



2021 Environmental, Social, and Governance (ESG) Report

Kayne Anderson
Real Estate

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Cornerstone Portfolio

Letter from the Management Team

In 2021, the world continued to face challenges and uncertainty, which prompted many of us to examine our values, contributions, and impacts to our business and our communities. We can no longer operate with a singular focus on “business as usual” as the previously unthinkable becomes more likely. Instead, we need to address evolving environmental, social, and governance (ESG) risks and trends with the same investment rigor and diligence applied to historically accepted factors for financial performance.

As an investor in alternative real estate assets, environmental and social impacts are top of mind. In 2021, Kayne Anderson Real Estate (KA Real Estate) focused on strengthening current ESG integration practices and furthering implementation of new methods. We deepened our efforts to address climate change, identified opportunities to decrease assets’ carbon footprints, and refined how we measure climate risks and impacts.

Our efforts for continuous improvement focused on environmental impacts. We took measured steps to embed ESG and financial goals into each of our investment committee memorandums. We strengthened our due diligence process by including physical climate risks assessments within our acquisition process. We also enhanced our metrics to better understand how our assets perform in energy efficiency, water efficiency, and waste reduction, exemplified by our first-ever ENERGY STAR certified buildings.

Understanding how to create change is critical to driving impact. At KA Real Estate, we drew on our experience in multifamily housing to launch an impact strategy. This fund will implement ESG efforts at the forefront of our practices, including extensive ESG due diligence aligned with several industry ESG frameworks (e.g., GRESB, BOMA 360, etc.) to recommend capital improvements that enhance environmental attributes at owned assets and prioritize efficiency in the development of new assets. We also focus on issues of affordability and offer social programming that can enhance credit ratings

and thus improve the financial security of our tenant base, and maintain affordable rents for a portion of tenants at some properties within the fund. We view this not only as “doing good” but as good business, as we increase the retention of our resident base and ultimately lower costly turnover expenses.

As new risks and challenges emerge, we remain committed to integrating ESG into our investment process, and by doing so, make positive contributions to the environment and to society, while also safeguarding investment value and returns.

KA Real Estate continues to prompt transformational change within our Firm and our industry. We strive to create an inclusive corporate culture and advance equity at the Firm. Women and underrepresented individuals currently make up more than half of KA Real Estate’s workforce. In 2021, 67% of new hires were either women or underrepresented individuals. We are proud to report that women co-head two strategies at KA Real Estate. Working toward inclusivity must be paired with internal efforts to foster a welcoming environment for all: Last year, 100% of our real estate team participated in voluntary two-day seminars that were moderated by the Racial Equity Institute and focused on social justice issues. We also believe providing the most underrepresented groups with access to industry insiders is the foundation for increasing diversity in the real estate industry. To this end, we partner with organizations like Project Destined to foster a young generation of talent to gain access to the real estate industry and also launched EMERGENT, a consortium of like-minded investors who are committed to education, recruitment, and social-impact programs across the nation.

We are pleased to share our efforts both across our businesses and within our firm and look forward to continued progress in the year ahead. As always, thank you for your support and partnership.



Albert Rabil III
CEO, Kayne Anderson Capital, LP



S. David Selznick
Chief Investment Officer



John Wain
Chief Financial Officer

A Message from Our DE&I Change Team

Over the past two years, our Diversity, Equity, and Inclusion leads (the “Change Team”) laid the groundwork needed to implement our commitment to DE&I.

In 2021, we established baselines and formalized our action and implementation plan defining our commitment and vision, and established goals to support both. The plan focuses KA Real Estate’s work within four areas foundational to a robust DE&I strategy: education, workplace initiatives, recruitment and inclusion, and community engagement.

CREATING A CULTURE SHIFT AT KA REAL ESTATE

We believe establishing a shared language and a clearer understanding of equitable organizational development is critical to integrating racial equity into a corporate culture. An effective DE&I program must recognize not everyone has the same experience, insights, or understanding of systemic racism. We continue to engage employees in voluntary programs tailored specifically to KA Real Estate via a partnership with the Racial Equity Institute, a firm dedicated to creating racially equitable organizations and systems. This past year, all KA Real Estate employees chose to attend a two-day intensive training to more fully understand racism in its institutional and structural forms. By examining the structures of modern-day racial inequity, the event set a foundation for the organization to begin addressing racial equity within its ranks.

We continue to build on this foundation with internal events and education on topics from the LGBTQ+ seniors community to the history of Juneteenth.

ENGAGING ACROSS THE INDUSTRY

Our efforts extend past the four walls of this Firm to encourage and enable a more inclusive industry. In addition to embedding solutions that drive KA Real Estate toward a more equitable workplace culture, we are also engaging our supply chain on issues of equity: This past year, we determined what percentage of our vendors were Minority and Women Owned Businesses (MWOBs) and began setting a baseline for diversity within our supply chain. Our impact team is targeting \$100 million in partnerships with minority-led firms (operating partners, developers, vendors, and suppliers) over a five-year period in the KA Real Estate multifamily impact strategy.

We have also begun to engage across the industry. Last year, we extended an invitation to industry partners to participate in Racial Equity Institute training sessions, and representatives from 29 firms attended. KA Real Estate also launched EMERGENT, an industry collaboration with several like-minded investment firms committed to driving DE&I across the industry by supporting relevant mentoring, education, and recruitment initiatives across the nation. We are proud of the work we have done over the course of 2021 and look forward to additional advancements in the coming years with our DE&I team.



Shariff Pitts
DE&I Change Team Co-Chair



Evelyn Polcari
DE&I Change Team Co-Chair



About Kayne Anderson Real Estate

The Berkman

About Kayne Anderson Real Estate

Launched in 2007, KA Real Estate is the real estate investment arm of Kayne Anderson Capital Advisors, L.P. (KACALP).

KA Real Estate's investment objectives are to provide investors with risk-adjusted returns by increasing value through cash flow growth with a focus on current cash yield, while also remaining sensitive to capital preservation. With our deep professional real estate experience and extensive network, we bring sophisticated operational and investment focus to fragmented sectors experiencing growth but lacking capital efficiencies.

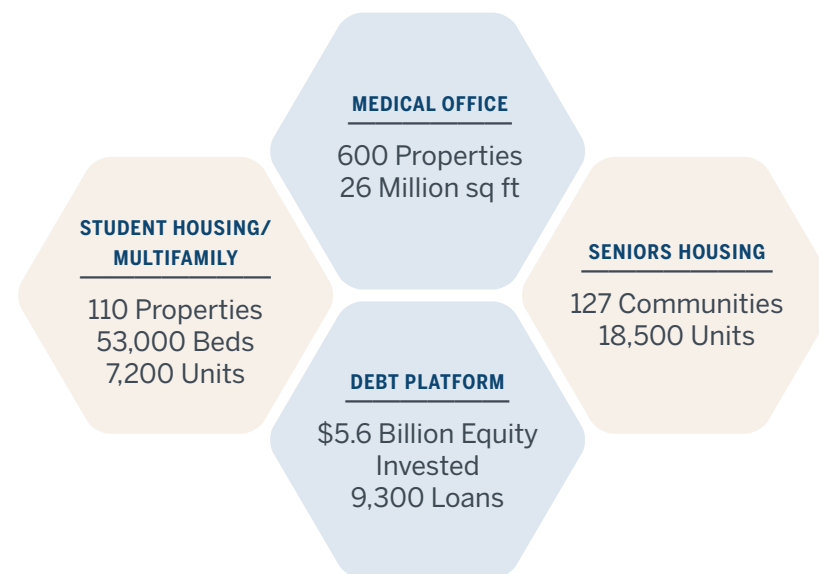
KA Real Estate invests in alternative real estate sectors, including medical offices, high-quality private-pay seniors housing assets, high-end off-campus student housing, self-storage, and multifamily assets. In early 2022, KA Real Estate launched its first impact housing strategy, as a result of the Firm's success in the multifamily sector.

- Independent, private, employee-owned company
- >\$20 billion in gross assets under management*
- 53 investment professionals**
- 76 real estate professionals**

* As of 12.31.21. Assets under management include unfunded commitments.

