

2021-2022 REPORT

ESG+

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On the cover: 385 Sherman Avenue is a 67,974 SF office property in San Jose, California. The building was certified LEED Silver Core & Shell in 2019.

A Letter from Our CEO

ARA's ESG+R program grows stronger every year, and 2021 was no exception.



At ARA, we have sought to embed environmental, social, governance, and resiliency principles into the foundation of our decision making, from acquisitions to management to dispositions and all points in between. This active approach aligns with our corporate philosophy, fiduciary responsibilities, and the duty to our stakeholders.

ARA's ESG+R program grows stronger every year, and 2021 was no exception. We saw tremendous – and exciting – progress, meeting three of the sustainability targets five years ahead of schedule, ramping up DEI and health programs, and expanding resiliency efforts. We are also pleased to report that in the 2021 GRESB® Real Estate Assessment¹ (based on 2020 data) we earned a 5-star GRESB rating and an 11-point improvement on our core fund's GRESB score from the prior year.

In 2021, we brought Dominique Hargreaves on board as Director of Sustainability and Corporate Social Responsibility. Dominique has over 16 years of experience in sustainability and social responsibility and, together with the ESG+R Committee and our consultant, Verdani Partners, we believe she will take the already-strong program to new heights.

With five years until we are due to meet the core fund's environmental performance targets, we have already exceeded the energy use, emissions, and water use reduction targets and are more than halfway to achieving the waste diversion target. Also in 2021, 46 properties had green building and/or healthy building certifications, totaling over 11.2 million square feet.

2021 was also a significant year for the efforts dedicated to expanding social engagement in real estate. We held the second annual Tomorrow's Real Estate Leaders program designed to accelerate career opportunities in the commercial real estate industry for diverse and underrepresented college students. This innovative three-day program was recognized with Verdical Group's Trailblazer award.

As COVID-19 and the resulting economic impacts continue to affect how and where we live and work, we have reassured tenants and residents of the safety measures we have undertaken regarding our buildings and services by obtaining Fitwel® Viral Response Module certification. We believe the certification demonstrates that ARA follows best practices in maintaining and operating HVAC systems and in cleaning and sanitizing buildings.

We continued our strong partnership with third-party risk assessor Coastal Risk Consulting, examining how the portfolios will stand up to the ever-increasing risks presented by climate change. We are confident that the efforts to grow the resiliency of the portfolios will result in sustainable value for our clients.

As always, I am appreciative of the amazing work done by ARA's dedicated and talented ESG+R Committee, staff, and partners. Together, we are making a difference for our stakeholders and charting a path to a sustainable future.

A handwritten signature in black ink, appearing to read 'Stanley L. Iezman'.

Stanley L. Iezman
Chairman and CEO

¹ Please refer to the disclosures regarding GRESB on page 10, Fitwel on page 27, and Verdical Group's Trailblazer award on page 11.

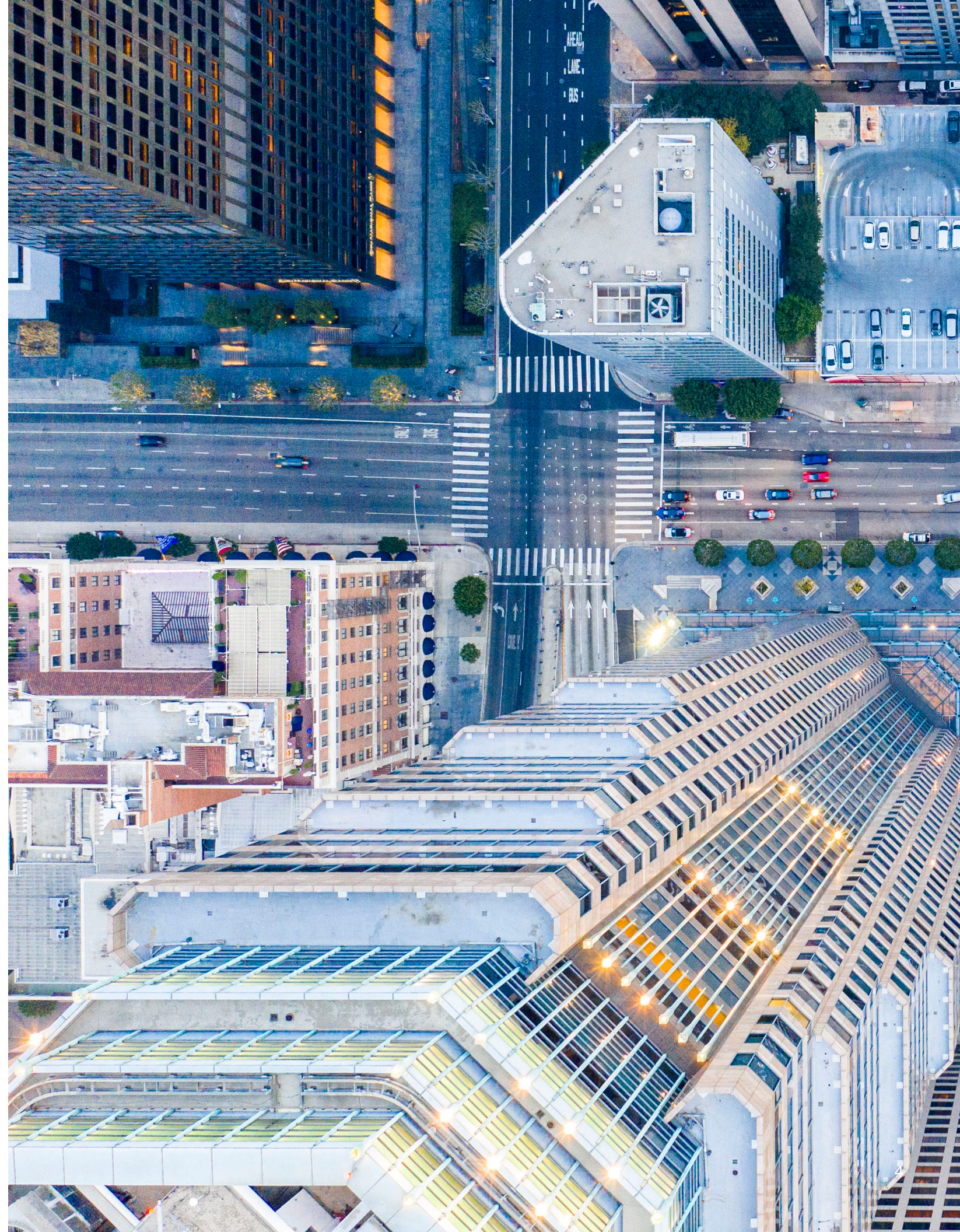
About American Realty Advisors

American Realty Advisors, LLC (ARA) is a 100% employee-owned private equity real estate investment manager of commercial real estate portfolios. With over \$12 billion in assets under management (as of March 31, 2022) and offices in Boston, Chicago, Los Angeles, New York, Orlando, and Philadelphia, we invest in high quality industrial, residential, office, retail, and other property sectors. As of March 31, 2022, holdings include 143 assets, consisting of 34.5 million square feet of commercial space and 8,150 residential units. We believe our more than 550 clients look to us to provide superior risk-adjusted returns using strategies including:

- **Core strategies focused on strong income and long-term appreciation**
- **Core-Plus strategies to enhance returns**
- **Value-Added strategies to create value and control risk**
- **Debt strategies for current income and downside protection**
- **Customized separate accounts**

ARA has been registered as an investment adviser with the Securities and Exchange Commission since 1990 and serves as a fiduciary to our clients dedicated to acting in their best long-term interests. Since we believe that the responsibilities to our stakeholders extend beyond the four corners of an investment, we have also incorporated the principles of ESG+R throughout the program consistent with our fiduciary duties and applicable law.

Any reference to or use of the terms “registered” or “registered investment adviser” does not imply that ARA or any person associated with ARA has achieved a certain level of skill or training. This report contains information about calendar year 2021 or as of December 31, 2021, as applicable, as well as certain qualitative content through March 31, 2022 or June 30, 2022, as noted. This report is for informational purposes only. It 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 ARA.



2021

ESG+R YEAR IN REVIEW

2021 was a year of substantial progress for ESG+R at ARA. With the addition of the Director of Sustainability and Corporate Social Responsibility, we strengthened the ESG+R program and further embedded its values into our corporate culture. ARA accelerated its core fund's progress toward its targets for energy, water, waste, and greenhouse gas emissions; improved its GRESB¹ results; increased the number of new green- and healthy-building certifications; and was recognized with awards from peers.

¹ Please refer to the disclosures regarding GRESB on page 10.





Progress Toward Sustainability Goals

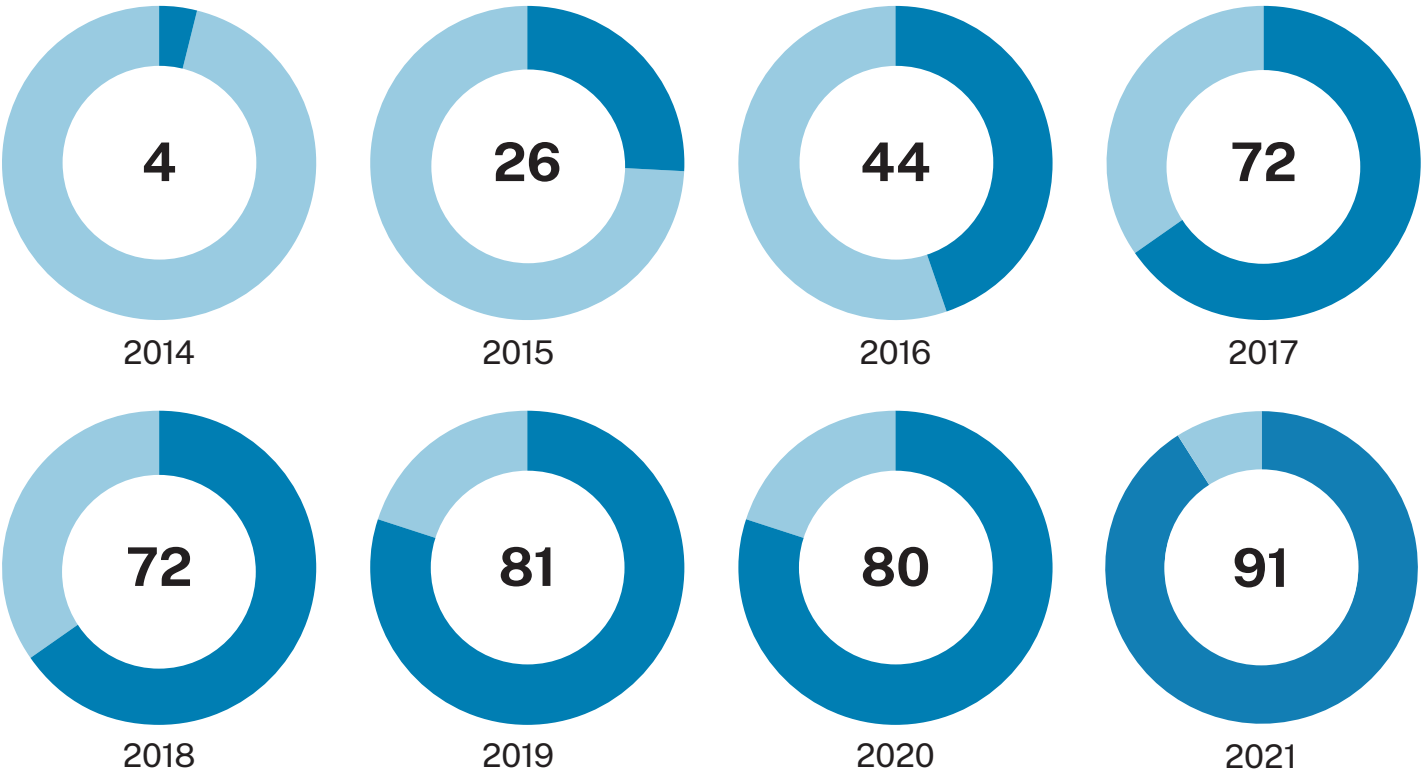
2021 is the fourth year of working toward our 2027 goals for reducing energy, water, and emissions and increasing waste diversion in the core fund. **We are very pleased to announce we have achieved three of these goals five years early.** We will continue to push past these goals as 2022 unfolds and occupancies return to pre-pandemic levels.

