

MESIROW INSTITUTIONAL REAL ESTATE DIRECT INVESTMENTS



# 2024 ESG Report



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## To our Stakeholders

We are pleased to present our annual **Mesirow Institutional Real Estate Direct Investments 2024 ESG Report** for calendar years 2024 and 2023.

Environmental, social and governance (ESG) remains a fundamental driver influencing every investment decision we have made since the founding of our real estate platform, 17 years ago. From the start, our primary responsibility has been maximizing investor returns, and we are committed to adding value by addressing ESG risks and opportunities throughout the term of our ownership of multifamily assets.

We believe our pursuit of superior risk-adjusted returns and the optimization of ESG outcomes are complimentary objectives. “ESG is a powerful value creation discipline within our sector-focused apartment strategy,” says Ben Blakney, President Mesirow Institutional Real Estate Direct Investments. “ESG initiatives align shareholder and stakeholder interests, strengthen the competitive positioning of portfolio properties for our investors and enhance the quality of life for our residents.”

As ESG investing continues to evolve, we will continue to advance ESG initiatives within the longer-term management of our real estate portfolios. This report highlights our 2023 accomplishments, initiatives we are undertaking in 2024 and ESG disclosures. We are pleased with the progress we’ve made and look forward to pursuing future sustainability initiatives on behalf of our residents, investors, employees and local communities.



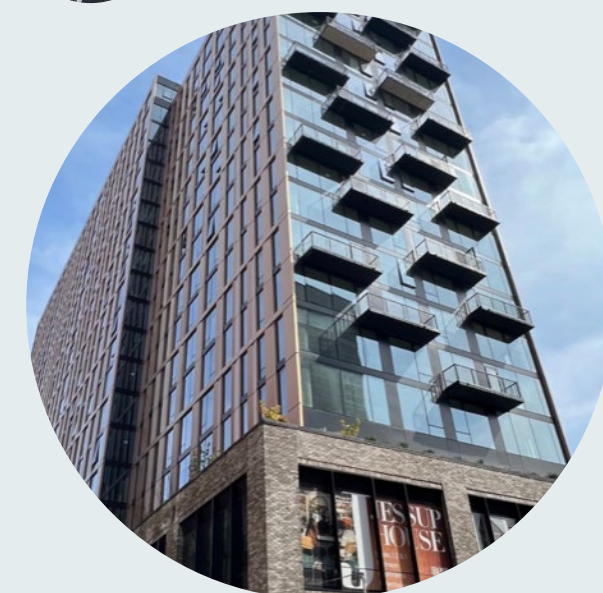
**Alasdair Cripps**  
Chief Executive Officer and Chief  
Investment Officer



**Ben Blakney**  
President



**Jon Youhanaie**  
Vice President of Finance and  
Head of ESG



# Highlights and Initiatives



## 2023 Highlights

- Portfolios achieved significant GRESB score increases
  - Fund II: GRESB Green 3-star Rating; overall score 80
  - Fund III: GRESB Green 3-star Rating; overall score 78
  - Fund IV: GRESB Green 3-star Rating; overall score 78
- Acquired two investment properties with green building certifications
- 6 operating properties achieved an Energy Star ratings with an average Energy Star score of 93
- All properties in deregulated energy markets have fixed-pricing contracts and provide for at least 50% of supplied energy coming from renewable sources

## 2024 Key Initiatives

- Pursue energy rating and building certifications opportunities
- Expand energy data coverage and optimize data coverage
- Expand resources dedicated to ESG and coverage of assets impacted by ESG integration
- Increase ESG engagement with Stakeholders
- Increase community engagement efforts
- Update to ESG Policy, Targets, and Goals

1. The Global Real Estate Sustainability Benchmark (GRESB) provides transparency and consistency for related standards and reporting. The GRESB Rating is based on the GRESB Score and its quintile position relative to all participants in the GRESB Assessment, with annual calibration of the model. If the entity is placed in the top quintile, it will be a GRESB 5 Star rated entity; if it ranks in the bottom quintile, it will be a GRESB 1 Star rated entity, etc. As the GRESB Rating is calculated relative to the global performance of reporting entities, it shows you exactly where you stand on a global scale. GRESB 5 Stars is the highest rating and recognition for being an industry leader. Each year, 20% of entities receive a GRESB 5 Star rating.

# About Mesirow

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

- Global headquarters in Chicago with offices worldwide; 506 employees
- \$278.2B in total assets under supervision<sup>1</sup>
  - \$162.9 billion in non-securities currency assets under management
  - \$62.5 billion in assets under advisement
  - \$52.6 billion in regulatory assets under management (i.e., securities)
- Strong balance sheet with \$367M in capital<sup>2</sup> and no debt
- 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

