

MESIROW INSTITUTIONAL REAL ESTATE DIRECT INVESTMENTS

2020 ESG Report



Table of contents

To our stakeholders	3	Social	23
Highlights	4	• Supply Chain	24
About Mesirow	5	• Affordability	25
Investment Locations	7	• Health and Well-being	26
Reporting	8	• Diversity, Equity and Inclusion	28
External Initiatives and Industry Memberships	9	• Community Engagement	37
Stakeholders	10	Governance	44
Materiality	11	• Governance Structure	45
ESG Strategy	12	• Integrity and Ethics	48
Environment	13	GRI Content Index	49
• Energy and Emissions	14	SASB Index	55
• Water Consumption	19		
• Waste Generation	20		
• Climate and Environmental Risk	21		
• Building Certifications and Energy Ratings	22		

To our stakeholders

We are pleased to present the Mesirow Institutional Real Estate Direct Investments 2020 ESG report. Although this is our first official report that we have distributed to our stakeholders, ESG has been a fundamental driver influencing every investment we have undertaken since the founding of our real estate platform, 14 years ago. In 2019, we made a decision to formalize our ESG initiatives by creating a fully integrated ESG policy and formed an ESG Task Force. These initiatives have allowed us to leverage our operating scale and have ensured consistent application of ESG policies and procedures across our real estate portfolios as we create value for our stakeholders.

We recognize there are direct and indirect environmental and social implications underlying many decisions we make as an investment manager. As real estate owners our decisions impact our residents, investors, employees, and local communities.

We believe our pursuit of superior returns and the optimization of ESG outcomes are aligned as complimentary objectives. As the investment protocols for ESG disciplines continue to evolve and mature, our investors will continue to advance the importance of ESG initiatives with respect to the longer term performance of their real estate portfolios. In an effort to be more transparent we have chosen to report disclosures regarding these material ESG topics.

This report highlights our 2020 accomplishments, initiatives we are undertaking in 2021 and ESG disclosures. Although 2020 was a challenging year, we are pleased with the progress we were able to achieve and look forward to continuing our sustainability initiatives.



Alasdair Cripps
CEO and Co-Chief Investment Officer



Ben Blakney
President



Jon Youhanaie
Head of ESG Task Force

Highlights and Initiatives



Highlights

- IRED became a GRESB Participant Member, an investor-driven global ESG benchmark and reporting framework assessing the performance of real estate funds, REITs, property companies and real estate developers.
 - In our first year participating, one portfolio received a Green Star Rating
- The Firm became a signatory to the UNPRI, completed the annual Transparency Report. IRED achieved an A rating relating to direct real estate ownership.
- Financed 3 properties with Green Bond Financing through Fannie Mae. Offers us interest savings up to \$3M over the life of our mortgages not including utility savings.
- Acquired 3 properties with Green Building Certifications
- Enrolled all properties into Energy Star Portfolio Manager
- Executed energy supply contracts for all properties located in deregulated energy markets. All contracts provided for at least 50% of supplied energy coming from renewable sources.



2021 key initiatives

- Formalize key policies around important focus areas such as Tenant Engagement and Supply Chain.
- Increase metrics and measurement of outcomes on ESG initiatives.
- Optimize third-party ESG data availability.
- Expand resources dedicated to ESG and coverage of assets impacted by ESG integration.
- Increase ESG engagement with Stakeholders

About Mesirow

Mesirow is an independent financial services firm founded in 1937 and owned by employees.

- Global headquarters in Chicago with offices worldwide; 487 employees
- \$193B in total assets under supervision¹
- Revenue of \$288M; strong balance sheet with \$284M in capital²
- Institutional investment teams with specialized expertise across global asset classes

WE INVEST IN WHAT MATTERS



**OUR
CLIENTS**



**OUR
COMMUNITIES**



**OUR
CULTURE**

CLIENT-ALIGNED OWNERSHIP

ensures we think and act as owners

100% of voting shares are held
by active employees

CUSTOM FINANCIAL STRATEGIES

seek risk mitigation and long-term results

\$193.0B in total assets under
supervision¹

CORPORATE RESPONSIBILITY

reflects our clients' values

5K volunteer hours in Chicago
communities

Data as of 12.31.20. 1 Assets under supervision include assets under management, assets under advisement and other client non-securities assets such as currency assets on which the firm earns fees for advisory and other services. Real Estate assets under management are as of 9.30.20 and include regulatory assets under management (gross asset value plus unfunded commitments). Private Equity assets under management are as of 9.30.20 and are calculated by adding uncalled commitments and net asset value as of a period end. The most recent data for Real Estate and Private Equity is preliminary and estimated. Mesirow Currency Management AUM reflects assets under management for both currency risk management products (passive and active management) and alpha and macro products. Risk management product AUM reflects the total foreign currency portfolio exposure of passive and active clients' underlying portfolios allocated to the Currency Division. Alpha and macro product AUM reflect the client's total investment amount in the alpha and macro strategies of the Currency Division, which is calculated based on an annualized 2% volatility target. The current allocation to the currency sleeve of the Enhanced Core Plus Fund is a notional 10%. Some assets under advisement are on a 45-to-90-day lag due to time needed to confirm away assets. 2. As of 3.31.20 (updated annually in June).

About Institutional Real Estate Direct Investments

Institutional Real Estate Direct Investments (“IRED”) is a division of Mesirow Financial Investment Management, Inc. (“MFIM”) an SEC-registered investment advisor and a wholly owned subsidiary of Mesirow Financial Services, Inc. (“The Firm”)

- Our investment portfolios are private, close-end real estate funds organized as Real Estate Investment Trusts (“REIT”).
- Located in Chicago, IL with employees working remotely nationwide; 16 employees
- Our strategy is to invest in value-add real estate opportunities in the multifamily sector located solely in the United States, diversified by geography, economy, reposition strategy, construction type and vintage year
- We target 25-30 research approved US markets for investment

