

EMPOWERING







2020 CORPORATE SOCIAL RESPONSIBILITY REPORT

WHAT'S INSIDE THE BROAD VIEW **EMPOWERING COMMUNITIES** Purpose in Action: National Philanthropy Partner A Letter to Our Clients & Industry Colleagues • Community Giving Highlights About Transwestern SUSTAINABILITY IN THE TIME OF COVID Our Strategy Adaptive (re)Use **EMPOWERING SUSTAINABILITY** ■ The Disposable World 2019 Highlights Wellness: Revisited Global Imperative THE FUTURE Local Action Tenant Health and Wellness Raising the Bar Irrigation and Landscaping Reducing the Risks Environment, Society and Governance **EMPOWERING PEOPLE** Diversity, Equity & Inclusion Training



PURPOSE IN ACTION

A LETTER TO OUR CLIENTS & INDUSTRY COLLEAGUES

In so many ways, 2020 will be a year of transformation for the commercial real estate industry. The challenges faced by property managers amidst a global pandemic and the nature of our instinctive responses to those challenges represent new and significant obstacles for the sustainability movement. A growing preference for single-use products will increase our landfill waste. A transition toward higher work-from-home rates, combined with an exodus from urban cores, could lead to sprawling office parks. Harsh cleaning products with implications for air quality could displace more environmentally-friendly options.

But as come the challenges, so do the opportunities. Transwestern is already seeing a renewed focus on tenant health and wellness as institutional clients look for ways to rethink amenities and ensure occupant safety. Vendor partners are introducing groundbreaking technologies to address new obstacles, many of which support environmental stewardship. Our own team members have rapidly evolved to meet service needs; our training and customer engagement platforms have never been more innovative nor our internal resources more robust.

It is truly an honor and a privilege to serve alongside my talented colleagues at Transwestern. A diverse team of experts is vital when it comes to shaping and deploying solutions to improve our workplaces, communities and the industry at large. I have seen firsthand what a passion for customer service, continuous improvement and collaboration can ignite – a passion that our team shares with our clients, tenants and partners every day.





Josh Richards Director of Sustainability

ABOUT TRANSWESTERN

The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. An integrated approach formed from fresh ideas drives value for clients across commercial real estate services, development and investment management.

Since its founding, Transwestern has relied on the good *character* of its team members to guide individual and collective actions, as well as to foster *collaboration* across geographies and service lines to produce results that exceed client expectations. Chairman and Founder Robert Duncan names character the foundation of Transwestern's success, and collaboration the centerpiece of its operating philosophy.

In 2019, the Transwestern organization rebranded, underscoring its unparalleled ability to deliver solutions for clients that go far beyond the obvious. The firm's propensity for creative thinking and nimble execution was put to the ultimate test when COVID-19 hit the U.S. As the industry grapples with what the pandemic means for commercial real estate now and in the future, our integrated team of experts continues to evaluate new ideas for responsibly ensuring health and safety, preserving asset value, and inspiring creativity in the next evolution of physical space.

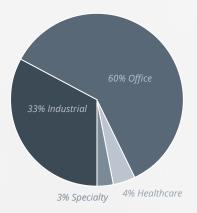


OUR TEAM

- 34 U.S. offices
- 200+ locations through global affiliation
- 2100+ team members

OUR PORTFOLIO

• 368 million SF managed and leased



2019 TRANSACTION SUMMARY

Transwestern Real Estate Services (TRS)

- 4,230 leasing transactions valued at \$6.3 billion
- 485 capital markets transactions valued at \$3.1 billion

Transwestern Development Company (TDC)

• \$5.8 billion in total development value

Transwestern Investment Group (TIG)

• \$5.8 billion in managed ITD

OUR STRATEGY

Corporate Social Responsibility is a framework by which we establish goals to reinforce brand integrity and deliver short- and long-term benefits for our team, clients, managed assets and communities. From integrated Energy and Sustainability (E&S) practices to comprehensive diversity initiatives to coordinated philanthropic support, Transwestern is committed to infusing its core purpose and values into all aspects of our customer service and solutions.

