewed as most attractive from an overarching investment perspective, reflected in the balance of investment intentions.

European real estate investor intentions survey, 2025



Source: Property Markets Analysis LLP, summer 2025

Income growth expectations, long term



Source: Green Street, September 2025 *unweighted average of UK, Germany, Nordics residential and UK student housing expectations. **Assumptions, opinions, and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.**

3 Seeking returns through operational excellence

Operational real estate (ORE) is defined as an investment style where the return is directly and deliberately linked to the revenues and profits of the business conducted on, or from, the premises3. It cannot be simply defined by physical characteristics and includes 'traditional' asset types such as office and retail, as well as the wider universe of alternative real estate asset types that have grown in prominence over the past 10 years.

There is a set of different contracting models used by asset owners and occupiers that influence the exposure the asset owner has to operating performance;

1. Turnover Based Contracts: where all or part of the rent is based on an agreed percentage of turnover or profit.
2. Franchise: Where a franchisor can license rights to sell products and services to a franchisee. As an example, this is often used in hospitality or automative.
3. Management Contract: An operator manages and operates the property on the investor's behalf. The asset owner is responsible for operating costs and repairing liabilities, and receives EBITDA generated by the asset after management fees
4. Owner/Operator: The owner is the operator[4]

In traditional rental models, asset management focuses heavily on negotiating contracts with tenants and monitoring compliance with obligations on both sides. We see a compelling argument that those resources can be better spent in maximising the building's appeal to customers. These different models all help to create greater alignment to achieving that.

These models are also a spectrum of risk and reward. As operational exposure is increased, credit risk falls and business sector risk rises. These are important influences on the risk premium required by investors.

For the right property types and locations (and subject to client investment objectives), L&G has increasingly rotated portfolios to incorporate a higher proportion of ORE assets. We see it as an attractive income style given it transfers a proportion of the profit margin and the upside that would otherwise go to the operator to the asset owner. That said, the owner also takes on greater exposure to the business cycle – both its growth and volatility. That greater exposure is compensated by higher going-in yields.

3. Investment Property Forum (IPF), Operational Real Estate, Risk and Reward, 2021
4. Investment Property Forum (IPF), Operational Real Estate, Risk and Reward, 2021

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Growth Equity investing applied to operational real estate

So far, we've described a process of transitioning from fully contracted, arguably bond-style, real estate to a higher-income but more growth-sensitive exposure. But, what if the focus is on the operational platforms themselves?

This is growth equity (GE) investing applied to operational real estate. It draws on a set of value creation levers developed and refined as part of the private equity toolkit:

Acquisition & Structuring: This strategy focuses on enterprises, often founder owned, which have a track record of operations and are ready to scale. One study on the UK reports that the median target company in a sample of GE investments between 2000-21 was eight years-old, EBITDA positive and had 74 employees.[5]

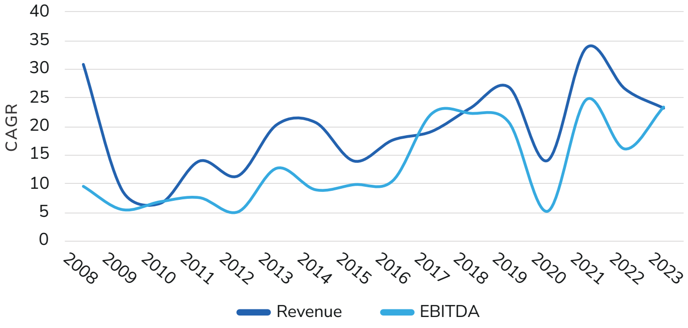
Organic growth and operational improvements: Once owned, investors accelerate revenue by scaling proven business models as well as making operational improvements. Those operational improvements often include governance steps, such as supplementing management. In the study mentioned above, investors took board seats 70% of the time, brought in additional (non-investor) directors 70% of the time and, occasionally (roughly 1 in 4 cases), changed the CEO.[6]