## DIVERSIFIED INVESTMENT STRATEGIES

customized by specialist teams

**\$15.5B** in institutional assets  
under management<sup>3</sup>

## CORPORATE RESPONSIBILITY

reflects our clients' values

**93K** families served through  
community partner Metropolitan  
Family Services

As of 3.31.2024 unless otherwise noted. | 1. "Assets under supervision" includes regulatory assets under management; assets under advisement; and non-securities currency assets under management. For these purposes: (1) regulatory assets under management ("RAUM") is calculated in accordance with Instruction 5A of Form ADV and includes all assets of securities portfolios (both discretionary and non-discretionary). (2) Some assets under advisement ("AUA") are on a 45-to-90-day lag due to time needed to confirm away assets. (3) Currency assets under management includes AUM associated with (i) active and passive currency risk management products \$160.32 billion, (ii) non-fx overlay strategies such as equitization and beta overlays \$785.90 million, and (iii) alpha strategies \$1.86 billion. In all such cases, AUM is calculated based on notional value of currency investments. Additionally, AUM for alpha strategies is adjusted because clients can select a volatility target (generally between 2% and 12% annualized), which is normalized to 2% in order to create a consistent depiction of alpha strategy AUM. This results in a "scaled" AUM, which is higher than the actual aggregate notional value of all alpha strategy portfolios if clients have selected a volatility target higher than 2%. As of 3.31.2024, the "unscaled" AUM for alpha strategies was \$448.81 million. | 2. As of 3.31.2023 (updated annually in June). 3. Private Equity assets under management are as of 9.30.2023 and are calculated by adding uncalled commitments and net asset value as of a period end. The most recent data is preliminary and estimated. Real Estate assets under management are as of 12.31.2023 and include regulatory assets under management (gross asset value plus unfunded commitments).

# About Institutional Real Estate Direct Investments

**Institutional Real Estate Direct Investments (“IREDD”) 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 nationwide; 21 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

**34**

Number of Properties

**~9.4M**

Rentable Square Feet

**93.3%**

Average Occupancy at 12/31/23

## EXPERIENCED TEAM

**290+** Years of collective investment experience

## TRACK RECORD OF SUCCESS

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

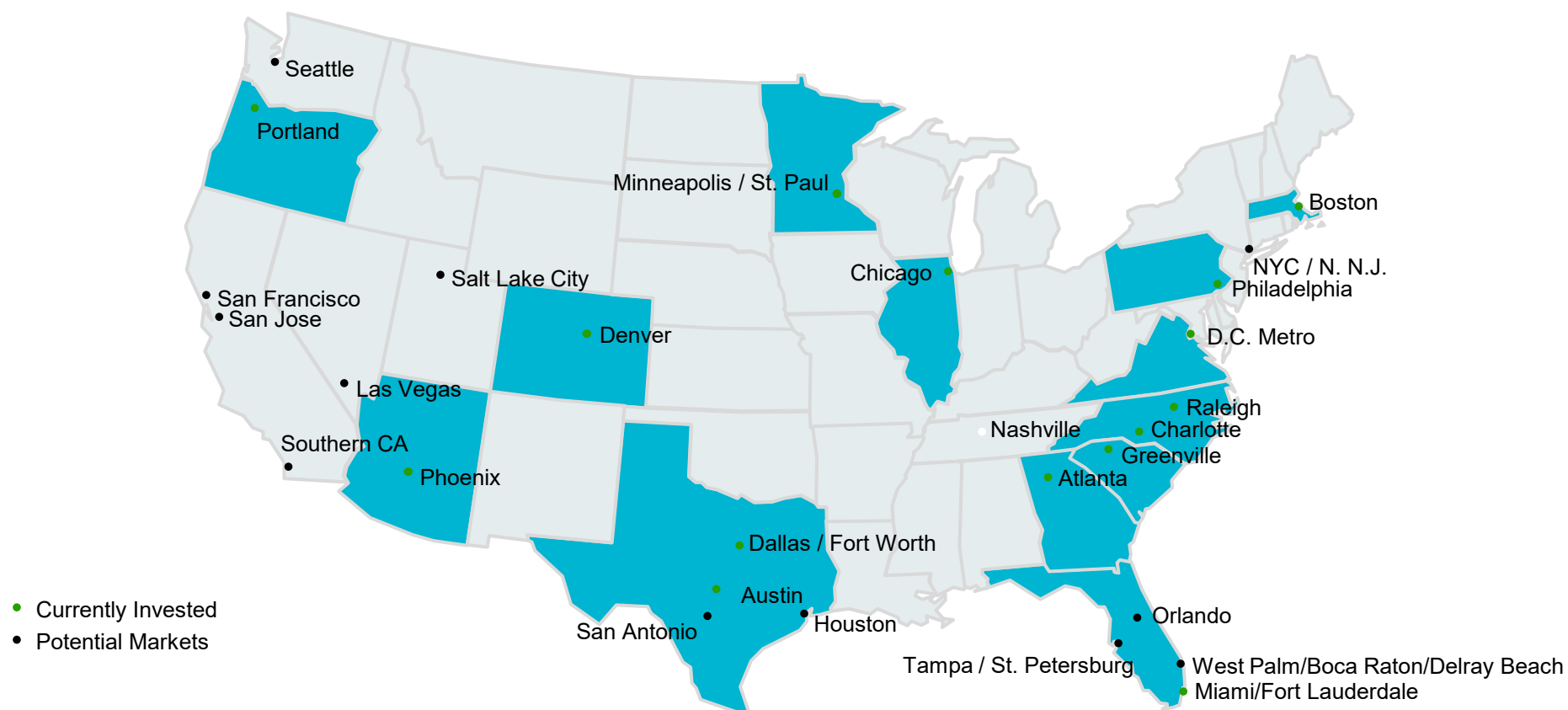
## CORPORATE RESPONSIBILITY

Diversity reflects our clients' values

**38%** Diverse professionals

**38%** Female professionals

# Investment Market Locations



As of 6.30.2024



# Reporting

The purpose of this report is to provide information related to ESG performance indicators relating to Mesirow Institutional Real Estate Direct Investments (IRED).

