

FCP®

2021 ESG REPORT

ESG

Environmental • Social • Governance

TABLE OF CONTENTS



Artisan West, Houston, TX
FCP completed HVAC replacements saving enough energy to power approximately 38 U.S. homes annually.

Annual Savings:
$45,623
415,000 kWh

Letter from the Partners 3

Company Overview 5
– *Mission Statement* 6

Highlights 7

Commitment to Resident Well-Being
– *COVID-19 Relief: Update* 8
– *Resident Service Partnerships* 9
– *FCP Serves* 10

Case Study: FCP Climate Strategy 11

Sustainability
– *Efficiency Projects* 12
– *Development - Q&A with Matt Valentini, Sr. Vice President, and Jason Ward, Principal* 13
– *Adaptive Reuse* 15

Social Responsibility
– *Diversity, Equity and Inclusion (DEI) Commitment* 16
– *Industry Partnership: Project Destined* 17

Corporate Leadership 18
– *Stakeholder Engagement* 20
– *Commitments and Associations* 21

GRI and IRIS+ Content Index 22

2022 Goals 28

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OUR EXPERIENCED TEAM REMAINED FOCUSED AND ENGAGED, AS EVIDENCED BY OUR **97%** EMPLOYEE RETENTION RATE.

The year 2021 required flexibility and perseverance as FCP navigated the ongoing COVID pandemic, supply chain constraints, and the labor shortage. Our experienced team remained focused and engaged as evidenced by our 97% employee retention rate. In August 2021, we closed on FCP Fund V, a $1.18B value-add fund series focused on multifamily and commercial assets. The FCP team continues to implement Environmental, Social and Governance (ESG) best practices at both the property and corporate levels to mitigate risk and enhance returns.

Continued Commitment to Residents and Communities

FCP continues its work to support residents and tenants during challenging times. The company partners with non-profit organizations to provide resident support and services and continues to connect residents and tenants with assistance programs. FCP implemented a new partnership with Project Access, a non-profit that coordinates on-site resident services, and launched the first program at Townsend Apartments in Jacksonville, FL.

Through FCP Serves, our asset management and property teams host events that benefit residents and their communities throughout the year. Further detail on these events can be found on page 10.

Implementing Sustainability Best Practices

In 2021, we completed 42 energy and 8 water efficiency projects across our portfolio resulting in $1.69 million in estimated annual savings. We continued to build upon our partnership with the State of Maryland's Department of Housing and Community Development's Multifamily Energy Efficiency and Housing Affordability (MEEHA) program, and in 2021, we received grant funding to complete energy and water savings projects at Courts at Walker Mill in Prince George's County, MD. A new partnership was launched with Pacific Northwest National Laboratory and ACE IoT to develop new technology to optimize central HVAC systems in multifamily residential buildings at Tides on South Mill in Tempe, AZ. We continue to evaluate properties for sustainability project opportunities and look for partnerships that provide savings benefits to both residents and FCP.



Forty540 II, an office development property located in Raleigh, NC, achieved Fitwel Certification in May 2021. This was FCP's first Fitwel achievement.



Courts at Walker Mill, Capitol Heights, MD
FCP completed a $1.85M project to upgrade unit and common area water fixtures, LED lighting, and HVAC equipment in partnership with the Maryland Department of Housing and Community Development's Multifamily Energy Efficiency and Housing Affordability program. The project has a target ROI of 20%.



Mirador at Woodside, Kissimmee, FL
FCP completed a full replacement of exterior lighting to new LED lighting.

FCP IS A COMMITTED ADVOCATE AND PARTNER FOR **DEI** WITHIN OUR FIRM AND THE REAL ESTATE INDUSTRY.



FCP partnered with Project Access to open a resident service center at Townsend Apartments in Jacksonville, FL

Diversity, Equity and Inclusion (DEI) Leadership

FCP is a committed advocate and partner for Diversity, Equity and Inclusion within our firm and across the real estate industry. In 2021, we further engaged our DEI consultant to gather anonymous team member feedback and host inclusive leadership and unconscious bias training sessions. In support of the racial justice movement, the FCP team decided to utilize our skills to support minority students entering commercial real estate as a tool for enhancing equity and wealth creation. In 2021, FCP partnered with Project Destined to mentor a team of students from Howard University and the University of Maryland. Two Project Destined participants will join our summer internship program in 2022. In addition, FCP participates in the National Multifamily Housing Conference (NMHC) Task Force for Racial Equity with the goal of sharing and implementing DEI best practices across the industry to advance racial equity.

Enhanced Climate Risk Data for Risk Mitigation

In order to better understand climate risk across our portfolio and markets, FCP evaluated multiple climate analysis tools in 2021. We selected The Climate Service, a climate-risk analysis software platform that enables FCP to estimate how climate risk will impact our current portfolio and at an individual property for diligence. Utilizing this software is an industry best practice, contributes to enhanced site selection and strengthens our ability to meet increasing climate disclosures.

As we look to 2022, FCP remains committed to supporting our residents, tenants and their communities and implementing industry best practices in ESG across the firm. We welcome your questions and feedback, and thank you for your commitment to FCP.



Wyndcliff Galleria, Smyrna, GA
FCP completed a major water management project, replacing inefficient fixtures with new, water saving fixtures and EPA Water Sense certified toilets. The project has a target ROI of 46%.

Annual Savings:
$88,911
7.63M gallons

Esko I. Korhonen ***Alex Marshall*** ***Lacy I. Rice*** ***Garland Faist*** ***Jason Bonderenko***

