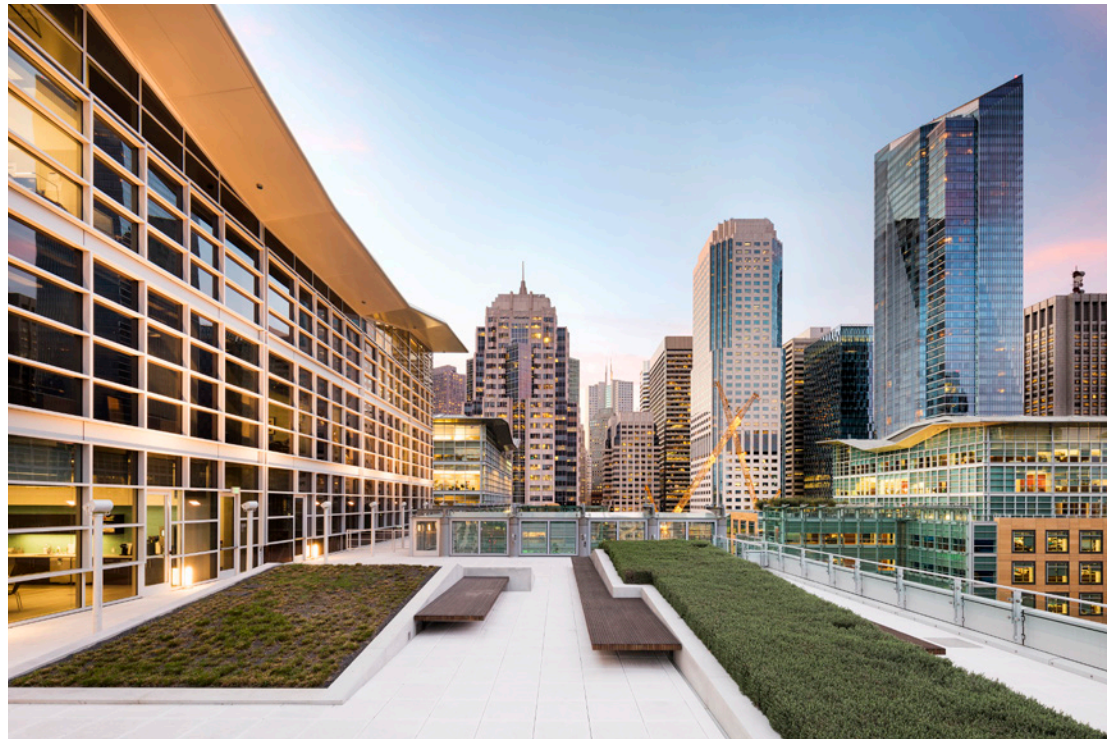


2020 ESG+R Annual Report





American Realty Advisors, LLC (ARA) publishes an annual ESG+R Report each year that documents our ongoing commitment to environmental, social, and governance plus resiliency (ESG+R) principles, benchmarking and reporting efforts, progress towards our goals and targets, and sustainability successes across our portfolios. 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 2020 or as of December 31, 2020, as applicable and references where applicable the Global Reporting Initiative's (GRI) G2016 guidelines. As appropriate, significant developments occurring in early 2021 are referenced. References to assets in this report relate to assets in all portfolios managed by ARA. The 2020 ESG+R Report as well as our past reports are available on our website, at: aracapital.com/corporate-responsibility-and-sustainability/

We have focused on sustainability from an early stage and are committed to positive environmental, social, and governance change, while prioritizing resiliency and building for the future.

ENVIRONMENT



SOCIAL



GOVERNANCE



RESILIENCY



At ARA, we are committed to acting in the best long-term interests of our clients as well as to being responsible citizens in the communities in which we live and work. Our dedication to implementing Environmental, Social, and Governance plus Resiliency (ESG+R) initiatives was even more important during the unprecedented events of 2020.

The past year presented new uncertainties raised by COVID-19 as well as economic and social upheaval. ARA rose to meet these challenges, redoubling our efforts to effect positive environmental change as well as to promote racial and gender diversity, equity, and inclusion. To the latter point, we launched our “Tomorrow’s Real Estate Leaders” program, an innovative diversity oriented educational forum focused on promoting diversity by introducing underserved community students to the potential for careers in the real estate industry.

This ESG+R report outlines our many accomplishments in 2020 and the opportunities to expand these in the coming year. We remain ahead of schedule in our progress toward our 2027 energy, emissions, water, and waste goals, and continue to expand the data coverage throughout our portfolios, achieving new building certifications, including our first certification of a multi-family property under the LEED® v4.1 Operations and Maintenance standard (ALARA Union Station). We also once again improved our standing in theGRESB® Real Estate Assessment for our core real estate fund over the previous year, earning a rating of four out of a maximum five stars.

Our social initiatives included an expanded and robust tenant engagement program and the continued focus of the ARA Charitable Foundation to address the issues of homelessness, food insecurity, and social justice, made only more acute by the pandemic.

In the face of clear danger from climate change, ARA is committing to ESG+R (adding Resiliency to ESG), recognizing the due diligence work we have done since 2015 to ensure that risks to the assets we manage are appropriately and effectively identified and mitigated.

We are proud of the accomplishments outlined in this report but recognize that there is more work to be done. As we look to the future, we are committed to implementing ESG+R policies that provide real value to our clients and that promote a heathier world for all of us.

Stanley L. Iezman, Chairman and CEO

08

WELCOME
ABOUT
COVID-19

15

Environment

ESG+R MISSION
PERFORMANCE TARGETS
SUSTAINABLE INITIATIVES
BIODIVERSITY
CERTIFICATIONS
CASE STUDY

49

Social

STAKEHOLDER ENGAGEMENT
HEALTH AND WELLNESS
SOCIAL CHANGE
DIVERSITY AND INCLUSION
GIVING BACK
CASE STUDY

73

Governance

CORPORATE CITIZENSHIP
SUSTAINABLE DEVELOPMENT
GOALS
ESG+R PROGRAM STRUCTURE
BEST PRACTICES AND GUIDELINES
CASE STUDY

91

Resiliency

RISK MANAGEMENT
RISK ASSESSMENTS
CASE STUDY

101

FUTURE STATEMENT

About American Realty Advisors

American Realty Advisors, LLC (ARA) is a private equity real estate investment manager of commercial real estate portfolios. Our holdings include high quality office, retail, industrial, multi-family, and other properties. With over \$10.1 billion* in assets under management and more than 500 investors, we are one of the largest privately held real estate investment management firms in the U.S.



ARA aims to provide superior risk-adjusted returns through a wide selection of investment strategies, including the following:

- Core strategies designed to preserve capital and income
- Core-plus strategies that enhance returns
- Value-added strategies focused on value creation and risk control
- Debt strategies for current income and downside protection.

As an additional service that can only be provided by a firm with deep market experience and detailed knowledge of real estate holdings such as ours, we provide specialized advisory services to institutional investors facing complex decisions on issues including asset takeovers/workouts, development oversight, and other real estate issues requiring independent, third-party professional input.

ARA is 100% employee owned and focused on providing superior risk-adjusted returns for our clients and investors. Registered as an investment advisor with the Securities and Exchange Commission since 1990, we serve as a fiduciary to our clients.

At ARA, we are dedicated to acting in the best long-term interests of our clients. By integrating our responsibilities into our investment practices, we promote a successful and sustainable future for all our stakeholders.

2020 HIGHLIGHTS

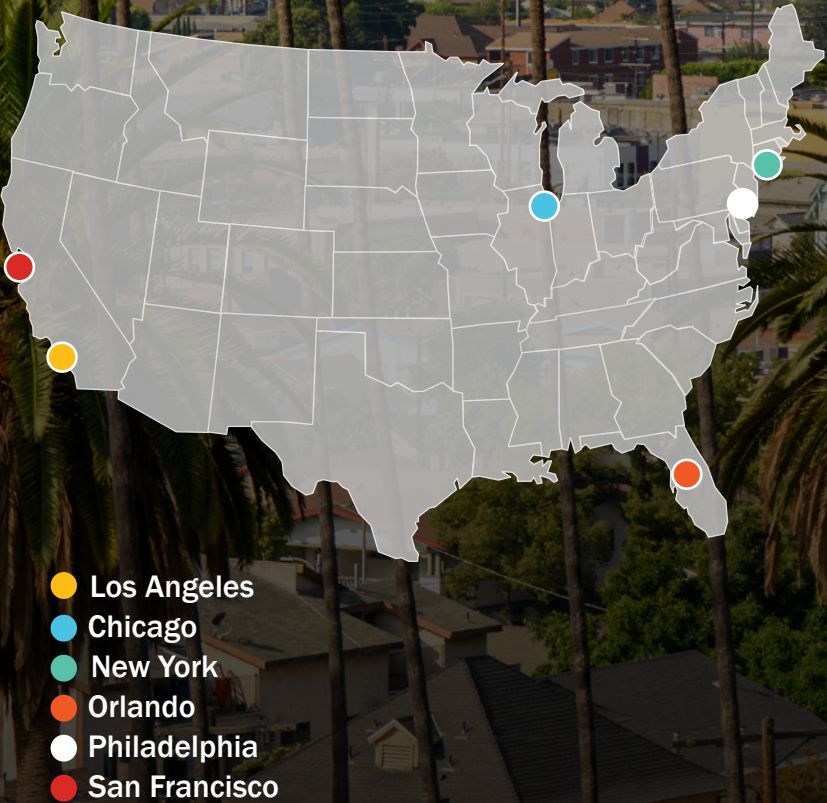
10.1B*
IN AUM

25+
YEARS SENIOR
MANAGEMENT
AVERAGE
EXPERIENCE

90+
EMPLOYEES

32
YEARS
OPERATING
HISTORY

ARA OFFICE LOCATIONS*



*as of March 31, 2021

2020

Accomplishments

ESG+R PROGRAM

- 35 million square feet of real estate is actively managed in ARA's ESG+R program
- 11 new sustainability best practice policy guides implemented in 2020
- 6 existing policies updated with new content in 2020
- EMS was aligned with ISO 14001

BENCHMARKING AND REPORTING

- 7th consecutive core fund GRESB Submission in 2020
 - United States of America, Diversified, Core, Non-listed
 - 4-star rated in 2020 - 19th of our peer group of 48
- 2nd consecutive 121 Seaport GRESB submission in 2020
 - United States of America, Office: Corporate: High-Rise Office | Core | Non-listed
 - 4-star rating in 2020 – 9th in our peer group of 12
- 2019 ESG Report published with reference to the GRI index in July 2020
- Maintained status as a signatory of Principles for Responsible Investment (PRI)
 - Prepared our first submission in Spring 2021
- 100% compliance with applicable municipal benchmarking requirements

CERTIFICATIONS

- 8 additional ENERGY STAR Labels earned
- 4 new IREM certifications earned
- 3 new LEED certifications earned

COMMUNICATION AND EDUCATION

- Weekly sustainability update with the ESG+R Committee Advisors
- Annual Company-wide ESG+R program overview with ARA staff completed virtually
- Virtual Energy, Water, and Waste Awareness campaigns
- Digital Earth Day event

PARTNERSHIPS



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 ESG+R 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.

“We are proud of our ESG+R accomplishments achieved in 2020. As we set our sights on the future, we use these milestones as encouragement and motivation to continue our journey to become a more sustainable firm.”

—Kirk Helgeson,
Chief Investment Officer





In 2015, the United Nations (UN) member states adopted a set of 17 Sustainable Development Goals (UN SDGs) to serve as a roadmap to achieving a better future for all while leaving no one behind. These goals address poverty, inequality, climate change, and environmental degradation, while promoting peace and justice.



1.

No Poverty
2.

Zero Hunger
3.

Good Health and Well-being
4.

Quality Education
5.

Gender Equality
6.

Clean Water and Sanitation
7.

Climate Action
8.

Life Below Water
9.

Life on Land
10.

Peace, Justice and Strong Institutions
11.

Partnerships for the Goals
12.

Affordable and Clean Energy
13.

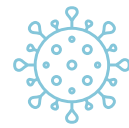
Decent Work and Economic Growth
14.

Infrastructure
15.

Reduced Inequalities
16.

Sustainable Cities and Communities
17.

Responsible Consumption and Production



Our COVID-19 Response

In early 2020, it became apparent that the battle against COVID-19 would not be won quickly and that the coronavirus would affect every aspect of our lives, including the commercial real estate industry. At ARA, we took steps to protect the safety and health of our team, clients, and communities and to ensure business continuity.

While no one at ARA had anticipated a pandemic of this scale, we had foreseen the possibility of natural disasters that could disrupt the normal course of business. For this reason, we developed a Business Continuity and Recovery Back-up Plan. Part of that plan required upgrading our technology and improving our capabilities for remote work, which we had completed prior to 2020. In the third week of March 2020, we put the plan into action, instructing our employees to begin working from home. Due to the successful implementation of the plan, we experienced no interruptions to client services or day-to-day business performance.

Not all tenants at our buildings were able to work remotely. For those who continued to work from our buildings, operational changes were made to protect their safety and health. At our direction, our third-party management companies implemented strategies such as the following:

- Enhanced cleaning of common areas using CDC-approved products
- Hand sanitizer stations in all common areas
- Signage providing social distancing guidelines and new traffic patterns
- Touchless check-in procedures and elevator controls where possible
- Occupancy limits on elevators
- Mask requirements for all on-site building management personnel
- Additional air cleaning technologies, where available

As more tenants began to return to work, in early 2021, ARA released a “Return to the Workplace” guide to all property management teams. The guide outlined our commitment to a safe return to business and included protocols and procedures to implement at our properties utilizing guidance from the Centers for Disease Control and Prevention, the World Health Organization, and public health experts. The guide was also made available on the ARA website.



As we witnessed the effects of the pandemic on our communities, the ARA team took action to address the areas of greatest need. We increased our charitable giving, in the form of direct contributions and our employee matching program, to several food-related charities, including Feeding America, the Los Angeles Regional Food Bank, and the American Red Cross. We also made a contribution specifically to benefit those in the hospitality industry.

The economic repercussions of the pandemic to our assets were highly dependent on the property type. Retail properties were greatly affected by closures and social distancing requirements. Our core fund portfolio does not include any large regional malls, which have seen

the greatest impact from the economic effects of the pandemic. Our fund contains community shopping centers, many of which are anchored by grocery or drug stores, which experienced less of a negative effect. Conversely, our industrial properties have experienced the least difficulties during the pandemic due to increased demand in online shopping.

Rent relief requests from all sectors were handled on a case-by-case basis. Overall, we collected 97% of all rents due for 2020, which is a higher percentage of collections than our peers in total.

Throughout 2020, we have kept our clients and stakeholders connected and informed of ARA's response to pandemic-related issues by providing regular updates regarding client services through email blasts, website posts and various documents answering the most asked questions related to the market disruptions. Additionally, our Research Team produced a number of articles discussing the effects of the pandemic on the commercial real estate industry.

The effects of the COVID-19 pandemic on our society and our economy will continue to be felt into 2021 and beyond. However, we are pleased to report that, at the end of 2020, ARA continued to outperform in rent collections when compared to other core funds. We entered 2021 on a strong footing and remain firmly committed to sustainable investing for the benefit of our clients, communities, and future generations.



Environment

INTRO

ARA’s dedication to the environment is a necessary component of our commitment to our investors. To demonstrate that commitment, we have developed ESG+R programs and processes that reduce our environmental impacts as well as the expenses of our operations and increase the resilience of our portfolio.

At ARA, we have set ambitious goals for improvement and are continuously searching for ways to improve our assets that provide positive and measurable impacts on our portfolio’s financial and environmental performance. By implementing strategies to meet our energy efficiency, water conservation, and waste diversion targets, we not only reduce operating expenses and enhance the value of our assets, but we also increase our resilience as a company and improve the environment for ourselves and future generations.



