

2019 ESG REPORT



2019 ARA ESG Report

TABLE OF CONTENTS

About the Report	3
CEO Letter	4-5
About American Realty Advisors	6-7
2019 ESG Accomplishments	8
Sustainability Goals	8
GOVERNANCE	10-23
Philosophy on Corporate Citizenship	11
Sustainable Development Goals	12
PRI	13
ESG Committee	14
ESG Program Structure	15
Corporate Best Practice Policy Guides	16-17
Resiliency and Environmental Risk Management	18-19
Responsible Business Practices	20
Case Study: GRESB	23
ENVIRONMENT	24-43
Mission, Vision, Values	25
Commitment to the Environment	27
Sustainable Construction Strategy	28
Benchmarking Ordinances and Compliance	29
Performance Targets	30
Data Coverage	31

Sustainable Initiatives	32-33
Biodiversity	35
Core Fund Breakdown	36
Environmental Management System	37
LEED Certifications	38
ENERGY STAR Recognition	39
Additional Green Building Certifications	40
Data Management	41
Case Study: 5 MLK	42-43
SOCIAL	44-57
Stakeholder Engagement	45
Earth Day	46
ESG Training	48
Property Feature: Art at 499 Park	49
ESG Newsletters	49
Health and Wellness	50
Active ARA	51
Supporting Social Change	52-53
Giving Back to our Local Community	54
Matching Gifts Program	55
Case Study: Fitwel	57
Program Partners	58-59
Reporting, Disclosures, Forward Looking Statement	60-61

ABOUT THE REPORT

American Realty Advisors (ARA) publishes an annual ESG Report each year that documents our ongoing commitment to environmental, social and governance (ESG) principles, benchmarking and reporting efforts, progress towards our goals and targets, and sustainability successes across our portfolio. This report shares sustainability-related information that is critical to ARA's stakeholder groups including investors, tenants, employees, partners, and communities.

All data and information in the report reflects activity in calendar year 2019 or as of December 31, 2019 as applicable and references where applicable the Global Reporting Initiative's (GRI) G2016 guidelines. References to assets in this report relate to assets in all portfolios managed by ARA.

The 2019 ESG Report as well as our past reports are available on our website, at:
aracapital.com/corporate-responsibility-and-sustainability/

INTRODUCTION FROM OUR CEO

At ARA, we believe including ESG principles improves our ability to meet commitments to our clients, as well as to align our investment activities with the broader interests of society. Throughout 2019, ARA focused on increasing the value of our portfolios, by reducing operating costs and creating healthy places and communities for people to live, work, and play for the benefit of all stakeholders.

The 2019 ESG Report outlines our key initiatives, annual accomplishments, and ESG programs that were implemented during the year. We have made a significant increase in energy, water, and waste data coverage at our properties highlighted by a 2350% increase in waste data coverage from 2017. We continued to increase our building certifications with ten new Energy Star, two LEED, one IREM, and our first two Fitwel certifications. We are also pleased to announce that ARA joined the Principals for Responsible Investment (PRI) as a signatory and support the United Nations Sustainability Goals, aligning with four goals to reduce water and energy use, reduce greenhouse gas emissions, and increase waste diversion rates by 2027.

For the past 30 years, ARA has made a strong commitment to social responsibility and making a purposeful difference in our communities. In 2019, we continued our efforts to promote and expand our diversity and inclusion programs by offering internship opportunities through our partnership with PREA SEO, SCS Noonan Thrive Scholars and other local and national organizations, providing funding for diversity-focused scholarship funds, and making numerous charitable contributions to organizations that drive and promote inclusion. We believe in the power of diverse perspectives and we embrace a dynamic mix of ideas and talents that create an inclusive work environment and we are dedicated to creating opportunities for all individuals who seek to advance their career in the institutional real estate space.

We are proud to have held two employee service days in 2019, partnering with two organizations in our local Los Angeles community. Over 40 employees volunteered for a beach cleanup day with Heal the Bay as our summer service day. During the holiday season, another 30 volunteers stepped up on a Saturday to contribute to packing over 2,700 survival kits for the growing population of unsheltered in Los Angeles with The Giving Spirit. Through these volunteer hours and our matching gifts program, the entire ARA team demonstrates the importance of giving back to our communities to generate change in some of the most challenged areas. We will not waiver on our commitment to be a catalyst to effect positive change and lending our knowledge, experience, spirit of collaboration, and the time and talents of our employee volunteers to support community and national programs that can make a difference.



Throughout 2019, ARA focused on increasing the value of our portfolios, by reducing operating costs and creating healthy places and communities for people to live, work, and play for the benefit of all stakeholders.



2020 Statement

This report is published annually for the previous calendar year and in the current environment, we'd like to address the issues our society is facing in 2020.

The impact of the coronavirus pandemic has been felt throughout the globe and in our industry. At ARA, our priority is the safety and health of our team, clients, and communities and we are committed to clear and transparent communication as we move through this difficult period. As real estate investment managers and stewards of the capital of others, we are aware of the impact our decisions have on the well-being of our cities and now more than ever, the importance of our environment, social, and governance policies will be seen as we take action to create change at our firm and at the assets we manage on behalf of our clients.

In addition to the pandemic, our country is also facing the challenge of addressing and repairing deep social, economic, and racial divides. At ARA, we acknowledge these challenges and will continue to work and learn as a firm in order to help heal the wounds and strengthen our communication with each other so that we can rise from this difficult time strong and better able to face the trials ahead.

We are very proud of the entire ARA team as they have embraced the change in their work environment and met the obstacles that come with that. All of us at ARA are committed to providing the highest level of service so there are no disruptions to the work we do.

As we emerge from the COVID-19 crisis, we can start to see the implications the pandemic has had on our industry and while we cannot predict the future, we can assure our clients that we are taking steps to prepare, respond, and seek out opportunities to create value. In line with our core value of transparency, during this period of uncertainty, we are committed to providing up-to-date information to our clients to help them with decisions they need to make in order to fulfill their responsibilities. As we tread through the remainder of this year and look ahead, ARA will work to create a positive impact far beyond our buildings and operations.

Stanley L. Iezman
Chairman and CEO



CORPORATE PROFILE

ARA

American Realty Advisors (“ARA”) is a premier private equity real estate investment manager of institutional quality commercial real estate portfolios with more than 500 investors and over \$10.2 billion¹ in assets under management.

ARA is 100% employee owned and client focused. The firm was registered in 1990 with the U.S. Securities and Exchange Commission as an Investment Advisor under the Investment Advisers Act of 1940. ARA is also a fiduciary to our clients and acts in their best interests.

At ARA, we design solutions to deliver value while bringing a clear understanding of market dynamics and research to real estate investment management. We offer core strategies for income and capital preservation, core-plus strategies to enhance returns, and value-added strategies to create value and control risk.

Our strategies are implemented through commingled funds, which provide liquidity in addition to income and appreciation. Further expanding our product offerings, our separately managed accounts can be tailored to an investor’s specific investment, duration, and liquidity needs and goals.

\$10.2B¹

IN AUM

25

YEARS
Senior Management
Avg Experience

90+

EMPLOYEES

31

YEAR
Operating History

ARA OFFICE LOCATIONS¹

Los Angeles | Chicago | Orlando

Philadelphia | San Francisco | Westport

At ARA, we design solutions to deliver value while bringing a clear understanding of market dynamics and research to real estate investment management.

ARA'S ESG REAL ESTATE PROGRAM

Environment

Energy efficiency, water conservation, waste diversion, and comprehensive green building practices are key components of the value ARA provides to our clients and tenants.

Social

Conducting our business in a responsible and sustainable way improves our ability to meet commitments to our clients and align our activities with the broader needs of society.

Governance

Sound governance principles and ethical leadership values are at the heart of ARA's investment and business activities.

Our ESG program extends across all property types and corporate operations as we work to enhance our green building best practices, social initiatives, and corporate citizenship.



ARA Headquarters | Los Angeles, CA



2019 ACCOMPLISHMENTS

ESG Program

- 36 million square feet actively managed in ARA's ESG program
- Frequent surveys of properties and employees
- 13 new sustainability best practice policy guides drafted for implementation in 2020

Benchmarking and Reporting

- 6th consecutive core fund GRESB Submission in 2019: United States, Diversified, Non-listed sector. 4-star rated in 2019 - 20th of our peer group out of 47.
- 2019 annual sustainability report published in accordance with the GRI index
- Joined Principles for Responsible Investment (PRI) as a Signatory
- 100% compliance with applicable municipal benchmarking requirements

Certifications

- 10 new ENERGY STAR certifications
- 1 new IREM Certification
- 2 new LEED certifications
- 2 new Fitwel Certifications

Communication and Education

- Weekly sustainability update with the ESG Committee Advisors
- Company-wide ESG training with ARA staff
- Energy Awareness campaign
- Earth Day events at properties across the portfolio
- 2 corporate service days

Ongoing Sustainability Goals

- Support our people: Create a diverse workplace that fosters a healthy, safe, and supportive environment for our employees.
- Measure our progress: Monitor and understand key performance indicators that will help us improve our environmental, social, governance efforts.
- Reduce our footprint: To reduce operating expenses and environmental impacts.
- Invest in our communities: Support education, healthcare, and economic development opportunities as catalysts of positive change in our communities.
- Generate sustainable value: Invest in efficiency, superior service, and operational excellence to deliver attractive long-term returns.





1 Governance

We believe in the power of responsible business practices.

Leading by example, our strong governance culture enables us to provide exceptional value and the potential for superior risk-adjusted returns for clients and investors. Our comprehensive investment strategy integrates environmental, social, and governance trends and best practices, resulting in greater financial longevity and holistic sustainability.



PHILOSOPHY ON CORPORATE CITIZENSHIP

Dedication to corporate citizenship across all levels of our organization helps ARA contribute to a successful and sustainable future. By setting high standards, our firm builds goodwill with tenants and clients, resulting in increased occupancy and potential financial returns. Corporate responsibility is integrated into every aspect of our business from daily investment processes through our company culture, values, and business management.

It is our primary responsibility to act with a view to the future and to plan for the best interest of our clients and their participants and beneficiaries.

ARA is dedicated to implementing ESG policies as demonstrated by becoming a signatory of the Principles for Responsible Investment (PRI) in 2019. Conducting our business activities consistent with such principles improves our ability to meet commitments and to align investment activities with the broader interests of society.



SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals are the blueprint to achieve a more sustainable future for all. They address the global challenges we face through 17 interconnected goals that include topics related to poverty, inequality, climate change, environmental degradation, peace, and justice.

ARA's ESG program aligns with four UN Sustainable Development goals. While the UN Sustainable Development Goals have an end date of 2030, ARA's goals establish targets for 2027.

UN SUSTAINABLE DEVELOPMENT GOAL	OBJECTIVE	PROGRESS
<p>6 CLEAN WATER AND SANITATION</p> 	<p>Aligned with our 10-year target to reduce water usage by 20% from a 2017 baseline.</p>	
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>Aligned with our 10-year target to reduce energy usage by 20% from a 2017 baseline.</p>	
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Aligned with our 10-year target to increase waste diversion rate to 50% from a 2017 baseline.</p>	
<p>13 CLIMATE ACTION</p> 	<p>Aligned with our 10-year target to reduce greenhouse gas emissions by 20% from a 2017 baseline.</p>	



Signatory of:



ARA became a signatory of Principles for Responsible Investment (PRI) in December 2019. More than 2,800 organizations (\$80 Trillion AUM) around the world have pledged their commitment to the PRI investment principles. Founded in 2006, the PRI comprise a set of 6 core principles that signatories agree to follow:

- 1** ARA will incorporate ESG issues into investment analysis and decision-making processes.
- 2** ARA will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3** ARA will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4** ARA will promote acceptance and implementation of the Principles within the investment industry.
- 5** ARA will work together to enhance our effectiveness in implementing the Principles.
- 6** ARA will report on our activities and progress towards implementing the Principles.

ESG COMMITTEE

“At ARA, we are committed to developing innovative strategies and strong ESG practices. Melding together responsible business practices with solid economic performance creates a lasting foundation for delivering value to our clients and benefits the communities in which we operate, our tenants, and our employees.”

