



Sentinel Real Estate Corporation

2021 Environmental, Social and Corporate Governance Report



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Letter from the President

The role of environmental, social and governance (ESG) considerations in commercial real estate continues to evolve, driven by increased investor interest, risk management and documentation of the long-term performance benefits of adopting ESG practices. As institutional investors increasingly prioritize ESG factors when making capital allocation decisions, in turn, a growing number of investment managers are integrating sustainability into their investment process.

Success in meeting ESG goals relies on clear, established processes and tools for translating corporate objectives and policies into property operations.

From investment strategies to the specific assets and locations in which they invest, every organization is different and there is no one-size-fits-all approach that adequately addresses every need. In our experience, an ESG program must be built into the fabric of an organization with all employees encouraged to contribute new ideas in order to ensure that ESG factors are considered throughout the investment life cycle. Consideration of ESG factors must commence prior to making an acquisition and then must inform daily policies, procedures, and operations, as well as capital investment programs during the holding period and any construction/development projects undertaken.

Our ESG Committee ensures a cohesive and concerted effort across the organization, incorporating leadership and reporting from each department to formulate and refine our ESG strategy. This approach helps to ensure clear line of sight into our performance, informs our goal setting and investor reporting, and enables us to identify areas for growth and improvement more proactively.

In 2021, we continued to propel our ESG program forward, including introducing the first Carbon Neutral Certified apartment building in Australia; expanding our energy, water and waste data collection efforts; making essential sustainable capital improvements to our portfolio; identifying locations where it is feasible to source and develop renewable energy; increasing the number of building certifications in our portfolio; and continuing our active approach to social responsibility and our commitment to proactive governance practices.

We are proud of the progress we have made this year, and excited by the opportunities to further develop these initiatives in 2022.

Sincerely,



Michael F. Streicker, President



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.

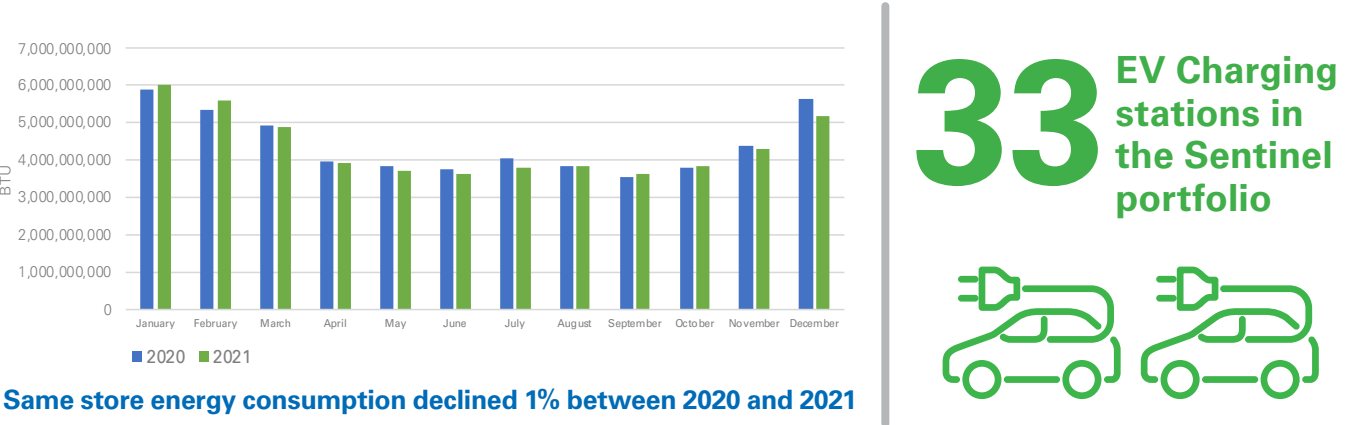
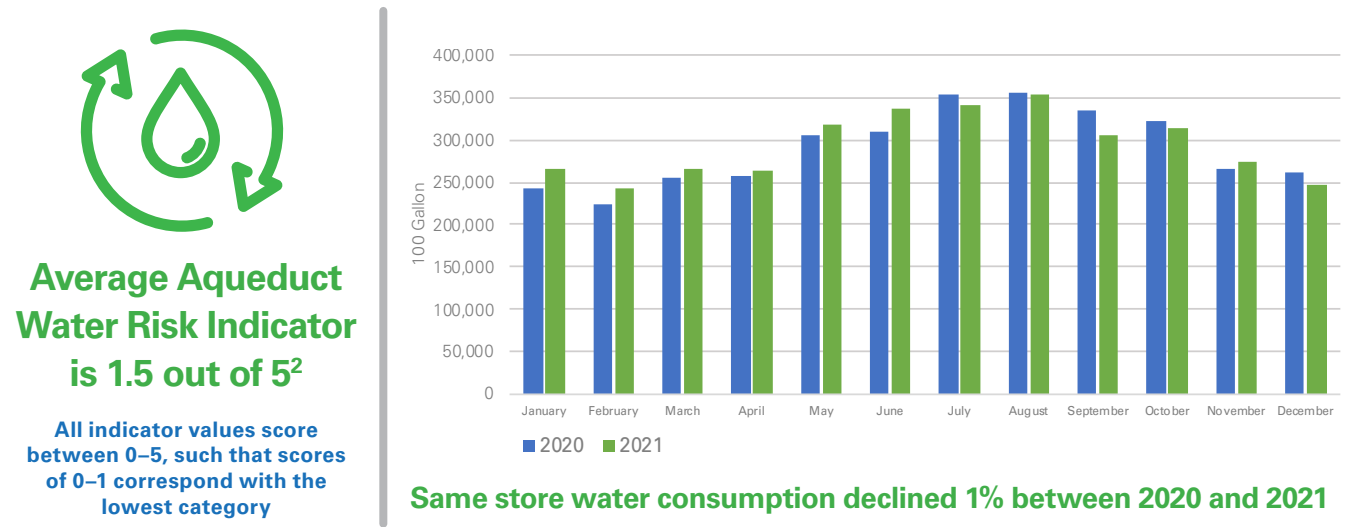
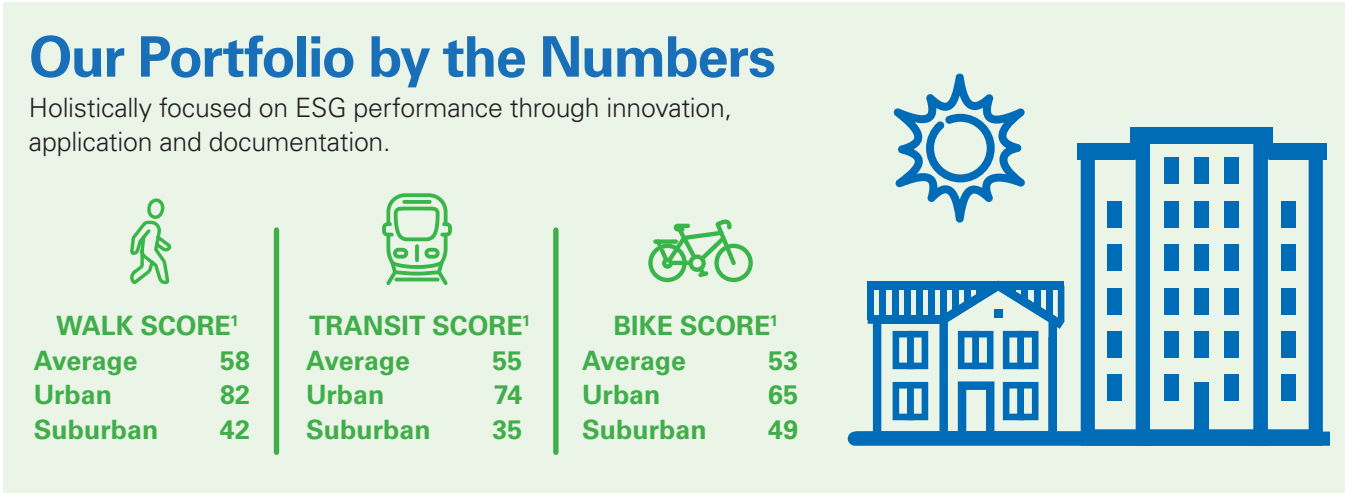
Sentinel's Executive Committee, in cooperation with the ESG Committee, has established a long-term reduction target of 5% over the next five years, or approx-

imately 1.0% per year reduction in energy, emissions and water. We will begin reporting on our progress towards these targets as soon as the data is fully verified.