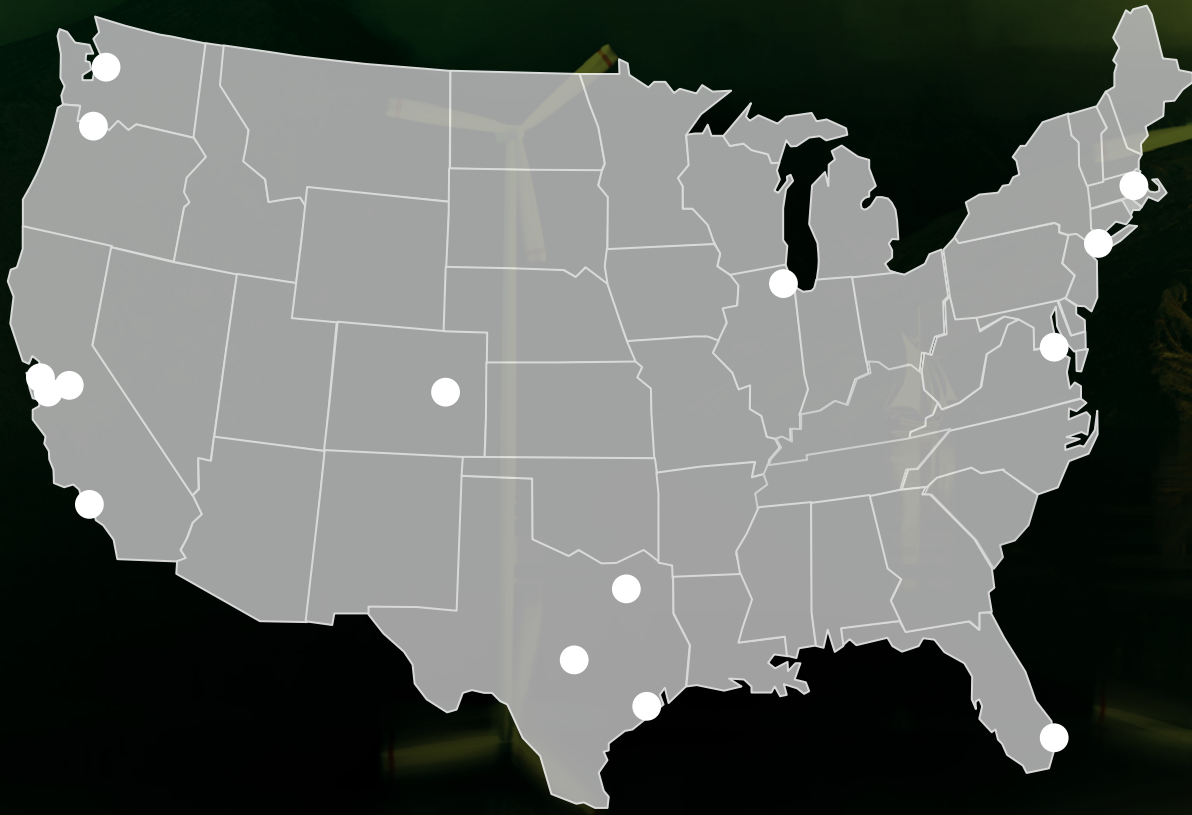
“Whether it is about adopting more transparency or increasing collaboration, ARA empowers our employees to think critically about how our actions have a lasting impact on the business, the environment, and the larger community.”

— Scott Darling, President

HIGHLIGHTS

Each year we select a group of properties to undergo a strategic ESG+R evaluation and then receive upgrades. Each map dot represents a highlighted ARA property with notable achievements in energy for 2020.

Properties featured in the environment section of the report are located throughout the country and reflect the type of energy awareness and proactive projects and programs we hope to implement at all ARA assets.



100%

As of the end of 2020, 100% of ARA core fund properties, where ARA has operational control, are utilizing U.S. EPA's ENERGY STAR Portfolio Manager to track energy use.

9.1M

Up over 2.9 million square feet from 2019, ARA properties totaling 9.1 million square feet earned ENERGY STAR labels in 2020.

18%

ARA is OUTPACING our annual reduction targets in all categories, highlighted by an 18% reduction in energy use intensity vs. our target of 6%.

ENVIRONMENT
SOCIAL
GOVERNANCE
+ RESILIENCY

ESG+R MISSION
PERFORMANCE TARGETS
SUSTAINABLE INITIATIVES
BIODIVERSITY

CERTIFICATIONS
CASE STUDY

ARA strives to provide value to our investors while acting as a responsible citizen in the communities in which we operate. In this effort, the following ideals guide our actions.

MISSION
VISION

To execute effective and impactful actions to go beyond our buildings and operations through ESG+R initiatives that add value to our clients and communities.

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



“We believe that delivering value depends on serving our stakeholders with purpose. Our vision and mission, disciplined management of risks and opportunities, and active stakeholder engagement are key features that directly align with our corporate values.”

— Traci Mathiews, Vice President of Corporate Communications & Investor Relations, ESG+R committee member

VALUES
Tenant and Employee Wellbeing
Efficient Properties
Responsible Investing
Strong Communities
Transparency and Disclosure

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.

Mission, Vision, Values

ENVIRONMENTAL INVESTMENT PRACTICES

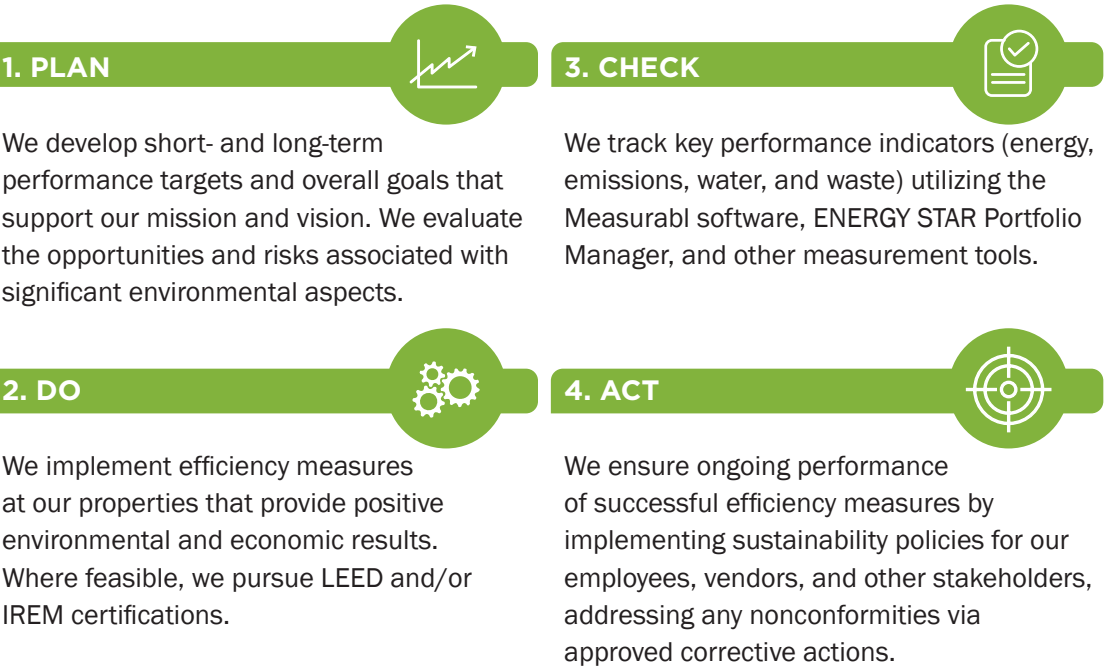
ARA’s commitment to sustainable operations extends to our investment practices. As part of our overall investment strategy, we have adopted the following best practices:

- Evaluate retrofit opportunities to improve building performance.
- Collaborate with tenants to implement efficiency projects.
- Track environmental metrics of assets, including energy, water, emissions, and waste.
- Periodically review and update environmental policies.
- Share sustainability best practices with industry peers.



ENVIRONMENTAL MANAGEMENT SYSTEM

We utilize a four-step Environmental Management System (EMS) to structure our ESG+R program. In 2020, our EMS was independently certified for compliance with ISO 14001. The EMS provides a road-map for all elements of the ESG+R plan, including strategy, program implementation, data management, assessments, measurement, reporting, and ongoing performance.



STAKEHOLDER PARTICIPATION

ARA encourages its employees and stakeholders to learn about and participate in our sustainability program. We regularly communicate with our investment professionals, tenants, property managers, and other stakeholders to share best green practices and to celebrate our accomplishments, such as LEED and Fitwel certifications and ENERGY STAR labels.

Green Leases

To encourage our tenants to join in our sustainability efforts, our short-form leases include several green clauses. These provisions request that our tenants share their data to further our tracking efforts, employ proven energy efficiency measures to reduce overall energy use, utilize green cleaning services to reduce the use of toxic chemicals, and take other steps to promote sustainability in the workplace.

SUSTAINABLE CONSTRUCTION STRATEGY

To incorporate sustainability in our buildings from the ground up, ARA follows industry best practices for green building for our new construction and major renovation projects. We seek out opportunities to incorporate features that lend themselves to sustainable post-construction building operations and management.

We investigate strategies to achieve increased energy efficiency, such as advanced lighting systems, advanced chiller systems, co-generation facilities, and solar photo-voltaic systems, and we participate in ENERGY STAR programs. We also incorporate strategies that reduce water use, which reduce water costs and water waste.

Siting-related sustainability considerations for construction projects include:

- Availability of public transportation to the project site, which may influence tenants' employee recruitment and commuting options.
- Availability of recycling facilities and vendors.
- Climate-related threats, such as the potential for flooding or high fire risks, that may require mitigation to strengthen the property's resilience.



In ever-increasing numbers, cities and states across the U.S. are requiring that buildings that meet various size thresholds track and report their energy and/or water consumption. Our ESG+R team coordinates with property management teams to ensure that we comply with all applicable benchmarking ordinances and regulations.

Benchmarking Ordinances

40 properties in ten jurisdictions were required to comply in 2018; that number increased to 48 properties in 14 jurisdictions in 2020. As a result of the COVID-19 pandemic, due dates for compliance with many of these ordinances or regulations were extended in 2020; however, we complied early or on time with all required reporting.

Mandatory benchmarking serves as an important step in promoting usage reductions by bringing building owners' awareness to energy and water usage and providing a tool for comparing efficiency over time and against comparable buildings. As sustainability awareness grows across the country, we anticipate that additional benchmarking ordinances and regulations that impact our properties will be adopted.



“Benchmarking is critical to our program and our team is committed to compliance and diligently meeting all regulations.”
— Kelsey Ceccarelli, Associate Engineering Manager, Verdani Partners™

BENCHMARKING ORDINANCE	JURISDICTION	PROPERTIES
Atlanta Commercial Buildings Energy Efficiency	Atlanta, GA	1
Boston Building Energy Reporting and Disclosure	Boston, MA	3
Building Energy Use Disclosure Ordinance	Cambridge, MA	1
California Assembly Bill 802 Energy Efficiency	State of CA	21
Chicago Energy Use Benchmarking	Chicago, IL	3
City of San Diego's Building Energy Benchmarking Ordinance	San Diego, CA	2
Energize Denver Commercial and Multifamily Building Benchmarking	Denver, CO	1
Existing Buildings Energy & Water Efficiency Program	Los Angeles, CA	1
Local Law 84	New York, NY	3
Portland Commercial Building Energy Performance Reporting	Portland, OR	2
San Francisco Existing Commercial Buildings Energy Performance	San Francisco, CA	3
San Jose Energy and Water Building Performance Ordinance	San Jose, CA	1
Seattle Council Bill 116731	Seattle, WA	4
Washington, DC Clean and Affordable Energy Act	Washington, DC	2





Performance Targets

In 2017, ARA adopted a series of ambitious 10-year energy, water, emissions, and waste targets for our core fund. Progress toward these goals is calculated annually, using an intensity methodology, against the 2017 baseline.



“ARA’s commitment to energy-efficiency enables us to identify areas of improvement, measure our progress, and continually build upon our previous track record.”

— Paul Vacheron, Managing Director, ESG+R Committee Member

“ARA continues to meet the evolving needs of our tenants, while making critical infrastructure investments with the aim to reduce our overall energy consumption and in turn, reduce the impacts our buildings have on the environment.”

- Megan Burrows,
Executive Vice
President

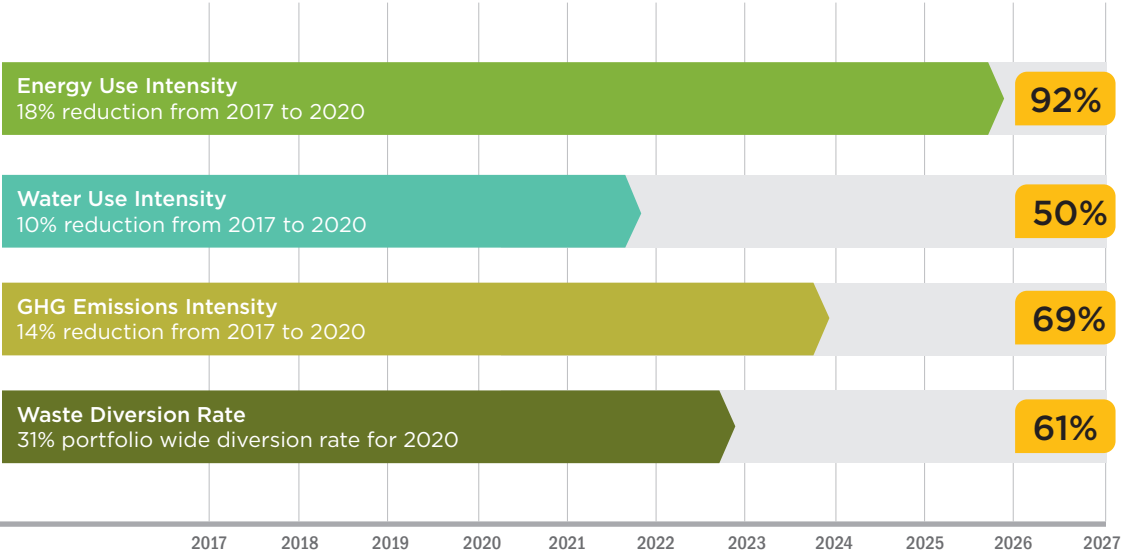
The diversified portfolio that makes up our core fund consists of four property types. The representation of each type is detailed below. The effect of the COVID-19 pandemic on building daily occupancy, and thus on our key performance indicators, was not consistent across the sectors in which we have holdings. While the office and retail sectors saw drastically reduced daily occupancy, the industrial sector saw relatively small changes. The increased numbers of people working and attending school from home resulted in large increases in water and energy use, greenhouse gas emissions, and waste generation in the multi-family housing sector.

To maintain consistency in how we are tracking our progress toward our 2027 goals, we have normalized our 2020 data using the methodology applied in previous years.

Despite the changes in daily occupancy and usage patterns, the portfolio-wide water use intensity and waste diversion rate saw improvements and the energy use and emissions intensity saw only slight upswings.

Overall, our core fund portfolio is still outpacing our annual reduction targets and we continue to make rapid progress toward our 2027 goals.