** Personnel statistics reported as of 03.07.22.

KA Real Estate has invested over \$15 billion in total capital across alternative real estate asset classes:



KA REAL ESTATE PLATFORM OVERVIEW

- **Kayne Anderson Real Estate Partners I–VI (KAREPs)**
Opportunistic/Value Add Equity
- **Kayne Anderson Core Real Estate (KACORE)**
Alternative Core Equity
- **Kayne Anderson Real Estate Debt I–IV (KAREDs)**
Real Estate Debt
- **Kayne Anderson Real Estate Opportunistic Debt (KAROD)**
Real Estate Opportunistic Debt
- **Kayne Anderson Multifamily Impact Housing Fund (KAMFI)**
Impact and ESG-Oriented Real Estate

ABOUT THIS REPORT

We commit to holding ourselves and our responsible investing practices accountable through transparent communications with our stakeholders. This is our third annual report on our responsible investing activities. In this year's report, we explain our approach as a real estate investor to managing the financial risks and opportunities associated with ESG factors; the Firm's systematic approach to managing key material ESG factors; how ESG considerations are embedded in our investment processes; and our achievements over the past year.



Torre

DIVERSITY, EQUITY, AND INCLUSION AT THE FIRM-LEVEL

KA Real Estate is committed to cultivating and preserving a diverse workplace and a culture of inclusion. Diversity contributes to our business success, and we believe that a range of perspectives benefits employees, clients, and other stakeholders.

Our business policies, practices, and behaviors promote diversity and equal opportunity to create an environment where individual differences are valued, and all employees have the opportunity to realize their potential. To that end, at the firm-level, in 2021 the KA Real Estate DE&I Council formalized a DE&I Action and Implementation Plan to address four areas where our focus can be most influential: Education, Workplace Initiatives, Recruitment and Inclusion, and Community Engagement. We enacted the plan in 2021 and continue to implement it in 2022.

Governance and Responsible Investment Policies

As a part of Kayne Anderson Capital Advisors, L.P. (KACALP) we are guided by the following policies:

KACALP'S ESG POLICY

The [ESG Policy](#) guides how ESG integration enhances our understanding of material risks and opportunities across our investment teams. The policy outlines an Assess-Monitor-Engage approach that includes ESG integration across the investment life cycle and embeds the systematic evaluation of ESG factors into our investment process.

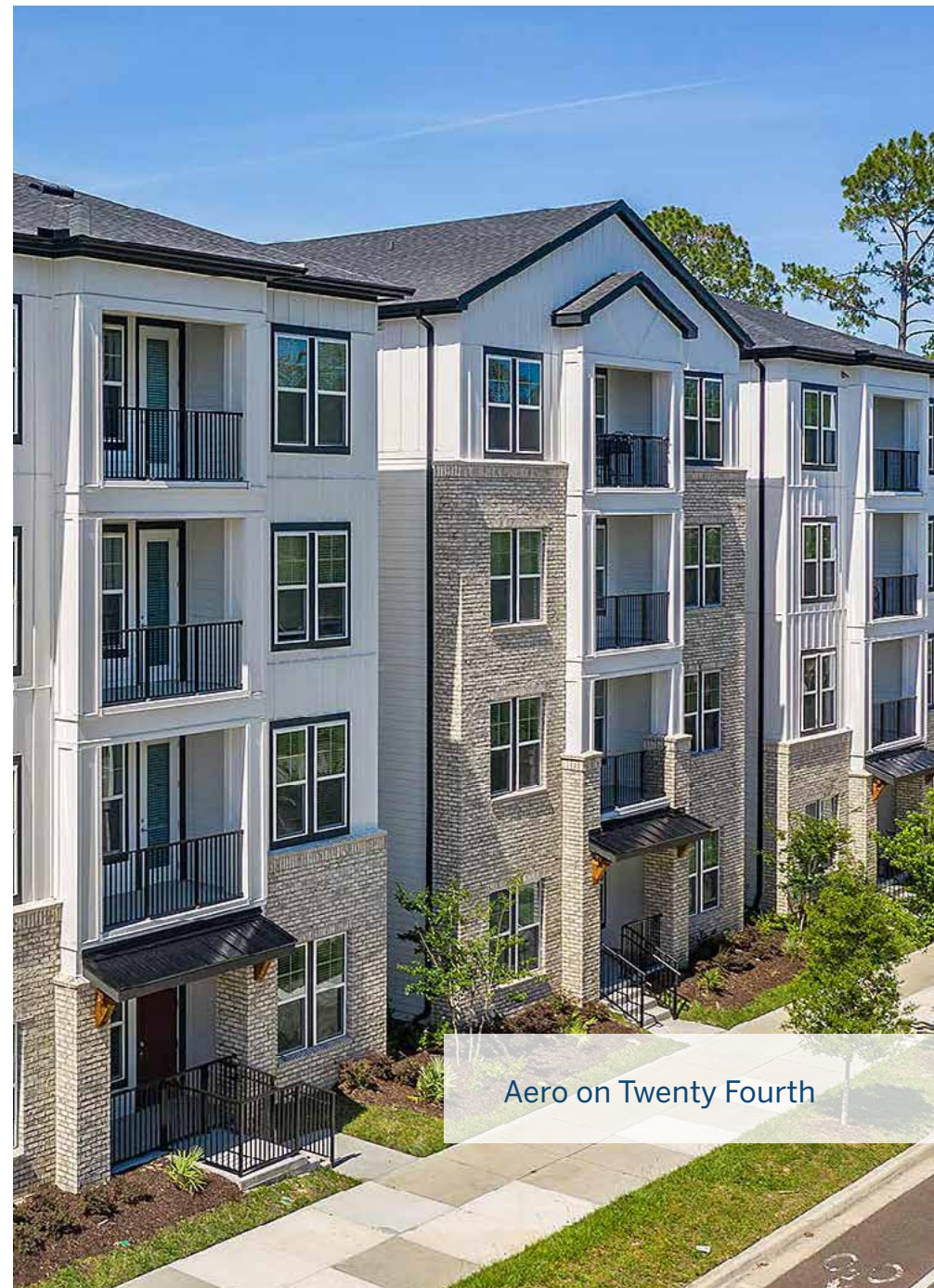
KACALP'S CLIMATE CHANGE POLICY

The Firmwide [Climate Change Policy](#) defines our processes to account for potentially significant consequences for society and industry in our investment strategies. It details how KACALP's investment teams integrate climate risks in investment analysis; how we monitor and engage on climate risks and opportunities, governance, and oversight for the policy; as well as how we report externally.

GOVERNANCE AT KACALP

KACALP's board of directors oversees the organization's corporate governance, meeting on a regularly scheduled basis to discuss the overall direction of the Firm, performance, and corporate culture. The board has oversight of additional governance bodies that influence the Firm's strategic direction and day-to-day operations, including an operating committee, valuation committees for each product, and a Diversity, Equity, and Inclusion Council.

In 2021, KACALP increased partner representation on the board to increase the diversity of thought at the governance level.