Throughout 2021, Sentinel continued its efforts to integrate ESG best practices into property operations and the firm's corporate culture, while at the same time maintaining focus on health and well-being in light of the COVID-19 pandemic.



II. 2021 KEY PERFORMANCE INDICATORS (KPIs)



1) Calculations above based on information readily available.
2) Calculated by the World Resources Institute, all indicator values score between 0–5, such that scores of 0–1 correspond with the lowest category, and scores of 4–5 correspond with the highest category.

III. 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.

Energy and Water Data Collection Efforts

Data collection and verification is a necessary first step toward reducing one's energy, water and waste footprint. In 2018, Sentinel began the process of capturing this data in the ENERGY STAR Portfolio Manager® (ESPM) database for Sentinel Real Estate Fund (SREF), its flagship apartment vehicle. Since then, we have worked to expand this initiative to incorporate additional funds and client accounts as well as to integrate our commercial portfolio alongside our residential assets.

Sentinel retained Yardi Energy Services (YES) beginning in 2020 to assist with uploading utility data into the ESPM database in order to bring consistency to the quality and timeliness of data collection across the portfolio. This has facilitated tracking and analysis of this data and is expected to result in a reduction in the energy, water and waste usage and, ultimately, in the carbon footprint of the portfolio. By year-end 2021, a total of 122 properties were participating, representing 80% of our portfolio, and we expect to continue to expand this program throughout the portfolio in 2022.

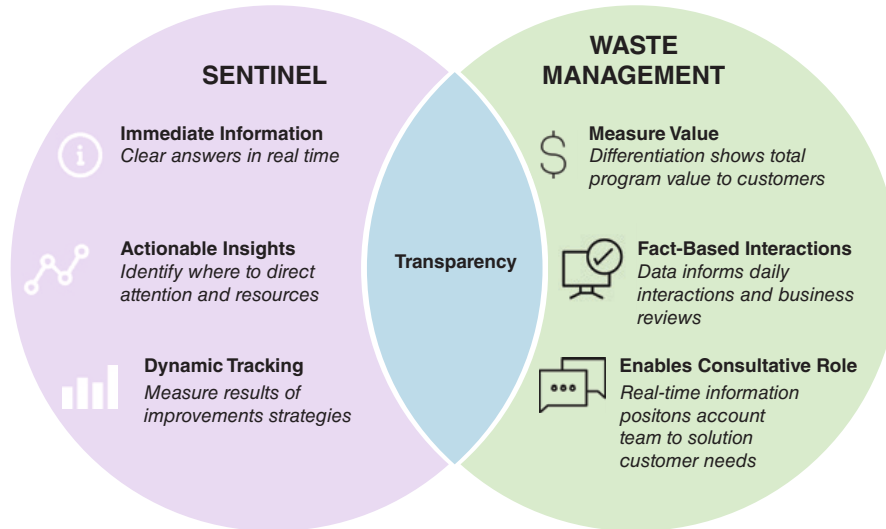
One of the greatest challenges to managing our overall environmental footprint continues to be access to the energy data of residents at our apartment properties in markets where there are no benchmarking ordinances in place. This also has a substantial impact on the GRESB scoring where data coverage is an integral component in

order to fully measure energy usage and GHG emissions within the portfolio. Sentinel's sustainability team is working with YES as well as third party consultants to gain access to tenant utility data at additional properties. YES is engaging utility providers directly on our behalf to determine where such access is feasible and where other avenues will need to be pursued. To date, we have increased our resident data coverage to 45% of our portfolio nationally. As new benchmarking ordinances develop, such as the recent implementation of Colorado's benchmarking ordinance, our effort to access whole building data will benefit. In the interim, the remaining properties in SREF, we are working with YES to manually review the resident meters in 2022 until such time as an alternative solution can be implemented.

Waste Data Collection and Diversion Efforts

In 2021, Sentinel executed a national contract with Waste Management to implement a companywide analytic platform to track waste data at our properties. This contract both reduces the overall price for waste services nationwide and will facilitate more consistent data coverage regarding waste and waste diversion at all of the properties in the portfolio. Further, this tech-driven platform will help us improve waste and recycling practices by tracking weight and seasonal trends, which allows us to calculate the frequency or infrequency of

III. ENVIRONMENTAL FACTORS *CONTINUED*



needed trash pick-ups as well as the correct dumpster size to prevent loose debris and overspilling. This will prevent garbage truck pickups before the dumpster is full, which saves on fuel, along with keeping the property litter free, reducing pollution on our properties. The data collected will also help us achieve higher diversion rates from landfill to recycling centers. The Venn diagram above demonstrates how Sentinel utilizes Waste Management's service. Waste Management works hand in hand with Energy Star Portfolio Manager which helps benchmark our usage to similar assets. Most importantly, this effort is done behind-the-scenes and does not interfere with the residents in our communities. As we take steps in the right direction for our environment, we always encourage our residents to challenge themselves to be conscientious about their individual carbon footprint as well.

Solar Energy

Since the end of 2020, Sentinel has been working to evaluate the feasibility of introducing solar panels at its properties and the various legal structures available for such an implementation. Ultimately, we entered into contracts for the construction of solar panels at three properties in California. The necessary engineering work commenced during the fourth quarter of 2021, and we remain on schedule for all three panel arrays to come on-line during the third-fourth quarters of 2022. The arrays at two of the properties are expected to offset virtually

all common area electric usage, while the third array will offset 30% of the property's common area energy usage.

Green Energy Sources

In 2021, Sentinel commenced an initiative to identify locations where it is feasible to source green energy (primarily solar and wind) directly from the local utility providers. The analysis included a review of costs associated with the green energy options relative to the costs associated with the non-green options currently in place. As with all our sustainability programs, our goal is to carefully balance the environmental benefits with the expense associated with implementation. As utility costs have increased in recent months, it has become easier to economically justify locking in longer

681 Hyundai 395w Canadian solar panels – together will generate 375,817 kWh of power. This will save the equivalent of the greenhouse gas emissions from driving a gasoline powered motor vehicle 668,456 miles or 93.2 tons of waste recycled.

The graphic includes an illustration of solar panels with a sun icon, a car, and a cloud with 'CO2' written inside, representing emissions.

III. ENVIRONMENTAL FACTORS *CONTINUED*

term, green energy contracts at fixed prices in a variety of different markets. There are eleven states nationally that YES Energy has initially identified that qualify to purchase green energy, seven of which are states in which portfolio properties are located. As existing non-renewable sourced energy agreements expire, efforts will be made to enter renewable energy sourced contracts where available and authorized by the applicable client. At the end of 2021, three properties commenced using green power for common area electricity.

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. In 2021, Sentinel certified the first carbon neutral apartment community in Australia.

Sustainable Capital Programs

The scope of capital investment varies widely across the Sentinel client accounts depending upon the vintage, investment strategy and location of each property. However, all capital programs at Sentinel now contemplate sustainability with regard to both the sourcing of materials and the ultimate impact the project will have on its environment.