	Energy	Water	Emissions	Waste
TOTAL 2027 TARGET	-20%	-20%	-20%	+50%
TOTAL % PROGRESS TO GOAL	144%	116%	167%	60%
				



GRESB Results

ARA's rapid ESG+R performance growth was recognized in 2021 with our core fund's 5-star GRESB rating and an 11-point improvement on its GRESB score from the prior year.



GRESB B.V. (GRESB) created and tabulated each of the core fund's scores which covers activities taking place during such calendar year and is typically released on or around October 1 of the following year after materials for the core fund are submitted to GRESB. In order to obtain a rating, the core fund must pay a participation assessment fee per submission to GRESB.

Awards and Recognition

ARA, our properties, and our people were recognized for ESG+R excellence.



CORPORATE-LEVEL AWARDS AND RECOGNITION

2021 Trailblazer Award¹
Tomorrow’s Real Estate Leaders Program



PROPERTY-LEVEL AWARDS AND RECOGNITION

Utility Management Advisory Sustainability and Innovation Award²
Alara Union Station Sustainability
and LEED® v4 O+M Gold Certification



INDIVIDUAL EMPLOYEE AWARDS AND RECOGNITION

Goldie Initiative Scholar^{TM3}
Megan Burrows, Executive Vice President of Asset Management

2021 GlobeSt.TM Women of Influence⁴
Stephanie McClain, Executive Vice President of Valuations

1 The award was conveyed on September 16, 2021, from Verdical Group to ARA in recognition of Tomorrow's Real Estate Leaders Program that was held in March of 2021.

2 The award was conveyed on March 9, 2022, from the Utility Management Advisory to ARA in recognition of the retrofit and resulting LEED certification at ALARA Union Station in July 2020.

3 The scholarship award was conveyed on March 2, 2022 from the Goldie B. Wolfe Miller Women Leaders in Real Estate to Megan Burrows in recognition of her extraordinary academic and leadership potential. The award covers 2020-2022 academic years.

4 This award was conveyed on May 14, 2021, from GlobeSt to Stephanie McClain as a top woman of influence in the category of CRE consultant/advisor.



RESILIENCY GOVERNANCE SOCIAL ENVIRONMENT

At ARA, responsibility to our clients is the highest priority, and reducing environmental impact is an important element of that responsibility.

We continually seek to improve environmental performance, increase climate resilience, and reduce carbon footprint. We believe in implementing best practices and innovative solutions, increasing data coverage, and moving the needle on performance while engaging dedicated professionals to meet the environmental challenges facing the commercial real estate industry.



Performance Targets

In 2017, the core fund set 10-year goals for increasing waste diversion and reducing energy use, greenhouse gas emissions, and water use. In just four years, we have surpassed the targets for energy, emissions, and water.

In just four years, we have surpassed the targets for energy, emissions, and water reduction.

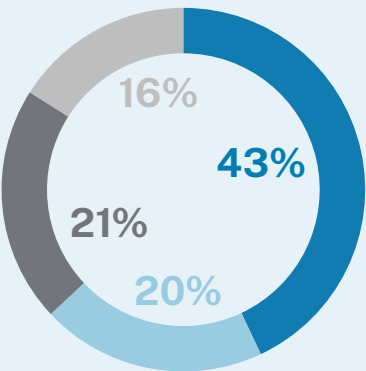
ENERGY, WATER, EMISSIONS, AND WASTE TARGETS:
PROGRESS TOWARD 2027 GOALS
AS OF DECEMBER 31, 2021

	Energy	Water	Emissions	Waste
ANNUAL TARGET FOR REDUCTION FROM BASELINE	-2%	-2%	-2%	+5%
TOTAL 2027 TARGET	-20%	-20%	-20%	+50%
2017-2021 EXPECTED PROGRESS TO ALIGN WITH TARGET	-8%	-8%	-8%	+15%
ACTUAL PROGRESS FROM 2017 BASELINE	-29%	-23%	-33%	+30%
TOTAL % PROGRESS TO GOAL	144%	116%	167%	60%

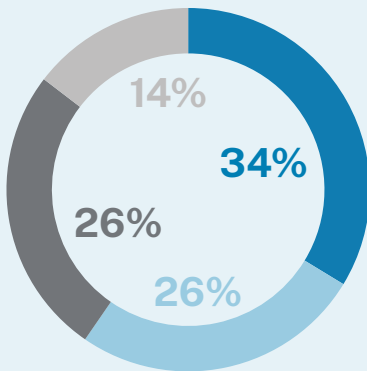
Progress toward our goals is calculated annually against a 2017 baseline using an intensity methodology that compares the data on a per square foot basis.

CORE FUND COMPOSITION (SQUARE FEET)

- Industrial
- Residential
- Office
- Retail



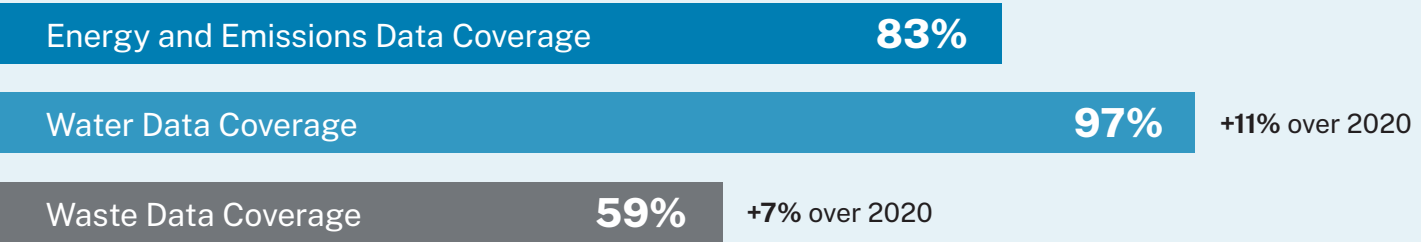
% of Fund in 2020



% of Fund in 2021

DATA COVERAGE

As we work toward the goals for energy use, emissions, water use, and waste diversion, we utilize data coverage to improve the accuracy of information and the efficacy of the reduction strategies. **Over the last four years, we have made steady progress toward 2027 data coverage goals for the core fund, which consists of 90% coverage for energy, emissions, and water, and 80% coverage for waste.**



Benchmarking and tracking programs allow us to measure progress toward energy use goals.

ENERGY STAR® BENCHMARKING¹



We track energy use at 100% of the properties where ARA has operational control using ENERGY STAR's Portfolio Manager® tool. Portfolio Manager provides a platform where we can examine the energy use from year to year, as well as compare the

properties' energy use with that of buildings that are comparable in square footage, property type, and geographic location. ENERGY STAR Portfolio Manager calculates a score between 1 and 100 for eligible buildings based on energy use, CO₂ emissions, occupancy, and type of use. With these scores, we can measure progress toward energy use goals.

MEASURABL

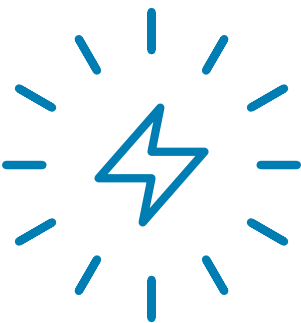


We also employ Measurabl® to track energy and water use, emissions, and waste data for our core fund. ARA's ESG+R consultant uses Measurabl's capabilities to compile investment-quality reports, comply with benchmarking ordinances, and integrate data into the GRESB¹ submittals. Analyzing data tracked in Measurabl allows us to identify improvement opportunities.

¹ Please refer to the disclosures regarding GRESB on page 10 and ENERGY STAR on page 26.

Sustainability Initiatives

ARA is continually seeking innovative ways to reduce energy use, greenhouse gas emissions, and water use at the properties. Each year, we undertake a series of sustainability initiatives that are both effective and cost efficient to move us closer to our goals.



More than
2.8 million kWh
of electricity saved.

RESULTS

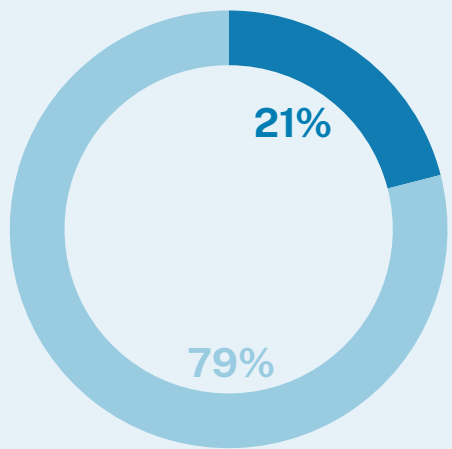
After completing projects that included lighting upgrades, roof and exterior upgrades, as well as mechanical equipment and infrastructure upgrades across our core fund properties, **we saved more than 2.8 million kWh of electricity. This is equivalent to the amount of electricity used by 261 homes in one year.***

*Source: www.eia.gov/tools/faqs/faq.php?id=97, "How much electricity does an American home use?" Based on 2020 data.

RENEWABLE ENERGY USE

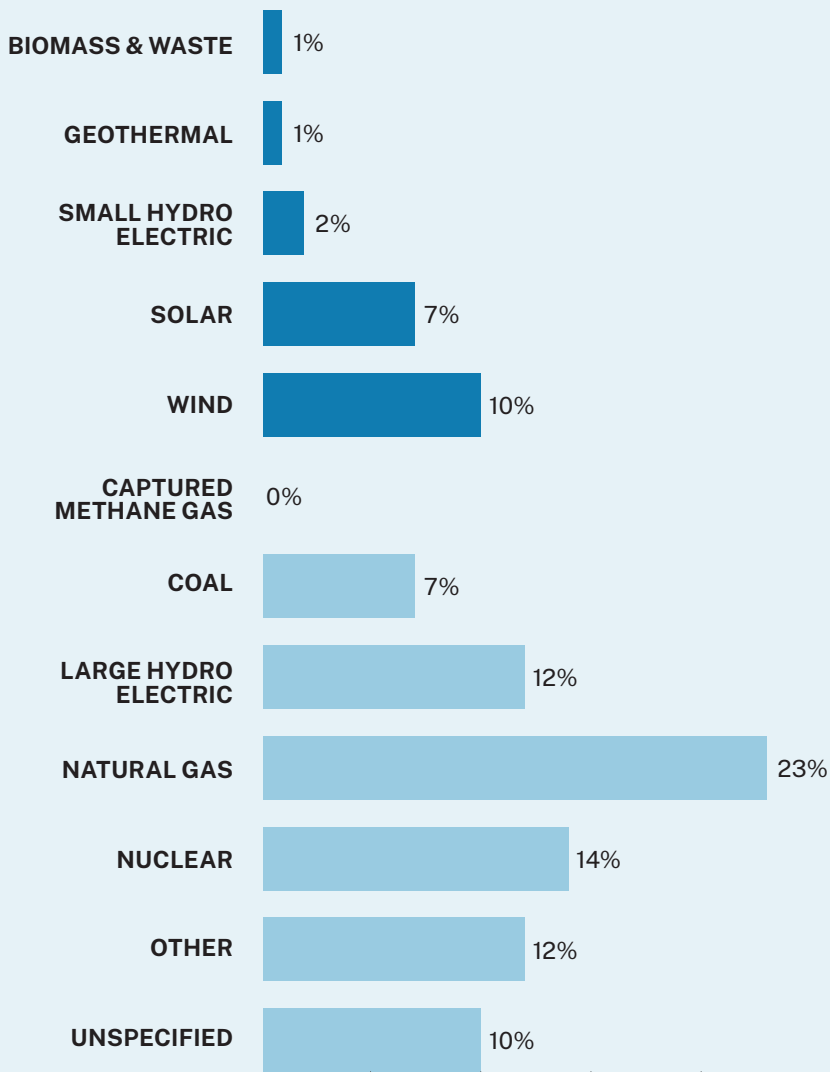
Renewable energy plays a vital role in reducing carbon footprint. The utilities serving the properties we manage utilize a mix of power sources to provide electricity, and we track this power mix and report renewable energy use as part of the core fund’s GRESB¹ submission. As renewable energy becomes less expensive and more readily available, its contribution to grid-provided electricity grows.