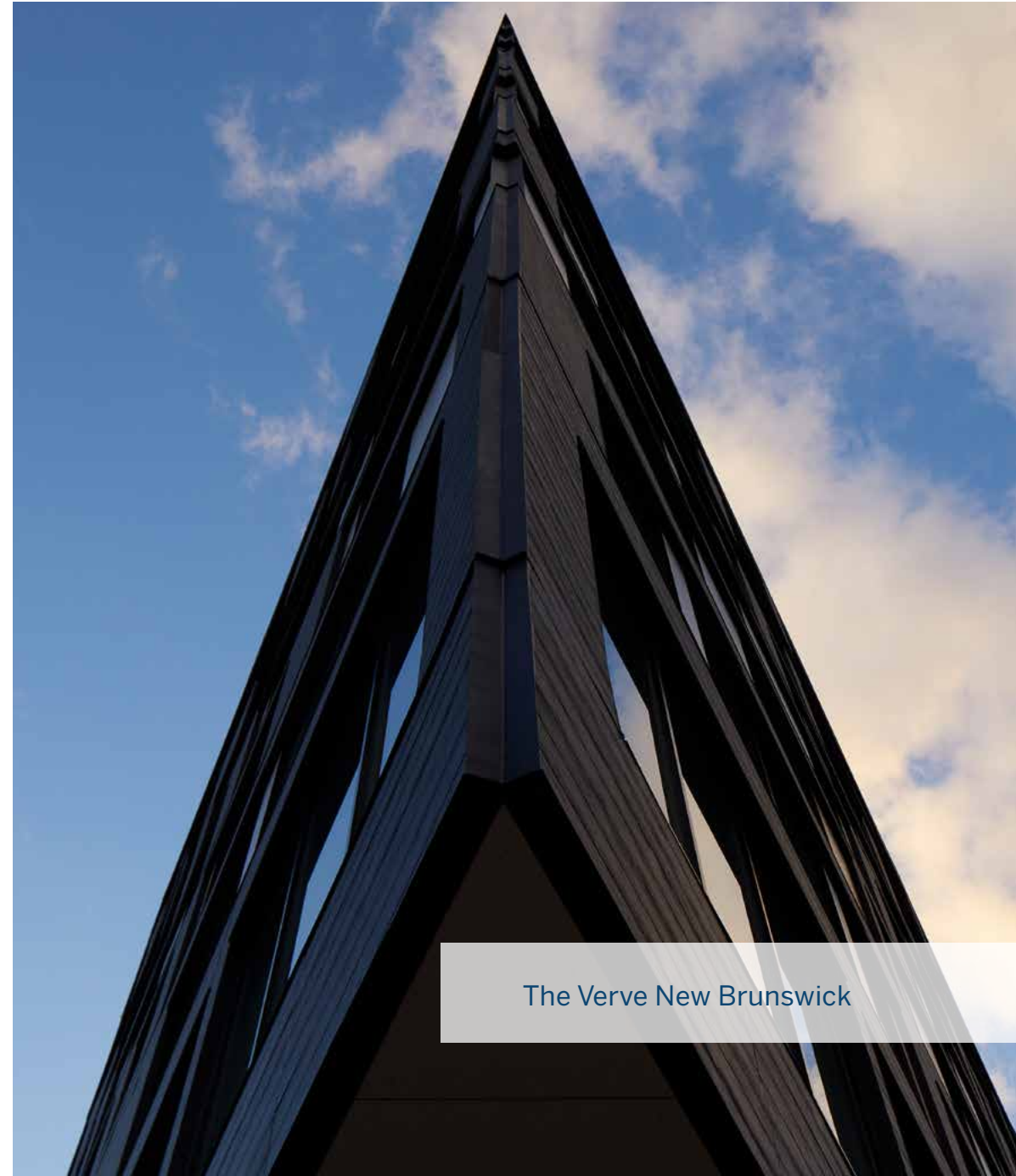
Aero on Twenty Fourth

Business Ethics and Compliance

Our commitment to conduct business ethically and in compliance with all applicable laws and regulations is supported by policies and procedures that promote the highest standards of ethical and professional conduct. We instill our code of ethics into day-to-day operations through our compliance program, which is overseen by our Chief Compliance Officer. The program includes employee requirements to adhere to the code, certify compliance every quarter, and attend annual compliance training. Currently, the compliance program and code of ethics address personal securities transactions, material non-public information, bribery, corruption, insider trading, gifts and entertainment, and conflicts of interest. An independent party tests our compliance program and evaluates alignment with best practices on an annual basis.

CYBERSECURITY

KACALP protects client privacy through a comprehensive privacy and cybersecurity program consisting of multifactor authentication, remote access, penetration testing, data security, and incident management. Third-party cyber-risk assessments of our operations and of portfolio companies are conducted on an ongoing basis and inform how we enhance our efforts year to year. This work is overseen by KACALP's Data Protection Task Force, whose primary responsibility is to ensure our approach reflects industry best practices.



The Verve New Brunswick

Industry Memberships

SUPPORTING ESG INTEGRATION AND OUR COMMITMENT TO TRANSPARENCY

Our membership in ESG-focused initiatives allows us to get involved in relevant ESG-focused discussions, and to learn, exchange best practices, and anticipate trends. Our engagement with industry associations provides an opportunity to understand where industry standards are in terms of ESG practices, to learn with our peers, and to convey the importance of ESG for our organization.

REAL ESTATE INDUSTRY ASSOCIATIONS



ESG-FOCUSED INITIATIVES



As part of our commitment to ESG integration, KACALP has been a signatory to the UN Principles for Responsible Investment (PRI) since 2019.



Since 2019, KA Real Estate has been a participating member of Global Real Estate Sustainability Benchmark (GRESB), the global ESG benchmark for real estate investments.



In 2021, KACALP joined ILPA Diversity in Action initiative as a signatory. The initiative convenes limited partners and general partners who share a commitment to advancing diversity, equity, and inclusion in the private equity industry.



In Q1 2022, KA Real Estate became a member of the ULI Greenprint Center for Building Performance, a worldwide alliance of leading real estate owners, investors, and strategic partners committed to improving the environmental performance of the global real estate industry.



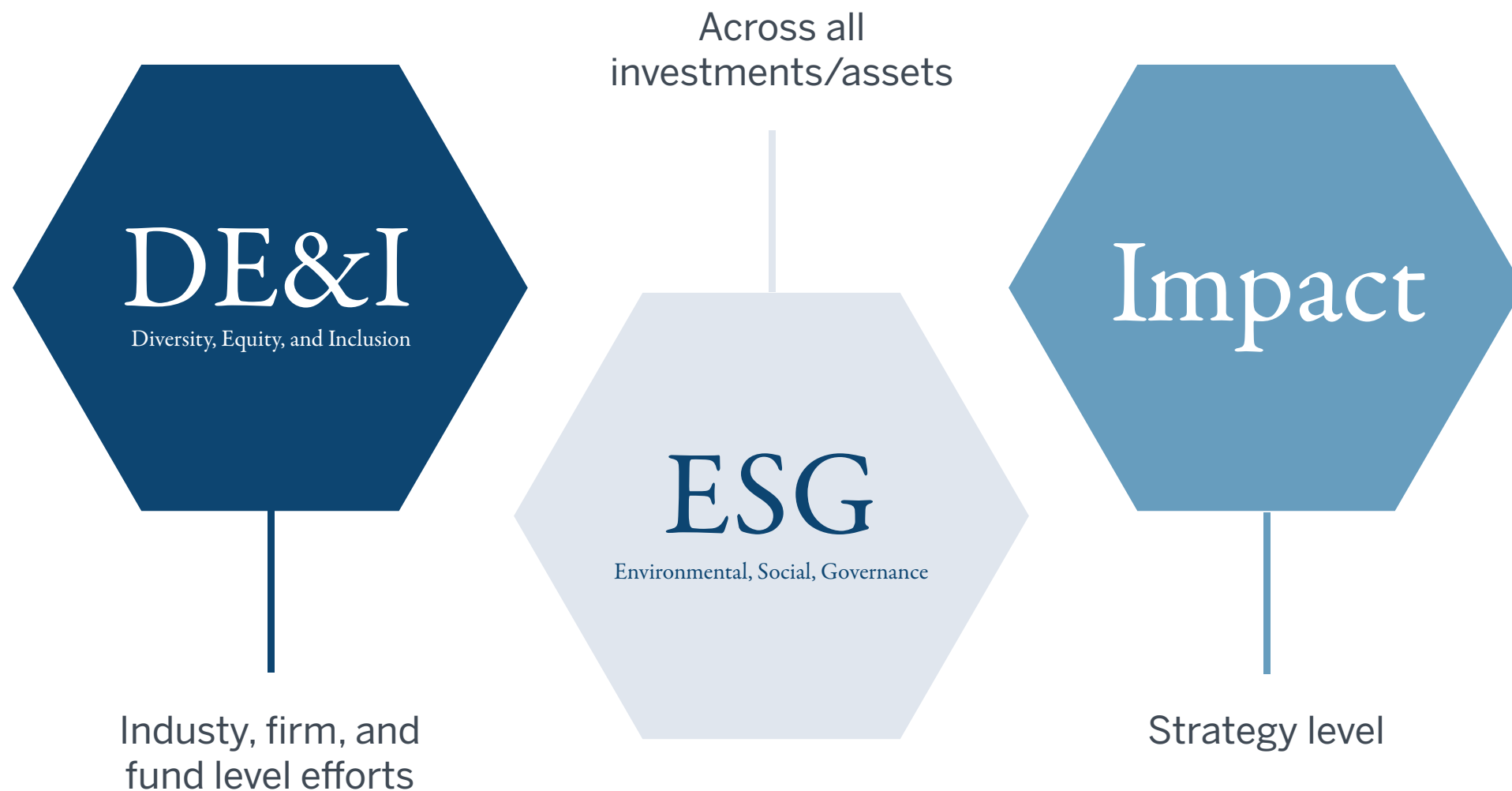
3 LEED silver certified buildings



7 properties achieved Energy Star Certifications in 2021

What ESG Means to KA Real Estate

KA Real Estate's overall approach to ESG performance and products:



Progress in 2021

Forth at Navigation

2021 ESG Highlights



ENVIRONMENTAL

Over \$522 million has been invested into sustainable investments that advance environmental and social benefits at our recent developments and capital improvement projects.



IMPACT INVESTMENT STRATEGY

Developed KA Real Estate's first multifamily impact strategy, which launched in early 2022.