OUR GOALS

- To be a commercial real estate industry leader in the areas of sustainability thought leadership, technical knowledge and responsible investment
 - > Target: 20 industry and media engagements, annually, by 2023
- To increase the value of buildings we manage through measurable improvements in energy, water and waste
 - > Target: 2% year-over-year reduction in energy and water consumption
- To expand sustainability efforts across all Transwestern companies
 - > Target: TDC and TIG will embed ESG policies throughout project cycle by 2023
- To serve as a changemaker in the communities in which we work by promoting sustainability education; diversity, equity & inclusion initiatives; risk management; and ethical entrepreneurship
 - > Target: To provide Diversity in Hiring training to 100% of people managers
 - > Target: 25% increase in philanthropic efforts by 2023



2019 HIGHLIGHTS

In 2019, we made deep inroads in our long-term E&S strategy and delivered key resources to team members that jumpstarted the integration of sustainability into daily operations.

STRATEGIC PLANNING

Published 5-Year Sustainability Road Map

BENCHMARKING

- 80.2% of office portfolio fully benchmarked
 Increase from 59.8% in 2018
- 70.05 Portfolio Energy Star Score
 Increase of 3.95 from 2018 (+5.97%)

ENERGY PERFORMANCE

- Portfolio-wide average: 2.4% decrease in energy consumption (same-store, YoY)
 (up from 2.2% in 2018)
- Avoided consumption of 29.1M kWh (5.3Gt CO2e)
- Average utility savings: \$0.04/ft2

WATER PERFORMANCE

■ Portfolio-wide average: ~11.8% increase

GREEN BUILDING CERTIFICATION (2019)

- 75 ENERGY STAR certifications
- 1 LEED for Existing Building certifications (82 since 2011)





Sustainability is more than a social obligation for Transwestern. Conserving energy, managing resources and making ethical decisions are simply good business. We've seen our E&S solutions unlock value across our managed portfolio, developments and corporate partnerships. The key to our success lies in the empowerment of our teams nationwide and our exchange of best practices with our global partners. We equip talented individuals with the tools and training necessary to customize our E&S approach for each situation. Comprehensive policies ensure Transwestern delivers consistent, sustainable goods and services while providing the flexibility our clients have come to know and love. A strong foundation of performance standards combined with an adaptive approach to resources and community provides the greatest opportunity to tackle the challenges faced by the built environment today and in the coming decades.





GLOBAL IMPERATIVE

For owners and operators in the commercial real estate space, the need for healthy, sustainable solutions has never been greater than it is today. Increased demand for tenant-facing wellness programs has raised important questions around indoor air quality, cleaning practices and amenity access. Added interest in greenhouse emissions reduction from international partners and institutional clients has fueled substantial investment in energy- and water-efficient capital improvements. Global reporting structures like Global Real Estate Sustainability Benchmark (GRESB) are highlighting top performers, making sustainability both measurable and marketable. Top asset management firms are shedding investments that represent direct risk to their portfolios due to the impacts of climate change.

Extreme weather events generate about \$150 billion in direct loss damages annually. For U.S. commercial real estate, an estimated two-thirds is in and around the top 20% of cities most likely to be affected by sea level rise.¹

Climate Aspect	Impact on CRE					
	Reduced ground rent					
Rising Temperatures	Regional population migrations					
	Increased OpEx for heating/cooling					
Watar Availability	Regional reduction in attractiveness					
Water Availability	Increased OpEx for water treatment and supply					
Rising Sea Level	Reduced settlement and development in coastal areas					
	Direct loss – building damage					
Extreme Weather Events	Indirect loss – rent loss, productivity gaps					
	Consequential loss – reduced tourism, rising insurance premiums					

Source: ULI, [Extreme Weather Events and Property Values]. 2014

CLIMATE-INCLUSIVE RISK MODELING

Investors and insurers are increasingly incorporating climate risk into models and projections. In 2019, insurance providers raised rates for buildings in areas at high risk of flooding, wildfire and hurricane events as much as 30-50%.²

SHIFTING DEVELOPMENT GEOGRAPHIES

Site criteria will expand to include the likely impacts of climate change, such as storm surge or water scarcity. Longer-term implications for development, including local infrastructure, population density and insurability will become key factors in the decision-making process.

JURISDICTIONAL REQUIREMENTS

Despite stalls in the Clean Power Plan introduced under the Obama Administration, local jurisdictions continue to ratchet up efforts to incentivize investments in sustainability and require resource efficiency.

BRAND INTEGRITY

Real-world implications for owners and end users necessitate climate readiness for CRE at all points in the asset lifecycle. At a minimum, detailed plans for climate-related business continuity and stated commitments to addressing or avoiding likely impacts of climate change will be top of mind for investors and consumers.



