



SECURITY
PROPERTIES



Environmental, Social, & Governance Report

2023

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Sanctuary
Apartments



To Our Stakeholders,

As a developer, owner, and operator of multifamily housing, Security Properties' mission is to provide exceptional returns to our investors and outstanding living experiences for our residents. For over 50 years, we have worked relentlessly to help investors achieve their objectives - regardless of shifting market conditions. Today, leadership on ESG initiatives is a critical component of positioning Security Properties for the future.

Security Properties' portfolio, which includes a variety of markets and product types, gives SP a unique ability to have a meaningful impact on the environment, our local communities, and a broad universe of stakeholders including our residents, employees, and partners.

This Stakeholder Impact Report has three central purposes:

- I. To outline existing and proposed initiatives related to Environmental, Social, and Corporate Governance (ESG) causes
- II. To establish strategic objectives focusing on those areas where SP is likely to have the greatest and most meaningful impact
- III. To map, track, and quantify our progress

We have elected to focus our attention on those areas where we can have the greatest positive influence and the broadest reach. We are fortunate to be in this position and are committed to doing our part in pursuit of a more sustainable, equitable, and prosperous future.

Sincerely,



Bob Krokower
CEO

Security Properties
Headquarters

Security Properties is a national real estate investment, development, and operating company headquartered in Seattle, Washington.

For over 50 years, Security Properties (SP) has provided quality housing to its residents and excellent financial performance for its investors and partners. Our diverse portfolio of performing assets and our senior management team with an average of over 25 years industry experience provide an uncommon level of multifamily expertise. That focus on multifamily housing has allowed our management team to develop outstanding skills, insights, and relationships over multiple real estate cycles.

Since its formation in 1969, Security Properties, with its partners, has acquired and developed over 107,000 residential units at a cost of \$11.6 billion over 652 assets. Today, the Security Properties portfolio reflects interests in 112 assets encompassing over 23,000 multifamily housing units – including properties under construction. In 2021, SP was named the 43rd largest apartment owner in the United States by NMHC.

Security Properties believes in candid and proactive communications with partners, lenders, employees, and other constituents, and invests heavily in the training of its people to ensure the longevity of our business relationships.

23,179

Multifamily
Housing Units

112

Property
Assets

\$5.9b

Portfolio
Value



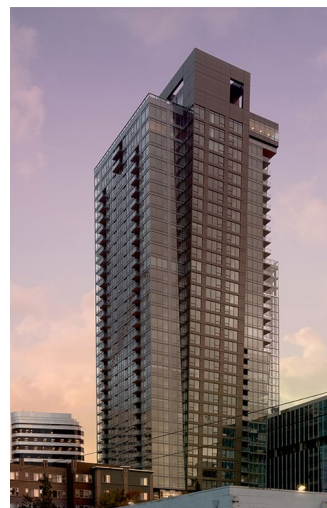
AFFORDABLE

The Affordable Housing Group (AHG) utilizes a variety of funding sources and execution strategies to meet the needs of underserved populations. AHG's success has been driven by a collaborative approach that leverages the expertise of their own team, as well as that of our public, private, and non-profit partners.



CONVENTIONAL

The Conventional Investments Team purchases core-plus, value-add, and opportunistic multifamily assets that produce attractive investment returns. Conventional Investments seeks deals that are either off-market or thinly marketed, and that have significant upside potential through physical enhancements or improved management.



DEVELOPMENT

The Development Team strives to create a sense of unity and ownership among residents, retail partners, and the greater community. They approach development with a long-term perspective, promoting sustainable construction practices and the creation of a unique sense of place and identity for our residents.



PROPERTY MANAGEMENT

Through our property management company, Security Properties Residential (SPR), we are committed to building value and delivering exceptional service to our communities and residents. SPR specializes in a hands-on approach that draws upon more than 50 years of ownership knowledge and management experience.