Real Estate at a Glance

41

of
Properties

~12M

Rentable
Square Feet

93%

Average
Occupancy

EXPERIENCED TEAM

290+ Years of collective
investment experience

TRACK RECORD OF SUCCESS

35,000 units acquired,
managed, and sold
over time

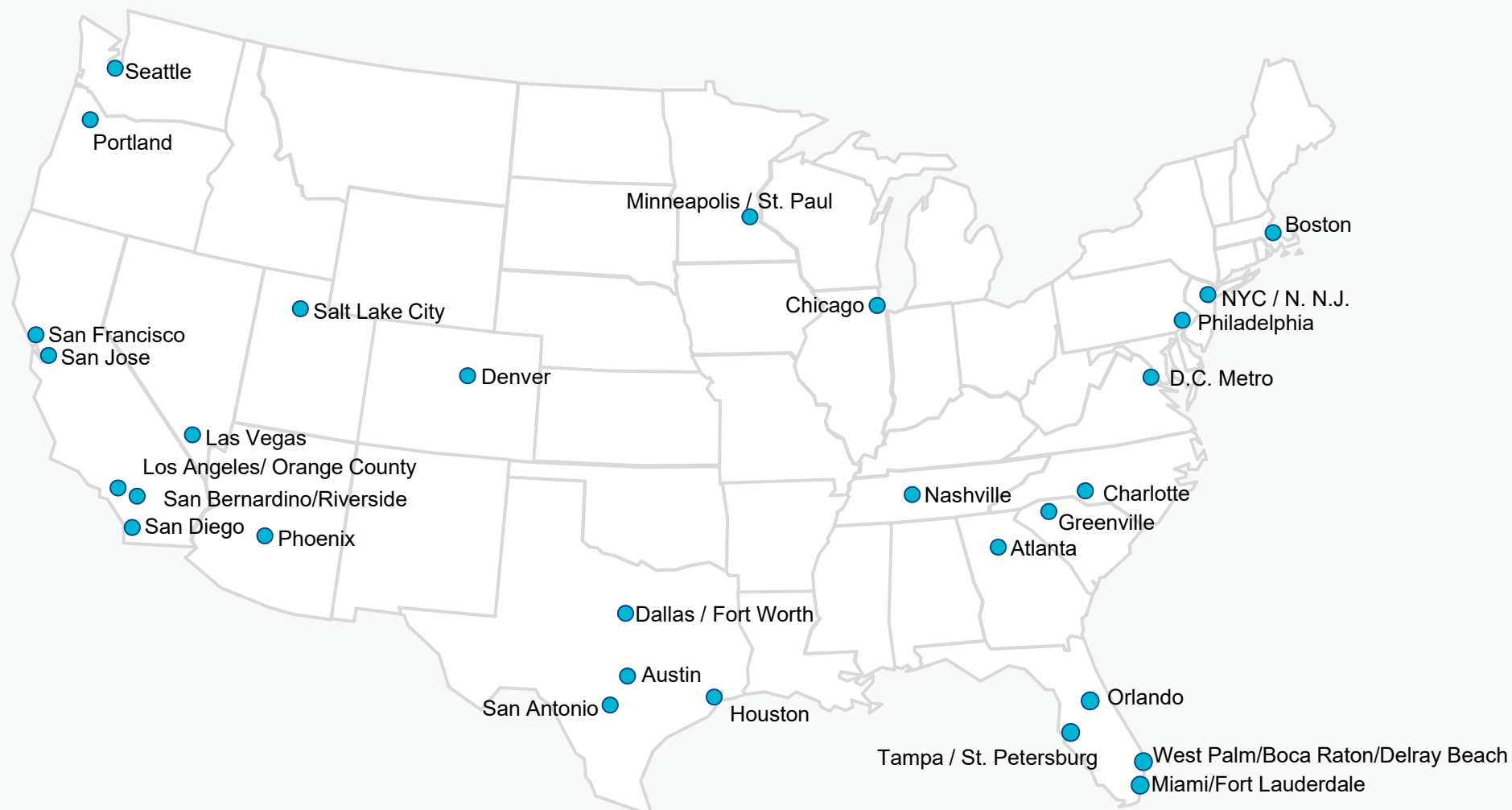
CORPORATE RESPONSIBILITY

Diversity reflects our clients' values

31% Diverse professionals

31% Female professionals

Investment Market Locations



Reporting



The purpose of this report is to provide information related to environmental, social, and governance (ESG) performance indicators relating to Mesirow Institutional Real Estate Direct Investments. Given the nature of our organization, there is some overlap in the Firm's ESG strategy particularly in Social and Governance topics. The Mesirow ESG policies that directly relate to IRED will be discussed in this report. This report was prepared in accordance with Global Reporting Initiative (GRI) standards. There are two alignment options: Core Option and Comprehensive Option. IRED has chosen to align with GRI Core Option and supplemented with Sustainability Accounting Standards Board (SASB) disclosures. This report has not been externally assured.

Our 2020 ESG Report is focused on the performance of our operating properties across all Mesirow Real Estate Value Fund portfolios. The content of this report is structured to elaborate on how IRED treats ESG issues across all portfolios and properties. Some information is broken out by investment fund for greater transparency and to align with GRI or SASB standards.

This report is IRED's first standalone ESG report and explores ESG impacts throughout CY 2020 with a comparison of asset performance to CY 2019. Going forward, IRED's annual ESG report will be issued to investors and on The Firm's website by June 30th subsequent to year end.

Questions regarding this report may be submitted to Jon Youhanaie, Head of ESG Task Force at jon.youhanaie@mesirrow.com

External Initiatives and Industry Memberships



¹The Firm became a signatory in November 2019. IRED policies and procedures are incorporated into the Firm's Transparency Report related to the Direct Property module.

Stakeholders

We have developed our understanding of the views and priorities of stakeholders through various methods of engagement with our investors, employees, third-party property managers, residents, and local communities where we live, work, and operate. We will continue engaging stakeholders and welcome all discussions relating to what matters to our stakeholders.



Residents

We engage our residents through periodic tenant satisfaction surveys, resident events, property communications and social media



Investors

We solicit feedback from our investors through annual meetings, quarterly questionnaires and quarterly financial reporting



Employees

We engage employees through employee satisfaction surveys, Mesirow's Employee Wellness program, and annual employee reviews



Local Communities

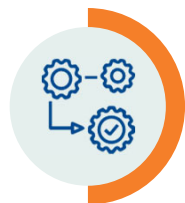
We engage local communities where we live, work, and own investment properties. We engage communities through charitable giving, volunteer events, and in some instances through the local community Chamber of Commerce



Third-party Property Managers

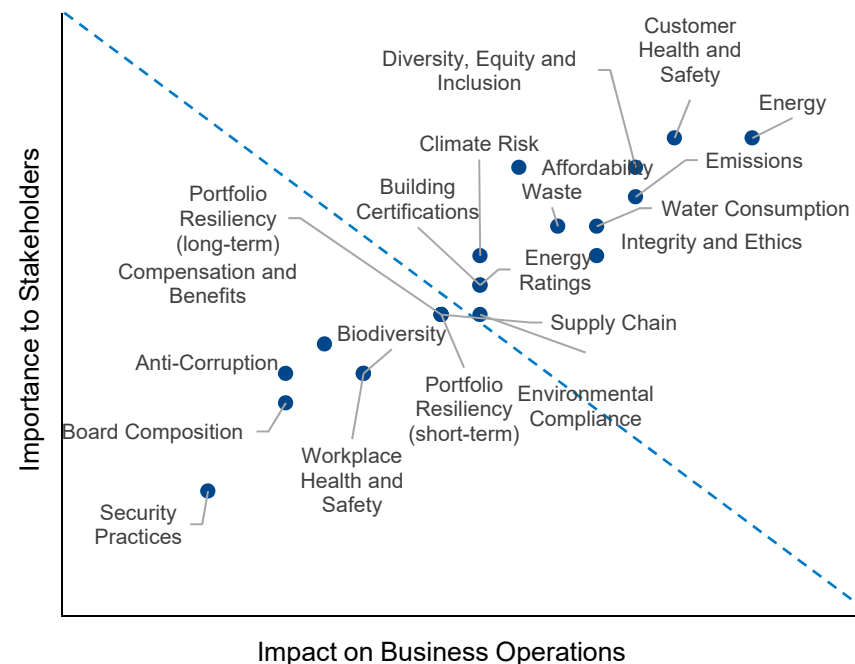
We interact with our third-party property managers on a daily basis but engage them on ESG factors on a monthly or quarterly on-site visit, during annual meetings, and in our property management agreements.

Materiality



It is our intent to regularly assess ESG factors to focus our ESG strategy and reporting methodology. We plan to expand our stakeholder engagement methods over the coming years and update our materiality assessment to ensure we are constantly making progress and reducing our negative impact.

Based on our engagement methods with various stakeholder groups and professional organizations, IRED has identified several material ESG topics which have been incorporated into our ESG strategy. The chart to the right is a graphical representation of the relationship between ESG topics that stakeholders consider important and our opinion about the impact the topic has on our business. The 10 topics with the greatest impact on our business are presented in detail throughout the remainder of this report.



Priority Topics

Environment

- Energy and Emissions
- Water Consumption
- Waste Generation
- Climate and Environmental Risk
- Building Certifications and Energy Ratings

Social

- Affordability
- Customer Health and Safety
- Diversity, Equity and Inclusion
- Community Engagement

Governance

- Integrity and Ethics

ESG Strategy

As a direct or controlling member of owned real estate assets, IRED acknowledges the importance of evaluating and implementing Environmental, Social, Governance (ESG), and health and well-being initiatives into each of the real estate assets and communities where we invest. Our primary responsibility is to maximize the financial return of our clients' investments, but we recognize there are direct and indirect environmental and social implications to decisions we make as an investment manager.

We are committed to fully integrating ESG Principles, whenever feasible and practical, across our real estate portfolios including but not limited to:

- Investment screening during due-diligence
- Investment decision-making and approval
- Asset management
- Property management, and
- Community Engagement

We believe by taking an active and disciplined approach we can successfully elevate our impact on environmental and social initiatives, while meeting and/or enhancing the needs of stakeholders while fulfilling our fiduciary responsibilities to each of our clients.

IRED's ESG Strategy is designed to treat ESG as a value creation driver and incorporates ESG risk considerations into our decision making. We employ several tactics to emphasize value creation with respect to ESG, such as, a focus on energy efficiency, environmental enhancements, quality of living upgrades, operating transparency, and sustainable asset growth.

ESG policies and procedures are discussed in more detail in the Environment, Social, and Governance sections of this report.

Environment



Energy and Emissions

According to the EPA, residential and non-residential commercial buildings consume 35% of all electricity consumed in the United States and generate 16% of all CO2 emissions. Also, on average, 30% of energy use in commercial real estate is wasted. We, along with our stakeholders, consider energy consumption as a material topic because of the negative environmental and financial impact that energy can have on the environment and success of our business.

Reducing energy use has been a pillar of IRED's repositioning strategy since inception. As a value-add investment manager it is important to focus on energy consumption because there is often an opportunity to improve the energy efficiency of investment properties thus, reducing negative material impacts. This has positive financial impacts to stakeholders and our business because it makes renting more affordable by lowering resident utility costs, reduces emissions, and can reduce operating expenses.

IRED's ESG policy incorporates guidelines for our acquisition team, property management teams and asset managers to support them in carrying out our ESG objectives. These guidelines cover procedures during the acquisition period, during asset management/property management and through the disposition of the asset. The team employs the following tactics to add value for investors with respect to energy.

- Implement efficiency measures through capital investments
- Energy Management Systems and Benchmarking
- Energy Procurement

During due diligence our acquisitions team performs the following practices before we obtain Investment Committee approval.