RENEWABLES



■ Weighted Renewable
■ Weighted Non-renewable

POWER MIX



¹ Please refer to the disclosures regarding GRESB on page 10.

Waste Diversion

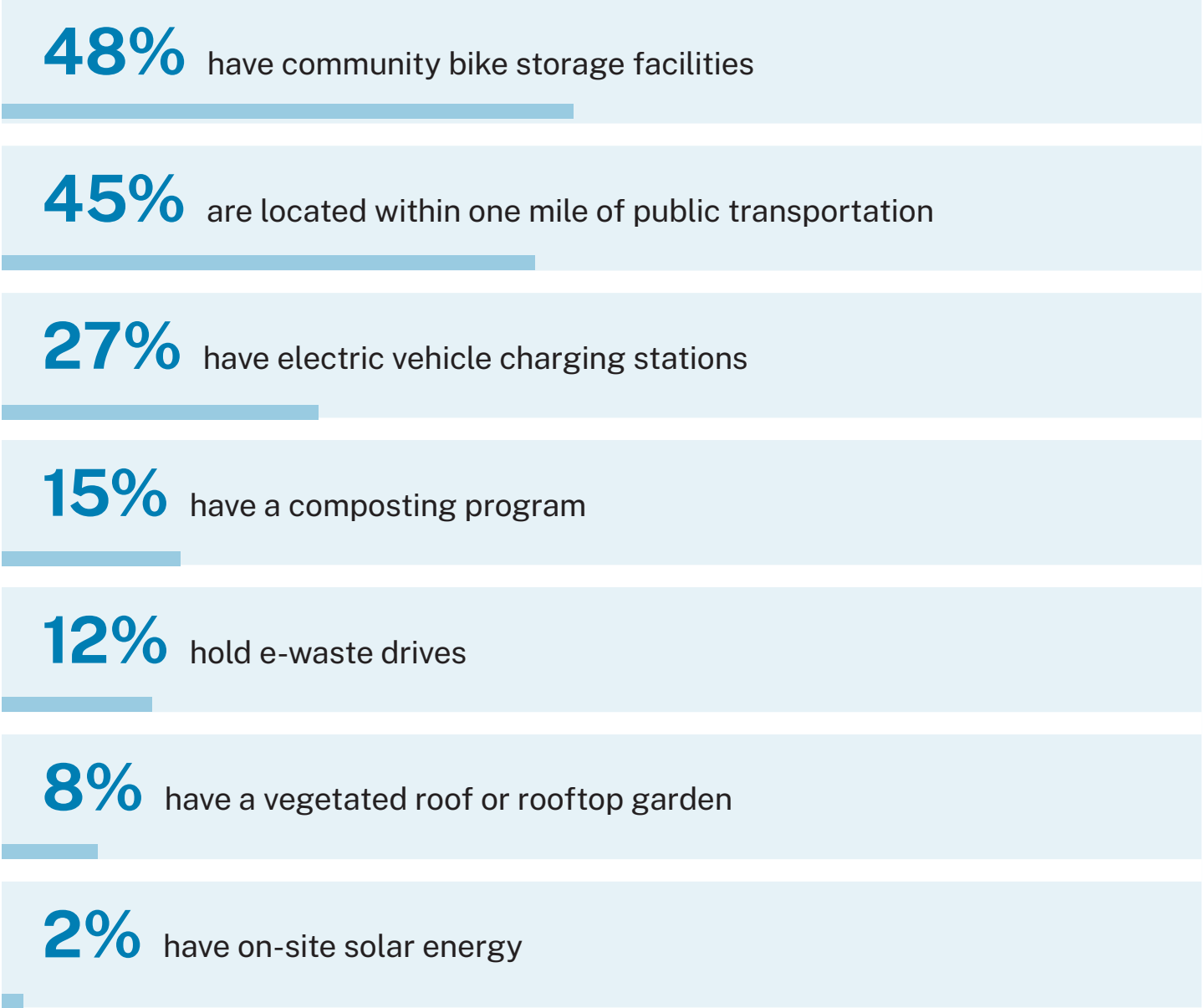
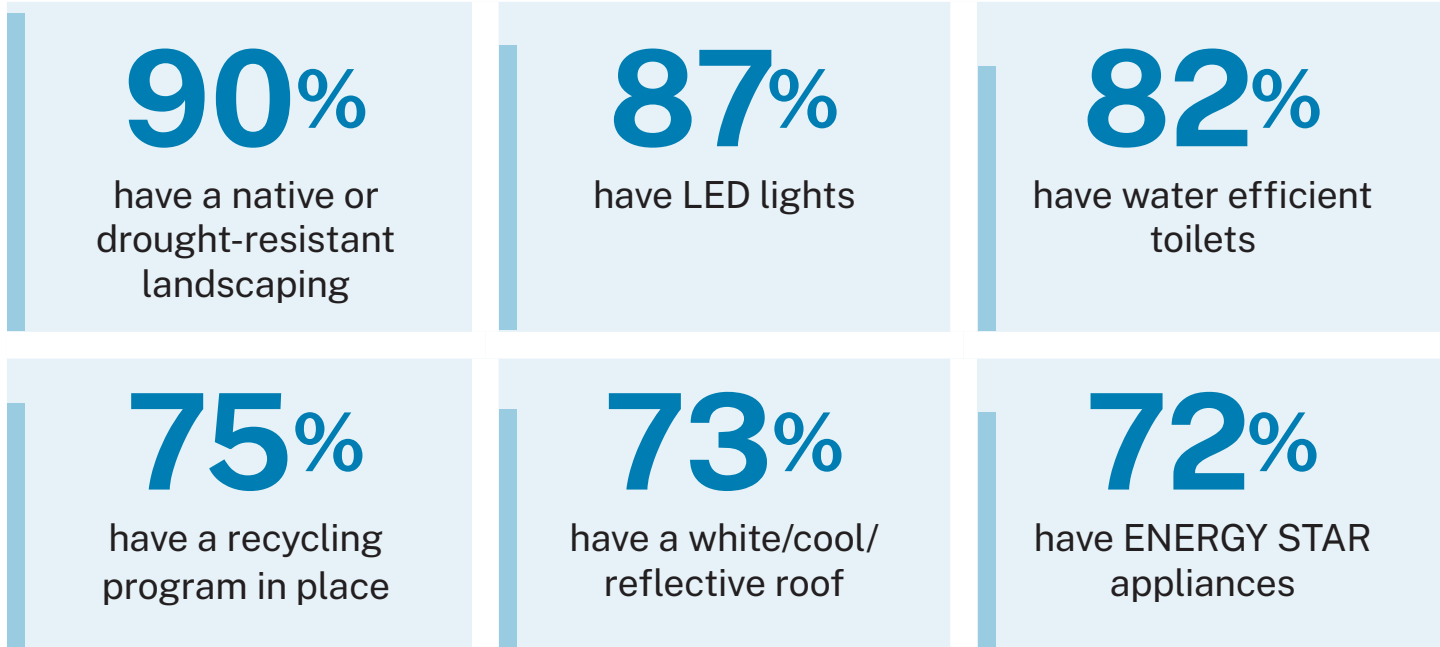
To improve the overall diversion rate of waste from the landfill, we gather information on current diversion practices. Our goal is to reduce waste by 50% by improving access to recycling facilities, educating tenants and residents, and working with waste management providers to implement cutting-edge solutions.

In 2021, core fund properties diverted over 3,200 metric tons of waste, an increase of 700 metric tons over the previous year.



Sustainability Attributes Survey

ARA conducts regular sustainability surveys to ensure that we are accurately tracking the environmental attributes of the properties in the core fund, including those related to any new acquisitions, as well as the results of initiatives currently undertaken by project teams. In 2021, our ESG+R consultant distributed a survey to 60 properties in the firm’s core fund to collect sustainability information across categories such as lighting, roof efficiency, water efficiency, energy efficiency, waste management, and transportation. The survey also allowed property teams to report on their current sustainability practices, such as e-waste events or clothing donation drives. We had a 100% response rate and are utilizing this to create focus areas for the next round of sustainability initiatives.



Certifications

Pursuing green building certifications is an important part of the ESG+R program. Research confirms that Leadership in Energy and Environmental Design (LEED) certified buildings have reduced operational costs and higher tenant demand and are more profitable in terms of rent and average market price. ARA regularly applies for LEED, WELL®, Fitwel, and IREM® Certified Sustainable Properties certifications. Not only do green building certifications showcase efforts, but they help focus us on pursuing strategies that promote environmentally conscious construction, green operation and maintenance, and healthy buildings.

LEED CERTIFICATIONS¹

Created by the U.S. Green Building Council®, the LEED certification program includes rating systems for new construction (including whole-building design and construction as well as core and shell construction), existing building operations and maintenance, and homes. In 2021, 25 of the properties – 21% of the portfolios – maintained active LEED certifications.

9.2 Million
TOTAL SQUARE FEET

2021 ACTIVE LEED CERTIFICATIONS

● Industrial ● Residential ● Office ● Retail ● Mixed Use

1 LEED certifications are conveyed by Green Business Certification Inc. and require a project registration and certification fee. **Please see page 85 for important information regarding LEED certifications including a complete list of awarded properties and the most recent certification or renewal date.** Certification summary statistics cover all properties certified as of December 31, 2021.

ENERGY STAR RECOGNITION¹

Buildings that achieve ENERGY STAR scores exceeding 75 in Portfolio Manager are more energy efficient than 75% of buildings in the U.S. of comparable square footage, usage type, and geographic location. These buildings are eligible to receive the ENERGY STAR certification, and, in 2021, ARA properties representing 9.1 million square feet, or 21% of the portfolios, achieved ENERGY STAR certification.

9.1 Million
TOTAL SQUARE FEET

2021 EARNED ENERGY STAR CERTIFICATIONS

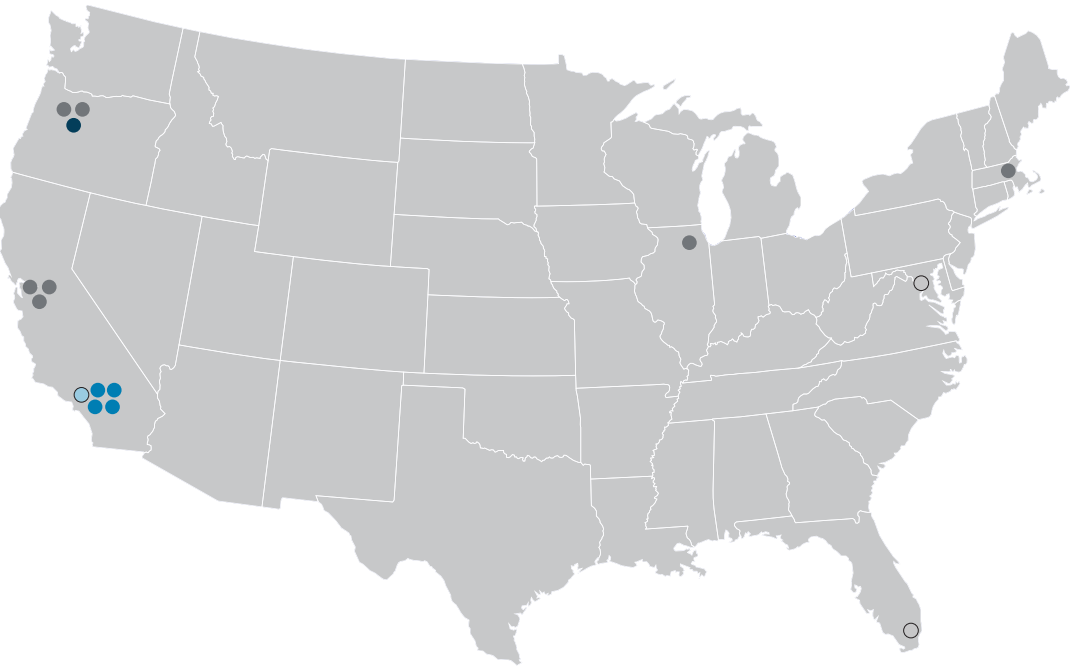
● Industrial ● Residential ● Office ● Retail ● Mixed Use

1 ENERGY STAR certifications are conveyed by the U.S. Environmental Protection Agency and are given on an annual basis so must be certified year to year. **Please see page 87 for important information regarding Energy Star certifications including a complete list of awarded properties and the most recent certification or renewal date.** Certification summary statistics cover all properties certified as of January 4, 2022.