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, core-plus and

value added 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. We also commenced a new program in 2021 focused on installing EV charging stations at apartment communities around the country.

Substantial energy savings achieved in 2021, by replacing standard appliances with EnergyStar related appliances.



Progress on some of these programs slowed down in 2021 due to social distancing protocols that limited access to occupied apartments; however, we have detailed the accomplishments that were realized below:

LED LIGHTING

In 2013, Sentinel commenced an initiative to retrofit the common area lighting with LED bulbs wherever practicable. LED light bulbs use up to 90% less energy than regular incandescent or halogen bulbs and last far longer, which reduces waste and material used for bulbs that need to be replaced more often. 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 implemen-

III. ENVIRONMENTAL FACTORS *CONTINUED*

tation programs. Since 2013, Sentinel has retrofitted the common area lighting at 53% of its properties under management. In addition, since 2013, Sentinel has converted 12,689 apartments or 49% of the entire Sentinel portfolio to LED fixtures/bulbs. In 2021 alone, 3,933 apartments were converted to LED lighting.



Sentinel continues to install environmentally friendly carpet where possible throughout its portfolio. For 2021 Sentinel installed 2,359,504 sf of carpeting, of which 1,849,893 sf or 78% was either Smartstrand or Everstrand carpeting. Twenty-eight percent of the carpet fibers in Smartstrand is comprised of corn plants, while 100% of the Everstrand carpet fibers are comprised of recycled plastic bottles. For 2021, this equated to the diversion of 33,504 plastic bottles from landfills. In 2022 and beyond we will endeavor to install more Everstrand carpeting in our apartments to divert more plastic bottles. Additionally, where possible we have eliminated the use of carpeting in the living/dining room areas typically on the first-floor units and replaced it with vinyl plank flooring or LVT. The reason being is that LVT has a longer life than carpet 5-7 years compared to 3-5 years and you can just pull out a plank of LVT and replace it as opposed to cutting out a section of carpet that will look bad and discolored. In 2021 we replaced approximately 59,520 sf of living room/dining room carpeting in 310 units across the portfolio with vinyl plank.



TRANSITION FROM R-22 TO 410A 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 2021, 9,681 HVAC units across the Sentinel portfolio were either retrofitted or converted, bringing the total portfolio-wide to 38% or 9681 units. Within SREF, the total has reached 4,903 units or 48% of that fund's portfolio.

SUSTAINABLE PROCUREMENT PROCESSES

Sentinel tracked the sustainable materials utilized at all of its properties under management throughout 2021. Overall, these properties spent over \$830,515 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 25,539 gallons of interior paint of which 75% had no VOC's and 21% had low VOC's. Of the 11,940 gallons of exterior paint, 98% was low VOC's.

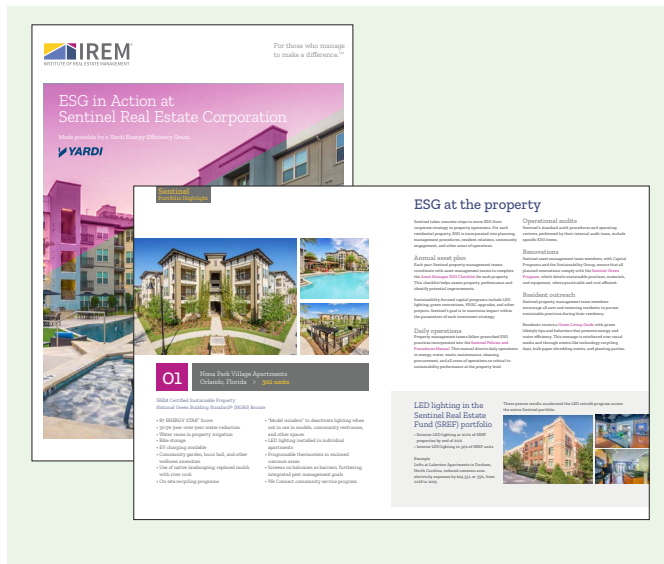
PAPERLESS OPERATIONS

Sentinel has been working for many years to limit the use of paper in daily operations.

- In 2021, all leasing and renewal activity continued to operate in the "virtual" environment. All leasing staff are now equipped with tablets to facilitate the paperless leasing of units.
- Hardcopy resident lease files are no longer kept on-site. All leases are scanned into our Property Management Software Database.
- All vendor invoices are approved electronically regardless of payment method. 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.
- All maintenance staff are now equipped with tablets to facilitate online tracking of work orders.

III. ENVIRONMENTAL FACTORS *CONTINUED*

- In an effort to reduce the use of paper coffee cups, many communities now provide coffee mugs as move in gifts to tenants.



Building Certifications

Benchmarks and certifications like GRESB, LEED and the Institute of Real Estate Management's (IREM) Certified Sustainable Property (CSP) Program provide reporting templates and have helped to drive greater adoption by providing guidelines for how to structure an ESG program.

EXPLORING DIFFERENT OPPORTUNITIES FOR CERTIFICATION IN THE US

Critical to the success of an ESG program is the ability to report to stakeholders – including investors. The third-party validation that comes with certification helps to increase confidence among these audiences that we are holding ourselves accountable to verifiable standards and are putting in place a framework that enables us to report our progress and demonstrate measurable results.

Research in 2021 found that assets with green building certifications benefited from rental premiums up to 12%, and that new buildings' asset value was expected to increase by 6% or more for green building. Sentinel Real Estate Fund, Sentinel's core, open-end apartment vehicle, commenced a portfolio-wide effort to obtain asset-level certifications in 2020, working within the IREM

CSP Program. In evaluating certification systems, we determined that IREM – an alternative to LEED certification – presented the best path given that it is more customized to property managers, whereas LEED's requirements are tailored toward developers and contemplate items that are often beyond a property manager's control. IREM CSP certification itself is also more cost efficient, supporting our efforts to control costs as a responsible fiduciary to our investors.

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.

We believe that the IREM CSP certifications will benefit our funds in a number of ways. In addition to enhancing the vehicle's GRESB score and providing a verifiable way to track sustainability progress within the portfolio, these certifications can serve as a marketing tool to tenants and facilitate further awareness around sustainability initiatives at the property level. Over the course of 2021, 14 properties within the SREF Fund obtained IREM CSP certification, bringing the Fund total to 15. An additional nine properties have been identified as candidates for certification in 2022, with the goal of 24 IREM CSP certifications within the Fund by the end of the 2022 calendar year. Nona Park Village Apartments in Orlando, the first property to receive IREM CSP certification, was highlighted as a case study in IREM's ESG in Action publication, shown at the left.

III. ENVIRONMENTAL FACTORS *CONTINUED*

CERTIFICATIONS IN AUSTRALIA

Separate from our US operations, Sentinel is also an active multifamily investor in Australia, where we have been the first to develop and open a Build to Rent multifamily development – Element 27 in Western Australia. This property has set a precedent as the first Carbon Neutral Certified apartment building certified under the country's Climate Active Carbon Neutral Standard for Buildings. Key sustainability features include electric car charging stations, energy efficient appliances, a 30kW photovoltaic system for common area energy use and an 8-star NatHERS rating. Specialty waste streams, access to a centralized geothermal system, a rainwater and grey-water recycling system, occupancy sensors and an embedded metering network also support the building's high sustainability standards. Our goal is for our entire development portfolio in Australia to meet this carbon neutral standard.

In the role of developer, the opportunities to manage sustainable outcomes are much more ingrained in the structure of the development itself, as environmental approaches can be applied in a progressive, holistic way – from building strategies aimed at water and energy conservation to reduction in greenhouse gas emissions and minimal maintenance and waste through the use of durable products. With added sustainable policies and operational procedures, this makes achieving a Carbon Neutral certification more feasible.

