

Due Diligence

A full impact assessment is completed prior to an investment. The assessment includes: information on the community value and environmental performance of the asset; a rating system that reflects the current performance of the asset; and our projection for how the asset should perform after our contributions are made. In this way, social and environmental indicators are identified and must be met prior to investment.

Analysis and due diligence will be taken to consider of principal adverse impacts (PAIs) per Annex 1 of the Draft RTS, through use of proprietary data, research and analysis. Each investment is unique, and we will seek to obtain the data relevant to PAIs which are most material to our investments. Where the investments do not align with the sustainable objectives of the Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, or where there is potential negative impact based on the PAIs, such investments are excluded. Mapping and reporting to the taxonomy criteria will begin shortly, on a similar best efforts basis.

FRAA's approach to addressing negative impact and impact risks can be broken down into two sections, asset underwriting and asset management. During the underwriting process the team identifies potential risks associated with the acquisition of the asset. In the asset holding period, FRAA define specific cap ex programs aimed at mitigating or eliminating any of the risk previously identified in the underwriting process.

Asset Underwriting

Prior to acquiring an asset, FRAA conduct thorough due diligence on the physical aspects of each building to identify potential risks and negative impacts. This diligence includes:

- *Environmental and Technical Due Diligence*
- *Impact Due Diligence Reports*
- *Impact Risk Reporting*

Asset Management

Once negative risks are identified through internal and third-party due diligence pre-acquisition, FRAA incorporate solutions and improvements into the capex plan of each building and is responsible for addressing the negative impacts when feasible. The Fund has a dedicated asset management team which works with property managers and tenants to identify and address any additional negative impacts associated with the built environment throughout the holding period.