RAISING THE BAR

Transwestern espouses integrity in commercial real estate. As such, we are dedicated to both progressive action and transparency in our E&S work. Over the course of 2019, our team generated great value for our clients and made inroads in achieving, and sometimes redefining, the ultimate goals of our 5-year Sustainability Road Map.

Category	Task	Progress				
Information Management	Implement all energy, LEED, capital planning and building information audits					
Policy	Implement green development policies across entire portfolio for TDC					
Reporting	Deliver first annual sustainability report					
Reporting	Support all Tier I clients on E&S strategic planning and reporting, as requested					
Services	Pilot Utility Bill Management (UBM) service	П				
Services	Fully implement waste tracking system	>				
Services	Design preventative maintenance and ongoing commissioning for Tier I clients	>				
Services	Develop structure for in-house management of all green building certifications	√				
Services	Develop structure for in-house management of all commissioning, energy audits and IAQ testing	>				
Training	Deliver E&S training content for internal audience	√				
Training	Design E&S training content and schedule for client/tenant audi-ences	>				
Investment & Partnerships	Identify industry partners for high-profile engagements on E&S	х				
Investments & Partnerships	Identify industry partners for small- and medium-scale investment opportunities for renewable energy	П				
Research	Complete market research for minimum of two key topics in E&S	>				
Research	Develop framework for asset valuation tool	>				
Public Affairs	Identify and adopt corporate and regional CSR and ESG goals and responsibilities	-				
Public Affairs	Pursue and achieve ENERGY STAR Partner of the Year recognition	П				
Public Affairs	Present at E&S conferences on reinvented approach to E&S highlighting engineering and PM					

•	In Progress
П	Delayed
V	Completed
Х	Discountinued

DELAYS CLARIFIED

^{1.} Green Development Policies: Development policies have been drafted; full implementation has not been completed.

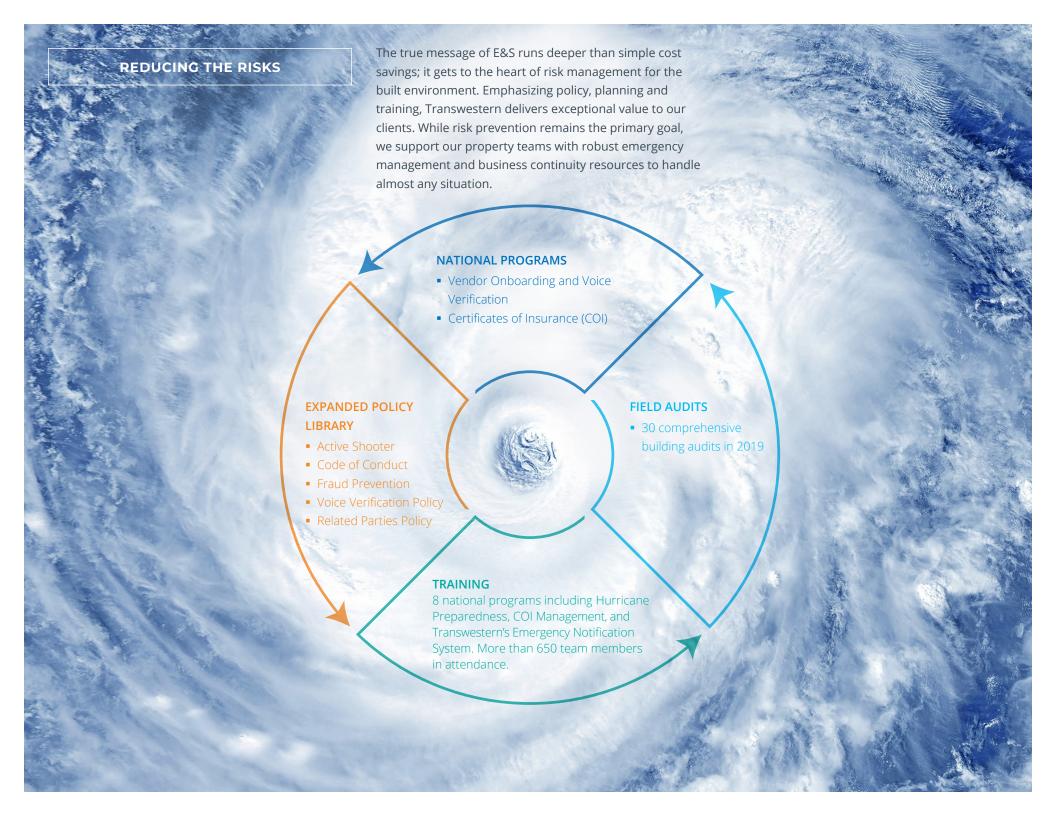
^{2.} Pilot UBM Service: UBM service initiation was delayed to better align with Transwestern's accounting platforms.