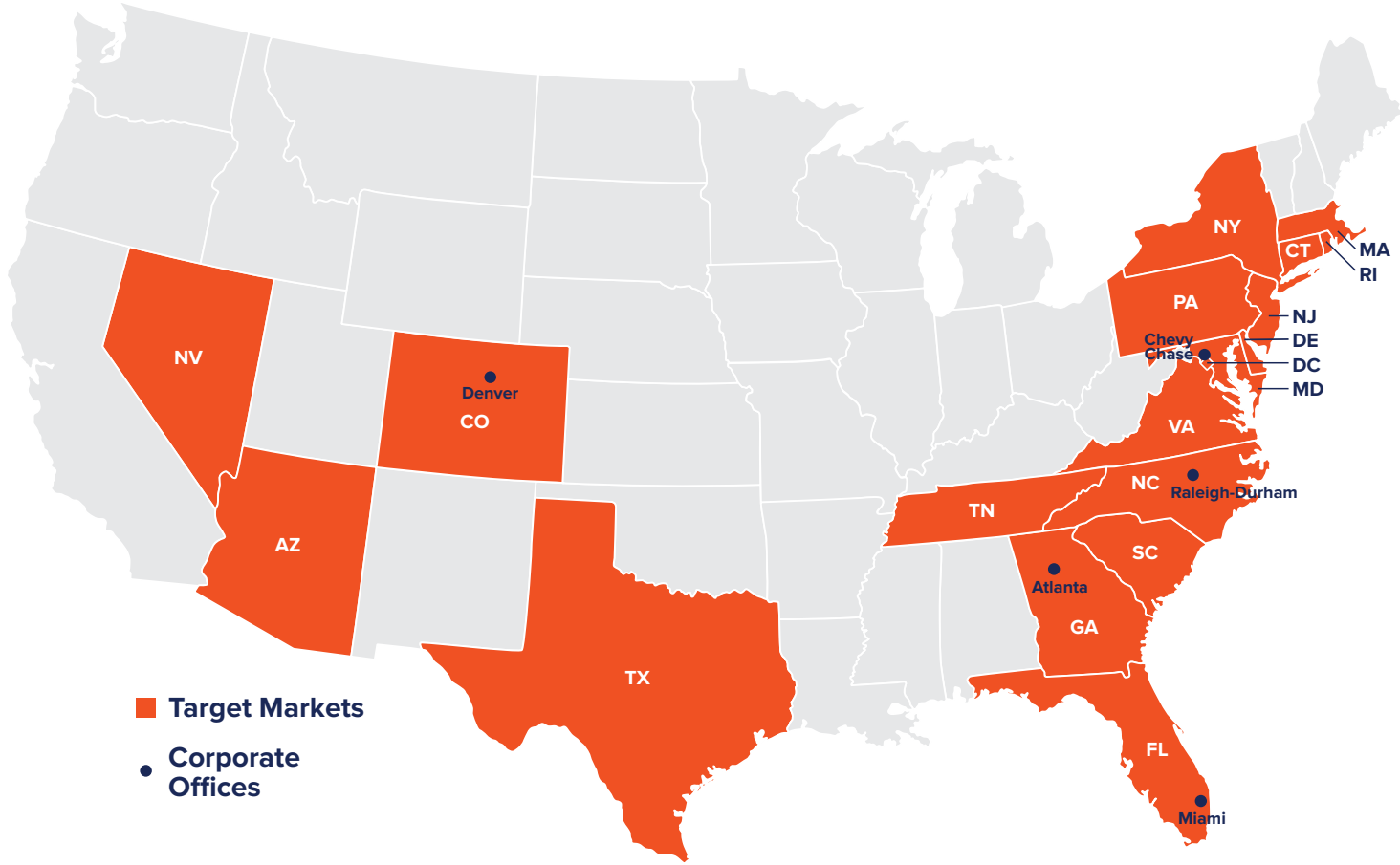
"THEY ARE ALWAYS STRIVING TO MAKE IMPROVEMENTS ON THE PROPERTY, AND THE OFFICE STAFF IS VERY FRIENDLY AND ATTENTIVE!"

– Resident, Belara Lakes, Tampa, FL

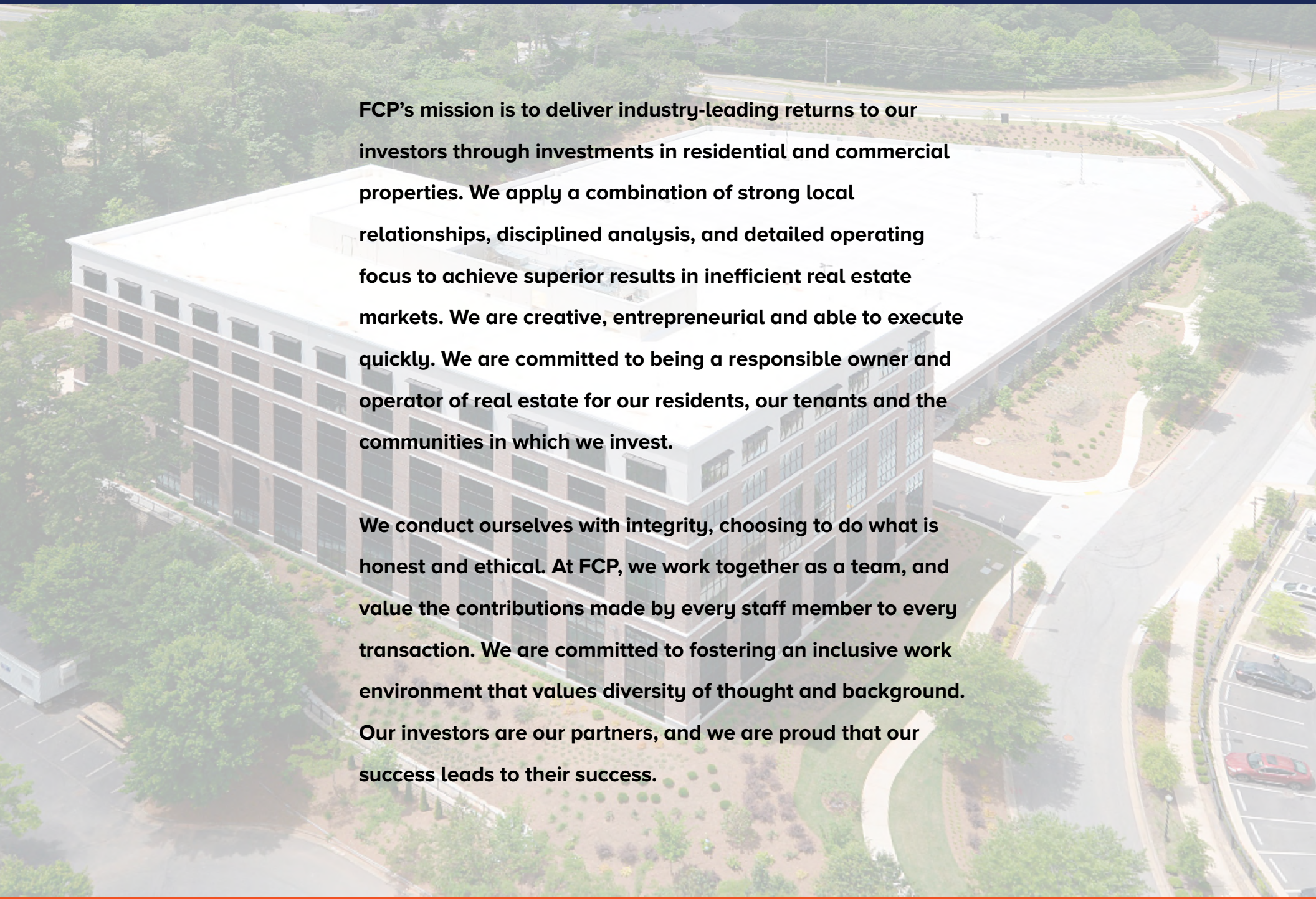
FCP is a privately held real estate investment company that has invested in or financed more than $9.3 billion in assets since its founding in 1999 by Esko Korhonen and Lacy Rice. FCP acquires, operates and develops residential and commercial assets nationally. In addition, we deploy capital in residential and commercial product sectors through joint venture equity, mezzanine debt, and preferred equity investments. Our breadth and flexibility are demonstrated by the significant array of transactions FCP has closed. Our market focus gives us extensive local knowledge and valuable community relationships, and FCP currently serves over 60 communities across our regions. FCP is currently managing six funds totaling $4.2 billion in assets. There are currently 71 FCP professionals supporting the firm's hands-on approach to investments and asset management. FCP is based in Chevy Chase, Maryland and has offices in Raleigh, North Carolina; Miami, Florida; Denver, Colorado and Atlanta, Georgia.