- Austin Maddux, Executive Vice President, Portfolio Management, ESG Committee Chair

ARA has established an ESG Committee with the purpose of formulating and executing the firm’s ESG strategic plan as approved by the Operations Committee, providing guidance and leadership throughout ARA as it pertains to sustainability questions and concerns, and serving as a vehicle for communicating ESG activities to all funds and separate accounts. The ESG Committee provides the added value of embedding corporate responsibility into the DNA of our firm.

Our ESG Committee includes the Managing Director of Asset Management, Executive Vice President/Deputy Portfolio Manager, Vice President of Corporate Communications, a core and value fund representative, and a separate accounts representative. The committee is advised by Verdani Partners.



ARA ESG Team

Pictured (left to right): Kelsey Ceccarelli, Jessica Loeper, Daniele Horton, Seth Kamphoefner, Austin Maddux, Tim Chiu

Not Pictured: Paul Vacheron, Traci Mathiews, and Anthony Sims

ESG PROGRAM STRUCTURE

ARA OPERATIONS COMMITTEE

ESG Committee



Austin Maddux
EVP, Committee Chair

Fitwel Ambassador LEED Green Associate



Paul Vacheron
Managing Director,
Committee Member



Traci Mathews
Vice President,
Committee Member



Tim Chiu,
Sr. Analyst, Committee
Member
Fund Representative
LEED Green Associate



Anthony Sims,
Sr Associate,
Committee Advisor

Advisors to ESG Committee

Verdani Partners	Daniele Horton, Founder and President LEED Fellow, LEED AP O+M, CalBRE, CEM, MS, AIA, MDes		
	Jessica Loeper, VP, Strategic Advisor LEED AP O+M, Fitwel Ambassador	Seth Kamphoefner, Sustainability Coordinator	Kelsey Ceccarelli, Jr. Energy Engineer LEED Green Associate, Fitwel Ambassador

Asset Management Team

Property Management Team



121 Seaport | Boston, MA



CORPORATE BEST PRACTICE POLICIES AND GUIDES

ARA implements both property and corporate level ESG best practice policy guides to guide the direction of the ESG Program. In 2019, we added to the existing guides that were already implemented and continue to support ARA employees, property managers, and tenants. The current ESG policies and guides are as follows:

GOVERNANCE

IMPLEMENTED

- Equal Employment Opportunity, Discrimination, Harassment, and Retaliation Prevention Policy
- Responsible Contractor Policy
- Employee Handbook
- Managing Conflicts of Interest
- Anti-Money Laundering Policy
- Sample Proxy Voting Policy
- Code of Business Conducts and Ethics
- Cybersecurity Policy
- Gifts, Entertainment and Contributions Policy



ENVIRONMENTAL

IMPLEMENTED

- ESG Policy
- Indoor Pest Management Best Practices
- Environmental Preferable Purchasing Best Practices
- Waste Management Best Practices
- Water Best Practices
- Green Cleaning Best Practices
- Property Management & Leasing Policies & Procedures Guidelines
- Portfolio Management & Asset Management Operating Guidelines
- Mold Management Plan
- Resilience Guide

IN PROGRESS

- Energy Efficiency Guide
- Sustainability Due Diligence for New Acquisitions Policy
- Indoor Air Quality Policy
- Smoking Policy
- Green Tenant Guide
- New Construction and Renovations Guide
- Facility Maintenance and Renovations Policy
- Cooling Tower Management Program
- Refrigerant Management Policy
- Ongoing Commissioning Plan
- Green Occupant Guide
- Site Management Plan

SOCIAL

IMPLEMENTED

- Equal Employment Opportunity, Discrimination and Harassment Guide
- Health & Well-Being Guide
- Stakeholder Engagement Policy

IN PROGRESS

- Diversity and Inclusion expanded program

RESILIENCY & ENVIRONMENTAL RISK MANAGEMENT

New Acquisitions - ESG Due Diligence

Assessing risk carefully is an important aspect of ARA's due diligence process and is supported by our culture of corporate responsibility. Our rigorous underwriting process and research-driven market analysis help to determine if new properties and the markets in which they operate in our strict acquisition guidelines.

As part of our due diligence process for new acquisitions, our sustainability checklist ensures we cover important issues for each new deal. We routinely evaluate potential environmental or social risks that could translate into future liability concerns. We obtain reports assessing a variety of potential climate impacts as well as direct and indirect energy usage requirements of an asset, green retrofit opportunities, and operating energy costs that can be quantified are included in the underwriting of a potential investment. All relevant findings are reported to the Investment Committee prior to approval of a deal.



Existing Buildings - Resiliency & Risk Assessment

ARA conducts a comprehensive property review as part of our due diligence process that is aligned with the standards set forth by the American Society for Testing and Materials (ASTM). This process enables us to evaluate and plan for how to improve resilience in the case of unpredictable physical or environmental circumstances, reducing the costly impact to our clients, investors, tenants, and the environment.

We also perform a portfolio-wide risk analysis that reviews individual buildings and regional risks. We assess sustainability attributes such as regulatory requirements, walkability, presence of asbestos, and resilience and climate change risks such as sea-level rise. We also measure socioeconomic indicators including the livability index, median rent, and median household income. Through evaluating these risk factors, ARA better understands the needs of the communities where we operate and ensure future livability and resilience across our portfolio.

Risk Assessment

We assess 3 types of risk in alignment with the GRESB resilience module and TCFD recommendations:



Social

Develop buildings that are safe for occupants

- o Construction materials
- o Contamination
- o Health and wellbeing
- o Emergency response



Physical

Reduce disruption to building operations in case of extreme weather events

- o Building site
- o Structure
- o Operations
- o Climate change adaption
- o Sea level rise



Transition

Reduce exposure to climate-related transition risks, such as changes in energy sources or emission reduction and reporting laws

- o Regulatory
- o Energy supply
- o Insurance
- o Asset value



RESPONSIBLE BUSINESS PRACTICES

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics guides our employees to uphold a superior level of ethical conduct across business activities, practices and procedures. Employees are required to annually review and agree to comply with this Code.

Equal Opportunity and Employee Diversity

ARA is an equal opportunity employer that values diversity and inclusion across our organization.

We do not discriminate on any basis protected by local, state, or federal law including, but not limited to, race, sex, religion, color, national origin, ancestry, physical or mental disability, medical condition, marital status, registered domestic partner status, sexual orientation, gender identity, gender expression, age, genetic information, military and veteran status, or citizenship status.

Data Security and Confidentiality

ARA maintains physical, electronic, and procedural safeguards to protect the private information entrusted to us by our clients and investors. Our employees are also trained to protect the privacy and security of confidential information and all employees have signed Confidentiality and Non-Disclosure Agreements.

Conflicts of Interest

ARA is dedicated to serving the best interest of our clients and we are careful to avoid potential conflicts of interest. Where conflicts of interest may arise, we have established specific policies and procedures aimed to manage them in full accordance with our obligations as a fiduciary, with the law, and in alignment with our corporate values and culture.

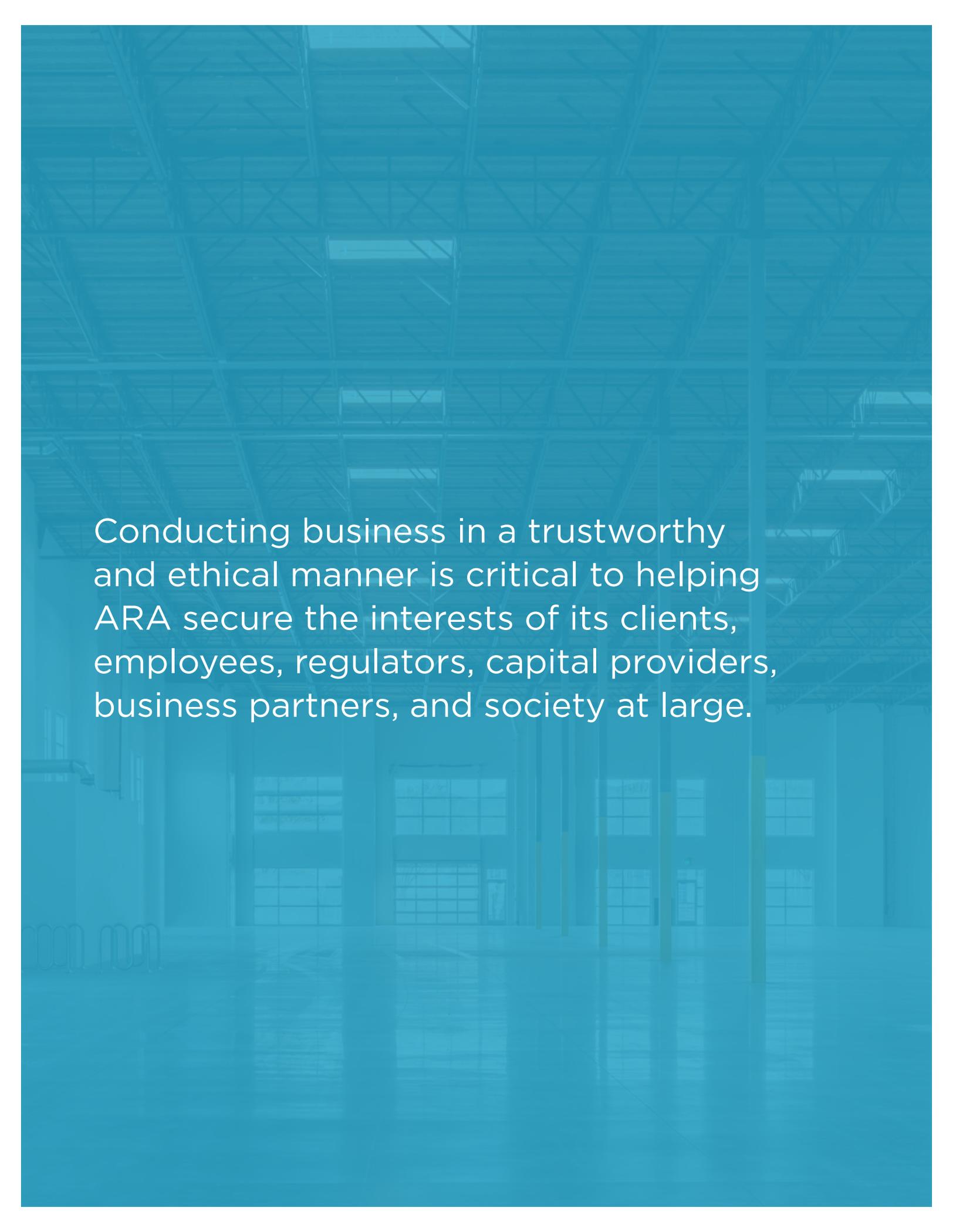
Responsible Contractor Policy

ARA's Responsible Contractor Policy guides the selection of contractors for operational and construction services in a manner consistent with the statutory standards of fiduciary responsibility and discretion. The Policy establishes guidelines based on contractors' demonstrated ability to provide high-quality services and enhance the value of our clients' investments.

Fiduciary Duty to Clients

ARA is mindful of our role as a steward of capital and we seek to responsibly manage resources that secure the future of the firm's participants and their beneficiaries. We serve our clients with a high level of business and financial integrity and are committed to ongoing monitoring of business practices that minimize the potential for any conflicts of interest.





Conducting business in a trustworthy and ethical manner is critical to helping ARA secure the interests of its clients, employees, regulators, capital providers, business partners, and society at large.



CASE STUDY: GRESB

Since 2015, ARA's core fund has been a member of GRESB, which is an investor-driven sustainability assessment for real estate portfolios and has seen increasing adoption by public and privately-held investment groups from around the world. GRESB has quickly become the leading ESG benchmark for real estate and infrastructure investments around the globe. The 2019 GRESB assessment ranked the ESG performance of 1,005 real estate entities and \$4.1 trillion in real assets across 64 countries.



Institutional Investors

Investors use GRESB data and analytical tools to manage ESG risks, capitalize on opportunities and connect with investment managers.

GRESB Assessments

GRESB validates, scores and benchmarks ESG performance data, providing business intelligence tools to investors and managers.

Companies, Funds, and Assets

Managers and operators complete the GRESB Assessments providing data on the ESG performance of their assets and portfolios.

ARA CORE FUND 2019 ASSESSMENT RESULTS



The ARA core fund **OUTPERFORMED** peer group average in Management, Stakeholder Engagement, and Building Certifications.

In 2019, ARA raised the core fund's overall GRESB score, despite increased competition from peers in the diversified properties category. Its position improved from 26th to 20th in its peer group between 2018 and 2019, obtaining 4 stars, up from 3. It also outperformed the peer group average in multiple categories, including Management, Stakeholder Engagement, and Building Certifications.

