



Sentinel Real Estate Corporation

2020 Environmental, Social and Corporate Governance Report



Table of Contents

I. ESG STRATEGY	5
II. ENVIRONMENTAL FACTORS	6
<i>Case Study</i>	
THE KIRBY APARTMENTS	10
<i>Dallas, Texas</i>	
III. SOCIAL RESPONSIBILITY	12
<i>Case Study</i>	
THE JOHN WINTHROP APARTMENTS	16
<i>Seattle, Washington</i>	
IV. CORPORATE GOVERNANCE	17
<i>Case Study</i>	
GOAL OF CARBON NEUTRALITY	19
AUSTRALIA BUILD TO RENT PROGRAM	
V. GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK	21
VI. LOOKING AHEAD	22



I. ESG STRATEGY

Sentinel's ESG strategy is designed to ensure ESG considerations are incorporated into our decision-making processes, to provide our employees with guidelines for implementing ESG initiatives at our investment properties and to define Sentinel's position on ESG for the benefit of clients, stakeholders and third parties with whom we work.

Our ESG objectives are integrated into all aspects of our real estate operations and the investment life cycle as a whole. These factors are considered as soon as due diligence on a property begins and throughout the acquisition process, in our construction and development initiatives, in all leasing and property operating policies and in the disposition process.

Sentinel's Executive Committee, in cooperation with the ESG Committee, has established a long-term reduction target of 5% over the next five years, or approximately 1.0% per year reduction in energy, emissions and water. We will begin reporting on our progress towards these targets in 2021.

Throughout 2020, Sentinel continued its efforts to integrate ESG best practices into property operations and the firm's corporate culture, while at the same time bringing a new focus to health and well-being in light of the COVID-19 pandemic.



II. ENVIRONMENTAL FACTORS

We are aware of the impact the developed environment can have on climate change and the natural world. Sentinel seeks to cost-effectively minimize our resource use and environmental footprint.

Sentinel Green Program

The Sentinel Green Program was developed in 2009 and is augmented each year to ensure Sentinel is incorporating environmentally sustainable best practices into its day-to-day property operations, unit interior renovation programs and community-wide value enhancement initiatives. Based on the principles articulated by the Institute of Real Estate Management (IREM), the Program focuses on strategies to measure and reduce energy consumption, water usage, waste disposal and carbon emissions at existing properties within the portfolio. In addition, in 2011, Sentinel commenced a Built to Rent development program in Australia that implements sustainable best practices and new technologies as part of the initial design of the properties to ensure state-of-the-art, environmentally friendly construction and operations. Ultimately, Sentinel is seeking to certify the first carbon neutral apartment communities in Australia.

Sustainable Capital Programs

The scope of potential improvements varies widely depending upon a property's jurisdiction, the nature of the asset and the underlying investment strategy of the applicable account. Below we have provided information on the sustainable capital programs for both our core properties and our value-added assets.

Core Properties

Sentinel Real Estate Fund (SREF), a nationally diversified core apartment portfolio primarily composed of



stabilized garden-style investments, as well as a number of Sentinel's other accounts with core and core-plus investment mandates, have been focused on a range of sustainability programs. Specifically, we have ongoing programs focused on retrofitting common area and unit interior lighting with LED bulbs, installing recyclable carpet and wood-style vinyl plank flooring, converting HVAC systems from R-22 condensers to "cleaner" R-410A condensers, installing low flow shower heads, water efficient toilets and drip irrigation systems to reduce water usage, installing energy efficient appliances and utilizing sustainable cleaning products in connection with daily operations.

Progress on some of these programs slowed down in 2020 due to social distancing protocols that limited access to occupied apartments; however, we have detailed the accomplishments that were realized below:

- **Sustainable Carpet & Vinyl Replacement Program**
Sentinel has implemented the use of environmentally friendly carpet where possible and moved to the use of wood-style plank or wood-style tile flooring in lieu of carpet in connection with many upgrade programs. Across the Sentinel portfolio, \$2,057,811 was spent

II. ENVIRONMENTAL FACTORS *CONTINUED*

and 2.2 million square feet of environmentally friendly carpet was installed during 2020. In addition, \$457,289 was spent and 349,546 square feet of wood-style vinyl plank flooring was installed with another \$37,675 and 48,576 square feet of sheet vinyl installed during the year.

- **LED Lighting**

In 2013, Sentinel commenced an initiative to retrofit the common area lighting with LED bulbs wherever practicable. Sentinel has been working in partnership with HD Supply on this initiative. HD Supply performs energy audits, which are designed to inform property-wide common area LED implementation program. Since 2013, Sentinel has retrofitted the common area lighting at 69.1% of its properties under management as of the end of 2020. In addition, since 2013, Sentinel has converted 9,257 apartments or 41.6% of the entire Sentinel portfolio to LED fixtures/bulbs. In 2020 alone, 3,090 apartments were converted to LED lighting.

- **Transition from R-22 to 410A HVAC Condensers**

In response to the phase-out of HCFCs that began in 2010, including the R-22 Freon used in most HVAC systems, Sentinel has been proactively working to either retrofit existing HVAC systems or to install new systems that utilize R-410A, also known as Puron, which is a non-ozone-depleting HFC refrigerant blend. In 2020, 802 HVAC units across the Sentinel portfolio were either retrofitted or converted, bringing the total portfolio-wide to 43.9% or 9,671 units. Within SREF, the total has reached 4,534 or 51.1% of that fund's portfolio.

- **Sustainable Procurement Processes**

Sentinel tracked the sustainable materials utilized at all of its properties under management throughout 2020. Overall, these properties spent over \$690,000 on sustainable products, including appliances, environmentally friendly cleaning products and water saving devices such as faucets, showerheads and toilets. In addition, the Sentinel portfolio used 35,493 gallons of interior paint of which 79% had low VOC's and



In April 2020, Sentinel engaged HD Supply to conduct a property wide lighting audit at First and Main Apartments in Colorado Springs, Colorado to retrofit the lighting in our amenity spaces, common area breezeways and parking lot. This called for the replacement of 135 halogen and 463 fluorescent bulbs with LED bulbs. The audit report estimated a reduction in our annual kilowatt usage from 103,907 kWh to 49,810 kWh – a reduction of 52%. The estimated cost of conversion was \$31,532, which was expected to be a payback period of 2.8 years. However, our onsite team was able to install most of the bulbs in-house and reduced the actual project cost to \$24,212. The conversion project began in May 2020 and was completed in December 2020 due to delays caused by COVID-19 restrictions. Although we do not have a full year comparison, based on the first four months of 2021 compared to the same period in 2020, the property has realized a savings of \$11,669 in common area electric costs – a savings of 46%. If a similar rate of savings is realized over the balance of the year, the payback on this project would be less than one year.

