



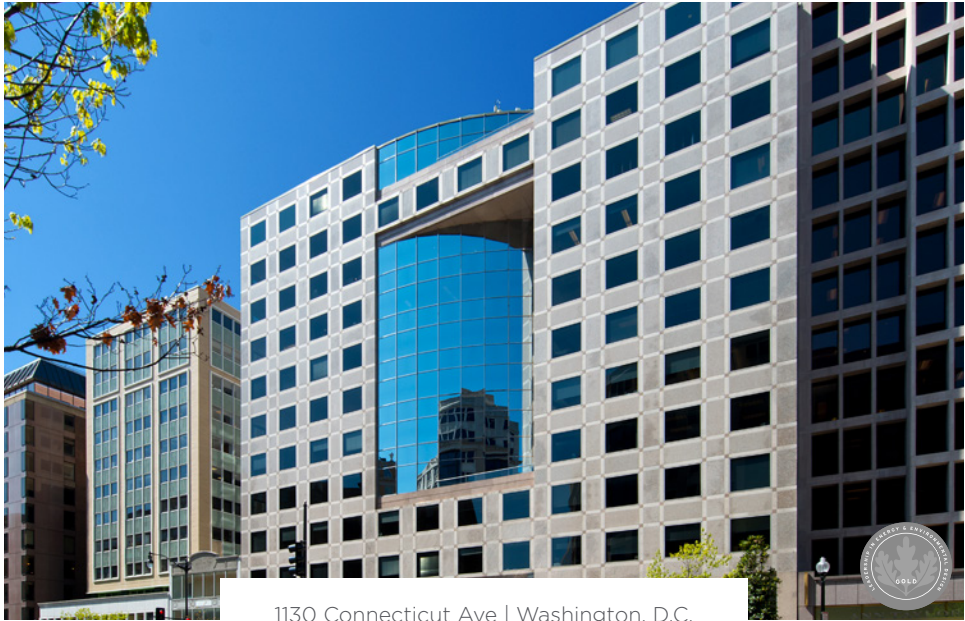
2018

Environmental Social Governance

ANNUAL SUSTAINABILITY REPORT

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1130 Connecticut Ave | Washington, D.C.

ABOUT THE REPORT

Each year, ARA publishes an annual Sustainability Report, detailing the firm’s commitment to environmental, social and governance (ESG) principles, benchmarking and reporting efforts, and sustainability successes. This report shares sustainability-related information that is critical to ARA’s stakeholder groups including clients, investors, tenants, employees, partners, and communities.

The social section covers data as of December 31, 2018 and early 2019 initiatives, while all other sections, including the performance data, are as of December 31, 2018. References to assets in this report relate to assets in all portfolios managed by ARA.

The 2018 ARA Sustainability Annual Report will be available on our website as well as our past reports, at: www.aracapital.com/corporate-responsibility-and-sustainability

On the Cover: 121 Seaport | Boston, MA



ARA is committed to social responsibility and to making a purposeful difference in our communities and in our industry.

We are pleased to share American Realty Advisors' 2018 Sustainability Report, outlining our ESG program and the 'green' initiatives we have implemented throughout our firm and at the assets we manage on behalf of our clients.

At ARA, we believe including ESG principles improves our ability to meet commitments to our clients, as well as to align our investment activities with the broader interests of society. Our ESG program is focused on increasing the value of our portfolios, while creating healthier building environments, reducing operating costs, and minimizing resource use for the benefit of all stakeholders.

In 2018, we established an internal ESG Committee overseen by the firm's Operations Committee and supported by a strategically chosen group of sustainability expert advisors. This committee works to ensure our initiatives are in alignment with ARA's sustainability mission, vision and core values. Key accomplishments in 2018 included incentivizing tenants to make efficiency investments by enhancing the sustainability provisions in our leases, securing our first IREM building certification, and continuing to increase LEED™ and ENERGY STAR® certifications throughout our portfolios.


ARA is committed to social responsibility and to making a purposeful difference in our communities and in our industry. To that end, ARA continues to promote and expand our diversity and inclusion internship programs, as well as our internal professional women's network, ARA WE (Women Empowered through Networking - Knowledge - Inspiration). In addition, ARA encourages our employees to "give back" through ARA's Service Day program, where most recently 45 of our employees and consultants volunteered at the Los Angeles Regional Food Bank, and sets an example through the ARA Charitable Foundation's continued giving to annual grant recipients.

As real estate investment managers and stewards of the capital of others, we are aware of the impact our decisions have on the well-being of our cities and communities. We are proud of our ESG efforts and will continue to seek out opportunities to create a positive impact far beyond our buildings and operations.



Stanley L. Iezman
Chairman and CEO



The background of the slide is a composite of two night-time city photographs. The top half shows a close-up of several tall skyscrapers with many windows glowing with warm yellow light, set against a dark sky with a hint of orange from the setting or rising sun. The bottom half shows a wide-angle view of a city street, likely in Los Angeles, with palm trees in the foreground, a brick building on the left, and a long perspective of the street lined with modern high-rise buildings. Light trails from cars are visible on the road.

American Realty Advisors

ARA is a premier investment manager of institutional quality commercial real estate portfolios focused on providing superior risk-adjusted returns for our clients and investors, consistent with the objectives defined by their investment guidelines.

ARA PROFILE

American Realty Advisors (“ARA”) is a premier private equity real estate investment manager of institutional quality commercial real estate portfolios with more than 450 investors and over \$9.8 billion* in assets under management.

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

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

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

ARA OFFICE LOCATIONS¹

Los Angeles | Chicago | Irvine | Orlando
Philadelphia | San Francisco | Westport

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

23

YEARS

Senior management
average experience

100%

EMPLOYEE-OWNED

7

OFFICES
across the U.S.

\$9.8B²

IN AUM

¹As of 4/27/2019 ²As of 12/31/2018. Includes capital drawn on 1/2/2019





Governance

We believe in the power of responsible business practices.

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

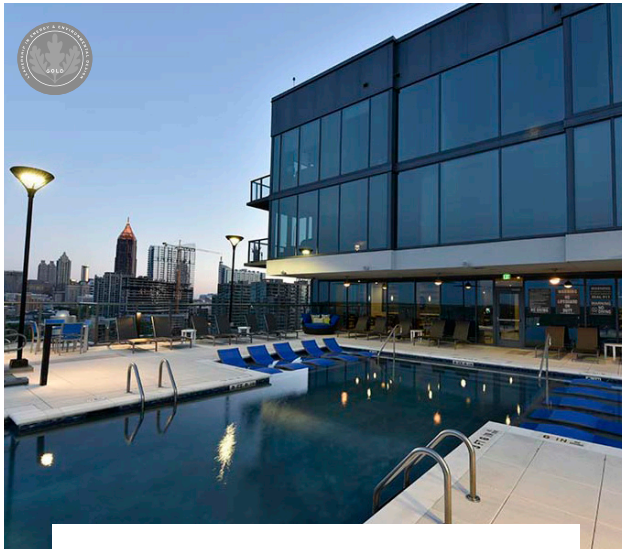
PHILOSOPHY ON CORPORATE CITIZENSHIP

ARA's primary responsibility is to act in the best interest of our clients and their participants and beneficiaries with a view to the future. By managing our real estate investments in an environmentally sustainable manner, we strive to exceed clients' needs and create value for partners, employees, and society at large.