ENHANCED DATA-DRIVEN ESG DECISION-MAKING

We significantly deepened our due diligence assessments to incorporate expanded ESG metrics for energy efficiency, water efficiency, and physical climate resilience. Our augmented data collection and tracking will improve transparency, decision-making, and our accountability to ESG commitments.



FIRM-LEVEL DE&I

67% of KA Real Estate's new hires were either women or underrepresented individuals, and our recruitment efforts seek to place more of these professionals in leadership roles. Approximately 50% of our senior management consists of women or underrepresented individuals.



INDUSTRY-WIDE DE&I

- EMERGENT: Founding member of an industry collaborative focused on increasing diversity in the real estate industry.
- Project Destined: In 2021, senior members of our leadership team mentored underrepresented college students in Chicago and Miami in an internship program focused on all aspects of the real estate business.
- Supported Pension Real Estate Association (PREA) Foundation's new industry collaborative for racial equity training across the value chain to advance diversity and inclusion in real estate.



Reducing Our Environmental Impact

LAYING THE FOUNDATION FOR ORGANIZATION-WIDE IMPLEMENTATION

In 2021, KACALP took the necessary steps to benchmark our organizational greenhouse gas (GHG) emissions and map out how we currently address and assess climate change throughout investment strategies.

First, we hired a third-party climate consultant to evaluate our current processes against the four pillars — governance, strategy, risk management, and metrics and targets — outlined in the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

Then KACALP commissioned a GHG inventory of our scope 2 and 3 emissions for the 2019 and 2020 calendar years.

Next, to attain carbon neutrality against our measured footprint, KACALP purchased Renewable Energy Credits (RECs) and high-quality carbon offsets using climate justice and equity considerations as guiding factors.

DEEPENING AND BROADENING OUR MEASUREMENTS AND METRICS

We recognize the importance of continuing to reduce our portfolio's carbon footprint. KA Real Estate's expansion of data-collection initiatives across properties within our operational control and acquisitions will directly support the reduction of carbon emissions, energy usage, and water consumption. This includes:

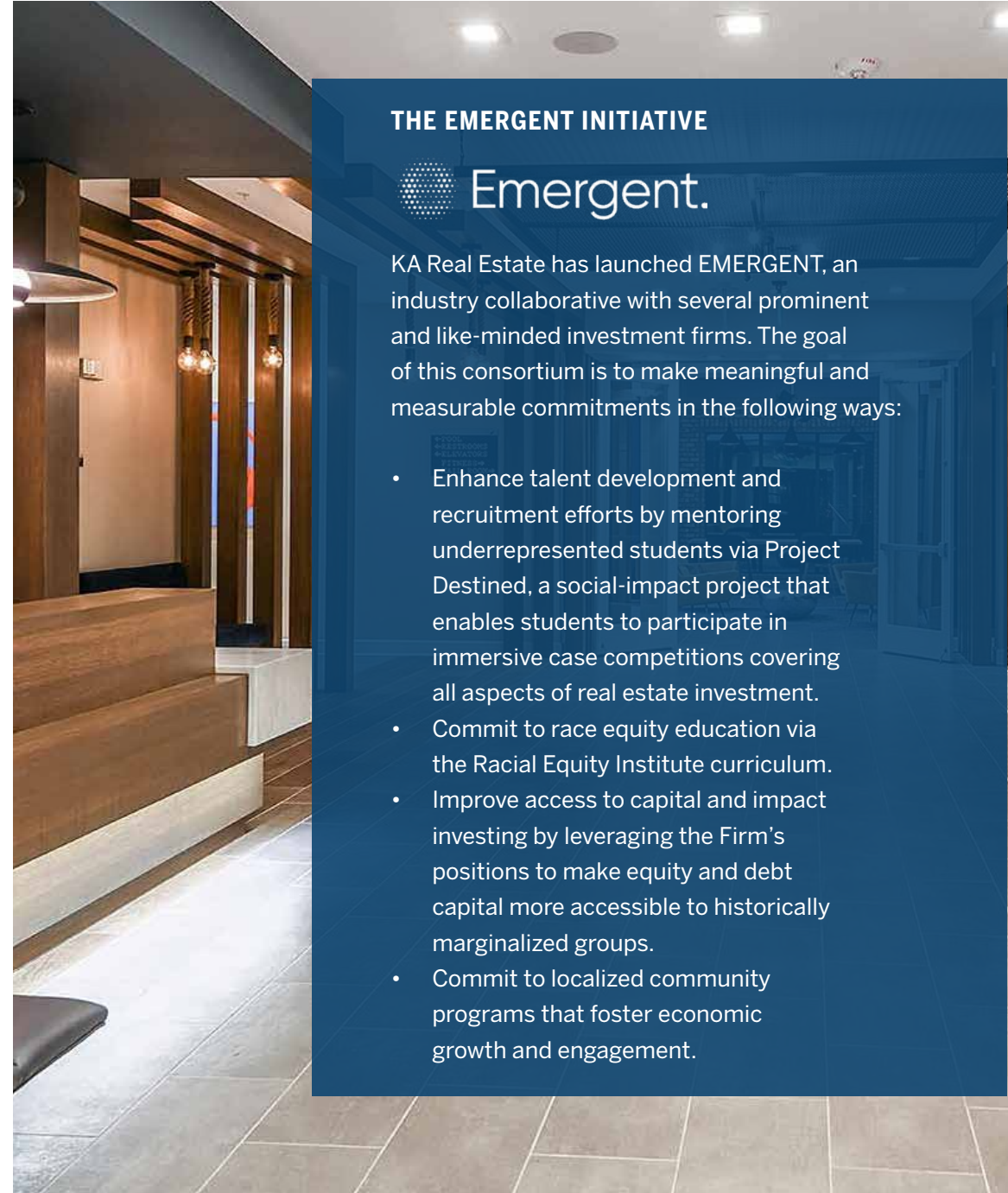
- Enhanced historical energy, water, and waste-data collection during diligence and across operating properties.
- Significantly expanded physical climate risks metrics assessment (ESG+R (resilience) checklist).
- Established energy benchmarking and modeling to assess current and projected energy performance.
- Achieved ENERGY STAR certification for the first time with seven properties certified.



Diversity, Equity and Inclusion Achievements

KA Real Estate's Diversity, Equity, and Inclusion committee members, internally known as "the Change Team," led our DE&I efforts at KA Real Estate in 2021. The Change Team is co-chaired by the co-head and senior managing director of Seniors Housing and the director of personnel and DE&I. Its subcommittees strive to:

- Provide ongoing education so that team members can learn more about one another while learning about equity, and develop policies that promote equity in the workplace.
- Support local community-led initiatives.
- Offer educational opportunities to industry leaders, support organizing those leaders for collective action and impact, and help build community wealth and power.



THE EMERGENT INITIATIVE



KA Real Estate has launched EMERGENT, an industry collaborative with several prominent and like-minded investment firms. The goal of this consortium is to make meaningful and measurable commitments in the following ways:

- Enhance talent development and recruitment efforts by mentoring underrepresented students via Project Destined, a social-impact project that enables students to participate in immersive case competitions covering all aspects of real estate investment.
- Commit to race equity education via the Racial Equity Institute curriculum.
- Improve access to capital and impact investing by leveraging the Firm's positions to make equity and debt capital more accessible to historically marginalized groups.
- Commit to localized community programs that foster economic growth and engagement.

2021 DE&I Achievements: People, Funds, and Industry

KA Real Estate has continued its efforts to advance DE&I within the Firm, at the fund and industry levels. Above, we categorize our progress in 2021. To benchmark our efforts against ILPA's DE&I Roadmap, all actions aligned with best practices are marked with an asterisk.