19% had no VOC's. Of the 23,105 gallons of exterior paint, 97% had low VOC's.

Value-Added Properties

Sentinel has greatly expanded its value-added investing activities over the past 15 years. Inherent in the modernization of older vintage assets is the opportunity to enhance the sustainability of such assets by improving in-place building systems. In addition, by enhancing the longevity of such assets rather than constructing new properties, the enormous environmental costs associated with demolition and new building construction are avoided.

II. ENVIRONMENTAL FACTORS *CONTINUED*



Sentinel's value-added mandates are utilizing the sustainability initiatives described above that are implemented for our core accounts, but also have the opportunity to make more significant changes to a property's environmental footprint due to the higher level of capital investment into each asset. In many cases, our value-added strategies include retrofitting in-place building systems. For example, in the context of one of our value-added funds, converting many of the buildings' old boiler systems from oil to natural gas has been a foundational part of the investment strategy. Natural gas produces 30%-40% less CO2 when burned than heating oil. In addition, in many of the same investments, we have been installing new and more energy efficient elevator equipment and updating roofing, siding, windows and insulation to improve R-value and reduce HVAC load.



Yardi Energy Services & Energy Star Portfolio Manager®

In 2020, Sentinel retained Yardi Energy Services (YES) to assist with uploading utility data into the ENERGY STAR Portfolio Manager® (ESPM) database, which will facilitate tracking, analyzing and ultimately reducing the energy, water, waste and carbon footprints of the apartment communities within the portfolio.

During the first quarter of 2020, the long-term project to upload common area energy and water data as well as cost information for the 2018 and 2019 calendar years into ESPM was completed for all Sentinel Real Estate Fund (SREF) properties with the assistance of YES. In

addition, the tenant energy data at the five SREF properties in municipalities that allow access to this data was successfully vetted and uploaded. In addition, by year end, 2020 data had been uploaded for SREF and all other Sentinel-managed residential properties were added to the YES program and entered into ESPM. Going forward, all properties are on-boarded with YES and established on ESPM upon acquisition.

Sentinel also commenced a dialogue with YES to start to track waste data and waste diversion where possible. YES has begun the internal setup necessary to track waste data and has distributed a questionnaire to our property management teams at each property to clarify exact waste measurements and standardize the data across various markets. This remains a goal going into the 2021 calendar year.

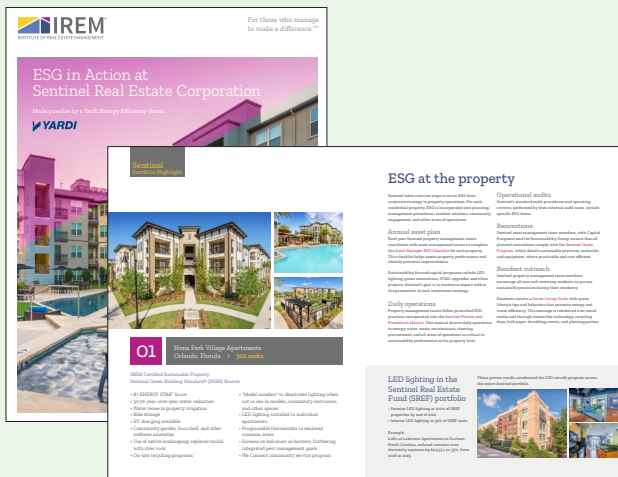
During the year, we worked with our third-party ESG consultant to develop a customized reporting dashboard that will allow us to analyze portfolio wide consumption and costs, benchmark properties against one another, and track progress towards our long-term targets. This tool will continue to be refined in 2021.

Paperless Operations

Sentinel has been working for many years to limit the use of paper in daily operations. The onset of the COVID-19 pandemic brought greater urgency to this process due to the many employees operating remotely and the requirement to follow social distancing protocols with residents and prospects.

- In late March 2020, all leasing activity moved to the "virtual" environment. At the end of March and into April, all leasing and renewal activity was successfully completed online for the first time. Although by year-end 2020 in-person leasing had resumed, the tools to accomplish leasing in a virtual environment remain available when needed.
- Sentinel is working with the few remaining vendors that send paper bills to move to online billing and authorize online bill pay. The goal is to have 100% of billings moved online.

II. ENVIRONMENTAL FACTORS *CONTINUED*



IREM Certification

The Institute of Real Estate Management (IREM) offers a certification program called the IREM Certified Sustainable Property (CSP) program. In order to obtain the IREM certification, a property must demonstrate it can achieve a minimum total of 62 points, with points awarded by meeting specific objectives in the following categories:

- Management's demonstrated commitment to sustainability;
- Energy and water benchmarking and reduction goals;
- Commitment to health, wellness and safety of residents;
- Recycling practices, including waste diversion targets; and
- Sustainable purchasing practices.

Sentinel worked throughout 2020 to complete the certification requirements for Nona Park Village Apartments in Orlando, Florida. We are pleased to report that during the fourth quarter, Nona Park received its IREM CSP certification. With this successful effort now complete, SREF will roll out the program to other properties within the portfolio in the coming years. Initially, six properties have been identified for certification in 2021.

- All maintenance staff are now equipped with tablets to facilitate online tracking of work orders.
- Early in 2020, a number of properties commenced use of ceramic reusable mugs at the coffee bars in an effort to move away from use of paper or Styrofoam cups. Unfortunately, the roll-out of this program was suspended due to concerns associated with the pandemic and it has yet to be reinstated.

Unit Renovation Tool

During 2020, Sentinel continued to develop and refine a unit renovation module for the purposes of streamlining the development of the scope, specifications, budgets, timelines and anticipated performance outcomes for individual unit upgrades. The tool leverages on-site staff to provide site specific information across a mobile platform to generate unit specific upgrade packages consistent with the standards developed by Sentinel's in-house design and construction teams. The goals of this tool include minimizing downtime for unit renovation projects; enhancing Sentinel's ability to quickly develop the scope of upgrades and accomplish their execution; and ensuring consistency of the quality, cost and performance of the finishes and fixtures utilized. Implementation of this tool is expected to provide Sentinel with more measurable data on the effectiveness of such upgrade programs, particularly with respect to energy efficiency, water conservation and the use of sustainable materials.