ARA is dedicated to implementing environmental, social, and governance policies reflecting the intent of the U.N.'s Principles for Responsible Investment (PRI) across the firm's investment activities. We believe that conducting our activities consistent with such principles can improve our ability to meet commitments and to align investment activities with the broader interests of society.

Dedication to corporate citizenship at all levels of ARA's business helps contribute to a successful and sustainable future. ARA recognizes that by setting high standards, the firm can build goodwill with tenants and clients, resulting in increased occupancy and financial returns.

Corporate responsibility is integrated into every aspect of our business from daily investment processes to our company culture, values, and business management.



Azure on the Park | Atlanta, GA



385 Sherman Ave | San Jose, CA



SUSTAINABILITY TEAM

A dedicated group of ARA employees and advisors that represent all managed investment vehicles.

The ARA Sustainability Committee formulates and executes the firm's ESG strategic plan, provides guidance and leadership throughout ARA as it pertains to sustainability questions and concerns, and is responsible for communicating ESG activities to management teams covering all assets within the ARA portfolios. The Sustainability Committee and its external advisors add value by further embedding corporate responsibility into the firm's culture.

“ARA has made implementing ESG practices across our firm and assets a priority and is committed to a resilient future through sustainable practices. Our team works to ensure our environmental activities are as economically efficient and rewarding as possible for our clients. ”

- Austin Maddux, EVP,
Sustainability Committee Chair

ESG SUSTAINABILITY TEAM

Pictured (left to right): Paul Vacheron, Tim Chiu, Anthony Sims, Valerie Chan, Daniele Horton, Austin Maddux, Chika Acholonu, Jasmine Lomax, Traci Mathiews, and Shelly Matsuura.



ESG SUSTAINABILITY TEAM

ARA OPERATIONS COMMITTEE

SUSTAINABILITY COMMITTEE

Austin Maddux
EVP, Committee Chair

Fitwel Ambassador LEED® Green Associate

Paul Vacheron
Managing Director,
Committee Member

Traci Mathiews
Vice President,
Committee Member

Tim Chiu,
Analyst, Committee Member
Fund Representative

ADVISORS TO SUSTAINABILITY COMMITTEE

Shelly Matsuura,
Sr Associate,
Committee Advisor

Anthony Sims,
Sr Associate,
Committee Advisor

**Verdani
Partners**

Daniele Horton,
Founder and President

LEED® Fellow, Certified Energy Manager

Jasmine Lomax,
Sustainability Manager
LEED® Green Associate

Chika Acholonu,
Sustainability Coordinator
LEED® Green Associate
Fitwel Ambassador

Valerie Chan,
Energy Engineer

Asset Management Team

Property Management Team



A GREEN PROGRAM DESIGNED FOR SUPERIOR EFFICIENCY

ARA's sustainability program extends across all property types and corporate operations.



Environment

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



Social

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



Governance

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



RESILIENCY AND ENVIRONMENTAL RISK MANAGEMENT

NEW ACQUISITIONS - ESG DUE DILIGENCE

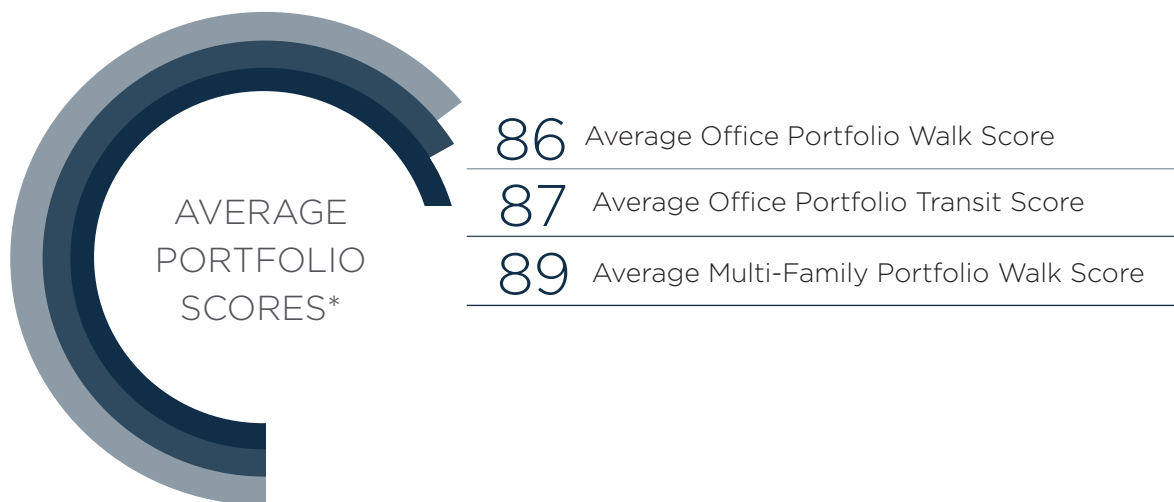
Our risk-control approach is closely tied to our culture of responsibility. Our due diligence process routinely involves evaluating potential acquisitions based on their financially-attractive green investment opportunities, but also assesses potential environmental or social risks that could translate into future liability concerns.

ARA uses a combination of research-driven market analysis and a rigorous underwriting process to determine whether each property, and the market in which it operates, meets our strict acquisition guidelines. The investment decisions consider the direct and indirect energy and water use requirements of an asset. These operating energy costs that can be quantified are included in the underwriting of a potential investment.

EXISTING BUILDINGS - RESILIENCY & RISK ASSESSMENT

As a part of our due diligence process, ARA conducts a comprehensive property review aligned with the standards set forth by the American Society for Testing and Materials (ASTM). This program allows ARA to thoroughly evaluate how the firm can make each building more resilient in the event of unpredictable physical or environmental circumstances, reducing the costly impact to our clients, investors, tenants and the environment.

We also perform a risk assessment analysis on each property to track sustainability attributes such as walkability, presence of asbestos, sea-level rise (resilience and climate change risks), and regulatory requirements such as energy benchmarking laws. Socioeconomic indicators are also measured as part of this process, including livability index, median rent, and median household income. By tracking these factors, ARA is better able to understand the needs of the communities in which we operate.



ARA diligently works to better understand the needs of communities in which we operate.

We're focused on future-proofing our buildings and reducing costs.



*Weighted averages for ARA's largest commingled fund only

RESPONSIBLE BUSINESS PRACTICES

ARA believes that its reputation as a leading real estate investment management firm that conducts business in a trustworthy and ethical manner is critical to helping secure the interests of our clients, employees, regulators, capital providers, business partners, and the broader society.

CODE OF BUSINESS CONDUCT AND ETHICS

ARA has established a Code of Business Conduct and Ethics, which covers a wide range of business activities, practices, and procedures and holds our employees to a superior level of ethical conduct. Each year, every employee is required to certify that they have complied, and will continue to comply, with this Code.