1

FIRM-LEVEL

Governance & Oversight:

- Formalized DE&I Action and Implementation Plan to address education, workplace initiatives, recruitment and inclusion, and community engagement*

Voluntary Training for Team Members:

- 100% participation in two-day intensive training run by the Racial Equity Institute*

Community Engagement:

- 100% employee participation in the 2021 Employee Charitable Donation Matching program

Vendor Selection Process:

- Determining what percentage of our vendors were Minority and Women Owned Businesses (MWOBs) and setting a baseline for diversity within our supply chain*

Recruitment Efforts & Internship Programs:

- Revamped recruitment practices to help ensure proportional representation*

2

STRATEGY-LEVEL

Impact Housing Strategy:

- Designed the multifamily impact strategy, which was launched in early 2022
- Commitment to partner with MWOBs, targeting over \$100 million in spending over the first five-year period in the multifamily impact strategy*

Operating Partners:

- KA Real Estate invited its operating partners to participate in a Racial Equity Institute training, which was attended by nearly 70% across all partners

3

INDUSTRY-LEVEL

Partnerships & Community Outreach:

- As a lead donor and a founding governor of the Pension Real Estate Association (PREA) Foundation, KA Real Estate helped over 300 students of diverse backgrounds with opportunities to explore careers in our industry*
- Launched EMERGENT, a consortium of like-minded investors who are committed to education, recruitment, and social impact programs across the nation* (See textbox on page 15)

Alignment With the UN SDGs

In September 2015, the UN General Assembly adopted 17 Sustainable Development Goals (SDGs) as part of its 2030 Agenda for Sustainable Development. At KA Real Estate, we are committed to contributing to this shared global agenda. This is how our efforts in 2021 align with the SDGs:



Managing Our Investments Responsibly

Watermark at Napa Valley

Our Approach to Responsible Investing

At KA Real Estate, responsible investing — also referred to in this report as ESG investing — is rooted in a comprehensive approach to financial materiality that identifies and accounts for how ESG factors affect the company, asset, and portfolio performance. In practice, we embed the evaluation of ESG-related risks and opportunities into our investment processes to deliver improved financial performance from a risk-reward perspective.

ESG integration is an iterative process. At KA Real Estate, we update our processes as needed to reflect the increasing materiality of specific issues. In 2021, we enhanced our ESG methodology across the equity investment life cycle in the following ways:

Climate Impact

Strengthened our data collection of property energy usage and efficiency measures for new deals and existing holdings that have trackable data.

Climate Risk

Significantly expanded our due diligence gathering and assessments of physical climate risk indicators and building resilience metrics.

Natural Resource Usage

Data collection of water consumption and waste.

Impact-First Fund

Leverage our deep real estate expertise to inform a multifamily impact strategy and set an industry-leading impact effort across ESG factors.



Addressing ESG Across all Equity Assets

ESG IN THE LIFE CYCLES OF KAYNE ANDERSON'S REAL ESTATE INVESTMENTS

With the support of Partner Energy, an external sustainability consultant, we have implemented a more robust data-driven approach to ESG integration across the life cycle of our investments. Our focus is to minimize negative environmental impacts and increase social impacts through efforts that lower the overall operating cost of investments while enhancing resident retention. The following methods drive ESG considerations across all three key investment stages in our portfolio.

	DUE DILIGENCE	OPERATING PRACTICES	CONSTRUCTION PRACTICES
ENVIRONMENTAL	<ul style="list-style-type: none"> Resilience to the physical impacts of climate change Environmental liabilities Physical and transition risks Impacts from climate change Operating efficiency measures (air quality, water efficiency, energy efficiency) 	<p>Operating Efficiency:</p> <ul style="list-style-type: none"> Energy efficiency, Efficiency upgrades to increase ROI, Green leases <p>Utility Monitoring:</p> <ul style="list-style-type: none"> Energy, Water, Waste, Performance benchmarking, Energy audits for low performing assets <p>Building performance assessment:</p> <ul style="list-style-type: none"> Energy audits for low performing assets 	<ul style="list-style-type: none"> Energy efficiency upgrades include, but are not limited to, HVAC equipment and automation systems, LED lighting fixtures, high-efficiency water fixtures, occupancy sensors, natural lighting maximization, and repurposed building materials Tenant engagement alongside our partner, Remedy, for our medical office assets. Tenants were provided with a sustainability guide
SOCIAL	<p>Social factors assessed include accessibility—a key concern for senior housing</p>	<p>Tenant engagement</p> <ul style="list-style-type: none"> Proactive information sharing through Esusu reporting service to help improve tenants' credit profiles Providing residents' digital access to medical professionals through Telehealth 	<ul style="list-style-type: none"> The multifamily impact strategy is committed to partnering with MWOBs, targeting over \$100 million in spend over the first five-year period. Health and wellness facilities
GOVERNANCE	<p>Assess the capabilities of service providers</p>	<ul style="list-style-type: none"> Business partner code of conduct 	
2021 PROGRESS	<ul style="list-style-type: none"> Enhanced historical energy, water, and waste data collection during diligence and across operating properties Significantly expanded physical climate risks metrics assessment (ESG+R checklist) Established energy benchmarking and modeling to assess current and projected energy performance Achieved ENERGY STAR certification for the first time, with seven properties certified Remedy Medical's, our medical office partner, hiring of a dedicated ESG lead as a result of its engagement with KA Real Estate Developed impact housing strategy 		

Due Diligence

**PROGRESS IN 2021:
ENHANCING CLIMATE RISK ASSESSMENT**

We significantly expanded our climate risk assessments within our operational control for all acquisitions as of Q4 2021. Our enhanced ESG due diligence framework now reviews more than double as many physical climate risk factors and impacts (e.g., wildfires, drought, high winds, etc.) and identifies resiliency measures for potential new acquisitions. To inform the framework, KA Real Estate partnered with a third-party consultant to assess measures of building resiliency against sea-level rise, flooding, high winds, increased precipitation, and wildfires. The results will deepen our understanding of asset and portfolio-level physical climate risk exposure and management for all acquisitions and new developments.

KEY TRANSACTION DILIGENCE ITEMS

NEW (2021)	<p>Assess resilience to the physical impacts of climate change</p> <ul style="list-style-type: none"> • Building resiliency measures to deal with climate change • Flood prevention measures where applicable • Wildfire protection measures • Flood risk tools <p>Collecting extensive property-level data on sustainability features <i>Features include, but are not limited to:</i></p> <ul style="list-style-type: none"> • Energy efficient roof components • ENERGY STAR rated appliances • Sensor activated lighting components • High efficiency (H.E.) or ENERGY STAR labelled HVAC systems • LED lighting • Low-flow water fixtures <p><small>*See case study on page 27</small></p> <p>Identify opportunities to increase utility efficiency:</p> <ul style="list-style-type: none"> • Green building certifications where applicable • Energy audit as part of diligence • Energy modeling for developments as part of diligence
CONTINUING	<p>Outline, design, and execution of all environmental remediation plans</p> <p>Interview tenants to assess needs and desire for improvements and/or new amenities</p> <p>Evaluate accessibility — proximity to public transit, retail, and other services</p> <p>Identify potential or existing environmental liabilities</p> <ul style="list-style-type: none"> • Underlying land — Third-party phase I environmental site assessment • Physical property evaluation — Third-party property condition assessment

Progress in 2021: Managing Transition Risks at the Asset-Level

Continuous improvement of ESG integration practices depends on updating processes to increase our understanding of material risks and evolving environmental impacts. As part of our climate risk management, we now measure asset-level energy use and leverage robust data to benchmark our properties. The results will inform our assessment of asset-level climate risks and how we can mitigate assets' climate impact.

Climate change is a key focus of our ESG integration methodology due to the potentially significant impact on real estate investments. The transition to a low carbon economy presents both financial opportunities and risks. Effectively managing building efficiency and carbon intensity is a key factor in creating and protecting asset value. Below we highlight our efforts around energy consumption measurements and efficiency efforts, both of which serve to enhance asset value.



DaVita Labs

ENHANCED MONITORING AND PERFORMANCE BENCHMARKING

To identify opportunities for carbon-intensity reduction at our assets, we are increasingly tracking energy consumption through reviews of asset-level utility data. Access to this information is the foundation for an informed understanding of current and potential properties' energy performance. Decisions for energy efficiency measures based on actual data and informed models instead of assumptions will increase the environmental and financial returns on investment.

We are expanding the tracking of energy usage, alongside water consumption and waste and greenhouse gas emissions, across properties within KA Real Estate's operational control. For all acquisitions, gathering historical utility data is a component of our due diligence process. Our efforts also include energy- and water-usage audits and energy modeling to help us understand energy usage when historical data is not available.

To evaluate the energy performance of our properties, KA Real Estate is benchmarking properties in ENERGY STAR Portfolio Manager, where access to whole building data is available. For new developments, we are modeling a property's future energy performance. Since the February 2022 expansion of ENERGY STAR's certification to medical office properties, KA Real Estate has certified seven of its medical office properties.

Our augmented data performance tracking will improve transparency, decision making, and accountability to our ESG commitments. For example, understanding properties' energy performance and carbon footprint informs our understanding of how past energy efficiency decisions and efforts have fared over time.