- Evaluate up to 24 months of energy, water, and waste utility bills and historical utility costs and compared to internal Key Performance Indicators.
- Engage a qualified Energy Auditor to conduct an Energy Audit identifying efficiency measures and opportunities.
- On qualified investments, finance properties via Fannie Mae or Freddie Mac's Green Bond Financing programs. This allows us to receive a lower interest rate by agreeing to make capital improvements which reduce the property's energy and water use by 30% or receive a lower interest rate in exchange for acquiring a property with a recognized green building certification.

Upon acquisition and on an on-going basis the assigned asset manager and third-party property management team will conduct the following:

- Develop capital renovation plan and incorporate accretive opportunities for energy efficiency improvements.
- Enroll the property in ENERGY STAR® Portfolio Manager® ("ESPM") to monitor energy use and establish reduction goals
- Engage third-party utility billing company to process electric, gas, trash, and water bills and to track utility usage and consumption data.
- Execute the value add repositioning strategy and oversee progress of efficiency measure projects.
- Procure energy supply contracts for properties in deregulated energy markets to secure fixed rate pricing contracts with at least 50% coming from renewable energy sources.

Energy and Emissions

Our strategy and approach includes the following tactics to appropriately address stakeholder concerns with respect to Energy and Emissions.

Efficiency Measures through Capital Investments

In 2019 we updated our ESG policy to require an energy audit on every potential investment during due diligence. This allows our team to better understand the energy efficiency of the property and to know where to implement efficiency measures. Energy audits were conducted in the past but they were coordinated by our property management companies. The data was not comparable across vendors so our team searched for qualified third party energy auditors to be engaged during due-diligence. Any accretive opportunities identified in the energy audit are included in the capital improvements.

Since multifamily properties are essentially homogeneous, energy capital improvements include: LED lighting retrofit, installation of energy star rated appliances and hot water heaters, HVAC equipment, lighting controls, smart thermostats and pool pump equipment.

When major repairs or replacements to building mechanical systems not included the capital program we conduct a cost benefit analysis of selecting energy efficient building components.

Energy Management Systems (EMS) and Benchmarking

We believe that “What gets measured gets managed”. We can spend all the money in the world; but, without measuring, how do we know that our investor’s money was well spent? Technology and data have been an important part of our ESG strategy. Through various channels we obtain data and integrate that data into Energy Management and Benchmarking software. This software allows our team to review energy usage and cost, set goals, monitor goal progress, report energy data, and compare our properties to similar in our portfolios or similar properties throughout the United States.

Some municipalities where we own properties have energy benchmark ordinances that require us to benchmark our property or report energy data. Failure to comply with these ordinances can lead to penalties so it is a priority for us to leverage this software to remain in compliance. At year end, IRED had 11 investments located in municipalities with an energy benchmark ordinance requiring annual disclosure of energy data. We were in compliance with these ordinances through the issuance of this report.

Goals

Energy and Emissions	Status
Reduce energy consumption by 5% of our 2019 levels	Energy use decreased 4.04% from 2019 levels.
Reduce greenhouse gas emissions by 5% of our 2019 levels	We have reduced our emissions by 1.45% in 2020.
Evaluate and implement low-cost efficiency measures	On-going
Obtain 50% of procured energy contracts providing energy from renewable sources by 2025	We achieved this goal in 2020
Monitor and set goals for 100% of properties in Energy Star Portfolio Manager	We created property profiles for each property in our portfolios in 2020.

Energy and Emissions

302-1 Energy consumption within the organization.

SASB CODE IF-RE-130A.2 (1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector

Fund	Key Metrics	2019	2020
Mesirow Financial Real Estate Value Fund II, L.P.	Fuel consumption from non-renewable sources (MWh)		
	Electricity	18,460.74	17,952.33
	Natural Gas	13,573.10	12,281.11
	Total	32,033.84	30,233.44
Mesirow Financial Real Estate Value Fund III, L.P.	Fuel consumption from non-renewable sources (MWh)		
	Electricity	7,524.46	10,645.80
	Natural Gas	5,892.20	5,757.86
	Total	13,416.66	16,403.66
Mesirow Financial Real Estate Value Fund IV, L.P.	Fuel consumption from non-renewable sources (MWh)		
	Electricity	-	34.40
	Natural Gas	-	0.09
	Total	-	34.49
Total of all portfolios	Fuel consumption from non-renewable sources (MWh)		
	Electricity	25,985.20	28,632.53
	Natural Gas	19,465.30	18,039.06
	Total	45,450.50	46,671.59

All amounts should be considered absolute values unless key metric identifies Like-for-like comparison.

Energy and Emissions

Fund	Key Metrics	2019	2020
Mesirow Financial Real Estate Value Fund II, L.P.	Total energy generated from renewable sources (MWh)	7,257.94	8,537.42
	302-4 Reduction (Increase) of energy consumption - 2019 baseline	-	5.62%
	305-1 Gross direct (Scope 1) GHG Emissions in metric tons of CO ₂ (Metric Tons) – 2019 baseline	2,321.35	2,090.43
	305-2 Gross indirect (Scope 2) GHG Emissions in metric tons of CO ₂ (Metric Tons) – 2019 baseline	9,714.62	9714.23
	305-5 Cumulative GHG Emissions reduction (increase) – 2019 baseline	-	1.92%
	Total	12,035.97	11,804.66
Mesirow Financial Real Estate Value Fund III, L.P.	Total energy generated from renewable sources (MWh)	4,141.56	5,702.92
	302-4 Reduction (Increase) of energy consumption - 2019 baseline	-	(22.26%)
	305-1 Gross direct (Scope 1) GHG Emissions in metric tons of CO ₂ (Metric Tons) – 2019 baseline	1,863.35	1,863.40
	305-2 Gross indirect (Scope 2) GHG Emissions in metric tons of CO ₂ (Metric Tons) – 2019 baseline	4,587.26	5,069.85
	305-5 Cumulative GHG Emissions reduction (increase) – 2019 baseline	-	(7.48%)
	Total	6,450.61	6,933.25
Mesirow Financial Real Estate Value Fund IV, L.P.	Total energy generated from renewable sources (MWh)	-	-
	302-4 Reduction (Increase) of energy consumption - 2019 baseline	-	-
	305-1 Gross direct (Scope 1) GHG Emissions in metric tons of CO ₂ (Metric Tons)	-	0.02
	305-2 Gross indirect (Scope 2) GHG Emissions in metric tons of CO ₂ (Metric Tons)	-	15.83
	305-5 Cumulative GHG Emissions reduction (increase) – 2019 baseline	-	-
	Total	-	15.85
Total of all portfolios	Total energy generated from renewable sources (MWh)	7,257.94	8,537.42
	302-4 Reduction (Increase) of energy consumption - 2019 baseline	-	(2.69%)
	305-1 Gross direct (Scope 1) GHG Emissions in metric tons of CO ₂ (Metric Tons) – 2019 baseline	4,184.70	3,953.85
	305-2 Gross indirect (Scope 2) GHG Emissions in metric tons of CO ₂ (Metric Tons) – 2019 baseline	14,301.88	14,799.91
	305-5 Cumulative GHG Emissions reduction (increase) – 2019 baseline	-	1.45%
	Total	18,486.58	18,753.76

All amounts should be considered absolute values unless key metric identifies like-for-like comparison.

Energy and Emissions

Fund	Key Metrics	2019	2020
Mesirow Financial Real Estate Value Fund II, L.P.	IF-RE-130A.1 Energy consumption data coverage as a percentage of total floor area, by property subsector	79.62%	79.62%
	IF-RE-130A.2 Percentage renewable, by property subsector	10.82%	10.18%
	IF-RE-130A.3 Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	-	2.32%
	IF-RE-130A.4 Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to Energy Star, by property subsector	0%	0%
Mesirow Financial Real Estate Value Fund III, L.P.	IF-RE-130A.1 Energy consumption data coverage as a percentage of total floor area, by property subsector	80.6%	80.6%
	IF-RE-130A.2 Percentage renewable, by property subsector	17.06%	20.82%
	IF-RE-130A.3 Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	-	9.63%
	IF-RE-130A.4 Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to Energy Star, by property subsector	0%	0%
Mesirow Financial Real Estate Value Fund IV, L.P.	IF-RE-130A.1 Energy consumption data coverage as a percentage of total floor area, by property subsector	-	-
	IF-RE-130A.2 Percentage renewable, by property subsector	-	-
	IF-RE-130A.3 Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	-	-
	IF-RE-130A.4 Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to Energy Star, by property subsector	0%	0%
Total of all portfolios	IF-RE-130A.1 Energy consumption data coverage as a percentage of total floor area, by property subsector	80.11%	80.11%
	IF-RE-130A.2 Percentage renewable, by property subsector	13.94%	15.50%
	IF-RE-130A.3 Like-for-like percentage decrease in energy consumption for the portfolio area with data coverage, by property subsector	-	4.04%
	IF-RE-130A.4 Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to Energy Star, by property subsector	0%	0%

All amounts should be considered absolute values unless key metric identifies Like-for-like comparison.