IREM Apartment Fit-Out Standards

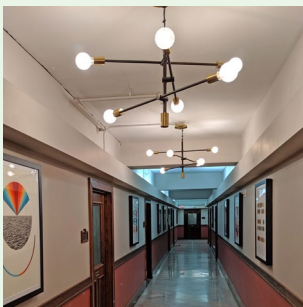
IREM has articulated best practices for sustainable unit turnover and apartment renovation fit out standards. Sentinel is incorporating these additional standards into our property policy and procedures manual, which will provide a standardized framework for all unit turns and upgrades going forward. The enhanced standards should assist with our continued goal to lower energy and water use at our properties across the country.

Case Study

THE KIRBY APARTMENTS – Dallas, Texas

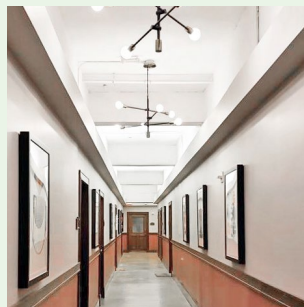


The upgrade programs at The Kirby Apartments, which was acquired by Sentinel in October 2016, continued in 2020. The investment strategy contemplated the execution of a comprehensive unit renovation program, as well as refurbishment of common areas and an elevator replacement program. This program has been executed in phases. In 2020, the focus included the replacement of LED lighting in common areas, a rooftop deck replacement and pool upgrade, laundry room refurbishment and the beginning of the unit renovation program. Increasingly, Sentinel has been prioritizing the use of vendors that share our sustainability goals in executing these projects.



Common Area LED Lighting

In 2020, Sentinel executed a project to convert over 440 existing up-lights in the common area hallways at The Kirby from 32-Watt fluorescent lamps to LED tubes. These lights are on 24 hours a day, utilizing 14.27 kW at a cost of \$.08 per kilowatt hour, which equals 125,000 kWh annually and \$10,000 in electricity a year. The



new 17-watt LED lights running for 24 hours equate to 66,563 kWh annually at a cost of \$5,325 a year, a savings of 58,437 kWh and \$4,675 a year. The total cost for this job was \$13,967, providing a return on investment of approximately three years. It is also important to note that the average fluorescent bulb lasts for 15,000 hours compared to an LED bulb, which lasts for 50,000 hours. This program served as a great example of an important sustainability initiative that also had a positive impact on the financial bottom line.

Sustainable Products and Manufacturers

We strive to use materials with sustainable attributes that are manufactured by companies that are committed to sustainable practices. Some examples from our 2020 renovations at The Kirby include installing all WaterSense plumbing fixtures from Kohler, a company that has committed to having a net zero impact by 2035. We used low VOC paints from Sherwin Williams, a firm that has implemented a number of eco-friendly practices such as using blown-in-line colorant bottles that use less resin, save on freight costs and reduce the volume of hazardous waste; using sophisticated software to determine distribution routes to minimize fuel consumption; and becoming a US EPA SmartWays Transport Partner. We specified cradle-to-cradle recycled content flooring from Shaw, a company that has already achieved carbon neutrality in all of its carpet manufacturing facilities. Shaw also follows the California Transparency in Supply Chains Act of 2010 to ensure that products are sustainably

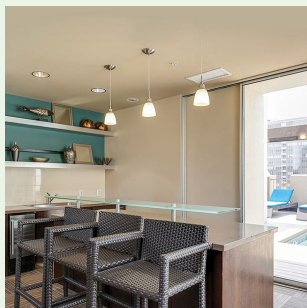
Case Study

THE KIRBY APARTMENTS – Dallas, Texas

sourced and provides extensive information on all of their environmental and social responsibility efforts on their website (<https://shawinc.com/Corporate-Responsibility>). We install only LED lighting in our renovation programs at The Kirby and all appliances are Energy Star rated from GE, another firm that has publicized its numerous environmental and social initiatives.

Waste Reduction Measures – Adaptive Reuse

Beyond using sustainable materials, we also work to reduce any waste generated from our renovations. Demolition waste accounts for 90% of the total construction industry's waste generation, and construction-related waste accounts for 40% of the world's total waste generation. In our projects at The Kirby, we consciously strove to minimize waste through incorporating adaptive reuse concepts into our interior design plans. A few examples of adaptive reuse in the projects undertaken at The Kirby are highlighted below:



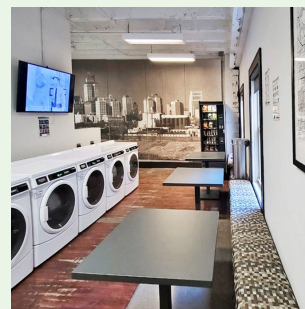
Rooftop Lounge Project

In the rooftop resident lounge at The Kirby, there was an existing counter-height island in the space. In the design phase, we identified this piece to be reused and repositioned to better work with our new design. By installing a new countertop and new hardware and painting the existing cabinet and doors, we were able to completely transform the piece without having to dispose of it or buy a new one.

Roof Deck Project

Initially, the plan to renovate the roof deck at The Kirby called for a full replacement of over 1,000 square feet of wood decking. Working closely with the contractor, Sentinel identified specific areas in need of repair, which would reduce the amount of new wood used to less

than 10% of the amount that would have been needed for a full replacement. Areas of repair addressed structural issues, as well as drainage issues. Once these areas were repaired, the deck was coated with a water-proofing product that will extend its life by another five to ten years. The water-based product used is VOC and solvent free and also provides slip protection to keep the pool area safe.



Mural Relocation Project

When Sentinel first purchased The Kirby there was a large mural of the downtown Dallas skyline in the lobby. While the mural didn't fit with our goal of restoring the lobby to be more historically accurate, we still felt that there could be an opportunity to reuse it elsewhere in the building, not only because it was a unique art piece, but also because we always aim to reduce the amount of waste our projects contribute to landfills. In 2020, when we were designing the new laundry café, we found a perfect way to reintroduce the mural to residents in this space. The mural is now proudly displayed, completely transforming what is typically a drab space in any building into a hip laundry café with an urban vibe.

Pool Conversion to Salt Water Systems

During the renovation of the rooftop amenities at The Kirby, we converted the pool from a chlorine system to a saltwater system. While a saltwater system still uses some chlorine for cleaning, it requires much less of the chemical than a traditional system and requires almost none of the ancillary chemicals/minerals that a traditional pool needs to prevent algae growth and discoloration. The reduction in use of these chemicals is not only good for the environment, it also reduces operating costs and is easier to maintain.

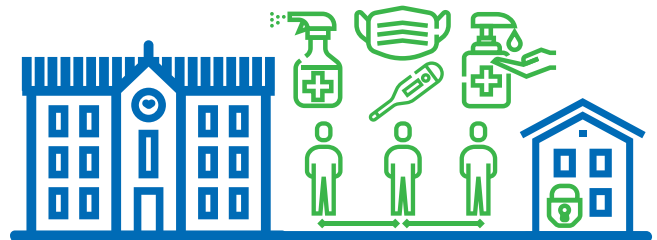
III. SOCIAL RESPONSIBILITY

We seek to encourage positive change in our communities through equity, engagement and education. Sentinel aims to provide a collaborative and supportive workplace for our staff and to empower our communities through service and charitable giving.