EQUAL OPPORTUNITY AND EMPLOYEE DIVERSITY

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

DATA SECURITY AND CONFIDENTIALITY

ARA recognizes the importance of protecting each client's and investor's confidential information. We maintain physical, electronic, and procedural safeguards to protect the private information entrusted to us by our clients and investors. Our employees are also trained on the importance of protecting the privacy and security of confidential information and are required to sign a Confidentiality, Non-Disclosure and Non-Compete Agreement that sets forth specific obligations regarding confidential information even after employment ends with our firm. Confidentiality obligations are also found in ARA's Employee Handbook and each employee must agree to abide by those obligations.

CONFLICTS OF INTEREST

ARA acts in the best interests of our clients and avoids taking actions that may create a potential conflict between ARA's interests and the interests of others. As a result, ARA's structure allows us to focus the energies of our investment staff entirely on the specific needs of our clients.

Where conflicts of interest may arise, we have established specific policies and procedures aimed to manage them in full accordance with our obligations as a fiduciary, with the law, and in alignment with our corporate values and culture. Since we are privately-held and solely focused on the real estate investment management business, our success is entirely dependent on the success of our clients' investment portfolios, further aligning ARA's interests.





RESPONSIBLE CONTRACTOR POLICY

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

ARA recognizes that the institutional investment management community demands a high level of integrity and recognition of the responsibilities we bear as a fiduciary. ARA is mindful that we are a steward of others' capital and is responsible for the resources that secure the future of our clients' and investors' participants and beneficiaries. As such, ARA is committed to serving clients with a high level of business and financial integrity and to ongoing monitoring of business practices to assure that it minimizes the potential for any conflicts of interest.

FIDUCIARY DUTY TO CLIENTS



Continuum | Boston, MA



Environment

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

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



SUSTAINABILITY MISSION, VISION AND CORE VALUES

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



MISSION

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



VISION

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

CORE VALUES



TENANT AND EMPLOYEE WELLBEING

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

EFFICIENT PROPERTIES

Our properties achieve high efficiency standards through continuous improvement measures with the goal of making our buildings 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.

COMMITMENT TO THE ENVIRONMENT AND OUR CLIENTS' INVESTMENT GOALS

At ARA, sustainability means enhancing building performance, investment resilience, and business governance for the benefit of properties, tenants, employees, and communities. We monitor and improve our assets to provide material, positive, and measurable impacts on overall portfolio performance. We track the rapidly evolving sustainability movement to identify trends and best practices across the nation. Our ESG programs and processes are designed to identify opportunities to reduce operating expenses and increase resiliency, while also enhancing value for our tenants, clients, and investors. Our efforts have added measurable value through reduced operating expenses and increased tenant satisfaction.



McCook Logistics Center | Chicago, IL

ENVIRONMENTAL INVESTMENT PRACTICES

As a fiduciary and investment manager, our high-performance culture must go hand-in-hand with a culture of responsibility. ARA has instituted the following environmental investment practices as part of our overall investment process:

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



SUSTAINABLE CONSTRUCTION STRATEGY

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

Recent building code requirements, in many areas like California, already include strict efficiency criteria. To take it a step further, ARA explores opportunities for additional energy efficiency features including efficient lighting, advanced chiller systems, co-generation facilities, solar photovoltaic systems, and ENERGY STAR® programs. We evaluate strategies to increase recycling and reduce water usage, water costs, and wastewater for our new construction projects in order to reduce future utility expenses. ARA's development group also evaluates the location of properties in the context of transportation resources. New construction assets that are close to transportation arteries or mass transit typically impact lease decisions, as they influence employee recruitment, commuter patterns, and housing location.

BENCHMARKING ORDINANCES AND COMPLIANCE

In order to increase market value for resource efficiency, cities and states across the United States have mandated that buildings meeting certain size thresholds track and report their energy and/or water consumption. Since 2018, ARA's sustainability team has coordinated with property teams to ensure compliance with relevant benchmarking ordinances. In 2019, we will continue to monitor benchmarking requirements, and over 40 ARA properties across 10 jurisdictions will submit to local and state benchmarking ordinances.



Sixth + Main | Portland, OR



PERFORMANCE GOALS, TARGETS AND PROGRESS

ARA's sustainability mission, scope, and targets have been approved by the Operations Committee for the Global Real Estate Sustainability Benchmark (GRESB) Assessment. In accordance with this commitment, several roles/departments now include responsibilities for the implementation of specific sustainability targets. We have also sought further assistance in meeting our objectives by contracting a dedicated team of sustainability consultants who are responsible for the management of sustainability and ESG initiatives at the property and corporate levels. The team meets weekly to discuss strategy and progress on the program's goals.

GOALS

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

ENERGY	WATER	WASTE	CARBON EMISSIONS
-2% Reduce energy use intensity (EUI) by 2% per year over next 10 years	-2% Reduce water use intensity (WUI) by 2% per year over next 10 years	+5% Increase waste diversion rates to 50% within the next 10 years	-2% Reduce carbon emissions intensity by 2% per year over next 10 years
2018 PROGRESS			
-2.30%	-5.11%	+0.43%	+0.12%

TARGETS

ARA maintains long-term performance targets to track our progress by using key performance indicators that are relevant, yet ambitious. Our efforts are guided by four key areas of improvement shown above.



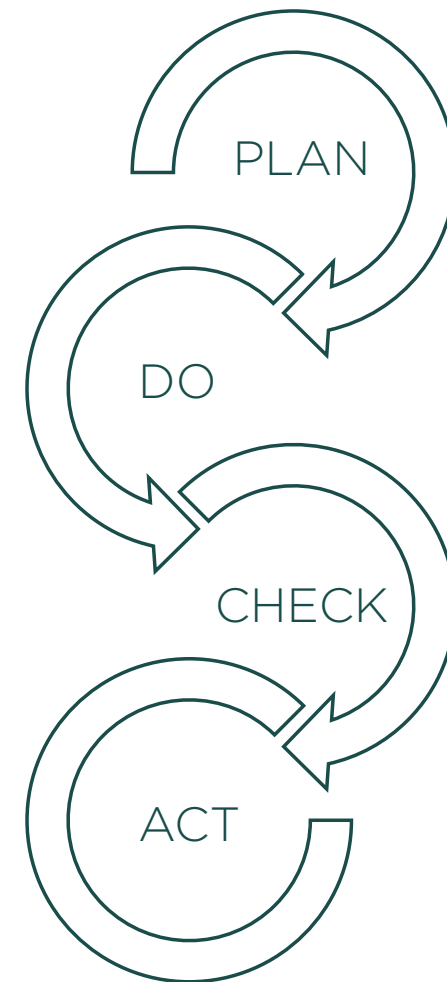
ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

PLAN: ARA's sustainability and corporate social responsibility strategy includes a mission, vision, goals, and short and long-term performance targets.

DO: We engage all key stakeholders in our sustainability efforts to ensure effective implementation and maintenance of the EMS, including pursuing LEED™ certification where feasible.

CHECK: ARA tracks and monitors key metrics and progress on performance goals utilizing ENERGY STAR Portfolio Manager and other tools.

ACT: To build strong communities and improve tenant well-being, ARA oversees stakeholder engagement efforts that increase the efficiency of properties across the portfolio. Engagement is fostered through surveys, memos, newsletters, email and other forms of communication.