^{3.} Partnerships for Renewable Energy Investments: Transwestern has initiated research into investment pathways for real estate, but no partnerships have been established.

^{4.} ENERGY STAR Partner of the Year Recognition: Our team prioritized development of on-demand tools for local teams over national programming and E&S brand recognition.

DISCONTINUATION CLARIFIED

^{1.} Partnerships for High-Profile Engagements: Prioritized continued infrastructure support for our managed assets over opportunities with narrow impact.





At Transwestern, empowerment is everything. We believe in it so completely that it is the foundation of our Purpose Statement:



Each year, we roll out new resources for our team members to support adaptive decision making and timely service delivery. Our team members are more than just real estate experts – they are the difference makers for our customers and our communities. Through the recruitment of exceptional talent and the cultivation of an environment founded on trust, communication and accountability, Transwestern has created a high-performance, goal-oriented culture that relies upon measurable results.

This is not just a nice place to have a job – it is the right place to be. Our team members continue to vote us as a "Best Place to Work" in markets across the country. Thinking beyond the obvious fuels our mutual success, and our commitment to excellence is evidenced in our consistent customer satisfaction, low voluntary turnover, and high team member tenure.

We receive national recognition for our pursuit of a diverse workplace and have been selected repeatedly by *Fortune* and Great Places to Work® for inclusion in the 100 Best Workplaces lists as well as other honors.

RECENT HIGHLIGHTS

- 100 Best Workplaces for Millennials, Fortune and Great Places to Work® (2015 and 2017 - 2020)
- Best Places to Work in New York City, Crain's New York Business, Ranked No. 1 for three consecutive years (2013, 2015 – 2018)
- Best Workplaces in Chicago, Fortune and Great Places to Work® (2017 – 2019)
- Best Places to Work in Chicago, Crain's Chicago Business (2008 – 2011, 2013, 2016, 2018, 2020)
- Top Workplaces, Chicago Tribune
 (2010 2014, 2018 2019)
- Best Workplaces in Texas, Fortune and Great Places to Work® (2017 – 2020)
- Best Places to Work in New Jersey, NJBIZ, ranked No. 1 in 2020

- Best Places to Work, San Antonio Business Journal (2008 – 2011, 2013 – 2019)
- Top Workplaces, *The Denver Post* (2019)
- Best Places to Work, Dallas Business Journal (2006, 2009 – 2010, 2012, 2015 – 2018)
- Top Workplaces, *Dallas Morning News* (2020)
- Best Places to Work, Houston Business Journal (2003 – 2019)
- Best Places to Work, Los Angeles Business Journal (2008 – 2014, 2017 – 2018)
- Best Places to Work, Orange County Business Journal (2010 – 2014, 2016 – 2019)
- Best Places to Work, Washington Business Journal (2020)
- Founder's Award, Top Workplaces,
 Atlanta Journal-Constitution (2020)



DIVERSITY, EQUITY & INCLUSION

We know that a diverse mix of abilities, experiences, personalities, ideas and problem-solving approaches is key to Transwestern's success. We aim to achieve more inclusive gender representation, generational representation and tenure representation across all geographies and lines of business. This begins with recruitment and continues throughout our team members' career progression at both the local and national levels.

TRAINING FOR EXCELLENCE

The culture Transwestern fosters relies on more than just talent – we build and enhance expertise in all our team members by providing access to meaningful, timely and readily digestible training content. This includes in-house programs as well as relevant educational offerings through professional organizations.

TRAINING UPDATES

Transwestern is committed to training team members to outperform our competitors in sustainability, building operations and client service. Within three years, every member of our team will be trained to meet our E&S knowledge standards. Scaling training expectations to fit each team member's needs within our business allows us to achieve our core goals while remaining nimble and available to serve our clients on a daily basis.