Health & Well-Being Initiatives During the Pandemic

The sudden onset of the COVID-19 pandemic in March across the country brought with it a host of new challenges related to the operation of our multifamily communities and the health and well-being of our employees, tenants, prospects and vendors. Procedures were implemented quickly, communicated regularly and evolved throughout the year to ensure appropriate precautions were in place at our properties.

- In March 2020, a directive was issued to all properties to close the leasing offices and conduct all leasing and communications virtually with prospects and residents via phone and email. All non-emergency work orders in resident units were suspended. The use of all amenities apart from mailrooms, laundry rooms and package systems, were suspended as well. These safety measures were put in place during this uncertain time to limit exposure. Additionally, property employees were asked to perform deep cleaning and disinfection measures on-site and to post Centers for Disease Control and Prevention (CDC) flyers throughout the property in visible locations highlighting COVID-19 facts and precautions.
- We also implemented a number of policies designed to accommodate the various health and financial impacts our residents were experiencing. Beginning in



April 2020, Sentinel began waiving late fees, month-to-month (MTM) fees and froze renewal lease offers with no increase in rent across all properties. Additionally, payment plans were offered that allowed rent to be paid over three months with proof of COVID-19 related hardship. Sentinel also waived 50% of early termination fees provided for in the lease, move-out payment plans were extended to six months and all financially-related evictions were put on hold. In May and June of 2020, in addition to the prior directives, Sentinel began accepting partial payments without penalty as well as consolidating and extending payment plans for additional months. Beyond new policies, we tried to maintain a sense of community with programs ranging from breakfast on the go distributed in recycled bags to virtual fitness classes.

- In early June 2020, as the CDC, state and local guidelines became clearer, Phase I COVID-19 Reopening Guidelines were distributed to the properties. This primarily addressed personal protective equipment (PPE) and cleaning/disinfecting protocols, screening of employees, physical distancing requirements and

III. SOCIAL RESPONSIBILITY *CONTINUED*

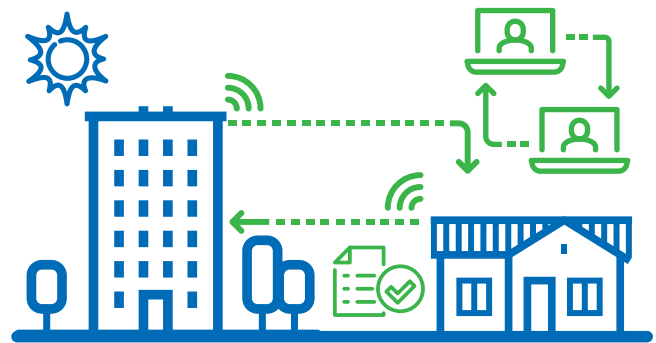
interaction with fellow employees and the public. The properties also began allowing tours by appointment only and the resumption of work orders in units with proper precautions.

- In late June and July 2020, Phase II COVID-19 Reopening Guidelines were distributed to the properties primarily addressing the opening of outdoor amenities with proper precautions, new signage, introduction of face coverings in all common areas, new screening protocols and new protocols to maintain physical distancing among Sentinel employees to minimize exposure issues.
- In August 2020, Phase III COVID-19 Reopening Guidelines commenced primarily addressing the opening of indoor amenities with proper precautions and signage. Sanitizing wipes or hand sanitizer was provided in all indoor amenities for resident use. The various fee waivers, payment plans and eviction moratoriums were suspended on a property by property basis in line with all applicable state and federal mandates.

As the pandemic continued throughout the year, we also began to consider more long-term physical changes to our communities to ensure ongoing health and safety. At several properties with a value-added investment strategy, we were able to augment the renovation programs with the following initiatives:

- In all publicly accessible restrooms, we installed touchless faucets and toilets, which were also WaterSense certified.
- In resident lounges that include wet bars, we installed touchless, WaterSense faucets. The lounge spaces have been fitted out with hand sanitizer dispensers and the fitness centers in these properties also have wall mounted wipe dispensers to clean equipment after use.
- The lounge, fitness center and pool areas at these properties were also fitted out with occupancy sensors to automatically control the lights, both conserving energy and removing the need for residents to touch any surfaces.

- Beyond these measures we looked at spacing out furniture and planning circulation pathways to avoid residents having to be in close proximity when possible.
- At one property we installed a second passenger elevator in a defunct elevator shaft to give better accessibility to the property and also reduce the need for residents to overcrowd a single elevator.
- Several properties are also now installing new access control measures to prevent the need for physical contact at entry points.



Beyond health and safety, the pandemic has highlighted the value of technology for both communication and ongoing management oversight. In an effort to ensure ongoing oversight of property operations as well as major capital projects and development activities in an era where travel may at times be disrupted, we tested a new technology called OpenSpace at a number of communities during the year. OpenSpace is photo documentation software that quickly captures 360-degree images (about an image every half-second) as an individual walks around a development site or apartment community and automatically ties them to project floor plans. The AI technology was initially developed to oversee ground-up construction projects by comparing project plans to real time images. We are testing the technology in a variety of areas including our ground up construction platform in Australia as well as at stabilized communities. The results can be viewed online within 10 to 15 minutes, allowing our asset management, construction management and design teams in New York to evaluate communities and ongoing construction projects throughout the country in real time through this virtual interface.

III. SOCIAL RESPONSIBILITY *CONTINUED*

Community Service Initiatives

Giving back to the neighborhoods in which we operate has always been a priority at Sentinel. Now more than ever the needs are great. During the second quarter of 2020, Sentinel's Executive Committee approved the roll out of a new, more formalized community service initiative at both the property and corporate levels, which will provide employees with time during the workday to focus on such initiatives. At the property level, each asset management team will be responsible for identifying appropriate opportunities in each market in connection with the annual asset plan approval process. At the corporate office in New York, several opportunities will be identified for employees to select from each year. Social distancing mandates created challenges with respect to the implementation of this program in 2020, but our team is working hard to identify opportunities for the upcoming year.



Sentinel in the Community

A 2020 goal across the portfolio was to roll out community engagement initiatives with a focus on sustainability and to expand outreach efforts within our local communities. The actual implementation of many programs has been delayed due to social distancing guidelines currently in place, but property managers continue to develop these

programs and work to share ideas across the portfolio. One program that commenced during the first quarter was a food drive organized by Carrington Place Apartments in Kansas City, which was a tremendous success, generating over 300 food donations.