Water Consumption

The most important natural resource we have is water. With our properties totaling around 15,000 units, the amount consumed each year at our properties is significant. We consider it good practice to conserve water as much as possible, especially in regions with water scarcity concerns.

As with any expense we look to reduce water expenses as much as possible. We constantly evaluate opportunities for water savings. The on-site property management team is tasked with addressing water related repairs immediately and reviewing monthly water usage for cost or usage variances. We typically include water efficiency measures in our capital renovation program. IRED conducts monthly reviews of water usage and costs to identify negative variances and negative trends

Capital Improvements

IRED incorporates accretive water conservation measures such as low-flow toilets, faucets, faucet aerators, and showerheads into the capital renovation program when our water evaluation indicates the property has poor water efficiency..

Irrigation

We do not typically include irrigation systems in our capital renovation program unless there are major repairs needed. We do encourage our team to consider efficient replacement systems upon replacement or major repair that leverage technology to reduce the amount of water used in irrigation of landscaping. Also, a majority of our properties are landscaped with drought tolerant and plants native to the area which helps reduce the water needed.

Water Management and Benchmarking

Every property engages a third party utility company to process electric, gas, and water bills. This allows us to automate utility payments while collecting data needed to evaluate efficiency and to identify opportunities for improvement. Water data is upload into ESPM and we benchmark the water performance of our properties.

Water Consumption	Status
Reduce water consumption by 5% of our 2019 levels	Our LFL water consumption increased 9% in 2020

303-5 Water Consumption (m3)

IFRS-RE-140A.3 Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector

Fund	Key Metrics	2019	2020
Mesirow Financial Real Estate Value Fund II, L.P.	Absolute Water consumption (m3)	629,625	570,186
	Like-for-like % change	-	10% Increase
Mesirow Financial Real Estate Value Fund III, L.P.	Absolute Water consumption (m3)	321,022	628,371
	Like-for-like % change		6% Increase
Mesirow Financial Real Estate Value Fund IV, L.P.	Absolute Water consumption (m3)	-	431
	Like-for-like % change	-	-
Total of all Portfolios	Absolute Water consumption (m3)	950,647	1,198,988
	Like-for-like % change		26% Increase

Waste Generation

Multifamily properties are uniquely positioned as the only major property type where the individual as end-user of the space directly drives the amount of waste generation. Since waste generation at our properties is out of our control we seek to reduce waste generation as much as possible.

Our property management team is responsible for reviewing monthly waste removal invoices, assessing the waste removal schedule periodically and communicating with residents about waste performance. We are evaluating additional opportunities to divert waste from landfills by offering composting opportunities at our properties and a program coordinating the donation of bulk household goods.

Recycling

Every property in our portfolios has a single stream recycling program.

Valet Trash

A majority of our properties offer a valet trash pick-up service which aids in the diversion of recyclable waste from landfills.

Goals

Waste Generation	Status
Reduce waste generation by 5% of our 2019 levels	Our waste generation increased 0.08%

306-2 Waste by type and disposal method

Fund	Key Metrics	2019	2020
Mesirow Financial Real Estate Value Fund II, L.P.	Non-Hazardous Waste (Tons)	8,601.24	8,469.16
	Diversion Rate	34%	35%
Mesirow Financial Real Estate Value Fund III, L.P.	Non-Hazardous Waste (Tons)	8,316.44	8,461.32
	Diversion Rate	20%	22%
Mesirow Financial Real Estate Value Fund IV, L.P.	Non-Hazardous Waste (Tons)	-	8.34
	Diversion Rate	-	-
Total of all Portfolios	Non-Hazardous Waste (Tons)	16,917.68	16,930.48
	Diversion Rate	28%	28%

Climate and Environmental Risk

With a geographically diversified portfolio located in urban and suburban areas, there are a number of risks that can disrupt our operations, including potential physical risks from weather events as well as environmental risk factors impacting a property.

Our goal is to identify as many risks specific to a potential acquisition and establish a plan to mitigate the risks to an appropriate level given the return we expect to receive. All material risks and opportunities are communicated to the Investment Committee for consideration. Many of these risks are reviewed periodically throughout our ownership period in an effort to reduce impacts to our business. Our intent is to create a formal Risk Assessment process in line with industry standards and have regular schedule for risk assessments.

Due Diligence Screening

We conduct a rigorous due diligence process for all acquisitions and development properties, which includes a review of overall resilience against the expected impacts of climate change and other business continuity risks. Through this process, we consider several characteristics that increase resiliency and sustainability.

- We consider physical risks such as the potential for flooding, wildfires and environmental hazards
- We engage qualified third-parties to conduct Phase I Environmental Site Assessment on all new acquisitions
- A Professional Engineer reviews construction drawings on all new acquisitions to assess resiliency for extreme weather events such as hurricanes, earthquakes and flooding
- We conduct an energy audit on all new acquisitions to identify opportunities or inefficiencies that can impact the environment.

Flood zones

Some of our properties or portions of our properties are located in a 100-year flood zone. We manage flood related risks with appropriate levels of insurance. The total area of properties located in a 100-year flood zone in our portfolios is 939,875 square feet which represents less than 10% of our portfolio.

Insurance

We carry insurance for all of our operating properties and joint venture developments against weather events such as flood, fire, earthquake and other catastrophic weather events subject to deductibles.

Building Certifications and Energy Ratings

Building Certifications

Our overall strategy is to add value. One method of adding value is repositioning properties from inefficient to efficient throughout our ownership period. We target assets for disposition when we have executed our value-add strategy. It may take time to meet all requirements for certification. Given the cost of the most common rating schemes, we have not prioritized building certifications but we seek to align with a Green Building Certification standards in our development properties. There has been increasing focus on building certifications and many different options have become available. It is our intention to increase the number of properties with green building certifications and wellness certifications over the next few years. As we explore the various certification schemes we will set a specific target percentage for certifications.

Our portfolios currently have 5 building certifications through organizations such as LEED, Green Building Initiative, and National Green Building Council. The percentage of total multifamily square footage in our portfolio with a building certification is 14%.

Energy Ratings

In 2019, we began an initiative to enroll each of our properties in Energy Star Portfolio Manager benchmarking. Properties that can achieve an Energy Star rating of 75 or higher can apply for an Energy Star rating. Energy Star ratings signify the subject property is in the top 25% of similar properties also benchmarking whole building energy and water data. There are a number of factors that go into the score, one of which is whole building energy and water data is evaluated. A majority of our properties submeter electric and re-bill for water. Some municipalities can provide whole building data while others do not disclose tenant paid utilities. We are working with various vendors to find data collection solutions that are cost effective.

While we do not currently have properties with energy ratings but 23% of our total square footage meets the prerequisite score of a 75 for an energy rating. Our team is currently evaluating the properties that we feel could potentially achieve an Energy Star Rating.

Social



Supply Chain

IRED has over 290 years of collective investment experience however, that doesn't mean we know everything. When it comes to ESG we leverage qualified third-parties to assist us in carrying out our objectives.

The following third-party service providers are engaged on every potential acquisition during due-diligence. Before engagement we ensure the vendor is qualified for the scope of work being performed and they are licensed with appropriate levels of insurance before starting any projects with our organization.

- Energy Auditors
- Environmental Consultants for Phase I Environmental Site Assessments
- Professional Engineers for Physical Condition Assessments
- Building Certification Consultants for pursuing building certifications during due-diligence

The day-to-day operations of our properties are managed by a third-party property management company. Our properties' supply chain is not directly controlled by IRED. We select best-in-class third party managers and we expect them to select preferred vendors responsibly. We require all property management companies to adhere to all local, state, and federal laws which include workplace safety. We intend on developing a supply chain and materials policy for our properties in 2021.

Affordability

Residential commercial real estate is unique from all other forms of commercial real estate because shelter is a basic necessity. There are limited options we have for housing. People can buy a home or they can rent. Affordability is an important social factor because over time prices rise and if people cannot afford to own they have to rent. If rents become too expensive our society will suffer consequences that can take decades to correct.

Although our strategy is to reposition Class A and Class B market-rent luxury apartments, the success of our strategy is not dependent upon gentrifying portfolio properties. We evaluate whether the existing resident base can afford rents we expect to be able to achieve. However, we are in business to add value and to maximize our investors returns. It is our belief the rents we receive is compensation for the value residents receive. In 2020 we conducted an affordability analysis on our portfolios and found that the average household income at our properties was approximately \$87,000. Residents could afford to pay the average monthly rent 4 times each month.

Our approach to manage the impact of affordability to our stakeholders include screening during due-diligence, taking a research based approach when selecting markets and submarkets for potential investment, constant attention to market rents on a regular basis, and ensure compliance with affordability ordinances.