Bolt-on acquisitions: Inorganically, investors can pursue acquisitions to access new customer segments, technologies or geographies and aim to achieve synergy benefits. This is a more specialist activity; only 20% of GE-investee companies made an acquisition during the period of ownership. But those that did were active, with an average of 3.4 companies acquired.[7]

Exit: The typical exit route is via sale to a trade buyer, another financial investor and in some cases to management. Very occasionally, GE firms go straight to IPO. GE firms do also fail – this is a specialist space that requires expertise and track record. The mechanism for achieving a premium exit over and above trading performance at the point of exit is to create a pipeline of business expansion that an acquiror can underwrite and assign value to.

Cambridge Associates database of private company metrics illustrates the results. Its analysis of investments reported by GE managers showed compound annual average growth of 19% and 13% for revenues and EBITDA, respectively, between 2008-2023.[8] It was notable that both revenue and EBITDA growth weakened but remained positive during both the GFC and covid-19 periods.

European Growth Equity (CAGR 2008-2023)



Source: Cambridge Associates, 2025. **Past performance is not a guide to the future.**

5. "Growth Equity Investment Patterns and Performance", Lavery, Megginson, Munteanu, 2024
6. "Growth Equity Investment Patterns and Performance", Lavery, Megginson, Munteanu, 2024
7. "Growth Equity Investment Patterns and Performance", Lavery, Megginson, Munteanu, 2024
8. "Private company operating metrics: global analysis", Cambridge Associates, 2025

5 Proprium's value-creation toolkit

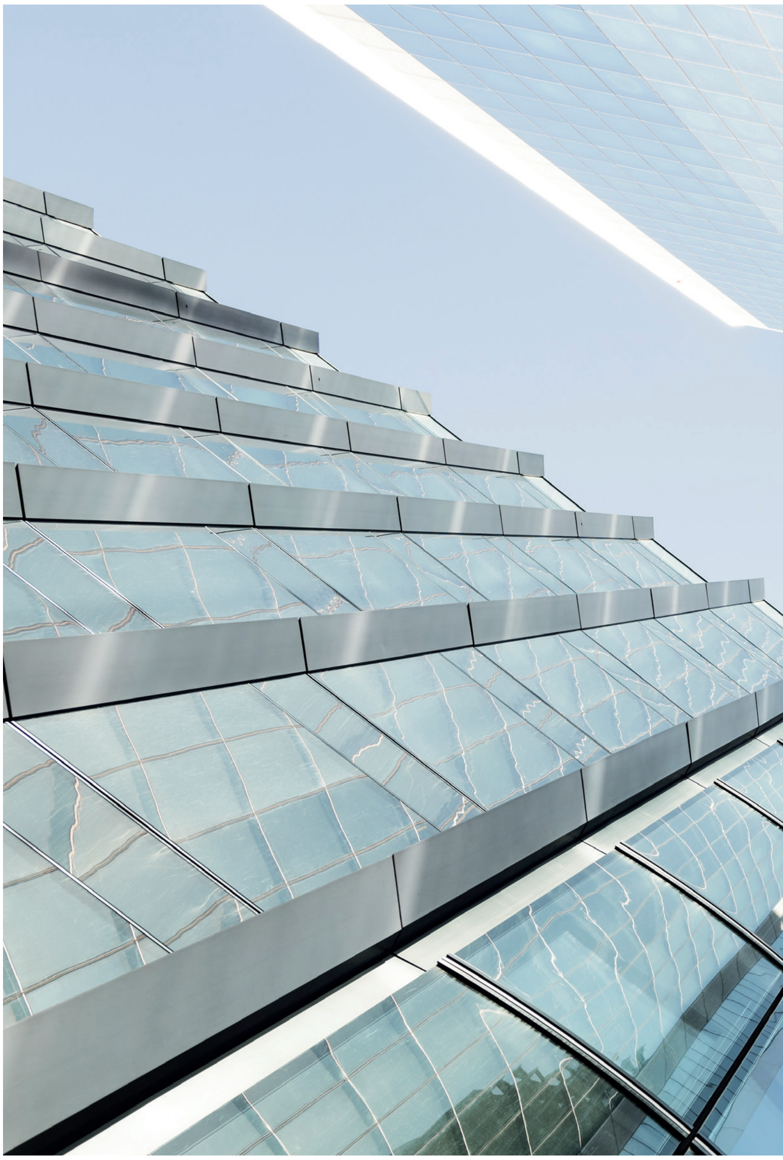
Proprium's approach to applying the four value-creation levers:

1. **Investment structuring for asymmetric returns:** At acquisition, the objective is to structure transactions to seek to create downside protection while maintaining upside participation. This might involve preferred returns, convertibles, put options, ratchets tied to performance milestones, or staged commitments that aim to derisk execution.

2. **Operational alpha:** Frequently, there are opportunities to supplement or upgrade existing management teams to align with new growth objectives. This could incorporate creating a senior role responsible for expansion, development or deployment of growth capital. In some instances, there is rationale to replace one or all of the c-suite professionals. This isn't about replacing competent operators;it's about ensuring the team has the skills and resources necessary to scale.

Platform businesses may be able to grow revenues without acquisitions through geographic expansion, new product lines, or operational improvements:

- **Geographic expansion:** Expand from 'home' market to new countries
- **New product lines:** Adjacent businesses that appeal to different customers or have cash flow aspects more highly valued by the capital markets.
- **Operational improvements:** Implementing revenue management systems, loyalty programs, and introducing or accelerating technology platforms that enhance the



customer experience while improving margins.

3. **Bolt-on acquisitions:** When a platform is both profitable and built on a repeatable model, it creates a powerful foundation to scale through acquisitions. These bolt-ons achieve several objectives:

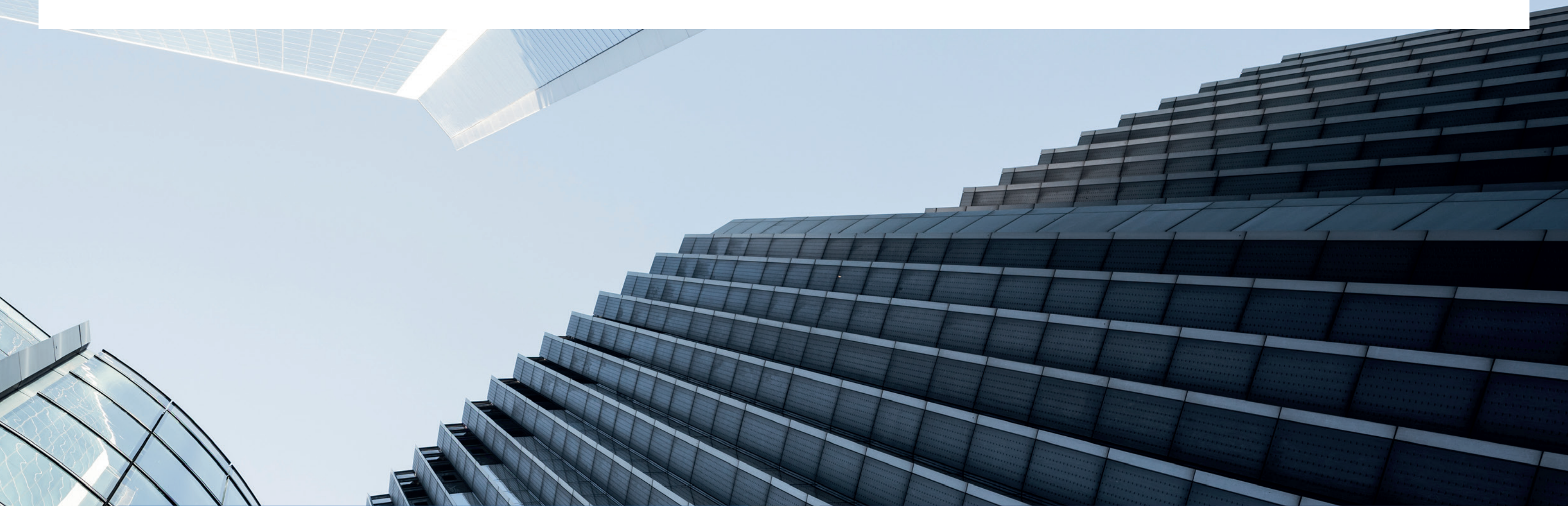
- Market share consolidation and increased negotiating leverage with suppliers
- Geographic expansion or infill to strengthen regional density
- Synergy capture through shared infrastructure, systems, and overheads
- Acquiring distressed portfolios at attractive valuations