A sample of other events is shown below:

- A donation box was set up outside the office to collect supplies for the local Veterans Hospitals.
- Toy drives for the local Boys and Girls Clubs.
- Food and coat drives with local charity.
- Collected school supplies in September for local elementary schools in need.
- Prepared a healthy wellness “to go” bag for residents.
- Provided seeds and pots to residents on Earth Day.
- Winter coat drive.
- Provided plants for pick up on Earth Day.
- Held a supplies drive for the Ronald MacDonald House.
- Sponsored a food delivery for families with children at local hospitals.
- Valentine Day outreach to retired Veterans.
- Earth Day seeds and biodegradable pots provided.
- Gave out poppies and basil on Earth Day from a table outside the office doors.
- Health fair in January 2020 where vendors on-site talked about healthy diets and fitness.
- Toys for Tots drive.

ESG Training

Sentinel prioritizes staff training to give employees opportunities for self-improvement and career advancement. Training includes courses that empower Sentinel employees to reflect ESG thinking, on topics such as energy and water conservation, Fair Housing laws, sexual harassment prevention, OSHA compliance, and cybersecurity. Employees are also given opportunities to pursue certifications like the IREM CPM® (Certified Property Manager).

III. SOCIAL RESPONSIBILITY *CONTINUED*



Sentinel Green Posts

In 2020, we continued to educate our residents on many aspects of sustainable living, through the Sustainable Living Guide that is provided on move-in and on our property and corporate websites as well as through the “Green Tips” that are posted on the property Facebook pages to encourage residents to live a greener, healthier life.

Green Newsletter

Among the many priorities in 2021 will be the creation of a Green Newsletter that can be disseminated to employees, residents and prospective residents at Sentinel communities across the country. The goal is to develop a regular communication regarding Sentinel’s ESG efforts that will help foster the culture of sustainability throughout our apartment communities. At the end of 2020, a team was identified to oversee the roll-out of the newsletter with the goal of developing the first issue by the third quarter of 2021.

Tenant & Employee Surveys

During 2020, Sentinel again engaged Kingsley Associates to perform a Tenant Engagement Survey across the Sentinel apartment portfolio to ensure we are obtaining real time feedback regarding all aspects of life at our communities. These surveys are reviewed by the asset and portfolio management teams and specific concerns identified are addressed directly with our tenants.

In 2020, we also utilized the services of Kingsley Associates to survey all Sentinel employees both at the corporate office in New York as well as across all of our properties in the United States. Committees have been formed to review the findings of the survey and to provide recommendations to Sentinel’s Executive Committee based upon the employee feedback.

New Sentinel 401K ESG Investment Option

As more and more individuals focus on the societal impact of the activities conducted by corporate America, we thought it was important to offer an ESG investment option within the Sentinel 401K plan. Following an extensive analysis during 2020 to evaluate the various ESG investment platforms available, in the fourth quarter of the year, an option was selected and added to the Sentinel 401K plan.

UNPRI Implementation

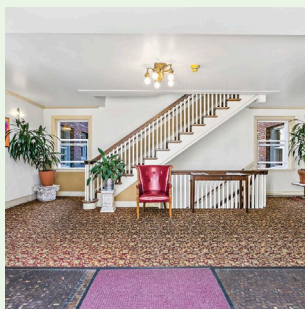
In the fourth quarter, Sentinel officially became a signatory of the UN Principles for Responsible Investment (PRI). PRI is an international organization that works to promote the incorporation of environmental, social and governance factors into investment decision-making. Launched in 2006, with the support of the United Nations, the PRI has over 2,300 participating financial institutions responsible for over \$80 trillion in assets worldwide. As a signatory to UNPRI, Sentinel is committing to reporting on its ESG organization and activities annually commencing in 2021.

Case Study

JOHN WINTHROP APARTMENTS – Seattle, Washington

The investment strategy for John Winthrop Apartments, which was acquired by Sentinel in October 2018, included a comprehensive upgrade program for the building systems, amenities and individual apartment units. This program has been implemented in phases throughout 2019 and 2020, including the following items:

- The installation of energy efficient kitchen appliances.
- The installation of LED lighting in the common areas as well as the apartment units.
- The installation of low flow faucets in common areas.
- Shift maintenance to using green products/chemicals exclusively.
- Designs to enhance the backyard greenspace.
- Repositioning the common areas, including a lobby renovation, hallway and landing refurbishment and an upgrade to the second-floor lounge.



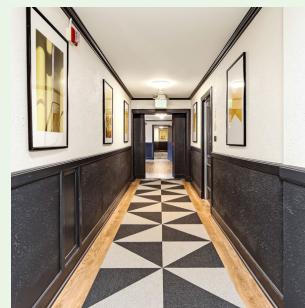
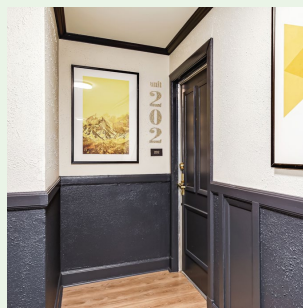
Lobby Renovation

Updates to the entry vestibule and main lobby included replacement of incandescent light fixtures with LED sconces and flush mount lighting, porcelain tile in a herringbone pattern and updated furniture. The existing carpet was replaced with new Cradle-to-Cradle Certified – Silver, CRI Green Label Plus Certified, 42% recycled content carpet tiles. Natural wood trim and low VOC paint were also used.

Hallways & Landings

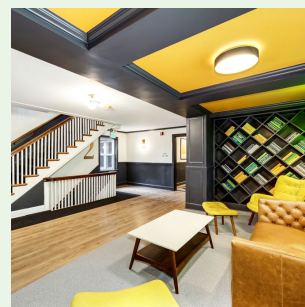
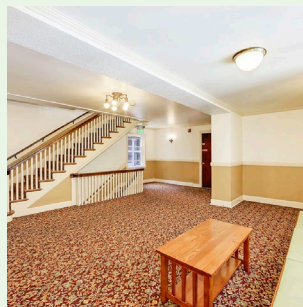
All hallways and landings were upgraded with LED sconces and flush mount lighting, sleek carpet tile and luxury vinyl tile, a modern artwork package with unique color themes for each floor, a reimagined paint scheme using low VOC paint and a brand-new signage package including braille signs to enhance accessibility to the property. On each floor, Cradle-to-Cradle Certified – Silver, CRI

Green Label Plus Certified, 42% recycled content carpet tiles and new Shaw 'Solitude' LVT flooring (low VOC, Floor Score certified for IAQ) were installed. Both the carpet tiles and LVT planks can be replaced without replacing the entire floor, thereby reducing waste and enhancing its lifecycle. Natural wood trim was also used throughout. With resident safety as a top priority, several touch points were eliminated using magnetic hold open devices installed on all landing doors.



