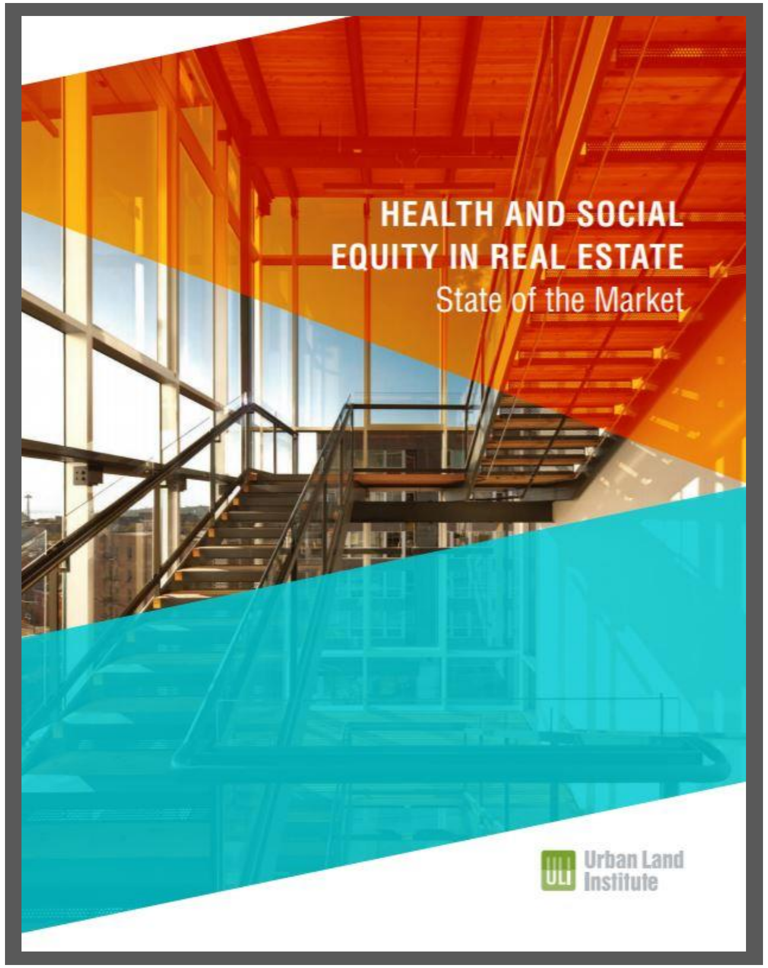
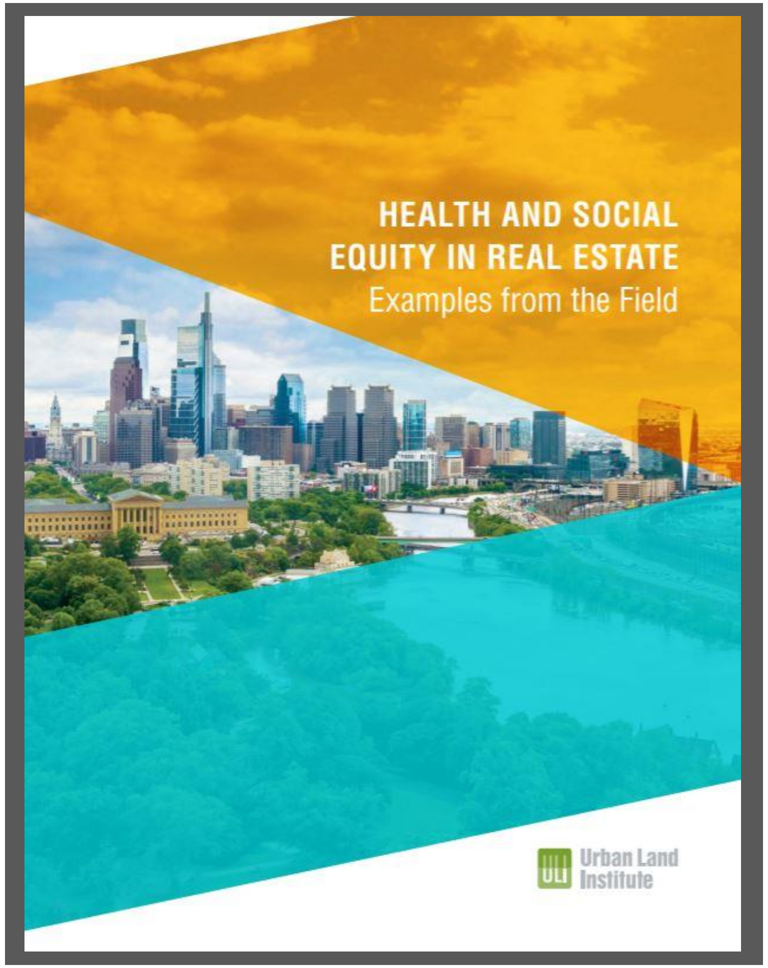
On the Rise: Social Equity and Health in Real Estate

Urban Land Institute | November 13, 2020

Urban Land Institute

Health and Social Equity in Real Estate Reports





americas.uli.org/healthandsocialequity

URBAN LAND INSTITUTE

Provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide

BUILDING HEALTHY PLACES

Leveraging the power of ULI's global networks to shape projects and places in ways that improve the health of people and communities

GREENPRINT CENTER FOR BUILDING PERFORMANCE

Worldwide alliance of leading real estate owners, investors, and strategic partners committed to improving the environmental performance of the global real estate industry

Logistics

- Please introduce yourself in the chat
- Please use the Q&A function to ask questions
  - Speakers may respond to you directly
- Webinars are being recorded. A recording of this webinar will be shared by email with registrants
- A recording will also be posted on ULI's Knowledge Finder site
- We will also write up the webinar in UrbanLand magazine

Find the reports at americas.uli.org/healthandsocialequity

Thank you for being here!