OUR MISSION

As a Team, We Provide Exceptional Returns to Our Investors and Outstanding Living Experiences for Our Residents

OUR VISION

Creating Value in Everything We Do

Visionary

Accountable

Leaders

Unified

Ethical



Kinects
Tower

SUPPORTING SUSTAINABILITY GOALS

The United Nations 2030 Agenda for Sustainable Development outlines 17 Sustainable Development Goals (SDGs) promoting sustainable, equitable, and universal growth. These goals represent a worldwide call to action to combat poverty, mitigate climate change, and secure a more equal and peaceful future.

While supporting all United Nations SDGs, Security Properties prioritizes six goals which best align with core business lines and expertise. Through continued and new initiatives, Security Properties uses these goals to maximize the positive impact our business has on communities and the planet.



End hunger, achieve food security, and promote nutrition.



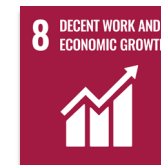
Ensure healthy lives and promote well-being for all at all ages.



Ensure quality education and promote learning opportunities.



Ensure access to affordable, sustainable, and modern energy.



Promote sustainable employment, decent work, and growth.

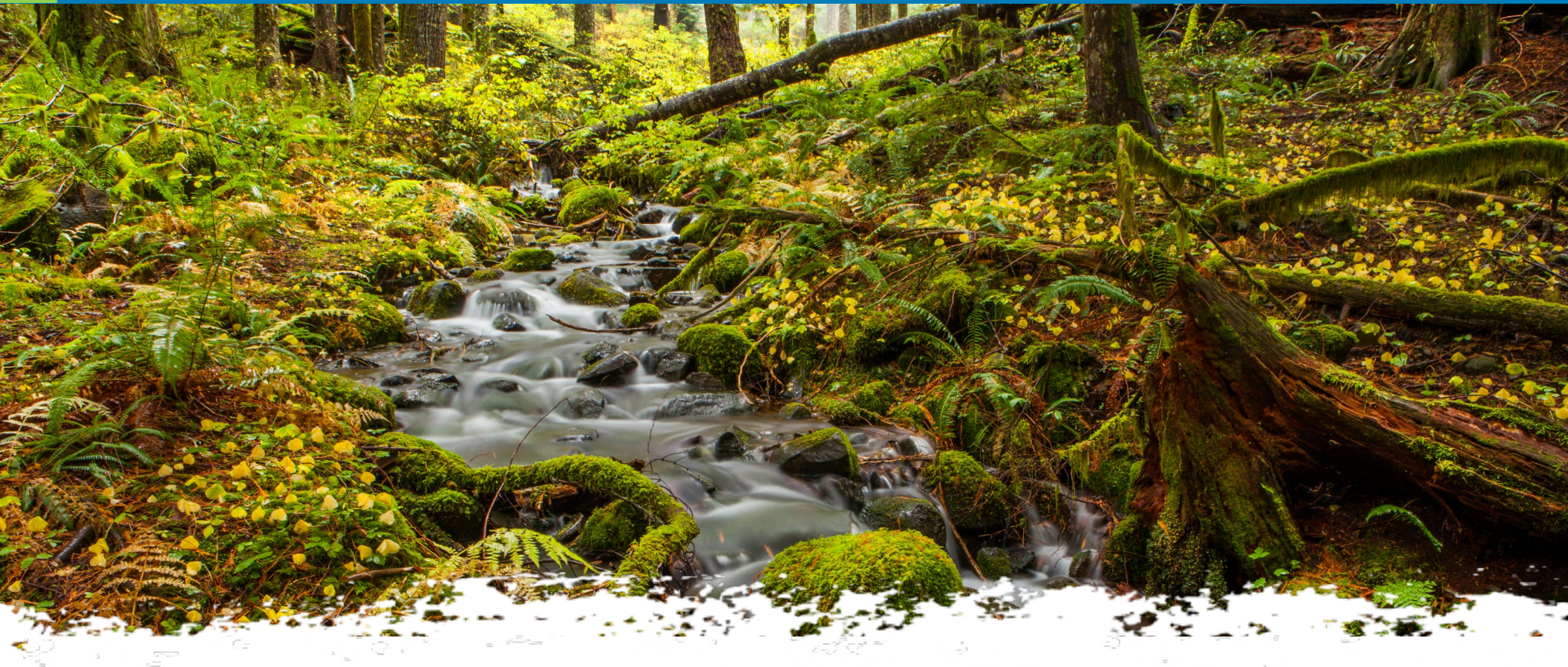


Make communities inclusive, safe, resilient, and sustainable.