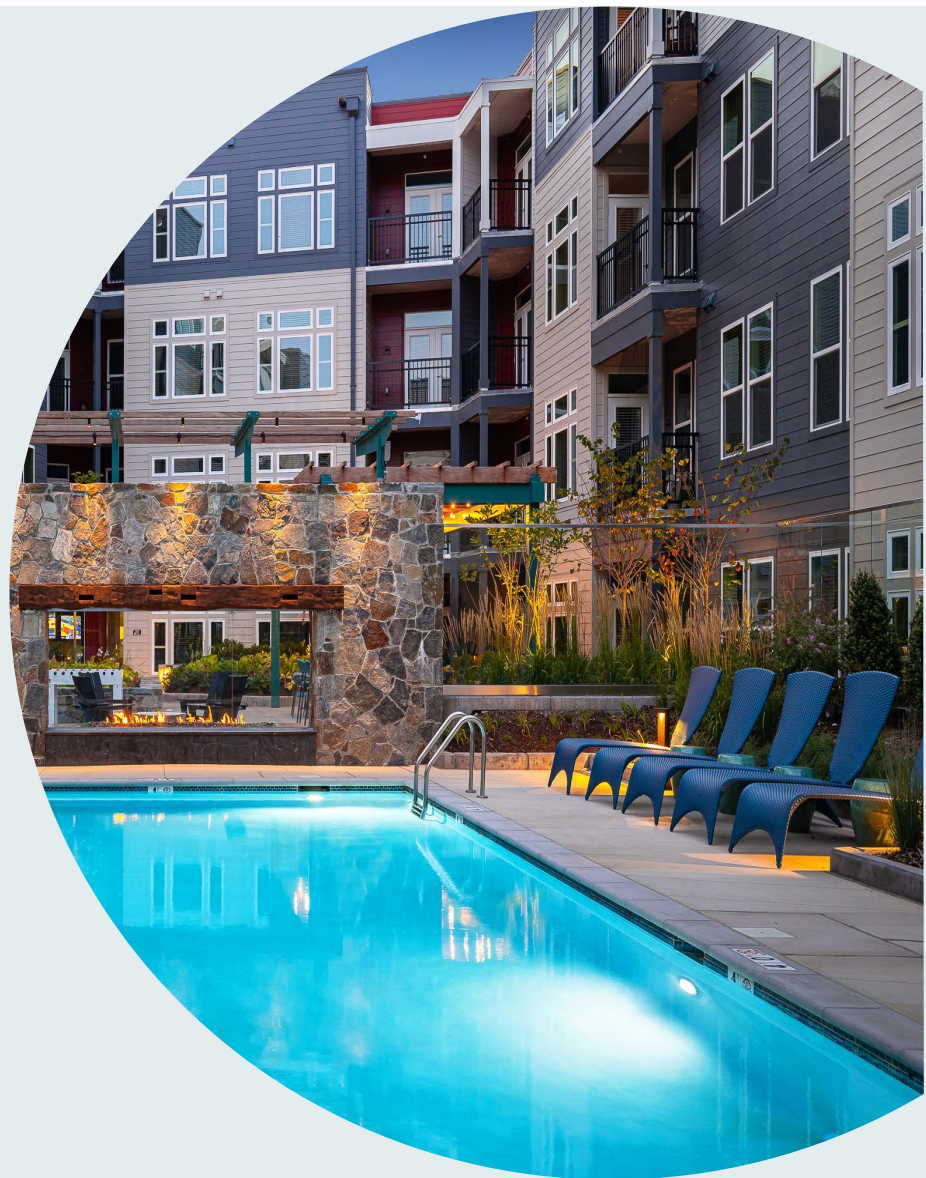
Given the nature of our organization, there is some overlap in the Firm's ESG strategy particularly in Social and Governance topics. The Mesirow ESG policies that directly relate to IRED will be discussed in this report. This report was prepared in accordance with Global Reporting Initiative (GRI) standards. 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 2024 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 explores ESG impacts throughout CY 2023 with a comparison of asset performance to CY 2022.

**Questions regarding this report may be submitted to Jon Youhanaie, Head of ESG at [jon.youhanaie@mesirov.com](mailto:jon.youhanaie@mesirov.com)**





## External Initiatives and Industry Memberships



# Stakeholders

We have deepened our understanding of stakeholders' views and priorities through various engagement methods 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