EMPLOYEE PARTICIPATION

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



SUSTAINABILITY INITIATIVES

In 2018, ARA built on the foundations of our sustainability program by collaborating with tenants, communities and vendors to make business operations more efficient, more resilient, and less costly.

ENERGY USE

ARA properties conducted a variety of efficiency upgrades in order to decrease energy consumption and carbon emissions across our portfolio - below are key highlights of the 2018 progress.

External Energy Audits: Energy audits were completed for 19% of our core-focused fund in order to determine how efficiently energy is consumed, identify cost-saving opportunities and highlight potential improvements in building services and occupant comfort.

Lighting Upgrades and Replacements: Kendall Place completed a LED lighting retrofit for all exterior lighting, resulting in estimated annual energy savings of over 258,000 kilowatt-hours and over **\$26,000** in annual **cost savings**.

Window Upgrades: Continuum replaced the window tinting in its living room amenity and second floor hallway. The project resulted in estimated annual energy savings of 25,000 kilowatt-hours and **\$3,600** in annual **cost savings**.

In total, energy efficiency projects at our core-focused fund properties resulted in an estimated annual greenhouse gas emissions **reduction** of over 290 metric tons, equivalent to planting 4,865 trees.

WASTE MANAGEMENT

ARA's waste management program **diverted over 1,700 tons** through ongoing recycling. We are continually improving our waste management program by expanding recycling and upgrading waste solution providers. Exemplary assets included:

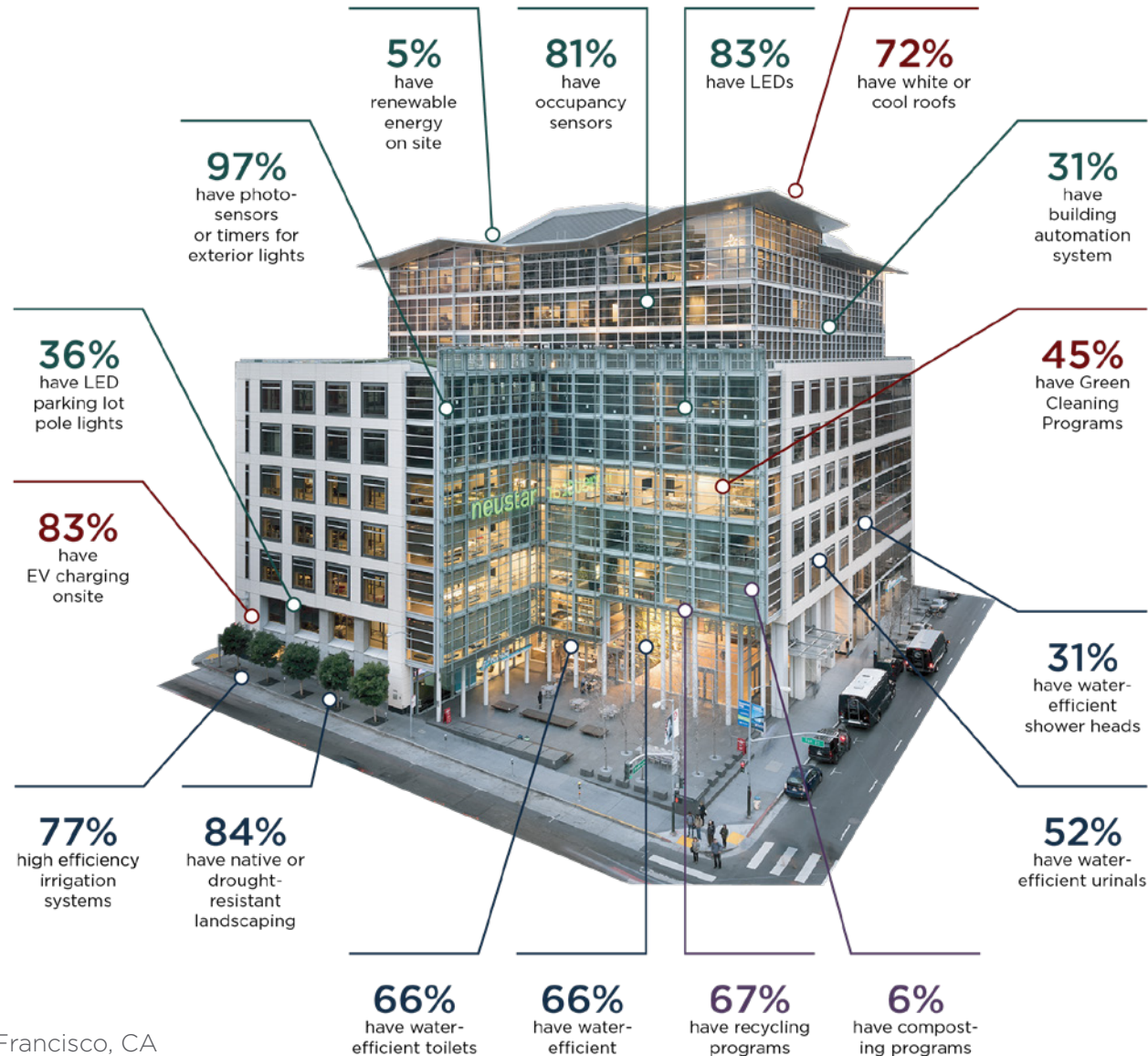
Highest Waste Diversion Rate: Shops at Waterford achieved an **81% diversion rate** in 2018, including a **60% compost rate**.

Highest Recycling Rate: 499 Park Avenue **recycled 173 metric tons** of solid waste in 2018, representing a **72% recycling rate**.



SUSTAINABILITY ATTRIBUTES

In late 2018, ARA conducted a sustainability attributes survey across our entire core-focused fund. The survey aimed to provide a snapshot of the portfolio's sustainability performance, including areas for efficiency improvements. The survey included questions on buildings' sustainable features, such as low-flow plumbing fixtures, LED lights, solar panels, and recycling programs.



Example Asset:
Foundry III | San Francisco, CA



LEED™ CERTIFICATION

ARA invests in high-performing properties and strategically purchases LEED-certified buildings. In 2018, 5.8 million square feet of our assets were LEED-certified, representing 19% of the ARA portfolio. Our core-focused fund's largest asset by value, 499 Park, earned a LEED Gold designation. Moreover, that fund acquired 121 Seaport in Boston, joining 1K Fulton as the only two LEED Platinum (highest LEED designation) assets in the portfolio.