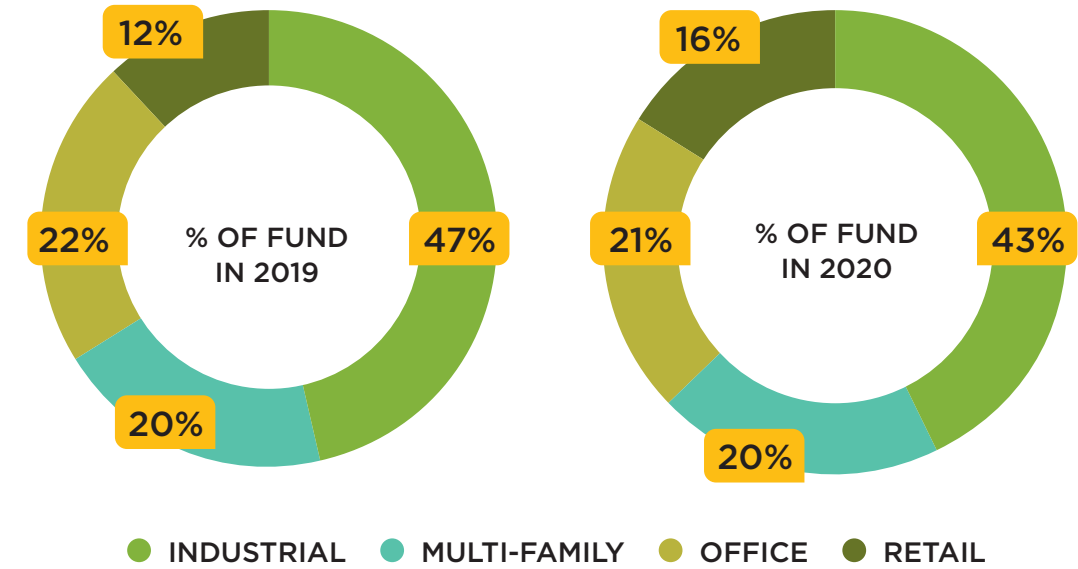
ENERGY, WATER, EMISSIONS & WASTE TARGETS TO 2027 GOAL



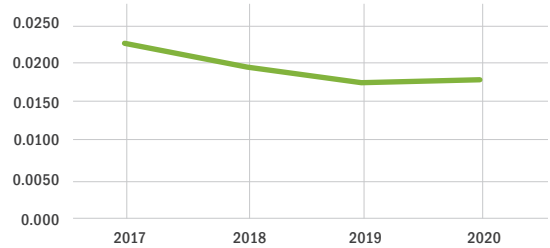
Performance Targets

ENERGY	WATER	CARBON EMISSIONS	WASTE
-2% Reduce energy use intensity (EUI) by 2% per year over 10 years	-2% Reduce water use intensity (WUI) by 2% per year over 10 years	-2% Reduce carbon emissions intensity by 2% per year over 10 years	+5% Increase waste diversion by 5% per year over 10 years
2017 - 2020 PROGRESS TO TARGET IF IN LINE WITH GOAL			
6%↓	6%↓	6%↓	+15%
2017 - 2020 ACTUAL PROGRESS TO TARGET			
18%↓	10%↓	14%↓	31% DIVERSION RATE
OUTPACING	OUTPACING	OUTPACING	OUTPACING

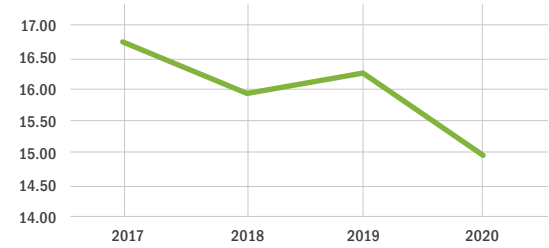
CORE FUND COMPOSITION (square feet)



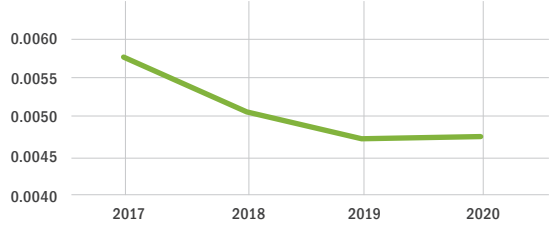
Energy Intensity (MWh/sf)



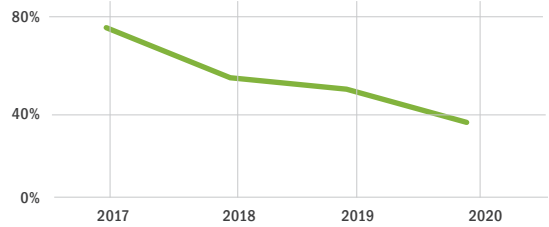
Water Intensity (US Gal/sf)



Emissions Intensity (MTOCO₂e/sf)



Waste Diversion Rate (%)



Waste Diversion is decreasing year over year as we get access to more and more building data. The diversion rate will increase as properties implement more recycling, composting, and other waste diversion efforts.

	INDUSTRY AVERAGE EUI (MWH/FT ²)	ARA AVERAGE EUI (MWH/FT ²)
Residential	0.0175	0.0129
Strip Mall	0.303	0.0144

	INDUSTRY AVERAGE WUI (GAL/FT ²)	ARA AVERAGE WUI (GAL/FT ²)
Office	15	11
Residential	45	25

Data Coverage and Management

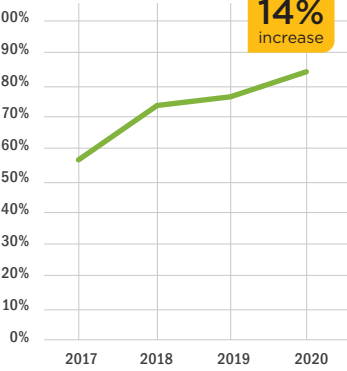
100%

of properties where ARA has operational control benchmark their buildings on ENERGY STAR Portfolio Manager.

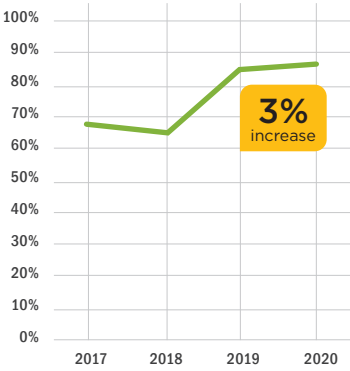
DATA COVERAGE

Since 2017, ARA has worked to improve our data coverage for energy, emissions, water, and waste. Data coverage is defined as the percentage of total floor area of each building for which we are collecting data. By improving data coverage, we gain a more complete picture of usage patterns and can better identify additional reduction opportunities. While our coverage expansion slowed in 2020 due to the pandemic, we made steady progress towards our coverage goals of energy, emissions, and water reaching 90% by 2027 and waste reaching 80% by 2027.

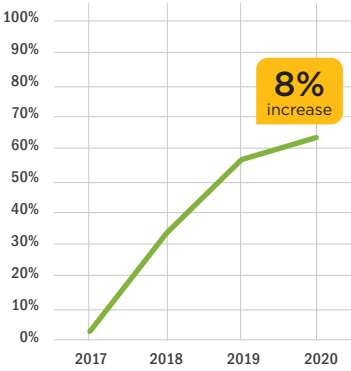
Energy & Emissions



Water



Waste



ENERGY STAR BENCHMARKING

We track the energy use of our buildings with the help of the ENERGY STAR Portfolio Manager. By entering the usage data for each of our buildings into Portfolio Manager, we can compare our energy use not only to prior years, but also to buildings that are comparable in use type, square footage, and location. Eligible buildings are given a score from 1-100, based on energy use, CO₂ emissions, building occupancy, and type of use. As of the end of 2020, 100% of the buildings where ARA has operational control

in the core fund portfolio are now utilizing ENERGY STAR Portfolio Manager to track energy use and measure progress toward our energy use goals.

MEASURABL

We also track energy data using the Measurabl cloud-based software platform. Measurabl can be used to compile investment-quality reports and can also be integrated with GRESB submittals. We also utilize Measurabl to identify improvement opportunities and comply with benchmarking and performance ordinances.



Sustainability Initiatives

ARA is committed to reducing the impact of our properties on the communities in which we operate and on the environment. To that end, we conducted a variety of efficiency upgrades in 2020 to decrease energy and water consumption and carbon emissions across our core fund portfolio.



ENERGY EFFICIENCY

Lighting upgrades and replacements:

Moving from traditional fluorescent lighting to high-efficiency lighting such as LED makes sense on several efficiency fronts. The high-efficiency lighting creates significant energy savings, while the longer-lasting bulbs reduce our overall waste. We completed several lighting projects in 2020 at the following building locations:

- Shopping center @first in San Jose completed an LED conversion project throughout buildings, including Target
- Year 1 savings for @first A (main retail portion of the center) are estimated to be \$6,873.
- Year 1 savings for @first B (four-shop strip on the Target Parcel) are estimated to be \$503.
- 499 Park Avenue upgraded the lighting in the 12th floor elevator lobby to LED.
- Ballston Gateway installed new LED lighting during restroom renovations on the 5th and 7th floors. In addition, the 7th floor tenant (13,843 sf) completed a build-out that included new LED lights throughout their premises.
- Kendall Place installed lighting controls. The wireless system, by Wireless Telematics, controls the lighting in common areas around the property by automatically adjusting on and off times based on daily sunrise and sunset times.

Roofing upgrades:

Replacing roofs with those that provide greater insulating capability increases energy efficiency by reducing the amount of energy needed to heat and cool the building.

- GSW I and II replaced their roofs in 2020.

Mechanical equipment upgrades:

When mechanical equipment is replaced or upgraded, we look for models with higher efficiency.

- MODA Tower replaced two (200 ton) air conditioning compressors, which were retrofitted to use a non-HCFC refrigerant (407C).

Infrastructure upgrades:

Aging or outdated infrastructure contributes to increased consumption because it is no longer operating at peak efficiency.

- Dulles Woods III installed new electrical panels in suite 150.
- MODA Tower and Northshore replaced several windows.

Retrocommissioning:

We undertake a process of fine-tuning the mechanical equipment to ensure that it is running optimally.

- 1K Fulton completed retrocommissioning of its Building Automation System (BAS).
- Energy Center II retrocommissions its Energy Management System (EMS) annually.



Energy Audits:

Conducting periodic energy audits, using the methodology outlined by the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE), helps us determine the most cost efficient and effective upgrades and retrofits.

- ALARA Union Station completed an ASHRAE energy audit for its 2020 LEED Gold certification.

- 499 Park Avenue and 30 Montgomery completed energy assessments through Carbon Lighthouse, installing sensors to identify efficiency optimizations within major building systems.

Real Time Energy Monitoring:

Software such as Aquicore® can provide real time energy-use data analysis that allows property teams to adjust energy usage based on demand and load.

- 5 MLK uses Aquicore for real-time data monitoring.

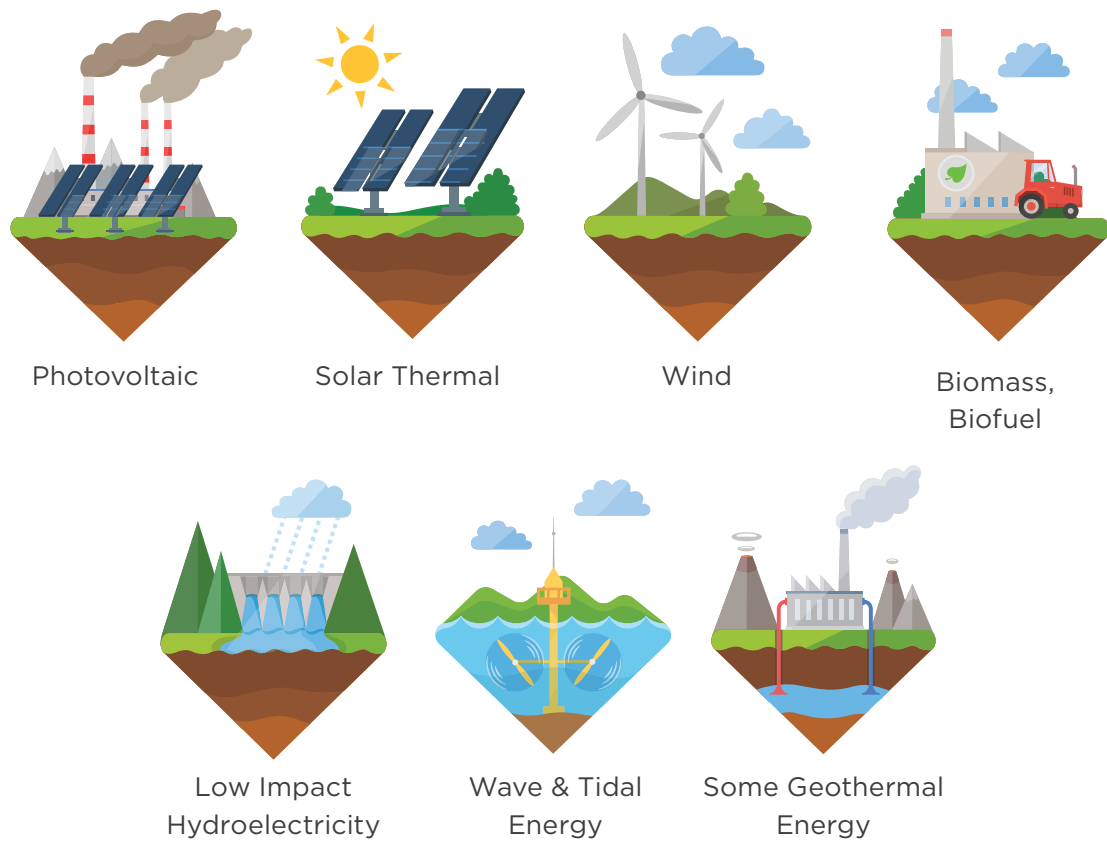
“As we develop and promote new capabilities in decarbonization and digitalization, we are excited to partner with ARA to identify new opportunities to make their buildings more efficient and help them achieve additional savings overtime.”

- Raphael Rosen, CEO, Carbon Lighthouse

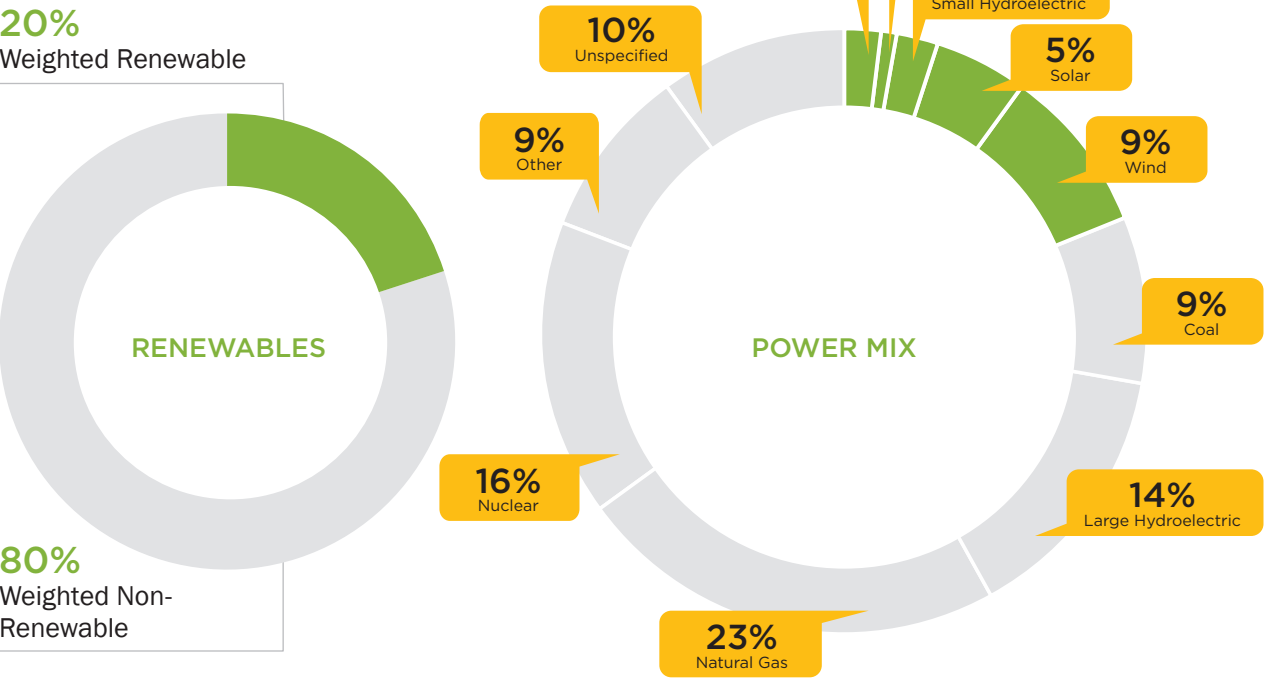


RENEWABLE ENERGY USE

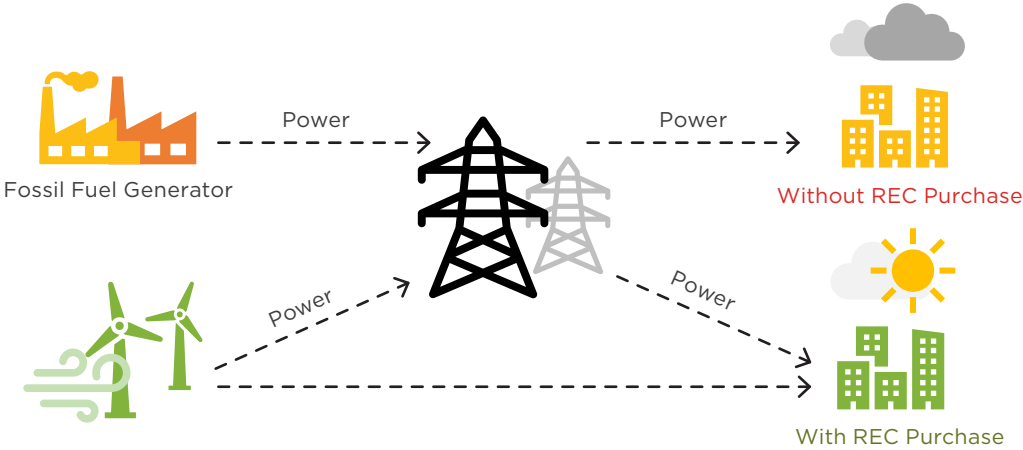
Many of the utility companies serving our buildings use a mix of power sources to generate their grid-provided electricity, including renewable energy sources. We track the sources used by each utility and report our total use of renewable energy sources as part of our annual GRESB submittal. We are pleased to see that the amount of energy generated from renewable sources continues to rise each year. We use the definition of renewable energy used by LEED and ENERGY STAR, considering the following sources to be renewable:



UTILITY POWER MIX



To further offset the impact of our energy use, we purchase Renewable Energy Credits (RECs). In 2020, Alexandria Commons purchased RECs to cover 20% of its electricity usage for 2019, 2020, and 2021.