Resident Lounge

An underutilized space on the second floor was transformed into a space for resident interaction and community. Renovations to the second-floor resident lounge include natural wood custom bookshelves, a coffered ceiling, a shadow box feature with trim detail, energy efficient LED lighting and modern furnishings. The space was painted with low VOC paints and Cradle-to-Cradle Certified – Silver, CRI Green Label Plus Certified, 42% recycled content carpet tiles were installed.



Unit Upgrades

In 2021, the property will commence its unit upgrade program. This will include installation of Energy Star appliances, Silestone solid surface (Green Guard certified) countertops, new LED light fixtures, installation of high efficiency plumbing fixtures and low VOC paint.

IV. CORPORATE GOVERNANCE

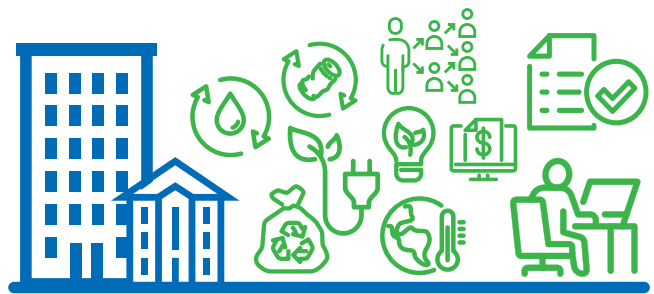
We are committed to proactive governance practices that support risk management and responsible investing. Sentinel has an established Code of Ethics that guides our actions, a robust set of policies and procedures to ensure best practices are implemented organization-wide with a formalized structure for ESG oversight.

Corporate Compliance Manual

Sentinel's corporate Compliance Manual, which was implemented during the second quarter of 2020, incorporates all of the key Sentinel governance policies that we expect our employees to abide by into one comprehensive document. All applicable employees received training from a third-party consultant on the contents of the Compliance Manual during the third quarter. Going forward, applicable employees will have to verify their understanding and compliance with the Compliance Manual as well as Sentinel's Code of Ethics on an annual basis.

Update to Property Level Policies & Procedures Manual

During 2020, we began the process of updating our property management policies and procedures manual in order to memorialize many of the ESG-related practices that have been adopted by Sentinel over the past several years. By incorporating these practices into our manual, we will ensure the uniform implementation of best practices across the Sentinel portfolio regardless of the market, account or investment strategy. This is a time consuming and detailed process that was ongoing as of year-end, but will be completed in 2021.



Dedicated Sustainability Officer

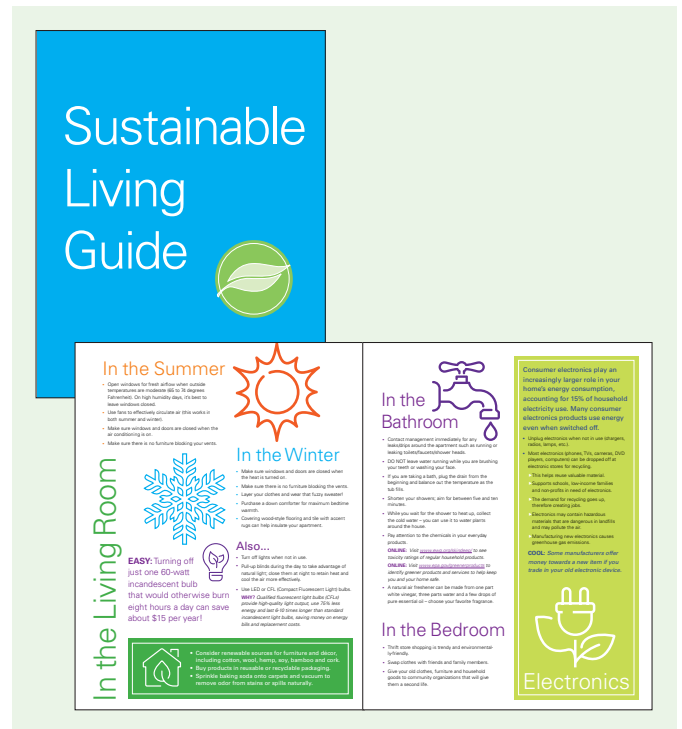
For the past several years, Sentinel has been building out an ESG organization within the firm that will ensure effective implementation of new ESG initiatives. These efforts have included creation of an ESG Committee with senior representation from across the firm, retaining a third-party ESG consultant to provide guidance on best practices and augmenting internal policies and procedures associated with acquisition due diligence, operational audits and ongoing property operations to incorporate ESG priorities. At the end of 2020, Sentinel formally announced the appointment of an additional, fully dedicated Sustainability Officer commencing in 2021 to augment the efforts of our current sustainability team. The sustainability team will be responsible for overseeing the ongoing roll-out of corporate and property level ESG initiatives as well as reporting to our constituents on these matters.

IV. CORPORATE GOVERNANCE *CONTINUED*

ESG at the Properties

Sentinel takes concrete steps to move ESG concerns from corporate strategy to application in property operations. For each residential property, ESG is incorporated into planning, management procedures, resident relations, community engagement and other areas of operations.