Urban Land Institute

Speakers: Health and Social Equity

Eleni Reed (Moderator)

Head of Sustainability, Americas

LendLease

Judith Taylor

Partner

HR&A Advisors, Inc.

Marta Schantz

Senior Vice President

ULI Greenprint Center for Building Performance, Urban Land Institute

Joe Ritchie

Vice President, Development

Brandywine Realty Trust

Kelly Hagarty

Director of Sustainability

Clarion Partners LLC

Miné Hashas-Degertekin

Associate Professor

Department of Architecture, Kennesaw State University

Judith Taylor

Partner

HR&A Advisors, Inc.

Urban Land Institute

Urban Land Institute

HEALTH AND SOCIAL EQUITY IN REAL ESTATE

State of the Market Report

November 13, 2020

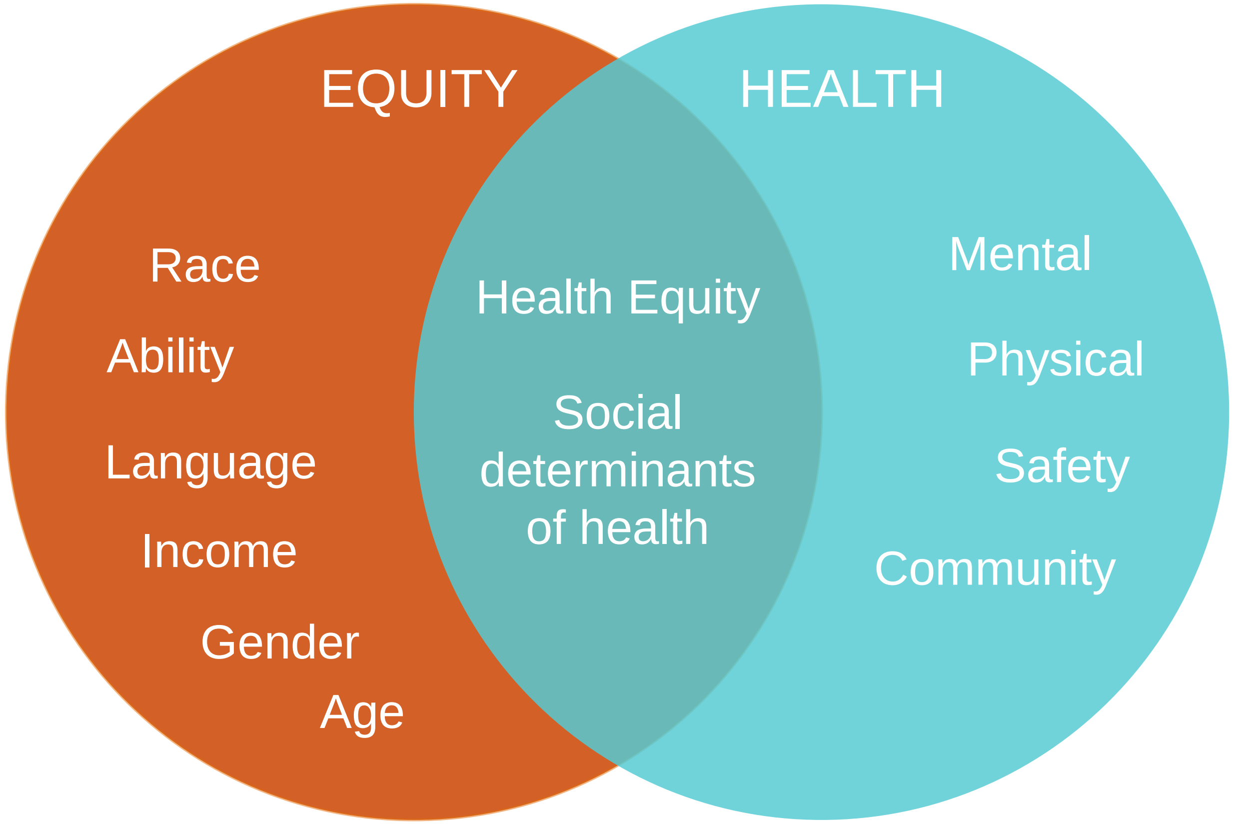
Urban Land Institute Building Healthy Places Initiative

HR&A

INTEGRAL

Health and social equity have come front and center in 2020. How is the real estate industry addressing these concepts?

In 2019, ULI's Building Healthy Places Initiative – in collaboration with HR&A Advisors and Integral Group – set out to answer this question.



Health and Social Equity in Real Estate: State of the Market is a snapshot of the industry's awareness and implementation of health and social equity practices.

The *Report* was conducted in 2019 by HR&A Advisors and Integral Group, and covers the state of awareness, adoption trends, adopted practices, motivators and barriers for health and social equity practices.

Research Tools

Advisory Group Meetings

Integrated advice on key issues from industry experts.

Survey

Surveyed over 9,000 professionals via ULI, CfAD, AIA, and CoreNet.