Certifications

OTHER CERTIFICATIONS¹ EARNED IN 2021

In addition to LEED and ENERGY STAR certifications, ARA properties have earned Fitwel and Fitwel Viral Response Asset certification, the WELL Health & Safety Rating certification, and the Institute for Real Estate Management’s Certified Sustainable Property certification. These certifications emphasize health and wellness in the built environment and ongoing sustainable operations. In 2021, 16 of our properties with 5 million square feet, or 12% of the portfolios, maintained or earned new certifications.



5 Million
TOTAL SQUARE FEET

● Industrial ● Residential ● Office ● Retail ● Mixed Use

¹ Fitwel certifications are conveyed by Active Design Advisors Inc. WELL certifications are conveyed by the Green Business Certification Inc. IREM certifications are conveyed by the Institute for Real Estate Management. In order to receive any of the foregoing certifications, the entity or property was required to pay a project registration and certification fee to the applicable certification provider. The time periods covered by each certification, and the date of grant for each certification vary by property. **Please see page 89 for important information regarding Fitwel, WELL, and IREM certifications including a complete list of awarded properties and the most recent certification or renewal date.** Certification summary statistics cover all properties certified as of December 31, 2021.



Altogether, 46 properties – 31% of the portfolios – hold one or more green or healthy building certifications.

Spotlight:

Institute for Real Estate Management Certifications (IREM)

ARA achieved the IREM¹ Certified Sustainable Property (CSP) certification in 2021 for two office buildings and four industrial buildings in California, adding to the four certifications we earned previously. This certification process assesses building energy use and creates a baseline from which to measure the energy and equipment performance on an ongoing basis. The certifications also increase properties’ marketability to tenants and is increasingly a sought-after certification in the market.

The IREM CSP applications assess management, water, energy, health, waste, recycling, and purchasing strategies and performance. This process confirmed that the buildings are already achieving strong performance across all these categories, and with a few policy additions and practice adjustments, we have been able to meet the certification qualifications.

This provided an excellent opportunity to educate and empower property managers with best practices for sustainably operating their facilities.

With the newly established energy utilization tracking, we will also be able to look for ongoing opportunities to create efficiencies and test energy saving strategies.



Sustainability Best Practices

Office

- Energy efficiency policies
- Solid Waste Facilities Maintenance and Renovations policy
- Environmental clauses in the landscaping and janitorial contracts
- Reusable kitchen products
- Healthy vending machine options
- High-efficiency water fixtures
- Copy paper with at least 30% recycled content
- Indoor Air Quality testing

Industrial

- Energy efficiency policies
- Solid Waste Facilities Maintenance and Renovations policy
- Sustainability clauses in the landscaping and other vendor contracts
- LED lighting
- Stormwater management assessment
- Composting of landscape waste
- Skylights

¹ Please refer to the disclosures regarding IREM certifications on page 27.

The Latest Buzz on the Beehives

A typical hive will produce around 30 pounds of honey annually, enough to fill one hundred 4.7-ounce jars.

In 2019, ARA piloted a program to install rooftop beehives at two ARA properties, 1K Fulton (sold in 2021) and Oak Brook Regency Towers, welcoming 10,000 bee “tenants” per hive. The response to the project was overwhelmingly positive. We have continued the program and now have extended active hives to five ARA properties. A typical hive will produce around 30 pounds of honey annually, enough to fill one hundred 4.7-ounce jars. The hives not only provide critical habitat and create awareness about bees and the environment, but also produce honey that we share with the tenants.



Case Study: Pilot Projects

Implementing energy and water conservation measures.



OFFICE PROPERTIES – SET POINTS AND SENSORS

For two of the properties in the northeast, ARA worked with Carbon Lighthouse®, a smart building software company that looks beyond the standard efficiency strategies to recommend economical carbon reduction solutions. The office properties at 30 Montgomery (New Jersey) and 499 Park Avenue (New York) were ideal candidates for these assessments, as they have existing building automation systems that allow the property management teams to easily implement changes and track related data.

Carbon Lighthouse's recommendations included a variety of HVAC-related systems changes and upgrades, as well as changes to building temperature set points. ARA property managers have implemented energy conservation measures and are analyzing data to monitor impact.



ALARA UPTOWN MULTIFAMILY – LOW FLOW AERATORS

Alara Uptown, a 294-unit property in Dallas, Texas, decreased unit sink water flow to 0.5 gpm through the replacement of aerators in units. This resulted in an annual savings of 317,000 gallons of water, which equates to \$3,500 in reduced annual utility costs. The aerators were also inexpensive to purchase, making for a solid return on investment. Additional communities are being evaluated for implementation of this solution to realize additional savings and reduction outcomes.

RESILIENCY GOVERNANCE SOCIAL ENVIRONMENT

ARA recognizes that to serve our stakeholders' needs, social responsibility must have a prominent focus in operations.

We have an unwavering commitment to the people who make the business successful: employees, tenants, and clients as well as to the communities in which we live and work. Our education/enrichment programs emphasize diversity, equity, and inclusion as well as health and wellness, and ARA's charitable giving and involvement reinforces the commitment to being good corporate citizens, setting an example of leadership for our clients and the industry.



Employee Engagement

In alignment with ARA's core values of transparency, collaboration, and corporate/community responsibility, we keep our employees informed and engaged regarding ESG+R efforts and provide a working environment that is in line with these efforts to be inclusive, supportive, and focused on personal and professional growth.

Inclusive, supportive, and focused on personal and professional growth.

HEALTH AND WELLNESS

Providing employees with access to personal and financial wellness resources demonstrates respect and a commitment to fostering a workplace that promotes safety, health, and well-being.

We provide full employee health insurance benefits covering physical and mental health, as well as onsite health amenities such as:

- Access to opportunities for recreational and physical activities
- Lactation room
- Stand-up desks and ergonomic chairs
- Consultations with an ergonomics specialist

We encourage employees to use alternative forms of travel, both to enjoy physical activity and reduce their environmental impact. We provide free, onsite bike rentals at ARA's headquarters for employee use during the workday. We also offer a Transit Reimbursement program, which helps subsidize employees' use of mass transit for their commute.



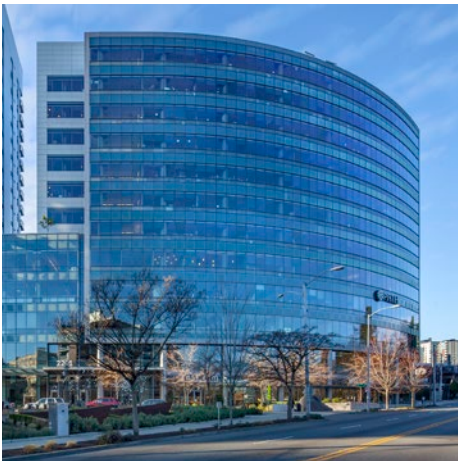
Employee Engagement

The health and wellness programs also incorporate the Fitwel Health Impact Strategies, designed to promote and certify building health.

The seven Fitwel Health Impact Categories are:

- 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

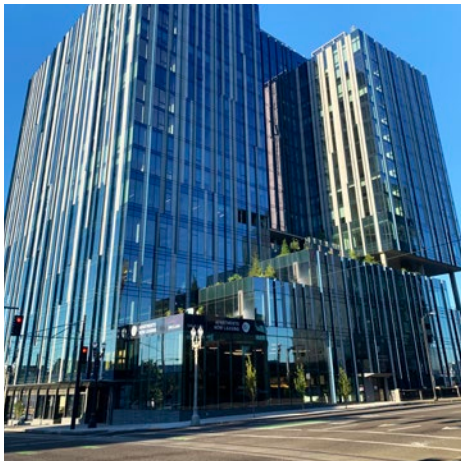
ARA currently has three Fitwel certified properties¹ in the portfolio:



2201 Westlake



Foundry Square III



5 MLK

¹ Please refer to the disclosures regarding Fitwel certifications on page 27.



Case Study: Fitwel VRM Certification¹

The onset of the COVID-19 pandemic in 2020 left organizations and individuals with a high degree of uncertainty about how to congregate safely during the threat of viral spread. As offices prepared to reopen in 2021, tenants were eager for information on best practices to help them bring employees and guests back into the space with confidence. Based on this interest, ARA worked with property management teams to pursue Fitwel Viral Response Module (VRM) certification. This certification provides assurance of health and safety standards for mitigation of viral transmission for COVID-19 and other viruses using guidance from the CDC, EPA, and other public health organizations.

Previous experiences with Fitwel certifications provided keen insights into the challenges related to certifying buildings, including lack of direct control over several operational aspects of facilities management in tenant-controlled spaces. As we worked with the property teams to examine their policies, such as cleaning protocols, many of them were already meeting the certification requirements or were able to implement changes quickly. We also implemented property-level policies where applicable to ensure the areas and equipment we are responsible for as owners meet the requirements.



Strategies, plans, and policies in ARA's VRM Plan include:

- **Enhanced Indoor Air Quality (IAQ) Policies:** these policies and practices outline strategies to achieve enhanced indoor air quality and promote better respiratory health.
- **Guidelines for Surface Hygiene Stations, Hand Hygiene, and Personal Protective Equipment:** these standards ensure buildings have a clear strategy for confirming that occupants have what they need to reduce transmission of contagious diseases.
- **Health Promotional Signage and Communication Plans:** these plans strengthen pandemic response and ensure awareness of protocols, minimize uncertainty, and support sustained occupant trust.

Indoor air quality was a key area of focus and improvement throughout the certification process. Previously, the market standard for filtration was MERV 8 filters. Wherever possible, we replaced these filters with MERV 13 or higher filters, which help capture more viral material than lower efficiency filters. ARA plans to look at implementing MERV 13 filters as a standard practice going forward, regardless of whether a certification is being pursued.

ARA's Fitwel VRM certification was awarded in early 2022 with positive response from both current and potential tenants as returns to the office continue to accelerate.

¹ Fitwel certifications are conveyed by Active Design Advisors Inc. In order to receive certifications, the entity or property was required to pay a project registration and certification fee to the certification provider. The time periods covered by each certification, and the date of grant for each certification vary by property. **Please see page 89 for important information regarding Fitwel certifications including a complete list of awarded properties and the most recent certification or renewal date.** Certification summary statistics cover all properties certified as of December 31, 2021.

The Commitment to Diversity and Inclusion

ARA recognizes that diverse backgrounds and perspectives enhance our ability to provide increasing value to clients and outstanding service to tenants. The goal is to promote an inclusive culture where differences are valued. ARA's leadership team is available to employees at all levels of the organization, encouraging everyone to share their ideas and to develop their own professional path for leadership and learning within the organization.

ARA's commitment to diversity, equity, and inclusion include education and mentoring programs as well as contributions to and participation in organizations that share these goals.

A DAY FOR DEMOCRACY

ARA is a signatory of the A Day for Democracy pledge, which is the commitment to employees that we will support them in pursuing their civic right to vote. We provide information on how to register and vote in local, state, and national elections as well as provide time off for voting.

ARA WE

The ARA WE group ("Women Empowered through Networking – Knowledge – Inspiration") supports the career growth and collaboration of women within ARA and the wider real estate industry.

In 2021 and 2022, ARA WE hosted sustainability-focused virtual meetings. At one of these we introduced three new senior positions filled by women—Director of Marketing and Communications, Director of Sustainability and Corporate Social Responsibility, and Executive Vice President of Asset Management—to the group and provided them with the opportunity to share their career experiences and where they are focusing their contributions to ARA. We also celebrated International Women's Day with a high-profile woman professional in the waste reduction industry, discussing her firm's innovative approach to environmentally friendly strategies and a review of new California organics collection laws.