LEED™ CERTIFIED PROPERTIES

Property	Location	Property Type	LEED™ Rating/Level	SF Per LEED™
K Street Office	Washington, D.C.	Office	O+M, Silver	120,778
Energy Center	Houston, TX	Office	C+S, Gold	305,586
Alara Uptown	Dallas, TX	Multi-Family	LEED Gold (home)	254,710
499 Park Avenue	New York, NY	Office	O+M, Gold	265,091
121 Seaport	Boston, MA	Office	C+S, Platinum	482,122
Accent	Los Angeles, CA	Multi-Family	Homes, Gold	352,135
385 Sherman	San Jose, CA	Office	Gold	67,974
2201 Westlake	Seattle, WA	Office	C+S, Gold	317,102
Continuum	Boston, MA	Multi-Family	NC, Gold	416,951
Azure on the Park	Atlanta, GA	Multi-Family	C+S, Gold	278,344
Admiral Safeway	Seattle, WA	Retail	Retail, Silver	68,876
1K Fulton	Chicago, IL	Office	O+M, Platinum; C+S, Gold	562,792
Foundry Square III	San Francisco, CA	Office	C+S, Gold	313,865
Northshore	Austin, TX	Multi-Family	Silver	513,893
McCook Logistic Center	Chicago, IL	Industrial	BD+C, Silver	365,359
Madison @ Racine	Chicago, IL	Multi-Family	NC, Certified	301,983
1130 Connecticut Ave	Washington, DC	Office	O+M, Gold. Recert 2017	223,317
321 Clark	Chicago, IL	Office	O+M, Gold	1,025,053
Sixth + Main	Portland, OR	Office	O+M, Gold	383,349
Pasadena Vons	Pasadena, CA	Retail	NC, Certified	76,250
Total				6,695,530 SF



ENERGY STAR® CERTIFICATION

ARA has taken many strides to improve energy efficiency. In particular, the entire office portfolio has been benchmarked in Portfolio Manager, EPA's ENERGY STAR® measurement tracking tool. In 2018, 3,974,828 square feet of ARA's portfolio was ENERGY STAR® certified, representing 13% of the portfolio.

ENERGY STAR® LABELED PROPERTIES

Property	Location	Property Type	Current Score	ENERGY STAR® SF
153 Townsend	San Francisco, CA	Office	85	168,191
1K Fulton	Chicago, IL	Office	74	562,792
2201 Westlake	Seattle, WA	Office	76	507,464
499 Park Avenue	New York, NY	Office	58	265,091
Deerbrook Corporate Center	Chicago, IL	Office	84	147,623
Foundry Square III	Chicago, IL	Office	86	313,865
Shoemaker	Los Angeles, CA	Industrial	79	174,342
Accent	Los Angeles, CA	Multi-Family	97	265,062
Link Apartments	Seattle, WA	Multi-Family	99	144,443
Mural Apartments	Seattle, WA	Multi-Family	100	100, 205
ALARA Union Station	Denver, CO	Multi-Family	96	369,979
501 Shatto Place	Los Angeles, CA	Office	76	86,246
348 W Hospitality	Los Angeles, CA	Office	70	49,972
6245 Katella	Los Angeles, CA	Office	65	39,635
Waterfront Place	Seattle, WA	Office	65	54,457
395 Hudson	New York, NY	Office	87	725,461
Weighted Avg./Total			81	3,974,828 SF



The image shows a modern office space with a glass railing and a perforated metal screen. The office is open-plan with desks, computers, and people working. The ceiling is made of concrete with exposed pipes and lights. The overall atmosphere is professional and contemporary.

Social

We are committed to leading the way in social responsibility.

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

STAKEHOLDER ENGAGEMENT

ENERGY/WATER/WASTE AWARENESS MONTHS

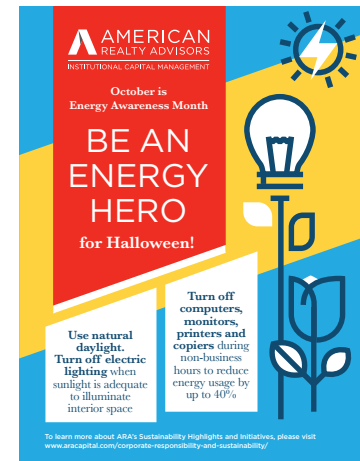
In the fall of 2018, ARA held an energy, water, and waste awareness campaign for two of our San Francisco office properties. We educated property teams and tenants on simple actions that can be taken at home or in the office to reduce resource consumption. Tenants and property staff were asked to focus on a monthly theme with energy awareness for October, waste awareness for November, and water awareness for December. Each month, ARA's Sustainability Team provided the properties with posters to display in elevators, lobbies, and other common areas, as well as a memo for tenants with tips based on the month's theme.

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



SOCIAL MEDIA ENGAGEMENT

ARA multi-family and retail properties are highly active on Instagram and Facebook social media platforms. In 2018, engagement levels peaked at Alara Uptown (Dallas, TX) for an active giveaway of SoulCycle classes and at Azure on the Park (Atlanta, GA) promoting a new recycle bin in their mail room.



EARTH DAY

Being the most well-known environmental holiday, Earth Day garnered a great deal of enthusiasm from ARA employees, tenants, and the community to participate in this important international environmental event. Our properties held a wide range of Earth Day events, ranging from yoga to passing out reusable grocery bags. ARA's Earth Day flyers were posted at various properties and listed information on how individuals can continue to reduce their carbon footprint outside of ARA hosted environmental events.



501 SHATTO PLACE in Los Angeles hosted a shoe drive where participants donated used shoes. This property also organized an electronic waste recycling pickup day.

In Portland, MODA TOWER passed out handcrafted butterfly seed paper. This paper is designed and created by *Of The Earth* out of 100% postindustrial waste and mixed with native plant species that thrive in the local climate. The paper brought awareness to the benefits and importance of using native plant species as well as recycled waste.

FOUNDRY III in San Francisco sponsored a free pickup for obsolete office and personal electronics and hosted local vendors that included:

- Janitorial vendor ABM provided flyers displaying their sustainability practices.
- Recology spoke on diversion and proper waste management and raffled off a compost bin and metal reusable straws.
- TMA SF provided transit agency brochures and other commute-related information and offered drawstring bags, visors, carabiner keychains, and other freebies. TMA SF also raffled off a pair of Giants tickets.
- Gardeners Guild provided handouts relating to water conservation and drought-tolerant landscapes and handed out succulents to tenants.
- The property's in-house coffee shop *Red Door* served coffee and provided information on the sustainable practices of the farmers they source from.

In Chicago, MADISON AT RACINE handed out succulents along with informative Earth Day flyers.