Literature Review

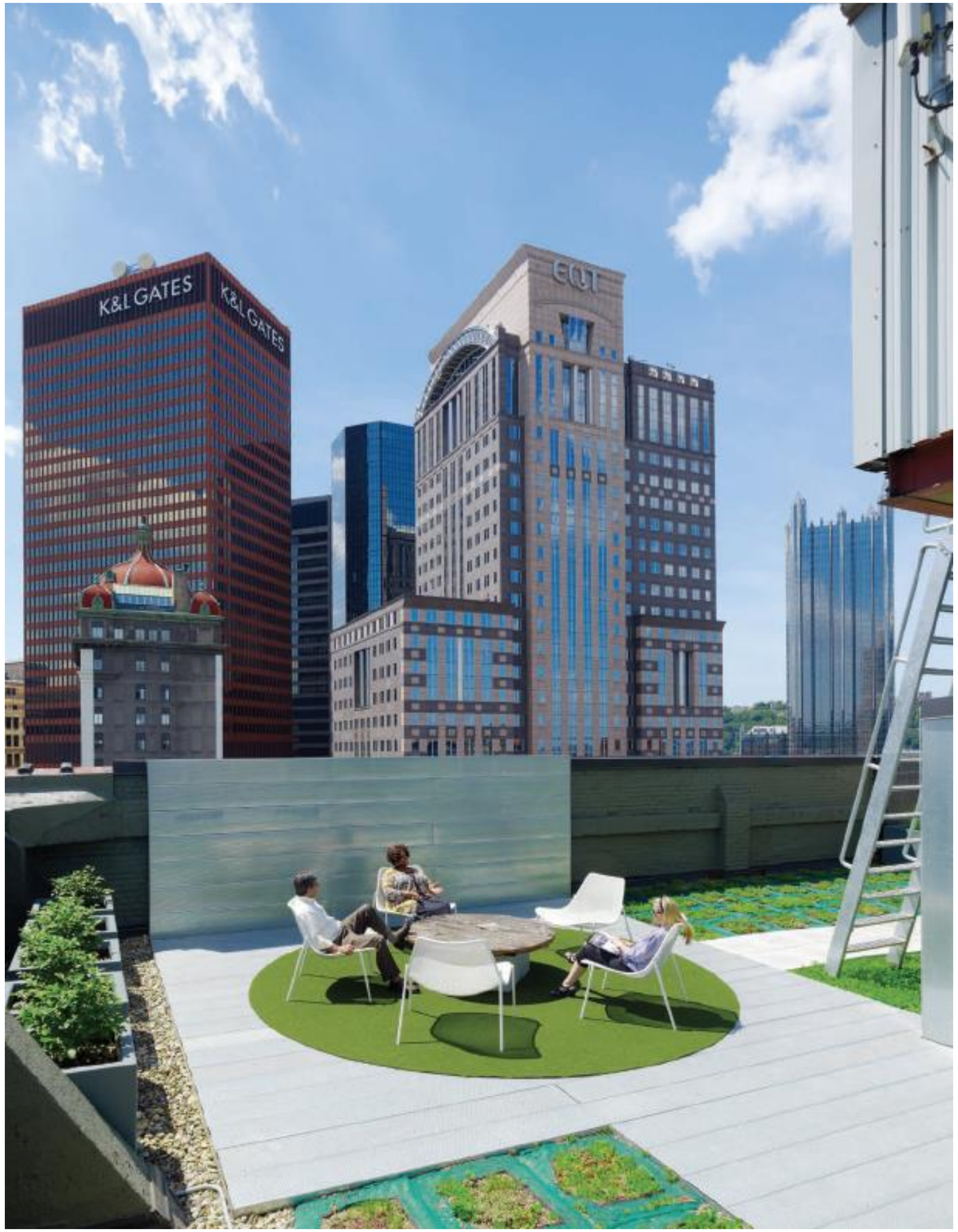
Reviewed existing literature on the current state of adoption.

Interviews

Conducted interviews with 23 industry experts and leaders.

Awareness

Awareness of health and wellness practices has been growing even before the pandemic, and is more advanced than awareness of social equity-related practices.

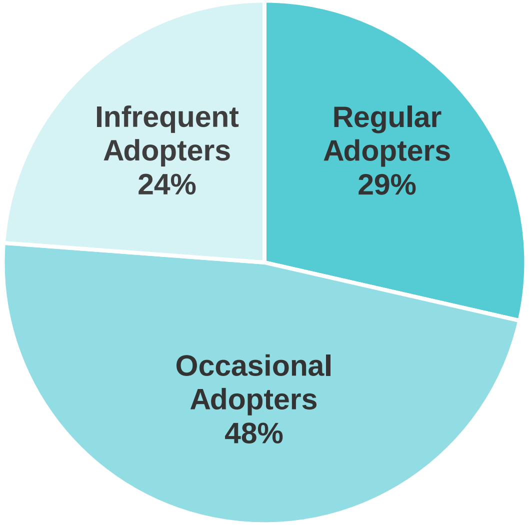


Adoption Trends

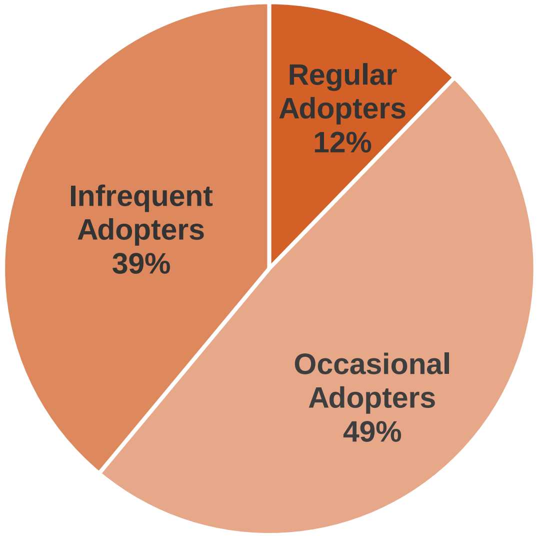
In general, adoption has not kept pace with awareness.

Overall, the industry is in the early stages of adopting health and social equity practices – but interest has been growing.

Adoption of Health Practices



Adoption of Social Equity Practices



Adopted Practices

Respondents noted a wide variation of adoption across developmental phases: site selection and initial planning, design, and operations.

Variations in adoption also depend on the respondents' industry subgroup.