E & S KNOWLEDGE STANDARDS

Transwestern Team Member	Professional Certification			In-house Training							
	LEED GA	LEED AP O+M	Certified Energy Manager	Green Operations Policies	Energy Star	Green Leasing	Public Benchmarking	CSR	ESG	Property Maintenance	Building Audits
Building Engineering	х			X	х		X			х	х
Regional Engineering Manager	Х	X		X	X	X	х			х	X
National Engineering Team			x	х	х			х	Х	X	х
Property Manager + Assistant Property Manager	X			Х	X	X	х				х
Regional Property Manager	х			х	х	х	х	x	х		x
National Property Manager		х		x	х			X	х		х
Accounting				x		x					
National Ops Team				x	×	X		X	х		
Brokerage & Leasing				x	X	x		X	х		х
C-Suite								х	Х		
Director Sustainability		X	X	Х	Х	X	х	X	х	х	х
Marketing		,		Х				X	х		
Vendors/Contractors				Х	X	X	х	Х	Х	х	Х

USGBC Membership

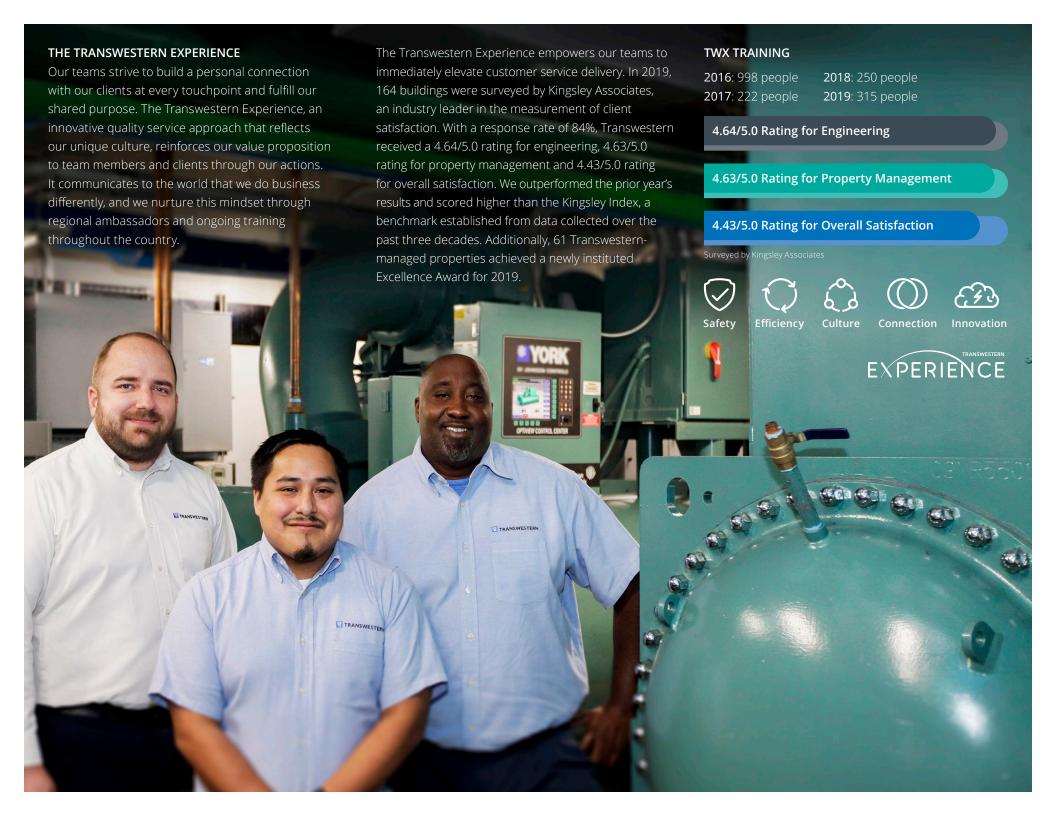
212 Linked Team Members

22 LEED APs