FCP SERVES **60+ COMMUNITIES** ACROSS OUR REGIONS

6 FUNDS TOTALING **$4.2B IN ASSETS**



MISSION STATEMENT



FCP's mission is to deliver industry-leading returns to our investors through investments in residential and commercial properties. We apply a combination of strong local relationships, disciplined analysis, and detailed operating focus to achieve superior results in inefficient real estate markets. We are creative, entrepreneurial and able to execute quickly. We are committed to being a responsible owner and operator of real estate for our residents, our tenants and the communities in which we invest.

We conduct ourselves with integrity, choosing to do what is honest and ethical. At FCP, we work together as a team, and value the contributions made by every staff member to every transaction. We are committed to fostering an inclusive work environment that values diversity of thought and background. Our investors are our partners, and we are proud that our success leads to their success.

2021 HIGHLIGHTS



Tides on South Mill, Tempe, AZ
FCP launched a new partnership with Pacific Northwest National Laboratory and ACE IoT to develop new HVAC technology for multifamily buildings. Four chillers and several boilers were replaced for the project.

Annual Savings:
$11,180
37,016 kWh

2021 *WASHINGTON POST* TOP WORKPLACE

2021 GRESB GREEN STAR

CLOSED $1.18B FCP FUND V

97% EMPLOYEE RETENTION

3 NEW RESIDENT SERVICES PARTNERSHIPS ESTABLISHED

U.N.-SUPPORTED PRI REPORTING COMPLETED

PROJECT DESTINED PROGRAM PARTNER AND MENTOR

TOP WORK PLACES 2021 The Washington Post

GRESB REAL ESTATE member

Signatory of:
PRI Principles for Responsible Investment

PROJECT·DESTINED

FCP ACTIVELY WORKS WITH RESIDENTS TO ACCESS RENTAL ASSISTANCE AND OTHER RESOURCES.

COVID-19 Update

The COVID-19 pandemic continued to impact the well-being and livelihoods of our residents and tenants throughout 2021. As part of FCP's mission to be a responsible owner and operator, we remained committed to supporting our residents and tenants through these challenging times.

FCP made the commitment to work with any resident who applies for rental assistance. Our asset management team has supported residents by offering payment plans, waiving late fees, and developing property-specific resource guides noting assistance opportunities. The rollout of federal rental assistance programs that began in early 2021 proved to be slow and confusing, so FCP dedicated significant internal resources to researching and identifying programs available to our residents. Our asset management team and property management partners worked closely together to share programs and assist residents with the application process.



The FCP team provided 35 children with gifts for the 2021 holiday season

As of the end of Q1 2022, FCP's efforts have resulted in approximately:

$14.3M received in rental assistance across 2020/2021

1,933 residents supported

The rental assistance FCP collected accounts for approximately 4.4% of our total gross potential rent throughout COVID.



CUSHMAN & WAKEFIELD

Cushman and Wakefield Kickoff Event 2022

FCP had over 100 Cushman and Wakefield associates from our Atlanta properties join us on March 11th for a day full of networking, learning and connecting. The goals for the event were to promote a great work culture, share with the on-site teams our business plans for 2022, and better connect the FCP asset management and construction team with each onsite team member.



FCP is committed to implementing resident services that provide educational, financial literacy, and health and wellness programming to our workforce housing communities. FCP's growing bench of programs provides services to support residents' quality of life while improving retention and property performance.

On-site Service Providers

- **Star-C:** With a mission to reduce resident transiency in affordable housing and commitment to provide support to children and families, Star-C supports residents in areas ranging from education to health and wellness and community engagement initiatives. In 2019, Star-C and FCP launched an on-site after school program for grades K-5 at Stratford Ridge Apartments (Marietta, GA) and continue to work together to assist residents with obtaining rental assistance and other essential wrap-around services.

- **Community Services Foundation (CSF):** CSF is an experienced nonprofit, community services provider in apartment communities across the Washington, DC metro area. FCP partners with CSF to provide after-school programs, including homework help, STEM classes, and summer programs for resident youth, all operated out of the on-site community center located at FCP's Holly Springs property in Prince George's County, Maryland.

- **Project Access:** Project-Access is a leading, national provider of on-site health, education, and employment services to families, children, and seniors living in affordable and workforce housing communities. At Townsend Apartments (Jacksonville, FL), a full-time on-site coordinator provides after-school homework help, health and wellness programming, adult education and individual assistance, and coordinates resident events. Project Access was brought on as an FCP partner in 2020, with the community center opening on-site in October 2021.

In addition to our suite of on-site service providers, FCP is actively running several pilots to build partnerships that will bring services that target financial education and building economic access. We look forward to rolling out these partnerships throughout 2022.