Stakeholder Engagement

Internal Corporate Policies

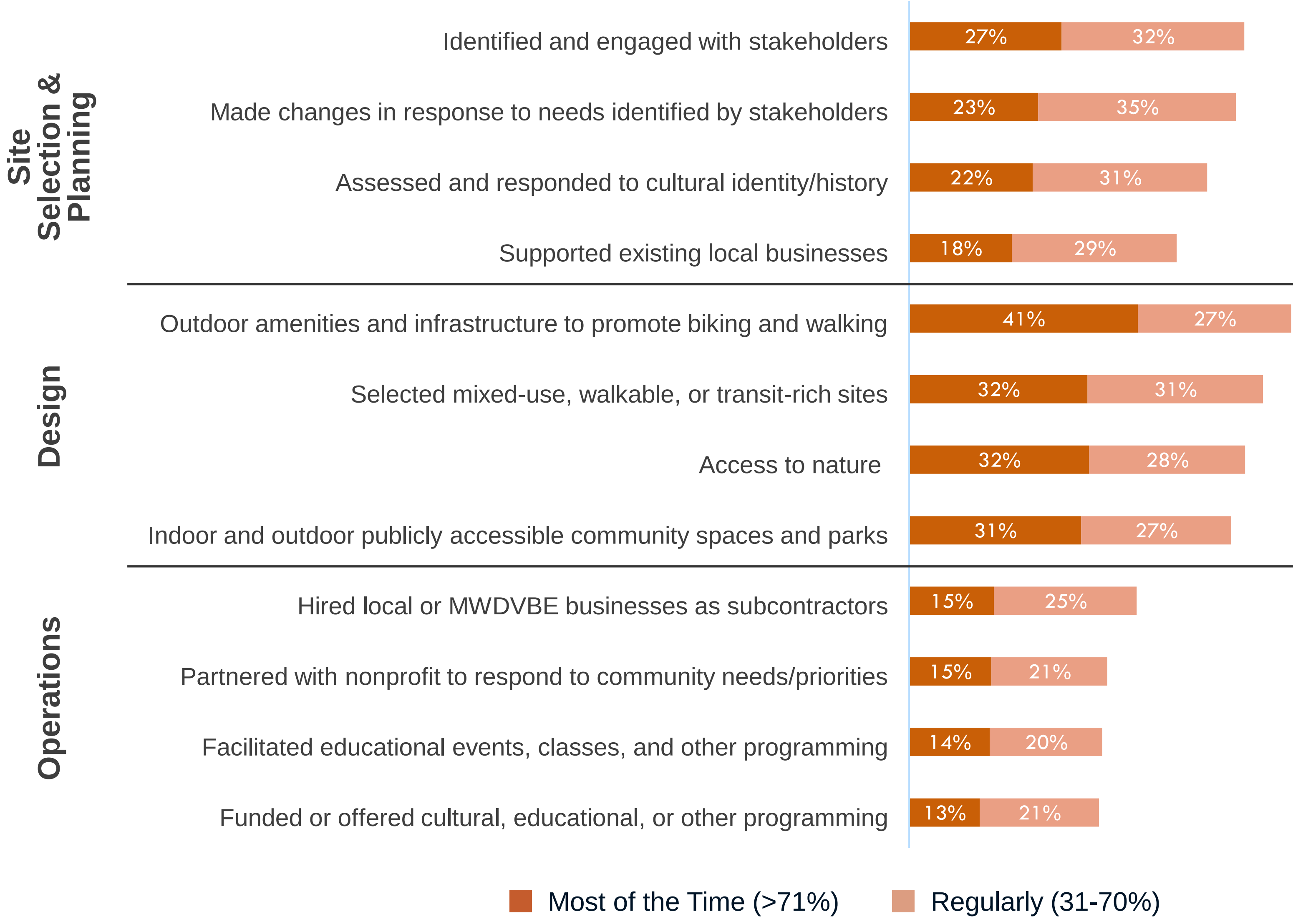
Open Space

Transit-Adjacency

Frequently Adopted Practices

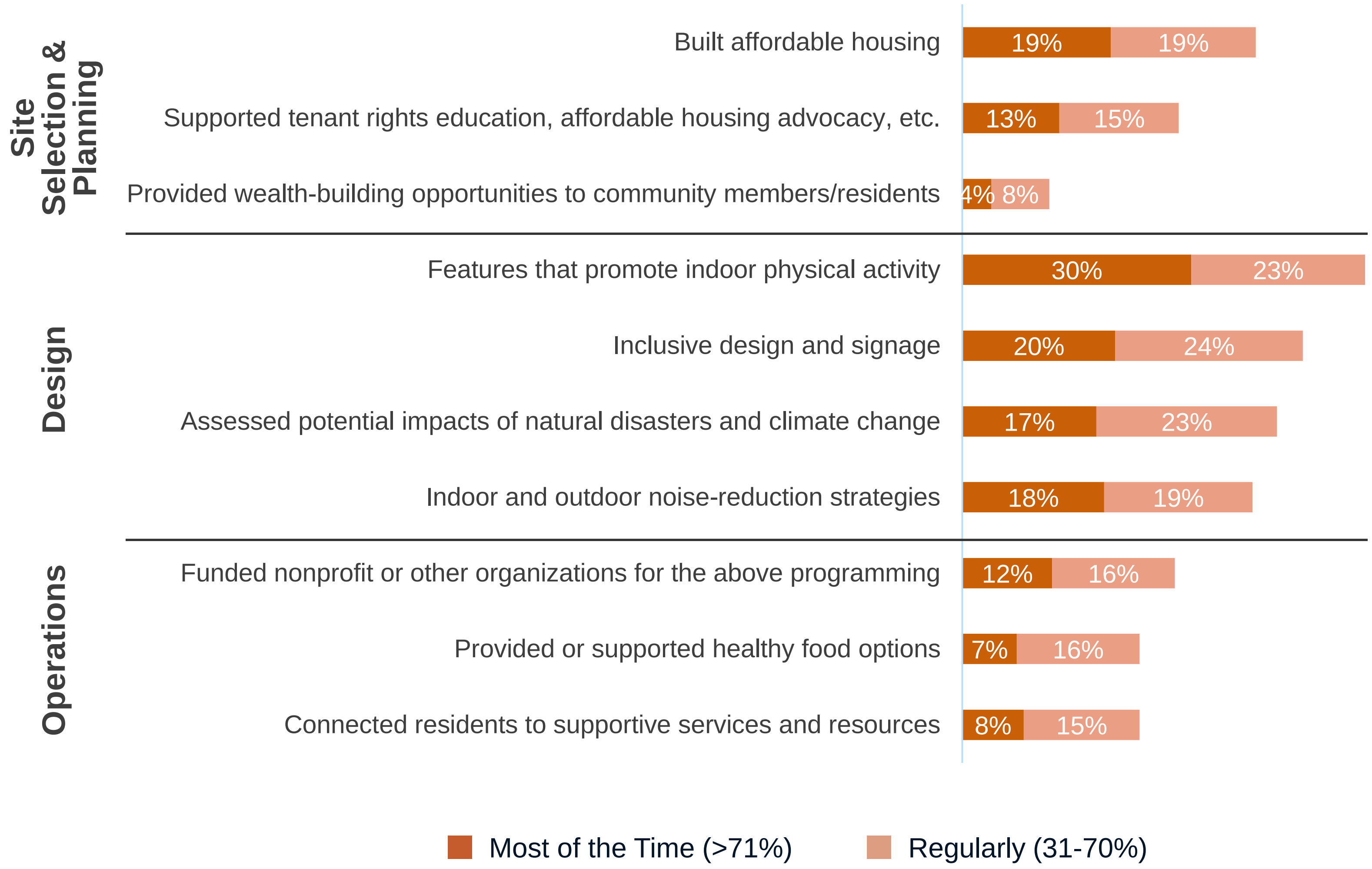
The most adopted practices tended to require less time and ongoing resources.