ENVIRONMENTAL





As a real estate company, our environmental sustainability strategy focuses on thoughtful design and property-level improvements that reduce usage and waste. Often these are win-win opportunities where upfront costs are recouped through utility savings.

By promoting sustainable real estate practices at our Seattle headquarters and properties nationwide, we can reduce consumption and waste while increasing efficiency and lowering costs.



Security Properties is headquartered in downtown Seattle's Columbia Center. The 76-story skyscraper holds LEED Platinum® certification and is ENERGY STAR® certified; it is currently the tallest existing LEED Platinum building in the United States. Upgrades to the building's mechanical and control systems maximize conservation and optimize efficiency, resulting in lower operating expenses.

According to the building's performance metrics, Columbia Center reached 37% efficiency over baseline consumption for water performance. In addition, Columbia Center has earned an ENERGY STAR® score of 86 points, placing it in the top quartile.

- Energy-efficient upgrades improve building operations and reduce expenses
- Progressive green cleaning program provides a safe and sustainable work environment
- On-site recycling and composting programs divert more than 50% of building waste

Paper Free

Anti-printing policy, electronic filing, and digital contracts

Composting Efforts

Supplying and promoting compostable options

Low VOC Materials

Using low volatile organic compounds to reduce emissions





At Security Properties, we believe that sustainable real estate is an investment, not an expense. Not only do green renovations help the planet, but they also increase energy efficiency, reduce waste, and conserve water.

Sustainability improvements can translate into tangible savings that continue to build over a building's lifetime. We continually incorporate green renovations at our communities to reduce consumption, increase efficiency, and lower costs.



Security Properties is committed to reducing water consumption at our properties through the installation of low-flow toilets and showerheads, faucet aerators, and weather-based irrigation controllers (WBIC). Water saving faucets and showerheads decrease consumption by more than 20%, while each WBIC saves thousands of gallons of water each year.



26%
Consumption
Savings

Deer Run at North Pointe
Spokane, WA

Green Upgrades:
Weather-based irrigation controls, low
flow toilets, low flow showerheads, low
flow faucet aerators

Cost Savings: \$25,000 per annum



24%
Consumption
Savings

Heatherstone Apartments
Kennewick, WA

Green Upgrades:
Low flow faucet aerators, low flow
showerheads, low flush toilets, upgraded
dishwashers

Cost Savings: 4% (\$10,000 per annum)

Security Properties is committed to reducing energy consumption and increasing energy efficiency at our properties.



Reducing
Energy
Use

Efficient Lighting, Appliances & Smart Thermostats

The installation of Energy Star® appliances, LED lighting, and smart thermostats in our communities significantly reduces water consumption and energy use.



262K lbs
CO2
offset per
year

Community Solar Panel Installation

A 154kW solar panel system was installed at Marcella Apartments in Arvada, Colorado.

The solar panels collect an average of 175,000kWh each year.



Reducing
Emissions

Electric Vehicle Charging & Parking

EV charging spaces are available at seventeen communities.

We are committed to continuing installation.



SP is committed to reducing waste at our Seattle Headquarters and properties nationwide.

Our Seattle Headquarters has taken great strides toward becoming paper-free. We have adopted an anti-printing policy and transitioned to electronic filing and digital contracts. We also supply compostable plates, cups, utensils, and napkins and promote the use of compost and recycling bins throughout our office.