Behind these impressive rankings is the work from our ESG Team that guided the expansion of ARA's ESG platform and policies that helped us to make important improvements. As the fifth year that ARA's core fund submitted a response to the GRESB Assessment, the core fund has demonstrated improved performance each year and we plan to continually improve our rankings.



2

Environment

ARA is committed to optimizing the environmental sustainability of our buildings and operations.

Green building practices such as energy efficiency and water conservation are critical components of our ESG program at ARA. Our commitment to leading-edge environmental practices maximizes the value we provide to our clients.

MISSION, VISION, VALUES

ARA complies with or exceeds regulatory requirements and strives to reduce the impacts of development and operations wherever possible. As such, the following values are integral to our guiding principles and inform our decision-making process.

Mission

To conduct our business and investment activities in a responsible and sustainable manner that adds value to our clients and communities.

Vision

To create a positive impact far beyond our buildings and operations.

Core Values

Tenant and Employee Wellbeing

Tenant comfort and health are fundamental to how we design and execute superior client services.

Efficient Properties

Our properties achieve high efficiency standards through continuous improvement measures that ensure our buildings are as efficient as possible.

Responsible Investing

We seek to invest in sustainability initiatives that align with the best long-term financial interests of our clients.

Strong Communities

We aim to increase the resilience of our communities in the face of economic uncertainty and climate change threats.

Transparency and Disclosure

We believe in the importance of transparency in operations. For this reason, we continually improve our management practices and provide progress updates to our stakeholders.



499 Park Avenue | New York, NY



A photograph of a modern rooftop patio. The patio features a wooden deck, a wooden ceiling with recessed lighting, and large glass walls that offer a view into the interior of the building. In the foreground, there is a dining table with four chairs. In the middle ground, there are several large, rectangular planters filled with red flowers and greenery. The sky is blue with some clouds.

Our commitment to the environment is represented in our ESG programs and processes that are designed to identify opportunities to reduce operating expenses and increase resiliency.



OUR COMMITMENT TO THE ENVIRONMENT

Sustainability to ARA means enhancing building performance, investment resilience, and business governance for the benefit of properties, tenants, employees, and communities. Our commitment to the environment is represented in our ESG programs and processes that are designed to identify opportunities to reduce operating expenses and increase resiliency, while also enhancing value for our tenants, clients, and investors.

We monitor and improve our assets to provide material, positive, and measurable impacts on overall portfolio performance. We track the rapidly evolving sustainability movement to identify trends and best practices across the nation. Our efforts have added measurable value through reduced operating expenses and increased tenant satisfaction.

Environmental Investment Practices

ARA has instituted the following environmental investment practices as part of its overall investment process:

- Evaluate green retrofit opportunities
- Establish tenant partnerships to implement efficiency projects
- Track energy and environmental metrics of assets
- Review environmental policies periodically
- Share sustainability best practices



SUSTAINABLE CONSTRUCTION STRATEGY

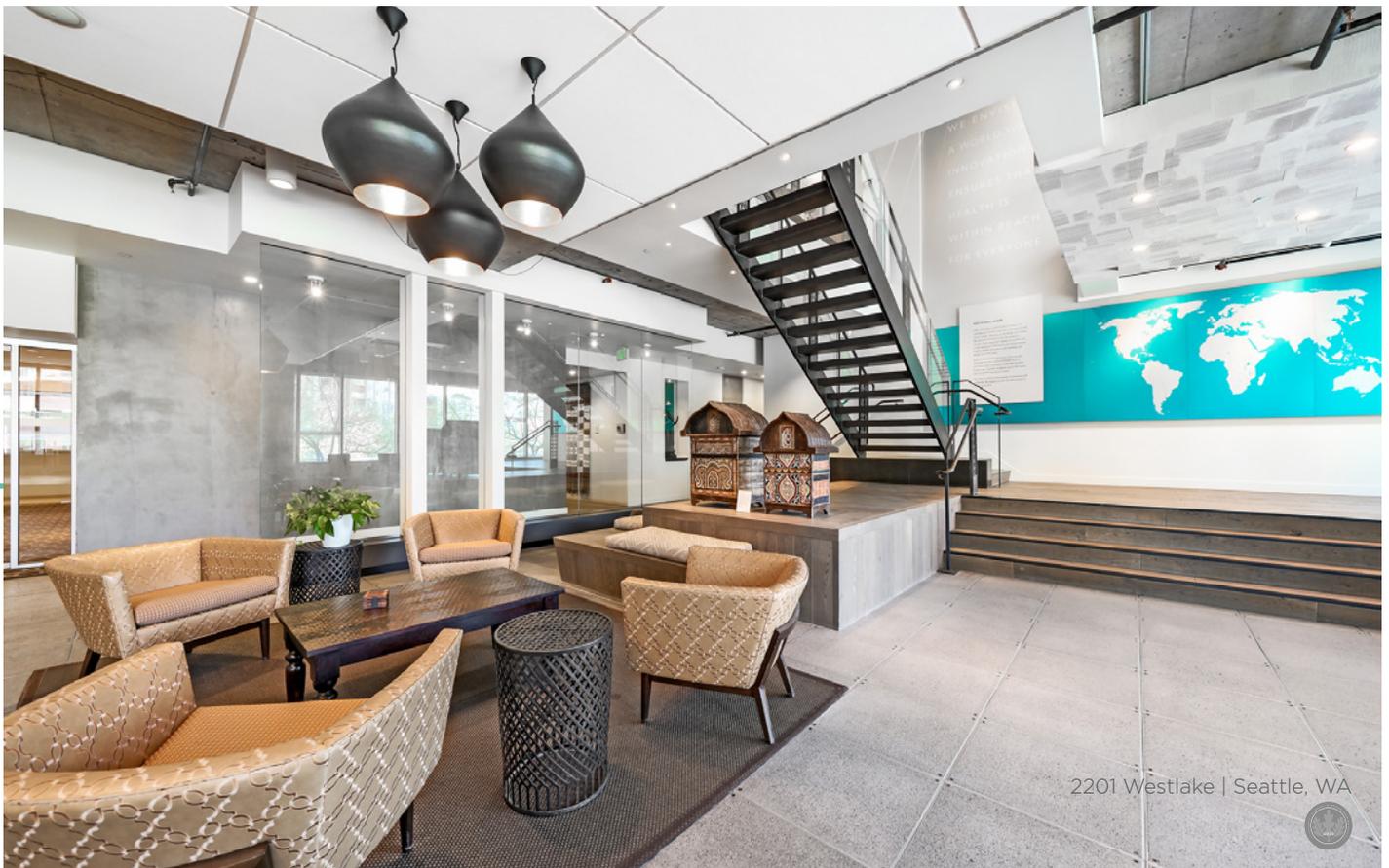
ARA incorporates strategies to make our properties more efficient and sustainable for new construction and major renovation projects. We evaluate sustainability features to promote responsible investing and expertly operated real estate, continuing the firm's commitment to good corporate citizenship post-construction.

We also seek out opportunities for additional energy efficiency features including efficient lighting, advanced chiller systems, co-generation facilities, solar photovoltaic systems, and ENERGY STAR® programs. We evaluate strategies to increase recycling and reduce water usage, water costs, and wastewater for our new construction projects in order to reduce future utility expenses.

Development

ARA's development group evaluates:

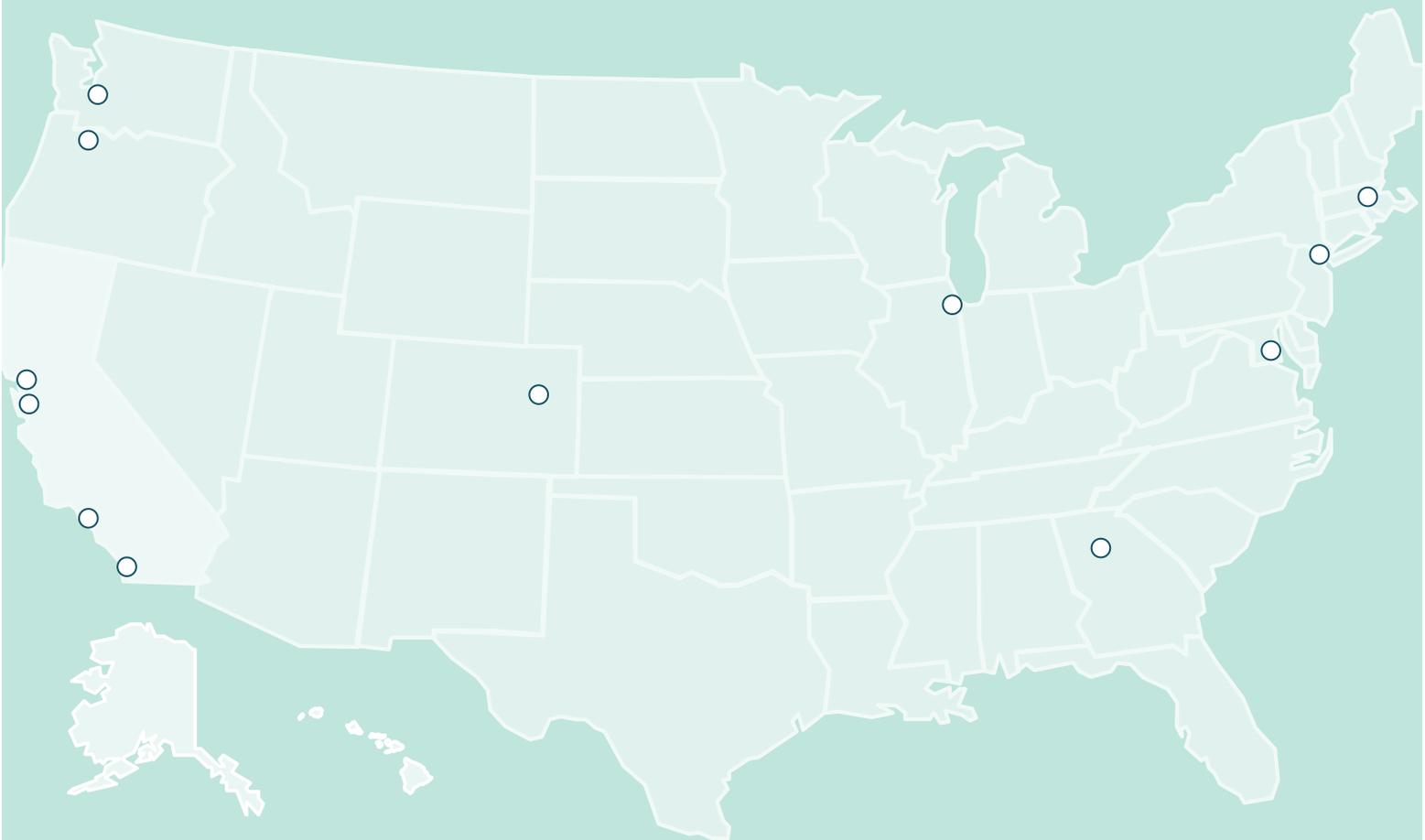
- Location of properties in the context of transportation resources.
- New construction assets that are close to transportation arteries or mass transit as they influence employee recruitment, commuter patterns, and housing location.



BENCHMARKING ORDINANCES AND COMPLIANCE

In order to increase market value for resource efficiency, cities and states across the United States have mandated that buildings meeting certain size thresholds and track and report their energy and/or water consumption.

Since early 2018, ARA's ESG team has coordinated with property teams to ensure compliance with relevant benchmarking ordinances. In 2018, 40 properties across 10 jurisdictions were required to comply. In 2019, we continued to monitor benchmarking requirements, and 45 ARA properties across 13 jurisdictions submitted to local and state benchmarking ordinances. The deadlines range from April 1 to June 1 annually. Benchmarking ordinances will continue to be implemented and we expect more properties to be affected each year.