ENVIRONMENT
SOCIAL
GOVERNANCE
+ RESILIENCY

ESG+R MISSION
PERFORMANCE TARGETS
SUSTAINABLE INITIATIVES
BIODIVERSITY

CERTIFICATIONS
CASE STUDY

2,500
tons of waste
diverted

WASTE DIVERSION

In 2020, our properties diverted over 2,500 tons of waste from landfills, including e-waste and organic waste, through our recycling programs. We continue to improve these programs by adding additional recycling opportunities, providing ongoing tenant education, and seeking out the best waste solution providers.

Waste stream audits:
Conducting a waste stream audit is a great way to determine the strengths and weaknesses of a building’s current recycling program. A waste audit takes a “snapshot” of the waste disposed of over a short period of time, typically 24 hours. Each of the building’s waste streams (landfill-bound, recycled, composted) is sorted to determine whether the building’s occupants are using the recycling facilities correctly, what materials are being improperly disposed of, and what opportunities exist for additional diversion. The overall diversion rate is also calculated. Based on the results of the audit, the recycling program can be adjusted better to meet tenants’ needs and educational programs can be planned better to inform tenants about the recycling facilities available to them.

Diversion Rate (weight of diverted materials) / (total weight of all waste) = diversion rate (%)

In 2020, waste audits were conducted at several properties:

- ALARA Union Station (for LEED certification)
- 121 Seaport (annual)
- 1K Fulton (annual)
- Northshore (annual)

Diversion rates:
We also track our diversion rates via the documentation provided by our waste haulers. While this information does not give us the granular details that are obtained through a waste audit, the data covers a longer time frame rather than the “snapshot” captured by the waste audit. In 2020, the following properties had the highest diversion rates (weight of diverted materials) / (total weight of all waste) = diversion rate (%):

- 80% The Shops at Waterford
- 78% 2201 Westlake
- 70% @first Shopping Center



Sustainability Initiatives

SPOTLIGHT: E-Waste at 321 N. Clark



Recycling e-waste, such as computers, phones, and printers, keeps plastic, metals, and other toxic substances out of the landfill, soil, water, and air. Additionally, the components in old electronic devices can often be reused, reducing the need to utilize raw materials when producing new devices. Sometimes, old devices can be refurbished and thus continue their useful lives.

321 N. Clark has held an annual e-waste drive since 2017. Over the last 4 years, over 29,000 pounds of e-waste has been kept out of the landfill as a result. Because of its popularity and beneficial results, we plan to continue this event in 2021 and beyond.

“ARA conducted an e-waste campaign several years back and the program has grown ever since. We are thrilled at the prospect of seeing more and more tenants making an impact by participating in the program year after year.”

- Matt Lamers, Senior Associate, Asset Management



WATER REDUCTION

Our portfolio’s overall water use intensity (gallons per square foot) dropped significantly in 2020. While this is attributed in part to the change in daily occupancy in our office and retail properties, we also conducted several water use reduction projects during the year.

Native landscaping:
Installing plants native to a region saves water because the plants are used to the climate and typically require less additional water.

- 153 Townsend installed native plants on the 8th & 9th floor patios.

Low flow fixtures:
Plumbing fixtures and fittings account for a significant portion of a non-industrial commercial building’s water use. Installing low-flow restroom fixtures saves water daily.

- 153 Townsend installed low-flow flush valves on all toilets and urinals.

Smart systems:
A “smart” water system can detect leaks and control irrigation and filtration. It can also meter the system’s water use, allowing property teams to adjust the system based on data received.

- 499 Park Avenue installed leak detection systems on multiple tenant floors.
- ALARA Uptown added a Weathermatic® control and a meter to its irrigation system.
- Ballston Gateway installed a Lakos™ Side Stream filtration system as well as new fill media on their cooling tower.
- Foundry Square III completed an under-floor leak detection system.

Efficient drip irrigation:



Drip irrigation is the most water-efficient irrigation system because it delivers water to the exact spot where it is needed.

- Admiral Junction completed renovations of the lower-level landscaping by adding drip irrigation.

ON-SITE SOLAR



In 2020, we began working with Black Bear Energy to determine which properties are the most suitable for solar energy installations. We are considering factors such as available roof space and roof rights, tenant cooperation, available solar energy markets and incentives, and availability of installers and lease terms. Based on this study, we are now laying the groundwork to install a solar energy system on the roof of Accent.

Planning for 2021:

Water reduction is a priority. In 2020, we analyzed the properties with highest water usage to determine how to improve their water use reduction. We discovered that the multi-family sector had the highest intensity per square foot in 2019. We developed a pilot program to be implemented at ALARA Uptown in Dallas, Texas, in 2021 to offer residents different options for low-flow aerators for their faucets. Based on the results, we hope to scale up the project to additional multi-family properties in the near future.

“We are pleased to partner with ARA on this solar development at Accent. We look forward to continuing our partnership with ARA by identifying, procuring, and deploying more energy reduction opportunities in the years to come.”

- Victoria Stulgis, V.P.
Client Operations.
Black Bear Energy

Biodiversity

Honeybees perform a vital service by pollinating over 100 different food crops, including apples, broccoli, coffee, onions, and squash. However, the number of honeybees is in decline, caused in part by a phenomenon known as “colony collapse disorder.” In 2019, recognizing the importance of bees in our environment and the threats they face, we worked with urban beekeeping companies to install beehives at two ARA properties, 1K Fulton and Oak Brook Regency Towers.



Based on the success of these pilot projects, in 2020 we installed additional hives at Oak Brook Regency Towers and at 395 Hudson, and this spring we placed a hive on the roof of 2201 Westlake. We now have active hives on four different properties and plan to continue the project. The hives not only create awareness about bees and the environment, but also produce honey to share with our tenants.



“At ARA, we recognize the importance of honeybees to the environment, and our entire team is excited to continue building and expanding our bee program to as many assets as will allow for them.”

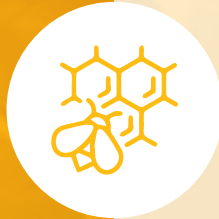
— Michael Gelber, Executive Vice President, Asset Management





Biodiversity

FUN FACTS ABOUT BEES



One hive can house up to
50,000
bees

A bee communicates the location
of and distance to food sources
to other bees by doing a
**“waggle
dance”**



Worker bees live up to
30 days
during the summer, while
the queen bee can live for
three to five years

One hive will produce an average of
30 pounds
of honey per year



The queen bee can lay up to
2,000
eggs
per day



ARA encourages its employees and stakeholders to learn about and participate in our sustainability program. One area of tenant engagement is our honeybee program, where we offer tenants and property managers a chance to learn about bees and why they are important. We also regularly communicate with our stakeholders to provide updates on the bee program as well as news about other ESG programs and accomplishments.



LEED CERTIFICATIONS

Building-Level Certifications

As part of our efforts to align our investment strategies with broader sustainability goals, ARA chooses to invest in high-performing properties that are LEED certified or are suitable for certification. ARA’s LEED certified floor area has grown from 8.6 million square feet in 2019 to 9 million square feet in 2020 – an impressive 26% of our portfolio, as of the end of 2020. Properties certified in 2020 include MODA Tower (recertification), ALARA Union Station, and 5 MLK.

PROPERTY	LOCATION	PROPERTY TYPE	LEED RATING/LEVEL
@first (Outparcel)	San Jose, CA	Retail	BD+C, Silver
1130 Connecticut Avenue	Washington, DC	Office	O+M, Gold
121 Seaport	Boston, MA	Office	C+S, Platinum
1K Fulton	Chicago, IL	Office	O+M, Platinum; C+S, Gold
2201 Westlake	Seattle, WA	Office	C+S, Gold
321 North Clark	Chicago, IL	Office	O+M, Gold
385 Sherman Avenue	Palo Alto, CA	Office	C+S, Silver
499 Park Avenue	New York, NY	Office	O+M, Gold
5 MLK	Portland, OR	Mixed Use	BD+C, Gold
Accent	Los Angeles, CA	Multi-Family	Homes, Gold
Admiral Junction	Seattle, WA	Retail	BC+D, Silver
ALARA Union Station	Denver, CO	Multi-Family	O+M, Gold
ALARA Uptown	Dallas, TX	Multi-Family	BD+C, Gold
Azure on the Park	Atlanta, GA	Multi-Family	BD+C, Gold
Continuum	Boston, MA	Multi-Family	BD+C, 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	BD+C, Certified
McCook Logistics Center	McCook, IL	Industrial	BC+D, Silver
MODA Tower	Portland, OR	Office	O+M, Platinum
Northshore	Austin, TX	Multi-Family	BD+C, Silver
One Freedom Plaza	Washington, DC	Office	C+S, Gold
Pacific Commons Logistics Center - West	Fremont, CA	Industrial	C+S, Silver
Pasadena Plaza	Pasadena, CA	Retail	BD+C, Certified
Sawgrass Lake Center	Sunrise, FL	Office	O+M, Certified
Sixth + Main	Portland, OR	Office	O+M, Gold

Certifications

LEED for Commercial Interiors Certifications

In addition to building-level certifications, USGBC also awards certifications for commercial interiors, such as tenant fit-outs and other interior renovations. Nine of our tenants have received LEED for Commercial Interiors certifications for their spaces within our buildings. These projects – in Boston, Houston, San Francisco, Seattle, Washington, DC, and Westwood, MA – are largely tenant-driven with assistance from the building management team, and we are pleased to support their efforts.

ENERGY STAR RECOGNITION



Despite the challenges of 2020, we continued our progress in reducing energy consumption across our core fund portfolio. In 2020, properties totaling 9.1 million square feet earned the ENERGY STAR Label – a significant increase from 2019, when properties totaling 6.2 million square feet received the Label. These properties, covering multiple property types, represent 26% of our portfolio. The ENERGY STAR Label is available only to properties that earn an ENERGY STAR score of at least 75, indicating that they are more efficient than 75% of comparable properties.

PROPERTY	LOCATION	PROPERTY TYPE	ENERGY STAR SCORE
153 Townsend	San Francisco, CA	Office	91
1730 South Anaheim Way	Anaheim, CA	Industrial	100
1K Fulton	Chicago, IL	Office	85
2201 Westlake	Seattle, WA	Office	77
321 North Clark	Chicago, IL	Office	78
348 W. Hospitality *Sold in 2020*	San Bernardino, CA	Office	77
385 Sherman Avenue	Palo Alto, CA	Office	84
395 Hudson	New York, NY	Office	97
499 Park Avenue	New York, NY	Office	75
501 Shatto Place *Sold in 2020*	Los Angeles, CA	Office	78
6425 Katella	Cypress, CA	Office	77
Accent	Los Angeles, CA	Multi-Family	96
ALARA Union Station	Denver, CO	Multi-Family	75
Arrow Center I - Oakwood	Rancho Cucamonga, CA	Industrial	75
Arrow Center II - Tacoma	Rancho Cucamonga, CA	Industrial	76

continued...

ENERGY STAR RECOGNITION

PROPERTY	LOCATION	PROPERTY TYPE	ENERGY STAR SCORE
Azure on the Park	Atlanta, GA	Multi-Family	86
Crossroads Logistics Center	Jonestown, PA	Industrial	84
Energy Center II	Houston, TX	Office	82
Foundry Square III	San Francisco, CA	Office	90
Link Apartments	Seattle, WA	Multi-Family	100
Madison at Racine	Chicago, IL	Multi-Family	82
McCook Logistics Center	McCook, IL	Industrial	80
Mural Apartments	Seattle, WA	Multi-Family	100
Oak Brook Regency Towers	Oak Brook, IL	Office	85
Rancho Cucamonga Distribution Center 1	Rancho Cucamonga, CA	Industrial	86
Shoemaker Distribution Center	Santa Fe Springs, CA	Industrial	91
Sixth + Main	Portland, OR	Office	85
Sumner 167 Logistics Center - Building 1	Sumner, WA	Industrial	75
Sumner 167 Logistics Center - Building 2	Sumner, WA	Industrial	100
UFCW & Employers Plaza North	Concord, CA	Office	95
UFCW & Employers Plaza South	Concord, CA	Office	99
Waterfront Place *Sold in 2020*	Kirkland, WA	Office	79



SPOTLIGHT: IREM CERTIFICATIONS

In 2020, four of our properties were certified by the Institute of Real Estate Management (IREM) as Certified Sustainable Properties. IREM certification is an affordable certification that is recognized by GRESB and the real estate industry. The certification, which is available for office, multi-family, retail and industrial properties, examines accomplishments in the areas of energy, water, health, recycling, and purchasing.