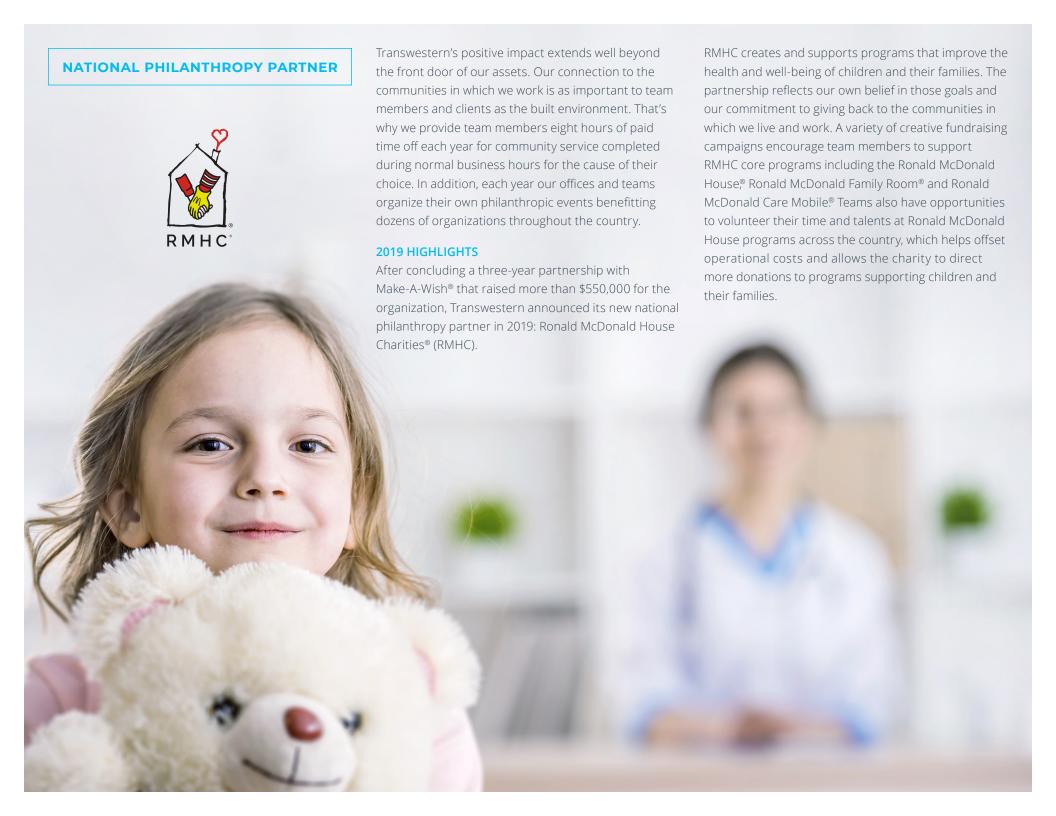
3 LEED GAS

As a long-time member of the USGBC, our team members have access to a wide array of green building education.









2019 COMMUNITY GIVING HIGHLIGHTS





Our Nonprofit Advisory Group, a national team of nonprofit real estate specialists, has extensive experience working with nonprofits of all sizes, and ensures each client's rea estate contributes to their mission. The team frequently returns a portion of its fees as a contribution to its nonprofit clients.

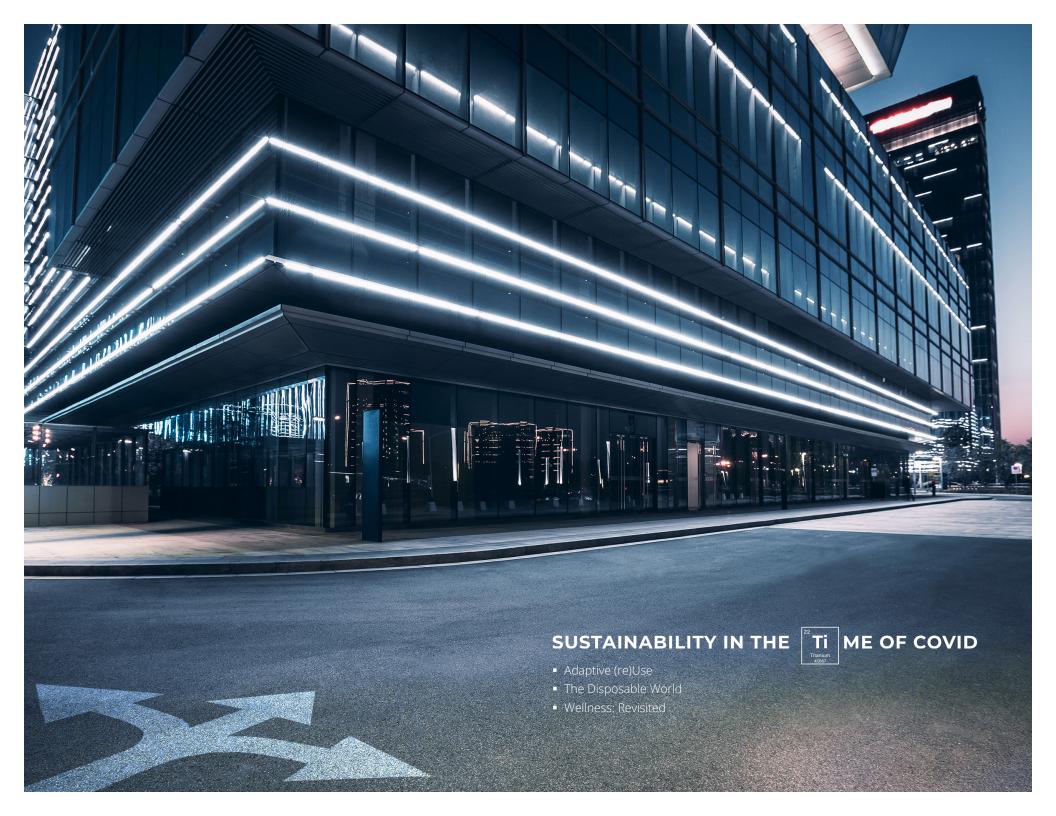
Several regions organized support to help local children start the school year with all the necessities, and maybe a few fun extras. The Bethesda office's back-to-school collection drive helped The Tree House Child Advocacy Center of Montgomery County to supply students with backpacks and other supplies to succeed in school.