Tomorrow's Real Estate Leaders Update

In fall 2021, ARA welcomed its second cohort of participants in the Tomorrow's Real Estate Leaders (TREL) program. The program is designed to introduce diverse college students to careers in investment management and commercial real estate through meetings, interactions, and group exercises that cover the range of professional activities in real estate investments. Through this program, ARA is also able to identify and develop potential diverse talent for internship programs as well as potential future employees by encouraging participants to apply for full-time and summer roles with the company. Two TREL participants were selected for Summer Internships at ARA in 2022, and one participant has been hired full time.

During the three-day virtual program, students met with senior executives from ARA, as well as professionals from the brokerage, development,

and lender community. Sessions included “day-in-the-life” job insights, a virtual asset tour, and keys to successful interviewing. The students also participated in a case competition, working in groups to assess the viability of two potential investments and presenting an acquisition recommendation. The program was offered in the fall to provide ample time for students to network and leverage their TREL experience to pursue industry internships the following summer.

Participants saw strong value in the opportunity to learn more about the industry and their career potential.

The program was also honored to receive Verdical Group's® Trailblazer Award¹, which celebrates leaders who are creating paths for others to follow through their work in climate, carbon, energy, water, waste, transit, and equity.

“ARA's Future Real Estate Leaders program was a great, eye-opening experience that broadened my knowledge of not only the real estate industry, but also investment management. It was very engaging, and the case competition was a fun way to analyze a prospective real estate investment, while also getting to know my other fellows.”

– Hailie Person, sophomore, University of Southern California

¹ Please refer to the disclosures regarding the Verdical Group's Trailblazer Award on page 11.

Employee Education

Employees play a critical role in advancing corporate sustainability and supporting reduction of ARA's carbon footprint. The ESG+R Committee provides leadership to employees to help them pursue a sustainable path. We offer educational information and training to inform team members of initiatives, celebrate accomplishments, and encourage them to make ARA a more sustainable place to work.

ESG+R NEWSLETTERS

ARA's bi-annual internal newsletter helps to reinforce ESG+R principles embedded in the organizational culture. The newsletter features information on ongoing initiatives and special events/awareness campaigns and highlights of accomplishments achieved by ARA employees and partners.

ESG+R PROGRAM TRAINING

In 2021, we took the opportunity to present deeper training and insights on ESG+R topics to employees. In September 2021, the Director of Sustainability and Corporate Social Responsibility gave a presentation on the proposed California building code changes and the California Governor's housing reforms to the ARA staff to keep them current on these issues and regulations that may impact their work. In December, the ESG+R team also presented a company-wide program overview with updates on activities, strategy, and a strong focus on environmental data collection.



Tenant Engagement

TENANT COMMUNICATION AND EDUCATION

SOCIAL MEDIA ENGAGEMENT

We leverage properties' Instagram® and Facebook® pages to reach beyond the physical spaces we occupy and to connect the residential and retail property communities to sustainability resources. We also share industry knowledge and promote impactful programs and initiatives through our corporate LinkedIn® account.

ENERGY, WATER, AND WASTE AWARENESS CAMPAIGNS

The fall campaigns for energy, water, and waste awareness help tenants become more aware of their consumption habits and discover ways to reduce their impact. This information is shared with tenants via emails and fliers posted in common areas.

Leveraging the various communications platforms, we were able to capture the engagement and interest of tenants. We averaged a 65% open rate by tenants within the residential portfolio when sending the awareness campaigns via email. Additionally, we created branded social media posts to extend awareness to external stakeholders.

TENANT AMENITIES AND APPRECIATION

We appreciate the relationships we have cultivated with tenants. Whether they work or live at one of the properties, we have a responsibility to ensure they have a safe and healthy space to occupy.

We are exploring options for mobile applications to make tenants feel safer and more engaged.

These include:

- **ButterflyMX®** – a building management and secure access app
- **Fetch!®** – a pet-sitting and dog-walking app
- **Cobu®** – a virtual resident engagement platform

We also look for ways to create connection with and show appreciation to tenants. At the office properties, we host tenants for coffee and tea, breakfast, holiday events, and lunches, as well as holding raffle contests and giveaways.



We have a responsibility to ensure tenants have a safe and healthy space to occupy.

Community Engagement

The ARA Charitable Foundation is committed to being a positive contributor to the communities in which we live and work. Through the Foundation, we partner with over 30 organizations focused on critical social needs including education, healthcare, diversity, sustainability, homelessness, and food insecurity. Highlights of these efforts in 2021 include:

CLIMBING STAIRS FOR CHARITY

For the third year, ARA sent a team up the flights of stairs at the Los Angeles Memorial Coliseum to support the YMCA® of Metropolitan Los Angeles in their annual Stair Climb. The team climbed over 18,000 steps and raised more than \$7,000 for the YMCA.

SUPPORTING CHILDREN’S CHARITIES

ARA is proud to support the Mikva Challenge®, an organization dedicated to helping youth become empowered, informed, and active citizens who will promote a just and equitable society. ARA is also a direct supporter of the Loveall Foundation for Children, which provides meaningful opportunities to children to overcome challenges, live happier lives, and reach their full potential.

MOVEMBER

The Movember fundraiser supports awareness and programming to support men’s physical and mental health. The 2021 ARA Movember team raised over \$2,000 that was contributed to the Movember Foundation to fund their efforts.

MATCHING GIFTS AND GRANTS PROGRAM

We encourage employees to take on a sense of ownership in the giving process through the matching program. The ARA Charitable Foundation provides a matching donation to the contributions employees make to the nonprofit organizations they feel most passionate about supporting. Additionally, through the Foundation we support numerous nonprofits that serve the most critical community needs through the lens of dignity and respect for those being assisted. Some of these include:

- American Red CrosSTM
 - Big Brothers Big SistersTM
 - Feeding AmericaTM
 - CASA™
 - LA Family Housing
 - The Giving Spirit™
 - Thrive Scholars
 - Tree People™
 - Alzheimer’s Association™
 - Cedars-Sinai Medical Center™
- Encourage KidSTM Foundation
 - Everychild™ Foundation
 - Friends of the River Foundation
 - Harmony Project™
 - Labor Foundation for Union Workers
 - Meals on Wheels™ West
 - National Park Foundation™
 - Neighborhood Youth Association
- Planned Parenthood Action Fund™
 - PREA Foundation
 - Saint John’s Hospital and Health Center Foundation
 - SCS Noonan Scholars
 - Shelter Partnership Inc.
 - The UCLA Foundation

From November 2021 through March 2022, ARA doubled the maximum matching amount to further amplify the impact of employees’ donations.



Spotlight: Essential Housing

ARA recognizes that there is a housing crisis in America today, where middle-income families are increasingly challenged in finding housing choices that fit their incomes and that provide a safe environment for their families. This is particularly true in an increasingly scarce market, in which middle-income renters are left with fewer housing options. As a part of our residential strategy, we promote essential housing opportunities for this cost-burdened population as a key component of the active ESG+R approach.

ARA generally defines essential housing as units that are attainable by households making between 80% and 120% of an area’s median income (AMI) and who are above the cutoff for governmental subsidy but who do not qualify for or cannot reasonably afford new luxury product. Nearly 80% of the residential assets in ARA’s portfolio fall under this housing category. ARA’s approach is driven by extensive market research to ensure that these essential properties are in the areas where they are needed the most.

MARKET EVALUATIONS FOR ESSENTIAL HOUSING:

DEMOGRAPHICS

- Favorable in-migration trends
- Population growth among early family formation age groups

ECONOMICS

- Job growth in median-wage sectors of the economy
- Business-favorable environment (availability of talent and cost of doing business)
- Growth in employer base from both organic expansion and relocations

AFFORDABILITY

- Low levels of Class B inventory relative to Class A
- Wide spread between income levels and Class A rents
- Gap between property rental rates and affordability thresholds

In addition to essential housing as an investment strategy, ARA has also aimed to shape awareness around the social and economic opportunities for the wider market. The articles, “The Case for Essential Housing” and “Essential Housing Market Opportunity Primer,” detail the gap in housing availability, renter profiles, and the financial performance of Class B essential properties. This important research will help drive behavioral change in the market and lead to greater investment in housing affordability.

We focus on essential housing as a key component of the active ESG+R approach.





In 2021, we had several opportunities to contribute thought leadership and share knowledge beyond the industry.

Industry Engagement

In 2021, we had several opportunities to contribute thought leadership to the ESG+R space and share knowledge beyond the industry. Speaking events in 2021 and early 2022 included the following:

SPEAKER	EVENT	TOPIC
Dominique Hargreaves	Loyola Marymount University	Supply Chain and Sustainability Symposium
	Net Zero Conference	Climate Change and the Shifting Paradigm of Business
	LA Chamber of Commerce	Impact of ESG Compliance on Supply Chains and Businesses in Southern California
Jay Butterfield	MAPERS Fall Conference	Solving the Affordable Rental Housing Crisis: IMPACT Investing Targeting Middle Income Wage Earners and Seniors
Sabrina Unger	TEXPERS Summer Education Forum	Solving the Affordable Rental Housing Crisis: IMPACT Investing Targeting Middle Income Wage Earners and Seniors
	GAPPT 2021 Annual Conference	Real Estate's Relationship to Inflation
	NCEPERS Fall Conference	Value Based Investing and the Need for Essential Housing for the Middle Class
	GAPPT Annual Conference	The Housing Market and the Middle Class
	FPPTA Winter Trustee School	The Affordable Housing Crisis
Richelle Cook	FPPTA Winter Trustee School	Building and Managing a Real Estate Portfolio

RESILIENCY GOVERNANCE SOCIAL ENVIRONMENT

The values of transparency and integrity guide our approach to corporate governance.

ARA is dedicated to business practices based on honesty, ethics, and fiduciary responsibility to clients. We seek to deliver value and superior results through our real estate expertise, collaboration with industry partners, and continuous engagement to operate responsibly.



ESG+R Program Structure

ARA’s ESG+R Committee lays the foundation for ESG+R initiatives throughout the organization. The Committee develops and implements the strategic ESG+R plan, provides guidance on ESG+R activities, and leads communication efforts around ESG+R topics and initiatives with stakeholders.

The Committee is wholly supported by senior leadership and includes the CEO, Managing Director of Asset Management, Co-Portfolio Manager of the core fund, Deputy Portfolio Manager of the value fund, Senior Vice President of Due Diligence, and Assistant Vice President of Asset Management. We are advised by our ESG+R consultant, Verdani Partners.

The Committee develops and implements the strategic ESG+R plan, activities, and communication.



ESG+R COMMITTEE



DOMINIQUE HARGREAVES
Director of Sustainability and Corporate Social Responsibility
Committee Member
LEED AP, Fitwel Ambassador, CSM
Certified Green Building Professional



AUSTIN MADDUX
Managing Director, Co-Portfolio Manager, Committee Chair, Fitwel Ambassador, LEED Green Associate



PAUL VACHERON
Managing Director, Asset Management
Committee Member



MARTHA SHELLEY
Executive Vice President, Deputy Portfolio Manager
Committee Member



CHRIS SMITH
Assistant Vice President, Asset Management
Committee Member



STANLEY IEZMAN
Chairman and CEO, Committee Member



DON PECANO
Senior Vice President, Due Diligence
Committee Member

ADVISORS TO ESG+R COMMITTEE



DANIELE HORTON
Founder and Chief Executive Officer, MDes, LEED Fellow, LEED AP O+M, CalBRE, CEM



JESSICA LOEPER
Chief Operations Officer, LEED AP O+M, Fitwel Ambassador



SETH KAMPHOEFNER
Senior ESG Manager, LEED Green Associate



KELSEY CECCARELLI
Engineering Manager, LEED Green Associate, Fitwel Ambassador



ARA's ESG+R mission, vision, and values reflect the responsibilities we hold paramount.

ESG+R Mission, Vision, Values

ARA's ESG+R mission, vision, and values reflect the responsibilities we hold paramount: the duties to our clients, employees, tenants, industry, and the communities in which we operate.