Some of the most frequently adopted practices address transit, walkability, biking infrastructure and access to open space or nature.



Less Adopted Practices

More resource and time-intensive social equity practices, such as support for wealth building, and health initiatives such as the provision of healthy food options, were rarely adopted.



Motivators and Barriers

Return on investment was a key motivator for health practices, whereas social equity practices were significantly motivated by social outcomes and reputational value.

Lack of knowledge, particularly about social equity practices, hindered adoption.

Motivators	Barriers
Return on Investment	Cost
Reputation	Lack of Capacity
Competitive Advantage	Lack of Awareness

Recommendations

The Report makes key recommendations for how the industry can improve its uptake of health and social equity practices.

Increase Awareness

Build Capacity

Tailor Practices

Make Commitments

Thank you!

Read the report online at:
americas.uli.org/healthandsocialequity

Or follow ULI on social media:

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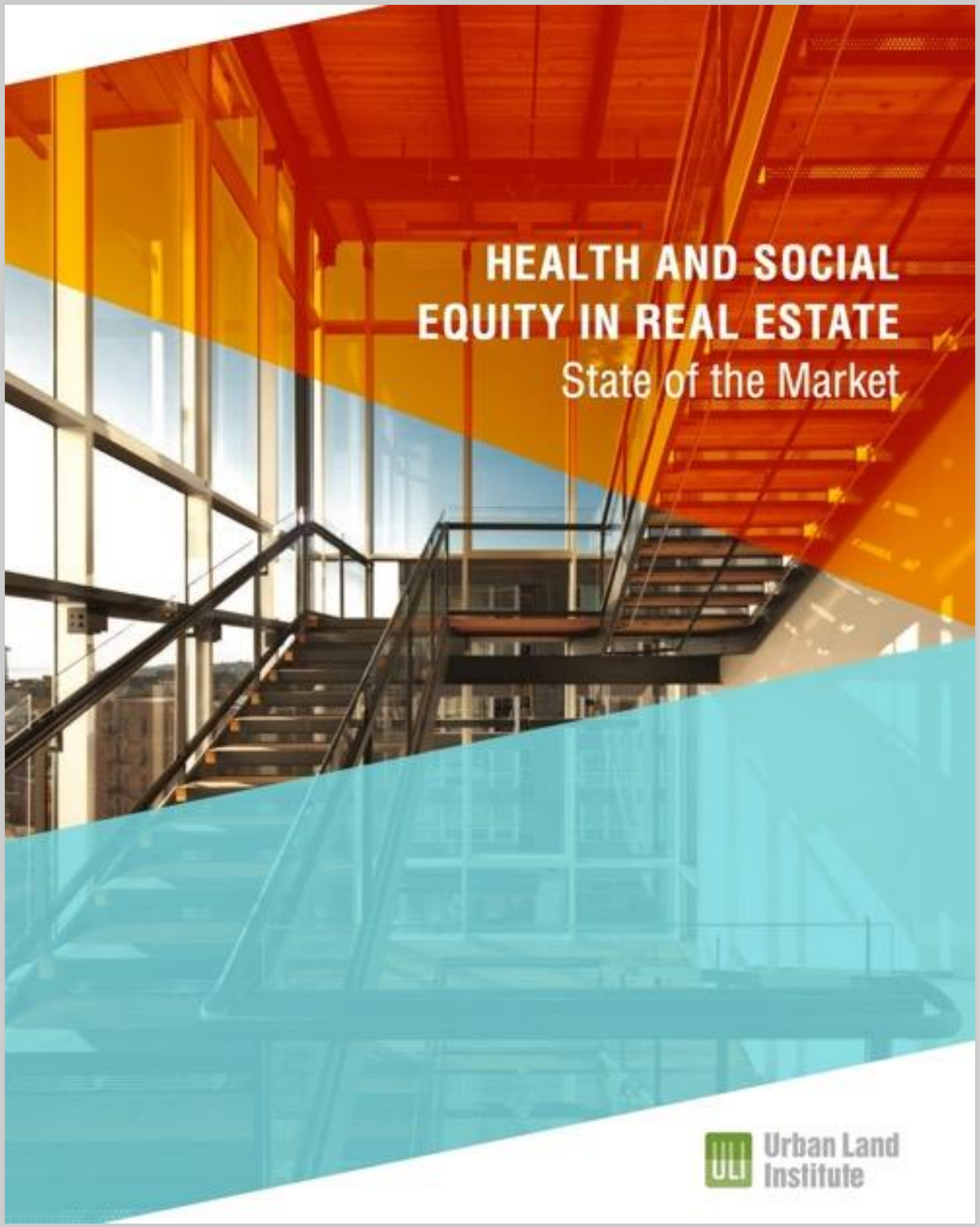