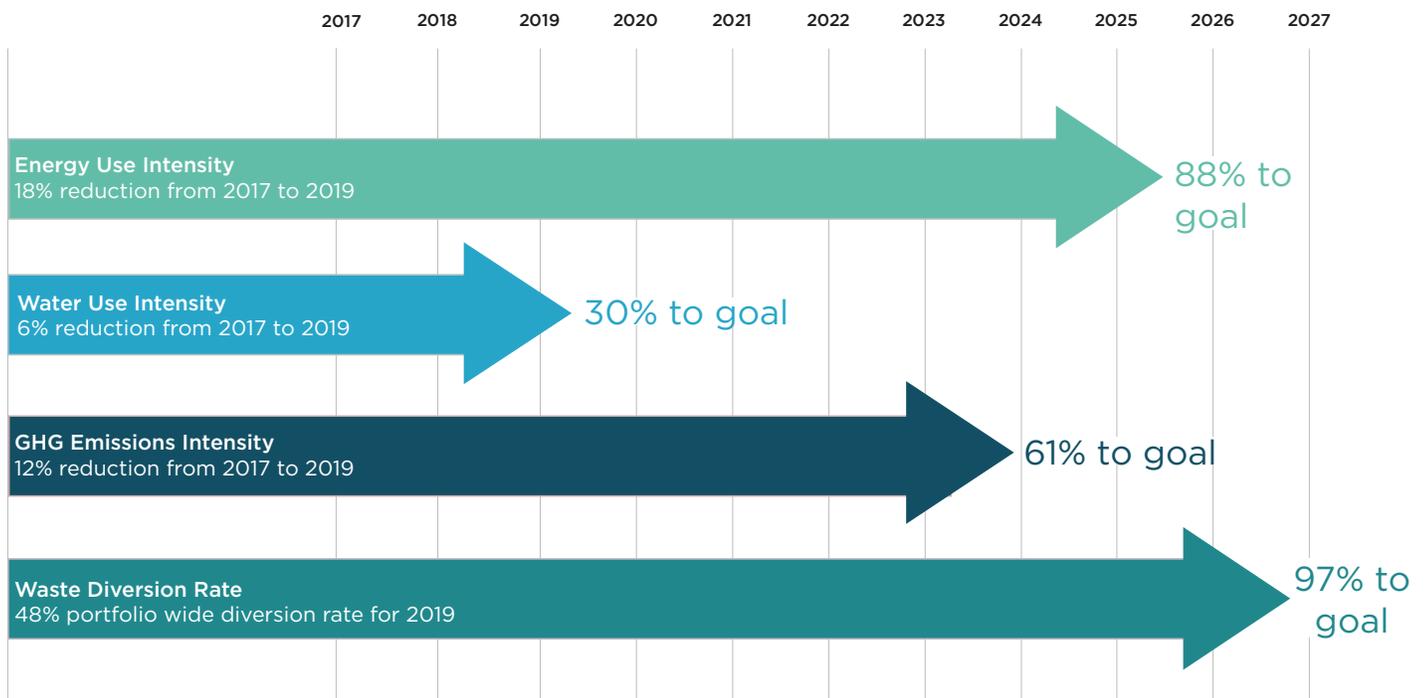
Benchmarking Ordinance	# of ARA Properties ¹	Benchmarking Ordinance	# of ARA Properties ¹
Atlanta, GA	1	San Diego, CA	2
Boston, MA	1	San Francisco, CA	3
Chicago, IL	2	San Jose, CA	1
Denver, CO	1	Seattle, WA	4
Los Angeles, CA	1	State of California	23
New York, NY	3	Washington, DC	2
Portland, OR	1		

¹Required & Complied in 2019

PERFORMANCE TARGETS

ARA maintains ten-year performance targets to track our progress by using key performance indicators that are timely and ambitious. Performance data and progress towards our ten-year targets are calculated with an annual intensity methodology. Annual intensities are calculated for each year since the 2017 baseline.

We are proud that our annual portfolio performance is on track for energy, water, waste, and carbon emission targets. We will continue to work to optimize our building systems as we grapple with record temperature increases that drive higher consumption.

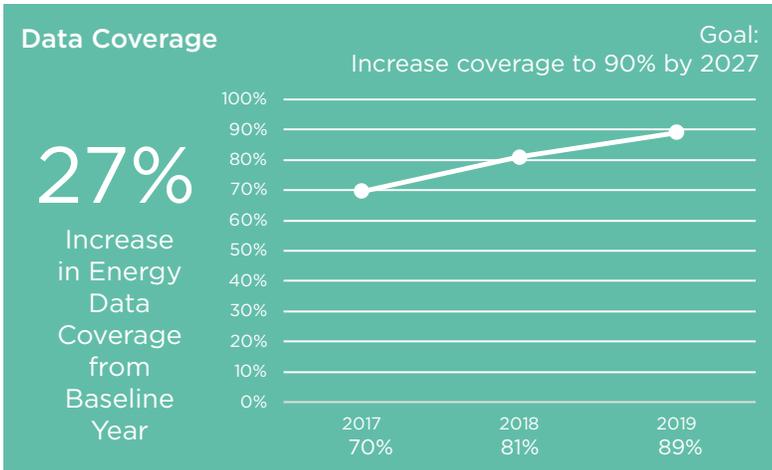


ENERGY	WATER	CARBON EMISSIONS	WASTE
-2%	-2%	-2%	+5%
Reduce energy use intensity (EUI) by 2% per year from 2017 - 2027	Reduce water use intensity (WUI) by 2% per year from 2017 - 2027	Reduce carbon emissions intensity by 2% per year from 2017 - 2027	Increase waste diversion rates to 50% from 2017 - 2027
2017 - 2019 PROGRESS			
-18%	-6%	-12%	+48%
Outpacing	Outpacing	Outpacing	Outpacing



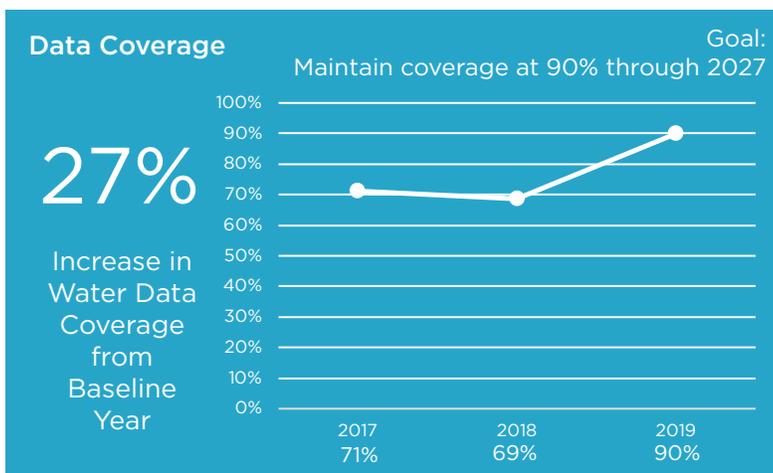
DATA COVERAGE

Energy and GHG Emissions

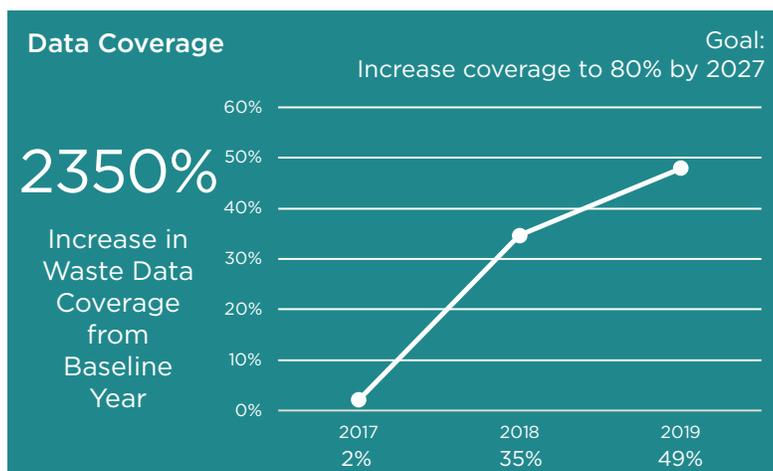


A top priority for ARA in 2019 was to increase data coverage. The first step in increasing data coverage is creating an ENERGY STAR Portfolio Manager profile and the next step is to gather utility data. Data Coverage is a percentage of the total floor area of each building. The higher the data coverage, the more accurate data can be because it is representative of a more complete picture. Additionally, GRESB awards more points for higher data coverages. We have steadily increased data coverage across energy, water, waste, and GHG emissions since 2017.

Water



Waste



SUSTAINABILITY INITIATIVES

ENERGY REDUCTION

ARA properties conducted a variety of efficiency upgrades in 2019 to decrease energy consumption and carbon emissions across our portfolio and continue to make progress toward our long-term targets.

↓ 44,430 kWh
savings /per year¹



Lighting Upgrades and Replacements: Ballston Gateway retrofitted the restrooms on the 4th floor with new LED fixtures. Also, Madison at Racine re-lamped the parking garage, management office, utility rooms, and fitness room resulting in an estimated savings of 44,430 kWh per year.



Roofing Upgrades: Kendall Place completed a Roof Restoration project from the East roof edge of Pet Supermarket to the West edge roof of CVS.



Management System Upgrades: 385 Sherman installed a new computer management system to monitor and adjust HVAC equipment. In addition, K1 apartments has Nest thermometers in each residential unit to allow for energy savings by controlling smaller spaces.



Retrocommissioning: Madison at Racine completed system upgrades with a process of fine-tuning all the mechanical equipment to ensure all are running efficiently resulting in energy savings.



MODA Tower
Portland, OR

Mechanical Upgrades: Moda Tower replaced two air conditioning compressors with efficient alternatives with EPA compliant refrigerant.

¹Estimate applies to Madison at Racine only.

WASTE MANAGEMENT

During 2019, ARA's properties diverted over 3,600 metric tons through ongoing recycling management. We are continually improving our waste management program by expanding recycling, improving tenant education, and upgrading waste solution providers.



3,600 metric tons
waste diverted

Highest waste diversion rates:

- 91%: Foundry Square III
- 80%: The Shops at Waterford
- 79%: 153 Townsend
- 77%: 2201 Westlake
- 73%: 499 Park Avenue

Waste Stream Audits:

In order for building operators and occupants to understand their waste stream performance, an audit is a great way to assess quantities and see tangible progress over time. In 2019, 121 Seaport and Alara Union Station completed waste stream audits providing valuable data points for future years.

WATER REDUCTION

In 2019, ARA properties implemented water saving measures but are delayed to meet our long-term water reduction targets.



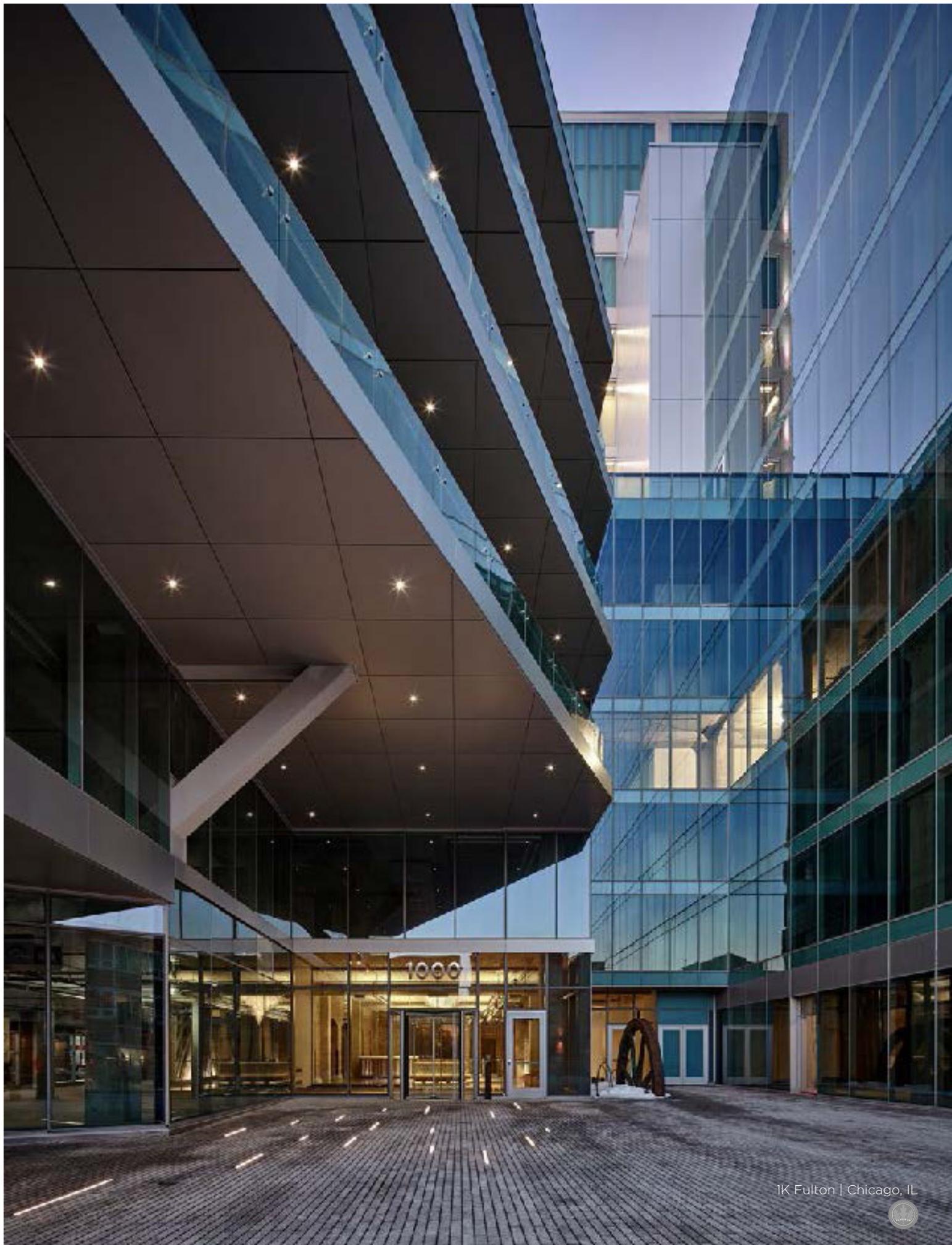
Native Landscaping

- 2201 Westlake & 385 Sherman installed all native & adaptive species in landscaping.
- 4th & 5th Delray installed all native landscaping at the site.