Houston team members traded their professional duds for work boots and gloves to help Memorial Park Conservancy administer some tender loving care to Memorial Park. Droughts and storms have strained the park's ecosystem in recent years, and the volunteers nelped with ongoing efforts of species management, trail work, native plantings and seed collection.

With long-time client KBS, Transwestern partnered to collect donations to fund 7,500 wreaths for Wreaths Across America. The organization honors fallen U.S. veterans by coordinating wreath-laying ceremonies during the holiday season at Arlington National Cemetery and more than 1,700 additional locations in all 50 U.S. states, at sea and abroad.







ADAPTIVE (RE)USE THE DISPOSABLE WORLD The office space of today may see the most significant The world was turned upside down in 2020 with the In conjunction with heightened cleaning protocols, onset of the global pandemic. Time will tell how the commercial real estate is faced with increased demand changes. The gradual shift in the 2010s toward open commercial real estate industry will look in the future, floor plans, fewer dedicated offices and larger shared for single-use and disposable products, reversing the amenities like conference centers and dining facilities trend toward reusable solutions. Everything from coffee but a few trends are quickly becoming clear that could may give way to lower-density floor plans, added cups and flatware to dust rags and mops is now rapidly alter our current path toward resource reduction. physical barriers between workstations and privatized converting to single-use. To exacerbate matters, supply amenities. The efficacy of many of these measures is chain restrictions can prevent building operators from being hotly debated, but it is clear that the industry will selecting recycled, compostable or biodegradable need to rethink and repurpose many existing spaces to products, thus generating a substantial increase in meet the demands of tenants in search of physical and landfill waste and resource extraction. mental health solutions to the anxieties introduced by In addition, higher demand for new and more frequent COVID-19. A greater emphasis on outdoor amenities, cleaning services, more equipment runs and after-hours direct access to nature, and operable windows may work to accommodate social distancing, and increased arise as tenants look to increase ventilation within their building ventilation requirements all are likely to ramp building energy and water consumption noticeably as tenants return to the workplace. It is imperative for property managers to explore innovative tools for curbing this increase while delivering these necessary services. Efficiency-related capital improvements with clear paybacks may move beyond enticing to critical for many assets.

WELLNESS: REVISITED

Now more than ever, the health and well-being of tenants, vendors and team members is a top priority. While many of our efforts to promote wellness have been underway for years, recent events surrounding COVID-19 have accelerated our work and expanded our impact to all properties.

AIR QUALITY

Our engineering teams are working to maximize outside air intake and air filtration, where possible. Transwestern has also engaged national vendors in industrial hygiene and healthy buildings to provide guidance and services to all property teams while applying Centers for Disease Control (CDC) and American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) recommendations