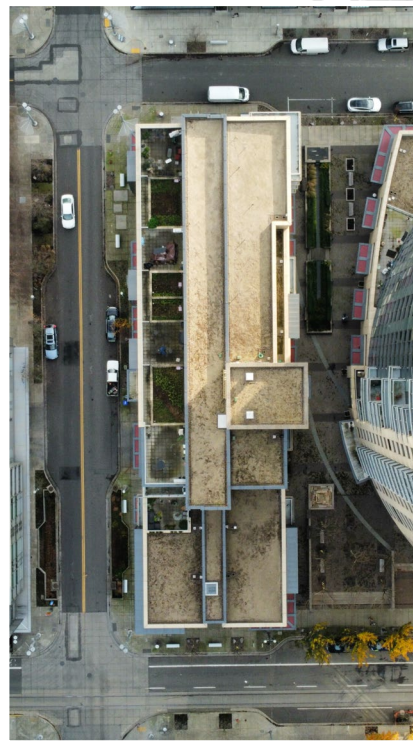


The EPA projects recycling rates at multifamily communities to average 14%. SP's Properties boost their programs by making recycling bins as convenient and accessible as trash bins, by color-coding, and by including image-based labels to help residents easily identify which items are recyclable.

In using low volatile organic compounds (VOC) paint and carpeting materials, we can lower our contribution to GHG emissions and smog production.

SP is committed to improving the urban environments in which we operate. With the utilization of green roofs, our properties can support stormwater management, create habitats for urban wildlife, and reduce urban heat island effect while improving air quality.

The Ardea features a variety of water features throughout its outdoor spaces; an illuminated recirculating fountain serves as a focal point in the community's entry plaza, while a water garden nourished by groundwater activates and lights the corridor between buildings. In addition, a vegetated stormwater bioswale designed as a lush seasonal water garden extends along the pedestrian walkway bordering The Ardea's southern frontage. At upper levels, eco-roofs and roof gardens cover The Ardea's podium and lower building.



Sustainable Features: Brownfield recovery site; Green roofs and eco-roofs; LEED Gold certified; Stormwater treatment & bioswales; Transit connections/alternative transportation

Green Globe

Security Properties is proud to have four communities with Green Globe Certifications – a comprehensive building rating system to lower energy and water bills, reduce emissions, and minimized waste.



EnergyStar

Security Properties is proud to have two EnergyStar certified communities within our organization, following strict EPA energy performance standards and reduce greenhouse emissions.



EnviroStars

Security Properties is proud to have seven communities within our organization with EnviroStars recognition for green efforts in Washington state business.



Leadership in Energy and Environmental Design (LEED)

LEED, the most widely used green building rating system in the world, provides a framework for healthy, highly efficient, and cost-saving buildings. LEED certification is a globally recognized symbol of sustainability achievement and leadership.

LEED-certified buildings command the highest rents, while lease-up rates typically range from average to 20% above average; vacancy rates for green buildings are an estimated 4% lower than non-green properties.

Security Properties is proud to have a LEED Platinum Community, as well as five LEED Gold Communities within our organization.



Augusta Apartments – Seattle, WA
LEED Platinum Certified



Heartline Apartments – Portland, OR
LEED Gold Certified



Sanctuary Apartments – Portland, OR
LEED Gold Certified



The Ardea – Lake Oswego, OR
LEED Gold Certified



The Windward – Lake Oswego, OR
LEED Gold Certified



Tanner Flats – Portland, OR
LEED Gold Certified

SOCIAL



Our social engagement strategy begins with a variety of programs that encourage employees to engage with their community and extends to site level programs which aim to better the lives of our residents.

Additionally, through the creation, rehabilitation, and preservation of affordable housing, we can support the communities in which we operate and provide a quality living experience to our residents.



Creation & Preservation

We improve communities and create investor value through the acquisition and preservation of affordable housing. We utilize a variety of funding sources and execution strategies to meet the needs of traditionally underserved populations. Our success has been driven by a collaborative approach that leverages the creativity and expertise of our own team, as well as that of our public, private, and nonprofit partners. We are proud to continue Security Properties' 50+ year tradition of giving back to the communities in which we operate.

Our affordable housing platform includes the purchase of properties with existing government rental subsidies, acquisition and rehabilitation of properties utilizing low-income housing tax credits (LIHTC), and the preservation of existing LIHTC properties through the purchase of partnership and fee simple interests.