Resident Health and Wellbeing

Residents are one of the most important stakeholders we have. Without residents some of our other stakeholders wouldn't be able to achieve their objectives. Residents are impacted by decisions we make as real estate owners. We pride ourselves in the attention we give to residents in many aspects of our business to promote their health, wellbeing and safety.

Our strategy is to make value-added investments and repositioning Class A and Class B multifamily apartment communities. We add value in a multitude of ways but some examples are making capital improvements to amenities and apartment units and aligning operating standards to industry best practices.

Capital Improvements

Our capital renovation program is not a one-size fits all approach. A lot goes into the decision making on these capital investments. We have considerable experience working in tandem with capital project managers from our best-in-class property management companies. We've learned a few things over the course of our careers when it comes to what Residents want. We also hire award-winning interior designers on more intensive capital projects. Since the possibilities of capital improvement depend on the asset there is no standard model. Typical renovation programs include state of the art fitness centers, thoughtfully designed social spaces, outdoor green space, dog parks, co-working spaces, game rooms and uber rideshare lounges.

Indoor Environmental Quality

When people think of "environment" they typically think outside. We take precautions to ensure there are no indoor environmental concerns. Our property management companies deploy a thoughtful approach ensuring optimal indoor environmental quality. Every apartment community in our portfolios are 100% smoke-free. Our property management teams have operation manuals for mold and mildew prevention, an air filter replacement schedule, and appropriate storage for harmful chemicals. Residents have temperature and lighting control in 100% of our properties. Lastly, we encourage our property managers to use environmentally friendly cleaning products and low VOC paints.

Resident Health and Wellbeing

Safety during COVID-19

As the health concerns of COVID-19 became unmistakable, we quickly worked with our property managers to create an action plan to keep residents and the property management teams as safe as possible. Our properties remained open and we made every effort to determine which services were deemed “essential”. We continued our leasing efforts but transitioned to self-guided or virtual tours for prospective residents. We created cleaning regimens in line with CDC guidelines. Our team continued to travel with safety always being a consideration. Throughout 2020 our team was able to visit each property at least once, and we were successful in continuing our acquisitions efforts.

Promoting healthy lifestyles

We have a wide range tenant engagement programs that promote healthy living such as fitness events and healthy cooking classes.

Given the importance of resident health and wellbeing, we are constantly developing methods to improve. In 2021, we plan on evaluating our portfolio or individual properties for Fitwel certification. Fitwel® is a health and wellbeing standard that scores properties or portfolios on seven health impact categories.

Diversity, Equity, and Inclusion



We know that our **relevance**, and our **ability to serve clients**, depends on the dynamic evolution of a workplace that prizes **diverse thought and experience**.

Our six-point DEI commitment

- 1 | **Converse** We support **learning and open dialogue** through programming, events and mandatory training for managers and employees on issues such as unconscious bias, microaggressions and cross-cultural communications.
- 2 | **Diversify** We work to **increase the presence** of African-American and other professionals of color at all levels of our firm.
- 3 | **Engage** We engage as a **resource and advocate to underserved communities**, putting our resources to work – financial contributions, employee volunteering, mentoring and in-kind services.
- 4 | **Align** We align with organizations that **advance diversity in our industry**, including the Chicago Urban League, Chicago United and Financial Services Pipeline.
- 5 | **Champion** We continuously **diversify our suppliers and vendors** and champion organizations and initiatives driving positive change such as the Chicago United Five Forward.
- 6 | **Participate** We support **diversity & inclusion platforms** and initiatives within our industry and specific to our lines of business.

Mesirow Diversity, Equity and Inclusion Council

Our Diversity, Equity and Inclusion (DEI) Council partners with executive leadership, providing input and support on best practices while ensuring strategic alignment with the bottom line.



Leo Harmon, CFA, CAIA
Senior Managing Director, Chief
Investment Officer, Portfolio Manager
Equity Management
Chair | DEI Council
[view bio >](#)



Ben Blakney
President | Institutional Real Estate
Direct Investments
Co-chair | DEI Council
[view bio >](#)



Felicia Rauls
Director of Operations
Retirement Advisory Services
Co-chair | DEI Council
[view bio >](#)



Sarah Chodera
Chief Marketing Officer
Integrated Marketing and Communications
[view bio >](#)



Lester Coney
Executive Vice President
Office of the Chairman
[view bio >](#)



Carl H. Davis II
Head of Diversity, Equity and Inclusion
and Corporate Recruitment
Human Resources
[view bio >](#)



Eugene J. Duffy
Managing Director
Global Investment Management Distribution
[view bio >](#)



David Egan
Senior Managing Director,
Head of Human Resources
[view bio >](#)



Crystal General
Managing Director
Institutional Sales and Trading
[view bio >](#)



Gregg Lunceford, Ph.D, CFP®
Senior Vice President, Wealth Advisor
Wealth Management
[view bio >](#)



Lori Rodriguez Casey
Senior Vice President
Asset Management | Institutional
Real Estate Direct Investments
[view bio >](#)



Richard S. Price
Chairman and CEO
Mesirow
[view bio >](#)

We advance DEI across three priority areas



Our workforce



Our suppliers



Our industry

Our workforce



Employee Resource Groups (ERGs)

PeerConnect

PrideConnect

WomenConnect

ParentsConnect

- Through our ERGs, Mesirow champions awareness, respect and authenticity throughout all levels of the corporate family.
- We align ERG objectives with overall DEI strategy: talent acquisition, learning and development, and policies.



Work programs

- Create pathways for early career professionals through the Mesirow Rotational Analyst Program
- Provide broad access to businesses across Global Investment Management through six-month rotations over a two-year period
- Serve persons with disabilities through work and training that help individuals grow and thrive professionally while also making deep contributions to our firm and the community.



Programs, training and education

- Continuously assess workforce diversity, workplace inclusion and talent systems, and equity of policies and practices
- Collaborate with ERGs, external consultants and organizations to bring awareness and understanding on diversity topics

Our suppliers

Mesirow actively supports and follows Equal Opportunity Employment practices for advancing DEI, ensuring long-term partnerships with a diverse set of suppliers and vendors.

Our diverse network includes, among others:

- African, Latino and Asian Americans (MBE)
- Women (WBE)
- Veteran and service-disabled veteran (SDV)
- Lesbian, gay, bisexual and transgender (LGBT)
- Small businesses (SBE)

Case study: Chicago United

Mesirow has longstanding commitment to increasing the number of minority business enterprises of scale and to creating jobs in communities of color.

Our former Chairman and CEO Jim Tyree was a founding leader of the Five Forward Initiative at Chicago United and today, Mesirow remains a “Five Forward Committed Organization” with a pledge to do meaningful business with five local minority firms over five years.

Over the past year, as COVID-19 has challenged businesses of all sizes, Mesirow has engaged MBEs in the messenger, printing and general merchandise industries.

Our industry

To advance DEI in the financial services industry, we align with and support multiple leading organizations that are leading the way.

Chicago United

Drives economic parity for MBEs in the Chicagoland area

Our role: Active member and sponsor since 1998

Financial Services Pipeline

Increasing diversity and cultural competency in Chicago financial services

Our role: 2014 founding member

Business Leadership Council

Supports the growth of Black leaders and businesses from grassroots to the boardroom

Our role: Founding sponsor of Lead Pioneers Program

Women Investment Professionals

Empowers women in institutional community

Our role: Key partner in supporting women's professional development

National Association of Securities Professionals

Advocacy for minorities and women in financial services

Our role: Member / sponsor for 20+ years

CEO Action for Diversity & Inclusion

Largest CEO-driven commitment to workplace D&I

Our role: Became a pledge signatory in 2018

ALPFA

Country's first national Latino professional association

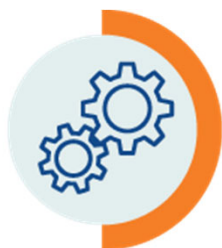
Our role: Corporate sponsor of executive leadership reception since 2018

Out in Finance

Uniting individuals across financial services to drive LGBTQ+ inclusion and equality

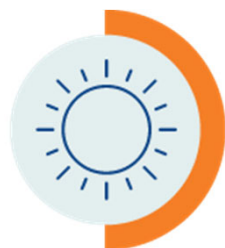
Our role: Original founding member

Programs and internships for young professionals



Investment Management Rotational Analyst Program

- Two-year program comprising four six-month rotations across alternative direct, multi-manager and traditional investment management
- Designed for financially-oriented undergraduate students
- Enables customized training, firmwide connections and critical leadership skill development



Summer Internship Program

- Each class comprises highly qualified college students who gain hands-on industry experience
- Program aligns with our commitment to build a diverse workforce
- Enables talented individuals to leverage their unique backgrounds, knowledge and ideas in driving optimal business solutions and tailored products



Cristo Rey Corporate Work Study Program (CWSP)

- Provides internships to high school students throughout the academic year
- Enables participants to fund nearly 70% of the cost of their college preparatory education while gaining work experience, career exploration, mentorship and networking
- Our interns often return year after year and through their college years



Global Youth Ambassadors Leadership Program

- A globally-immersive program for young women from Chicago and our global sister cities
- Participants engage with business and civic leaders, participating in advocacy and activism workshops and presentations
- Joint initiative of World Business Chicago, Chicago Sister Cities International and the University of Illinois at Chicago; Mesirow WomenConnect has served as a proud sponsor since 2018

Highlights and key initiatives

While our commitment to diversity, equity and inclusion is unconditional, we must always do more.