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HEALTH AND SOCIAL EQUITY IN REAL ESTATE
State of the Market Report

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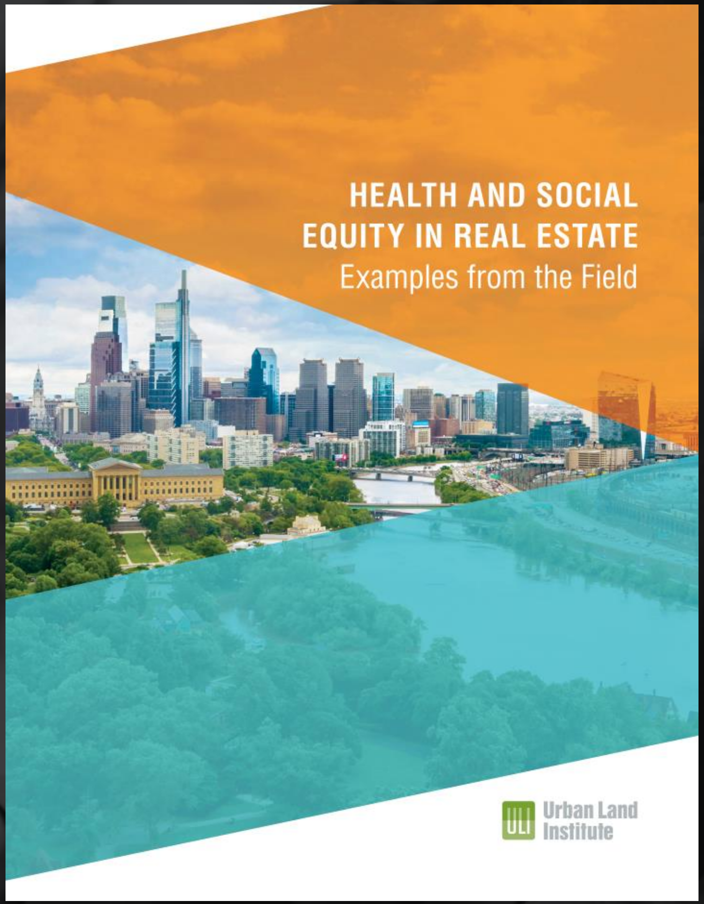
Marta Schantz

Senior Vice President

ULI Greenprint Center for Building Performance, Urban Land Institute

Health & Social Equity in Real Estate: Examples From the Field



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Elements of the Business Case for Health & Social Equity

There's more to health and social equity in real estate than a simple return on investment

- Occupant demand
- Community success
- Government incentives
- Competitive branding/ marketing
- Building certifications and reporting structures

Examples from the Field

17 profiles from real estate firms implementing health and/or social equity at their properties

What's Next?

The real estate industry is ripe for accelerated investment in health and social equity

- More uniform way to track metrics and measure impact
- C-suite support of grass roots initiatives for longevity
- Scaling efforts portfolio-wide from single asset "pilot" properties
- Maintaining a focus on health and social equity post-COVID-19 pandemic

"We measure success by how many people's lives we can positively impact through equitable economic development. Freedom Plaza has been a humbling success because of the number of jobs it created and the solid relationship of trust and mutual respect we have built with the community."

— Arturo Sneider, CEO, Primestor

"Everyone has a natural response to the environments in which they live, work, and play, and it's our responsibility to design and operate buildings with wellness in mind. When our employees and tenants are healthy and happy, our business also does well."

— Jeffrey Abramson, Partner, The Tower Companies

Joe Ritchie

Vice President, Development

Brandywine Realty Trust

Urban Land Institute: Health & Social Equity in Real Estate

BRANDYWINE REALTY TRUST

November 13, 2020

Company Overview

brandywine REALTY TRUST

FOUNDED IN
1994
IN PENNSYLVANIA

FINANCIAL CONSISTENCY AND A STRONG BALANCE SHEET

173
PROPERTIES, TOTALING
24.3M
SQUARE FEET WITHIN CURRENT PORTFOLIO

$5B
APPROX MARKET CAPITALIZATION

$600M
CREDIT FACILITY

INVESTMENT GRADE RATING

12.7M
SQUARE FEET PRE-DEVELOPMENT/ ACTIVE PROJECTS

$2.6B / 12.1M
SQUARE FEET OF SUCCESSFUL OFFICE, LIFE SCIENCE, MIXED-USE, RESIDENTIAL, AND GREENSPACE DEVELOPMENT TO DATE

AWARDED NAIOP DEVELOPER OF THE YEAR

RECOGNIZED AS ONE OF FORBES' MOST TRUSTWORTHY COMPANIES

On On-Going Commitment

ESG Leadership & Recognition

- Committed to CEO Action for Diversity & Inclusion initiative
- Earned industry-leading ISS Governance Quality Score of 1 in 2019, representing the lowest shareholder risk and highest score that can be received by ISS
- Maintain an A Rating from MSCI ESG Research LLC
- Received our 5th GRESB Green Star 2019 ranking and a perfect score on Social aspect of 2019 Public Disclosure
- Achieved 2020 Green Lease Leaders Gold
- Recognized as most committed building owner in Philadelphia 2030 District partnership to achieve substantial reductions in energy & water use by year 2030
- Honored with a 2019 Korn Ferry Engagement Award, which recognizes employers with superior performance in employee engagement and employee enablement
- Named to Best Places to Work in Philadelphia Business Journal's 2020 list and Austin Business Journal's 2019 list