The platform's existing systems, processes, and management team allow these bolt-ons to be rapidly integrated, avoiding the execution risk of a standalone acquisition

Achieving a platform premium on exit: The ultimate validation of platform investing is that acquirers will pay a premium for a business with demonstrated growth capacity over the same assets without the platform. Proprium call this "building 10-year business plans with a 3-5 year holding period." By the time we exit, we have created:

- A scalable operating model with documented systems and processes
- A proven management team with depth beyond the founder
- A pipeline of identified growth opportunities (development sites, acquisition targets, new markets)
- A track record of consistent financial performance and growth through varying market conditions

Acquirers can underwrite future expansion and continued growth rather than simply buying current cash flows. This is particularly valuable to strategic buyers (competitors seeking scale, consolidation, or market entry) and financial buyers seeking platforms for further growth equity deployment.



Case Study – Buy & Build

When a platform is both profitable and built on a repeatable model, it creates a powerful foundation to create value through scale via bolt-on acquisitions. In Proprium’s UK pub deal, Admiral Taverns, it acquired over 1,000 pubs since the original platform acquisition. In the A&O hostel deal, Proprium has invested or committed €500m of growth capital in the last 18 months through the acquisition of both offices and hospitality for conversions into hostels.

Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.

Case study - Operational Alpha

In many cases, performance has been strengthened by upgrading or supplementing existing management teams to better align with new growth objectives. Proprium has expanded product lines, such as MotelOne -> TheCloudOne and transforming leased and tenanted pubs into operator-managed formats in its UK pub platform. It’s optimised operations by creating loyalty programs and improved technology. Proprium also does the typical blocking and tackling at the asset level, reducing vacancy and increasing NOI.

Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.

6 Growth equity vs Value-add & Opportunistic Real Estate

For investors more used to dealing with real estate investments across the risk spectrum, it's useful to draw a comparison between Growth Equity and Value-add / Opportunistic Real Estate investing. They share a common thread: Both target outsized returns by embracing higher risk and active value creation.

But their risk-return drivers fundamentally differ. Growth Equity investing in real estate operating platforms carries risks tied to execution. Success depends on scaling operations, delivering growing NOI or EBITDA, achieving revenue targets, and navigating sector-specific dynamics. In contrast, Value-add and Opportunistic Real Estate investing are more exposed to asset-level volatility, capital expenditure risk, and market timing. Thus, returns often hinge on cap rate compression, leasing success, and renovation outcomes. Crucially, active asset management is often stapled to significant use of financial leverage.

Consequently, we see Growth Equity returns, even when applied to real estate operating platforms, as only modestly correlated to the real estate valuation cycle. Given the specialist nature of the strategy, we lack a deep pool of data to fall back on. But, we do have several reference points to build a picture.

Preqin data for Europe covering the 10-year period to end-2023 confirm a relatively low correlation between overall Growth Equity returns and those to Core Real Estate (0.43) as well as a significantly higher return, averaging 15%. In contrast, Opportunistic Real Estate delivered a lower return and showed a higher correlation with the real estate cycle.