NGBS

The National Green Building Standard (NGBS) is an ANSI-approved green building certification program, specifically focused on single-family and multi-family residential buildings, remodeling projects, and land developments. In a partnership with the ASHRAE, the International Code Council (ICC), and the National Association of Home Builders (NAHB), the NGBS was developed to provide a uniform national platform for recognizing and advancing green residential construction and development. The NGBS is a point-based system, wherein a single-family or multifamily building(s) can attain certification depending on the sustainable and green practices

included in design and construction, and planned for its operation and maintenance. Projects can qualify for four certification levels (Bronze, Silver, Gold, or Emerald) by earning the required number of points for each level.

Axio at Carillon Apartments in St. Petersburg, Florida, was acquired in 2021 through a forward commitment contract with a national developer. Axio is the first apartment community in St. Petersburg to achieve the NGBS Silver Level Certification, which encompasses measurement of resource efficiency, energy efficiency, water efficiency, education and global impact. Axio has embraced a range of green initiatives:



LEED – USGBC

The LEED Green Building Rating System (LEED), facilitated by the US Green Building Council (USGBC), is a program that provides third-party verification of green buildings. The LEED rating systems address both a wide variety of buildings types, including commercial buildings, homes, neighborhoods, retail, healthcare, and schools, as well

III. ENVIRONMENTAL FACTORS *CONTINUED*

as every phase of the building lifecycle including design, construction, operations and maintenance. Projects may earn one of four levels of LEED certification (Certified, Silver, Gold or Platinum) by achieving a given number of point-based credits within the rating system.

LEED/NGBS CERTIFIED BUILDINGS

Property	City	State	Property Type	Designation or Credential
AVANT on Market Center	Dallas	TX	Multifamily	NGBSGreen - Bronze Level/IREM CSP
CoBank Center	Greenwood Village	CO	Office	LEED Silver for Core and Shell
Gateway One	White Plains	NY	Office	LEED Silver for Existing Buildings and O&M
Lash 1.0 (1800 Innovation Point)	Fort Mill	SC	Office	LEED Silver for Core and Shell
Lash 2.0 (1799 Innovation Point)	Fort Mill	SC	Office	LEED Gold for Core and Shell
Lenovo Enterprise Campus	Morrisville	NC	Office	LEED-Gold Certified for their interior build-outs
Nona Park Village Apartments	Orlando	FL	Multifamily	NGBSGreen - Bronze Level/IREM CSP
The Humana Building	Glendale	AZ	Office	LEED Certified Silver for Existing Buildings O&M
The Oaks at Johns Creek Apts	Johns Creek	GA	Multifamily	NGBSGreen - Bronze Level/IREM CSP
Xcel Energy Headquarters	St. Paul	MN	Office	LEED Gold for Core and Shell as well as Commercial Interiors

Sustainable Products and Manufacturers

Our team partners with several national vendors to facilitate preferred pricing, shorter lead times, and to gain access to a national network of their trusted and trained installers. We seek to identify companies to partner with that adhere to a high standard of sustainable practices. For this year's report we would like to highlight four of our partners.

HD Supply

HD Supply provides appliances and cleaning products to our properties. The company has made efforts to incorporate sustainable practices into its daily operations and conducts an annual greenhouse gas inventory to find ways to reduce its footprint. For example, they utilize routing technology to reduce the amount of time delivery vehicles are on the road thereby limiting the number of vehicles required to deliver product each day.

HD Supply's headquarters office in Atlanta, GA is LEED certified. Additionally, the company is working to manage energy use at several locations by retrofitting distribution centers with more efficient systems. For example, heating, ventilation, and air conditioning (HVAC) systems are tied into a digitally controlled building management system to help maximize efficiency through scheduling and optimal temperature sensing via digital thermostats. Additionally, all corporate office sites, including call centers, have a mix of fluorescent and light-emitting diode (LED) lighting, as well as programmable lighting controls tied into an energy management system.

In addition to lighting initiatives, many of HD's distribution centers built in the last decade, have white thermoplastic polyolefin roofing, which reduces heat transfer into the building and air conditioning consumption. HD Supply works to reduce waste by reusing and recycling a variety of materials, including batteries, cardboard, paper, scrap metal, and beverage containers.

HD Supply's "ideallygreen" initiative, launched in 2007, is designed to help customers save money while lowering their environmental impact. The company offers a wide selection of more than 3,500 environmentally preferable products to help increase efficiencies and save money. Since 2012, ideallygreen products helped customers reduce their carbon emissions by 3.7 million metric tons, lower water consumption by 18 billion gallons and reduce utility costs by \$667 million.

Cosentino

Cosentino provides marble and granite for kitchen and bathroom countertops in our properties. Cosentino is making an effort towards a full transition to a low-carbon economy, promoting energy efficiency, emissions reduction and sustainable mobility. This approach combines performance goals with strategic goals in accordance with the UN Sustainable Development Goals.

Cosentino uses environmental incident management software, Gensuite, to monitor all the environmental aspects and incidents that affect the company's daily operations, as well as to create a collaborative environment

III. ENVIRONMENTAL FACTORS *CONTINUED*

that involves production staff, maintenance personnel and the occupational risk prevention team. The aim of this software is to achieve a commitment to excellence in safety, health and the environment.

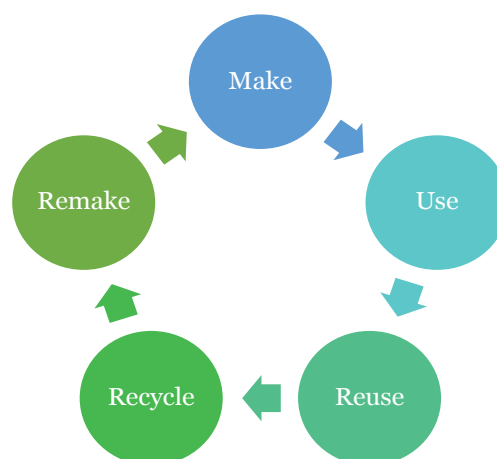
Shaw Flooring

Shaw Flooring provides carpet and vinyl flooring in our properties. In 2012, Shaw set an ambitious goal to reduce their greenhouse gas (GHG) emissions intensity by 40% by 2030 at their over 85 manufacturing, distribution, and corporate facilities globally. The company achieved that goal in 2020, almost a decade early. Shaw has since extended their goal line to achieving net zero enterprise operations by 2030 and to begin measuring and reporting Scope 3 emissions.

Shaw focuses on the materials that go into their products as well as the impacts of sound, moisture, cleanability and other design considerations, addressing both environmental health and the human experience at the same time. Shaw is making progress towards their goal of optimizing 100% of their products to meet Cradle to Cradle® design principles by 2030. The Cradle to Cradle Product Standard focuses on safe ingredients; the effective use of raw materials, energy and water resources; and supply chain labor and community practices. In 2021, almost 90% of Shaw's products were Cradle to Cradle certified. Shaw's re[TURN]® Reclamation Program has recycled nearly 1 billion pounds of carpet since 2006. Shaw is continually finding viable uses for recycled content from other industries to use in products. In 2021, Shaw introduced ReWorx, a platform constructed with 30% post-consumer recycled bottles, turning them into a highly durable and well-designed flooring.