ESG+R MISSION

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

ESG+R VISION

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

ESG+R VALUES

TENANT AND EMPLOYEE WELLBEING

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

EFFICIENT PROPERTIES

Our goal is to achieve high efficiency standards at our properties through continuous improvement measures.

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 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 strive to improve management practices and provide progress updates to stakeholders.

ENVIRONMENTAL INVESTMENT PRACTICES

ARA's commitment to sustainable operations extends to investment practices. As part of the 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.

Responsible Business Practices

ARA acknowledges its responsibility to operate in full transparency and with utmost integrity. This commitment is reflected in the policies and practices that guide our business.

CODE OF BUSINESS CONDUCT AND ETHICS

The Code of Business Conduct and Ethics provides employees with clear standards and expectations on maintaining a high level of ethics in their work. Each year employees review this guidance and commit to uphold these standards on behalf of ARA.

EQUAL OPPORTUNITY AND EMPLOYEE DIVERSITY

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

CONFLICTS OF INTEREST

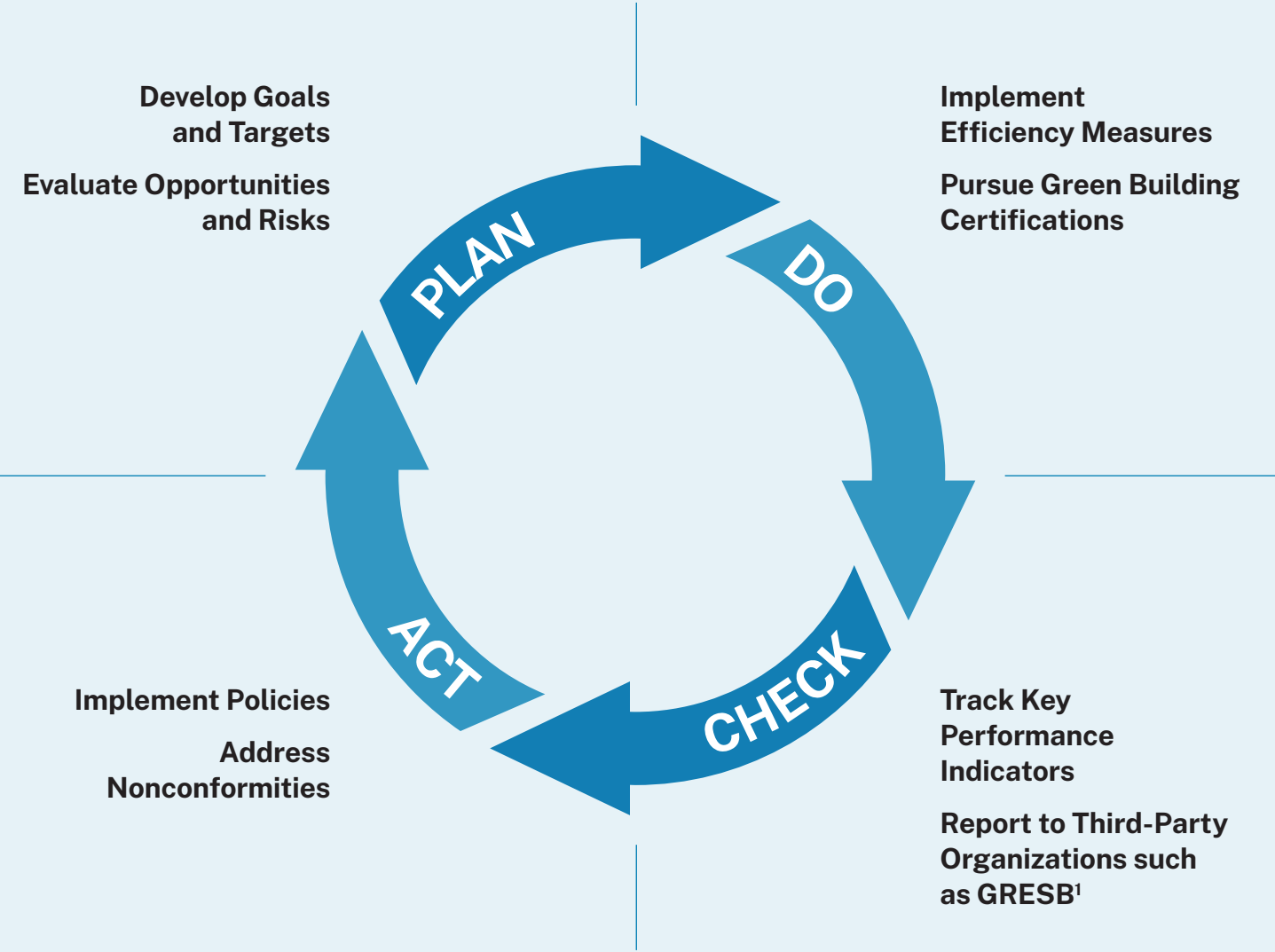
ARA safeguards against conflicts of interest through well-established policies and procedures that outline what activities are acceptable and unacceptable when managing potential conflict scenarios. We reference this guidance in instances where questions of a conflict may arise, targeting an outcome that is compliant with legal obligations, honors fiduciary responsibilities, and aligns with our commitment to acting with the highest ethical standards.

FIDUCIARY DUTY TO CLIENTS

We utilize industry best practices and responsible investment principles with the goal of consistently providing positive results for our clients, their beneficiaries, and the communities we are part of. This approach upholds our fiduciary duty to act on the clients’ behalf to manage their assets and investments with their long-term best interests as the main priority.

Environmental Management System

In the work to reduce environmental impact, ARA follows a four-step Environmental Management System (EMS) that helps guide action. The EMS, which utilizes the Plan-Do-Check-Act format, has been independently certified for compliance with ISO 14001. The EMS serves as a framework for the development and implementation of all aspects of the ESG+R program.



¹ Please refer to the disclosures regarding GRESB on page 10.

Case Study: IT Updates

ARA's IT team undertook several projects in 2021 to enrich data monitoring capabilities and add more extensive protections to the network. These changes give us greater insights, better real-time monitoring, and greater confidence that our systems are secure.

REAL-TIME DASHBOARD FOR OCCUPANCY TRENDS

A Tableau dashboard was created to show real-time occupancy trend data across every property managed by ARA. The dashboard features data visualizations that allow users to easily understand performance of individual properties, as well as trends based on subcategories such as asset type, fund or separate account, or asset manager. The data is refreshed each night, ensuring that reports remain current. We believe occupancy rates are some of the best indicators of property performance and help us determine the best choices for the properties.

AUTOMATED DATA FEEDS FROM JOINT VENTURE PARTNERS

The IT Department also created automated data feeds of rent roll data, allowing tenant, lease, and occupancy data to flow from joint venture partners into the system. This process has helped consolidate this key information from disparate systems into a single database housed within ARA. This single-source approach also allows us to pull data more easily into the analytics systems for streamlined, comprehensive reporting capabilities.

SECURITY/COMPLIANCE

ARA's security software has been reconfigured and reengineered to look at network security and compliance using products such as Cisco StealthWatch® and Darktrace®. We upgraded firmware on all network equipment, including security appliances, firewalls, switches, and access points. The IT Department also reconfigured the VPN appliance's security policies to lock down validated third-party access on an asset-by-asset level, ensuring contractors only have access to what they need and further securing the corporate network.

STANDARDIZED AND STREAMLINED REPORTING WORKFLOW FOR VALUATION PROCESS

Finally, the IT Department standardized and automated a formerly manual process for running reports with data from ARA corporate accounting and individual properties, providing greater consistency and simplicity. We created uniform parameters and shared them, along with report scheduling instructions, with each property manager so reports can now be generated and delivered automatically to a central email address each month. The data-retrieval process is also automated and includes standardization of file naming conventions and file storage. This standardization allows for easy access to data needed for valuations.



Spotlight: GRESB¹ Improvement

ARA has embraced a holistic approach toward achieving environmental progress by seeking opportunities across the portfolio to implement efficiencies and drive sustainable strategies. With a strong partnership between the corporate ESG+R team and local property managers, ARA has achieved significant strides in environmental performance and was rewarded in 2021 with the core fund’s 5-star GRESB rating and an 11-point improvement on its GRESB score from the prior year.

One area of focus that contributed to the score increase was a commitment to data verification. By engaging with ISOS Group, a third-party data verification organization, we can validate the accuracy of the energy, water, waste, and emissions data and provide a higher level of assurance to stakeholders.

Many of the new points were achieved through enhanced performance measures such as these:

Performance Measures

- Increasing the number of green building certifications and ENERGY STAR² certifications
- Reporting the sources of the utilities’ power mixes
- Increasing data coverage at the property level
- Improving energy and water efficiency, as well as reducing waste and emissions

ARA’s property managers were instrumental in driving many of these improvements at the property level, leveraging tenant relationships to gain access to environmental data and owning the implementation of efficiency strategies.

1 GRESB B.V. (GRESB) created and tabulated each of the core fund’s scores which covers activities taking place during such calendar year and is typically released on or around October 1 of the following year after materials for the core fund are submitted to GRESB. In order to obtain a rating, the core fund must pay a participation assessment fee per submission to GRESB.
2 Please refer to the disclosures regarding ENERGY STAR certifications on page 26.

“The core fund’s strong GRESB performance celebrates the leadership and contribution of every ARA employee and we believe demonstrates the success of the ESG+R program. It showcases the ability to apply collective action to achieving sustainability objectives across the firm. We are continuously evolving the program for the future and expanding its reach through innovative strategies, new partnerships, and increasing stakeholder engagement with the goal of staying on the cutting edge of sustainability and corporate social responsibility consistent with the fiduciary duties and applicable law.”

– Dominique Hargreaves, Director, Sustainability and Corporate Social Responsibility





We continue to make progress on the core fund’s targets for 2027 — three years ahead of the UN target date.

UN Sustainable Development Goals

ARA’s actions are strongly aligned with the UN Sustainable Development Goals (SDGs). While we are making efforts to address all 17 goals through various initiatives, we are acutely focused on the six goals most closely aligned with our values and priorities, including reduced inequalities, climate action, and clean and affordable energy. We continue to make progress on the core fund’s energy, emissions, water, and waste targets for 2027 — three years ahead of the UN target date.

SDG	ALIGNMENT	2021 PROGRESS
Goal 5: Gender Equality	Implement an Equal Employment Opportunity, Discrimination, Harassment, and Retaliation Prevention Policy Track gender balance annually	COMPLETE AND ONGOING
Goal 6: Clean Water and Sanitation	10-year target to reduce water usage by 20% from a 2017 baseline	COMPLETE 23% Reduction
Goal 7: Affordable and Clean Energy	10-year target to reduce energy usage by 20% from a 2017 baseline	COMPLETE 29% Reduction
Goal 10: Reduced Inequalities	Implement an Equal Employment Opportunity, Discrimination, Harassment, and Retaliation Prevention Policy Implement Tomorrow’s Real Estate Leaders program Track diversity statistics annually	COMPLETE AND ONGOING
Goal 12: Responsible Consumption and Production	10-year target to increase waste diversion to 50% from a 2017 baseline	OUTPACING 30% Diversion Rate; 63% Progress to Goal
Goal 13: Climate Action	10-year target to reduce greenhouse gas emissions by 20% from a 2017 baseline	COMPLETE 33% Reduction

UN Principles for Responsible Investment (PRI)

ARA has been a signatory of the PRI framework since 2019. These aspirational principles are voluntarily implemented with the aim of integrating and scaling ESG+R within investment practices. In 2021, ARA conducted and submitted the first PRI survey. We expect the results in 2022. ARA has agreed to the following principles as stated in our Responsible Investment Policy consistent with our fiduciary duties and applicable law:

Responsible Investment Policies

ARA will incorporate ESG+R issues into investment analysis and decision-making processes.