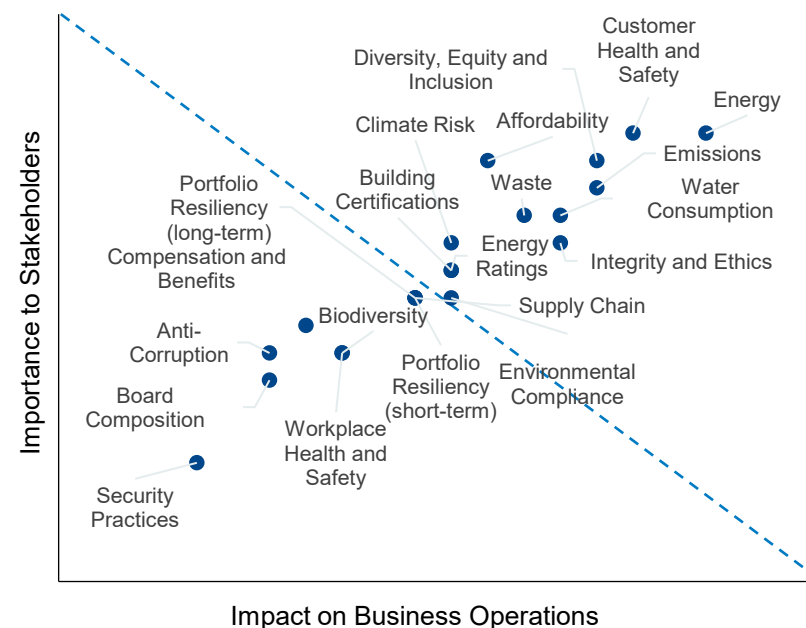
We interact with our third-party property managers daily, but engage them on ESG factors on a monthly or quarterly on-site visit, during annual meetings and in our property management agreements

# 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.



Source: Mesirow IRED

## 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
- 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 and 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.

Past performance is not necessarily indicative of future results.



# 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 inefficient energy use 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, reduce negative material impacts. This has positive financial impacts to stakeholders and our business because it makes renting more affordable by lowering resident utility costs, cutting emissions and reducing 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.
- 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 are needed, but 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 investors’ 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 properties 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 8 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 0.16% from 2019 levels.
Reduce greenhouse gas emissions by 5% of our 2019 levels	Our emissions increase 7.39% in 2023.
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 2021
Monitor and set goals for 100% of properties in Energy Star Portfolio Manager	Data collection and integration is in progress.

# 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

All amounts are absolute values unless key metric identifies like-for-like comparison or per weighted average square foot. Calendar year 2022 amounts may differ from prior report due to additional data received after report issuance.

Fund	Key Metrics	2022	2023
Mesirow Financial Real Estate Value Fund II, L.P.	Fuel consumption from non-renewable sources (MWh)		
	Electricity	3,182.85	3,234.37
	Natural Gas	940.24	997.03
	Total	4,123.09	4,231.40
Mesirow Financial Real Estate Value Fund III, L.P.	Fuel consumption from non-renewable sources (MWh)		
	Electricity	27,771.15	24,594.85
	Natural Gas	12,146.28	12,150.71
	Total	39,917.43	36,745.56
Mesirow Financial Real Estate Value Fund IV, L.P.	Fuel consumption from non-renewable sources (MWh)		
	Electricity	12,766.52	14,685.43
	Natural Gas	8,158.46	8,862.58
	Total	20,924.98	23,548.01
Total of all portfolios	Fuel consumption from non-renewable sources (MWh)		
	Electricity	43,720.52	42,514.65
	Natural Gas	21,244.98	22,010.32
	Total	64,965.50	64,524.97

These funds are closed and not open to new investors.

# 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.

**Supplemental Information:** To assist in interpreting these metrics, the same information on the prior page is provided per weighted average square footage based on ownership throughout the calendar year since each fund disposed of or acquired assets in the comparative period.

Fund	Key Metrics	2022	2023
Mesirow Financial Real Estate Value Fund II, L.P.	Fuel consumption from non-renewable sources (MWh) per weighted average square foot		
	Electricity	0.0055	0.0055
	Natural Gas	0.0016	0.0017
Mesirow Financial Real Estate Value Fund III, L.P.	Fuel consumption from non-renewable sources (MWh) per weighted average square foot		
	Electricity	0.0065	0.0061
	Natural Gas	0.0026	0.0026
Mesirow Financial Real Estate Value Fund IV, L.P.	Fuel consumption from non-renewable sources (MWh) per weighted average square foot		
	Electricity	0.0266	0.0145
	Natural Gas	0.0053	0.0048
Total of all portfolios	Fuel consumption from non-renewable sources (MWh) per weighted average square foot		
	Electricity	0.0086	0.0069
	Natural Gas	0.0031	0.0028

These funds are closed and not open to new investors.