*In October 2021, Townsend Apartments hosted a community ribbon cutting event to celebrate the opening of the **Project Access Resource Center.** Over 150 residents and community members attended the event, including the City of Jacksonville Council Member Morgan, the assistant police chief, and the local police, fire department and library.*

FCP Serves

FCP Serves, FCP's employee-led charitable program, supports on-site resident events at our workforce housing communities and corporate-level service initiatives. Asset managers are encouraged to work with their property teams to host events based on resident need. These events would not be possible without the support of our on-site property teams, and we thank them for their partnership and enthusiasm for FCP Serves. Events that occurred across our multifamily communities in 2021 include:

HUNTER'S POINTE
CHARLOTTE, NC



Hunter's Pointe partnered with the Charlotte Football Club, Charlotte's professional soccer team, as part of their community outreach initiative. The Club donated a soccer field to the property, and Hunter's Pointe will host regular soccer games for the residents and neighborhood children. A grand opening event was hosted with Charlotte FC and their sponsors.

MIRADOR AT PEACHTREE
ATLANTA, GA



Our property team hosted a Back-to-School event, giving away backpacks filled with school supplies to approximately 90 on-site kids.

MABLETON RIDGE
MABLETON, GA



Our property team partnered with a local church to host a Thanksgiving giveaway to provide turkeys, pumpkin pie, and more for residents.

RESERVE AT PROVIDENCE
CHARLOTTE, NC



Our property team partnered with a local school, Queen City STEM, to provide the entire school staff and many in-need families with a turkey for Thanksgiving.

Holiday Events 2021: FCP properties across our regions hosted holiday events in December 2021, providing toys and gifts to residents, decorating the on-site offices and/or community centers, and dressing as Santa.

CORONADO SPRINGS
PALM SPRINGS, FL



ARTISAN WEST
HOUSTON, TX



MAGNOLIA TERRACE
HOUSTON, TX



THE ASHER
LAWRENCEVILLE, GA



As an owner and operator of residential and commercial real estate, FCP is proactively considering the potential impacts of climate change on our assets and their regions. In order to develop a resilient portfolio and to better understand climate risk across our portfolio and markets, FCP evaluated multiple climate analysis tools in 2021. We selected **The Climate Service** to help us assess physical and transition risks on our portfolio across two different warming scenarios. This insight will allow FCP to implement effective risk mitigation strategies and contribute to more confident decision making.

FCP APPROACH TO EVALUATE AND MANAGE CLIMATE RISK

ASSET LEVEL

Diligence:

- FCP utilizes third-party data, including property-level insights from The Climate Service, when evaluating investment properties.
- FCP's construction team works with third-party experts to review and remediate any red flag issues as needed.
- Climate risks are included in the ESG diligence checklist for every potential acquisition.

Post-Acquisition:

- Energy and water savings projects are implemented where feasible.
- Energy, water and other environmental risk assessments are conducted on an as-needed basis.
- FCP partners with local governmental organizations to apply for grants to fund utility savings projects.

CORPORATE LEVEL

Management:

- FCP's ESG team manages inquires, research, and technology partnerships related to climate change.
- If a potential acquisition has a red flag issue, that issue will be discussed amongst the Investment Committee, ESG team, and the property team.

Additional Oversight:

- FCP's ESG team participates in industry groups and attends conferences to stay knowledgeable on best climate practices.
- FCP partners with The Climate Service to identify risks and Goby to monitor utility usage and GHG emissions.







The Pointe at Midtown, Raleigh, NC
FCP replaced some of the roofs with white, TPO membrane systems, which reflect more UV rays than traditional dark roofs and reduce cooling costs.

Annual Savings:
$22,695
194,304 kWh

Brookview, Douglasville, GA
FCP completed water efficiency upgrades, including the installation of water saving aerators, shower heads and toilets in kitchens and bathrooms.

Annual Savings:
$112,800
6.86M gallons



Driving Value through Efficient Operations

As an owner and operator of real estate, FCP is acutely aware of the impacts of buildings on the environment. Energy and water are two of the highest used utilities as part of everyday on-site activity and thus offer the greatest opportunity to improve operating inefficiencies while reducing a property's impact on the environment. Opportunities for implementing energy and water savings projects are evaluated during acquisition due diligence, and utility usage is monitored throughout each property's hold period to swiftly address leaks and high usage. FCP is committed to operating efficiencies that reduce the environmental impact of our assets, benefit residents, and maximize returns for our investors.

2021

42 energy-efficiency projects implemented
$1.24 million + 8.35 million kWh in annual savings
17% *average return on investment*
This is enough energy to power **759** *U.S. homes for a year*

8 water-efficiency projects implemented
$452,800 + 33.3 million gallons in annual savings
96% *average return on investment*
This is enough water to fill over **50** *Olympic swimming pools*
OR to fill over **3,086** *backyard swimming pools*

$1.69 million in estimated annual savings

Top GRESB Scores in policies, reporting, and stakeholder engagement

PAST 5 YEARS

151 energy-efficiency projects implemented
36.50 million kWh saved
18% *average return on investment*
This is enough energy to power **3,320** *U.S. homes for a year*

41 water-efficiency projects implemented
191.1 million gallons of water saved
69% *average return on investment*
This is enough water to fill **290** *Olympic swimming pools*
OR to fill over **17,699** *backyard swimming pools*

Reduction estimates calculated via third-party savings analyses and research conducted on equipment savings



Matt Valentini



Jason Ward

Q&A with Matt Valentini and Jason Ward

Q: What are standard sustainability and wellness-oriented features FCP looks to include on all development projects?
Matt: Each development project is reviewed for opportunities to implement sustainable and wellness practices. Over 90% of FCP's multifamily development is wood framed, which is a more renewable and carbon friendly material than other options such as concrete. Our teams hire building envelope consultants and other experts to integrate high efficiency features such as Energy Star appliances, low flow shower heads and faucets, high performance windows, and programmable thermostats. Occupant wellness-oriented features include both healthy building materials and design elements. Renewable and non-toxic lumber, low VOC materials, and native plants for landscaping are all utilized where feasible, and assets are designed to include outdoor access, bike storage, fitness centers, and usable open space. We also look for sites with high walk, bike and transit scores.

FCP'S 2021 NEW DEVELOPMENT PROJECTS:

47 WALK SCORE

59 BIKE SCORE

47 TRANSIT SCORE

Q: What are the benefits of buildings with sustainable and health and wellness-oriented features?
Jason: Sustainability measures reduce energy and water usage on-site, which positively impacts the environment while reducing utility costs for occupants and FCP. These measures can also contribute to lowering the greenhouse gas footprint of the building, which reduces air pollution. Low-VOC and non-toxic building materials enhance the indoor environmental quality, which positively impacts residents and tenants. And, we find that our residents are attracted to these design elements. For example, access to health and wellness features like bike storage and outdoor spaces are beneficial for occupant health while adding property value.