	LOCATION	PROPERTY TYPE	CERTIFIED IN
153 Townsend	San Francisco, CA	Office	2018
Accent	Los Angeles, CA	Multi-Family	2019
Alexandria Commons	Alexandria, VA	Retail	2020
Kendall Place	Miami, FL	Retail	2020
121 Seaport	Boston, MA	Office	2020
Waterfront Pace *Sold in 2020*	Kirkland, WA	Office	2020

Certifications

At 121 Seaport and Waterfront Place, several sustainable building features and actions by the property team contributed to earning IREM certifications:

	121 Seaport	Waterfront Place*
ENERGY	<ul style="list-style-type: none">Conducted Energy Awareness Month campaign, October 2020Performed energy efficiency auditAdopted green leases	<ul style="list-style-type: none">Earned the ENERGY STAR Label with a score of 78Implemented an Energy Efficiency Policy
WATER	<ul style="list-style-type: none">Utilized rainwater catchment system that captures rainwater for reuseInstalled high-efficiency fixturesPlanted green roof with native or adapted vegetation	<ul style="list-style-type: none">Reduced water consumption by 22.3% over 2018 baselineInstalled high-efficiency fixturesConducted water leak inspections
HEALTH	<ul style="list-style-type: none">Employed green cleaning services in common areasOffered on-site fitness facility and bicycle storage	<ul style="list-style-type: none">Conducted indoor air quality occupant survey and air testingOffered on-site bicycle storage
RECYCLING	<ul style="list-style-type: none">Tracked waste and demonstrated a 31% waste diversion rateImplemented a Solid Waste Management and Facility Maintenance and Renovations Policy	<ul style="list-style-type: none">Conducted waste audit and demonstrated a 45% diversion rateImplemented a Solid Waste Management and Facility Maintenance and Renovations Policy
PURCHASING	<ul style="list-style-type: none">Implemented an Environmentally Preferable Purchasing PolicyPurchased 245 MWh of green power	<ul style="list-style-type: none">Purchased cleaning products, paint, and carpet that meet third-party eco-standardsProvided compostable coffee cups in common areas

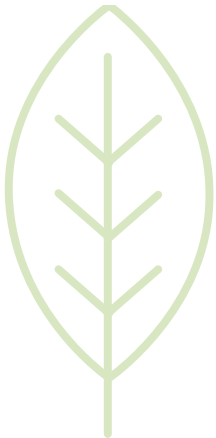


121 Seaport | Boston, MA



Waterfront Place | Kirkland, WA

* Sold in December 2020



94

Transit Score

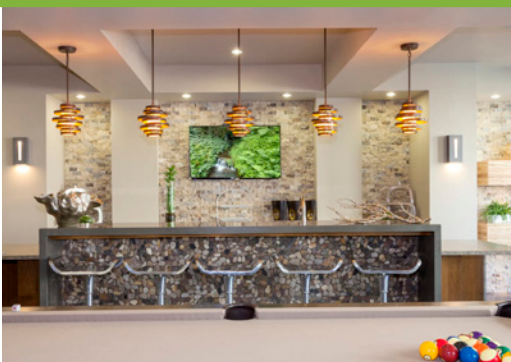
92

Bike Score

88

Walk Score

ALARA Union Station is a mixed-use multi-family residential property in the trendy Lower Downtown (LoDo) neighborhood of Denver, Colorado.



Completed in 2015, the 376,907 square foot property has studio, one-, two-, and three-bedroom apartments, a resort-style swimming pool and lounge, yoga/barre studio, bocce ball court, fitness studio, coffee shop, restaurant and bar, and even a pet-washing station. But the true stand-out feature of this building is its sustainability.

Energy

- Between 2018 and 2019, the property reduced its overall electricity consumption by 2.6%.
- Lighting was replaced with LED lights on the exterior and in 85% of the residences.
- Nest® programmable thermostats are used in residences.
- An ASHRAE audit was conducted to identify additional energy savings opportunities.

Water

- Native landscaping has been incorporated throughout the property.
- Drip irrigation, the most water-efficient form of irrigation, is utilized in all outdoor vegetated areas, as needed.

Waste

- A 24-hour waste audit covering the residential areas and several of the ground-floor retail areas demonstrated that the property diverts approximately 33.86% of waste from landfills.
- An Environmentally Preferable Purchasing Policy has been implemented for purchases under the control of building management.

Transportation

- Over 49% of building occupants commute to work using a form of transportation other than a gasoline-powered single-occupant vehicle.
- The property is located within a half-mile of Union Station and multiple BCycle® bike-share docks. The property is also within easy walking distance of restaurants and shops, including an on-site grocery store and bank, and has on-site co-working spaces.
- Electric vehicle charging stations as well as a bicycle and ski repair shop are also available on site.

Human Experience

- ASHRAE 62.1-2016 ventilation testing was conducted to ensure that mechanical ventilation systems are providing exceptional indoor air quality.
- Operable windows in all units give residents access to natural ventilation.
- Indoor air quality testing demonstrated that the building has low indoor concentrations of CO₂ and total volatile organic compounds, both of which can lower cognitive function, productivity, and overall satisfaction.

Case Study:

ALARA Union Station



By achieving a LEED Gold certification, the building is demonstrating best practices in sustainable site management, water conservation, energy efficiency, waste management, and indoor environmental quality. These factors not only decrease the environmental impact of the building, but they also contribute to our residents’ wellbeing and sense of security in their homes.



“Knowing their building is operated in a sustainable manner is important to our residents. They appreciate the steps we are taking to ensure their safety and comfort while supporting the health of the planet for generations to come. Our LEED certification is reflective of those steps and of our building’s consistently maintained environmental efficiency.” — Joanna Pulido, ALARA Union Station Regional Property Manager





Social

INTRO

ARA believes that social responsibility is an important aspect of how we conduct our business. With a firm commitment to diversity, equity, and inclusion, as well as health and wellness, and community giving, we strengthen our ability to meet our commitments to clients and support the communities in which we live and work.



“At ARA, we are especially proud of the work we do in social engagement. During my time at the firm, I have seen our entire team come together to focus on social initiatives and contribute to countless projects benefiting the broader needs of society. From protecting and advancing the health and wellness of our tenants to the expansive charitable giving program, the work we do on our social initiatives is a true reflection of the firm’s core values.”

— Martha Shelley, Executive Vice President, Portfolio Management

HIGHLIGHTS

100+

Out of over 100 applicants, 18 students with diverse backgrounds from across the country were selected to participate in the inaugural Tomorrow's Real Estate Leaders Program.



45

ARA property management teams hosted over 45 in-person or virtual tenant engagement events at 7 featured multi-family properties during 2020.



30

The ARA Charitable Foundation supports over 30 organizations with a special emphasis on diversity, equity, and inclusion and the advancement of underserved and minority communities.



ENVIRONMENT
SOCIAL
GOVERNANCE
+ RESILIENCY

STAKEHOLDER ENGAGEMENT
HEALTH AND WELLNESS
SOCIAL CHANGE
DIVERSITY AND INCLUSION

GIVING BACK
CASE STUDY

Every year, ARA engages our stakeholders, including our employees, tenants, and their communities, in our ESG+R and sustainability programs. The ESG+R Committee helps our asset and property managers to build participation in our programs by providing educational materials, such as sustainability tips and best practices for the home and office that can be shared with tenants to help reduce our collective environmental footprint.

We are grateful for the ongoing participation in these important programs that help to both raise awareness and create an ethic of sustainability throughout our portfolio.

ESG+R NEWSLETTERS

ARA produces a biannual company-wide internal newsletter to share our ESG+R program activities and highlight initiatives that help us to achieve our ESG+R goals. In addition, we celebrate employees and partners for their efforts to make ARA a greener workplace. By communicating our accomplishments and events on a regular basis, we are better able to embed our mission into our team culture and operations.



Stakeholder & Tenant Engagement

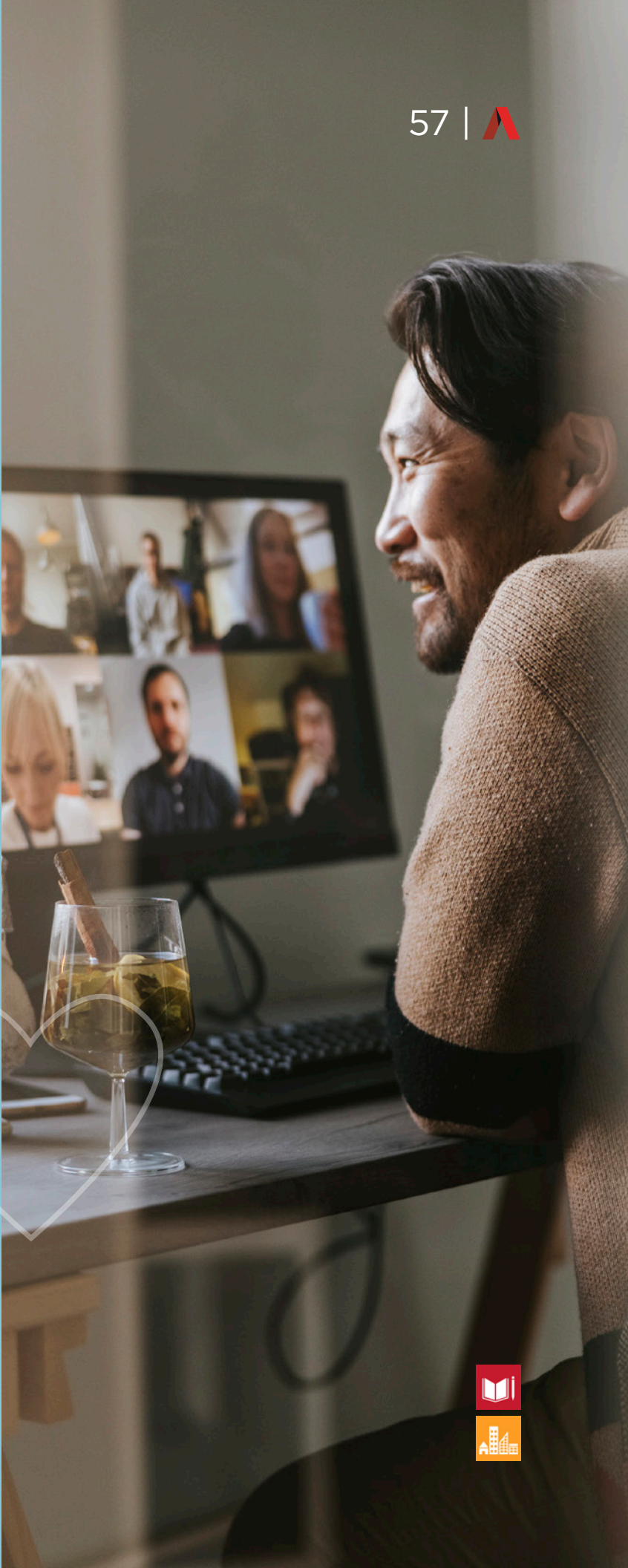
ESG+R PROGRAM TRAINING

On December 18, 2020, the ESG+R team presented a virtual, company-wide ESG+R program overview to update the entire firm on recent activities. The event engaged over 90 participants, helped to enhance the firm’s ESG+R knowledge, and encouraged all associates to collaborate on sustainability initiatives to improve our programs and reduce our impact.



“Providing ESG+R information to every employee at ARA is critical for our culture and engagement. By doing so consistently, we see stronger buy-in from everyone throughout the company which helps drive our ESG+R commitments to support long-term value for our clients and other stakeholders.”

— Tiffany Dang, Digital Marketing Coordinator, ESG+R committee member



Stakeholder & Tenant Engagement

ENERGY, WATER, AND WASTE AWARENESS CAMPAIGNS

Each fall, we conduct energy, water, and waste awareness campaigns to raise awareness about natural resource use. The property teams at our assets receive email templates and flyers to pass along to tenants in September for Water Awareness Month, October for Energy Awareness Month, and November for Waste Awareness Month.

In 2020, due to the COVID-19 pandemic, most of the occupants of our properties worked from home. We distributed our awareness materials electronically and provided useful tips on conservation and reduction that could be applied at home as well as at their primary workspace.



ENGAGEMENT SPOTLIGHT: DIGITAL EARTH DAY



Participating in Earth Day is an important part of ARA's engagement with our communities and helps to align our investment activities with the broader interests of society. On April 22nd, 2020, we celebrated the 50th anniversary of Earth Day with the theme of "Take Climate Action." Even though the event took place during the height of the pandemic lockdown and many tenants were working from home, we made a special effort to reach out and celebrate remotely. We provided educational posters to our property teams to share with tenants to brighten their day with a celebration of our shared Earth.

SOCIAL MEDIA ENGAGEMENT

ARA's multi-family and retail property communities stayed connected through Instagram and Facebook social media platforms, especially during 2020 when much of the world entered quarantine due to the COVID-19 pandemic. These forums provided an opportunity to share updates and promote sustainable behaviors such as recycling at our properties. In addition, our corporate LinkedIn and Twitter accounts share information about the state of the industry, raise awareness of important events such as Earth Day, and promote impactful programs to our greater community. Collectively, these platforms provide us an avenue to interact with a broader audience and to highlight our ESG+R initiatives.



SPEAKING ENGAGEMENTS



In the midst of the COVID-19 pandemic crisis, ARA CEO Stanley Iezman provided important leadership to the real estate industry. He shared key real estate insights in panel discussions and articles about the state of the market and how to manage pandemic economic fallout and find opportunities for the future.

- ULI Los Angeles: "The State of the City, Insights from Los Angeles Leaders in Real Estate"
- UCLA Ziman Center for Real Estate: "The Impact of COVID-19 and Current Issues Impacting Real Estate Investing"
- USC Gould School of Law 2020 Real Estate Law and Business Forum: "The Changing Ways in Which We Work: Changes in Office Space"
- ARA Article: "Rent Moratoriums and the Impact on Pension Fund Investors"

ARA is dedicated to protecting the health and wellness of our tenants, residents, and employees. As an organization, we do all we can to ensure clean and healthy environments for our stakeholders who live and work in our properties.

Our health and wellness initiatives include multiple health-related policies such as a robust indoor air quality (IAQ) program. We encourage our employees to make use of our employee health insurance benefits covering physical and mental health, and we provide additional health-related benefits such as:

- Access to opportunities for recreational and physical activities
- Lactation room
- Stand-up desks
- Consultation with an ergonomics specialist
- Gift baskets provided during the COVID-19 pandemic
- Healthy food options, including healthy snack kits delivered to employees' homes during the COVID-19 pandemic

We encourage active transportation for employees by providing options such as our Transit Reimbursement Program, which encourages traveling sustainably by mass transit. Additionally, we provide free, onsite bike rentals at ARA headquarters to promote activity during lunch breaks when employees are working from the office.

ARA also incorporates the Fitwel Health Impact Strategies as part of our health and wellness initiatives. Fitwel, one of the leading certifications committed to building and occupant health, includes strategies that focus on seven Health Impact Categories:

- Impacts Surrounding Community Health
- Reduces Morbidity and Absenteeism
- Supports Social Equality for Vulnerable Populations
- Instills Feelings of Well-Being
- Enhances Access to Healthy Foods
- Promotes Occupant Safety
- Increases Physical Activity



ARA currently has three Fitwel certified properties in our portfolio:



2201 Westlake



Foundry Square III



5 MLK

Health & Wellness

“At ARA, we strive to provide our employees and tenants with environments that are not only safe and secure but also promote mental and physical well-being. We seek to do this by incorporating best-in-class sustainable standards at our assets wherever possible.”

— Rick Massa, Executive Vice President, Portfolio Management





Supporting Social Change

ARA aims to catalyze positive change in our communities, both locally and nationwide. Our giving philosophy is based on our belief in the power of partnerships with employees, clients, tenants, and the communities we serve. The American Realty Advisors Charitable Foundation supports a variety of organizations that further social change in areas including diversity, education, healthcare, and economic development. The following activities were held in 2020 to make a positive impact on our society:



A DAY FOR DEMOCRACY



As part of ARA's efforts to create social change in the communities we serve, we took the pledge and joined A Day for Democracy, a non-partisan initiative to support our employees through the voting process. We made a special effort to support employees by giving them time off work to vote and providing information about how to register and exercise their right to vote in local, state, and national elections.

CELEBRATING WOMEN ARTISTS

From October 2019 to March 2020, ARA featured a selection of Melissa Meyer's paintings at ARA's property 499 Park Avenue. ARA was honored to have the opportunity to support Meyer and showcase her work.



The prestigious artist, with degrees from New York University and a lengthy exhibition history, was awarded the

Rome Prize from the American Academy in Rome and has received grants from the National Endowment for the Arts, the Pollock Krasner Foundation and a fellowship from the Bogliasco Foundation. Her works are in the collections of the Metropolitan Museum of Art, the Museum of Modern Art, and the Solomon R. Guggenheim Museum.



"It has been exciting to see ARA's focus and commitment to women's advancement grow in a meaningful way. We are looking forward to new ARA WE events that will give us an outlet for support and connection in the coming year."

— Diane Scott, Senior Vice President, Asset Management

Meyer Painting Shown Above: "Times Square, 2011", Oil on Canvas, 80x78 inches

ARA WE



On International Women's Day 2020, ARA provided a reminder of our important program, ARA WE, which stands for "Women Empowered through Networking — Knowledge — Inspiration." Founded in 2018 to support women's professional growth within ARA and the commercial real estate industry, ARA WE gives women the opportunity to share accomplishments, discuss challenges, and identify ways to improve company performance, their work, and community environments.