# Energy and Emissions

Fund	Key Metrics	2022	2023
Mesirow Financial Real Estate Value Fund II, L.P.	Total energy generated from renewable sources (MWh)	308.29	381.89
	302-4 Reduction (Increase) of energy consumption - 2019 baseline	88.29%	87.98%
	305-1 Gross direct (Scope 1) GHG Emissions in metric tons of CO <sub>2</sub> (Metric Tons)	171.73	181.51
	305-2 Gross indirect (Scope 2) GHG Emissions in metric tons of CO <sub>2</sub> (Metric Tons)	1,006.51	1,054.57
	305-5 Cumulative GHG Emissions reduction (increase) – 2019 baseline	90.21%	89.73%
	Total	1,178.24	1,236.08
Mesirow Financial Real Estate Value Fund III, L.P.	Total energy generated from renewable sources (MWh)	1,333.72	1,299.68
	302-4 Reduction (Increase) of energy consumption - 2019 baseline	(64.68%)	(50.81%)
	305-1 Gross direct (Scope 1) GHG Emissions in metric tons of CO <sub>2</sub> (Metric Tons)	2,282.56	2,300.59
	305-2 Gross indirect (Scope 2) GHG Emissions in metric tons of CO <sub>2</sub> (Metric Tons)	13,582.78	12,832.89
	305-5 Cumulative GHG Emissions reduction (increase) – 2019 baseline	(145.95%)	(118.27%)
	Total	15,865.34	15,133.48
Mesirow Financial Real Estate Value Fund IV, L.P.	Total energy generated from renewable sources (MWh)	331.46	1,123.02
	302-4 Reduction (Increase) of energy consumption - 2019 baseline	-	-
	305-1 Gross direct (Scope 1) GHG Emissions in metric tons of CO <sub>2</sub> (Metric Tons)	1,475.34	1,602.67
	305-2 Gross indirect (Scope 2) GHG Emissions in metric tons of CO <sub>2</sub> (Metric Tons)	5,186.27	5,551.42
	305-5 Cumulative GHG Emissions reduction (increase) – 2019 baseline	-	-
	Total	6,661.61	7,154.09
Total of all portfolios	Total energy generated from renewable sources (MWh)	1,973.47	2,804.59
	302-4 Reduction (Increase) of energy consumption - 2019 baseline	0.07%	0.16%
	305-1 Gross direct (Scope 1) GHG Emissions in metric tons of CO <sub>2</sub> (Metric Tons) – 2019 baseline	3,929.63	4,084.77
	305-2 Gross indirect (Scope 2) GHG Emissions in metric tons of CO <sub>2</sub> (Metric Tons) – 2019 baseline	19,775.56	19,438.88
	305-5 Cumulative GHG Emissions reduction (increase) – 2019 baseline	(28.23%)	(27.25%)
	Total	23,705.19	23,523.65

These funds are closed and not open to new investors. All amounts should be considered absolute values unless key metric identifies like-for-like comparison. CY 2022 amounts may differ from prior report due to additional data received after report issuance. Mesirow Financial Real Estate Value Fund IV, L.P. is not included in the baseline since operations began after 2019. Fund IV results are not compared against the 2019 baseline.

# Energy and Emissions

Fund	Key Metrics	2022	2023
<b>Mesirow Financial Real Estate Value Fund II, L.P.</b>	IF-RE-130A.1 Energy consumption data coverage as a percentage of total floor area, by property subsector	100.00%	100.00%
	IF-RE-130A.2 Percentage renewable, by property subsector	7.48%	9.03%
	IF-RE-130A.3 Like-for-like percentage increase (decrease) in energy consumption for the portfolio area with data coverage, by property subsector	-	2.62%
	IF-RE-130A.4 Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to Energy Star, by property subsector	0.00%	0.00%
<b>Mesirow Financial Real Estate Value Fund III, L.P.</b>	IF-RE-130A.1 Energy consumption data coverage as a percentage of total floor area, by property subsector	85.31%	72.06%
	IF-RE-130A.2 Percentage renewable, by property subsector	4.4%	3.26%
	IF-RE-130A.3 Like-for-like percentage increase (decrease) in energy consumption for the portfolio area with data coverage, by property subsector	-	(4.01%)
	IF-RE-130A.4 Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to Energy Star, by property subsector	35.39%	28.78%
<b>Mesirow Financial Real Estate Value Fund IV, L.P.</b>	IF-RE-130A.1 Energy consumption data coverage as a percentage of total floor area, by property subsector	63.92%	75.72%
	IF-RE-130A.2 Percentage renewable, by property subsector	15.01%	14.98%
	IF-RE-130A.3 Like-for-like percentage increase (decrease) in energy consumption for the portfolio area with data coverage, by property subsector	-	(7.36%)
	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%	8.95%
<b>Total of all portfolios</b>	IF-RE-130A.1 Energy consumption data coverage as a percentage of total floor area, by property subsector	83.07%	82.60%
	IF-RE-130A.2 Percentage renewable, by property subsector	18.62%	9.09%
	IF-RE-130A.3 Like-for-like percentage increase (decrease) in energy consumption for the portfolio area with data coverage, by property subsector	-	(5.20%)
	IF-RE-130A.4 Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to Energy Star, by property subsector	18.79%	8.77%

These funds are closed and not open to new investors. All amounts should be considered absolute values unless key metric identifies like-for-like comparison. CY 2020 amounts may differ from prior report due to additional data received after report issuance.

# Water Consumption

The most important natural resource we have is water. With our properties totaling around 9,000 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.

These funds are closed and not open to new investors.

## 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 uploaded 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 decreased 27.5% from 2019 levels

## 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	2022	2023
Mesirow Financial Real Estate Value Fund II, L.P.	Absolute Water consumption (m3)	51,917	56,823
	Like-for-like % change		9.45% Increase
Mesirow Financial Real Estate Value Fund III, L.P.	Absolute Water consumption (m3)	683,102	635,923
	Like-for-like % change		6.91% Decrease
Mesirow Financial Real Estate Value Fund IV, L.P.	Absolute Water consumption (m3)	329,293	354,821
	Like-for-like % change	-	5.30% Decrease
Total of all Portfolios	Absolute Water consumption (m3)	1,064,312	1,047,566
	Like-for-like % change		5.57% Decrease

# 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 decreased 53.38% from 2019 levels

## 306-2 Waste by type and disposal method

Fund	Key Metrics	2022	2023
<b>Mesirow Financial Real Estate Value Fund II, L.P.</b>	Non-Hazardous Waste (Tons)	342	342
	Diversion Rate	20%	20%
<b>Mesirow Financial Real Estate Value Fund III, L.P.</b>	Non-Hazardous Waste (Tons)	5,315	5,228
	Diversion Rate	35%	42%
<b>Mesirow Financial Real Estate Value Fund IV, L.P.</b>	Non-Hazardous Waste (Tons)	1,222	2,318
	Diversion Rate	30%	49%
<b>Total of all Portfolios</b>	Non-Hazardous Waste (Tons)	6,879	7,888
	Diversion Rate	34%	43%



# Climate and Environmental Risk

**With a geographically diversified portfolio located in urban and suburban areas, there are 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 a 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 1,276,191 square feet which represents less than 11% 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 13 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 20%. Our goal for 2024, is to increase our percentage of properties with building or wellness certifications another 25% of the portfolio.