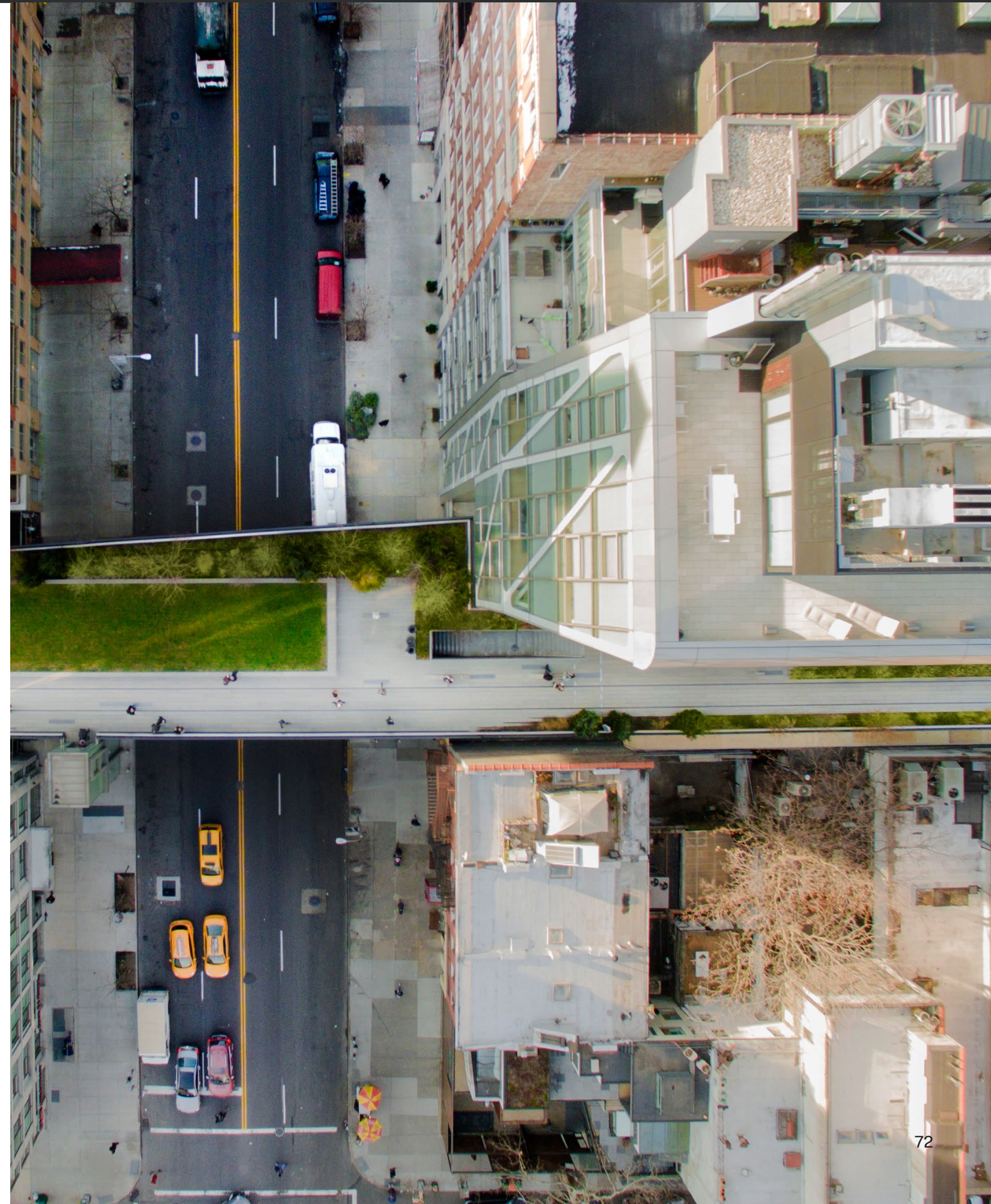
ARA will be active owners and incorporate ESG+R issues into the ownership policies and practices.

ARA will seek appropriate disclosure on ESG+R issues by the entities in which we invest.

ARA will promote acceptance and implementation of the Principles within the investment industry.

ARA will work together to enhance the effectiveness in implementing the Principles.

ARA will report on the activities and progress towards implementing the Principles.



Corporate Citizenship Philosophy

Consistent with our fiduciary duties, we are committed to conducting business sustainably and responsibly to benefit clients as well as society. We must help set the standard for good corporate citizenship for the benefit of the industry and our stakeholders.

To fully execute these responsibilities, we have developed comprehensive policies, plans, and guides at both the property and corporate levels. These guidance documents are the backbone of the ESG+R program, ensuring that we perform consistently, ethically, and sustainably at all levels of the organization and across the portfolios. We continually review and update these documents, as necessary.

Some of the topics covered by the policy and guideline documents include:



Policy and Guideline Topics

- Responsible Investment Policy (G)
- Equal Employment Opportunity, Discrimination, Harassment, and Retaliation Prevention Policy (G, S)
- Responsible Contractor Policy (G, S)
- Green Resident and Green Tenant Guides (E)
- Green Cleaning Policy (E)
- Site Management Plan (E)
- Code of Business Conduct and Ethics (G)

- Cybersecurity Policy (G)
- Integrated Pest Management Policy (E)
- Sustainable Purchasing Guide (E)
- Resilience Guide (R)
- Health and Well-Being Guide (S, E)
- Indoor Air Quality Policy (S, E)
- Stakeholder Engagement Policy (S)

E= Environment
S= Social
G= Governance

Program Partners

ARA strongly believes in the strength of collaboration and partnership to help us achieve ESG+R objectives. We work with numerous industry organizations and certifying bodies to gather data, benchmark efforts, and grow sustainability practices.

THIRD-PARTY RATING SYSTEMS AND MEMBERSHIP ORGANIZATIONS¹:

	U.S. GREEN BUILDING COUNCIL (USGBC)		CENTER FOR ACTIVE DESIGN™
	ENERGY STAR		UN PRI
	GRESB		ULI™ GREENPRINT
	GLOBAL REPORTING INITIATIVE™ (GRI)		NCREIF ESG COMMITTEE
	INSTITUTE OF REAL ESTATE MANAGEMENT (IREM)		

PROJECT PARTNERS:

	MEASURABL
	CARBON LIGHTHOUSE
	ALVÉOLE®
	COASTAL RISK CONSULTING

OVERALL ESG+R PROGRAM PARTNER:

	VERDANI PARTNERS™
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1 Please refer to the following disclosures: GRESB page 10, LEED page 25, ENERGY STAR page 26, Fitwel and IREM page 27.



RESILIENCY GOVERNANCE SOCIAL ENVIRONMENT

Building resiliency increases the ability to prepare and plan for acute shocks and chronic stresses.

At ARA, we view risk management and resiliency as part of our responsibility to act in our clients' best interests. The world is changing rapidly – not only the climate, but also technology – and the pursuit of a resilient portfolio means that we must proactively address risks in all facets of the business.



Risk Assessment

RESILIENCY AND RISK ASSESSMENT FOR EXISTING BUILDINGS

ARA conducts comprehensive property reviews for each existing asset based on the standards provided by the American Society for Testing and Materials (ASTM). We believe this process reduces the risk of loss to stakeholders by allowing us to proactively identify and mitigate physical, social, and transitional threats.

The portfolio-wide risk analysis surveys for regional risks related to regulatory requirements, sustainability attributes such as walkability, and climate risks such as fires, floods, and sea level rise. We also include an evaluation of socioeconomic indicators such as the livability index, median rent, and median household income. We believe this regionally focused approach more finely tunes our ability to respond to and plan appropriately for the impacts a property or community may feel if a disruption occurs.

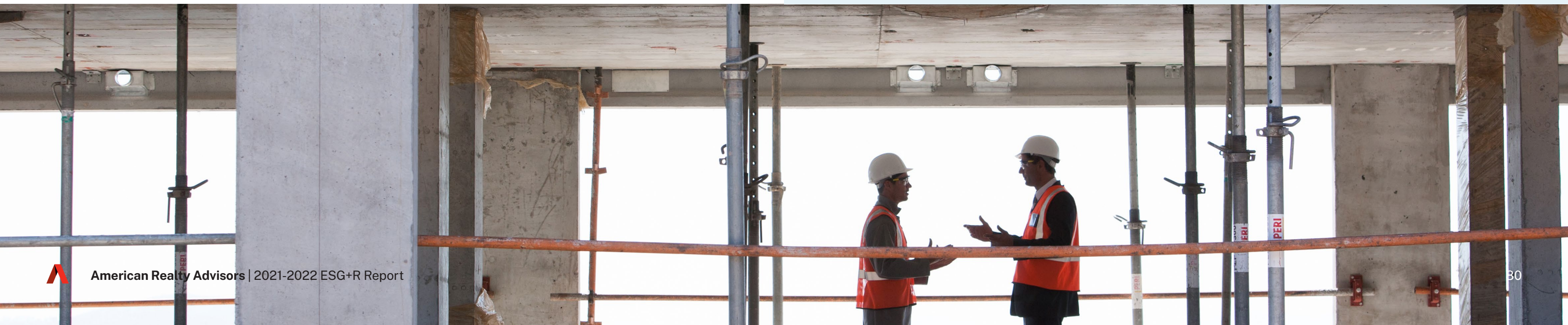
NEW ACQUISITIONS – ESG+R DUE DILIGENCE

ARA’s due diligence program for new acquisitions includes a robust and comprehensive study of a property’s resiliency against environmental risks such as wildfires and flooding, and social risks such as walk scores. We include these risk factors as well as other factors, such as direct and indirect energy use of the property and the potential for energy-efficient retrofits.

The due diligence process is further supported by rigorous underwriting and research-driven market analysis. Once we are satisfied that a property has met the exacting acquisition standards, we provide relevant information to the Investment Committee for review and approval of a deal.

In alignment with GRESB resiliency criteria and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we examine three types of risk:

PHYSICAL RISK	Reduce disruption to building operations in case of extreme weather events.	• Building site • Structure • Operations • Climate change adaptation • Sea level rise
SOCIAL RISK	Design and construct buildings that are safe for occupants.	• Construction materials • Contamination • Health and wellbeing • Emergency response
TRANSITION RISK	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



Risk Management

OPERATIONAL RESILIENCY AND BUSINESS CONTINUITY

We take seriously the responsibility to continue operating on our clients' behalf even in the face of business interruptions, including the COVID-19 pandemic and climate-related events. The successful strategies for safeguarding client data and maintaining operations are outlined in the Business Continuity and Recovery Back-up Plan.

To seek business continuity, we have several strategies that empower employees to seamlessly transition to remote work as needed. The secure Virtual Private Network

(VPN) allows ARA employees to remotely access ARA systems, and employees can videoconference or phone conference colleagues and clients when offsite. We also have protocols for protecting sensitive information during remote work, including computer time-outs and multi-factor authentication. The hot site strategies also provide file redundancies in the Los Angeles and Chicago offices, which are further bolstered by the standard system back-up procedures. This prevents data loss if one location suffers damage.



We take seriously the responsibility to continue operating on our clients' behalf even in the face of business interruptions, including the COVID-19 pandemic and climate-related events.

Reporting and Disclosure

CONTACT

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Sustainability: sustainability@aracapital.com

ABOUT THIS REPORT

The annual ESG+R Report is a collaborative effort between ARA's ESG+R team and our consultant, Verdani Partners. This report is intended to communicate sustainability-related information that is of interest to stakeholders, including clients, tenants, employees, partners, and communities. It describes the work to incorporate environmental, social, governance, and resiliency principles and demonstrates the progress toward the sustainability targets during 2021.

All quantitative data in this report reflects activity in calendar year 2021 as of December 31, 2021, as applicable, unless noted otherwise. References to the Global Reporting Initiative (GRI®) are to the Global Reporting Initiative's G2016 guidelines. As appropriate, significant developments occurring in early 2022 are referenced. References to assets in this report relate to assets in all portfolios managed by ARA unless otherwise specified. The 2021-2022 ESG+R Report as well as the past reports are available on the website, at: aracapital.com/corporate-responsibility-and-sustainability/

Forward Looking Statements

DISCLAIMER

This report contains information about calendar year 2021 or as of December 31, 2021, as applicable, as well as certain qualitative content through June 30, 2022, 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 the beliefs, assumptions made by us, and information currently available to us. Forward-looking statements in this report are based on the current expectations as of the date of this report, 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 the 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 "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.



