

To our stakeholders:

I am pleased to confirm that FPA Multifamily reaffirms its support for the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Impact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely,

Michael B. Earl
Chairman

FPA Multifamily's approach to the ten principles, sustainability and social impact continues to evolve. We engage in these principles recognizing that not only do the Principles align with the goals of our investors, but also that it is our responsibility to act in the best long-term interests of all our stakeholders. The company's approach to sustainability integrates ESG into investment management decisions and operations across all assets to enhance risk-adjusted returns through thoughtful stewardship of capital and investment management. Our company's ESG integration is organization-wide and encompasses all assets.

FPA Multifamily has made significant progress in refining ESG analysis and incorporation. We produced our first sustainability report which helped our organization see what great progress we have made and where we wanted to make improvements. Since then, we have tackled internal and external impediments to secure sustainability data and lay the foundation to produce reliable reporting and analysis. Some of the highlights of this progress include:

Environmental Management System and Data Collection: The company replaced its Environmental Management System, automated the receipt of much of its sustainability data, and changed the way it collects its sustainability data. With this direct approach, we have benefitted from data flow with increased accuracy, reliability, and timeliness.

Third Party Data Verification of Sustainability Data: FPA has procured third party data verification services to achieve higher standards in ESG reporting not only for transparency purposes, but also for accurate investor information, public discourse, and regulatory guidance. With this external verification service that applies Corporate GHG Verification Guidelines from ERT, we hope to identify risks and opportunities, improve any issues within our internal systems, and provide our investors a high degree of confidence that the metrics and indicators we share are grounded in reliable data.

Green Financing: FPA has been pursuing green loans since 2012 as the preferential pricing the company receives for implementing energy and water efficiency retrofits has long made financial sense. Even if a property doesn't qualify for Green Financing, the company still evaluates and implements energy and water efficiency retrofits to realize both the environmental and financial benefits.

1% for the Planet: FPA donates 1% of property management fees generated from fund assets to environmental causes through 1% for the Planet. The total amount donated so far exceeds \$620,000. This commitment addresses many of our core SDGs and has accomplished carbon offsets through various projects as well as carbon sequestration through regenerative agriculture.

Investment in Conservation: In 2012, FPA began dedicating concentrated efforts to sustainability and the environment. After our third-party utility partner performs an energy analysis on every newly acquired asset, our organization creates a unique plan that can reduce energy use and costs at that asset. We then implement energy and water saving initiatives such as low flow plumbing fixtures, LED lighting in common areas, and more efficient HVAC systems that can make an enormous impact on bills and conservation. To date, FPA has saved over 1 billion gallons of water and over 51 million kilowatt hours of electricity through these energy and water retrofits (SDG #9, SDG #12, SDG #13). As transportation continues to be one of the highest sources of GHG emissions in the United States, another initiative we are increasing our focus on is to expand offerings of electric vehicle chargers across our portfolio to encourage the use of more environmentally friendly vehicles.

Certifications: During this period, the company has attained 1 Fitwel certification and 13 Energy Star certifications.

Sustainability Report References GRI: We recreated our sustainability report for the 2020 year especially so it could reference GRI standards.

Increased Vendor Credentialing: We are also in the process of implementing a vendor credentialing platform that not only simplifies vendor registration and monitoring, but also reduces risk for our properties and increases efficiency with an automated vendor credentialing and compliance monitoring solution. Through this platform, we can evaluate diversity within supply chain and procurement.

FPA's plans to advance its commitment to the ten principles are determined. Foremost, we have set challenging targets on energy efficiency, water efficiency, and water reduction to progress us towards our ESG goals. We plan to continue diving deeply into data analysis to evaluate our consumption of energy resources at our properties and influence operations. We also aim to attain additional green building certifications and awards.

To review our progress and best address requisite criteria, the remainder of our communication on progress statement has been organized into the relevant sections of governance, reporting, human rights, labour, anti-corruption, and the environment.

Governance

FPA has an investment committee that consists of 6 individuals who vote on potential acquisitions. The 6 individuals include the managing partner and founder of FPA, the chief investment officer, the chief financial officer, the controller, the president of construction, and the director of investor relations.

The investment committee assumes responsibility and oversight for long-term sustainability strategy and performance. For each asset under purchase consideration, each member of the investment committee casts a vote on whether to move forward with an acquisition following constructive dialogue. Through this process, the investment committee evaluates and mitigates investment risk and identifies areas and opportunities of long-term value creation for our investors and stakeholders. Thoughtful analysis of ESG factors and its impact on overall investment returns is a part of this process as we focus on ESG issues and opportunities that might impact future financial performance and valuation.