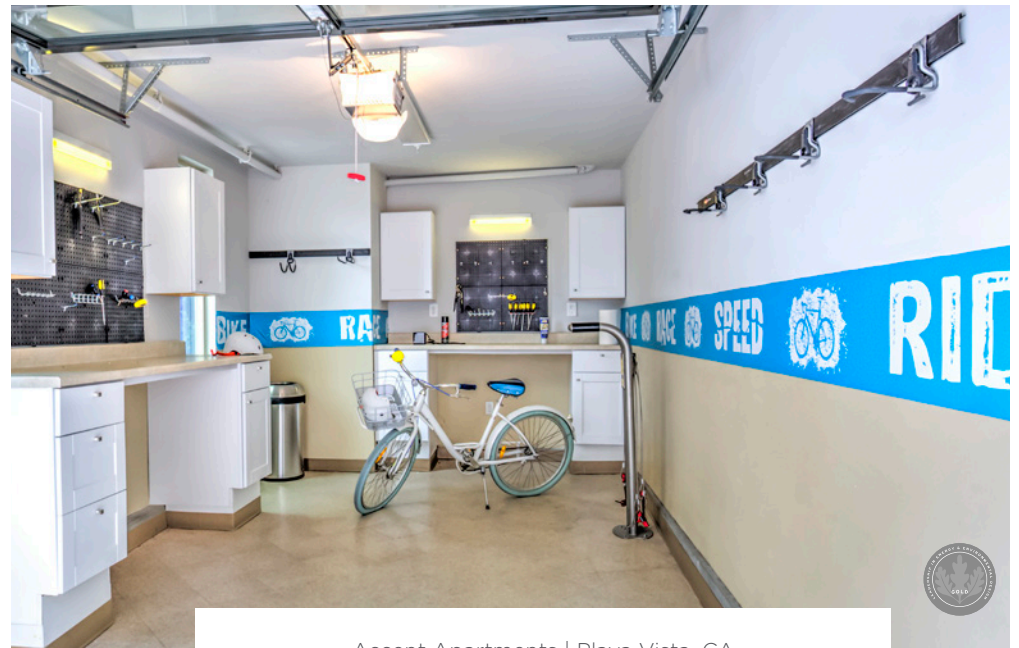
SEMI-ANNUAL NEWSLETTERS

ARA produces a semi-annual, company-wide internal newsletter that provides an overview of key sustainability accomplishments and highlights upcoming programs and initiatives. We believe this is key to creating strengthened internal communication, which helps embed our sustainability mission into our team culture and operations.

Sharing our sustainability program activities with the ARA team activates engagement and highlights contributions that help achieve our ESG goals.



Earth Day - Foundry III, San Francisco, CA



Accent Apartments | Playa Vista, CA



HEALTH AND WELLNESS

ARA is committed to protecting the well-being of tenants, residents and employees by ensuring that the environments in which they live and work are clean and healthy. Employees are encouraged to make health-conscious decisions by taking part in our employee benefits, which include healthcare (mental and medical), access to recreational and physical activity opportunities, and healthy food options. In addition, as part of our health and wellness initiative, we have rolled out multiple health-related policies, ranging from mold management to a robust indoor air quality (IAQ) program.



HEALTH AND WELLNESS INITIATIVES

Health and wellness for ARA's professionals is one of our key priorities. Our Los Angeles headquarters were designed to optimize the health, well-being and productivity of our firm's professionals. We offer features such as ergonomic work stations providing standing desks, expansive natural views, natural lighting, an internal stairwell and a lactation room. Additionally, ARA provides employees with onsite healthy food options as part of our health and wellness program.

ARA promotes physical activity for employee wellness. The headquarters' proximity to the local transit network allows our employees to travel by bus and train for their commute, and we offer a Transit Reimbursement Program. Free, onsite bike rentals are also available to encourage sustainable travel. In 2018, ARA sponsored a men's basketball team that competed in a local YMCA league. The ARA team is made up of a diverse group of employees across all departments and has proven a great way to boost camaraderie.

ACTIVE ARA





Madison at Racine | Chicago, IL

WORKPLACE DIVERSITY AND INCLUSION

ARA believes in the power of diverse perspectives and backgrounds, and we embrace a dynamic mix of ideas and talents that create an inclusive work environment. We are dedicated to creating opportunities for all individuals and promoting a multicultural workforce where differences are valued and celebrated.

2018 DIVERSITY AND INCLUSION INITIATIVES

ARA WE - ARA recently launched an internal professional women's network, ARA WE (Women Empowered through Networking - Knowledge - Inspiration). The network was formed to provide ARA women the opportunity to come together to share accomplishments, discuss challenges, identify ways to improve company performance, better their work and community environments, and support women's professional growth within ARA and the commercial real estate industry.

ROBERT TOIGO FOUNDATION - ARA is an active contributor to the Foundation, which seeks to inspire more women and minority students to pursue careers in finance by offering support as they pursue MBAs and grow as leaders in their careers.

PREA SEO - ARA is a sponsor of the Pension Real Estate Association (PREA) Foundation and a founding member of the PREA SEO Program, which provides educational and internship opportunities to college students from underrepresented backgrounds. This program enables ARA employees to mentor women and minority undergraduates.

In addition to partnerships with local college diversity and affinity student associations, ARA supported the following scholarship funds and foundations:

- South Central Scholars (SCS) - Provides scholarships to high-achieving, low-income students in the Los Angeles and Boston areas.
- Baptist Health South Florida Foundation - Awards student nurses with scholarships and stipends while they complete their clinical rotations.
- Laborers' International Union of North America (LIUNA) Charitable Foundation - Provides at-risk students in the Midwest region with college or trade school scholarships.



Pasadena Vons Shopping Center | Pasadena, CA





At ARA, you become part of a team that has a vision for the future, driven by our strong values and purpose.



CHARITABLE AND COMMUNITY OUTREACH

ARA aims to be a catalyst to create positive change in our communities, both locally and nationwide. To support this goal, the American Realty Advisors Charitable Foundation was established. At the heart of ARA's charity philosophy is a belief in the power of partnerships – at the employee, client, and community level. Affecting positive change depends on more than just giving. We are dedicated to lending the knowledge, experience, spirit of collaboration, and the time and talents of our employee volunteers in supporting community and national programs and partnerships that can make a difference.

Throughout the year, the Foundation supported a wide range of organizations and sought to foster dynamic change in education, healthcare, diversity, and economic development. In addition to our charitable giving, ARA actively encourages its employees to support individual philanthropic interests and they have significantly contributed to generating change in the most challenged communities.

ARA's giving philosophy is a belief in the power of partnerships – at the employee, client, and community level.



MATCHING GIFT PROGRAM

ARA developed a matching gift program where ARA matches charitable donations made by our full-time employees of up to \$1,000 per year. The program provides employees with an additional incentive to make periodic contributions benefiting eligible organizations of their choosing.



2018 CHARITABLE GRANT RECIPIENTS

At the heart of the organizations we support are respect and dignity for those they serve. ARA embodies these values and is committed to improving the lives of those in need.

Grants from the American Realty Advisors Charitable Foundation fostered healthy development of young children and provided resources, intervention and therapeutic services to special needs children and youth. Funds also helped the most disadvantaged by providing housing, health care, outreach and social services to homeless and poverty-stricken individuals and families, as well as feeding those suffering from food insecurity.

CHICAGO LEGAL CLINIC

Chicago Legal Clinic's mission is to identify legal needs and provide community-based quality legal services and education to the underserved and disadvantaged in the Chicago area, thereby promoting justice through greater access to the legal system. They provide free or low-cost legal consultations and high-quality representation to those needing legal assistance in a wide range of areas, including: immigration, protection from domestic violence, adoption, foreclosure, divorce, child support, guardianships, consumer issues, relief from criminal records, and the quest for social security disability benefits.



CHILD DEVELOPMENT INSTITUTE

Child Development Institute's (CDI) mission is to help all children reach their full potential by supporting the relationships and environments that shape early development. CDI is also a leading resource on early childhood development and provides professional trainings to schools, teachers, and professional organizations.



FEEDING AMERICA

Feeding America is the nation's largest domestic hunger-relief organization. Thanks to donations and support from businesses, government organizations and individuals, the Feeding America network of food banks, pantries and meal programs serves virtually every community in the United States — 46 million people, including 12 million children and 7 million seniors.