Kohler Appliances

Kohler provides kitchen and bathroom appliances to our properties. Kohler has a three-pronged approach to sustainability including footprint reduction, production innovation and education & action. As part of their footprint reduction efforts, Kohler measures and tracks environmental impact by measuring and finding ways



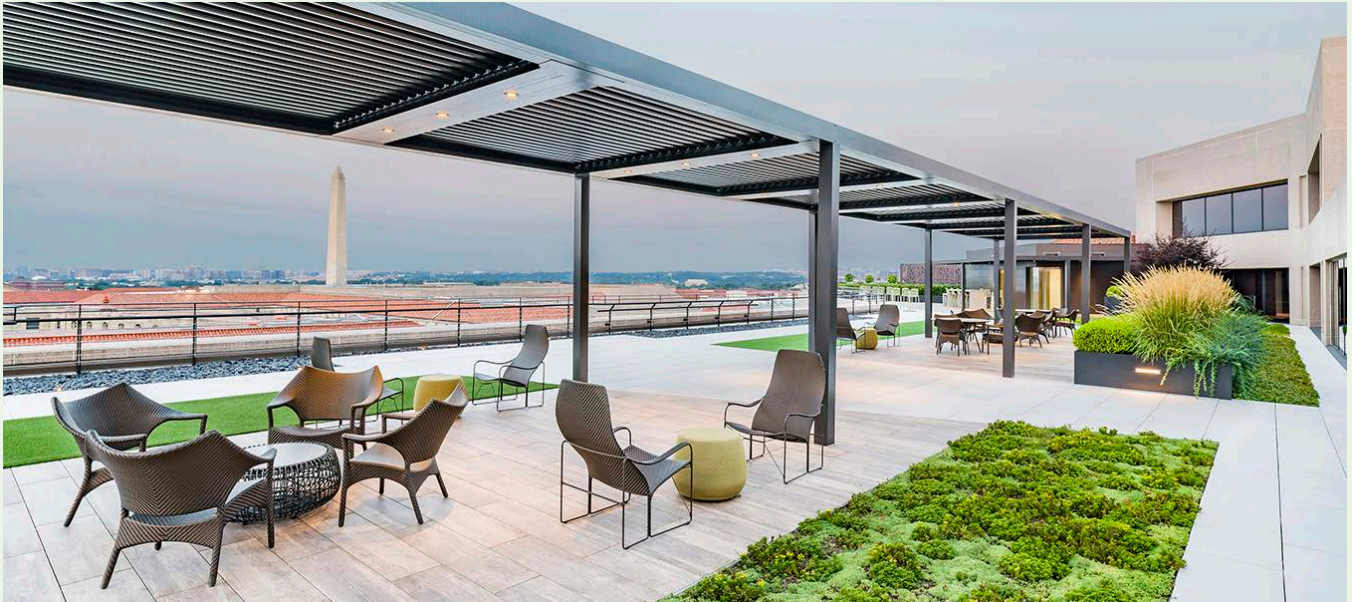
CIRCULAR ECONOMY DIAGRAM

to reduce energy use, greenhouse gas emissions, water use and waste sent to landfills. Kohler has a goal of reaching net-zero greenhouse gas emissions by 2035. To achieve this goal, Kohler has installed solar panels at their Spartanburg, SC facility, which averages 225 days of sunshine per year. More than 4,000 panels produce nearly 1.6 million kilowatt hours annually. At their plant in Beijing, China, 650 solar panels generate over 126,000 kilowatt hours annually. Kohler also purchases wind energy from The Diamond Vista Wind LLC wind farm in Kansas. Kohler has a beneficial reuse program to reduce their waste sent to landfills. In 2015, the program diverted 59% of its 290,000 metric tons of waste from landfills into construction materials and raw materials for other uses, while also aiding its Innovation for Good Waste Lab develop new products. Kohler's opened the first LEED v4 certified retail project in the United States with its Los Angeles showroom.

Kohler is constantly working to innovate its products and packaging to be more sustainable. By studying air flow patterns in combination with a new water-repellant surface treatment, engineers at Kohler developed a water-saving toilet, which also stays cleaner longer, reducing future water use. Kohler has also worked to create more sustainable packaging for its products. By standardizing packaging designs, different SKUs can now use the same boxes and pallets for transportation, allowing for a 40% reduction in required carbon material.

Case Study

1201 PENNSYLVANIA AVENUE – Washington, DC



1201 Pennsylvania Ave (otherwise known as the DC One Building), a 456,000 square foot, office building with 13 floors above-grade and 3 floors below grade, located in downtown Washington, DC, was acquired by Sentinel shortly after it was built in the early 1980's. When the anchor tenant moved out of the building in 2015, it presented a unique opportunity to upgrade and modernize the building and make way for the next generation of tenants with different needs and much higher occupancy levels than previously experienced. The repositioning effort kicked off with a modernization and cab renovation of the elevators, a renovation of the 12-story atrium-style lobby, construction of a new fitness center and state-of-the-art conference center, and new corridors and restrooms on tenant floors. Also renovated was the expansive 12th floor roof terrace with spanning views of the National Mall and Pennsylvania Avenue historical district.

In addition to upgrading all the common elements and amenities, a large focus was placed on reducing the environmental footprint of the building. The original HVAC equipment needed replacement due to its age which provided the asset management team with the opportunity to make a big impact in reducing overall building energy consumption. Aside from the challenges of working in an existing and occupied building, the new HVAC systems had to account for newer tenant layouts that have three to four times the density of legacy floorplans. The

higher head count leads to the requirement of additional outside air and cooling to accommodate the increased heat load from people, their lighting and electrical plug usage, and additional computer equipment.

Outside Air, VAV Air-Handler Upgrades, and LED Lighting

The first phase of the building HVAC upgrade consisted of the installation of a new outside air system as well as the replacement of the original constant-volume air handlers on floors 6 through 13 with new variable-air-volume (VAV) air handlers and VAV terminal units to serve the tenant and common areas. The new outside air handlers have three times the outside air capacity compared to the original system which satisfies the increase in outside air requirements for denser tenant floorplans. The equipment has the ability to use the cooling tower condenser water to create efficient cooling for the building and also runs in fully automatic mode to help reduce overall consumption despite having to condition the large volume of outside air that is delivered to the building.

Much like the on-demand outside air system, the new VAV air handlers and terminal boxes on the upper floors also allow greater temperature control for tenant and common areas and the newer, more modern equipment works together to consume less energy despite providing more cooling than the original equipment.

Case Study

1201 PENNSYLVANIA AVENUE – Washington, DC

Chiller Plant and Cooling Tower Replacement

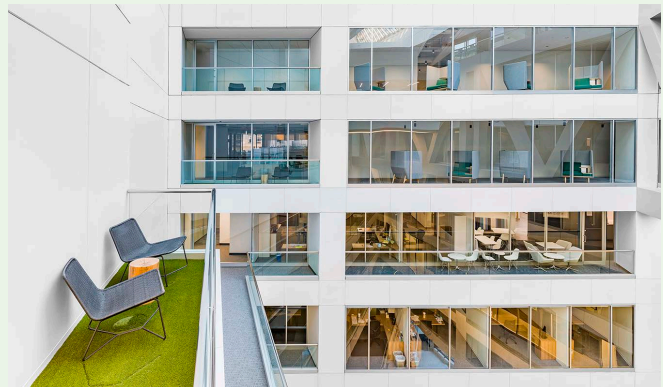
All the building air handlers are fed by a central chiller plant and condenser water from rooftop cooling towers. This central plant is the single largest consumer of energy in the building. When it came time for its replacement, the team decided to take a holistic approach and design a brand new chilled and condenser water system with the greatest efficiency possible and with the shortest payback period for recouping the initial costs via energy savings. To accomplish this, we developed a matrix that analyzed energy consumption and initial installation cost of high-efficiency chillers from three different manufacturers in a variety of chiller and pump configurations which can have a significant impact on both performance and energy consumption.

The chillers from all three manufacturers were specified with energy savings technologies like magnetic compressor bearings that reduce friction on moving parts which reduces the amount of energy required to create chilled water. The new equipment also consumed less energy when operating at lower speeds in lower-demand scenarios which occur often in the building. While the options presented by the manufacturers all had similar performance specifications and capacities, their energy consumption varied as did their costs and weights. Ultimately, Diakin was selected as the manufacturer because it had the lowest energy consumption and lowest cost of installation.