More specifically, Proprium's investment strategy delivered 24% IRR / 2.7x MOIC gross (21% / 2.5x net) [10] over 2014-2025 period.[11]

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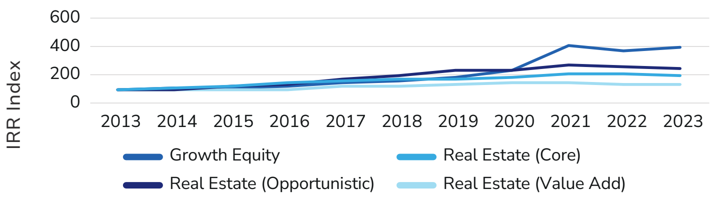
9. The characteristics in this table refer to Growth Equity strategies more generally, not just those related to real estate. Proprium's portfolio companies do generally make some use of leverage, typically in the 25-50% range.
10. Represents investment level local currency returns of Proprium Real Estate Special Situations Fund, LP ("PSSF")'s realized European private investments and realized Proprium European private co-investments only and is calculated by converting the historical local currency cash flows using the current quarter-end (6/30/25) FX rates. Gross returns presented are investment level real estate returns inclusive of leverage. Net returns are estimated to be 331bps negative IRR spread and 0.16x negative multiple spread to gross real estate returns based on average historical investor fees, expenses and carried interest, and assuming that investments are held throughout the period for which performance is calculated and that fees, expenses and carried interest do not attach to a specific investment. The actual differential between gross and net may be higher or lower than estimated as described here. The presented performance represents hypothetical performance. This composite performance is included for illustrative purposes only, and may not be realized in actual market conditions. Such composite performance information is inherently limited and should not be relied upon for investment decision-making. Additional information regarding hypothetical performance is available upon request.
11. **Past performance is not a guide to the future.**

Characteristic	Growth Equity[9]	Value Add Real Estate	Opportunistic Real Estate	Characteristic
Leverage	Primarily equity, possibly limited debt	40-60% LTV typical	>60% LTV typical	Leverage
Value Creation Drivers	Organic revenue growth, market expansion, strategic acquisitions, operational improvements	Property improvements, leasing, market repositioning, operational enhancements	Property improvements, leasing, market timing, cap rate compression	Value Creation Drivers
Property Development Exposure	Focus is on operating businesses with proven models	Some; includes redevelopment and repositioning	Significant; ground-up development or major redevelopment common	Property Development Exposure
Primary Risk Drivers	Business execution risk, scaling challenges	Leverage, development risk, market risk	Leverage, development risk, interest rate risk	Primary Risk Drivers

Source: L&G, October 2025

In our view, this supports both the return enhancement and diversification benefits of specialist platform investment in the context of a wider real estate allocation, enhancing the contribution of real estate to the overall balance of risk & reward at the total plan level.

Europe (Index of Rolling 1-yr Horizon IRR, 2013=100)



Source: Preqin, INREV, L&G calculations as at October 2025. Data is based on rolling 1-year IRR net of fees. **Past performance is not a guide to the future.**

End 2013-End 2023	Real Estate (Core)	Real Estate (Value Add)	Real Estate (Opportunistic)	Growth Equity
CAGR return	3%	7%	10%	15%
Correlation to core RE		0.29	0.69	0.43

Source: Preqin, INREV, L&G calculations as at October 2025. Data is based on rolling 1-year IRR net of fees. **Past performance is not a guide to the future.**

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Key risk

The value of any investment and any income taken from it is not guaranteed and can go down as well as up, and investors may get back less than the amount originally invested.

Source: L&G, global AUM as at 30 June 2025. Excludes assets managed by associates (Pemberton, NTR, BTR). The AUM includes the value of securities and derivatives positions and may not total due to rounding.