THE NIGHT MINISTRY

The Night Ministry compassionately provides housing, health care, outreach, spiritual care, and social services to adults and youth who struggle with homelessness, poverty, and loneliness. We accept individuals as they are and offer support as they seek to improve their lives.



SERVICE DAY

Giving Back to our local
Los Angeles community

Participating in community service is important to ARA and our employees. In December 2018, over 40 employees and consultants volunteered with LA Regional Food Bank to sort, inspect and repackage almost 11,000 pounds of donated food items equating to over 9,000 meals for those in need.

Since 1973, the Los Angeles Regional Food Bank has worked to mobilize resources in the community to alleviate hunger and has distributed more than 1 billion pounds of food throughout the Los Angeles area.

11,000 pounds of
donated food items sorted,
inspected, and repacked

Over 40 ARA
volunteers

9,000 meals
to those in need



ARA is proud to support the
LA Regional Food Bank and
congratulate their organization
on 45 years of service.





Waterfront Place | Seattle, WA

CASE STUDY

153 Townsend | San Francisco, CA



153 TOWNSEND

SAN FRANCISCO, CA

ENERGY AND ATMOSPHERE: 153 Townsend retrofitted common areas with LED lighting, which is projected to save the property over \$32,000 annually. The property also reduces its emissions by purchasing 43% of its energy from renewable sources and offsetting over 50% of its total energy consumption.

INDOOR ENVIRONMENTAL QUALITY: 153 Townsend maximizes indoor air quality by using low- or no-VOC paints in common areas. The building also minimizes health impacts for occupants through its purchasing practices, with around 80% of the building's cleaning products boasting green certifications.

WATER EFFICIENCY: From 2015 to 2017, the property decreased potable water use by over 45 percent. 153 Townsend has integrated native and drought-resistant landscaping and plans to install drip irrigation, bubblers, and bark mulches in 2019.

MATERIALS AND RESOURCES: 153 Townsend diverts over 70% of its waste from landfills and provides centralized waste bins in high-traffic areas like breakrooms. Each year, the property holds an e-waste drive on Earth Day, filling six large bins on average. In addition, 153 Townsend is committed to sustainable office operations, using recycled content copy paper and recycling used ink cartridges.

ACTIVE DESIGN: 153 Townsend encourages active transport by providing indoor bike storage, locker rooms and showers, thus improving occupant health and wellness. The property is easily accessible by bike, earning it a bike score of 93. Additionally, the property is located within walking distance of various amenities and boasts a walk score of 92.

IREM CSP CERTIFICATION: 2018

BUILDING SIZE: 168,191 square feet

YEAR BUILT: 2002

BUILDING TYPE/USE: Office

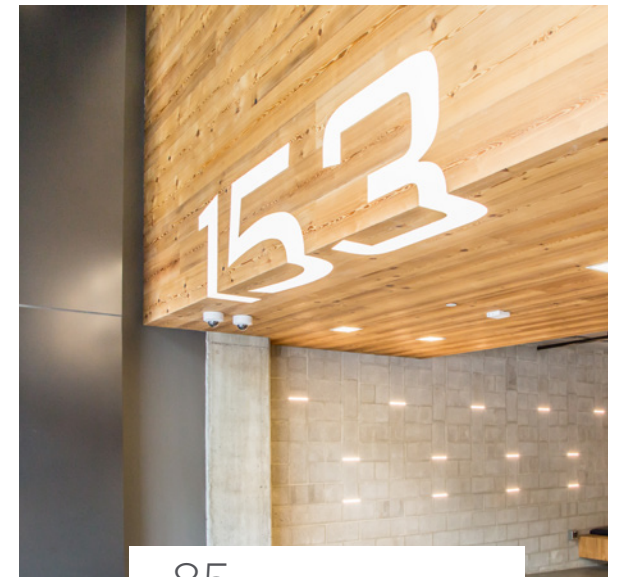
BIKE SCORE: 93

WALK SCORE: 92

153 Townsend is a highly sought-after office building located in downtown San Francisco. The property offers world-class transportation options and integrates best practices in waste management and indoor air quality. 153 Townsend was built and remodeled with occupant health and well-being in mind, helping it achieve ARA's first IREM Certified Sustainable Property designation.



96 Transit Score



85 ENERGY STAR® score



CASE STUDY

121 Seaport | Boston, MA



121 SEAPORT

BOSTON, MA

INDOOR ENVIRONMENTAL QUALITY: 121 Seaport boasts various design features aimed at promoting occupant health, well-being and productivity. The property was designed with low-emitting paints, floors and sealants, outdoor air delivery monitoring, and elevated ceilings that optimize daylighting and views.

WATER EFFICIENCY: The property features a rain reclamation system that filters and reuses rainwater for restroom use, reducing total water consumption by 30%. Additionally, 121 Seaport boasts water-efficient landscaping and low-flow plumbing fixtures throughout.

SUSTAINABLE SITES: Located adjacent to a train line and walking distance from various bus lines, 121 Seaport supports transit ridership. The property also features 270 indoor bicycle parking spaces, further promoting occupant health and well-being. Finally, the property features vegetated rooftop terraces that reduce heat gain and improve energy efficiency.

MATERIALS AND RESOURCES: 121 Seaport's elliptical design resulted in a 30% reduction in steel reinforcing needed to support the building. Additionally, the property was built with both green-certified wood and regional materials. Overall, 20% of the building's materials are made of recycled content.

ENERGY AND ATMOSPHERE: The building showcases energy-saving features, including a chilled beam mechanical system and a dashboard that displays energy use and encourages sustainable occupant behavior. Additionally, 121 Seaport's design and orientation reduce direct solar exposure and have led to a 15% reduction in energy use.

BUILDING SIZE: 400,342 square feet

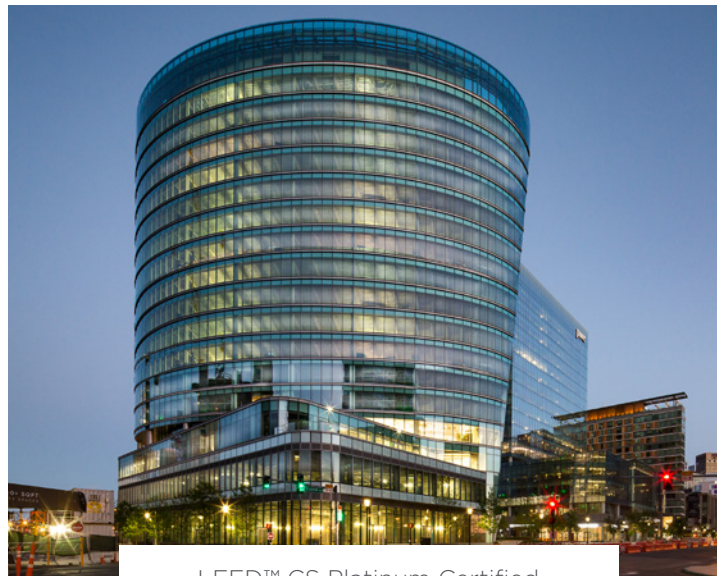
YEAR BUILT: 2018

BUILDING TYPE/USE: Mixed-Use

BIKE SCORE: 76

TRANSIT SCORE: 72

Located in the heart of Boston's Seaport District, 121 Seaport is a new, 17-story high-rise tower featuring 400,000 square feet of Class A office space and two stories of retail space. 121 Seaport integrates best practices in daylighting, water efficiency and mobility, making it one of the most sustainable buildings in the city.