Storm Water Reuse and Efficient Drip Irrigation

- 385 Sherman has Bio Swales installed at the property for the reuse of storm water as well as installed drip irrigation & bubblers.
- Admiral Safeway installed drip irrigation in the renovation of the upper level landscaping.



BIODIVERSITY

Ecologists believe that bees are one of the most important species on the planet and helping provide hives for them within urban environments is one impactful action ARA can take to support habitat preservation and promote biodiversity within our communities.

Two ARA properties installed beehives on their roofs for the summer months in 2019:

- A Chicago tenant had several beehives installed on the roof at 1K Fulton through Chicago Honey Coop.
- Oak Brook Regency Towers in Portland, had one hive installed by Alveole. They will have 2 more hives installed there for summer in 2020.



Learn more about urban bee keeping from:
[Alvéole: The Urban Beekeeping Company](#)
[Chicago Honey Co-Op](#)

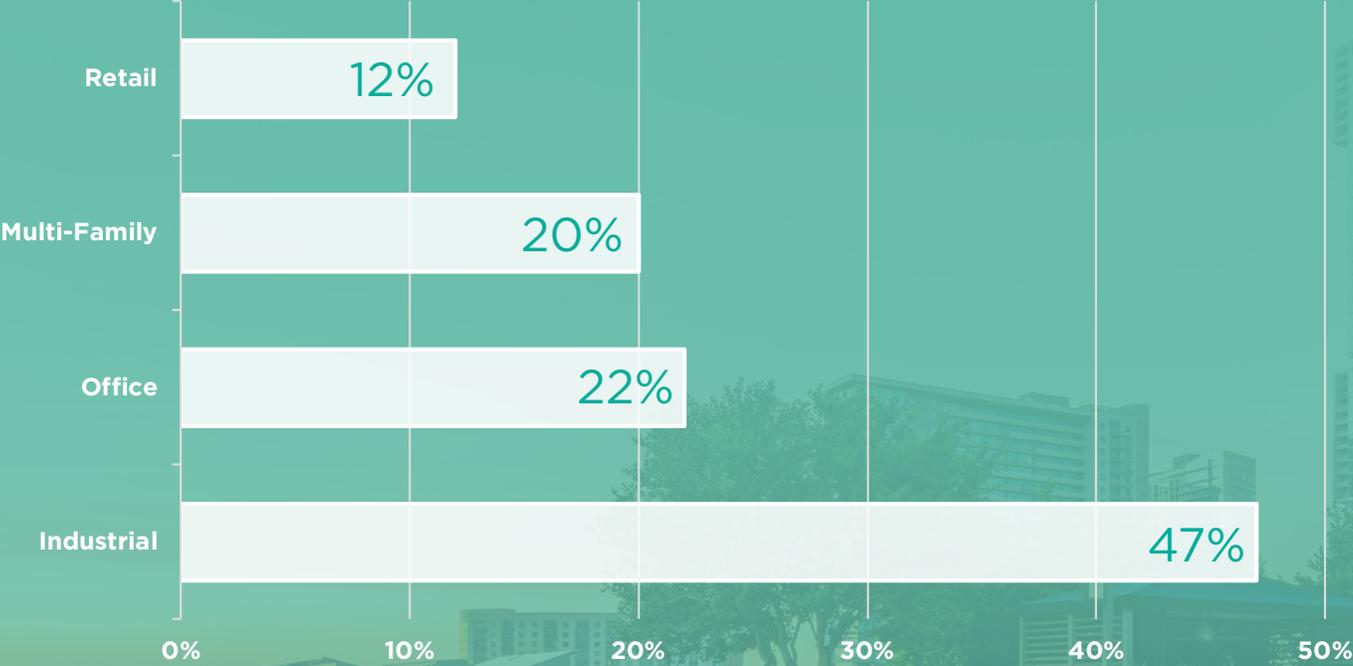
Employee Participation

ARA encourages sustainable thinking and approaches within our own business. We provide on-going communication to our investment professionals, tenants, and property managers encouraging green best practices, as well as updating stakeholders on our ENERGY STAR® and LEED progress in our portfolios. We care not only our physical assets, but also for the people and places impacted by our building environments.



CORE FUND BREAKDOWN

ARA's core fund is a diversified fund consisting of four property types. The long-term targets are associated with the fund and the division by property type is outlined in the table below.

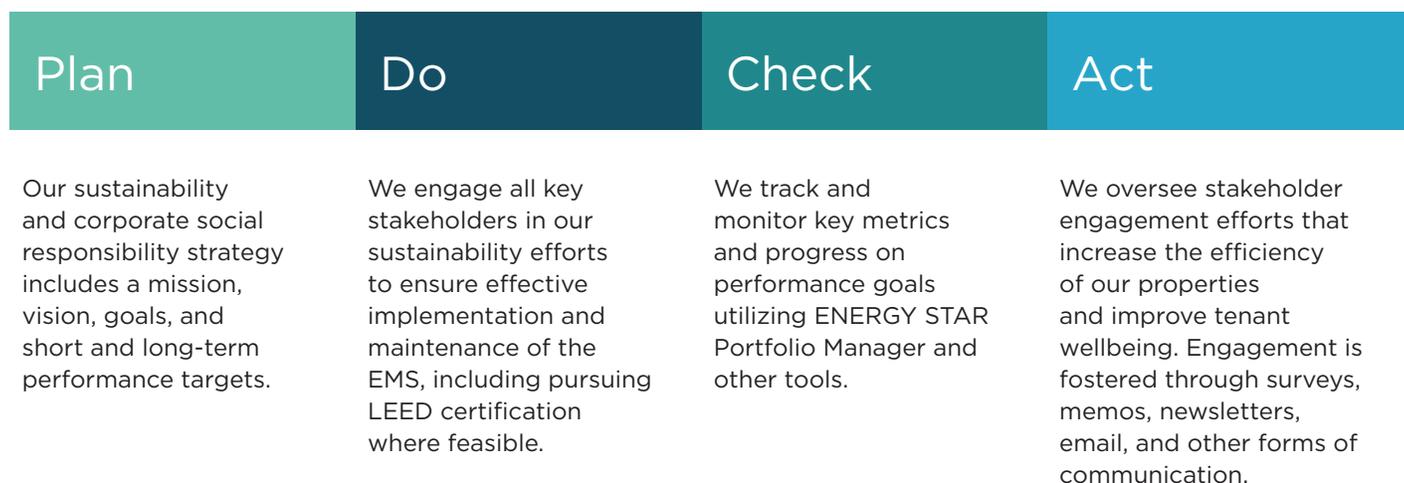


ARA core fund property type breakdown by gross floor area



ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

Our four-step Environmental Management System (EMS) is aligned with ISO 14001 and provides a strategic roadmap for our program, including risk management, data management, program implementation, assessments, measurement, and reporting.



Sustainability Attributes

Every three years, ARA conducts a comprehensive survey for the core fund properties called the Sustainability Attributes Survey. The survey aims to provide a snapshot of the portfolio's sustainability performance, including areas for efficiency improvements. It also includes questions on buildings' sustainable features, such as low-flow plumbing fixtures, LED lights, solar panels, and recycling programs. The last survey was completed in late 2018, with data that informed recommendations for sustainability budgeting and project implementation.



Green Leases

Along with our existing green clauses, we have added new sustainability clauses to our short-form leases to further incentivize tenants to make efficiency investments. These sustainability-related clauses call for utility data sharing, the use of proven energy efficiency measures, the adoption of green cleaning, and other measures to improve organizational efficiencies.

LEED CERTIFICATION

ARA invests in high-performing properties and strategically purchases LEED-certified buildings. In 2019, 8.6 million square feet of our assets held a LEED certification, representing 30% of the ARA portfolio. New certifications and acquisitions include: Pacific Commons Logistics Center – West and 384 Sherman Avenue.

Property	Location	Property Type	LEED Rating/Level
@First (Outparcel)	San Jose, CA	Retail	NC, Silver
1130 Connecticut Avenue	Washington, D.C.	Office	O+M, Gold
121 Seaport	Boston, MA	Office	C+S, Platinum
1K Fulton	Chicago, IL	Office	O+M, Platinum; C+S, Gold
2033 K Street ¹	Washington, D.C.	Office	O+M, Silver
2201 Westlake	Seattle, WA	Office	C+S, Gold
321 North Clark	Chicago, IL	Office	O+M, Gold
385 Sherman Avenue	San Jose, CA	Office	C+S, Silver
499 Park Avenue	New York, NY	Office	O+M, Gold
Accent	Los Angeles, CA	Multi-Family	Homes, Gold
Admiral Junction	Seattle, WA	Retail	NC, Silver
ALARA Uptown	Dallas, TX	Multi-Family	Homes, Gold
Azure on the Park	Atlanta, GA	Multi-Family	NC, Gold
Continuum	Boston, MA	Multi-Family	NC, Gold
Energy Center II	Houston, TX	Office	C+S, Gold
Foundry Square III	San Francisco, CA	Office	C+S, Gold
Madison at Racine	Chicago, IL	Multi-Family	NC, Certified
McCook Logistics Center	Chicago, IL	Industrial	BD+C, Silver
Moda Tower	Portland, OR	Office	O+M, Silver
Northshore	Austin, TX	Multi-Family	NC, Silver
One Freedom Plaza	Washington, DC	Office	CS, Gold
Pacific Commons Logistics Center - West	Fremont, CA	Industrial	CS, Silver
Pasadena Plaza	Pasadena, CA	Retail	NC, Certified
Sawgrass Lake Center	Sunrise, FL	Office	O+M, Certified
Sixth + Main	Portland, OR	Office	O+M Gold

¹2033 K Street LEED O&M has expired but is in the process of achieving LEED Major Renovations



ENERGY STAR® RECOGNITION

ARA has made great strides in improving energy efficiency. ENERGY STAR Portfolio Manager offers building certifications for properties that earn a 75 or higher on their scale of 0-100. They offer these certifications for eligible property types, those that have enough data in the system to be able to compare with others. In 2019, even with the metric updates and many buildings losing eligibility, 6.2 Million square feet of ARA's portfolio was ENERGY STAR certified, representing 21% of the portfolio, across multiple property types.