After selecting the manufacturer, the design team compared the energy performance and initial costs of different piping orientations for the chillers and their pumps. The original plant utilized a parallel flow orientation, which has the chilled water flowing through one or both chillers at the same time. New developments in central plant design have led to new piping arrangements such as series counterflow, which sends the chilled water through one chiller to partially cool the water and then a second chiller to cool the water down to its design temperature. After performing an energy analysis of these different piping orientations, we determined that while the new parallel flow chillers would reduce energy consumption by 35%

compared to the original equipment, series crossflow chillers would reduce consumption by a total of 42%. The series crossflow chillers installation costs were estimated to be about 8% less than parallel chillers which reduced the payback period by seven years.

At present, the chiller plant and cooling tower replacement is nearly complete with one of the two new chillers and all three new cooling towers online. We are excited to see the total reduction in energy consumption over the coming cooling season and hope to meet or exceed our target of reducing energy consumption of the central plant by 42%, which is equivalent to saving about 754 kWh of energy and \$110,000 per year.



Aquicore

To track building energy consumption before and after the chiller plant replacement, we enlisted the help of Aquicore back in 2020 to benchmark our energy usage. Aquicore is a consultant that specializes in energy consumption oversight and analysis. As a result, we should obtain verified data and actual quantifiable results for the total reduction in central plant energy consumption.

In addition to collecting energy consumption data, Aquicore analyzes the energy data to identify spikes in usage which may be indicative of anomalies in the very complicated BMS software that controls the operation of all mechanical equipment in the building. With Aquicore's assistance, we have been able to make minor modifications to the central plant operation that have resulted in year-on-year energy savings of 9% or \$37,000 from 2020 to 2021.

IV. 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 2020 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 adjusted throughout 2021 to ensure appropriate precautions were in place at our properties while recognizing the changing nature of the pandemic following the widespread distribution of vaccines. The following amendments were made in 2021 to the various phases of the COVID-19 Reopening Guidelines enacted in 2020:

- Employee screening guidelines were updated to consider employee vaccination status and CDC recommendations in determining exposure and quarantining requirements.
- Indoor and outdoor amenity areas began to operate under normal pre COVID-19 hours.
- Guests of residents were permitted at outdoor amenities.
- Outdoor resident events were reinstated and included the enforcement of social distancing and mask protocols.
- Property owned bicycle and sports equipment check-out was reinstated.

- Leasing offices began to open to residents and prospects without the need for an appointment.

Sentinel in the Community

Giving back to the neighborhoods in which we operate is a priority at Sentinel. 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 provides employees with time during the workday to focus on such initiatives. At the property level, each asset management team is responsible for identifying appropriate opportunities in each market in connection with the annual asset plan approval process.

A 2021 goal across the portfolio was to roll out safe community engagement initiatives during the age of COVID-19, with a focus on sustainability and to expand outreach efforts within our local communities. Over 80 community service activities occurred portfolio wide during the year including:

- Toy drives
- Blood drives
- Food drives
- Clothing drives
- Shoe collections for local charity

IV. SOCIAL RESPONSIBILITY *CONTINUED*

- Medical Supply drives
- School Supply drives
- Back to school event with meet and greet with police and fire department officers
- Breakfast on the go
- St. Patrick's Day & goody bag give away
- Earth Day plants
- Valentine's Day candy
- Delivered mugs with hot chocolate to residents
- National Pet Week - gave out pet toys for cats and dogs
- Patio decorating contest
- Food truck Friday

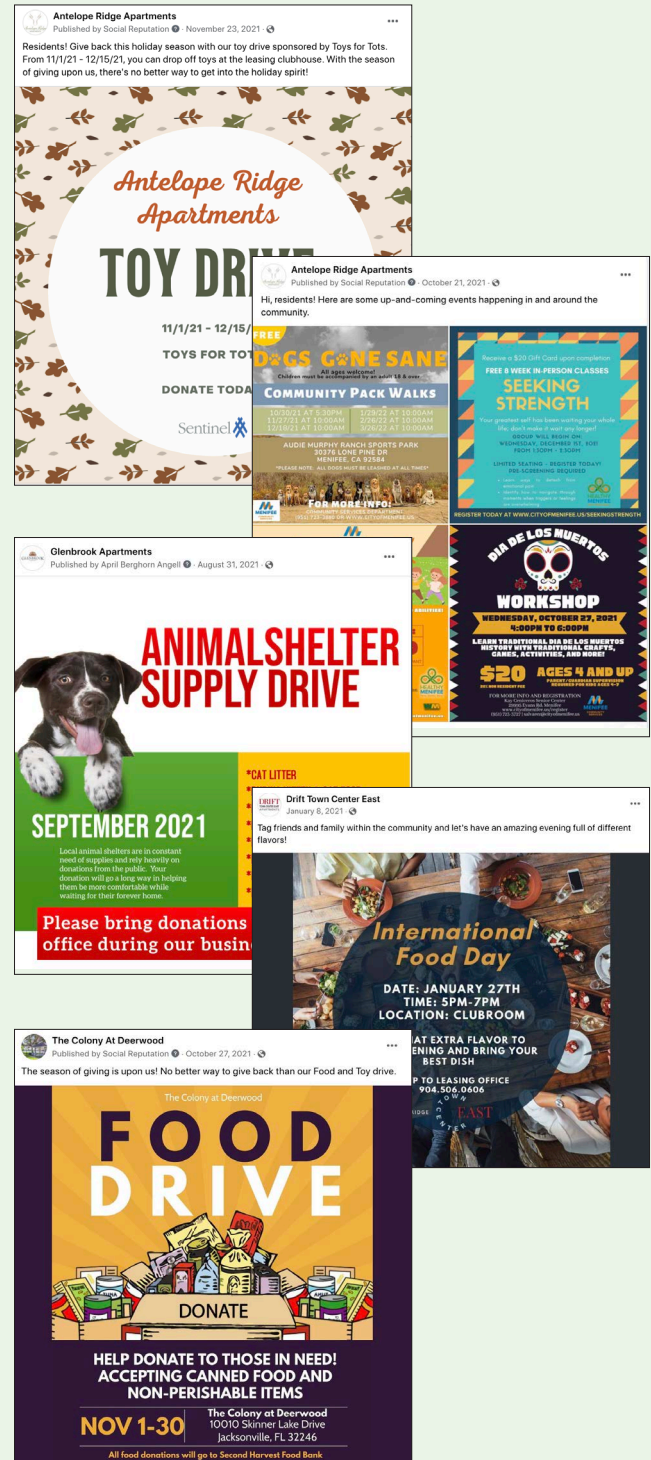
Programs from Around the Country

A resident event took place at Lantern Woods Apartments in Fishers, Indiana focused on promoting health and well-being. The property held a COVID-19 vaccine event in conjunction with the local Health Department - Vax-A-Palooza – at which 29 residents were vaccinated. Many residents who were already vaccinated stopped in to give their support. The property provided food and snacks to encourage residents to attend.

Centre Pointe Apartments in Charleston, South Carolina organized a holiday toy drive for Toys for Tots. Centre Pointe collected upwards of 75 different toys and stuffed animals for our drive. They began collecting at the end of October 2021, initially intending to drop off toys before Thanksgiving. Since they had such a positive response and outcome of the drive, Centre Pointe extended the collection until Mid-December. The Property then presented all the toys to the Toys for Tots organization in North Charleston, South Carolina. It was a great way to give back during the holiday season. Our employees and the residents of Centre Pointe apartments all enjoyed participating!