IDENTIFY EFFICIENCY UPGRADES THAT INCREASE ROI

Strengthened ESG data collection increases KA Real Estate's ability to identify opportunities for improving properties' operating efficiency. We will leverage these insights to implement cost-effective measures that increase efficiency and reduce greenhouse gas emissions. These may include LED lighting retrofits, the deployment of sensors to capture real-time data to drive operational decisions, and/or upgrading HVAC systems with modern energy-efficient units. We are proud that all KA Real Estate developments are more energy efficient than other buildings in their respective asset class.



Operating Practices

KA Real Estate's approach to sustainably managing properties is driven by three core principles. These principles consider environmental impact while seeking to reduce overall operating costs.



1 DATA MANAGEMENT

In 2019, KACORE began collecting utility data as part of our participation in GRESB. In 2021, we significantly expanded the collection and monitoring of utility data across operating partners within our environmental control boundary. To identify opportunities for efficiency improvements, our operating partners consistently monitor energy use, water consumption, and waste generation.

2 OPERATING EFFICIENCY

Our vertically integrated team collaborates with our partners to identify and implement cost effective operational enhancements, such as replacing existing lighting with LED lights and retro-commissioning and/or upgrading HVAC systems with modern energy-efficient units. Where available, we strongly support the use of incentive programs offered by utilities, local governments, and state agencies to strengthen property-specific energy efficiency measures.

3 PARTNER ENGAGEMENT

KA Real Estate seeks to educate and share ESG practices with its operating partners. For example, in conjunction with Remedy Medical, our medical office partner, we collaborated on the development of a tenant sustainability guide, which provides tenants with detailed steps to reduce energy and water usage, improve indoor air quality, and reduce waste. We also collaborated with Remedy regarding the development of a sustainable tenant fit-out and refurbishment guide. These guides, grounded in many of the LEED practices for commercial interiors, can help tenants implement sustainability practices for buildouts or make upgrades to existing property spaces. In 2021, Remedy Medical, our medical office partner, hired a dedicated an ESG lead as a result of its engagement with KA Real Estate.

Green Leases

We are furthering the adoption of green provisions in standard leases to encourage tenants to minimize their environmental footprint. As a general practice, in 2021, we began integrating green provisions in all new and renewed leases across our medical office assets. These clauses include implementing energy-reduction systems, enabling energy- and natural-resource-usage tracking and measurement, as well as using low volatile organic compounds (VOC) products and interiors.

Development and Capital Improvement Projects

KA Real Estate is committed to the continuous reduction of our properties' environmental impact while also reducing operating costs. By strengthening our ESG data collection, we can better identify opportunities for improving properties' operating efficiency. We will leverage these insights to implement cost-effective actions that increase efficiency and reduce greenhouse gas emissions.

KA Real Estate's dedicated in-house Design and Construction (D&C) team monitors the progress and execution of all projects to ensure they meet KA Real Estate's environmental and social considerations, among other standards. The team works with our operating partners to incorporate many of the following strategies:

- Energy-efficient HVAC equipment and automation systems
- LED lighting fixtures
- High-efficiency water fixtures
- ENERGY STAR appliances
- Occupancy sensors
- Natural lighting maximization
- Repurposed building materials
- Locally sourced building materials
- Health and wellness facilities
- Native/drought-resistant landscaping



Carlos Lorenzo
Senior Managing Director



Gerald Marquis
Managing Director



Abhijeet Redekar
Project Manager



Andrea Cornwall
Project Manager



Yanelys Rosua
Project Manager



Zola Francis
Project Accountant



Avery Lopez
Project Accountant

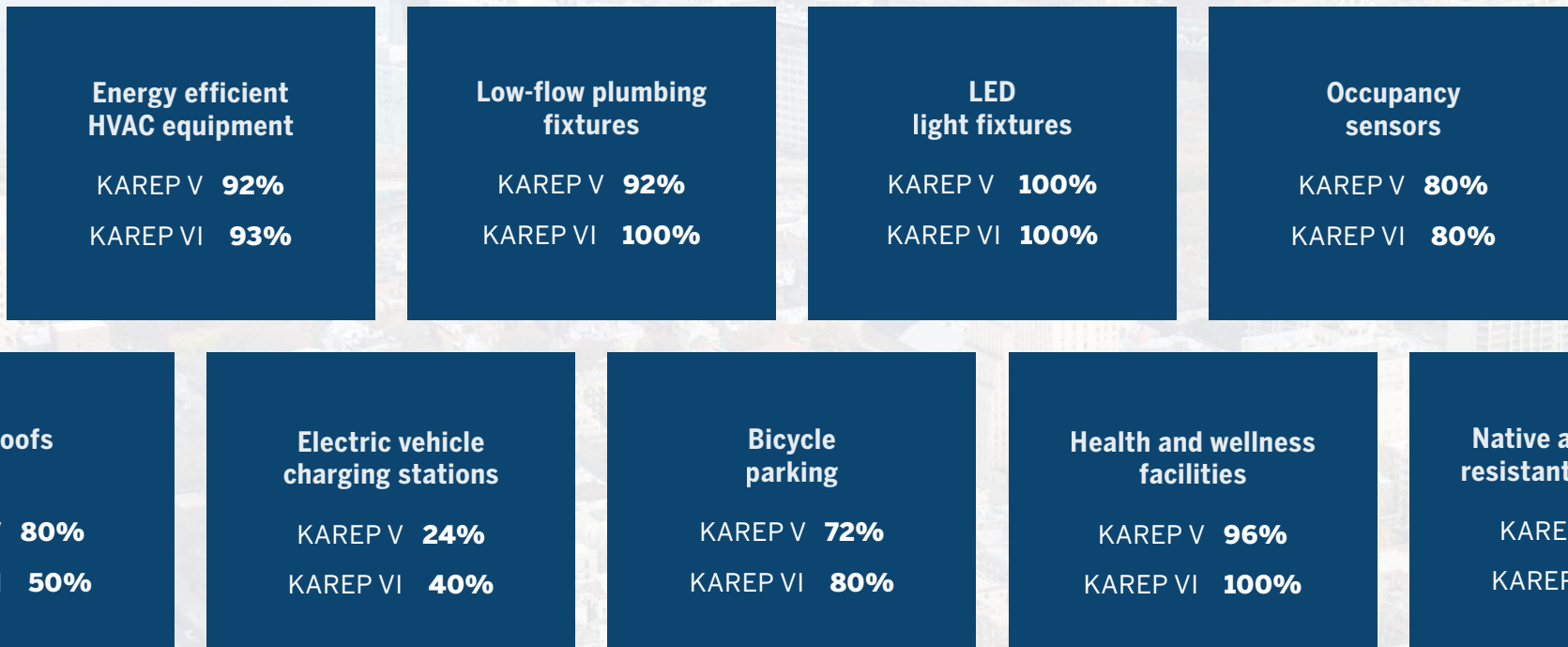
DESIGN AND CONSTRUCTION TEAM

Led by Carlos Lorenzo, senior managing director, Design and Construction, our D&C team has over 70 years of combined experience across construction management, civil and environmental engineering, and architecture. Collectively, the team's expertise spans numerous sectors, including student housing, senior housing, self-storage, medical office, retail, multifamily, municipal, and federal buildings. The team holds multiple industry certifications, among them engineering, occupational health and safety, hazardous waste operations, and emergency response.

Sustainable Features: KAREP V and VI

KAREP V and VI are part of the Firm's opportunistic fund series, which focuses primarily on healthcare-related real estate, particularly medical office and seniors housing, and on off-campus student housing, particularly in public university markets. KA Real Estate has invested more than \$522 million in building features for recent developments and capital improvement projects that promote environmental and social benefits.

The coverage for each sustainable feature in KAREP V and VI* is reflected in the percentages below.



*KAREP VI properties were all modeled, with a projected average ENERGY STAR score of 91.



Case Study

315 College Main Development

Student Housing



Acquisition Date

May 2021



Units

298

315 College Main Development Student Housing

Designed to achieve LEED Gold and ENERGY STAR certifications. The project is also designed to achieve a 2-star rating from the Austin Energy Green Building (AEGB) program.

The development is within walking distance of the entire Texas A&M University campus and is centrally located within Northgate, the premier off-campus housing submarket featuring popular retail, nightlife, and restaurant destinations. On-site health and wellness facilities include a fitness center and pool to provide health benefits to residents.