Property	Location	Property Type	Energy Star® Score
153 Townsend	San Francisco, CA	Office	86
1730 South Anaheim Way	Anaheim, CA	Industrial	100
1K Fulton	Chicago, IL	Office	82
2201 Westlake	Seattle, WA	Office	80
348 W. Hospitality	San Bernardino, CA	Office	76
385 Sherman Avenue	San Jose, CA	Office	90
395 Hudson	New York, NY	Office	89
501 Shatto Place	Los Angeles, CA	Office	76
6425 Katella	Cypress, CA	Office	75
Accent	Los Angeles, CA	Multi-Family	95
Arrow Center I - Oakwood	Rancho Cucamonga, CA	Industrial	75
Arrow Center II - Tacoma	Rancho Cucamonga, CA	Industrial	75
Deerbrook Corporate Center	Deerfield, IL	Office	79
Foundry Square III	San Francisco, CA	Office	87
Link Apartments	Seattle, WA	Multi-Family	94
Madison at Racine	Chicago, IL	Multi-Family	76
Mural Apartments	Seattle, WA	Multi-Family	100
Oak Brook Regency Towers	Oak Brook, IL	Office	79
Ramada Inn Costa Mesa	Costa Mesa, CA	Hotel	80
Rancho Cucamonga Distribution Center 1	Rancho Cucamonga, CA	Industrial	85
Shoemaker Distribution Center	Santa Fe Springs, CA	Industrial	83
Sixth + Main	Portland, OR	Office	90
Sumner 167 Logistics Center - Building 2	Sumner, WA	Industrial	100
UFCW & Employers Plaza North	Concord, CA	Office	83
UFCW & Employers Plaza South	Concord, CA	Office	93
Waterfront Place	Kirkland, WA	Office	78

ENERGY STAR Portfolio Manager Metric Update: Prior to 2019, ENERGY STAR Certifications were awarded based on 2003 performance metrics. However in 2018, certification was temporarily suspended and resumed on a rolling basis as EPA finalized its analysis for each updated scoring model using 2012 data. In July 2019, the EPA concluded the score review period and certification resumed for all eligible U.S. building types. Scores have been updated to reflect recent scoring methodology changes by EPA, which impacted all property types across the U.S with 10-14% of buildings losing eligibility in the U.S. for office, industrial, retail, and supermarkets.



ADDITIONAL GREEN BUILDING CERTIFICATIONS

IREM Certifications

In 2019, Accent Apartments became an IREM Certified Sustainable Property. It joins 153 Townsend in bringing ARA's total to two IREM Certified Sustainable Properties. IREM is an affordable certification that is recognized byGRESB and the industry. The certification is valid for three years and can be applied to office, multi-family, retail, and industrial properties.



LEED for Commercial Interiors

In addition to the LEED certifications awarded at the building level, certifications can also be earned for commercial interior projects, for example a tenant fit out or an interior renovation. Eight tenants have received LEED for Commercial Interiors certifications for their tenant spaces within ARA buildings. These tenant-spearheaded certifications represent over 680,000 square feet of space in office, retail, and multifamily buildings. These certifications have been earned in Boston, MA; Houston, TX; San Francisco, CA; Seattle, WA; Washington DC; and Westwood, MA.



Waldorf Market Place | Waldorf, MD



DATA MANAGEMENT

ENERGY STAR® Benchmarking

ARA utilizes ENERGY STAR® Portfolio Manager, a third-party rating system sponsored by the U.S. Department of Energy and the U.S. Environmental Protection Agency. The voluntary program rates the relative energy performance of new and existing buildings on a 1-100-point scale based on similar buildings. For eligible property types, ENERGY STAR considers energy use, CO2 emissions, building occupancy, type of use, and building location to determine a score.



Throughout 2019, we worked to create portfolios for all eligible properties to be able to better understand building performance. In 2019, 94% of ARA's core fund was benchmarked on ENERGY STAR Portfolio Manager which allows us to better understand, track, and measure progress at the buildings.

Measurabl

In addition to Energy Star Portfolio Manager, ARA utilizes the Measurabl platform, a cloud-based software that collects data, creates investment-grade sustainability reports, and alerts owners and property managers to improvement opportunities all while integrating with the GRESB submission. We also use Measurabl to track properties affected by benchmarking and performance ordinances.



5 MLK | Portland, OR

Energy Efficient Features:

- Heat recovery on the central ventilation unit for the residential floors.
- An efficient building façade and high-performance windows.
- LED lighting throughout the residential and amenity floors with lighting power densities limited in commercial spaces

Water Efficient Features:

- 5 MLK is designed to use 35% less water than a typical building and features water efficient fixtures that help conserve water without impacting the user experience.
- Virtually 100% of the stormwater from the site is managed through a type of green stormwater infrastructure
- A series of cascading terraces on floors 3 - 6 planted with drought-tolerant species mimics Pacific Northwest landscapes.
- Irrigation demand is reduced by 75% by landscaping with drought-tolerant species and using an efficient drip irrigation system tied to a weather sensor.



Community Connections

5 MLK draws in the local art community by featuring mixed-media art installations by local artists in prominent locations throughout the building. It also features art and furniture pieces created from material salvaged from the site's former buildings.



CASE STUDY: 5 MLK - Sustainable by Design

5 MLK is located in the heart of Portland, Oregon's Central Eastside on the corner of Martin Luther King Jr. Blvd and East Burnside street. The mixed-use, 17-story building features 220 apartment units with 120,000 sq. ft. of office space and 15,000 sq. ft. of retail space. The project demonstrates prioritization of community connections, biophilic design, safe material selection, and sustainable operations with high performance in energy and water use. The building is a shining example of sustainable design best practices with a Fitwel and Salmon Safe certification and targeting LEED v4 Gold.

Sustainability 20-Minute Living

97 Bike Score

85 Transit Score

84 Walk Score

Fitwel

5 MLK earned a certification under Fitwel in 2020, a health and wellness standard administered by the Center for Active Design. 5 MLK used dual scorecards - one for the commercial space and one for the residential space. Highlights of 5 MLK's health and wellness strategies awarded in Fitwel are:

- 344 secure bicycle parking spaces; very walkable and transit-friendly location.
- Outdoor spaces feature amenities such as a pool, benches, fire pits, BBQ grills, lounge furniture and landscaping to promote resident interaction and relaxation.
- A CSA program that features fresh produce, herbs and flowers will be offered to residents.
- Strategies are employed to minimize pollutants entering the building and acoustical treatments mitigate noise transfer unit to unit and from the outdoors.

Biophilic Design

Design that is intended to increase occupant connectivity to nature is the core concept behind biophilic design. 5 MLK features the following intentional biophilic design elements:

- A nature refuge with abundant, cascading greenery throughout the interior and exterior of the building including rooftop amenity spaces.
- Residents are connected visually to natural elements, including views to the Willamette River and surrounding mountain peaks of Mt Hood, Mt St. Helens and Mt Rainier.
- Natural materials such as stone and wood, organic forms and patterns, plants, fireplaces and water features bring elements of nature to the interior of the lobby and other amenity spaces.

Safe Materials

During the design of the building, careful attention was given to material selection with priority given to materials with EPDs (Environmental Product Declarations) and Material Ingredient Reports (Health Product Declarations, Cradle 2 Cradle certificates, and Declare labels) which disclose the material's ingredients and their known impacts on human health. In addition, to promote a healthy indoor environment, only paints that meet CDPH emissions testing standards were used. All hardsurface flooring is FloorScore certified and all carpet is Green Label Plus certified, with nearly 95% of all construction waste is being recycled.

Sustainable Operations

A robust sustainable operations platform will be implemented at the building, including 6 EV charging stations and over 340 bicycle parking spaces for tenants, residents, and visitors. Free green cleaning supplies will be provided for apartment residents, along with green dry-cleaning options. There will be expanded recycling options including e-waste and a CSA dropoff location. Finally, we are providing a green power purchase option.



3

Social

We believe that conducting our business in a responsible and sustainable way can improve our ability to meet the commitments to our clients and align our activities with the broader needs of society.

ARA proudly champions health and wellness, charity and community giving. We believe that supporting workplace diversity, inclusion and stakeholder engagement allows our firm to maximize its positive contribution to the broader needs of society and lead the way in social responsibility.



STAKEHOLDER ENGAGEMENT

Each year, our asset and property managers work to engage tenants and surrounding communities in ESG and sustainability programs supported by ARA. We are thankful for their participation and look forward to developing additional green programs at our properties in the future.

In October 2019, ARA ran an energy awareness campaign for the properties. We sent educational materials to property teams who passed them onto the tenants outlining simple actions that can be taken at home or in the office to reduce energy consumption. ARA's ESG Committee provided the properties with posters to display in elevators, lobbies, and other common areas, as well as a memo for tenants with energy saving tips.

Social Media Engagement

ARA multi-family and retail properties are highly active on Instagram and Facebook social media platforms. In 2018, engagement levels peaked at Alara Uptown (Dallas, TX) for an active giveaway of SoulCycle classes and at Azure on the Park (Atlanta, GA) promoting a new recycle bin in their mail room. The ARA corporate LinkedIn account shared ESG posts during 2019 that highlighted Earth Day, service days, and charitable giving activities. We look to continue to increase our engagement on social media in 2020 to raise awareness of climate and social change and to share our ESG initiatives.



EARTH DAY

In 2019, Earth Day garnered a great deal of enthusiasm from ARA employees, tenants, and the community to participate in this important international environmental event. Our properties held a wide range of Earth Day events, following the 2019 theme of “Protect Our Species.” ARA’s Earth Day flyers were posted at various properties and listed information about how individuals can continue to reduce their carbon footprint outside of ARA hosted environmental events. We sent marketing materials, comprehensive suggestion lists of Earth Day Activities, and a memo template for the property managers to share with tenants.



“At ARA we work to ensure that all stakeholders have awareness of how climate change is effecting our earth and how we can make changes for our future.”

- Stanley Iezman, Chairman and CEO

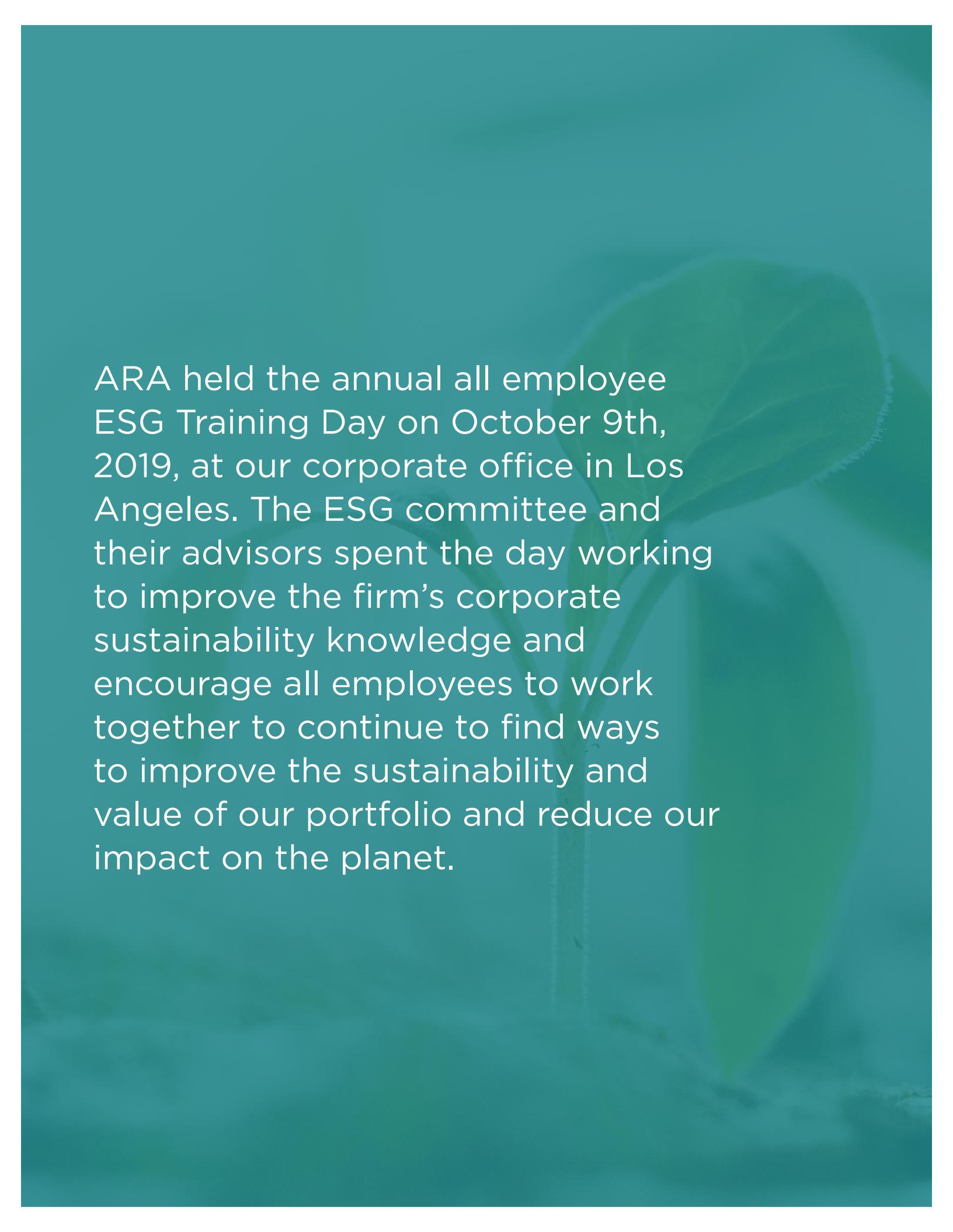
Property Highlight: 501 Shatto Place

In Los Angeles, 501 Shatto Place hosted a free electronic waste recycling event where employees could bring in their electronic waste from home and participate in an Earth Day themed raffle with green prizes such as tote bags, reusable water bottles, water efficient shower heads, and reusable metal straws. They also sent a weekly memo out to tenants during the month of April detailing the importance of Earth Day, the history of celebration, and an educational section called “This week’s Green Notes” that shared interesting facts, recycling best practices, and statistics that were meant to empower action.