Recent highlights

- **Established Mesirow Six-Point Commitment** to Diversity, Equity and Inclusion
- **Increased representation of women** in 2020 intern class to 33% female and 50% underrepresented groups
- **Deepened representation** of African American executive leadership and professionals at all levels of the firm.
- Earned second consecutive score of 100 on the **2020 Human Rights Corporate Equality Index**, a national benchmarking tool on corporate policies, practices and benefits pertinent to lesbian, gay, bisexual, transgender and queer employees.
- **Increased outreach** to Historically Black Colleges and Universities (HBCUs) and Hispanic Serving Institutions (HSIs)

2021: Comprehensive DEI assessment

In partnership with a leading DEI professional services firm, Mesirow is engaging in a comprehensive DEI assessment.

- Scope will include our workforce (diversity) and workplace (inclusion) as well as our talent systems, policies, and practices (equity).
- The result of this partnership will be a DEI roadmap aligned with Mesirow's larger strategy and supported by specific implementation steps.

Community Engagement



Today's corporate leaders **raise their voices** for social good. Through **deep civic engagement** in Chicago and the global communities where our clients live and work, we spark positive, and lasting, change.

Areas of focus



Neighborhoods



Social justice



**Opportunity
and inclusion**

1 | Neighborhoods

We put our resources to work – financial contributions, employee volunteering, mentoring and in-kind services – to support vital initiatives in neighborhoods where we, and our clients, live and work.



Family services

More than 5K employee volunteer hours in our partner neighborhood of Brighton Park*

Long-term financial investment in Metropolitan Family Services, spanning five years to ensure success



Education

Funding, employee volunteerism, executive leadership engagement and in-office internship programs with:

- Chicago Public School's Children First Fund
- Chicago Scholars
- One Million Degrees
- Cristo Rey Work-Study Program



Financial literacy

50+ 8th graders introduced to investing concepts through our Big Shoulders Fund curriculum*

*Data as of 12.31.20.

Spotlight: Chicago area neighborhoods

Brighton Park Partnership

Facilitated by United Way, Mesirow has been invested in Brighton Park since 2013:

- More than 5,000 hours volunteered since 2013
- Youth art by Brighton Park students has adorned Mesirow's holiday cards since 2014
- Professional sculpture installed with Mesirow sponsorship at Esperanza Health Center in 2020
- Big Brothers Big Sisters programming has provided deeply engaged mentorships for 80 middle school students in Brighton Park
- Mesirow brings in new partnerships in financial literacy, performing arts, civics studies, youth advocacy and more, through organizations like Urban Gateways and Big Shoulders Fund

Metropolitan Family Services

Through event support, funding, employee engagement and executive leadership, Mesirow supports MFS' work to assist more than 93,000 families and individuals annually in Chicago and its surrounding suburbs.

Chicago Scholars

One Million Degrees

Through event support, funding, volunteerism and executive leadership, Mesirow engages with these organizations as they advance college access, community college progress and career pathways to economic mobility.

COVID-19 Related Assistance

We support organizations addressing urgent needs in food security, the acute needs of small businesses, and comprehensive needs of families across Chicago and the suburbs.

- Chicago Public Schools Foundation Compassion Fund
- Metropolitan Family Services
- Feeding America and its local affiliates
- Accion Illinois
- Families in Brighton Park
- YWCA of Metropolitan Chicago
- Center on Halsted

2 | Social justice

As a firm, and as individuals, we stand for equal economic, political and social rights and opportunities, and we work together across our firm advance a more peaceful and just society.



Tolerance

Deep executive engagement:

- U.S. and Illinois Holocaust Museums and Education Centers
- Anti Defamation League
- 2020 CEO op-ed in Chicago Tribune against the rise in hateful rhetoric



Gun safety and education

Founding Corporate Impact Partner of **Giffords**, an organization formed in 2013 by former Congresswoman Gabrielle Giffords to fight the gun violence epidemic.



Racial equality

New strategic partnerships established in 2020:

- Link Unlimited
- Greenwood Project
- YWCA
- Juvenile Protective Agency
- Business Leadership Council

*Data as of 12.31.20.

3 | Opportunity and inclusion

We serve persons with disabilities through work and training, empowering individuals to grow and thrive professionally as they make deep contributions to our firm and the community.



Actively promoting inclusion for people with disabilities

In partnership with **Anixter Center**, we deliver two unique programs:

- The Mesirow Opportunity & Inclusion Program: full-time employment
 - 25 professionals served through tailored roles
- 10-week Job Training Program geared towards successful future employment.
 - 75% of graduates have secured and maintained employment.*

Through executive leadership, event support and funding, Mesirow has helped **The Nora Project** bring school-aged children of all abilities together, teaching empathy, demystifying disability and **promoting inclusive beliefs and practices** in school and beyond.

*Data as of 12.31.20.

Highlights and 2021 initiatives

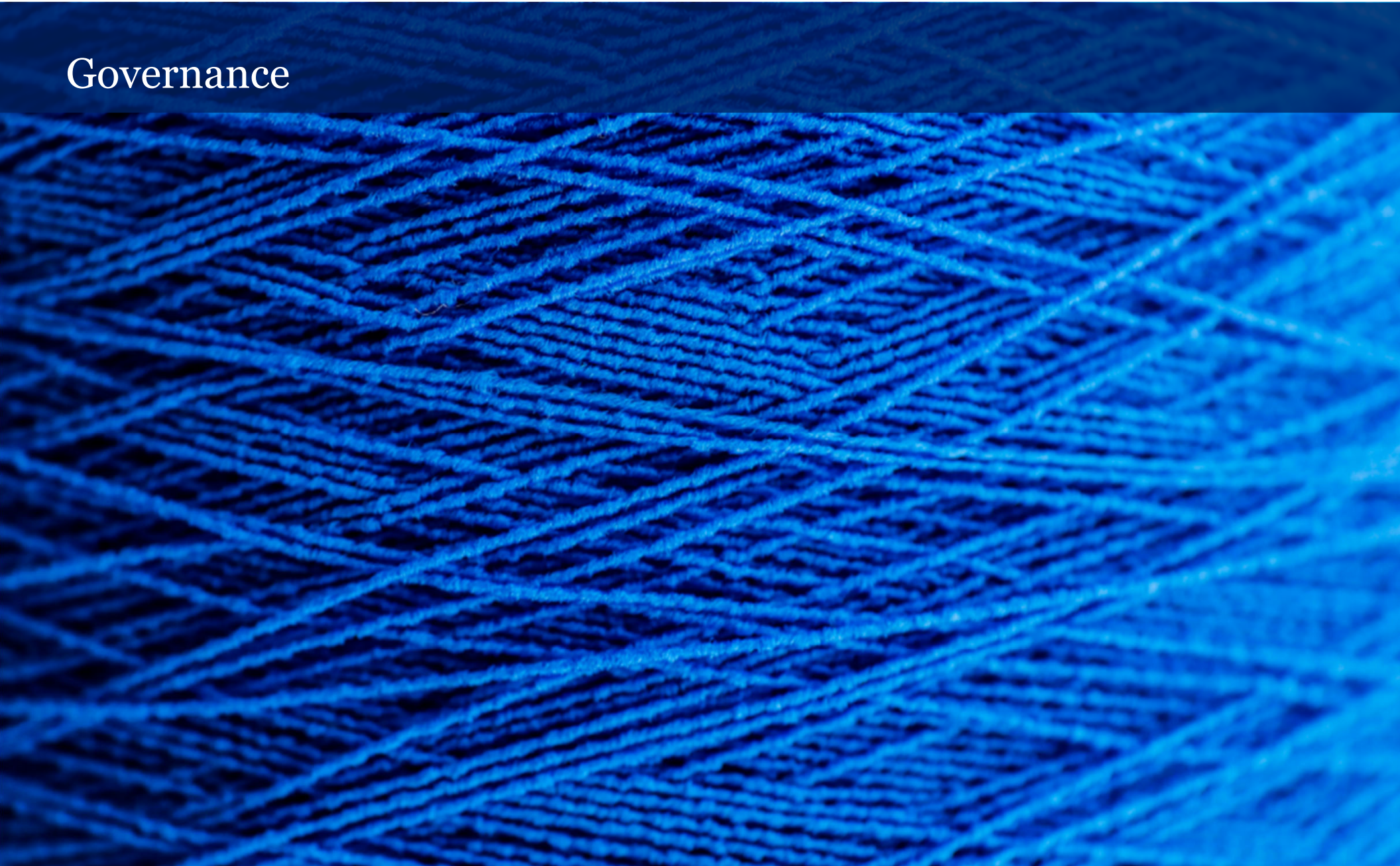
Recent highlights

- During the first six months of the **COVID-19 pandemic**, Mesirow offered a corporate match of employee donations to support organizations addressing urgent needs in food security, the acute needs of small businesses, and comprehensive needs of families across Chicagoland
 - This included support of women- and LGBTQ-focused organizations meeting their clients' unique needs
- Became a Founding Member of the **Giffords Impact Network** in the fight against gun violence.
- Pivoted long-standing sports partnerships into community engagement opportunities, including **Chicago Blackhawks (NHL) Get Out And Learn (G.O.A.L.) Program** serving under-resourced youth and **Chicago SKY (WNBA) Beyond Basketball** WBE/MBE business pitch competition.
- Supported **Chicago Sculpture Exhibit's** mission is to bring art to neighborhoods through installation of temporary large-scale public art; sponsored "Wave Runners" by Pamela Reithmeier, installed in our partner neighborhood of Brighton Park