ENERGY AND ATMOSPHERE

With a projected ENERGY STAR score of 96 — close to double the national median — the development's total greenhouse gas (GHG) emissions and energy costs are projected to be 40% lower than the national median. Nearly all the heating, ventilating, and air conditioning equipment at the site is designed to be ENERGY STAR certified and is electric-powered, which lowers the building's carbon footprint and generates savings on operation costs in the long term. All appliances in the building will be ENERGY STAR certified to lower the projected carbon footprint. All interior and exterior lighting is designed to be LED and the building will

include occupancy sensors. The partitions are painted with light colors to promote natural daylighting and decrease the need for daytime electricity use.



EFFORTS TO MAXIMIZE INDOOR AIR QUALITY

The interior maximizes indoor air quality by using low- or no-VOC paints, floors, and sealants throughout the building. The modern ENERGY STAR-rated HVAC system increases the overall air quality circulating throughout the building, thus benefiting the overall wellness of the tenants.



WATER EFFICIENCY MEASURES

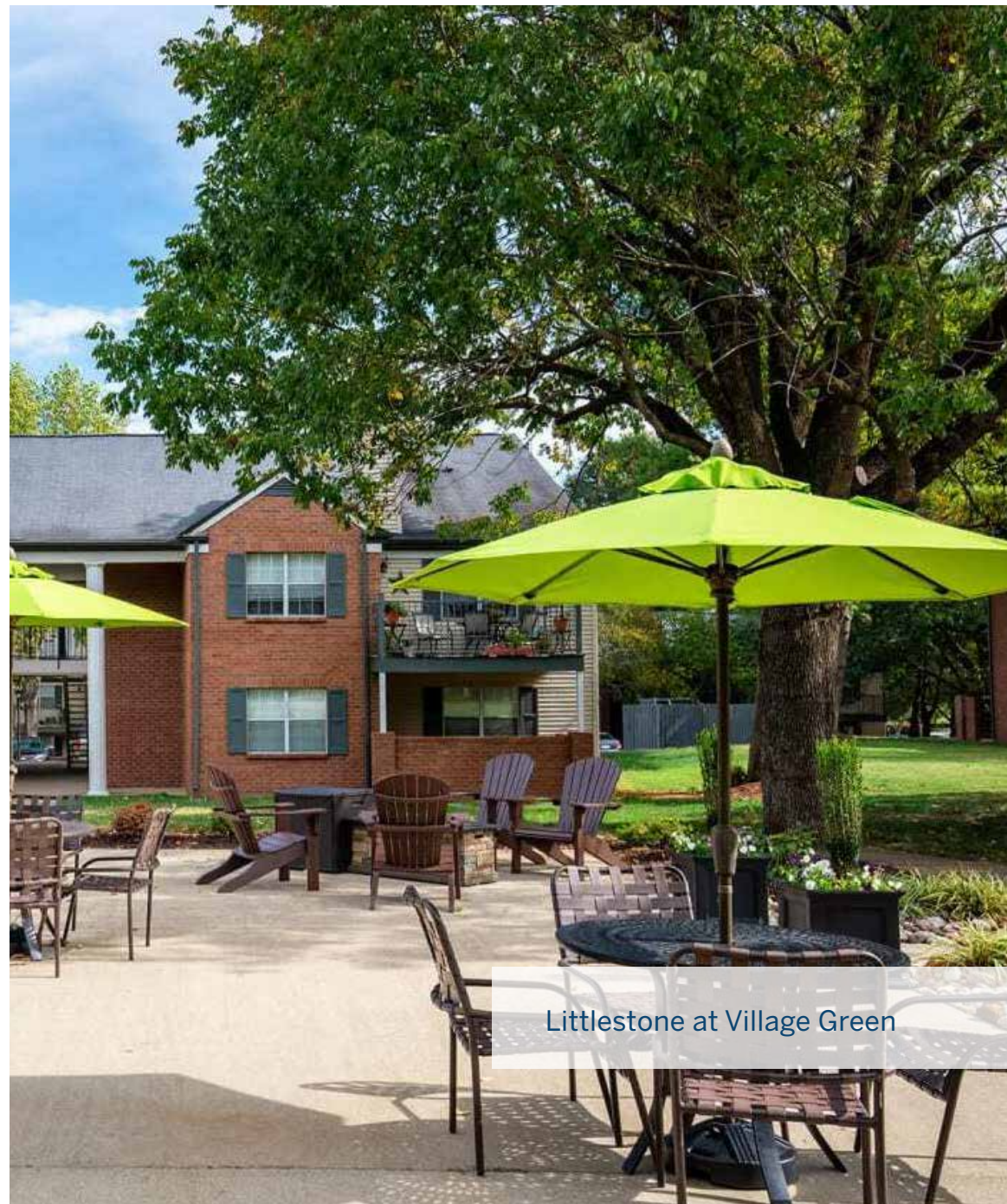
The property features low flow, EPA WaterSense performance specifications for bathroom and kitchen faucets, showerheads, and toilets, which are projected to save 60% more water than a standard plumbing fixture.

Impact Housing Strategy

PROGRESS IN 2021: DESIGNING KA REAL ESTATE'S IMPACT HOUSING STRATEGY

In 2021, KA Real Estate defined the scope, parameters, and objectives for a multifamily impact strategy which launched in early 2022. Over the course of 2021, KA Real Estate built a team dedicated to impact housing, hiring multifamily industry experts to build and lead a strategy focused on environmental sustainability and affordability. The impact housing team will leverage the Firm's current in-place expertise — gained while developing and rehabilitating over 7,500 units in the multifamily sector — to support this innovative strategy.

The impact housing team strategy is to acquire, renovate, and develop multifamily housing that supports environmental sustainability, promotes and preserves housing attainability for middle-market renters, and effectuates social impact for tenants and the community. The strategy looks to positively address key issues, many of which were exacerbated by the pandemic: access to housing and living costs, racial and socioeconomic equity, and energy usage and climate change. For example, in the strategy's first asset — a 200-unit multifamily property — KA Real Estate is implementing an energy retrofit program that includes upgrades to HVAC systems and hot water heaters, LED lighting conversion, and installing ENERGY STAR appliances. These efforts advance decarbonization and can also help reduce living costs for tenants. While the property is in a market where rents have grown dramatically, rents at the property will remain attainable to majority of the market after renovation, with rents affordable to those making 100% of area median income (AMI).



Littlestone at Village Green

KA Real Estate’s impact housing strategy addresses several societal and environmental problems that have been exacerbated by the pandemic.

	Access to housing and living costs	Racial and socioeconomic equity	Energy usage and climate change
<p>Environmental or societal considerations addressed in impact housing strategy</p>	<ul style="list-style-type: none"> • In 2019, the number of people paying more than 30% of their income on rent remained high at 20.4 million in 2019 — a 38% increase from 2001. This is due in large part to the shortage of low-cost housing • Growth of rent costs outpaces wage growth nationally 	<ul style="list-style-type: none"> • Wealth gaps remain significant, with the median wealth for a white family eight times that of a Black family • Housing inequality is directly related to racial, social, income and wealth inequality 	<ul style="list-style-type: none"> • 75% of multifamily properties are over 20 years old, with outdated and inefficient systems • Real estate is the largest contributor to greenhouse gases and global warming
<p>How KA Real Estate achieves impact housing goals</p>	<ul style="list-style-type: none"> • Preserve affordability and promote tenant retention and longevity in conjunction with stabilized occupancy.” • Units offered at specific AMI levels at the fund and property-level 	<ul style="list-style-type: none"> • Potential to help tenants improve their credit scores, which are often suppressed for members of BIPOC communities, reflecting historical bias and the lack of access to generational wealth. • Commit to partner with MWOBs, targeting over \$100 million in spend over the first five-year period in the multifamily impact strategy 	<ul style="list-style-type: none"> • Green building certifications where applicable • Energy audit as part of diligence • Energy modeling for developments as part of diligence



Case Study

The Green Renovation

Student Housing



Acquisition Date

April 2022



Units

1,020

The Green Renovation

The Green is a 1,020-unit multifamily property located in Framingham, Massachusetts—a city 20 miles west of Boston, proximate to several key thoroughfares (I-90, Route 9, I-95, I-495, and the MBTA commuter rail train to Boston). The property consists of four six-story residential buildings spanning 27 acres and is 98% occupied. The Green’s size and structure provided KA Real Estate with a unique opportunity to implement environmental sustainability measures to dramatically reduce the property’s overall environmental impact.