The company also has an ESG committee which is integral for stakeholder engagement and to implement the overall sustainability strategy. The committee, which spans several corporate functions, meets quarterly, and connects proactively to continually improve both ESG risk management and sustainable business practices. The director of ESG spearheads the ESG committee which consists of C-suite level staff such as the chief technology Officer, investment committee members, the director of marketing, portfolio managers, the vice president of green initiatives. As needed, FPA engages asset-level employees to ensure alignment with our UNPRI responsible business objectives and the UN Global Compact's ten principles.

Reporting

FPA understands and appreciates the value of transparency in reporting our responsible investment activities. We continually monitor progress towards targets and we regularly report on issues of ESG relevance through our website, annual sustainability report, GRESB, the UNPRI reporting framework, and the UN Global Compact communication on progress statement. Our recent progress includes replacing our environmental management system, automating much of the utility data collection process, and procuring third party verification services for utility data.

Human Rights

FPA Multifamily abides by all United States national and local regulations. In the United States, both the Bill of Rights and the Constitution, which has many rights equivalent to those found in the UDHR, provide extensive human rights protections. The U.S. Supreme Court has also gone further to identify fundamental rights that are not explicitly stated in the Constitution. Some of the most important of these laws are those that prohibit discrimination based on race, gender, religion, age, or disability. At FPA Multifamily, we take these matters seriously and address them through our policies, procedures, code of ethics, employee handbook, as well as our diversity, equity, and inclusion policy. We have a process in place to ensure the implementation of these codes and policies, including compliance linked to employee remuneration, a dedicated focal point to address concerns, disciplinary actions in case of breach, employee performance appraisals that factor in compliance with codes of conduct, training related to governance risks for employees, and a whistleblower mechanism. We also routinely monitor diversity and inclusion by age, gender, veteran status, disability, education level, and racial diversity.

Labour

FPA Multifamily abides by all United States national and local regulations and is accordingly an equal employment opportunity employer. The company strives to comply with all applicable laws prohibiting discrimination and any other category protected by federal, state, or local laws. In the company's employee handbook, additional detail is described including the accommodations the company will make for religion and disability, what constitutes unlawful harassment, the procedure to file a complaint, disciplinary actions in case of a breach and how retaliation is prohibited. Furthermore, we have a performance management and compensation policy that addresses pay equity. The company is committed to ensuring there is no wage discrimination within the organization by aligning our compensation practices with federal and state legislated wage requirements and industry standards that include, but are not limited to, the Federal Equal Pay Act, Title VII of the 1964 Civil Rights Act, The Age Discrimination in Employment Act, The Americans with Disabilities Act and The Lilly Ledbetter Fair Pay Act of 2007. All employees performing the same or similar work of equal value are compensated according to the same basis and guidelines, regardless of gender, race, age, disability, LGBTQ or any other status. Beyond the alignment with regulations, we also have a Health and Wellbeing Policy. We are committed to providing our employees with a safe, healthy, and supportive environment where healthy lifestyle choices are valued and encouraged. Not only do we believe this can reduce the number of sick days, but we also believe it's a vital aspect of building a happier and more productive workplace.

Anti-corruption

FPA Multifamily has a fiduciary responsibility to its investors and believes in the importance of remaining honest and demonstrating integrity in all business activities. The company follows all state and federal laws of the United States where it operates as well as its own policies and procedures. Employees are bound by company policies and the code of ethics to make a committed effort to do the right thing and to be honest and fair in all business dealings. Some issues its policies address include kickbacks, gratuities, gifts and entertainment, conflicts of interest, anti-money laundering, OFAC compliance, insider trading, the Foreign Corrupt Practices Act, political contributions, frontrunning and scalping. These policies provide definitions and examples of potential issues and guidelines for employees, managers, and supervisors to ensure the policy is abided. A whistle-blower mechanism and a process to deal with incidents when compliance is lacking is also provided.

FPA is a signatory of UNPRI and publicly commits to the 6 principles in its Responsible Investment and Stewardship Policy that can be found on its website. We have an internal audit team that assesses properties to ensure that all the appropriate anti-corruption processes are in place. And we routinely take several other anti-corruption measures such as independent audits and assurance of financial data, third party verification of sustainability data, and governance risk assessments performed by external parties that address matters such as bribery and corruption, political contributions, fiduciary duty and fraud. The company's technology department has also developed a state-of-the-art cybersecurity program to protect data and minimize the possibility of all forms of corruption.