2021 key initiatives

- Continue to deepen the integration of Mesirow's Community Engagement and DEI initiatives through strategic nonprofit partnerships serving marginalized communities, as well as employee engagement through education and volunteerism. Partners include:
 - Business Leadership Council/inaugural Lead Partner Pioneer
 - Link Unlimited Scholars cohort sponsor
 - YWCA of Metropolitan Chicago/Racial Justice League
 - Greenwood Project
 - Juvenile Protective Agency
- Launch of new partnership with Link Unlimited Scholars, including working with other corporations to underwrite a new cohort of African American students to receive college and career guidance through deep-rooted, long-term mentorship pairs with our employees.

Governance



Governance Structure

Mesirow is an independent and employee owned financial services firm. Mesirow has a strong corporate governance structure ensuring the highest level of integrity in business units across our company.

Board of Directors

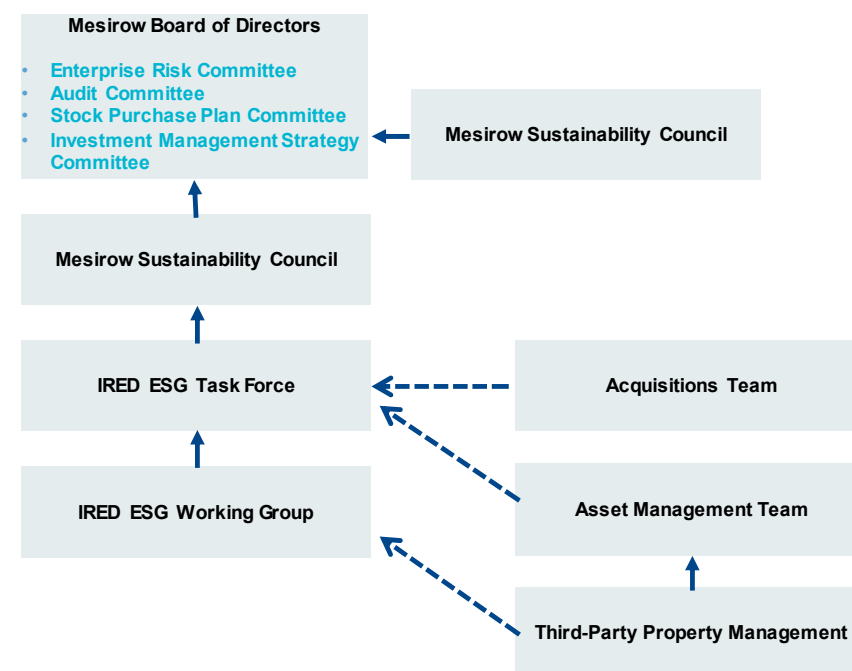
Our Board of Directors, chaired by Richard Price, is comprised of 12 business leaders at Mesirow including the CEO of IRED, Alasdair Cripps. The Board's committees include a Enterprise Risk, Stock Purchase Plan, Investment Management Strategy Committee and Audit Committees. The Chairman and board members are nominated and elected by voting common stockholders.

Mesirow Sustainability Council

The Sustainability Council is comprised of a diverse set of senior leaders from across the firm. The Council is accountable to the Board of Directors with at least one Board member acting in dual capacity as a member of both groups to ensure integration and alignment. The Council sets and reviews goals annually.

IRED ESG Task Force

Our ESG Task Force includes eight (8) members of our investment team each specializing in a key function of our platform, including the CEO, Alasdair Cripps. The Task Force is responsible for identifying and managing ESG impacts and periodically reviews ESG topics as they pertain to our business operations.



- > Denotes cross-functional cooperation to achieve IRED ESG objectives
- > Denotes accountability to corresponding entity with respect to ESG matters

ESG Task Force

In 2019, we created an ESG Task Force with key team members and representation from our third-party ESG/GRESB Consultant. The team meets quarterly to discuss progress on key initiatives, ESG trends, and ESG Team training.



Alasdair Cripps
Chief Executive Officer and Co-Chief Investment Officer



Kevin Price
Managing Director and Head of Asset Management



Benjamin Blakney
President



Lori Rodriguez Casey
Senior Vice President of Asset Management



John Pierson
Chief Financial Officer



Jon Youhanaie
Vice President of Acquisitions & Finance and Head of ESG Task Force



Mike Grippi
Managing Director and Head of Acquisitions



Carlos Covarrubias
Associate

Mesirow Sustainability Council

Comprising a diverse set of senior leaders from across the firm, the Council is accountable to the Board of Directors, with at least one Board member acting in dual capacity as a member of both groups to ensure integration and alignment. The Council sets and reviews goals annually.



Michael Budd, FSA Credential Holder
Managing Director, Portfolio Manager
Analytic Fixed Income
Co-chair | Sustainability Council
[view bio >](#)



Renee M. Schreiber
Senior Managing Director, Head of Enterprise Risk Management,
Deputy General Counsel | Legal & Compliance
Co-chair | Sustainability Council
[view bio >](#)



Alasdair Cripps
Chief Executive Officer, Co-Chief Investment Officer
Institutional Real Estate Direct Investments
[view bio >](#)



Leo Harmon, CFA, CAIA
Senior Managing Director, Chief Investment Officer,
Portfolio Manager
Equity Management
[view bio >](#)



Kristina M. Pierce, CFA
Managing Director
Private Equity
[view bio >](#)



Steven N. Mesirow, CFP®, CFS™
Senior Managing Director, Wealth Advisor
Wealth Management
[view bio >](#)



Servia Rindfleish, CFA
Senior Vice President
Global Investment Management Distribution
[view bio >](#)

Integrity and Ethics

We believe that if you're going to do something, do it right. To us, that includes doing the right thing. We value the trust investors place in us and we believe integrity, honesty, and transparency are critical to the success of our business outcomes. It is the policy of Mesirow that all employees should adhere to the highest ethical, business, and legal standards in the conduct of their business and in their dealings with business contacts.

We have established a set of regulations to provide guidance of the legal and ethical guidelines that employees are expected to follow. Every employee, without exception, is expected to become familiar with the Code of Ethics, adhere to the Code and report any violations. The Code of Ethics falls under the Mesirow Investment Advisory Compliance Manual. Upon being hired at Mesirow, all employees must acknowledge that they have received and read a copy of the Manual and must also undergo periodic training. On an annual basis, all employees must confirm that they understand the requirements of the Compliance Manual. Additionally, employees must acknowledge that they will abide by the Mesirow Code of Ethics, Insider Trading Policy, and the Anti-Money Laundering Policy. Further, Mesirow has designated a Chief Compliance Officer to administer implementation of the policies and procedures within the compliance program.