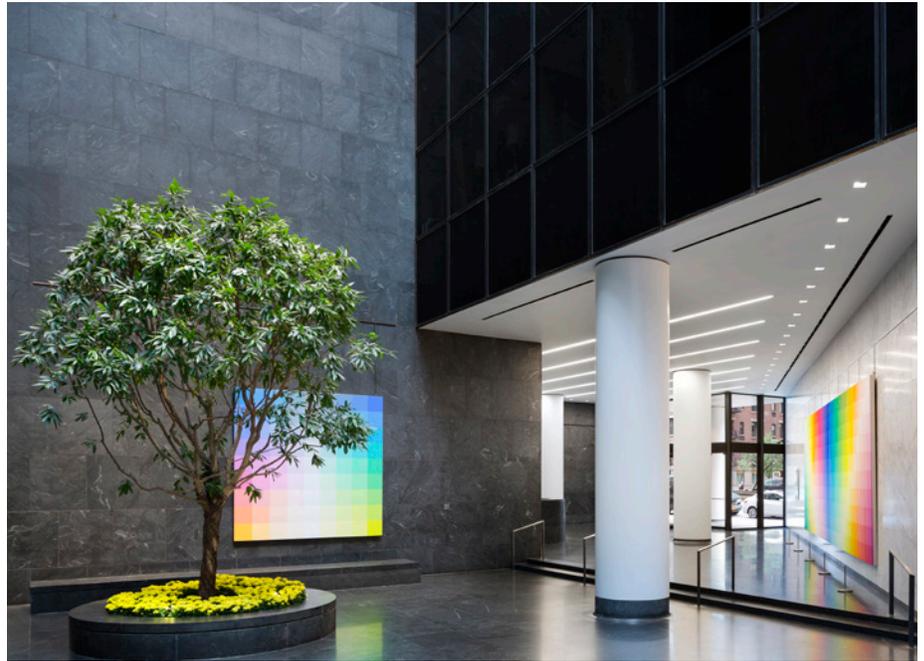
501 Shatto Place | Los Angeles, CA

The background is a solid teal color. In the center, there is a faint, light green silhouette of a plant with several large, rounded leaves and a central stem, resembling a succulent or a small tree. The text is overlaid on this background.

ARA held the annual all employee ESG Training Day on October 9th, 2019, at our corporate office in Los Angeles. The ESG committee and their advisors spent the day working to improve the firm's corporate sustainability knowledge and encourage all employees to work together to continue to find ways to improve the sustainability and value of our portfolio and reduce our impact on the planet.

ARTISTS ON DISPLAY

ARA is proud to showcase renowned artists at our assets and provide community access to inspirational pieces. The ARA asset, 499 Park Avenue, featured artist Melissa Meyer in the lobby gallery October 5th to March 14th. Meyer is known for her calligraphic abstract paintings on stained canvases. Her collections are held in the MoMA New York, National Gallery of Art in Washington, D.C., and Brooklyn Museum, among others.



In 2019, 499 Park featured works from 3 artists -
 John Walker, September 2018 - March 2019
 Julian Stanczak, April - September 2019
 Melissa Meyer, October 2019 - April 2020

ESG Newsletters

Sharing our sustainability program activities with the ARA team activates engagement and highlights contributions that help achieve our ESG goals. To help educate our stakeholder base, ARA produces a bi-annual company-wide internal newsletter that provides an overview of key sustainability accomplishments and highlights upcoming programs and initiatives. We believe this is key to creating internal communication, which helps to embed our sustainability mission into our team culture and operations. Featuring employees and partners in the newsletter is also a great way to celebrate successes and applaud team members for their efforts in making ARA a greener workplace.



HEALTH AND WELLNESS

ARA is dedicated to protecting the health and wellbeing of tenants, residents, and employees. We do everything we can to ensure that the environments in which our stakeholders live and work are clean and healthy. As part of our health and wellness initiative, we have rolled out multiple health-related policies including a robust indoor air quality (IAQ) program. Employees are also encouraged to make health-conscious decisions by taking part in our employee benefits, which include healthcare (mental and medical), access to recreational and physical activity opportunities, and healthy food options.

ARA promotes physical activity and our health and wellness initiatives support employee wellbeing through numerous programs that include access to the local transit network that allows our employees to travel by bus and train for their commute and use our Transit Reimbursement Program to encourage traveling sustainably. Free, onsite bike rentals are also available at the ARA headquarters to promote activity on lunch breaks.

As part of our health and wellness initiatives, ARA incorporates the Fitwel Health Impact Strategies at our firm and also at our properties. Fitwel strategies focus on seven Health Impact Categories listed below:



Impacts Surrounding Community Health

Strategies that impact surrounding community health broaden the impact of the project past the health of on site occupants, reaching those who live, work, play, or learn in the neighboring areas.



Reduces Morbidity and Absenteeism

Strategies that reduce morbidity and absenteeism promote decreased rates of chronic disease and mental health conditions, reductions in disease transmission, and fewer missed days of work.



Supports Social Equity for Vulnerable Populations

Strategies that support social equity for vulnerable populations ensure that a range of populations, including children, elderly, disabled, or socio-economically disadvantaged persons have increased access to health-promoting opportunities whether through universal accessibility, pricing incentives, targeted amenities, or pedestrian-focused environments.



Instills Feelings of Well-Being

Strategies that instill feelings of well-being promote inclusion, relaxation, and perceptions of safety, through rejuvenating and clean spaces, an enhanced connection to nature, and opportunities for social engagement.



Enhances Access to Healthy Foods

Strategies that enhance access to healthy foods provide occupants with expanded availability to fruits, vegetables, and other nutritious food options by diversifying the outlets and sources of healthier food options, promoting healthier choices, and reducing cost of healthier options through pricing incentives.



Promotes Occupant Safety

Strategies that promote occupant safety decrease risk of crime and injury, protect bicyclists and pedestrians from vehicular traffic, and increase stair safety.



Increases Physical Activity

Strategies that increase physical activity incorporate opportunities for movement into everyday life whether through encouraging active transportation, promoting stair use, or expanding access to indoor and outdoor fitness areas and equipment.



ACTIVE ARA

Stepping Up for a Cause

On September 27th, team members of ARA climbed the U.S. Bank Tower in downtown Los Angeles, the tallest stairwell west of the Mississippi to support our local YMCA. 2019 was ARA's inaugural team with 12 participants climbing 1,664 steps (75 stories) to the top of the tower to support the cause.

The Ketchum-Downtown YMCA serves thousands of community members with programs like preschool and daycare, the Growing Young Minds afterschool program, teen programs, Youth & Government, Summer Resident Camp, youth sports, college prep, community health fairs, and more.

The team finished 11th overall out of 266 teams in the 2019 U.S. Bank Tower Stair Climb in support of the local YMCA.



CORPORATE CITIZENSHIP

ARA's giving philosophy is a belief in the power of partnerships - at the employee, client, and community level. We aim to be a catalyst to create positive change in our communities, both locally and nationwide, and we support this goal through the American Realty Advisors Charitable Foundation. Throughout the year, ARA and its foundation are involved with and support a wide variety of organizations that seek to foster dynamic change in areas such as education, healthcare, diversity, and economic development. In addition to its charitable giving, ARA actively encourages its employees to support individual philanthropic interests. Over the years, employees have contributed to generating change in some of the most challenged communities. At the heart of the organizations we support is respect and dignity for those they serve. During 2019, the foundation supported over 30 organizations with a special emphasis on contributing to those that provide support for diversity and inclusion advancement of underserved and minority communities.

“We believe in the power of diverse perspectives and we embrace a dynamic mix of ideas and talents that create an inclusive work environment. We are dedicated to creating opportunities for all individuals who seek to advance their career in the institutional real estate space.”

- Stanley Iezman, Chairman and CEO

Our Commitment to Diversity and Inclusion

ARA believes in the power of diverse perspectives and focuses on inclusion throughout the firm. We embrace each other's differences, and we recognize that the diversity of backgrounds, experiences, and thoughts are vital to our success as an organization. We are dedicated to creating opportunities in institutional real estate investment management for all individuals who seek to advance their careers, promoting a multicultural workforce where differences are valued, celebrated, and embraced.

Through the founding of ARA's Women Empowered through Networking - Knowledge - Inspiration (ARA WE) in 2018, our active contributions to the Robert Toigo Foundation, and the numerous partnerships, internships, and charitable organizations that promote inclusion, ARA has a steadfast commitment to creating a dynamic and inclusive workplace that advances awareness of the importance of diversity, equity, and inclusion. We will be increasing our focus on ARA's diversity, equity, and inclusion programs in 2020, engaging with and contributing to more organizations and programs to make a greater impact in our industry and the communities in which we operate.

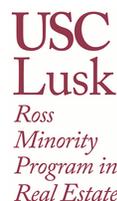


OVER

30

Charitable organizations supported through grant donations from the ARA Charitable Foundation in 2018 - 2019.

The Foundation, in conjunction with our employees, contributes to numerous organizations that provide leadership and support for early childhood through young adult education, healthcare, diversity, sustainability, homelessness, and food insecurity solutions. ARA is dedicated to lending a helping hand where needed in an effort to lift up others.

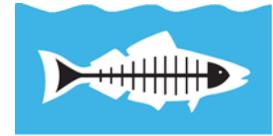


GIVING BACK TO OUR LOCAL COMMUNITY

Summer Service Day

ARA held two firm service days in 2019, the first was the Summer Service Day at Santa Monica Beach where 42 ARA team members volunteered for a beach cleanup day as part of the Heal the Bay's volunteer program. Together we collected 119 pounds of trash and 2,410 cigarettes.

We are proud to have contributed to making the coastal waters and beaches of Greater Los Angeles healthier and cleaner for visitors and marine life.



Heal the Bay

Holiday Service Day

ARA held a 2019 holiday service day on Saturday, December 14th. ARA's participation was coordinated and sponsored by ARA WE, the firm's professional women's network. This year's outreach project was a volunteer day with The Giving Spirit, an organization who has a prominent role in serving to mitigate the effects of homelessness in Los Angeles.

Over 30 ARA volunteers participated in the event and contributed to packing over 2,700 survival kits for the growing population of unsheltered men, women, and children.

The Giving Spirit celebrated its 20th Anniversary in 2019 and the event included a ceremony attended by Los Angeles Mayor Eric Garcetti who spoke about The Giving Spirit's important work.



Local Support

In 2019, the ARA team continued their support of local organizations by giving back to the Ketchum-Downtown YMCA After-School Program. ARA stair climb team members visited the Hoover Elementary after-school program on November 5th, to spend time with kids in the downtown Los Angeles neighborhood. This program provides a safe and engaging place for kids in the neighborhood to spend time after school while completing homework, playing outside, and participating in planned activities.





Matching Gifts Program

As part of ARA's commitment to philanthropy and culture of giving back to our communities, we offer a matching gift program for charitable donations made by our employees. This program provides a powerful way to leverage donations to organizations that are meaningful to our team. The ARA Matching Gift Program is part of the firm's continuing efforts to support non-profit organizations that benefit the communities in which we all live and work.