Q: FCP has spent many years completing highly successful adaptive reuse redevelopments throughout the United States. What makes these projects unique, and what environmental and social benefits do they provide?
Jason: Adaptive reuse redevelopment projects utilize neglected properties, such as old historical buildings or unused warehouses, and convert them into new, creative spaces to live and work. These projects are inherently sustainable as they reuse a building which results in a lower environmental impact rather than tearing down and rebuilding something new. Additionally, many of FCP's adaptive reuse projects have given new life to historical buildings – these buildings carry history of the local community which we try to fold into the design elements of the redevelopment, and adaptive reuse transforms these buildings into new gathering spaces that the community can use.

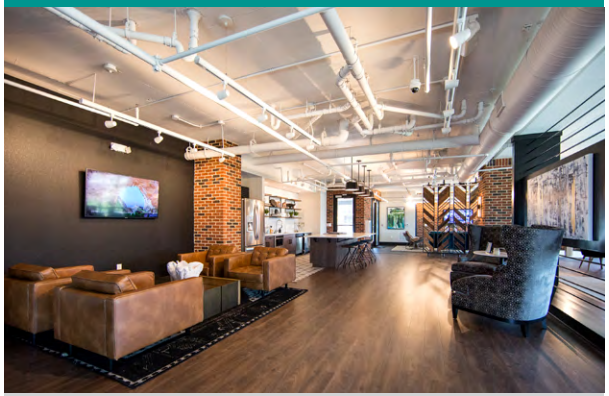
Q: What is FCP's strategy towards sustainable and health and wellness certifications, such as LEED and Fitwel?
Matt: Because FCP's development focus ranges from garden style apartments to suburban mid-rise to urban adaptive reuse across many geographies, FCP evaluates each development opportunity and attempts to use the certifications that best fit the unique development. No certification system is perfect, but we are spending time tracking industry certifications and we hire consultants to track construction techniques and implement a suite of certifications across our portfolio, including LEED, Fitwel, NGBS, and Energy Star. As we look to 2022 and beyond, we plan to increase the number of certifications across FCP's portfolio where feasible.

When designing and constructing a new property, FCP's development team always considers the well-being of future residents and tenants. The average person spends 87% of their time inside buildings, so it is important that FCP's buildings support the health and safety of its occupants[1]. FCP implements design elements that align with 21 recommendations from the Urban Land Institute's Building Healthy Places Toolkit[2]. These recommendations cover three main categories of health and wellness: physical activity, healthy food and drinking water, and healthy environment and social well-being.

[1] **The National Human Activity Pattern Survey (NHAPS): a resource for assessing exposure to environmental pollutants | Journal of Exposure Science & Environmental Epidemiology (nature.com)**

[2] **About | ULI Building Healthy Places Toolkit**

MEETING STREET LOFTS



- **Ground level retail and service uses**
- **Bike sharing program and storage available**
- **Outdoor courtyard, pool and lounge and indoor clubroom and social lounge available for residents**
- **Community gathering spaces and resident events**
- **Pet-friendly community**

FORTY540 II



- **Design visible, enticing stairs to encourage everyday use**
- **Signage prompts tenants to utilize stairs**
- **Water bottle refill stations available**
- **Ban smoking**
- **Use materials and products that support healthy indoor air quality**
- **Facilitate proper ventilation and air flow**
- **Maximize indoor lighting quality**
- **Minimize noise pollution**

WESTSIDE PAPER



- **Pedestrian paths that allow for a cut-through available as well as direct sidewalk access to building entrances**
- **Provide sidewalks and enticing, pedestrian-oriented streetscapes**
- **Property is connected to Atlanta's Beltline Northwest Trail, a popular walking and biking trail**

BY REUSING THE STRUCTURE OF THE BUILDING, IT IS ESTIMATED **40%** OF CARBON EMISSIONS CAN BE SAVED.

FCP's adaptive reuse strategy is inherently sustainable as it utilizes existing warehouse or office buildings and revitalizes them into creative office, retail, and multifamily spaces. Adaptive reuse can "reduce the large quantities of greenhouse gases (GHGs) produced by buildings" and generated during the upstream material creation process[3]. By reusing the structure of a building, it is estimated up to 40% of carbon emissions can be saved[4].





***Noda Mill** (left) in Charlotte, NC is the preservation and restoration of the 100+ year old Johnston textile mill, into a mixed-use apartment community.*

***Chadbourn Mill** (right) in Charlotte, NC is a 41,032-sf office and retail reuse of a historical hosiery and textile mill built in the 1930s.*





***The Quarter South End (Toomey)** (left) is a 15-acre mixed-used development in Charlotte's South End with the adaptive reuse commercial redevelopment of several existing warehouses alongside new multifamily development.*

***Westside Paper** (right) in Atlanta, GA is a 275,000-sf adaptive reuse and development of the historic Atlanta Paper Company into creative office, retail, and restaurant space.*

[3] Adaptive-reuse-a-review-and-analysis-of-its-relationship-to-the-3-Es-of-sustainability.pdf (researchgate.net)

[4] climate-action-through-design-2021 (gensler.com)

DIVERSITY, EQUITY AND INCLUSION (DEI) COMMITMENT

FCP is committed to fostering an inclusive environment that welcomes team members from all backgrounds, both at FCP and across the real estate industry. We demonstrate our commitment to DEI through ongoing, deliberate actions:

DEI Committee Oversight - FCP's DEI Committee includes Partners and Senior Leaders from every business unit. The committee oversees policy updates, reviews employee satisfaction surveys and engages consultants for ongoing training.

DEI Best Practices Implemented via Expert Consultant - FCP incorporates best practices in recruiting and talent management, utilizing the expertise of a consultant, including standardized interview questions and promotion criteria.

Hiring Requirement - FCP requires at least one high-qualified candidate from an under-represented background to be included in the final round interview for each position.

Broad Marketing for Each Position - Open positions are widely marketed through recruiters and partnerships with Future Housing Leaders, SEO, REEC and minority/women's groups at universities. Future Housing Leaders partners with Management Leaders of Tomorrow (MLT) to source candidates from under-represented backgrounds.

Unconscious Bias Training - FCP conducts unconscious bias training annually utilizing a third-party expert consultant.