42	6,920	16
Affordable Properties	Affordable Units	States and Washington D.C.

Including **20** properties and **3,613** units preserved through tax credit allocations.



Monte Vista
Apartments

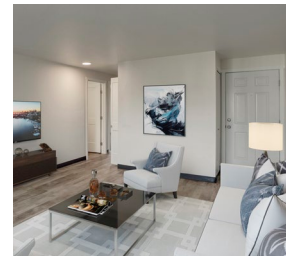


Heatherstone
Apartments

Heatherstone Apartments

Kennewick, Washington

Security Properties acquired the largest affordable housing community in the Pacific Northwest, Heatherstone Apartments, with a bold vision: to complete a comprehensive rehab of the sprawling property and an overhaul in operations. The 455-unit complex had historically struggled with occupancy and delinquency, but since SP's undertaking it has transformed into one of the most desirable affordable communities in the region, consistently leasing at 100% occupancy.



The \$85.2 million project allowed SP to revamp unit interiors through the installation of new countertops, cabinets, flooring, carpeting, doors, light fixtures and appliances. Additionally, the implementation of stricter housekeeping standards and oversight has made a huge impact throughout the community, including a reduction in crime.

The project has helped kick-start other improvements in the neighborhood, including the opening of an adjacent Boys & Girls Club. Thrilled with the new addition to the Heatherstone community, SP donated \$21,500 to the new B&GC branch and teamed up with the center to provide a safe and caring place for study sessions. With more than 1,000 children and teens living at Heatherstone, the property is incredibly fortunate to have the B&GC as a partner in enriching the lives of community youth.

Affordable
Housing Finance
2021 Readers'
Choice Awards
Finalist



University Village

DeKalb, Illinois

University Village is a 534-unit affordable housing community in DeKalb, Illinois, just west of Chicago. Security Properties worked with the City of DeKalb Planning and Zoning Commission and City Council to rezone the property. In addition to the rehabilitation, SP added a resident community room to facilitate after school programs and social services. SP also added two playgrounds, a pool, and a splash pad as new resident amenities.



Developed in 2014, YMCA Camp Power is a free program offered to children and families living in Security Properties' University Village. YMCA Camp Power offers learning and training, lunch, activities, nutrition education, family engagement, paid employment opportunities to parents, and positive interaction with police officers.

We are humbled by the opportunity to support the community and host this culturally relevant, multi-dimensional wellness program.





Northwest Harvest

SP is proud to support the efforts of Northwest Harvest through food collection at all Washington properties. In addition, our corporate team participates in a volunteer day each year. We are humbled to contribute 53,575 pounds of food.



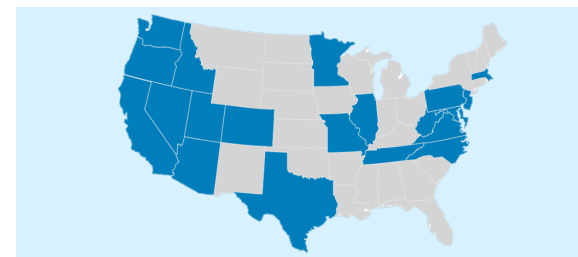
Employee Matching Donation Program

SP's Matching Donation Program is designed to encourage and match any employees' charitable donation up to \$500 to eligible organizations. Since its conception in 2016, the SP Employee Matching Program has contributed to 51 non-profits assisting with housing and homelessness.



Move for Hunger

In recognizing that when residents move, a staggering amount of food is discarded, SPR, is the first residential management company to commit every community's participation in Move for Hunger. Food collection efforts are year-round, reinforcing relationships in communities.



Acquisition Impact Grants

When Security Properties develops or purchases a property, a donation is made to a local charity working on housing and homelessness to show our commitment to the people of the community. Since 2016, Security Properties has supported the goals of 68 charitable organizations in 72 cities.



Backpack Giveaway Events

Many of Security Properties affordable housing communities host annual backpack giveaway events in which residents can sign up their children to receive a free backpack filled with school supplies right in time for the new school year. These events are a huge relief to parents and caregivers, providing students with the necessary materials to optimize their learning.