## 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.

The percentage of total multifamily square footage in our portfolio with an energy rating is 9%. We will evaluate qualifying properties annually and pursue additional ratings to demonstrate our commitment to energy efficiency. We intend to pursue energy ratings for over 20% of the portfolio in 2024.

# 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.



# 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 2023 we evaluated the affordability of our portfolios and found that the average household income of our residents was approximately \$107,000. Residents could afford to pay the average monthly rent 4 times each month. Monthly rent represents 24.98% of average household income.

Our approach to managing 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 ensuring compliance with affordability ordinances.

# Resident Health and Well-being

**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 Well-being

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## 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. Fitwel® is a health and wellbeing standard that scores properties or portfolios on seven health impact categories. In 2024, we plan on evaluating our portfolio or individual properties for Fitwel® certification or other building certifications.

# 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 all professionals of color, members of the LGBTQ community, women, individuals with disabilities, and veterans 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.



**Natalie Brown**  
CEO  
Mesirow  
[view bio >](#)



**CO-CHAIR | DEI COUNCIL**  
**Crystal General**  
Managing Director  
Institutional Sales and Trading  
[view bio >](#)



**Lavanya Batchu**  
Managing Director  
Fiduciary Solutions  
[view bio >](#)



**Carl H. Davis II**  
Senior Vice President, Head of DEI and  
Corporate Recruitment | Human Resources  
[view bio >](#)



**Gregg Lunceford, Ph.D, CFP®**  
Managing Director, Wealth Advisor  
Wealth Management  
[view bio >](#)



**Uto Shinohara, CFA**  
Managing Director, Senior Investment Strategist  
Currency Management  
[view bio >](#)



**1<sup>ST</sup> VICE CHAIRMAN | DEI COUNCIL**  
**Ben Blakney**  
President | Institutional Real Estate  
Direct Investments  
[view bio >](#)



**CO-CHAIR | DEI COUNCIL**  
**Servia Rindfleish, CFA**  
Managing Director, Client Portfolio Manager  
Global Investment Management Distribution  
[view bio >](#)



**Anderson Bynam**  
Managing Director  
Public Finance  
[view bio >](#)



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



**Richard S. Price**  
Executive Chairman  
Mesirow  
[view bio >](#)



**Eric Welt, CFA**  
Managing Director  
Investment Management  
[view bio >](#)



**CO-CHAIR | DEI COUNCIL**  
**Leo Harmon, CFA, CAIA**  
Senior Managing Director, Chief Investment  
Officer, Portfolio Manager | Equity Management  
[view bio >](#)



**Praba Balachandran**  
Senior Vice President, Corporate Treasurer  
Accounting & Finance  
[view bio >](#)



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



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



**Lori Rodriguez Casey**  
Managing Director, Asset Management  
Institutional Real Estate Direct Investments  
[view bio >](#)

## Diversity, Equity and Inclusion Associate Council – Members



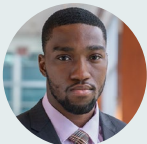
**CHAIR | DEI ASSOCIATE COUNCIL**  
**Jorge Salinas**  
 SVP, Head of Application Development  
 Information Technology



**Daniel Dempsey**  
 Vice President, Corporate Real Estate  
 Facilities



**Elaine McGhee**  
 Vice President, Bill Administrator  
 Security Processing



**Meka Nwankpa**  
 Investment Management Analyst  
 Global Investment Distribution



**Taylor Rivera**  
 Corporate Admin and Concierge  
 Facilities



**Alicia Verason**  
 Senior Vice President, CMIB Marketing & Client Experience  
 Integrated Marketing and Communications



**Melanie Castellanos**  
 Vice President  
 Public Finance



**Eric Jacobsohn**  
 Managing Director, Portfolio Manager  
 Equity Management



**David Moore**  
 Wealth Specialist  
 Wealth Management



**Perry Rhone**  
 AVP, Senior Network Engineer  
 Corporate Services – Information Technology



**Tai Stanek**  
 Assistant Vice President, Corporate Recruiter  
 Human Resources

## We Advance DEI Across Three Priority Areas

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**Our Workforce**



**Our Suppliers**



**Our Industry**



# Our Workforce



## Employee Resource Groups (ERGs)

- PeerConnect
- PrideConnect
- WomenConnect
- 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, including unconscious bias training

# 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, transgender and queer (LGBTQ)
- Small businesses (SBE)

### **Highlight: 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.

### **Highlight: Business Leadership Council**

As one of the inaugural members of the Lead Partner Program with the Business Leadership Council, our commitment includes examining our categories of spend and committing to establish meaningful business relationships with black-owned businesses. Further, we encourage, and where possible, incentivize others to follow our lead.