CLEANING STANDARDS

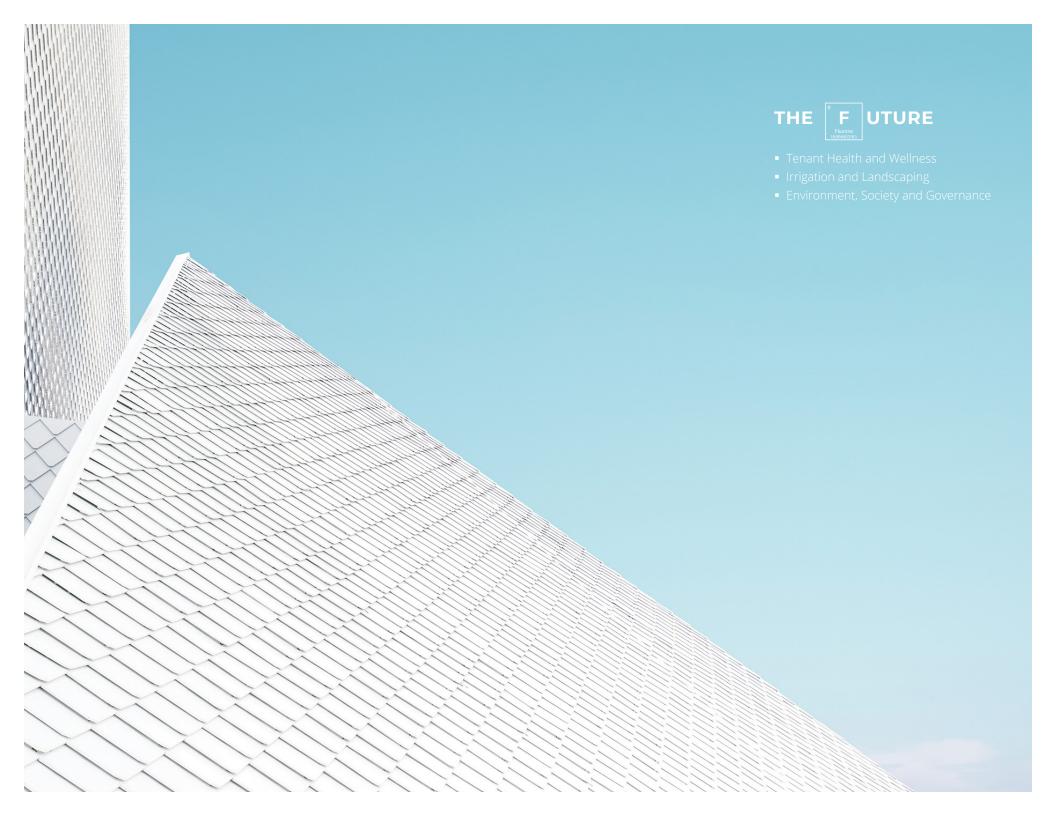
Transwestern has developed vendor scope of work guidance for all property types detailing minimum expectations for ongoing and enhanced cleaning, with particular attention paid to high-touch surfaces. Additional guidance has been issued regarding preferred products.

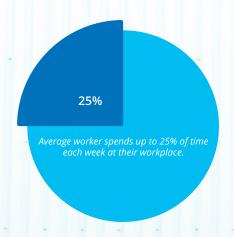
OPERATIONS

Our property teams have adjusted building operations in response to changes in occupancy. The goal is to reduce energy and water consumption while maintaining necessary building functions and ensuring preventative maintenance protocol remains in effect. Our teams will continue to modify operations to best generate meaningful cost avoidance.

SETTING

Together with our vendors and tenants, our teams are integrating energy & sustainability design practices into the very settings of our buildings. Incorporating access to natural views, living aesthetics and healthy lifestyle amenities are but a few ways Transwestern is infusing mental wellness into the built environment.









TENANT HEALTH & WELLNESS

Our workplaces today impact us well beyond our earnings. With the average American spending upwards of 25% of their time each week in the workplace, commercial real estate has an important role to play in creating and maintaining the mental and physical health of its occupants. Recognizing this, Transwestern continues to explore opportunities for greater wellness and improved convenience for these users, incorporating industry best practices pooled from engineers, industrial hygienists and technology providers.

IRRIGATION AND LANDSCAPING

When it comes to sustainability in commercial real estate, often the first impulse is to focus on what's inside the building. Whether it's lighting, HVAC or plug load, success is measured first and foremost in energy savings. Expanding the view beyond the front door can open a new world of possibilities. In 2019, Transwestern added Native Plants and Xeriscaping to its library of green policies. In 2020, our team aims to support inclusion of native plants-only clauses into new and renewed landscaping contracts as well as expand support for installation of leak detection and smart irrigation systems for well-landscaped assets. Together, we can promote populations of local pollinators and increase our stewardship of local water resources.

ENVIRONMENT, SOCIETY AND GOVERNANCE

Our teams have done incredible work integrating E&S practices into all elements of our organization. Still, we know there is more to do – and we are up to the challenge. In 2020, Transwestern will draft and implement comprehensive ESG policies that ensure we deliver quality service to all our clients, partners and investors. This includes efforts demonstrating we are committed to responsible solutions that will allow all our constituents to generate sustainable long-term returns and better manage risks.