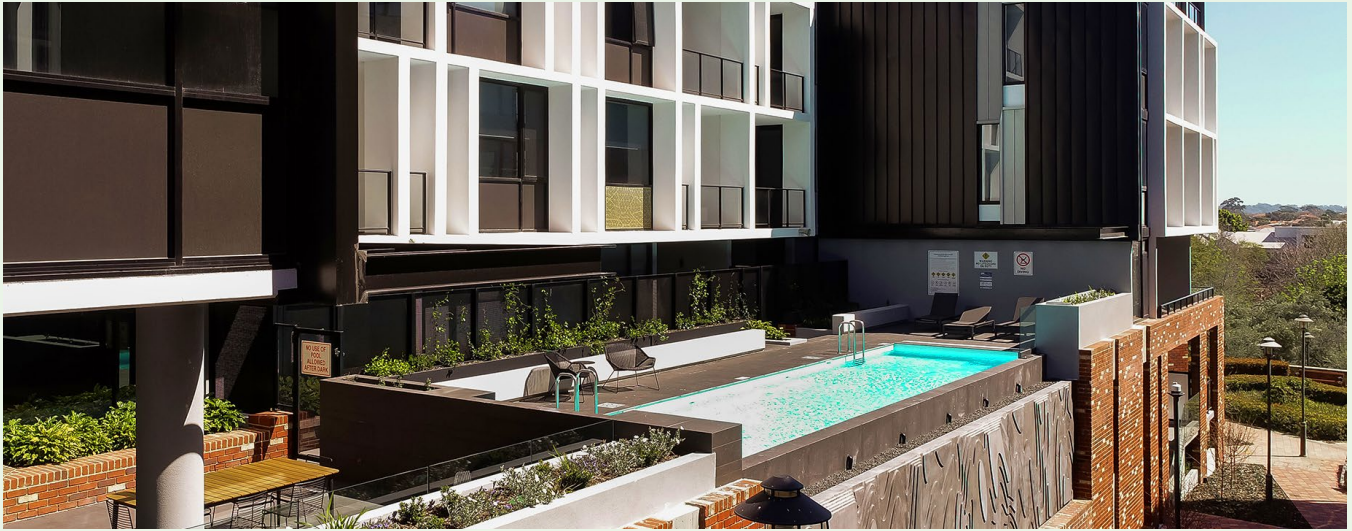
- Annual asset plan - Each year Sentinel property management teams coordinate with asset management teams to complete the ESG section of the annual asset plan for each property. This helps assess property performance and identify potential improvements for the coming year. Sustainability-focused capital programs include LED lighting, green renovations, HVAC upgrades and other projects. Sentinel's goal is to maximize impact within the parameters of each investment strategy.
- Daily operations - Property management teams follow prescribed ESG practices incorporated into the Sentinel Property Policies and Procedures Manual. This manual directs daily operations in energy, water, waste, maintenance, cleaning, procurement and all areas of operations so critical to sustainability performance at the property level.
- Operational audits - Sentinel's standard audit procedures and operating reviews, performed by the Internal Audit team, include specific ESG items.
- Renovations - Sentinel asset management team members, along with the Capital Programs & Sustainability Group, ensure that all planned renovations comply with the Sentinel Green Program, which details sustainable practices, materials and equipment, where practicable and cost efficient.



- Resident outreach - Sentinel property management team members encourage all new and renewing residents to pursue sustainable practices during their residency. Residents receive a Sustainable Living Guide with green lifestyle tips to encourage behaviors that promote energy and water efficiency as well as recycling and waste reduction. This message is reinforced over social media and through events like technology recycling days, bulk paper shredding events and planting parties.

Case Study

GOAL OF CARBON NEUTRALITY – AUSTRALIA BUILD TO RENT PROGRAM



Over the course of 2020, Sentinel has made great strides towards achieving carbon neutrality for its Australian Build to Rent (BTR) platform, as well as its first property, Element 27 Phase I. Since there are currently no carbon neutral certified residential buildings in Australia, there is no established framework to assess and certify a residential building. As a result, a significant amount of time was spent over the last 12 months working collaboratively with our engineering consultants, The Green Building Council of Australia (GBCA) and Climate Active to develop a new framework for carbon neutral certification of residential buildings. Climate Active is the government-backed agency responsible for certifying carbon neutral properties in Australia.

The Path to Carbon Net Zero

Currently, Climate Active provides two pathways for properties to become carbon neutral certified, which are either through the Green Star Rating system with the GBCA or the National Australian Built Environment Rating System (NABERS). These rating systems help define the design eligibility requirements of a building. NABERS does not currently provide performance rating standards for residential properties, so we chose to work with the GBCA. Our engineering consultants then critically analyzed the sustainable design of Element 27 Phase I and determined it was designed to a 5-Star Green Star Rating. This design standard allows the building to be eligible under the GBCA's pathway to achieve carbon neutral

certification and for it to be potentially retroactively certified as a 5-Star Green Star building.

Once the property was determined to have been designed to a 5-Star Green Star Rating standard, we then worked with the GBCA and Climate Active to review the current status of the building's operations and establish a framework to achieve carbon neutrality. This pathway involves achieving the following three criteria:

1. Establishing a high level of energy efficiency within a building's operations and systems;
2. Identifying the use of renewable energy sources both onsite and offsite to help offset the entire building's energy uses;
3. Offsetting any remaining building emissions by purchasing carbon offset credits.

In order to demonstrate that the property was highly energy efficient, we utilized the GBCA's Green Star Performance Rating Tool. This tool allowed us to measure the performance of the building's systems in terms of its energy, water and waste and then benchmark that data against the Australian building standards. We were able to effectively monitor, measure and benchmark the property's operating performance due to an embedded network and individual tenant submeters. The embedded network allows the property itself to supply all of the required energy within the building, including to the residents. As a result, we were able to establish a clear

Case Study

GOAL OF CARBON NEUTRALITY – AUSTRALIA BUILD TO RENT PROGRAM

As of March 31, 2021		ELEMENT 27 PHASE I		ELEMENT 27 PHASE II		ELEMENT 27 PHASE III	
Target	BCA ⁽¹⁾ Standard	Achieved Target	Improvement Over Standard	Proposed Target	Improvement Over Standard	Proposed Target	Improvement Over Standard
Energy Use (kWhr/m ² .pa)	119.4	54	66	35	84	35	84
Global Warming Potential (Kg CO ₂ /m ² .pa)	110.3	18	92	26	84	30	80
% Renewable Energy	0	10	10	20	20	30	30
Average NatHERS Rating	6	8	2	8	2	8	2
% Lighting Reduction	0	75	75	75	75	75	75
Water Use (kL/person/annum)	41	32	9	20	21	30	11
Irrigation Water Source %	0	100	100	100	100	100	100

¹The Building Code of Australia

history of energy usage and how that weighed against the Australian building standards.

Next, our renewable energy sources located on the property were assessed to determine how much energy they generated and how much common area energy usage they could offset. The property currently produces renewable energy through a photovoltaic system on its rooftop as well as using renewable systems such as solar pool covers and heating and electric car charging stations.