Certifications

KEYS

LEED Certification Levels		LEED Rating Systems	
Platinum	80+ points earned	BD+C	Building Design and Construction
Gold	60-79 points earned	O+M	Operations and Maintenance
Silver	50-59 points earned	C+S	Core and Shell
Certified	40-49 points earned		

2021 ACTIVE LEED CERTIFICATIONS

Property	Location	Property Type	LEED Rating/ Level¹	Date Achieved	Time Period Covered by the Cert
1130 Connecticut Avenue	Washington, DC	Office	O+M, Gold	10/5/2017	3 years
121 Seaport	Boston, MA	Office	C+S, Platinum	10/29/2018	No expiration
1K Fulton (Sold in 2021)	Chicago, IL	Office	O+M, Platinum; C+S, Gold	10/6/2016	3 years
2201 Westlake	Seattle, WA	Office	C+S, Gold	12/31/2009	No expiration
321 North Clark	Chicago, IL	Office	O+M, Gold	7/12/2021	No expiration
385 Sherman Avenue	Palo Alto, CA	Office	C+S, Silver	5/1/2019	No expiration
499 Park Avenue	New York, NY	Office	O+M, Gold	10/12/2018	3 years
5 MLK	Portland, OR	Mixed Use	BD+C, Gold	10/15/2020	No expiration
575 N. Dairy Ashford	Houston, TX	Office	C+S, Gold	6/26/2009	No expiration
Accent	Los Angeles, CA	Multi-Family	Homes, Gold	12/22/2014	No expiration
Admiral Junction	Seattle, WA	Retail	BC+D, Silver	4/19/2013	No expiration

2021 ACTIVE LEED CERTIFICATIONS (CONTINUED)

Property	Location	Property Type	LEED Rating/ Level¹	Date Achieved	Time Period Covered by the Cert
ALARA Union Station	Denver, CO	Multi-Family	O+M, Gold	7/9/2020	3 years
ALARA Uptown	Dallas, TX	Multi-Family	BD+C, Gold	3/4/2013	No expiration
Azure on the Park	Atlanta, GA	Multi-Family	BD+C, Gold	12/14/2017	No expiration
Continuum	Boston, MA	Multi-Family	BD+C, Gold	4/15/2016	No expiration
Foundry Square III	San Francisco, CA	Office	C+S, Gold	9/18/2014	No expiration
Madison at Racine	Chicago, IL	Multi-Family	BD+C, Certified	10/1/2016	No expiration
McCook Logistics Center	McCook, IL	Industrial	BD+C, Silver	11/7/2014	No expiration
Moda Tower	Portland, OR	Office	O+M, Platinum	5/29/2020	3 years
Northshore	Austin, TX	Multi-Family	BD+C, Silver	12/31/2016	No expiration
One Freedom Plaza (Sold in 2021)	Washington, DC	Office	C+S, Gold	8/7/2019	No expiration
Pacific Commons Logistics Center -West	Fremont, CA	Industrial	C+S, Gold	10/21/2019	No expiration
Pasadena Plaza	Pasadena, CA	Retail	C+S, Silver	2/4/2013	No expiration
Sawgrass Lake Center	Sunrise, FL	Office	O+M, Certified	1/22/2018	3 years
Sixth + Main	Portland, OR	Office	O+M, Gold	11/18/2016	3 years

Certifications

2021 EARNED ENERGY STAR CERTIFICATIONS

Property	Location	Property Type	ENERGY STAR Score Scores from 0-100	Date Achieved	Time Period Covered By the Certification
153 Townsend (Sold in 2021)	San Francisco, CA	Office	98	Sold in 2021	1 year
1730 South Anaheim Way	Anaheim, CA	Industrial	100	11/10/2021	1 year
2201 Westlake	Seattle, WA	Office	77	1/4/2022	1 year
321 North Clark	Chicago, IL	Office	77	11/12/2021	1 year
385 Sherman Avenue	Palo Alto, CA	Mixed Use	78	12/15/2021	1 year
395 Hudson	New York, NY	Office	86	8/18/2021	1 year
499 Park Avenue	New York, NY	Office	75	11/12/2021	1 year
Arrow Center I - Oakwood	Rancho Cucamonga, CA	Industrial	76	10/1/2021	1 year
Arrow Center II - Tacoma	Rancho Cucamonga, CA	Industrial	80	10/4/2021	1 year
Azure on the Park	Atlanta, GA	Mixed Use	85	8/10/2021	1 year
Boston East	Boston, MA	Multi-Family	98	1/6/2022	1 year
Continuum	Boston, MA	Mixed Use	94	1/13/2022	1 year
Crossroads Logistics Center	Jonestown, PA	Industrial	87	7/28/2021	1 year
Foundry Square III	San Francisco, CA	Office	94	12/2/2021	1 year
I-88 Gateway Logistics Center	North Aurora, IL	Industrial	75	12/6/2021	1 year

2021 EARNED ENERGY STAR CERTIFICATIONS (CONTINUED)

Property	Location	Property Type	ENERGY STAR Score Scores from 0-100	Date Achieved	Time Period Covered By the Certification
K1	San Diego, CA	Multi-Family	93	12/22/2021	1 year
Link Apartments	Seattle, WA	Mixed Use	100	11/5/2021	1 year
Madison at Racine	Chicago, IL	Multi-Family	78	9/1/2021	1 year
Moda Tower	Portland, OR	Office	83	12/2/2021	1 year
Mural Apartments	Seattle, WA	Mixed Use	100	11/15/2021	1 year
Oak Brook Regency Towers	Oak Brook, IL	Office	81	9/14/2021	1 year
Rancho Cucamonga Distribution Center 1	Rancho Cucamonga, CA	Industrial	87	10/4/2021	1 year
Sawtelle Olympic Campus	Los Angeles, CA	Office	88	1/12/2022	1 year
Shoemaker Distribution Center	Santa Fe Springs, CA	Industrial	93	11/8/2021	1 year
Sixth + Main	Portland, OR	Office	80	12/13/2021	1 year
Sumner 167 Logistics Center - Building 1	Sumner, WA	Industrial	85	10/6/2021	1 year
Sumner 167 Logistics Center - Building 2	Sumner, WA	Industrial	100	10/20/2021	1 year
UFCW & Employers Plaza North	Concord, CA	Office	98	9/10/2021	1 year
UFCW & Employers Plaza South	Concord, CA	Office	99	9/16/2021	1 year

Certifications

OTHER CERTIFICATIONS EARNED IN 2021

Property	Location	Property Type	Certification Type/Rating	Date Achieved	Time Period Covered By the Certification
321 North Clark	Chicago, IL	Office	WELL Health & Safety Rating - Asset Level	6/1/2021	1 year
Moda Tower	Portland, OR	Office	Fitwel Viral Response Module - Asset Level	1/20/2021	1 year
Sixth + Main	Portland, OR	Office	Fitwel Viral Response Module - Asset Level	1/20/2021	1 year
ARA Entity Level	Entity	Multi-tenant Office	Fitwel Viral Response Module - Entity level	3/15/2022	1 year
UFCW & Employers Plaza North	Concord, CA	Office	IREM CSP	10/19/2021	3 years
UFCW & Employers Plaza South	Concord, CA	Office	IREM CSP	10/19/2021	3 years
Arrow Center I - Oakwood	Rancho Cucamonga, CA	Industrial	IREM CSP	11/30/2021	3 years
Arrow Center II - Tacoma	Rancho Cucamonga, CA	Industrial	IREM CSP	11/30/2021	3 years
Rancho Cucamonga Distribution Center 1	Rancho Cucamonga, CA	Industrial	IREM CSP	11/30/2021	3 years
Shoemaker Distribution Center	Santa Fe Springs, CA	Industrial	IREM CSP	11/10/2021	3 years

OTHER CERTIFICATIONS ACTIVE IN 2021

Property	Location	Property Type	Certification Type/Rating	Date Achieved	Time Period Covered By the Certification
5 MLK	Portland, OR	Mixed Use	Fitwel Built 1 Star	8/5/2019	3 years
2201 Westlake	Seattle, WA	Office	Fitwel Built 1 Star	11/19/2019	3 years
Foundry Square III	San Francisco, CA	Office	Fitwel Built 2 Stars	11/27/2019	3 years
Accent	Los Angeles, CA	Multi-Family	IREM CSP	10/28/2019	3 years
Alexandria Commons	Alexandria, VA	Retail	IREM CSP	7/28/2020	3 years
Kendall Place	Miami, FL	Retail	IREM CSP	7/28/2020	3 years
121 Seaport	Boston, MA	Office	IREM CSP	12/18/2020	3 years

Global Reporting Initiative (GRI)

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 Standard Disclosures from the Global Reporting Initiative Sustainability Reporting Guidelines were developed through a global multi-stakeholder process and offer reporting principles, standard disclosures, and an implementation manual for preparation of sustainability reports.

This report references the Standard Disclosures and below is 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.

2021 GRI CONTENT INDEX

Number	Description	Page Number	Reference
ORGANIZATIONAL PROFILE			
102-1	Name of the Organization	3	About American Realty Advisors
102-2	Activities, Brands, Products, and Services	3	About American Realty Advisors
102-4	Location of Operations	3	About American Realty Advisors
102-5	Ownership and Legal Form	3	About American Realty Advisors
102-6	Markets Served	3	About American Realty Advisors
102-13	Membership of Associations	75	Program Partners

2021 GRI CONTENT INDEX (CONTINUED)

Number	Description	Page Number	Reference
STRATEGY			
102-14	Statement from Senior Decision-Maker	1	CEO Letter
102-15	Key Impacts, Risks, and Opportunities	77	Resiliency
ETHICS AND INTEGRITY			
102-16	Values, Principles, Standards, and Norms of Behavior	62	Mission, Vision, and Values
GOVERNANCE			
102-18	Governance Structure	3, 59	About American Realty Advisors, ESG+R Program Structure
102-20	Markets Served Executive-Level Responsibility for Economic, Environmental, and Social Topics	1, 59	CEO Letter, ESG+R Program Structure
102-29	Identifying and Managing Economic, Environmental, and Social Impacts	59	ESG+R Program Structure
102-30	Effectiveness of Risk Management Processes	77	Resiliency
102-31	Review of Economic, Environmental, and Social Topics	1, 5	CEO Letter, 2021 ESG+R Year in Review
102-32	Highest Governance Body's Role in Sustainability Reporting	59, 71	ESG+R Program Structure, UN Principles for Responsible Investment

Global Reporting Initiative (GRI)

2021 GRI CONTENT INDEX (CONTINUED)

Number	Description	Page Number	Reference
STAKEHOLDER ENGAGEMENT			
102-40	List of Stakeholder Groups	35	Social (introduction)
102-43	Approach to Stakeholder Engagement	37, 49, 51, 56	Employee Engagement, Tenant Engagement, Community Engagement, Industry Engagement
REPORTING PRACTICE			
102-50	Reporting Period	83, 84	About this Report, Forward-Looking Statements
102-51	Date of Most Recent Report	83, 84	About this Report, Forward-Looking Statements
102-52	Reporting Cycle	83, 84	About this Report, Forward-Looking Statements
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102-54	Claims of Reporting in Accordance with the GRI Standards	85	Global Reporting Initiative
ENVIRONMENT			
302-4	Reduction of Energy Consumption	15	Performance Targets
304-2	Significant Impacts of Activities, Products, and Services on Biodiversity	31	The Latest Buzz on the Beehives

2021 GRI CONTENT INDEX (CONTINUED)

Number	Description	Page Number	Reference
ENVIRONMENT (CONTINUED)			
305-5	Reduction of GHG Emissions	15	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	47, 49	Employee Education, Tenant Communication and Education
413-1	Operations with local community engagement, impact assessments, and development programs	51	Community Engagement
416-1	Assessment of the health and safety impacts of product and service categories	38, 41	Health and Wellness, Case Study: Fitwel VRM Certification
419-1	Non-Compliance with Laws and Regulations in the Social and Economic Area	N/A	None. We follow all laws applicable in the jurisdiction of each asset.