Community Gardens & Beehives

Many of Security Properties affordable housing communities offer community gardens and beehives. In addition to providing residents with honey and a relaxing, enjoyable outdoor activity, these gardens can improve air and soil quality, increase access to nutritious foods, and foster an overall greater sense of community.



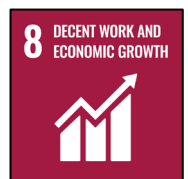
Reading Program

Security Properties recognizes the importance of reading and literacy, which is why so many teams partake in programs designed to promote good reading habits at all ages. Programs range from weekly bookmobile visits, to annual community youth “Book Stop” events, to a take-one leave-one library program at one of our senior communities.

GOVERNANCE



Senior management at Security Properties is dedicated to effective operations of the company with integrity and compassion. While delivering an exceptional product to both our investors and residents and in order to exceed industry standards on these fronts, leadership is expected to cultivate industry leaders that will benefit from the long-term success of Security Properties through employee ownership programs, minimizing corporate risk, and nurturing a diverse, equitable, and inclusive corporate culture.





The Ardea
Apartments

PRIVATELY OWNED, EMPLOYEE-FIRST

Continuity of leadership is critical to sustaining success through each stage of the cyclical real estate industry. Security Properties is dedicated to cultivating the next class of leaders by investing in management and leadership training, offering ownership opportunities to team members in senior leadership roles, and maintaining a deeply collaborative work environment that prioritizes company performance over department performance.

BOARD OF MANAGERS

In 2019, Security Properties established a Board of Managers consisting of a Chairman and six Managing Directors. The board creates a more democratic governance to help guide the organization and ensure its long-term success.

Average Tenure at SP: over 15 years

Average Industry Experience: over 24 years



Security Properties is committed to nurturing a diverse, equitable, and inclusive corporate culture.

From open-door access to our senior leaders, to the launch of Better Together, a communication channel launched in 2020 to allow all team members to have a voice and share ideas, SP is continuously learning how we can ensure a culture where everyone feels welcome.

We recognize that diversity in the workplace is critical to both the organization and each team member's growth within the industry, as it teaches us compassion, empathy and broadens our understanding of the communities we live and work in.

Ultimately, diversity is essential to the company's ability to deliver an exceptional product with excellent customer service to our investors, residents and team members. We are focused on diversity as an area of continued improvement, because we are all Better Together.



EEOC PARTNERSHIP: RESPECTFUL WORKPLACE WORKSHOP

At Security Properties, we continually work to prioritize a respectful workplace and to build a culture of equity and inclusion. Since 2021, we partnered with the US Equal Employment Opportunity Commission to launch an annual Respectful Workplace Workshop for the entire organization. These trainings go beyond traditional harassment prevention training to focus on respect, acceptable workplace conduct, and the types of behaviors that contribute to a respectful and inclusive organizational culture. Our Respectful Workplace Workshops enhance our ability to recognize and resolve situations as we continue to create and maintain respectful workplaces.

CRUCIAL ACCOUNTABILITY TRAINING

In 2022, Security Properties continued learning with VitalSmarts, now rebranded as Crucial Learning, to roll out Crucial Accountability. Crucial Accountability introduces core concepts of accountability through an approachable framework. By embracing these best practices, we have strengthened collaboration and increased positive results.





EDUCATION ASSISTANCE PROGRAM

We are excited to offer a career development reimbursement program available to all team members. The Employee Assistance Program includes up to \$2,500 of annual reimbursement for industry-related education, in recognition of the importance of investing in our team members.

VOLUNTEER DAY

Security Properties encourages and supports all team members to make a positive community impact through volunteerism with the paid Volunteer Time Off (VTO) program, offering 8 hours (1 day) per year.

MATCHING DONATION PROGRAM

The Security Properties Matching Donation Program is open to all HUB team members, in recognition and support of the important work of non-profit organizations. Security Properties matches qualifying donations from \$25 to \$500, per employee annually, to eligible charitable organizations.