Equal Pay - FCP is committed to equal pay and reviews compensation at each level for each person annually.

FCP Internship Program to Broaden the Talent Pipeline - FCP conducts a summer internship program intended to broaden the pipeline of talent within the real estate industry.

FCP Mentorship Program - Each new team member is partnered with a more senior team member, who serves as a resource and champion.

FCP HR Software System to Track DEI Performance - FCP utilizes an HR software solution to track employee goals, performance, resumes for interviews and self-reported diversity statistics.



2021 Interns

INDUSTRY PARTNERSHIP: PROJECT DESTINED

"MY TIME AT **PROJECT DESTINED** HAS HELPED ME TO PREPARE FOR THIS OUTSTANDING INTERNSHIP AT FCP BY PROVIDING ME WITH TANGIBLE SKILLS IN LEADERSHIP, REAL ESTATE, AND INSTILLING IN ME HIGH LEVELS OF CONFIDENCE TO THRIVE IN THIS INDUSTRY."

– Hewan Abera, Incoming Summer 2022 FCP Intern & 2022 Team FCP Program Manager for Project Destined

In 2021, FCP partnered with Project Destined, a social impact platform dedicated to educating students from underrepresented backgrounds in the fundamentals of real estate. Fourteen FCP team members participated as mentors to a group of ten college students from DC-area universities during the Summer 2021 program.

FCP team members helped students evaluate a live multifamily deal on Capitol Hill and prepare for a bi-weekly pitch competition and provided insight on working in the real estate industry. Our team members enjoyed the opportunity to mentor rising talent, and we will continue the relationships built with our group as they enter the industry.

Partnering with Project Destined has also broadened our pipeline for incoming talent; for FCP's Summer 2022 intern class, several students from Project Destined applied after learning about FCP during the program and two of our incoming interns are former Project Destined participants.



Summer 2022 Project Destined Intern Visit



Property tour with 2021 Project Destined Students

"**PROJECT DESTINED** GAVE ME AN AMAZING FOUNDATION FOR CONCEPTS AND APPLICATIONS WITHIN COMMERCIAL REAL ESTATE THAT I WASN'T ABLE TO GET FROM CLASSES. I AM EXCITED TO CONTINUE MY JOURNEY WITH FCP."

– Youngin Kang 2021 Team FCP for Project Destined, Incoming Summer 2022 FCP Intern Project Destined





During the 2021 holiday season, the FCP asset management team visited each site in the Atlanta portfolio with a customized team gift to share our appreciation for all their hard work throughout the year.

Governance

FCP is a registered investment advisor with the United States Securities and Exchange Commission (SEC). FCP's Management Committee consists of our five partners – **Esko Korhonen**, **Lacy Rice**, **Alex Marshall**, **Garland Faist** and **Jason Bonderenko**. The FCP Investment Committee, which includes the five partners, and our Chief Credit Officer **Steve Walsh**, meets at least weekly.

The following committees focus on various aspects of the firm's business and report to the Management Committee: Sustainability; Diversity, Equity and Inclusion; Innovation; Intern Program; FCP Serves; Recruiting and Development; and FCP Company Culture.

ESG Leadership

Summer Haltli, Principal, and **Tina Tagliaferri**, Senior Analyst, oversee the firm's ESG efforts with support from the Sustainability; FCP SERVES; and Diversity, Equity and Inclusion committees.

- Our corporate ESG and DEI policies are evaluated annually and updated to reflect best practices and changing firm goals. FCP's internal ESG policy covers our approach and practices implemented to mitigate risk and ensure the utilization of real estate ESG best practices.
- FCP's ESG team works in conjunction with our acquisition, asset management, and investor relations teams to integrate ESG best practices throughout the firm. The Investment Committee reviews all ESG-related risks to a potential acquisition during weekly IC meetings, approves social partnerships, and contributes to ESG business plan goals.
- For all material topics, FCP utilizes stakeholder feedback, external reporting results, grievance mechanisms, and internal feedback to evaluate the effectiveness of our ESG strategies. We evaluate all feedback on a rolling basis and formally adjust our management approach during annual business planning.

FCP'S CORE VALUES:



PERFORMANCE



PASSION



STEWARDSHIP



CREATIVITY



INTEGRITY

97%

FCP Retention in 2021

93%

FCP Retention Past 5 Years

95%

FCP Retention Past 10 Years

vs. Industry Average of

84%[5]

13

New Team Members Hired in 2021

Ethics, Compliance and Culture

We strive to create an inclusive workplace that enables all team members to perform at their highest level. Each newly hired FCP team member receives training on the firm's Code of Compliance. We provide annual training on the firm's Code of Ethics for all team members throughout the course of the year. All team members receive annual performance reviews.

FCP has grown from 38 to 71 team members over the past five years. Throughout that period and going forward, we are committed to maintaining a flat organization and a fast-paced entrepreneurial culture where all ideas are welcome. We are committed to being a gender-neutral company offering equal pay for equal work.



FCP Team Events

Team Member Feedback and Wellbeing

FCP values team member feedback as it helps senior leadership identify areas for improvement. We perform an annual employee satisfaction survey administered by a third party to ensure anonymity. Senior leadership creates an action plan for addressing the feedback during the year. Team members are encouraged to provide feedback beyond surveys, such as during check-ins with their supervisor.

FCP provided well-being materials to team members throughout the COVID-19 pandemic. FCP provides sick days, paid time off, bereavement leave, and maternity and paternity leave. FCP's medical coverage offers telehealth doctor's appointments.

TOP WORK PLACES 2021 The Washington Post

Responsible Supply Chain Policies

FCP utilizes a suite of partners to provide the services, raw materials, and products needed throughout the hold period of an asset. We have established sustainability policies and new construction guidelines to ensure our properties incorporate sustainable design elements and services where feasible. All third-party management companies are vetted during diligence, including for ESG-related initiatives and policies. FCP is actively evaluating our supply chain for opportunities to provide more business to minority-led service and product suppliers.

[5] Source: Aon, "2020 Salary Increase and Turnover Study – Second Edition" with chart shown in Retail Sector Wages Are Rising Due to Higher Employee Turnover and e-Commerce Demand | Human Capital Solutions Insights (aon.com)

Fostering Stakeholder Engagement

FCP invests in assets and sets business plan goals after engaging and analyzing feedback from various stakeholders:



TEAM MEMBERS

All team members are invited to investment committee and are encouraged to provide feedback on the investment at that time. The acquisitions officer, asset manager, and partner must sign off on every deal presented to investment committee. All team members are surveyed annually and are encouraged to discuss any feedback with their supervisor throughout the year.