SPOTLIGHT: TOMORROW’S LEADERS



“At ARA, we believe in the power of a multicultural workforce and the need for diverse perspectives in the industry. We look forward to continuing this program in the future to help students of all backgrounds have access to useful tools to carry into their job search and future career.” — Chris Smith, Tomorrow’s Real Estate Leaders Program Director

Supporting Social Change



2020 was a year of tremendous social change. The racial justice movement that unfolded over the course of the year prompted us to reflect on and expand our already strong equal opportunity program and provide additional ways to help create a more level playing field. In response, we worked together during 2020 to lay the groundwork for the ARA Tomorrow’s Real Estate Leaders program, which held its inaugural event on March 26-28th, 2021.

The cutting-edge program welcomed 18 outstanding student participants with diverse backgrounds from universities and colleges across the country to participate in two and a half days of virtual education. These students, from groups underrepresented in the commercial real estate and investment management industries, were selected from a pool of over one hundred applicants. During the course of this unique program, they learned valuable skills for a future career in investment management and commercial real estate.

The main speakers shared important insights with the students. The program’s keynote speaker, Dr. Raphael Bostic, the 15th President and CEO of the Federal Reserve Bank of Atlanta, was followed by featured speaker Michael Banner, the President and CEO of Los Angeles LDC, Inc., who presented about his neighborhood capital commitment to enhance cities and make communities accessible to all.

Over the course of 14 workshops and learning sessions, students gained perspective about a future career in commercial real estate as they learned from the ARA team and special guests. Sessions covered topics including the Role of Real Estate, A Day in the Life of an Investment Analyst, and Landing your First Job in CRE, among others. The event also included workshops, a virtual asset tour, and a case competition.

The first Tomorrow’s Real Estate Leaders Program was an incredible success. The ARA team, the speakers, outside guests, and students all contributed their energy, focus, and participation to advancing social change in commercial real estate, which will undoubtedly create a ripple effect in the industry for years to come.

A fall 2021 Tomorrow’s Leadership Program has been planned and we look forward to continuing the event annually as we seek to create more opportunities for students.

ARA embraces a dynamic mix of ideas and talents and seeks to create an inclusive work environment. With a strong belief in the power of diverse perspectives, we embrace our differences and recognize them as vital to our success as an organization.

We promote a multicultural workforce where differences are valued, celebrated, and embraced, and we are constantly creating opportunities in institutional real estate investment management for all individuals who seek to advance their careers.

ARA demonstrates our commitment to diversity, equity, and inclusion through ongoing initiatives such as ARA WE, active contributions to the Robert Toigo Foundation, and numerous partnerships, internships, and donations to charitable organizations that promote inclusion. The following initiatives were hosted in 2020 to further our efforts to make a greater impact in our industry and communities:

ROSS MINORITY PROGRAM IN REAL ESTATE



In January 2020, ARA sponsored the 2020 USC Lusk Center for Real Estate Ross Minority Program Alumni + Friends Reception. For more than 25 years, the Ross Minority Program in Real Estate has provided a comprehensive curriculum designed to encourage young minorities and women to enter the field of real estate finance and development.

In addition, in October 2020, Stanley Iezman, presented in a virtual meeting for USC Ross Minority Program in Real Estate alumni where he shared stories, delivered insights, and answered questions about the commercial real estate industry.



FOSTERING CAREER OPPORTUNITIES IN REAL ESTATE



In October 2020, Stanley Iezman presented an interactive learning session about Career Opportunities in Real Estate to the UCLA Anderson Black Business Student Association and the Association for Real Estate. The organizations seek to provide support to black and African-American students preparing for careers as future business leaders and to foster community through workshops, social events, and professional networking opportunities.



“Creating opportunities and providing exposure to those underrepresented in our industry is important to our entire team. We have a focused effort on expanding our internships and hosting student events that will provide education and resources to those that seek a future in CRE and investment management.”

— Karina Mangano, Vice President, Human Resources



RESEARCH FOR ESSENTIAL HOUSING



“Essential housing is an answer to community and investors’ needs, serving to maintain the number of attainable apartments available to renters while simultaneously satisfying the desire to do well by doing good.”

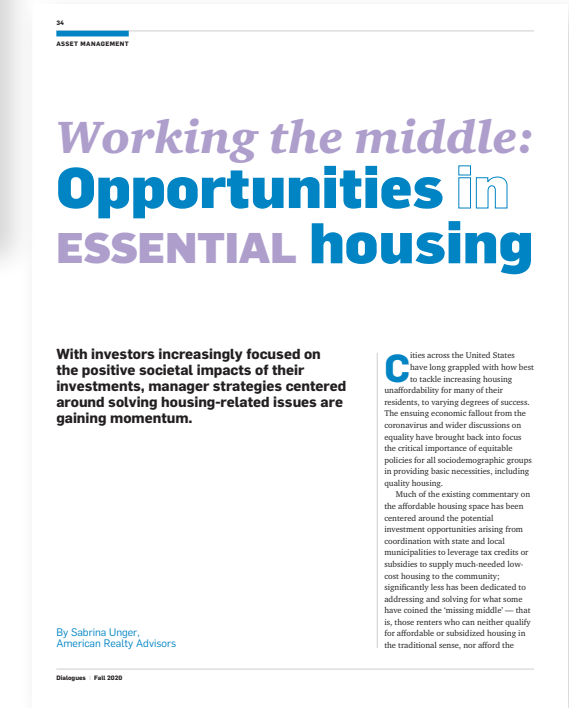
— Todd Fowler, Senior Vice President, Client Portfolio Manager

Our Commitment to Diversity and Inclusion



The need for essential housing is growing in many low affordability markets.

ARA contributed important research and insights in an article published in August 2020 that made a case for investing in essential housing as the fallout from the pandemic shook markets and brought housing affordability to the forefront. The article called for strategies that create and maintain essential market-rate housing to serve the needs of investor stakeholders, middle-income renters, and communities.



ARA is dedicated to lending a helping hand to lift others up. Our Foundation, along with charitable contributions from our organization and employees to numerous organizations, helps us to provide leadership and support for early childhood through young adult education, healthcare, diversity, sustainability, homelessness, and food insecurity solutions.

Our Foundation supports over 30 organizations with a special emphasis on supporting diversity, equity, and inclusion and the advancement of underserved and minority communities. ARA also encourages our employees to support individual philanthropic interests, and over the years, employees have driven change in some of the most challenged communities in the nation. The following initiatives highlight ARA's contributions to our communities in 2020:

NEIGHBORHOOD YOUTH ASSOCIATION



With an ongoing commitment to empowering students to achieve their goals, ARA once again donated funds to support the Neighborhood Youth Association's (NYA) annual fundraiser on November 5, 2020. The NYA afterschool program provides underserved urban youth with academic support, leadership development, STEM learning activities, creative writing and arts enrichment, and college readiness, along with mentoring and scholarships for undergraduates, and options for vocational mentoring and training placement.



Giving Back to our Local Community

THRIVE SCHOLARS

In July 2020, the ARA team presented to Thrive Scholars, a diversity-based program designed to support 75 students entering colleges in the coming fall. Four ARA team members presented about their professional career paths and personal backgrounds, sharing terrific insights for students about how to navigate college and establish a career in the real estate business. The event received enthusiastic responses from students for the authentic support offered by ARA.



Partnership Highlight

How does your experience as an ARA Future Real Estate Leader relate to your career goals?

"In the future, I want the ability to provide grand opportunities for talented individuals, from low-income communities, and strive to elevate these neighborhoods. This requires capital and resources, and I firmly believe that if I can invest in myself through real estate and the stock market after my engineering career I can provide for both myself and my community."

JESSE
Cornell University, Class of 2023



Partnership Highlight

What was your experience as part of the ARA Future Real Estate Leaders Program?

"Being part of the first ever ARA Future Real Estate Leaders Program was very exciting and fulfilling. It was great to meet peers from many different schools who are interested in the same things that I am. The programming was engaging, had a sense of purpose, and most of the content was very digestible to people new to the industry of real estate like myself."

MARSHALL
Howard University, Class of 2023



Partnership Highlight

What was your experience as part of the ARA Future Real Estate Leaders Program?

"The program was a unique experience that provided me with a glimpse of what the Real Estate industry is like through hearing about the different paths and experiences of the professionals who spoke, as well as through the case competition where we practiced assessing the viability of two properties and presented which we thought would be better to invest in."

SOPHIA
California Polytechnic State University, San Luis Obispo Class of 2023



ENVIRONMENT	STAKEHOLDER ENGAGEMENT	GIVING BACK
SOCIAL	HEALTH AND WELLNESS	CASE STUDY
GOVERNANCE	SOCIAL CHANGE	
+ RESILIENCY	DIVERSITY AND INCLUSION	



“It has been impressive to see the team at ARA continue to advance their service program. Every year the team participates in more events and raises more funding. Holistically as a group, they are truly committed to giving back.”

— Seth Kamphoefner, Associate Sustainability Manager, Verdani Partners

Giving Back to our Local Community

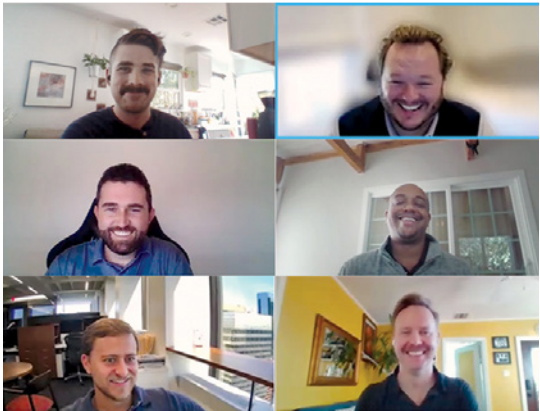
CARA CHICAGO SERVICE DAY

In February 2020, ARA joined the Cara Chicago organization for a Service Day and led an interview preparation session designed to help individuals affected by poverty obtain and keep quality jobs. With a mission to create real and lasting success, Cara Chicago provides life and career training and access to employment opportunities to help alleviate poverty in Chicago and beyond. Since its founding in 1991, the organization has helped more than 6,500 individuals find high quality jobs and start on their path toward self-sufficiency.



MOVEMBER

The Movember fundraiser in 2020 was a great success, with 50% more funds donated than the previous year to raise awareness for men’s health issues. The ARA Movember team raised \$3,145 that will be contributed to the Movember Foundation, which provides support for men’s mental and physical health.



Matching Gifts Program



ARA offers a matching gift program as part of our commitment to philanthropy and culture. To give back to our communities, our program helps to bolster employee donations that are made to nonprofit organizations that benefit the communities in which we live and work.

In April 2020, during the onset of the pandemic, the ARA leadership team

and the ARA Charitable Foundation ramped up to do our part to support our communities during a time of unprecedented challenges.

To support nonprofits that were overwhelmed with the depth of need from the populations they served, ARA provided immediate funds to charities that provide food, shelter, and other critical services. For several months, ARA increased the Matching Gift Program and contributed \$4 for each \$1 donated by an ARA employee (minimum of \$50 donation) to the American Red Cross and Feeding America, two groups serving on the front lines of the crisis.



“We’re proud to have had the ability to increase our Matching Gifts program to help our employees’ contributions going ever further when our communities needed it most. Offering this program will remain a key part of ARA’s Charitable Giving program.”

— Nancy Stark, Executive Vice President, Strategic Planning



CASE STUDY: MULTI-FAMILY TENANT ENGAGEMENT IN A PANDEMIC

While the coronavirus pandemic quarantine and social distancing measures changed our regular tenant engagement programming, ARA made a conscious effort to stay in contact with our communities by hosting a series of virtual events, no-contact gift deliveries, and socially distanced experiences for our multi-family asset residents over the course of 2020.



Case Study

ALARA UNION STATION
Denver, CO

- Valentine’s Day Grab-and-Go bouquet bar
- Hot chocolate mason jar Grab-and-Go gift
- Virtual Fitness with Live Hosts: High-Intensity, Yoga, Bed-time Yoga
- Virtual Netflix watch party
- Thirsty Thursday: Local winery deliveries at special ALARA rates
- Food Drops: Orchestrated events for local restaurants featuring ALARA specific food packages
- The Pig & Sprout restaurant events with resident discounts
- Regular Food Trucks: pho, tacos, sushi, pizza, ice cream
- Toy Drive: Partnered with King Soopers grocery store

ALARA UPTOWN
Dallas, TX

- Easter Holiday goodie bags
- Movie Night on Us: Delivered popcorn and cans of Coke
- BBQ delivered to residents through small restaurant partnership
- Food Truck Wednesday: Supported local vendors in the area with food trucks for residents
- ALARA water bottle delivery to all doors with a note of thanks for being our residents

AZURE ON THE PARK
Atlanta, GA

- Valentine’s Day Gifts for Tenants: Stuffed gorillas and signed note, “Thanks for always hanging in there”
- Resident Coloring Contests: Coloring sheets and crayons dropped off to resident doors
- Virtual Bingo: Trivia questions and prizes
- Mocktail Hour: Residents emailed recipes for the virtual social media hour, prizes for the winning drinks
- Holiday gift wrapping bags with supplies from concierge
- Raffles for National Walk in the Park Day with Ray-Bans and a Fitbit
- Pet of the Month: Register pet to win a pet basket or spa day
- Honoring Essential Workers: Promoted cheer by ringing bells on patios each night at 8 pm for pandemic first responders

CONTINUUM
Boston, MA

- Virtual trivia night
- Movie night
- Paint night
- Pet of the Month
- Window shopping with local vendors
- Halloween costume contest

LINK APARTMENTS
Seattle, WA

- Breakfast On-The-Go
- Netflix party
- Community trivia
- Pet photo contest
- Get to Know Your Neighbors
- Venezuelan Food Truck Vendor: 1x a week in August
- Fried Chicken Food Truck Vendor: 4 days a week
- Cooperlife: Provided online virtual events

THE MADISON AT RACINE
Chicago, IL

- Virtual cooking class
- Virtual scavenger hunt for items in tenants’ apartments
- Netflix watch party
- Virtual comedy night

MURAL
Seattle, WA

- Netflix watch party with poll for film selection
- Succulent gifts to all residents: Plants and handwritten notes delivered, “We will never Leaf you”
- Manu’s Taco Truck Event: Socially distanced taco party
- Happy Halloween pre-packaged treats delivered to resident’s doors, “We witch you a Happy Halloween”
- Happy Holidays goodies with cards for residents, signed by Mural property team





INTRO

At ARA, our corporate governance is based on principles of transparency and integrity.

Our commitment to putting our clients first leads us to operate in an honest, transparent, and ethical manner in all aspects of our business management. In our role as fiduciaries, we utilize industry best practices and forward thinking to provide superior results for our stakeholders.



“ARA recognizes the responsibilities we bear as fiduciaries. Our corporate values and governance structure allow us to serve our clients in an honest and ethical manner consistent with the approach and are utilized throughout all aspects of our business management.”

— Kristin Adrian, General Counsel & Chief Compliance Officer

HIGHLIGHTS

624K

624,000 person-hours of union labor used in our 2020 development projects throughout the country.



15





New or updated policies, plans, and guides released in 2020 that incorporate the latest in best practices and promote sustainable building operations and maintenance.



6

ARA has aligned with 2 new UN Sustainable Development Goals in 2020, adding to the 4 goals we have previously adopted and set to achieve.



UN SUSTAINABLE DEVELOPMENT GOAL	ARA ALIGNMENT	PROGRESS
<div>6</div> <div>CLEAN WATER AND SANITATION</div> <div></div>	10-year target to reduce water usage by 20% from a 2017 baseline.	OUTPACING
<div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div> <div></div>	10-year target to reduce energy usage by 20% from a 2017 baseline.	OUTPACING
<div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div></div>	10-year target to increase our waste diversion to 50% from a 2017 baseline.	OUTPACING
<div>13</div> <div>CLIMATE ACTION</div> <div></div>	10-year target to reduce greenhouse gas emissions by 20% from a 2017 baseline.	OUTPACING
<div>5</div> <div>GENDER EQUALITY</div> <div></div>	<ul style="list-style-type: none">Implement an Equal Employment Opportunity, Discrimination, Harassment, and Retaliation Prevention Policy.Track gender balance annually.	COMPLETE AND ONGOING
<div>10</div> <div>REDUCED INEQUALITIES</div> <div></div>	<ul style="list-style-type: none">Implement an Equal Employment Opportunity, Discrimination, Harassment, and Retaliation Prevention Policy.Implement Tomorrow's Leaders program.Track diversity statistics annually.	COMPLETE AND ONGOING

Sustainable Development Goals

ARA is firmly engaged with six UN Sustainable Goals. ARA has aligned our energy, emissions, water, and waste targets with a 2027 target date as compared to the UN's target date of 2030. ARA's efforts in 2020 to further diversity, equity, and inclusion in the commercial real estate industry align with two additional goals: gender equality and reduced inequalities. In addition to these six SDGs that were a focus in 2020, ARA has made efforts in all 17 goals.