LEED™ CS Platinum Certified



76 Walk Score



CASE STUDY

499 Park Avenue | New York, NY



499 PARK AVENUE

NEW YORK, NY

SUSTAINABLE SITES: 499 Park is located near various stores, restaurants, and transit stops and boasts perfect walk and transit scores. Due to its outstanding location, over 90% of the building's occupants choose non-drive-alone commuting options.

WATER EFFICIENCY: 499 Park recently upgraded to low-flow plumbing fixtures throughout the building, reducing water use by 20%, or over 86,000 gallons annually.

ENERGY AND ATMOSPHERE: The building has achieved energy reductions through various strategies, such as upgrading to LED lighting in elevators and adding occupancy sensors in common areas. Additionally, in 2016, heating and cooling start-up times were adjusted to better align with building operating hours, reducing energy use without impacting tenant comfort.

MATERIALS AND RESOURCES: 499 Park Avenue maintains a strict single-stream recycling program and diverts over 70% of its waste from landfills. In addition, the property has a permanent durable goods recycling program, including e-waste, batteries, and mercury-containing lamps. During the building's LEED performance period, 100% of durable goods were recycled.

INDOOR ENVIRONMENTAL QUALITY: There is a robust focus on providing exceptional indoor air quality for occupants at 499 Park Avenue. The property's janitorial vendor provides a comprehensive, high-performance green cleaning program, with 50% of all janitorial cleaning products and materials meeting sustainability criteria. An indoor integrated pest management program is also in place at the property, reducing the need for pesticide applications that could harm building occupants.

BUILDING SIZE: 300,988 square feet

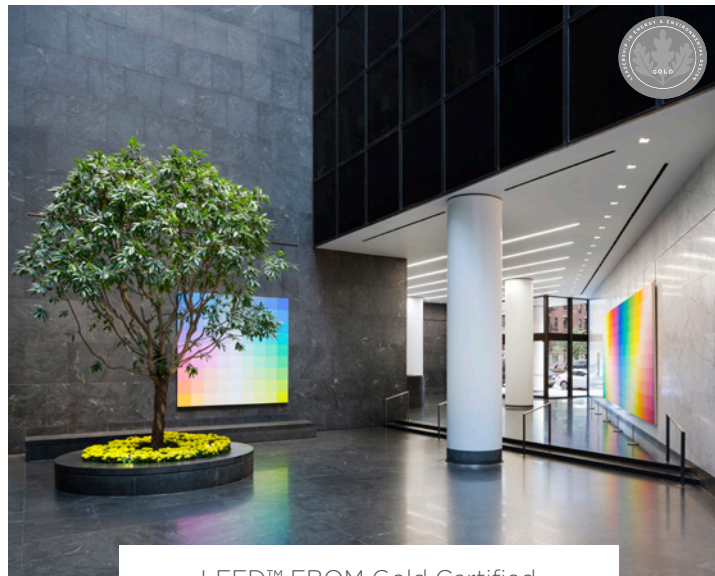
YEAR BUILT: 1980

BUILDING TYPE/USE: Office

BIKE SCORE: 78

TRANSIT SCORE: 100

Located in Midtown Manhattan, 499 Park Avenue is a coveted 28-story building home to some of New York's most prominent firms. The property contains commercial space, retail space, and a penthouse. 499 Park Avenue promotes the health and wellbeing of building occupants by offering convenient public transit options. The property also supports sustainability best practices such as energy efficiency, water efficiency and waste reduction.



LEED™ EBOM Gold Certified



100 Walk Score



ESG PROGRAM PARTNERS

Industry partnerships and certifications are important to the continued growth of ARA's sustainability program. Our program partners listed below help provide benchmarking, valuable metrics, data gathering, education, research and future initiatives that ARA incorporates to improve our overall sustainability program.



Verdani Partners

Verdani Partners has provided strategic support in developing and implementing ARA's sustainability initiatives since 2017. As a leading consultant in sustainable real estate, Verdani provides their expertise in green building certifications, engineering services, and corporate sustainability strategies.



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 providing reduced operating costs and healthier environments for building occupants.



ENERGY STAR®

Energy Star® is a third-party rating system sponsored by the U.S. Department of Energy and the U.S. Environmental Protection Agency. The voluntary EPA-managed program rates the relative energy performance of new and existing buildings on a 1-100 point scale.



Global Real Estate Sustainability Benchmark (GRESB)

GRESB is an investor-driven sustainability assessment for real estate portfolios. ARA has been a member of GRESB since 2015. The 2018 GRESB assessment ranked the environmental, social, and governance (ESG) performance of 903 real estate entities and \$3.6 trillion in real assets globally. In 2018, ARA's core-focused fund maintained its overall GRESB score, despite increased competition from peers in the diversified properties category.



Global Reporting Initiative (GRI)

ARA participates in the Global Reporting Initiative (GRI), which is the first and most widely adopted global standard for sustainability reporting. The GRI framework aims to enable third parties to assess the environmental impact of companies' operations, helping to create a positive impact globally.



Measurabl

Measurabl is a cloud-based software that collects data, creates investment-grade sustainability reports, and alerts owners or property managers to improvement opportunities. Measurabl makes it possible for any company to measure, manage and act on sustainability performance.



International WELL Building Institute (IWBI)

IWBI delivers the cutting-edge WELL Building Standard, the first to be focused exclusively on the ways that buildings can improve our comfort, drive better choices, and enhance our health and wellness.



IREM Certified Sustainable Property Program

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



Fitwel

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



REPORTING AND DISCLOSURE

GLOBAL REPORTING INITIATIVE (GRI)

This report contains standard disclosures from the Global Reporting Initiative (GRI) 2016 Standards—a framework which fosters consistency, comparability, and transparency. GRI is a not-for-profit international organization that promotes the use of sustainability reporting as a way for organizations to disclose the environmental, social, and governance impacts of their operations. The Standards were developed through a global multi-stakeholder process and offer reporting principles, standard disclosures, and an implementation manual for preparation of sustainability reports. Please refer to the GRI Index below for a complete list of GRI disclosures covered.

For more information about this report, please contact: **Austin Maddux**, amaddux@aracapital.com or **Direct Sustainability Email**, sustainability@aracapital.com

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Disclaimer: This report is as of December 31, 2018 unless specified otherwise and is for your information only. This report is not intended to be relied on to make any investment decisions, and is neither an offer to sell nor a solicitation of an offer to buy any securities or financial instruments or any investment advisory services from American Realty Advisors ("ARA"). Some of the information in this report has been obtained or derived from third party sources believed by ARA to be reliable, but ARA does not represent that such information is accurate or complete and has not independently verified the accuracy or completeness of such information or assumptions on which such information is based. Any opinions or estimates contained in this report represent the judgment of ARA at the time this report was prepared and are subject to change without notice. Photos used in this report were selected based on visual appearance and are used for illustrative purposes only.

Forward-Looking Statements: This report may contain forward-looking statements within the meaning of the 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 report 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.

Other Disclosures: 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.





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