WELLNESS MONTH

Each November, Security Properties Residential celebrates and encourages team member wellness with weekly themes and events, shared photos and wellness resources, and an extra paid half-day off for rest.

RANKED BEST PLACE TO WORK

Security Properties Residential is honored to be named one of the 2023 Best Places to Work Multifamily® from Multifamily Leadership. Ranked 7th nationally among property management companies with over 20,000 units.



RANKED BEST PLACE TO WORK FOR WOMEN

Security Properties Residential is honored to be ranked one of the official 2023 Best Places to Work Multifamily® for Women by Multifamily Leadership.



Security Properties supports team-member lead task forces to increase diversity within the company and in external partnerships.

CURRENT TASK FORCES

Diversity in Philanthropy
to evaluate our current philanthropic partners to focus on diverse communities, and research how we can expand partnerships.

Diversity in Recruiting
to diversify recruiting practices from job postings and throughout the interview process.

Diversity in Onboarding
to create and maintain an inclusive welcoming experience.

FORMER TASK FORCES

Diversity in Vendor Partnerships
to evaluate diversity in our vendor partnerships and how to continue to expand these efforts.

Diversity in Company Internships
to evaluate our current internship partners and how we can grow to attract a diverse pool of candidates.

Diversity & Inclusiveness in the Style Guide
revamp our company Style Guide to ensure equity and inclusion for all.





SUPPORTING EMPLOYEE GROWTH

Security Properties emphasizes recruitment, training, and retention while striving to develop long-term leaders who exhibit the character, vision, and passion to make successful business decisions. To this end, we promote internally whenever possible. This comes in many forms, including our practice of internal-job postings, bringing property-level team members to the corporate level, and promoting career and talent development at all levels. In 2023, Security Properties will build upon our approach to onboarding new team members and invest in building out training for new managers.

DEVELOPING OUR WORKFORCE

Security Properties offers a unique workplace that fosters a commitment to growth. Team members complete in-person and virtual courses on an ongoing basis that enhance skills, develop industry knowledge, and optimize performance.

- Sales
- Customer Service
- Leadership
- Fair Housing
- Workplace Safety
- Diversity & Inclusion
- Being a Team Player



Security Properties
Team Members

CUSTOMER SERVICE VISION DEVELOPMENT

In 2020, SP's property management company, Security Properties Residential (SPR), set out to establish a Customer Service Vision: a shared definition of outstanding customer service that acts as a compass. To complete this, team members from around the organization flew to Seattle to create the CSV statement together.

Creating the Customer Service Vision proved to be a rewarding and collaborative process. By including team members at every level, we were able to evolve our customer service strategy using a spectrum of experience and produce an effective operating manual for the future.

We accomplish Outstanding Living Experiences, One WOW at a Time through exemplifying four expectations - acting with care and integrity, consistent and reliable service, anticipating our customers' needs and going above and beyond in every interaction.

OUTSTANDING
LIVING EXPERIENCES

— One —
WOW
— at a Time —

RESULTS DRIVEN

Security Properties strives to deliver exceptional results to investment partners. Since 2010, the company has returned over \$1.7 billion to 27 institutional equity partners and \$310 million to 516 private investors while simultaneously eliminating all corporate-level debt. The combination of zero corporate debt and investor demand for investing in the Security Properties brand has primed the company for long-term success in any real estate environment.

INVESTMENT PHILOSOPHY

Focused approach on specific, proven execution strategies in select locations within top quality Target Markets.

Prudent risk management, rigorous underwriting, and controlled acquisition process.

Alignment of interest with investors via co-investment and performance incentives, and operational transparency.



Leadership on Environmental, Social, and Corporate Governance initiatives will be critical to positioning Security Properties for the future. To that end, we remain committed to serving all our stakeholders including investors, customers, employees, partners, the communities in which we live and work, and the broader environment. It is our intent and expectation that the Company's ESG strategy will continue to evolve as objectives are further defined, benchmarks are established, and past results allow us to better evaluate where we can have the greatest positive impact.



THANK YOU

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SECURITY
PROPERTIES