WELL CORE BRONZE 2019

1ST CERTIFIED BRONZE

1M CERTIFIED SQUARE FEET

fitwel

6M CERTIFIED SQUARE FEET

U.S. GREEN BUILDING COUNCIL LEED USGBC

2.4M CERTIFIED SQUARE FEET

ENERGY STAR

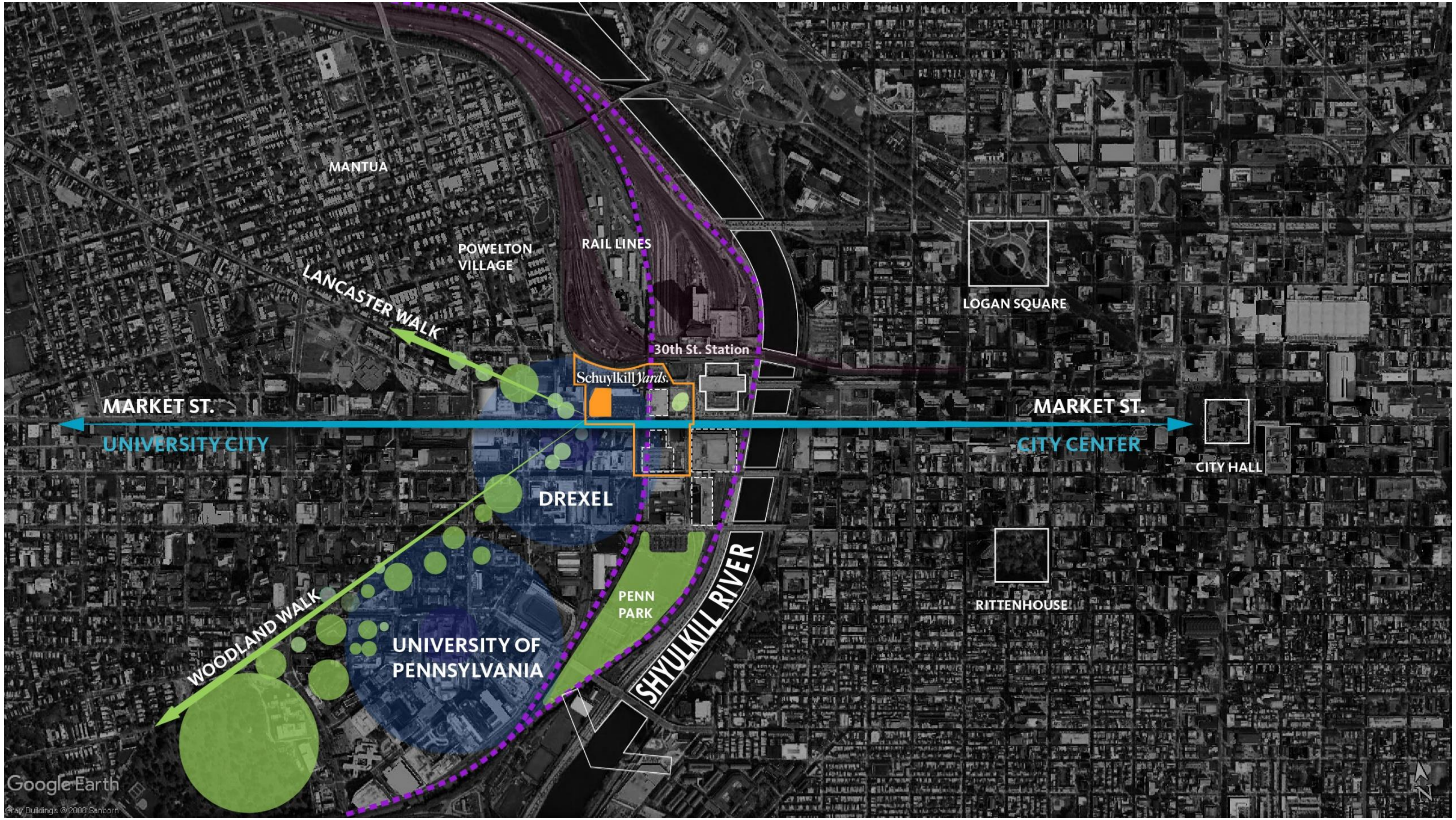
12.5M CERTIFIED SQUARE FEET

Intentional Strategies for Inclusive Growth

Our buildings are bridges to the communities they serve, positively impacting and enriching the local fabric.

Our long-term strategy has been to always challenge the status quo to provide growth opportunities through intentional expansion of our stakeholder base with a focus on local minority-owned firms and civic organizations.

Schuylkill Yards



Neighborhood Engagement Initiative

With Schuylkill Yards, we introduced an unprecedented $16.4+ million Neighborhood Engagement Initiative.