Top Priorities:

- Diversity, equity and inclusion
- Career advancement and education
- Occupational health and safety
- Corporate responsibility and community service
- Business ethics and integrity



RESIDENTS & TENANTS

After acquisition of an asset, FCP utilizes third-party managers to survey and reach out to residents and tenants. For multifamily properties, residents and tenants receive surveys after each contact with management. For office and retail properties, tenant interviews are conducted prior to acquisition and ongoing relationships with the tenants are maintained.

Top Priorities:

- Health and wellness
- Business ethics and integrity
- Safety
- Housing affordability
- Resident services



COMMUNITY

FCP engages the local community throughout the ownership period of its assets. For development projects, FCP provides opportunities for the local community to comment on plans and express concerns. For stabilized assets, FCP engages the local police force and community-based organizations to ensure safety at the properties as well as provide services for the residents. FCP also makes charitable contributions to community groups.

Top Priorities:

- Community development
- Safety
- Housing affordability
- Resident services, corporate responsibility and community service



INVESTORS

FCP regularly communicates with its investors during annual investor meetings, advisory committee, and other meetings. FCP reaches out to its investors for specific feedback in instances such as investments that may not fall in line with all fund criteria or ESG-related initiatives.

Top Priorities:

- Diversity, equity and inclusion
- Climate change
- Industry leadership
- Business ethics and integrity

FCP's goal is to continue to be a "thought leader" when it comes to ESG best practices and to push the industry forward through our ideas, actions, and participation in industry groups.

Third-Party Commitments

GRESB Real Estate Member

REPORTING SINCE 2012; 2021 GREEN STAR

Signatory of:

PRI Principles for Responsible Investment

2020 SIGNATORY, REPORTING DURING FCP'S VOLUNTARY YEAR IN 2021

SUSTAINABLE DEVELOPMENT GOALS

ALIGNED WITH MULTIPLE SDG'S

IRIS+

INCORPORATING IRIS+ METRICS FROM THE GLOBAL IMPACT INVESTOR NETWORK (GIIN)

Industry Participation

NMHC National Multifamily Housing Council

PREA pension real estate association

kayo Women's Real Estate Investment Summit

ULI Urban Land Institute Greenprint

NAA National Apartment Association

REEC Real Estate Executive Council

Institutional Real Estate, Inc.

GRI STANDARD	DISCLOSURE		REFERENCE/PAGE #
GRI 102: General Disclosures 2016	102-1	Name of the organization	Company Overview / P5
	102-2	Activities, brands, products and services	Company Overview / P5
	102-3	Location of headquarters	Company Overview / P5
	102-4	Location of operations	Company Overview / P5
	102-5	Ownership and legal form	Company Overview / P5
	102-6	Markets served	Company Overview / P5
	102-7	Scale of the organization	Company Overview / P5
	102-9	Supply chain	Corporate Leadership / P19
	102-10	Significant changes to the organization	FCP has not undergone any significant changes to our size, structure, ownership or supply chain in the year 2021.
	102-12	External initiatives	Commitments and Associations; Diversity, Equity and Inclusion/ PP16-17, 21
	102-13	Membership of associations	Commitments and Associations / P21
	102-14	Statement from senior decision-maker	Letter from Partners / PP3-4
	102-16	Values, principles, standards and norms of behavior	Ethics, Compliance and Culture / P19
	102-18	Governance structure	Corporate Leadership / P18
	102-19	Delegating authority	Corporate Leadership / P18
	102-20	Executive-level responsibility for economic, environmental, and social topics	ESG Leadership / P18
	102-21	Consulting stakeholders on economic, environmental and social topics	Stakeholder Engagement / P20
	102-40	List of stakeholder groups	Stakeholder Engagement / P20
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement / P20
	102-43	Approach to stakeholder engagement	Stakeholder Engagement / P20
	102-44	Key topics and concerns raised	Stakeholder Engagement / P20
	102-46	Defining report content and topic boundaries	Stakeholder Engagement / P20
	102-48	Restatements of information	Summary / P28

GRI STANDARD	DISCLOSURE		REFERENCE/PAGE #
	102-49	Changes in reporting	Summary / P28
	102-50	Reporting period	Summary / P28
	102-51	Date of most recent report	FCP's most recent report was for 2020
	102-52	Reporting cycle	Summary / P28
	102-53	Contact point for questions regarding the report	Table of Contents / P2
	102-54	Claims of reporting in accordance with the GRI standards	Summary / P28
	102-55	GRI Context Index	GRI Content Index / PP22-24
CLIMATE CHANGE			
GRI 103: Management Approach 2016	103-1	Explanation of the material and its boundary	FCP Climate Strategy / P11
	103-2	The management approach and its components	FCP Climate Strategy / P11
	103-3	Evaluation of the management approach	FCP Climate Strategy / P11
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	FCP Climate Strategy / P11
DIVERSITY, EQUITY AND INCLUSION			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Diversity, Equity and Inclusion / P16
	103-2	The management approach and its components	Diversity, Equity and Inclusion / P16
	103-3	Evaluation of the management approach	Diversity, Equity and Inclusion / P16

GRI STANDARD	DISCLOSURE		REFERENCE/PAGE #
ENERGY			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability – Efficiency Projects / P12
	103-2	The management approach and its components	Sustainability – Efficiency Projects / P12
	103-3	Evaluation of the management approach	Sustainability – Efficiency Projects / P12
GRI 302: Energy 2016	302-4	Reduction of energy consumption	Sustainability – Efficiency Projects / P12
EMPLOYMENT			
GRI 103: Management Approach 2016	103-1	Explanation of the material and its boundary	Diversity, Equity and Inclusion; Corporate Leadership / PP 16, 18-19
	103-2	The management approach and its components	Diversity, Equity and Inclusion; Corporate Leadership / PP 16, 18-19
	103-3	Evaluation of the management approach	Diversity, Equity and Inclusion; Corporate Leadership / PP 16, 18-19
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Corporate Leadership / P19






Texas-based project manager Daren Hill participated in a service project through First Baptist Church: The Colony which partnered with the City of The Colony's Volunteer Assistance Program. Daren served as a Crew Chief, supervising 15 volunteers as they completed home repairs for homeowners who applied for assistance from the city.