Plans for the Future

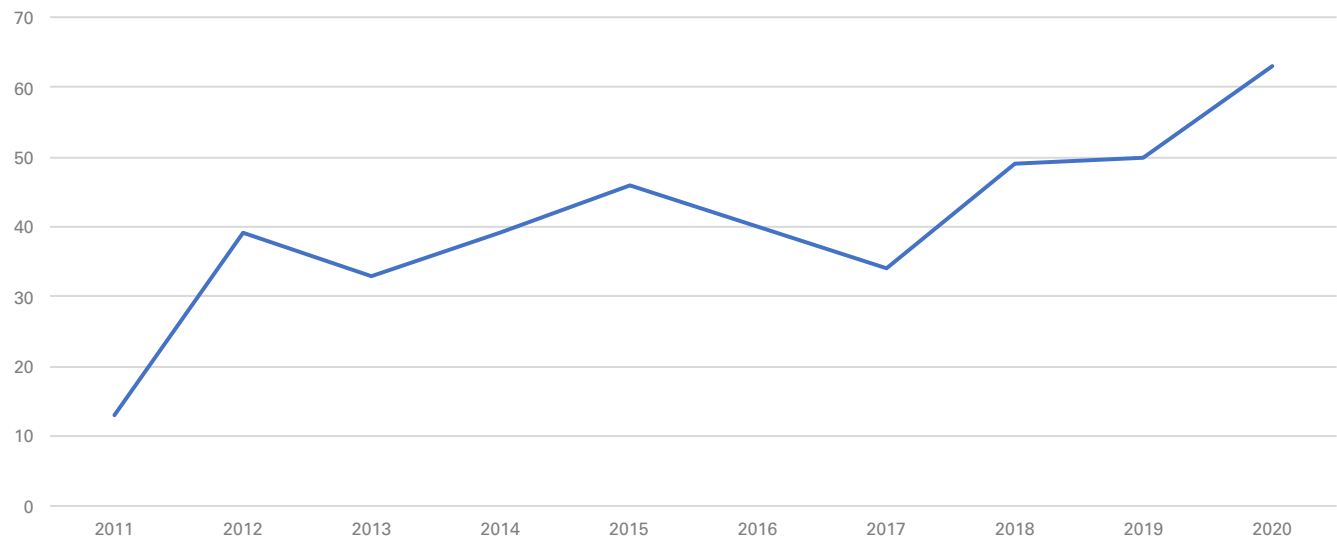
During 2021, our engineering consultants will aim to measure the entire property's carbon footprint over a 12-month period, including the usage of our tenants, to establish how many remaining carbon emissions will

need to be offset. We will then assess the different types of carbon offset programs available within Australia and purchase the necessary certificates. Once the offsets have been purchased, Sentinel will submit its carbon neutral application to the GBCA and Climate Active for approval. We are aiming to have the final carbon neutral certification for Element 27 Phase I by June 30, 2021.

Going forward, one of the key aspects for Element 27 Phase I will be an annual carbon neutral recertification process. This will involve the property demonstrating, where possible, reasonable reductions in the amount of non-renewable energy required to operate the building. This would either be through improved operations or through the increased use of onsite or offsite renewable energy. We will continue to evaluate these recertification requirements throughout 2021.

V. GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK

Sentinel Real Estate Fund GRESB Scores



The Sentinel Real Estate Fund (SREF or the Fund) received a GRESB score of 63 in the current 2020 survey, which contains results for the 2019 calendar year. This is a significant improvement compared to the Fund's GRESB score of 50 in the prior year. SREF showed increased scores in ESG strategy, policies and procedures related to leadership, reporting, risk management and stakeholder engagement within the Management Component. SREF also demonstrated improvements in risk assessment, tenant and community engagement, data reporting and building certifications within the Performance Component.

Strategies that led to improvements in points received include:

- Improved ESG management structure - forming an ESG Committee with representatives from all relevant departments within Sentinel and appointing an ESG Officer to serve as the point person on ESG programming.
- Enhanced level of transparency with stakeholders - adding an ESG section to SREF's quarterly report informing investors of ESG activities and achievements and developing an inaugural firm-wide ESG annual report detailing Sentinel's ESG strategy, actions undertaken and achievements.
- Advanced internal auditing procedures - adding an ESG checklist to internal property operations audit to ensure that ESG best practices are fully and uniformly implemented across the portfolio and optimal ESG performance is being prioritized. Sentinel also conducted an ESG Assessment at Egret's Landing Apartments to identify opportunities for reducing energy, waste and water consumption, as well as to identify future ESG strategies.
- Retained Yardi Energy Services (YES) to support the migration of 2018 and 2019 energy and water data into the US Environmental Protection Agency (EPA) ENERGY STAR® Portfolio Manager® tool.
- Strengthened engagement with tenants - contracting Kingsley Associates to perform an annual tenant satisfaction survey that enables tenants to rate their satisfaction with the property management's business practices and solicit feedback on initiatives. Sentinel also developed a Sustainable Living Guide that was rolled out portfolio-wide, providing tenants with green lifestyle tips and energy efficiency suggestions.

VI. LOOKING AHEAD

We are committed to continued improvement and growth within our environmental, social and governance policies.



Despite the challenges presented by the COVID-19 pandemic, Sentinel's ESG program continued to make strides in 2020. We implemented new health and safety initiatives and enhanced di-

alogue with our tenants to work with them through the health crisis and accompanying economic uncertainties. COVID-19 expedited our efforts to move toward paperless operations both at our corporate offices and at properties across the portfolio. Several funds and accounts implemented ESPM during the year, which will facilitate future energy and water use analysis and reduction goals. With the receipt of our first IREM CSP certification at Nona Park Village, we now have a framework to implement across our portfolio over the next several years. We tested new technologies such as OpenSpace that should allow greater remote oversight of property operations and limit unnecessary travel. Our team in Australia made remarkable headway toward certifying the Element 27 community as carbon neutral. Overall, we continued to work to integrate sustainability goals into all aspects of our operations.

In 2021, we look forward to continuing to develop and enhance our ESG platform through several initiatives:

- Certifying the first carbon neutral apartment community in Australia.
- Refining and analyzing property data to identify key performance indicators (KPIs) with the assistance of our ESG consultant, who will provide data verification services;
- Using identified KPIs to set short- and long-term goals for the portfolio;
- Working with YES to capture waste data at our properties;
- Completing the solar energy analysis that commenced in 2020 to determine if the implementation of solar power is feasible at any of our properties;
- Implementing the new Sustainable Lease Addendum that the National Apartment Association is rolling out on a state-by-state basis;
- Developing a Green newsletter to be distributed to all tenants and employees across the country;
- Continuing to enhance our community engagement initiatives and sharing best practices across the portfolio;
- Implementing our new corporate community service program, which was delayed in 2020 due to social distancing limitations;
- Applying for IREM CSP certifications at an additional six apartment communities;
- Incorporating the IREM fit out standards into our Property Policies & Procedures Manual to ensure they are applied uniformly across the apartment portfolio;
- Utilizing our custom unit renovation tool at various properties across the portfolio to track and measure the environmental impact of unit renovation programs;
- Roll out the OpenSpace technology across the portfolio, which will allow us to minimize unnecessary travel while providing ease of oversight at properties across the country.