ENERGY AND ATMOSPHERE

Renovations are anticipated to reduce the site’s total greenhouse gas (GHG) emissions by upwards of 51% every year. Nearly all the upgrades to heating, ventilating, and air-conditioning equipment at the Green exceeds typical specifications for efficiency systems (17 Seasonal Energy Efficiency Ratio (“SEER”) rating), which should lower the site’s energy use by 26% and is projected to save \$630,000 annually. In addition, a state-of-the-art solar PV system will generate a 15% reduction in the site’s overall energy use, which is expected to result in an annual savings of approximately \$368,000. New energy management practices are projected to decrease energy and utility costs by 38%, primarily driven by a 60% reduction in annual electricity usage.



EFFORTS TO MAXIMIZE INDOOR AIR QUALITY

We will be increasing the Green’s indoor air quality by using low- or no-VOC paints, floors, and sealants throughout the building. A modern HVAC system improves the overall air quality circulating throughout the buildings, thus benefiting the overall wellness of the tenants.



WATER EFFICIENCY MEASURES

By adopting low flow, EPA WaterSense performance specifications for bathroom and kitchen faucets, showerheads, and toilets, we will save an estimated 3.6 million gallons of water and reduce costs by approximately \$169,000 every year.

SOCIAL IMPACT

KA Real Estate will provide social services based on the needs of the surrounding community. It will engage a national provider of third-party social services to execute these services, and will focus on health and wellness, education, and economic mobility. For example, KA Real Estate has engaged with Esusu to report all tenant on-time rental payments to the credit bureaus as part of its credit building and financial wellness initiatives. Positive rent reporting helps to create credit scores for individual tenants that do not have scores today, while increasing credit scores through the positive reporting of rent payments.

Kayne Anderson
Real Estate

Managing Our
Firm Responsibly



Building an Inclusive Culture

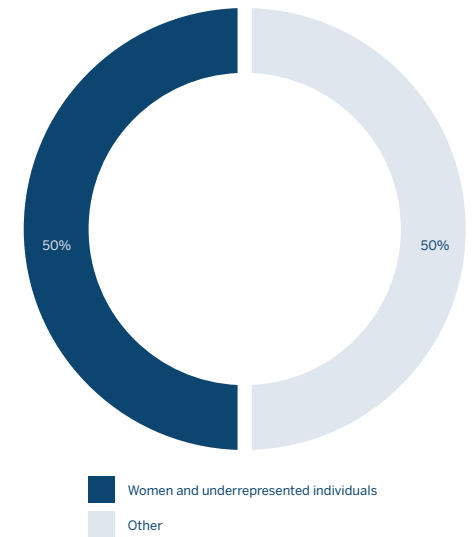
KA Real Estate is committed to building a workforce that brings diversity of thought, inclusion, and equity to our team and to our investments.

KA Real Estate is comprised of 53% women and underrepresented individuals, and we continue to see the rates of diversity increase with our recruitment efforts. As such, 67% of new hires in 2021 were either women or underrepresented individuals. We also seek to place more women and underrepresented individuals in leadership roles. Approximately 50% of our senior management is represented by these professionals, and both our real estate debt and impact housing strategies are co-headed by women.

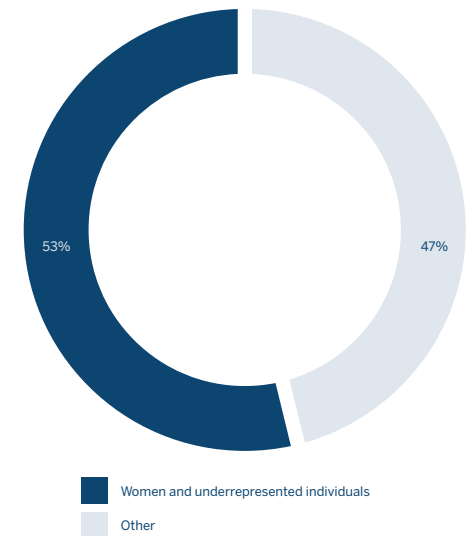
2021 Highlights

- Racial Equity Institute (REI) training sessions for staff and industry partners.
100% voluntary participation by the KA Real Estate team in REI's two-day intensive training, aimed at educating our employees on the history of systemic racism in the United States and its impact on minority communities.
- KA Real Estate Retreat
Two-day retreat designed for and by KA Real Estate members to create a more inclusive and unified culture, after working apart due to the COVID-19 pandemic. As we grew our team by approximately 30% during the pandemic, we wanted those who had been working from home to have an immersive experience with their colleagues, to understand our business lines and learn about the history of the Firm. The retreat also consisted of mindfulness programs, team-building activities, and education about our corporate culture for new and current employers.

KA Real Estate Senior Management (2021)



KA Real Estate Personnel (2021)



Building an Inclusive Culture (Continued)

RECRUITMENT AND INCLUSION

We recognize that our past approach to recruiting must change given the underrepresentation of diversity in the industry. Our recruiting practices are evolving as a result. For example, we know that women and underrepresented individuals are significantly underrepresented in the private equity real estate industry. To help ensure proportional representation, we ask each external recruiter to provide a diverse slate of four to five qualified candidates for every open position. KA Real Estate uses Workable, an applicant-tracking software, to capture detailed reporting on the gender and ethnicity of applicants. This allows hiring teams to ensure a diverse pipeline for all open roles and proper consideration of diverse candidates for each job opportunity. In 2021, 67% of KA Real Estate's new hires were either women or underrepresented individuals. In 2022, we will begin to implement a formal recruitment policy that directly addresses developing and establishing a diverse candidate pool for open roles and steps to counter unintentional bias.

MENTORSHIP PROGRAM

Our mentorship program provides tools and training to build a pipeline of diverse talent for the real estate industry as a whole. A previously presented example is Project Destined, which focuses on a robust internship in finance and real estate investment geared towards underserved youth, specifically women and minority students. Eight KA Real Estate team members act as mentors to these students.

MEASURING DIVERSITY IN OUR SUPPLY CHAIN

KA Real Estate is setting a baseline for diversity in our supply chain to understand who our vendors are, the percentage of MWOBs, and the type of work we request of them. To capture vendor diversity data, we are developing a customized proprietary data-tracking system. Going forward, we aim to engage with our most important vendors to help foster diversity in their own workplaces.

KA Real Estate consistently promotes DE&I landmark celebrations as well as education and awareness around DE&I issues. In 2021, this included internal communications raising awareness of significant DE&I commemorative dates and holding corporate events with environmental justice experts.

Environmental Efforts

Our commitment to reducing environmental impact extends to our operations. KA Real Estate leveraged our recent office expansion as an opportunity to implement energy-saving and waste reduction measures. These included LED light installation throughout the office, as well as features to encourage reusing products, increased recycling, and reducing the waste associated with office perks. To reduce waste from the remodel we donated 90% of our prior office items, such as TVs, computer screens, and furniture, to nonprofits across Palm Beach County.



Engaging with Our Community

Hub at Blacksburg

Giving Back

In 2021, KA Real Estate supported numerous causes both nationally and locally as the country faced a series of health, social, and economic challenges. Here are details for some of those organizations:



VILLAGE ACADEMY is a public school in Delray Beach, Florida. The KA Real Estate team assisted Village Academy in cleaning and organizing classrooms before the beginning of the school year. The team also made donations to the Academy.



The **EJS PROJECT** is an after-school program which engages minority youth in Delray Beach to focus on opportunity, while also seeking social justice.



HABITAT FOR HUMANITY is a nonprofit organization that builds and improves residential housing at the community level. In 2021, KA Real Estate delivered a housing revitalization program in partnership with EJS Project and Habitat for Humanity. Through the program, team members revitalized two houses within The Set community in Delray Beach.



AMERICAN AUSTRALIAN ASSOCIATION'S VETERAN'S FUND was launched in July 2017. Since its launch, the Association has awarded over 50 American and Australian veterans more than US\$2 million to further their education in their respective countries.



HEADSTRONG provides confidential, free-of-charge, barrier-free, stigma-free mental health treatment for our military veterans and their families. Albert Rabil III (CEO, Kayne Anderson Capital, LP; CEO and Co-Founder, KA Real Estate) is a co-founder and board member of Headstrong. The KA Real Estate team contributed over \$189,000 to Headstrong in 2021.

KA Real Estate Employee Impact:

- 100% employee participation in the 2021 employee charitable donation matching program, with financial contributions up to \$5,000 matched by the Firm.
- Over \$1.4 million in charitable giving since 2011.

One Team, One Dream

KA Real Estate's informal company motto is 1T1D (One Team, One Dream). Our success is driven by highly talented, passionate, dedicated professionals with respect for each other and who aim to achieve the "right" answers.

Click the image below to watch Al Rabil's full speech given at the Kayne Anderson 2022 Real Estate Investors Conference.



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