IRIS+ METRIC		SDG ALIGNMENT	REFERENCE / PAGE #
CROSS CATEGORY			
OI3160	Full Time Employees: Total	SDG 1, 10, 11	Company Overview / P5
OI5479	Full-time Employees: Hired	SDG 1, 10, 11	Corporate Leadership / P19
OD2735	Mission Statement		Mission Statement / P6
OD3520	Year Founded		Company Overview / P5
OD7796	Organization Web Address		Table of Contents / P2
OD6855	Location of Organization's Headquarters		Company Overview / P5
OI2209	Founders: Total	SDG 10	Company Overview / P5
PD8808	Sector to Influence		Company Overview / P5
OI7829	Investment Committee Members: Total	SDG 10	Corporate Leadership / P18
PI2476	Communities Served	SDG 1, 3, 10, 11	Company Overview / P5
OD6247	Social Impact Objectives	SDG 1, 3, 10, 11	FCP's social impact objectives are aligned with the four core IRIS+ real estate impact objectives: improving housing quality, increasing residential stability, increasing housing affordability, and increasing access to supportive services through housing.
IMPACT THEME: AFFORDABLE QUALITY HOUSING STRATEGIC GOAL: INCREASE ACCESS TO SUPPORTIVE SERVICES THROUGH HOUSING			
OD7212	Target Stakeholders		Stakeholder Engagement / P20
PI2640	Individuals Housed	SDG 1, 11	Approximately 18,337 individuals projected to be housed from 2021 multifamily investments *Based on HUD Person-Bedroom estimates
PD2532	Housing Type	SDG 1, 3, 11	Company Overview / P5
PI5965	Number of Housing Units Financed	SDG 11	7,057 multifamily units financed from 2021 investments

IRIS+ METRIC		SDG ALIGNMENT	REFERENCE / PAGE #
PI6058	Number of Housing Units Improved	SDG 11	144 multifamily housing units improved across 2021 acquisitions
PD9681	Non-financial Support offered	SDG 1, 10, 11	Commitment to Resident Well-Being; Strategic Partnerships; Social Responsibility / PP8-10
OI549	Client Feedback System	SDG 1, 3, 10, 11	Stakeholder Engagement / P20
OI7914	Stakeholder Engagement	SDG 1, 3, 10, 11	Stakeholder Engagement / P20
OI7783	Social Responsibility Client Policies	SDG 1, 10, 11	Yes, FCP implements policies to protect employees, including FCP's Employee Handbook and Compliance Manual
IMPACT THEME: GREEN BUILDINGS STRATEGIC GOAL: CREATE HEALTHY AND SUSTAINABLE PLACES TO LIVE AND WORK			
OI4015	Water Conserved	SDG 11	Sustainability – Efficiency Projects / P12
OI6697	Energy Conserved	SDG 11	Sustainability – Efficiency Projects / P12
OI6765	Green Building Practices	SDG 1, 3, 11	Sustainability – Efficiency Projects & Development / PP12-15
OI9106	Social and Environmental Performance Risk Assessment	SDG 1, 11	Yes; FCP Climate Strategy / P11
OI2092	Climate Resilience Strategy	SDG 1, 11	FCP Climate Strategy / P11
PI9170	Area of Buildings Reused	SDG 10, 11	79,348 sf Adaptive Reuse of the historic Johnston Mill property (100+ years old) into mixed use multifamily and retail in Charlotte, NC
OI6370	Employees Dedicated to Social and Environmental Performance		ESG Leadership / P18
OI7421	Charitable Practices		Social Responsibility / P10
OI2330	Governance Policies		Corporate Leadership / P18

IRIS+ METRIC		SDG ALIGNMENT	REFERENCE / PAGE #
IMPACT THEME: EQUITY STRATEGIC GOAL: IMPROVING RIGHTS, RESPECT AND COOPERATION IN THE WORKPLACE			
OI1638	Employee Voluntary Turnover Rate	SDG 10	3.33% voluntary turnover in 2021
OI8869	Permanent Employees: Total	SDG 1, 10, 11	Corporate Leadership / P19
OI9485	Diverse Representation Policy	SDG 10	Diversity, Equity and Inclusion / P16
0I3601	Employee Feedback and Grievance System	SDG 10	Corporate Leadership / P19
OI1150	Fair Hiring/ Recruiting Policy	SDG 10	FCP's written DEI policy is included in our ESG policy. (For system to monitor compliance, see Corporate Leadership, PP16, 19)
OI7914	Stakeholder Engagement	SDG 1, 3, 10, 11	Stakeholder Engagement / P20





At Estuary Apartments in Atlanta, GA, the property hosted a Back-to-School event, giving away 150 backpacks filled with school supplies to the on-site children.

"[THE] PROPERTY STAFF HAVE BEEN NOTHING BUT EFFICIENT AND HELPFUL WITH ALL MY NEEDS AS WELL AS MY FAMILY'S...THANK YOU FOR MAKING MY LIVING HERE COMFORTABLE AND PLEASING."

– Resident, Ashford at Spring Lake Apartments, Atlanta, GA

As we look to 2022, FCP's goals include:

- Further implementing resident services, including rolling out a new partnership to bring online financial education to residents
- Enhance FCP's sustainable and health and wellness certification strategy
- Identify renewable energy and EV charging opportunities across FCP markets
- Continue to implement industry best practices across the firm
- Further develop FCP's approach to climate analysis and reporting
- Create new partnerships for Diversity, Equity and Inclusion advancement within FCP

Summary

- This is FCP's 5th ESG report and summarizes FCP's environmental, social, and governance initiatives for the 2021 calendar year. FCP produces an ESG report on an annual basis. There were no significant changes from previous reporting periods in this year's report. Any restatements of information from prior reports can be attributed to the nature of FCP's business and standard policies and practices.
- This material references Disclosures 102-1 through 102-7, 102-9, 102-10, 102-12 through 102-14, 102-16, 102-18 through 102-21, 102-40, 102-42 through 102-44, 102-46, 102-48 through 102-55 from GRI 102: General Disclosures 2016; 103-1 through 103-3 from GRI 103: Management Approach 2016; 201-2 from GRI 201: Economic Performance 2016; 302-4 from GRI 302: Energy 2016; and 401-1 from GRI 401: Employment 2016.



*For a **Back to School Event**, the Monarch Pass property team in Fort Worth, TX hosted two Kona ice trucks, handing out over 500 snow cones and giving away over $800 worth of school supplies.*