“ARA’s progress towards alignment with the UN SDGs has not let up. Our entire team remains mindful of all 17 goals and incorporates practices to achieve more each year.”

— Richelle Cook, Senior Vice President, Investor Relations





In 2006, a group of the world’s largest institutional investors, assembled by the UN, launched the Principles for Responsible Investment (PRI). The PRI are a set of six voluntary and aspirational principles that provide a framework for incorporating ESG+R into the investment business. Since then, the number of signatories has grown to over 3,000, representing more than \$100 Trillion AUM.

In 2019, ARA became a signatory to PRI, and we annually report our progress on the following principles:

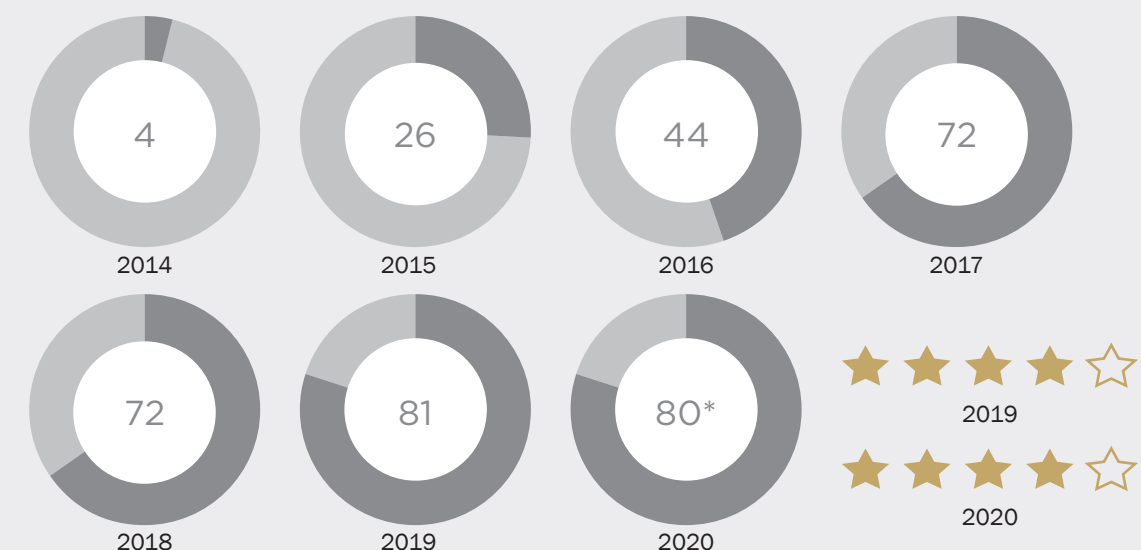
- | | |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 1 ARA will incorporate ESG+R issues into investment analysis and decision-making processes.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

In 2021, ARA conducted and submitted our first PRI survey.



In 2020, ARA’s core fund again returned excellent results in the GRESB Real Estate Assessment. This is our seventh year participating in the assessment and our second in a row receiving four out of five stars. Also for the second year in a row, we submitted 121 Seaport in Boston, MA, with our joint venture partner. This asset received an excellent result, earning four out of five stars.

ARA CORE FUND 2020 ASSESSMENT RESULTS



*80 point score was achieved under a modified scoring system for 2020 and is effectively an increase from the previous year’s assessment.

ARA’s core fund OUTPERFORMED the peer group average in Management, Stakeholder Engagement, and Building Certifications.



Corporate Citizenship Philosophy

ARA is committed to doing business in a sustainable and responsible manner that benefits not only our clients, but also our society consistent with our fiduciary duties. As one of the largest privately held real estate investment firms in the U.S., we have a responsibility to lead by example in acting as good corporate citizens and good neighbors as we look toward a sustainable future.



“ARA is committed to incorporating ESG+R principles into all levels of our business. From employing best environmental practices in asset management to incorporating principles of diversity, equity, and inclusion in our governance practices, and from examining climate risk in our due diligence process to supporting responsible labor practices when working with contractors, ESG+R is at the heart of our corporate identity.”

— Austin Maddux, Executive Vice President, Portfolio Management, ESG+R Committee Chair





Our ESG+R program has the full support of our firm leadership and senior executives. This provides a solid foundation for our ESG+R Committee to formulate and implement our strategic ESG+R plan, as approved by the Investment Committee.

The ESG+R Committee oversees the ESG+R program, provides guidance and leadership on ESG+R initiatives, and serves as a point of contact for communicating about our ESG+R activities and strategies to our stakeholders and partners.

The ARA ESG+R Committee includes our Managing Director of Asset Management, Executive Vice President/Deputy Portfolio Manager, Vice President of Corporate Communications, and a digital marketing professional. We are advised by our ESG+R consultant, Verdani Partners.

DOMINIQUE HARGREAVES

In 2021, Dominique Hargreaves will join ARA as the Director of Sustainability and Corporate Social Responsibility.



Dominique has over ten years of experience and is a recognized expert in sustainability in the built environment. She previously held a leadership role for Los Angeles Mayor Eric Garcetti, where she played a significant role in developing the sustainability plan for the City of Los Angeles. We welcome Dominique to the team and look forward to her impact on the ARA ESG+R program in the future.

“I’m thrilled to be joining ARA and to have the opportunity to collaborate with such a strong and dynamic team to deliver results for sustainability. Sustainability is good business, and it is a core value of ARA which seeks to be a responsible corporate citizen. I look forward to carrying forward the great foundation for sustainability and corporate social responsibility that has been set here.”

— Dominique Hargreaves

ESG+R Committee

● ARA ESG+R COMMITTEE*

● ADVISOR TO ESG+R COMMITTEE

Austin Maddux

EVP, Committee Chair
Fitwel Ambassador,
LEED Green Associate



Traci Mathiews

Vice President,
Committee Member



ARA ESG+R PROGRAM

VERDANI

Tiffany Dang

Digital Marketing
Coordinator,
Committee Member



Paul Vacheron

Managing Director,
Committee Member



Daniele Horton

Founder & President, Strategic Oversight
LEED FELLOW, LEED AP O+M, CalBRE,
CEM, MS, AIA, MDes



Seth Kamphoefner

Associate Sustainability
Manager, MBA, MSRE

Jessica Loeper

Vice President, Strategic
Advisor, LEED AP O+M, Fitwel
Ambassador



Kelsey Ceccarelli

Associate Engineering
Manager, CEM, LEED
Green Associate, Fitwel
Ambassador

*ESG+R Committee as of June 30, 2021

At both the property and the corporate level, ARA implements a comprehensive suite of policies, plans, and guides to steer the implementation of our ESG+R program.

We continually review and update these documents as necessary. In 2020, we updated several existing policies, plans, and guides to incorporate the latest in best practices, and we implemented several new policies and guides to promote sustainable building operations and maintenance.

33


Sustainability and ESG+R Policies and Guidelines including 15 new or updated in 2020

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

Corporate Best Practice Policies and Guidelines

ENVIRONMENTAL	
IMPLEMENTED	NEW IN 2020
Environmental Social Governance Policy ●	Cooling Tower Water Management Plan
Integrated Pest Management Policy ●	Facility Maintenance and Renovations Policy
Sustainable Purchasing Guide ●	Green Resident Guide
Solid Waste Management Policy ●	Green Tenant Guide
Water Best Practices Guide	New Construction and Renovation Guide
Green Cleaning Policy ●	Refrigerant Management Policy
Property Management & Leasing Policies & Procedures Guidelines	Site Management Plan
Portfolio Management & Asset Management Operating Guidelines	Sustainability Due Diligence for New Acquisitions Procedures
Mold Management Plan	Energy Efficiency Policy
Resilience Guide	

● updated in 2020

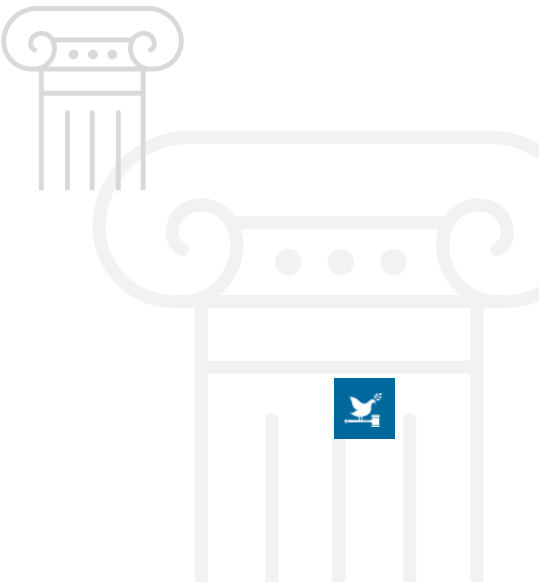
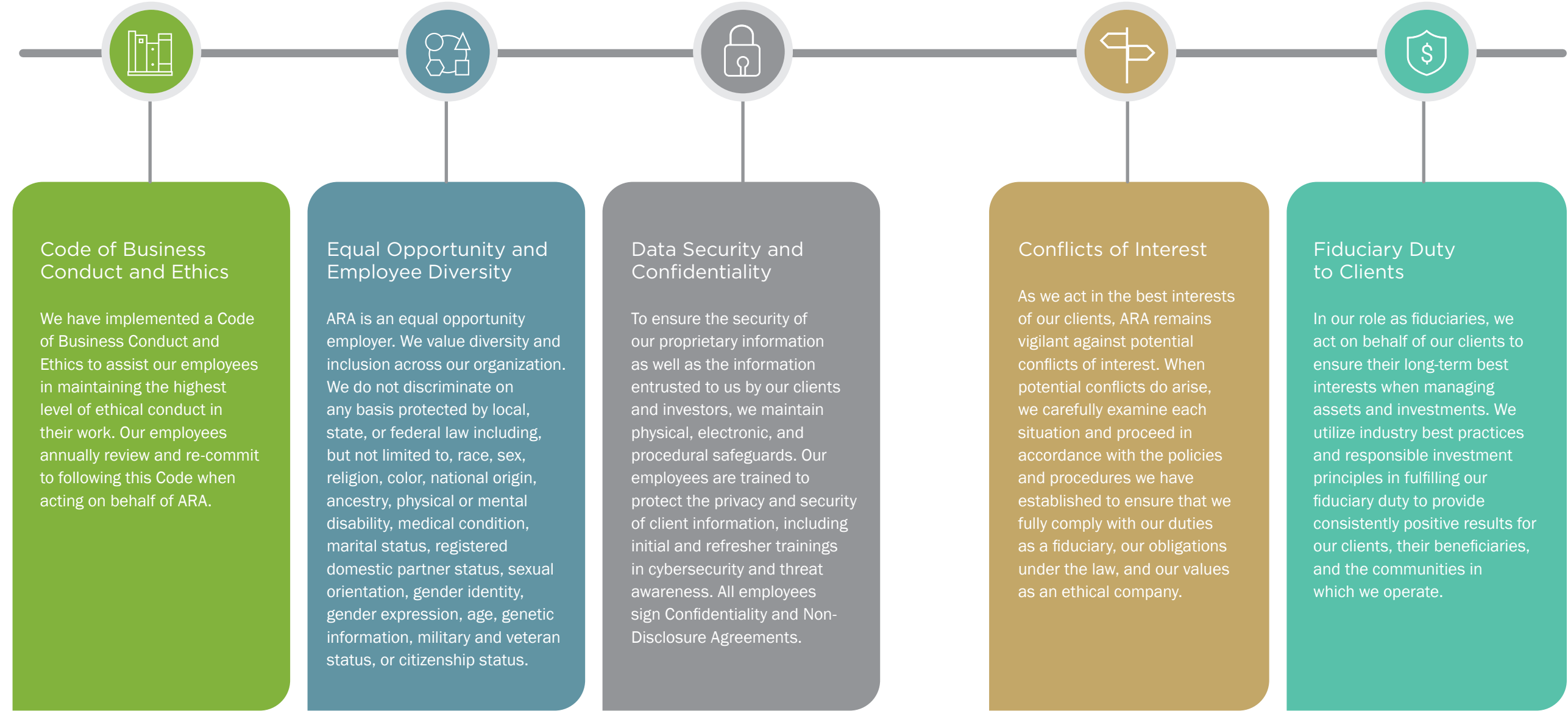
SOCIAL	
IMPLEMENTED	NEW IN 2020
Equal Employment Opportunity, Discrimination, Harassment, and Retaliation Prevention Policy	Indoor Air Quality Policy
Health and Wellbeing Guide 	Tobacco-Free Policy
Stakeholder Engagement Policy	

● updated in 2020

Responsible Business
Practices



“At ARA, we recognize our role as a fiduciary, and we act with diligence and integrity in managing the assets entrusted to our care so that our clients can fulfill their responsibility to their plan participants and beneficiaries.”
— Jay Butterfield, Executive Managing Director



A+

Rating for the responsible contractor policy

100%
Union labor at the Ventana Residences project

624,000
Person-hours

For over 30 years, ARA has been a proponent of organized labor and of fair wages for American workers. Our Responsible Contractor Policy has earned an A+ rating from the North America's Building Trades Unions (NABTU), an affiliation of 14 national and international unions and over 330 provincial, state, and local building and construction trades councils. This policy guides the selection of contractors for operational and construction services in a manner consistent with our fiduciary duty and based on contractors' demonstrated ability to provide high-quality services.

Demonstrating our commitment to fair labor practices, ARA development and renovation projects undertaken in 2020 accounted for over 624,000 person-hours of union labor. The union-represented skilled tradespeople taking part in our 2020 projects included carpenters, glaziers, electricians, fire sprinkler installers, elevator installers, pipefitters, painters, tile setters, stone masons, iron workers, sheet metal workers, operating engineers, and roofer/water proofers. Laborers accounted for more than 220,000 person-hours of union work on our assets in 2020.

One ARA project being constructed using 100% union labor is Ventana Residences at 99 Ocean Avenue in San Francisco, California. The multi-family project, which will bring much-needed affordable housing to the San Francisco area, is being financed in part by a loan from the AFL-CIO pension fund. Construction of the building has already seen over 1,000 person-hours of union labor in 2020, with completion scheduled for 2023.