## 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

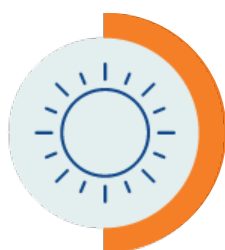
**Our role:** Original founding member

# 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



# Highlights and Key Initiatives

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

## Comprehensive DEI Assessment

In partnership with a leading DEI professional services firm, Mesirow engaged in a comprehensive DEI assessment in 2021, to inform proactive steps toward achieving diversity, equity and inclusion goals set forth by the Mesirow DEI Council.

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

## Recent Highlights

- **Established Mesirow Six-Point Commitment** to Diversity, Equity and Inclusion and formal **DEI policy statement**
- **Increased representation within FY2023 new-hires:**
  - 36% identify as female
  - 40% individuals from traditionally underrepresented backgrounds
- **Deepened representation** of African American executive leadership and professionals at all levels of the firm
- Earned fourth consecutive score of 100 on the **2022 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)
- **Unconscious bias trainings** completed firmwide
- **Inclusive hiring training** for hiring managers
- In 2023 Employee Engagement survey, 3 of the 10 top-scoring items are related to DEI

## 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

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**Neighborhoods**



**Social Justice**



**Opportunity  
and Inclusion**

# 1 | Neighborhoods

We put our resources to work – financial contributions, employee volunteerism, food and supply donations, mentoring and nonprofit board service – to support neighborhoods where we, and our clients, live and work.



## Family Services

Deep engagement with **Children’s Place Association/ChildThrive**, offering youth mentoring, trauma counseling, access to primary care services and afterschool programming

Long-term investment in **Metropolitan Family Services** to ensure success

Other partners in this space:

- **Juvenile Protective Association**
- **Mercy Home for Boys and Girls**
- **Highland Park Community Foundation**
- **Boys and Girls Clubs**



## Youth Guidance

Nine-year mentoring partnership through **Big Brothers Big Sisters**, guiding more than 55 middle school students navigating school and personal challenges.



## Wrap-Around Support

Working through **Cradles to Crayons**, **The Southwest Collective** and **Metropolitan Family Services** to provide access to school supplies, clothing and shoes, Thanksgiving meals and holiday gifts, technology and other essential resources our neighbors need to succeed.

\*Data as of 09.27.22.



## Spotlight: Chicago Area Neighborhoods

### Strategically Expanding Footprint

Mesirow's strategic philanthropic partnerships with nonprofit organizations allow us to dedicate human capital assistance through volunteer hours. As noted in the examples below, our partners facilitate hands-on volunteer time throughout neighborhoods in and around our hometowns.

### Metropolitan Family Services: Throughout Chicagoland

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. Our hands-on volunteer work has impacted MFS families from Skokie to Downers Grove and beyond.

### Children's Place Association's ChildThrive Center: West Humbolt Park

Neighborhood residents were the catalyst for the center, which provides a secure space for children to feel safe from the threat of violence. Mesirow played a key role in opening the center in 2021, among key service partners such as **Juvenile Protective Association** and **Big Brothers Big Sisters**.

### Highland Park and Highwood, IL

Home to Mesirow's second-largest office for the last half-century, Mesirow has a longstanding commitment of funding and volunteerism through **Highland Park Community Foundation**.

## 2 | Education & Opportunity

We believe that education, combined with exposure to careers and professional paths, create opportunities for young people.



### Scholarship

Funding education programs that advance academic opportunities

- **POSSE Foundation**
- **Chicago Aldermanic Black Caucus Foundation Scholarship**
- **Point Foundation scholarship for LGBTQ youth**



### Opportunity

Offering exposure and prospective

- **LINK Unlimited Scholars**
- **After School Matters**
- **Chicago Scholars**
- **One Million Degrees**
- **Cristo Rey Work-Study Program**
- **Thrive Scholars**
- **POSSE Foundation**



### Financial Literacy

More than 150 8th graders introduced to investing concepts through our **Big Shoulders Fund** curriculum\*

\*Data as of 01.07.22.

## 3 | 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 to advance a more peaceful and just society.



### Tolerance

Executive engagement:

- **U.S. and Illinois Holocaust Museums and Education Centers**
- **Anti Defamation League**



### Gun Safety

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



### Racial Equity

Strategic partnerships:

- **Link Unlimited**
- **Juvenile Protective Agency**
- **Business Leadership Council**
- **Thrive Scholars**
- **After School Matters**
- **Chicago Sky Beyond Basketball**
- **Women Employed**

# Highlights and 2023 Initiatives

## Recent Highlights

- Launched a four-year partnership with **LINK Unlimited Scholars**, providing college and career guidance to African American students through deep-rooted, long-term mentorship pairs with our employees.
- Collaborated with WNBA Champion **Chicago Sky** to support WBE/MBE small businesses in Chicago through business mentorship and a pitch competition, as well as sponsorship of the Sky's **mental health initiative**, The Net.
- Received 2022 **Children's Place Association** corporate honor – recognized for Mesirow's more than 30-year commitment to advance the mission of the social service organization.
- Provided financial and human capital support in response to the July 4 shooting in our second corporate home of Highland Park, through longtime partner **Highland Park Community Foundation**
- We offer matching donations and non-prescriptive guidance for employees to make impactful donations during times of crisis in our communities and around the world.