Environment

At FPA, we support the Paris Agreement. And in our ESG policy that can be found on our website, we recognize the role we play as the environmental steward for the company and that it is our responsibility to reduce our carbon footprint with an economically efficient conservation program.

Sustainability is integrated into every aspect of FPA's operations. Thoughtful supply chain management, material selection, and stakeholder engagement are paramount to the overall success and efficacy of FPA's environmental programs. In building operations, FPA seeks to reduce energy and water consumption and greenhouse gas emissions through efficiency retrofits, energy management and automation systems upgrades, smart building technology, solar projects where viable, HVAC retrofits, and electric vehicle charging stations. We have been successful in achieving substantial water savings by replacing toilets, shower heads, faucets, and water-intensive landscaping. We have been successful in increasing energy efficiency by updating light fixtures and installing solar screens, motion sensor lighting and Energy Star appliances.

The goal is to manage environmental impacts to further a safe and healthy environment. FPA believes efficient and sustainable operations can lead to reduced consumption and reduced operational costs, benefitting all investors. Going green is an opportunity to reduce our environmental footprint while increasing operational resilience, enhancing investment performance, and strengthening the communities where we operate. By enforcing environmentally responsible practices, diligently monitoring our performance, and setting science-based targets, we can maximize value, increase tenant satisfaction, and contribute to stable long-term investment returns. As people become increasingly conscientious of climate change, we believe that properties that go green will be preferred and outperform those properties that are slow to adopt green practices. Incorporating sustainability is not only the way to protect the planet, but also an integral part of our investment strategy. Currently, our targets address SDG #9 and SDG #12 and include:

Energy Efficiency | Reduce energy use intensity (EUI) by 20% across the portfolio by 2030 from a 2020 baseline (2% annual reduction).

Water Efficiency | Reduce water use intensity (WUI) by 20% across the portfolio by 2030 from a 2020 baseline (2% annual reduction).

Waste Reduction | Increase waste diversion rates to 50% by 2030.

To date, our investment in conservation has saved over 1 billion gallons of water and over 51 million kilowatt hours of electricity through these energy and water retrofits and helped us earn 13 Energy Star certifications.

The ESG Committee, which is spearheaded by the company's ESG Director, also consists of C-suite level staff, portfolio managers, and representatives from investor relations, construction, facilities management, marketing and training, and technology divisions. Though FPA has a designated ESG director, the ESG Committee helps with the allocation of responsibilities and accountability within the organization. The Committee meets quarterly and communicates proactively to monitor progress and evaluate and implement new ESG initiatives.

Two such initiatives the ESG Committee has recently implemented have allowed FPA to make an impact in ESG even beyond its operations. These initiatives have been the development of two community engagement programs, one that is for residents and the other that is for employees. The resident program is dedicated to expanding our focus on the overall health and wellness of our residents and bettering our planet. Each month, residents receive via email useful information about personal health, wellness, and sustainability as well as invitations to virtual classes offered throughout the year. The program was designed to identify community needs through social determinants of health to bridge access to those vulnerable or living in marginalized communities (SDG #3, SDG #10). The social determinants of health considered include economic stability (SDG #8), education (SDG #4), personal health practices and coping skills, environment (SDG #9), and social norms and attitudes. In addition, we encourage philanthropy amongst our residents through local donation drives and fundraising at the property level. Each year, FPA partners with a non-profit organization doing exemplary work in our communities. Residents can make donations to the non-profit when paying their rent, and then FPA matches the donations, dollar for dollar. Through FPA's partnership with Move for Hunger, residents can donate non-perishable food items before moving out or going on vacation, and the items will be taken to a local food bank to reduce food waste and fight hunger (SDG #2, SDG #12). The employee program called Committed to Community, is a community engagement program that extends FPA's efforts beyond just the residents and to the broader communities in which they live. Food insecurity and clean water (SDG #2, SDG #12, SDG #14) are an important focus. With the help of the G. A. Fowler Family Foundation, substantial donations are made nation-wide to various food banks and organizations improving water quality. Through the Committed to Community program, employees receive information on social impact opportunities on ESG and classes on sustainability, cultural sensitivity, diversity, and inclusion.