Urban Green Apartments celebrated Earth Day by teaming up with their residents to clean up the outskirts of their community. Prior to the event, they created a flyer and distributed to residents electronically. On the day of

Throughout 2021, on-site staff reached out to their communities through social media, to engage their residents.



IV. SOCIAL RESPONSIBILITY *CONTINUED*



clean up, the team met with residents at the clubhouse patio. They set up light refreshments and provided trash bags, gloves, hand sanitizer and masks for participants. Together, they gathered numerous bags of garbage and straightened the forestation area signs throughout the community. Residents and prospects took notice, and they received a multitude of compliments.

Resident Engagement

In 2021, 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. 22 posts per property were posted over the course of the year.

This year, Sentinel also developed a quarterly resident newsletter with the goal of providing regular communication regarding Sentinel’s ESG efforts to help foster the culture of sustainability throughout our apartment communities.

Every quarter we assemble a collection of informative and relatable articles intended to inspire residents to-

wards putting their green foot forward. Whether shining a spotlight on an employee who has gone above and beyond in sustainability – either at work or personally, – or showcasing how Sentinel properties work to move towards a greener future we endeavor to share the fun in being green.

Highlights from the 2021 issues include:

- Featuring one of our communities, The Gardens at Polaris in Columbus, Ohio, that has established a partnership with Habitat for Humanity MidOhio.
- Sentinel’s ongoing efforts to donate items that are sold in Habitat for Humanity’s ReStores.
- Numerous ‘tips and tricks’ to reduce personal impact on the environment through the reduction of personal waste.



Tenant & Employee Surveys

During 2021, 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.

IV. SOCIAL RESPONSIBILITY *CONTINUED*

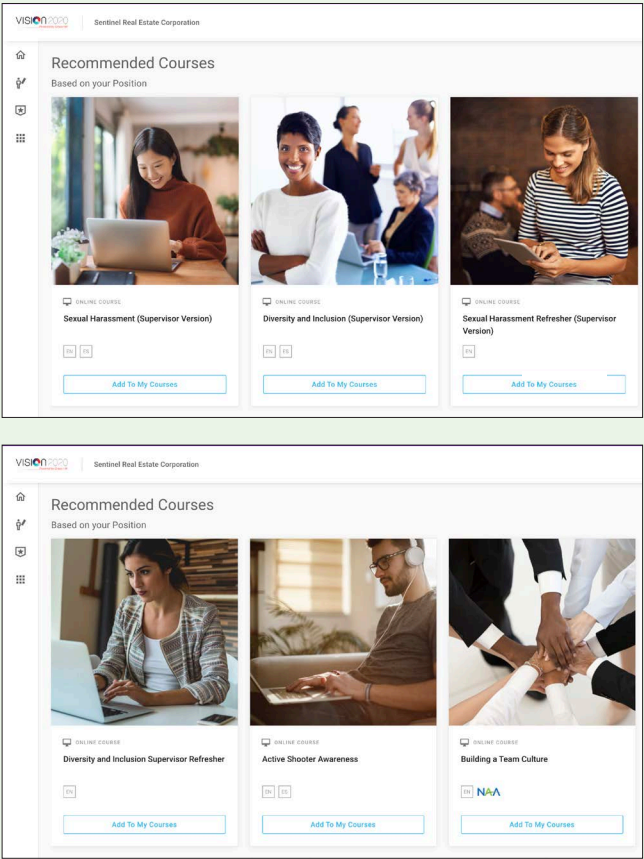
In 2021, we also utilized the services of Kingsley Associates to survey all Sentinel employees both at the corporate office in New York as well as across all of our properties in the United States. A committee was formed to review the findings of the survey and to provide recommendations to Sentinel's Executive Committee based upon the employee feedback.

Training

Sentinel prioritizes staff training to give employees opportunities for self-improvement and career advancement. Training for Sentinel's employees begins with the onboarding process, which includes an orientation session that reviews the benefits package, corporate handbook, time off and addresses any questions or concerns the employee may have. This orientation is followed up with an IT Policies and Procedures training session, which is given by Sentinel's Yardi group. The class curriculum addresses electronic mail, voicemail, Internet, copyright compliance, computer access, password compliance and other software. The employee is introduced to Sentinel's Remedy system (helpdesk ticketing software), the online property policy and procedures manual (if applicable) and, depending on job function, the required Yardi applications.

The onboarding process also includes required cybersecurity and compliance training classes and acknowledgments, which are also required on an annual basis for all employees. Sentinel has contracted with KnowBe4, a cybersecurity and compliance education provider, to provide Sentinel employees with cybersecurity training and awareness programs for reinforcement of cybersecurity best practices, which includes phishing simulations and online awareness training videos. In addition, this platform is utilized to provide state-mandated sexual harassment prevention training; ethics training; diversity, equity and inclusion classes; privacy and data protection classes; and airborne infectious disease prevention.

All employees are required to verify their understanding and acknowledge their acceptance of Sentinel's Code of Ethics both at onboarding and on an annual basis thereafter. All applicable employees also receive training from our compliance consultant on the contents of Sentinel's Compliance Manual and are required to verify their un-



A small selection of the training courses available to Sentinel employees

derstanding and acknowledge their acceptance of the Compliance Manual on an annual basis.

Ongoing training for all employees includes access to the Office 365 Training Center, which provides training videos or downloaded templates to be utilized for all applications included in Office 365. Training is available to all users for all applications in the Office 365 suite, including Outlook, Excel, Word, SharePoint and others. In addition, Yardi Systems provides monthly RENTmaximizer and Screening Works Pro classes, and Sentinel's Yardi helpdesk team offers monthly classes on using all aspects of the software. Employees are also able to schedule one-on-one classes based on job function with the Sentinel Yardi support team.

Sentinel also maintains training programs in property management, leasing and property maintenance. Sentinel utilizes Grace Hill for this training, which allows for

IV. SOCIAL RESPONSIBILITY *CONTINUED*

individualized training of property employees, when it is convenient and in a way that minimizes the loss of time from regular job duties. This training can be used both for new employees and for those who want to revisit subjects previously covered. Beyond courses in property management basics, Grace Hill offers courses on such topics as business etiquette, conflict resolution, customer relationship management, Fair Housing, mold awareness, preventing sexual harassment, diversity and inclusion, bloodborne pathogens, personal protective equipment, etc. Specific courses designed to educate our employees on sustainability practices have been included in the required training, including the Grace Hill Conservation course. All classes completed are tracked within the Grace Hill system.

Sentinel also provides intensive training to its personnel in the application of nondiscriminatory renting policies and issues certificates to employees who satisfactorily complete the firm's Fair Housing courses. Our internal auditors also teach many audit and policy courses all over the country each year, which are also recorded. In 2021, Sentinel employees in aggregate spent over 6,400 hours in training. This includes training on ESG aspects of property management.

Case Study

ELEMENT 27 PHASE II - Subiaco, Western Australia

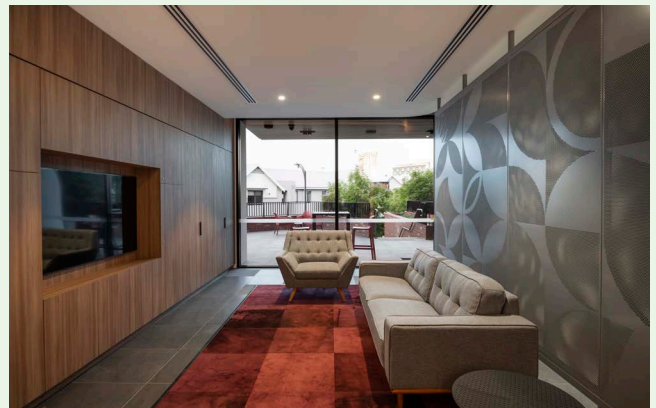


The exterior façade and lobby entry of Element 27 Phase II, with interior lighting displaying the balcony screens and entry design

In the design and construction of all of the phases of the Element 27 property in Subiaco, WA, public art has been a fundamental part of the design process and execution. In the most recent phase, completed in 2021, artist Anne Neil was commissioned to design screens and other elements to visually enhance the exterior and interior of the building.