Code of Conduct Policies

- Personal securities transactions
- Insider trading
- Political Contributions
- Anti-money laundering
- Whistleblower
- Confidentiality
- Gifts and Entertainment
- Customer complaints
- Records retention

Annual Training for All Employees

- Anti-money laundering
- Anti-Harassment
- Ethics

Key Employment Policies:

- Equal Employment Opportunity
- Anti-Harassment and Anti-Bullying
- Workplace Violence
- Drug-Free Workplace
- Internet and Information Policies
- Proxy Voting

GRI Content Index

GRI Standard	Description	Report Location or Answer
General Disclosures		
Organizational Profile		
102-1	Name	Company Profile
102-2	Activities Brands, Products, and Services	Company Profile
102-3	Location of Headquarters	Company Profile
102-4	Locations of operations	Company Profile
102-5	Ownership and legal form	Company Profile
102-6	Markets Served	Company Profile
102-7	Scale of the organization	Company Profile
102-8	Info on employees and other workers	Company Profile
102-9	Supply Chain	Service Providers
102-10	Significant changes to organization and supply chain	Reporting
102-11	Whether and how the org applies Precautionary Principle	IREC does not apply the Precautionary Principle
102-12	External initiatives	Company Profile
102-13	Membership of associations	Company Profile
Strategy		
102-14	Statement from senior-decision maker	To our stakeholders
102-15	Key impacts, risks, and opportunities	ESG Strategy

GRI Content Index

GRI Standard	Description	Report Location or Answer
General Disclosures		
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Governance; Business Ethics
102-17	Mechanisms for advice and concerns about ethics	Governance; Business Ethics
Governance		
102-18	The reporting organization shall report the following: Governance structure of organization, including committees of the highest governance body; committees responsible for decision-making on economic, environmental, and social topics	Governance
102-19	Delegating authority	The Firm delegates authority for each business unit to develop ESG policies when practical
102-20	Executive level responsibility for economic, environmental, and social topics	Governance
102-21	Consulting stakeholders on economic environmental and social topics	Governance
102-22	Composition of the highest governance body and its committees	Governance
102-23	Chair of the highest governing body	Governance
102-24	Nominating and selecting the highest governance body	Governance
102-25	Conflicts of interest	None.
102-26	Role of highest governance body in setting purpose, values, and strategy	Governance
102-27	Collective knowledge of highest governance body	Governance
102-28	Evaluating the highest governance body's performance	Governance
102-29	Identifying and managing economic, environmental, and social impacts	Governance
102-30	Effectiveness of risk management process	Governance
102-31	Review of economic, environmental, and social topics	Governance
102-32	Highest Governance Body's role in sustainability reporting	Governance

GRI Content Index

GRI Standard	Description	Report Location or Answer
General Disclosures		
Governance (continued)		
102-33	Communicating critical concerns	Governance
102-34	Nature and total number of critical concerns	None reported to IRED
102-35	Remuneration policies	Not reported. This metric is not currently available for disclosure.
102-36	Process for determining remuneration	Not reported. This metric is not currently available for disclosure.
102-37	Stakeholders' involvement in remuneration	Not reported. This metric is not currently available for disclosure.
102-38	Annual total compensation ratio	Not reported. This metric is not currently available for disclosure.
102-39	Percentage increase in annual total compensation ratio	Not reported. This metric is not currently available for disclosure.
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholders
102-41	Collective bargaining agreements	Not applicable
102-42	Identifying and selecting stakeholders	Stakeholders
102-43	Approach to stakeholder engagement	Stakeholders
102-44	Key topics and concerns raised	Materiality
Reporting Practice		
102-45	Entities included in the consolidated financial statements	
102-46	Defining report content and topic boundaries	Materiality
102-47	List of material topics	Materiality
102-48	Restatements of information	None
102-49	Changes in reporting	This report is IRED's first ESG Report
102-50	Reporting Period	CY 2020 with CY 2019 comparison on select information

GRI Content Index

GRI Standard	Description	Report Location or Answer
General Disclosures		
Reporting Practice (continued)		
102-51	Date of most recent report	June 30, 2020
102-52	Reporting cycle	Reporting
102-53	Contact point for questions regarding the report	Jon Youhanaie -VP of Acquisitions and Finance and Head of ESG Task Force Jon.Youhanaie@Mesirow.com
102-54	Claims of reporting in accordance with GRI Standards	Reporting
102-55	GRI Content Index	This document
Topic Disclosures		
Energy		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Environment; Energy and Emissions Boundary – Internal; All operating properties External; residents, investors, local community
	103-2 The management approach and its components	Environment; Energy and Emissions
	103-3 Evaluation of the management approach	Environment; Energy and Emissions
302-1	Energy consumption within the organization	Environment; Energy and Emissions
302-2	Energy consumption outside of the organization	Not applicable
302-4	Reduction of energy consumption	Environment; Energy and Emissions

GRI Content Index

GRI Standard	Description	Report Location or Answer
Topic Disclosures		
Water		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Environment; Water Consumption Boundary – Internal; All operating properties External; residents, investors, local community
	103-2 The management approach and its components	Environment; Water Consumption
	103-3 Evaluation of the management approach	Environment; Water Consumption
303-5	Water Consumption	Environment; Water Consumption
Emissions		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Environment; Energy and Emissions Boundary – Internal; All operating properties External; residents, investors, local community
	103-2 The management approach and its components	Environment; Energy and Emissions
	103-3 Evaluation of the management approach	Environment; Energy and Emissions
305-1	Direct (Scope 1) GHG Emissions	Environment; Energy and Emissions
305-2	Indirect (Scope 2) GHG Emissions	Environment; Energy and Emissions
305-5	Reduction of GHG Emissions	Environment; Energy and Emissions

GRI Content Index

GRI Standard	Description	Report Location or Answer
Topic Disclosures		
Waste		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Environment; Waste Boundary – Internal; All operating properties External; residents, investors, local community
	103-2 The management approach and its components	Environment; Waste
	103-3 Evaluation of the management approach	Environment; Waste
306-2	Waste by type and disposal method	Environment; Waste
Customer Health and Safety		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Environment; Waste Boundary – Internal; All operating properties External; residents
	103-2 The management approach and its components	Environment; Waste
	103-3 Evaluation of the management approach	Environment; Waste
416-1	Assessment of the health and safety impacts of product and service categories	Social; Resident Health and Wellbeing
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None reported to IRED

SASB Content Index

GRI Standard	Description	Report Location or Answer
Accounting Metric		
Energy Management		
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	Environment; Energy and Emissions
IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	Environment; Energy and Emissions
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property sector	Environment; Energy and Emissions
IF-RE-130a.4	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Building Certifications and Energy Ratings
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Environment; Energy and Emissions
Water Management		
IF-RE-140a.1	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Environment; Water Consumption
IF-RE-140a.1	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	Environment; Water Consumption
IF-RE-140a.1	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Environment; Water Consumption
IF-RE-140a.1	Description of water management risks and discussion of strategies and practices to mitigate those risks	Environment; Water Consumption

SASB Content Index

GRI Standard	Description	Report Location or Answer
Accounting Metric		
Management of Tenant Sustainability Impacts		
IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area, by property subsector	Not applicable to multifamily investment properties
IF-RE-410a.2	Percentage of tenants that are separately metered or sub metered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	100% of tenants are sub metered for grid electricity consumption. 100% of properties aggregate water withdrawals and rebill to tenants based on an approved Ratio Utility Billing System (RUBS).
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Not applicable to multifamily investment properties
Climate Change Adaptation		
IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Climate and Environmental Risk
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Climate and Environmental Risk
Activity Metric		
IF-RE-000.A	Number of assets, by property subsector	About Institutional Real Estate Direct Investments
IF-RE-000.B	Leasable floor area, by property subsector	About Institutional Real Estate Direct Investments
IF-RE-000.C	Percentage of indirectly managed assets, by property subsector	None
IF-RE-000.D	Average occupancy rate, by property subsector	About Institutional Real Estate Direct Investments



GLOBAL INVESTMENT MANAGEMENT

CAPITAL MARKETS & INVESTMENT BANKING

ADVISORY SERVICES

Mesirow refers to Mesirow Financial Holdings, Inc. and its divisions, subsidiaries and affiliates. The Mesirow name and logo are registered service marks of Mesirow Financial Holdings, Inc. © 2021. All rights reserved. Nothing contained herein constitutes an offer to sell or a solicitation of an offer to buy an interest in any Mesirow investment vehicle. Any offer can be made only through the appropriate Offering Memorandum to Qualified or "accredited" investors. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. Any opinions expressed are subject to change without notice. It should not be assumed that any recommendations incorporated herein will be profitable or will equal past performance. Mesirow Financial Investment Management, Inc. and its affiliated companies and/or individuals may, from time to time, own, have long or short positions in, or options on, or act as a market maker in, any securities discussed herein and may also perform financial advisory or investment banking services for those companies. Mesirow does not provide tax or legal advice. Investment management and advisory services offered through Mesirow Financial Investment Management, Inc. and Mesirow Financial Private Equity Advisors, Inc., all SEC-registered investment advisors. Insurance services offered through Alliant Mesirow Insurance Services. Mesirow maintains a financial interest in and strategic relationship with Alliant Mesirow Insurance. Compensation and executive benefit strategies provided by Mesirow Financial, Inc. Securities offered through Mesirow Financial, Inc., member FINRA, SIPC. Additional services offered through Mesirow Realty Services, Inc., Mesirow Real Estate Investments, Inc., Mesirow Realty Sale-Leaseback, Inc., Mesirow Financial Services, Inc., Mesirow Financial Hong Kong, Limited, Mesirow Financial International UK Limited. Mesirow Financial International UK, Limited is authorized and regulated by the Financial Conduct Authority.