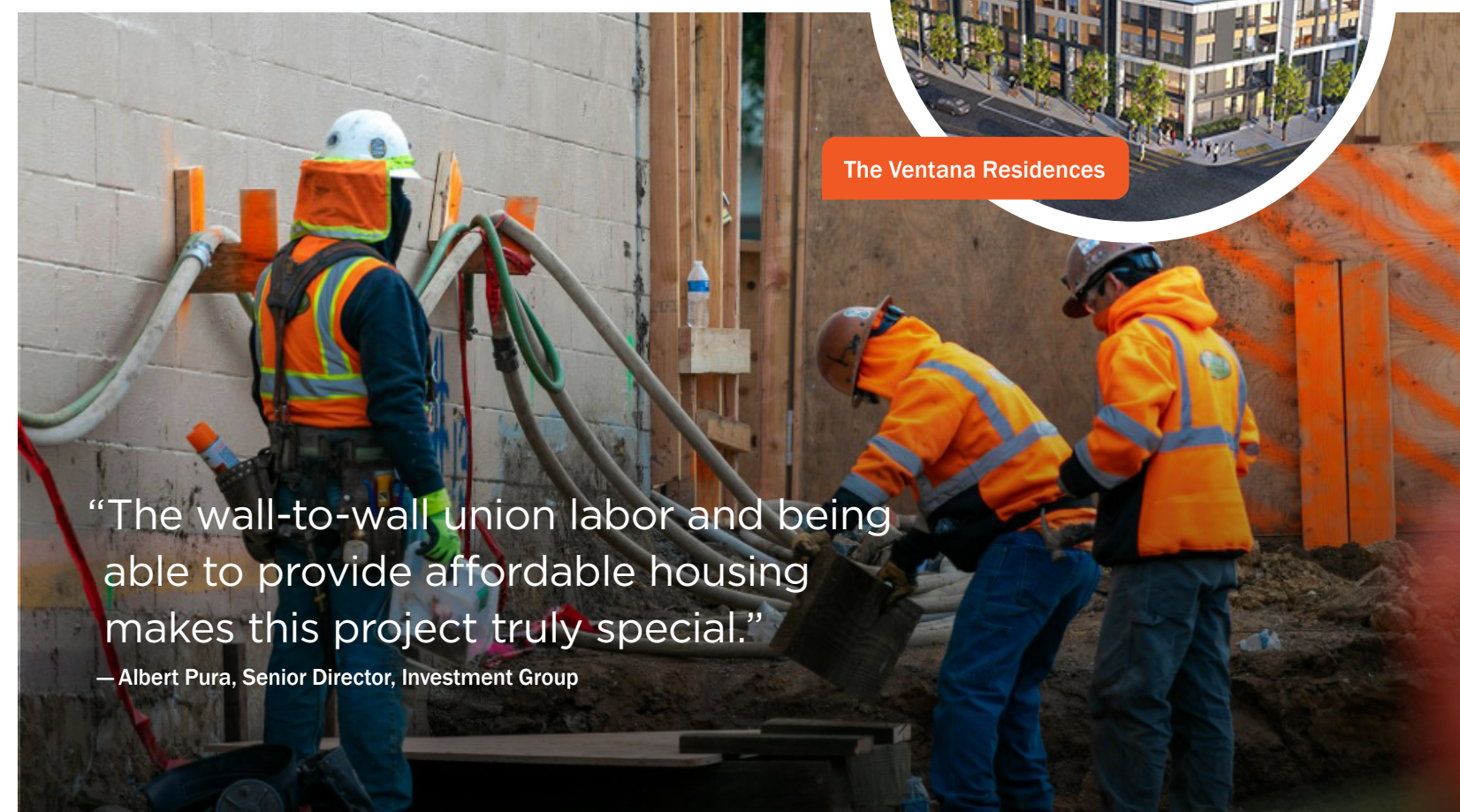
The Ventana Residences location was chosen in part because of the Outer Mission district's history as a working-class neighborhood where housing prices were greatly outpacing the residents' income. Additionally, students at the nearby community college could not afford housing close to the school. The project is one of the largest in San Francisco to be built under the city's Home-SF affordable housing program, in which modifications to the current zoning and density requirements are made for projects that designate between 20% and 30% of the units as affordable housing. At the Ventana Residences, 25% of the units will be leased at below-market rates.



Case Study: Union Labor and the Ventana Residences

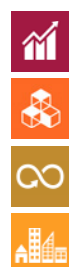


The Ventana Residences



“The wall-to-wall union labor and being able to provide affordable housing makes this project truly special.”

— Albert Pura, Senior Director, Investment Group





INTRO

At ARA, we recognize the significant risks the current environment poses. From data security to climate change, the profound impact of these great challenges we are facing are being felt throughout the world. Incorporating resiliency into our sustainability initiatives is critical, and it now receives high priority as part of our ESG+R program. While we have historically made resiliency efforts a focus of our due diligence and investment process, we will continue to expand on our rigorous, data-driven approach to evaluate current and future environmental risks at every level of business to ensure our firm and portfolios are resiliently positioned for tomorrow.



“Our approach to resiliency is based on critical risk-control thresholds that underpin every one of our business decisions.”

— Jonas Sylvester, Chief Operating Officer



OPERATIONAL RESILIENCY AND BUSINESS CONTINUITY

As climate-related natural disasters have affected large cities and small communities alike in recent years, it is apparent that no one is immune from the possibility of events that disrupt our everyday routines. ARA, as stewards of our clients' investments and recipients of their trust, has a duty to our clients to be prepared to carry out our responsibilities even in the face of disruption. For that reason, we have developed strategies for maintaining operations as well as for safekeeping our clients' data during a business interruption. These strategies, outlined in our Business Continuity and Recovery Back-up Plan, were tested in 2020 and proved to be successful.

To maintain business continuity, we established a secure virtual private network (VPN) that allows ARA employees to remotely access our systems. Our employees have videoconference and phone conference capabilities that allow us to maintain contact with our coworkers and clients without disruption, even when working off-site. Our protocols for remote work include protections for sensitive information, such as computer time-outs and multi-factor authentication for log-ins. Additionally, we utilize hot site strategies to provide redundant file replication between our Los Angeles and Chicago offices, in addition to our standard system back-up procedures, to secure against data loss in the event of damage to one of those locations.

Risk Management and Building Resilience

NEW ACQUISITIONS - ESG+R DUE DILIGENCE

ARA has developed a thorough due diligence examination process that includes rigorous underwriting and research-driven market analysis. We carefully evaluate whether each potential property meets our exacting standards for acquisition.

Our due diligence process for new acquisitions includes a lengthy sustainability checklist to explore potential environmental and social risks. We consider information on the direct and indirect energy usage of a potential acquisition and the possibility of energy-efficient retrofits, as well as climate-related risks like flooding or wildfires and social risks such as walk scores. Finally, we report all relevant information to our Investment Committee for review prior to closing a deal.



“Assessing the resiliency of real estate for tomorrow’s environment is no longer a nice-to-have – it’s a must-have.”

— Sabrina Unger, Managing Director,
Research and Strategy

RESILIENCY & RISK ASSESSMENT FOR EXISTING BUILDINGS

With each of our existing assets, ARA conducts a comprehensive property review that is aligned with the standards promulgated by the American Society for Testing and Materials (ASTM). This review allows us to identify and proactively address potential physical and environmental threats, thus reducing the risk of loss for our clients, investors, and tenants.

We also conduct a portfolio-wide risk analysis that reviews the regional risks to our properties. During this process, we examine sustainability attributes, such as regulatory requirements and walkability, as well as climate-related risks, such as the potential for sea level rise, fire, and flooding.

We also evaluate regional socioeconomic indicators, such as the livability index, median rent, and median household income. By cataloguing the regional-level conditions and risks, we gain a better understanding of the capabilities and needs of the communities in which we operate and improve the resiliency of our overall portfolio.

In alignment with GRESB resiliency criteria and TCFD recommendations, we examine three types of risk:

PHYSICAL

Reduce disruption to building operations in case of extreme weather events

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

SOCIAL

Design and construct buildings that are safe for occupants

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

TRANSITION

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

- Regulatory
- Energy supply
- Insurance
- Asset value



It has become increasingly apparent that climate change is creating new threats to our industry. In 2015, ARA determined that analyzing the climate-related risks as they relate to new acquisitions had become a key aspect of due diligence, and we began partnering with Coastal Risk Consulting to incorporate climate risk into our standard risk assessment process.



We utilize Coastal Risk Consulting’s RiskFootprint™ Dashboard to analyze several current physical risks, including flooding, storm surge, tsunamis, heavy winds, tornados, wildfires, and earthquakes. The tool also estimates the percent chance of extreme heat, extreme rainfall, and drought events between now and 2050. The dashboard provides results for the property itself, as well as the neighborhood within a half-mile radius of the property. The likelihood of each risk is rated as either green (low), yellow (medium), or red (high). An aggregate risk score, based on the number of high-likelihood risks, is given both for the property and for the neighborhood. The data on which the score is generated is pulled from multiple sources, including the Federal Emergency Management Agency, the U.S. Forest Service, the National Oceanic and Atmospheric Administration (NOAA), and the Department of Energy.

A high likelihood of occurrence for a particular risk may warrant further investigation, in which case we may request Coastal Risk Consulting to conduct additional research. In some cases, this research may show that the risk has already been mitigated by a previous owner or the local municipality or can be mitigated using building and/or landscape design techniques. For example, where an initial report on a potential acquisition indicated a high flooding risk for the property, further research showed that this score was based on older data that did not account for recent extensive site re-grading. In other cases, the research may suggest short, medium, or long-range mitigation strategies.

Case Study: Analyzing Climate Change Risk

We have utilized the RiskFootprint Dashboard on the majority of potential acquisitions since 2015. The RiskFootprint report is incorporated into the due diligence reports submitted to our Investment Committee and provides a strong foundation for the committee’s investment decisions. Recently, we have begun generating RiskFootprint reports for all our assets; these reports may form the basis of mitigation plans for those assets facing a high likelihood of a climate-related risk, thus improving the overall resiliency of our portfolio.

Through our partnership with Coastal Risk Consulting, we have been able to grow our physical risk due diligence process into a model for climate-related risk analysis. This robust, innovative analysis is an important element of our strategy to provide long-term value to our clients, stakeholders, and communities.



“ARA has been increasingly interested in more fully understanding physical risks to our assets from floods, natural hazards, and climate impacts as part of our overall Corporate Responsibility and Sustainability Program.”

— Don Pecano, Vice President, Due Diligence



By evolving and expanding our ESG+R program, we will be putting in place the pillars that will hold for a more resilient and sustainable future.

As we look towards the future, ARA will continue to increase the enthusiasm for our sustainability efforts. To support this, we will regularly review our ESG+R program and objectives, work to reach new ambitious goals, drive action with our team, and prioritize crucial and unforeseen issues as they arise.

Following our commitment to the UN Sustainable Development Goals, we have plans to develop new initiatives and improve our existing ones. Focusing on climate change through expanding our resiliency program and furthering the activities and action projects that support our diversity, equity, and inclusion program will help us optimize the impact of our efforts.

The work we do to grow our ESG+R program today will result in increased safety, security, and value for our investors and our stakeholders.

ARA’s industry partnerships and certifications help to provide metrics and benchmarking, data gathering, education, and research to improve our ESG+R strategy and ensure the continued growth of our sustainability program.



VERDANI PARTNERS

A full-service ESG and sustainability consulting firm, Verdani Partners supports ARA’s ESG+R 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. For eligible property types, ENERGY STAR considers energy use, CO₂ emissions, building occupancy, type of use, and building location to determine a score.

GRESB

GRESB is the global ESG benchmark for real assets that covered more than 1,200 property companies, real estate investment trusts (REITs), funds, and developers and 540 infrastructure funds and assets in the 2020 real estate assessment. Combined, the GRESB ESG benchmark represents US \$5.3 Trillion in real asset value. ARA has been a member of GRESB since 2015 and participates annually in the GRESB Real Estate Assessment.

Program Partners



GLOBAL REPORTING INITIATIVE (GRI)

ARA aligns with the GRI standard, which is the most widely used global standard for sustainability reporting. GRI promotes 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 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.

INSTITUTE OF REAL ESTATE MANAGEMENT (IREM)

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

CENTER FOR ACTIVE DESIGN

The Center for Active Design is a nonprofit organization that promotes architecture and urban planning solutions to improve public health. In partnership with the Center for Disease Control and Prevention, they created Fitwel, a building standard that promotes healthy and engaged communities.

PRI

The Principles for Responsible Investment (PRI) is the world’s leading proponent of responsible investment that considers ESG factors in its international framework. The almost 4,000 PRI signatories factor responsibility into their investment and ownership decisions. ARA is a PRI signatory and is proud to be counted among responsible investors that work to create sustainable markets.



CARBON LIGHTHOUSE

Carbon Lighthouse provides climate solutions by using data collection and analytics to implement efficiency upgrades, employ solar technology, and incorporate advanced lighting strategies that enable large buildings to reach carbon neutrality. Targeting the 40% of U.S. emissions that result from commercial building operations, Carbon Lighthouse wants to make ending climate change easy and profitable.

BLACK BEAR ENERGY

Black Bear Energy is a full-service energy procurement consultant that helps its clients undertake energy projects from concept to completion. Black Bear identifies energy opportunities and pricing terms to inform provider decisions, assists with contract negotiations, and oversees any necessary construction to ensure a successful result.

ALVÉOLE

Alvéole is an urban beekeeping company that provides honeybee hive installation, care, and maintenance, as well as educational workshops and interactive activities to connect people with honeybees. Alvéole provides a web portal to give clients real-time updates on their rooftop hives, as well as marketing materials and customized corporate gifts made with the honey to engage building occupants and educate on the importance of pollinators.

COASTAL RISK CONSULTING

Coastal Risk Consulting is a geospatial modeling, data analytics, and risk mitigation solutions company. Their RiskFootprint online dashboard uses cloud-based technology to provide comprehensive climate risk assessments for existing properties and potential acquisitions. Additional tools and services provide assistance with developing mitigation plans that allow property owners to move towards climate resilience.



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FORWARD-LOOKING STATEMENTS

Disclaimer:

This report contains information about calendar year 2020 or from January 1, 2020 to December 31, 2020, as applicable, as well as certain qualitative content through June 30, 2021 as noted. This report 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, LLC (“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 10-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 had extensive outliers due to tenant operations 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.” 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.

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 the following: GRI Standard 102: General Disclosures 2016, GRI Standard 300: Environmental, and GRI Standard 400: Social. The G2016 Indicator Number and Description are followed by the Response Page Number and Reference.

GRI is an international not-for-profit 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.

GLOBAL REPORTING INITIATIVE (GRI)

Number	Description	Page Number	Reference
Organizational Profile			
102-1	Name of the Organization	1	Cover Page
102-2	Activities, Brands, Products, and Services	8	About American Realty Advisors
102-4	Location of Operations	9	About American Realty Advisors
102-5	Ownership and Legal Form	8	About American Realty Advisors
102-6	Markets Served	8	About American Realty Advisors
102-13	Membership of Associations	106-108	Program Partners
Strategy			
102-14	Statement from Senior Decision-Maker	5	CEO Letter
102-15	Key Impacts, Risks, and Opportunities	98-103	Resiliency
Ethics & Integrity			
102-16	Values, Principles, Standards, and Norms of Behavior	20-21	Mission, Vision, and Values
Governance			
102-18	Governance Structure	8-9, 88-89	About American Realty Advisors, ESG+R Committee
102-20	Executive-Level Responsibility for Economic, Environmental, and Social Topics	5, 88-89	CEO Letter, ESG+R Committee
102-29	Identifying and Managing Economic, Environmental, and Social Impacts	88-89	ESG+R Committee
102-30	Effectiveness of Risk Management Processes	98-103	Resiliency
102-31	Review of Economic, Environmental, and Social Topics	10, 14-15, 18-19, 54-55, 80-81	2020 Accomplishments, COVID-19 Response, Environmental, Social, and Governance Highlights
102-32	Highest Governance Body’s Role in Sustainability Reporting	82-85, 90-91	SDGs. PRI, GRESB, ESG+R Committee
Stakeholder Engagement			
102-40	List of Stakeholder Groups	56-57	Stakeholder & Tenant Engagement
102-43	Approach to Stakeholder Engagement	56-57	Stakeholder & Tenant Engagement
Reporting Practice			
102-50	Reporting Period	2	About This Report
102-51	Date of Most Recent Report	2, 110	About This Report, Reporting and Disclosure
102-52	Reporting Cycle	110	Reporting and Disclosure
102-53	Contact Point for Questions Regarding the Report	110	Reporting and Disclosure
102-54	Claims of Reporting in Accordance with the GRI Standards	111	Reporting and Disclosure
Environment			
302-4	Reduction of Energy Consumption	28-29	Performance Targets
304-2	Significant Impacts of Activities, Products, and Services on Biodiversity	42-45	Biodiversity
305-5	Reduction of GHG Emissions	28-29	Performance Targets
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	57	ESG+R Program Training
413-1	Operations with local community engagement, impact assessments, and development programs	70-73, 74-75	Giving Back to Our Local Community, Matching Gifts Program
416-1	Assessment of the health and safety impacts of product and service categories	60-61	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.



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