Ms. Neil was particularly commissioned to create works that would reference the Australia Fine China (AFC) district cultural heritage. This AFC site has a rich history – in 2006, after 85 years, the Australian Fine China porcelain factory in Hay Street, Subiaco closed its doors. It was Australia's last remaining producer of high-quality porcelain. The Australian Fine China site already reflects a significant part of Subiaco's history and heritage, particularly in regard to the social and cultural values. The AFC site has been placed on the State's Register of Heritage Places and the interpretation of AFC is an important part of the public artwork for Element 27 Phase II.

Ultimately, the artist worked with metal fabricators and engineers to create the screens that clad the exterior of the building and select parts of the community amenity spaces.



The resident lounge with interior screens

The AFC theme is layered, with inspiration taken from sources including: cropped half circle plates used as a graphic tool to market products, gift boxes and 'square' openings found in packaging of many AFC goods and wild-flower artists' designs typical of the late 1980's early 1990's. Ultimately, the artworks are derived from, but do not mimic, the AFC designs. The artworks are abstract and contemporary and tell the AFC story as you move from one corner of the building to the next, imaginatively re-interpreted, and invite curiosity and personal interpretation. No one aspect of AFC has been celebrated over another.

V. 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.

ESG Committee & Sentinel's ESG Organization

In 2020, Sentinel formed an ESG Committee to oversee the ongoing implementation of Sentinel's ESG program at the corporate and property levels. Comprised of senior leadership from across Sentinel's departments and lines of business, the Committee is responsible for the Company's overall ESG Agenda including the development and oversight of ESG policies and procedures, the uniform implementation of best practices company-wide, and evaluation of all new ESG initiatives to provide recommendations to Sentinel's Executive Committee regarding areas of future focus and investment. Sentinel has three sustainability officers on its team responsible for the oversight of ESG activities with portfolio, asset and property management. Sentinel also works with a range of consultants in the ESG arena.

Update to Property Level Policies & Procedures Manual

During 2021, we completed 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 now ensure the uniform implementation of best practices across the Sentinel portfolio regardless of the market, account or investment strategy.



Implementation of ESG Programs at the Properties

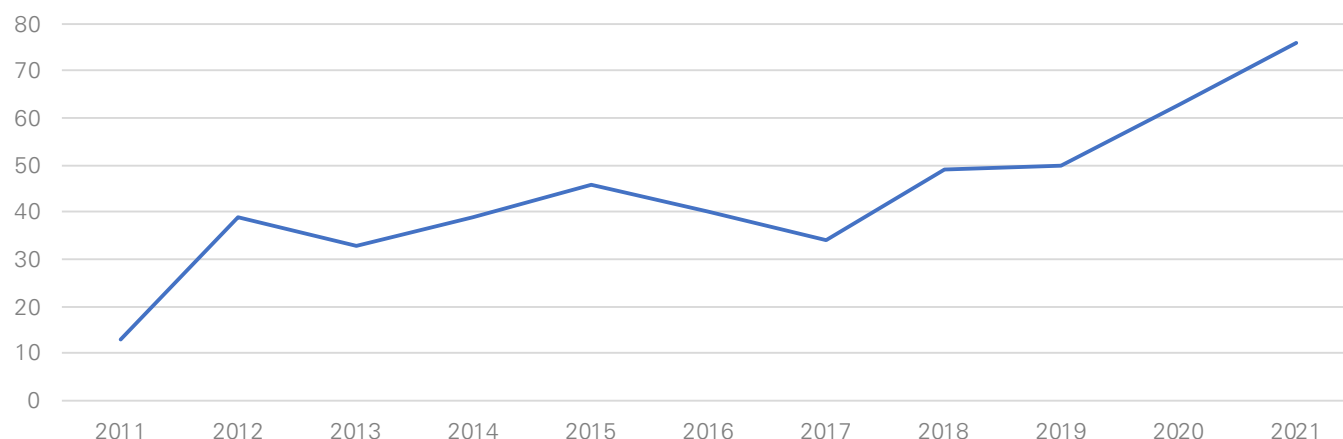
Sentinel takes concrete steps to move ESG concerns from corporate strategy to application in property operations. For each residential property, ESG factors are incorporated into planning, management procedures, resident relations, community engagement and other areas of operations.

V. CORPORATE GOVERNANCE *CONTINUED*

- **Annual asset plan** - Each year Sentinel property management teams coordinate with asset and portfolio management teams to complete the ESG section of the annual asset plan for each property. This helps assess changes to the local regulatory environment with regard to sustainability, the property's current sustainable infrastructure and programming as well as and potential areas of investment 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, via our quarterly Green newsletter and through events like technology recycling days, bulk paper shredding events and planting parties.
- **ESG DD checklist** - With the collaboration from a third-party engineer, property management and asset management, the ESG Due Diligence Sustainability Checklist is collected via on-site observations and interviews, with the intent to better understand the current and past management of environmental, social, and governance issues of concern.
- **Green Lease Policy**: Implemented the new Sustainable Lease Addendum that the National Apartment Association rolled out on a state-by-state basis. 67% of properties portfolio-wide were utilizing the addendum as of year end.

VI. GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK

Sentinel Real Estate Fund GRESB Scores



As a means of tracking the effectiveness of our environmental sustainability policies and practices, Sentinel initiated its participation in the Global Real Estate Sustainability Benchmark ("GRESB") survey in 2011. In 2021, Sentinel submitted four funds to GRESB annual assessment. Our flagship fund, the Sentinel Real Estate Fund ("SREF"), received a GRESB score of 76 in the most recent 2021 survey, which contains results for the 2020 calendar year, achieving a three-star GRESB rating. This is a significant improvement compared SREF's GRESB score of 63 in the prior year and ranked third in the Fund's peer group. We received 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 by adding an ESG section to SREF's quarterly report informing investors of ESG activities and achievements and developing a firm-wide ESG annual report detailing Sentinel's ESG strategy, actions undertaken and achievements.
- Advanced internal auditing procedures - adding an ESG checklist to the 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.
- 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.

SREF in particular faces a number of inherent limitations with regard to improving its GRESB score due to

VI. GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK

its geographic focus on secondary markets and suburban locations, as well as its strictly core strategy with limited major capital programs. Many of the markets in which Sentinel operates have not yet prioritized the development of environmentally efficient apartment properties and many of these same markets do not facilitate the collection of tenant utility data due to privacy concerns, which limits our ability to measure the environmental footprint of these properties. Regardless, Sentinel remains committed to enhancing the sustainability of its portfolio, reducing its environmental footprint and reporting these achievements through the GRESB framework.

VII. 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 making strides in 2021. We implemented new health and safety initiatives and enhanced dialogue 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. In 2022, we look forward to continuing to develop and enhance our ESG platform through several initiatives:

- Refining and analyzing property data to identify key performance indicators (KPIs);
- Using identified KPIs to set short- and long-term goals for the properties and portfolio;
- Obtaining complete access to tenant utility data;
- Integrating our commercial properties into various residential initiatives;
- Offer new programming to facilitate tenant education in areas of sustainability;
- Solar installation at three properties;
- Pursue property level certifications across the portfolio;
- Continue to evaluate the water data in Energy Star Portfolio Manager to ensure data integrity and seek to identify additional ways to save water;
- Prepare for UNPRI reporting in 2023;
- Continue to evaluate the various ESG related organizations and opportunities for involvement.