ARA encourages employees to support individual philanthropic interests and through overall support and the Matching Gifts program we make their contribution go even further.





CASE STUDY

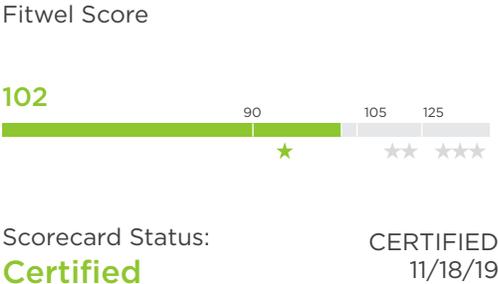
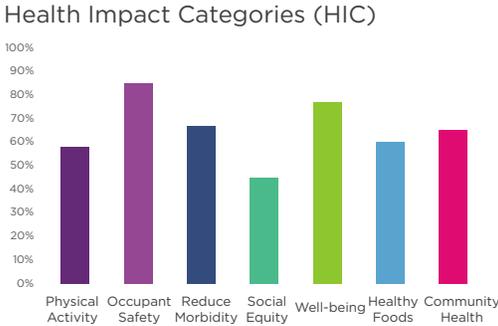
In 2019, ARA expanded its certification efforts to include health and wellbeing as a priority. One of the industry leaders in this domain is Fitwel. Developed by the Center for Active Design in 2011, Fitwel focuses on 12 strategies that buildings can implement in order to promote health and wellbeing of its tenants and residents. Upon completion of the scorecard, a building can be awarded up to three stars, based on how highly they score on each of these strategies:

- 1. Location
- 2. Building Access
- 3. Outdoor Spaces
- 4. Entrance and Ground Floor
- 5. Stairwells
- 6. Indoor Environment
- 7. Workspaces/Dwellings
- 8. Shared Spaces
- 9. Water Supply
- 10. Food Services
- 11. Vending Machines
- 12. Emergency Procedures

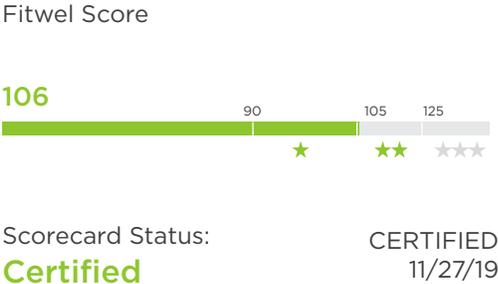
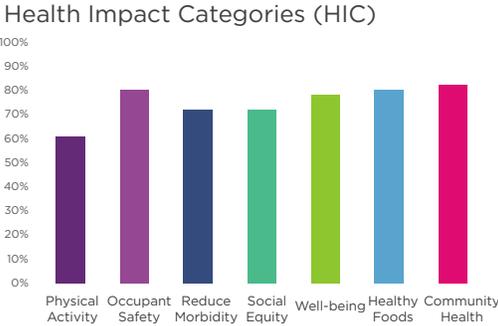


ARA had 2 properties that received Fitwel certification in 2019.

2201 Westlake | Seattle, WA



Foundry Square III | San Francisco, CA



Three ARA ESG team members are Fitwel ambassadors – a designation given to people who prove their knowledge of the Fitwel certification and submission process. In addition, ARA has multiple ESG policies related to health & wellness including a Health & Well Being Guide, ESG Policy, Smoking Policy (in progress), and Indoor Air Quality Policy (in progress).



PROGRAM PARTNERS

To ensure continued growth for our sustainability program, ARA has industry partnerships and certifications that help to provide metrics and benchmarking, data gathering, education, research and future initiatives that ARA incorporates to improve our ESG strategy.



Verdani Partners

As a full-service sustainability consulting firm, Verdani Partners supports ARA's corporate ESG program and manages our data collection efforts, green building certifications, and corporate reporting, including reporting to GRESB and the development of an annual sustainability report aligned with the Global Reporting Initiative (GRI).



U.S. Green Building Council (USGBC)

ARA is a member of the U.S. Green Building Council and uses LEED™ rating systems as guidance for our green building operations. LEED™ certified buildings use less water and energy than traditional buildings, while reducing operating costs and providing healthier environments for building occupants.



ENERGY STAR®

ARA utilizes ENERGY STAR® Portfolio Manager, a third-party rating system sponsored by the U.S. Department of Energy and the U.S. Environmental Protection Agency. The voluntary program rates the relative energy performance of new and existing buildings on a 1-100-point scale based on similar buildings. For eligible property types, ENERGY STAR considers energy use, CO2 emissions, building occupancy, type of use, and building location to determine a score.



GRESB

This investor-driven annual sustainability assessment for real estate portfolios has seen increasing adoption by public and privately-held investment vehicles around the world. Investor-members of GRESB include global institutional investors, pension funds, and real estate associations. ARA has been a member of GRESB since 2015.





Global Reporting Initiative (GRI)

GRI is the first and most widely-adopted global standard for sustainability reporting. GRI promotes the use of sustainability reporting as a way for organizations to inspire accountability, identify and manage risks, and protect the environment and society. The GRI framework aims to enable third parties to assess the environmental impact of companies' operations and their supply chains, helping both large and small organizations create a positive impact globally.



Measurabl

ARA tracks data with the use of Measurabl, a cloud-based software that collects data, creates investment-grade sustainability reports, and alerts owners and property managers to improvement opportunities. Measurabl makes it possible for any company to measure, manage, and act on sustainability performance across a building portfolio.



IREM Certified Sustainable Property Program

The IREM Certified Sustainable Property program allows properties to gain recognition when not covered by other programs and extend sustainability across portfolios. IREM certifies office properties, multifamily communities, distribution warehouses, and shopping centers.



Fitwel

Fitwel was developed by the Center for Active Design (CfAD) as a building standard promoting health, with the Center for Disease Control and Prevention as their research and evaluation partner.

Signatory of:



PRI

The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment that considers ESG factors in its international network of PRI signatories that factor in responsibility into their investment and ownership decisions. ARA became a PRI signatory and plans to report our ESG Program data in 2021.



REPORTING AND DISCLOSURE

Global Reporting Initiative (GRI)

This report references the Standard Disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Below are the corresponding GRI Content Index based on the G2016 indicators. This report contains material that references - GRI Standard 102: General Disclosures 2016, GRI Standard 300: Environmental, and GRI Standard 400: Social. G2016 Indicator Number Reference/Response Page Number.

GRI is a not-for-profit international organization that promotes the use of sustainability reporting as a way for organizations to disclose the environmental, social, and governance impacts of their operations. The Standards were developed through a global multi-stakeholder process and offer reporting principles, standard disclosures, and an implementation manual for preparation of sustainability reports.

For more information about this report, please contact:

Austin Maddux, amaddux@aracapital.com

Sustainability Email, sustainability@aracapital.com

Number	Description	Page Number	Reference
Organizational Profile			
102-1	Name of the Organization	1	Cover Page
102-2	Activities, Brands, Products, and Services	6-7	Corporate Profile
102-3	Location of Operations	6	Corporate Profile
102-4	Ownership and Legal Form	6	Corporate Profile
102-5	Markets Served	6	Corporate Profile
102-13	Membership of Associations	58-59	Program Partners
Strategy			
102-14	Statement from Senior Decision-Maker	4-5	CEO Letter
102-15	Key Impacts, Risks, and Opportunities	18-19	Resiliency and Risk Management
Ethics and Integrity			
102-16	Values, Principles, Standards, and Norms of Behavior	11	Philosophy on Corporate Citizenship
Governance			
102-18	Governance Structure	6-7, 14-15	Corporate Profile, ESG Committee, ESG Program Structure
102-20	Executive-Level Responsibility for Economic, Environmental, and Social Topics	4-5	CEO Letter
102-29	Identifying and Managing Economic, Environmental, and Social Impacts	14-15	ESG Committee, ESG Program Structure
102-30	Effectiveness of Risk Management Processes	18-19	Resiliency and Risk Management
102-31	Review of Economic, Environmental, and Social Topics	7, 8, 20	ARA's Real Estate Program, 2019 Accomplishments, Responsible Business Practices
102-32	Highest Governance Body's Role in Sustainability Reporting	14, 16-17	ESG Committee, Corporate Best Practice Policies and Guides
Stakeholder Engagement			
102-40	List of Stakeholder Groups	45	Stakeholder Engagement
102-43	Approach to Stakeholder Engagement	45	Stakeholder Engagement



Number	Description	Page Number	Reference
Reporting Practice			
102-50	Reporting Period	3	Corporate Profile
102-51	Date of Most Recent Report	3, 61	Corporate Profile, Reporting and Disclosure
102-52	Reporting Cycle	61	Reporting and Disclosure
102-53	Contact Point for Questions Regarding the Report	60-61	Reporting and Disclosure
102-54	Claims of Reporting in Accordance with the GRI Standards	60-61	Reporting and Disclosure
Environment			
302-4	Reduction of Energy Consumption	30, 32	Performance Targets, Sustainability Initiatives
304-2	Significant Impacts of Activities, Products, and Services on Biodiversity	35	Biodiversity
305-5	Reduction of GHG Emissions	30, 33	Performance Targets, Sustainability Initiatives
307-1	Non-Compliance with Environmental Laws and Regulations	N/A	ARA did not have any non-compliance incidents in the reporting period.
Social			
404-1	Training and Education	49	Company-Wide Training
413-1	Operations with local community engagement, impact assessments, and development programs	54-55	Giving Back to Our Local Community
416-1	Assessment of the health and safety impacts of product and service categories	50	Health and Wellness
419-1	Non-Compliance with Laws and Regulations in the Social and Economic Area	N/A	None. We follow all laws set forth at each asset.

Disclaimer: This report contains information about calendar year 2019 or December 31, 2019, as applicable, and is for informational purposes only. This report is not intended to be relied on to make any investment decisions, and is neither an offer to sell nor a solicitation of an offer to buy any securities or financial instruments or any investment advisory services from American Realty Advisors (“ARA”). Some of the information in this report has been obtained or derived from third party sources believed by ARA to be reliable, but ARA does not represent that such information is accurate or complete and has not independently verified the accuracy or completeness of such information or assumptions on which such information is based. Any opinions or estimates contained in this report represent the judgment of ARA at the time this report was prepared and are subject to change without notice. Photos used in this report were selected based on visual appearance and are used for illustrative purposes only.

Forward-Looking Statements: This report may contain forward-looking statements within the meaning of federal securities laws. Forward-looking statements are statements that do not represent historical facts and are based on our beliefs, assumptions made by us, and information currently available to us. Forward-looking statements in this snapshot are based on our current expectations as of the date of this snapshot, which could change or not materialize as expected. Actual results may differ materially due to a variety of uncertainties and risk factors. Except as required by law, we assume no obligation to update any such forward-looking statements.

Methodology and Other Disclosures: Performance data and progress towards our ten-year targets are calculated with an annual intensity methodology. Annual intensities are calculated for each year since the 2017 baseline by aggregating the consumption for that year and dividing by the square footage that covers the usage. Properties not owned for the whole year, properties missing data for any part of that year, and properties that didn’t provide data by June 1, 2020 are excluded from the calculations. If annual intensity is +/- 0.5% of 2% per annum, it is classified as “on track.” If more than 2% per annum performance is considered to be “outpacing” and if below that target, performance is identified as “delayed.” The Along with the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) standards, the International Performance Measurement and Verification Protocol (IPMVP) is the reference standard for the measurement and verification used in the calculations of water and energy use savings. Energy or water savings are determined by comparing energy/water use associated with a facility, or certain systems within a facility, before and after energy/water cost reduction measures are implemented. The “before” case is called the baseline model and the “after” case is the post installation model. Baseline and post-installation models can be constructed using the methods described in the IPMVP. Performance of equipment, both before and after a retrofit, can be measured so that savings, or more appropriately, water or energy cost avoidance, is the calculated difference between the measured performance of energy or water cost reduction measures and the amount of water or energy that the building would use in the absence of the retrofit. The baseline water or energy usage is created using measured equipment performance data prior to the retrofit coupled with assumptions about how the equipment will operate in the post-installation period.





515 S. Flower St., 49th Floor, Los Angeles, CA 90071
T 213.233.5700 | F 213.947.1480 | www.aracapital.com

Signatory of:



©2020 American Realty Advisors