## 2023 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:
  - **Link Unlimited Scholars cohort sponsor**
  - **Juvenile Protective Agency**
  - **Thrive Scholars**
  - **After School Matters**
  - **Children's Place Association/ChildThrive initiative**
  - **Business Leadership Council**



# 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

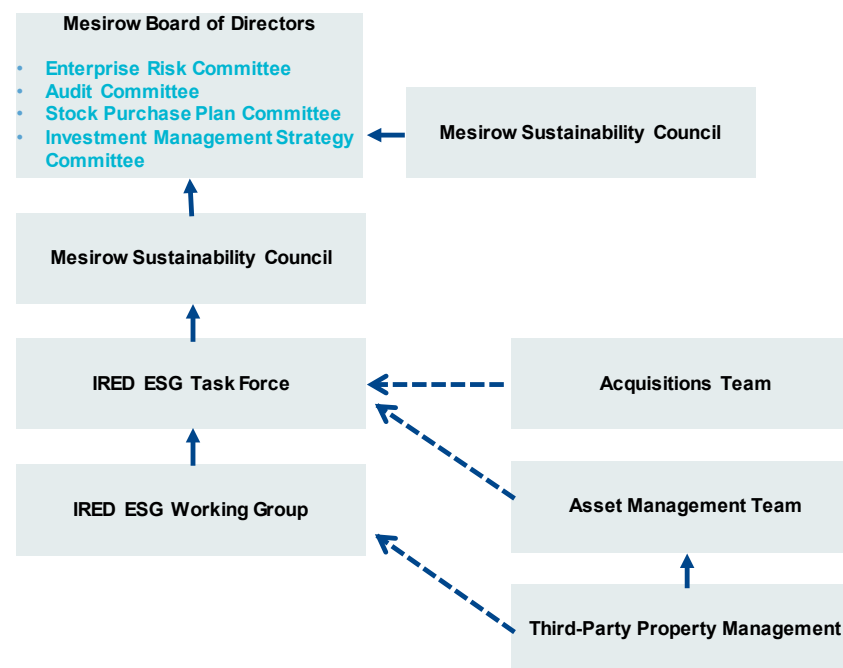
Our Board of Directors, chaired by Richard Price, is comprised of 14 business leaders at Mesirow including the CEO of IRED, Alasdair Cripps. The Board's committees include an Enterprise Risk, Stock Purchase Plan, Investment Management Strategy Committee and Audit Committees. The Chairman and board members 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 six (6) 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 Chief Investment Officer



**Kevin Price**

Senior Managing Director and Head of Asset Management



**Benjamin Blakney**

President



**Lori Rodriguez Casey**

Managing Director of Asset Management



**John Pierson**

Chief Financial Officer



**Jon Youhanaie**

Vice President of Finance and Head of ESG



# 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.



CO-CHAIR | SUSTAINABILITY COUNCIL

**Michael Budd, FSA Credential Holder**

Managing Director, Portfolio Manager  
Strategic Fixed Income

[view bio >](#)



CO-CHAIR | SUSTAINABILITY COUNCIL

**Renee M. Schreiber**

Senior Managing Director, Corporate Secretary  
Deputy General Counsel  
Legal & Compliance

[view bio >](#)



**Alasdair Cripps**

Chief Executive Officer, Co-Chief Investment Officer  
Institutional Real Estate Direct Investments

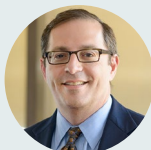
[view bio >](#)



**Leo Harmon, CFA, CAIA**

Senior Managing Director, Chief Investment Officer  
Portfolio Manager  
Equity Management

[view bio >](#)



**Steven N. Mesirow, CFP®, CFS™**

Senior Managing Director, Wealth Advisor  
Wealth Management

[view bio >](#)



**Kristina M. Pierce, CFA**

Senior Managing Director  
Private Equity

[view bio >](#)



**Servia Rindfleish, CFA**

Managing Director, Client Portfolio Manager  
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

Global Reporting Initiative (GRI) Standards are organized into three series: 200 (Economic topics), 300 (Environmental topics), and 400 (Social topics). The universal Standards support the organization in identifying its material topics and lay out important principles to use when preparing a report.

# 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		
<b>Governance (continued)</b>		
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.
<b>Stakeholder Engagement</b>		
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
<b>Reporting Practice</b>		
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	Prior Year Energy, GHG, Water, and Waste is updated with additional or updated data from vendors.
102-49	Changes in reporting	None
102-50	Reporting Period	CY 2023 with CY 2022 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, 2024
102-52	Reporting cycle	Reporting
102-53	Contact point for questions regarding the report	Jon Youhanaie -VP of Finance and Head of ESG 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		
<b>Water</b>		
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
<b>Emissions</b>		
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		
<b>Waste</b>		
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
<b>Customer Health and Safety</b>		
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		
<b>Energy Management</b>		
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
<b>Water Management</b>		
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

The Sustainable Accounting Standards Board ([SASB](#)) enables organizations to provide industry-based disclosures about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance or cost of capital over the short, medium or long term.

# SASB Content Index

GRI Standard	Description	Report Location or Answer
Accounting Metric		
<b>Management of Tenant Sustainability Impacts</b>		
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
<b>Climate Change Adaptation</b>		
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
<b>Activity Metric</b>		
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

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