Our Programs:

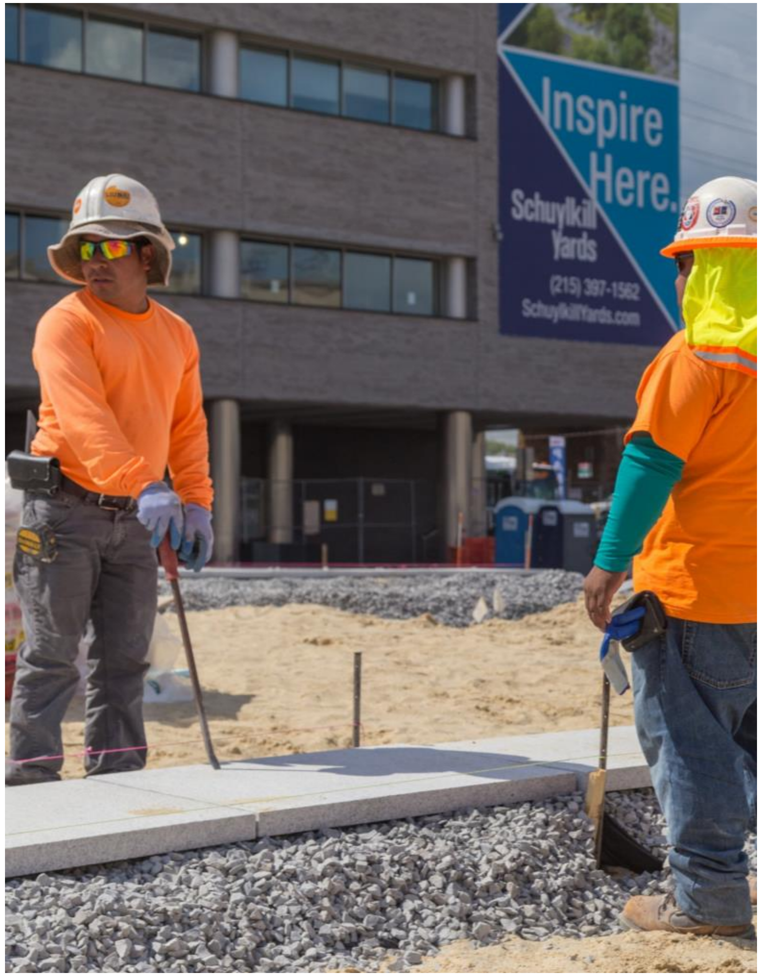
- Grow Philadelphia Capital Fund (provide capital)
- Construction Apprenticeship Preparatory Program (create path to family-sustaining jobs)
- Local Sourcing Initiative (establish new procurement channels)
- CDC Co-Development (capacity building)
- Community Fund (neighborhood cooperation)

Neighborhood Engagement Initiative

Only an estimated 6.9% of local construction firms in Philadelphia are minority-owned.

Grow Philadelphia Capital Fund: through a partnership with The Enterprise Center, this fund provides low cost capital with an interest rate of 1% directly to Philadelphia Minority Enterprises. In late 2017, we contributed $250,000 to the fund, which was deployed in 13 loans to 11 businesses.

Our contracts require hired construction firms to meet our Economic Opportunity Plan goals. If they do not, they forfeit a portion of their contract, and that money is deposited into our Grow Phila Fund.



Neighborhood Engagement Initiative

Construction Apprenticeship Preparatory Program: a 15- week classroom based curriculum designed to prepare candidates for the required entrance exams for the skilled building trade unions. 50 CAPP graduates have been placed in union jobs so far.

Local Sourcing Initiative: fund a 10% discount for all Brandywine tenants on their first purchase from a West Philadelphia vendor partner.

Neighborhood Engagement Initiative

CDC Co-Development: through an RFP process, hired two Community Development Corporations (CDC) for each Schuylkill Yards project, allowing the CDCs to earn revenue and build capacity for their staff to better execute projects.

Community Fund: committed to contribute a $9.3 million grant to a Community Fund which will provide capital for affordable housing and preservation initiatives, additional small business and employment programs, community capacity building, and educational support for local public schools.

#BDNStrong: Our COVID-19 Response

Brandywine's COVID-19 response is designed to help uplift the communities in which we operate through volunteer efforts and financial contributions that safeguard local livelihoods.

$20,000+ Collected

by individual employees via GoFundMe donations, which hen received a company match and was used to support third-party vendors in need and provide meals in the community

16 Third-Party Employees

in Brandywine's extended family of vendors, who were impacted by furloughs and layoffs, received monetary support from our employee GoFundMe

28,000+ Meals

provided to Philadelphians in need at Centennial Parkside CDC, Mount Vernon Manor, Ronald McDonald House, Chosen 300 Homeless Services, and People's Emergency Center of West Philadelphia, through partnerships with Brandywine's restaurant tenants

$350,000 Grant

to the Enterprise Center to launch the Grow Philadelphia Small Business COVID-19 Resilience Fund

$200,000 Grant

to the African American Chamber of Commerce to launch a low-interest loan program for members impacted by COVID-19 and social unrest

The Enterprise Center
The future of business is here

AFRICAN-AMERICAN CHAMBER OF COMMERCE
Pennsylvania ◆ New Jersey ◆ Delaware

Stronger, Together

Economic Growth + Social Equity +
Minority Business Development =
Stronger, More Resilient Communities

Kelly Hagarty

Director of Sustainability

Clarion Partners LLC

ON THE RISE: HEALTH AND SOCIAL EQUITY IN REAL ESTATE

NOVEMBER 13, 2020

CLARION PARTNERS

Recent Developments Notice

Note: The impact of the outbreak of COVID-19 on the economy and the properties and operations of any fund or portfolio is highly uncertain. Valuations and incomes may change more rapidly and significantly than under standard market conditions. Please see additional information regarding the risks of investment and inherent subjectivity and assumptions of appraisals below.

Business Disruption. Clarion's investment vehicles ("Clarion Vehicles") and their investments are vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes and telecommunication failures. In December 2019, a novel strain of coronavirus was reported to have surfaced in Wuhan, China. As of March 2020, the outbreak has been declared to be a pandemic by the World Health Organization, and the Health and Human Services Secretary has declared a public health emergency in the United States in response to the outbreak. Many countries, states, municipalities and other jurisdictions have instituted quarantines, curfews, prohibitions on travel and closure of offices, businesses, schools, retail stores and other public venues, including certain infrastructure facilities. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism and entertainment, among other industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the coronavirus outbreak. The extent to which the coronavirus impacts a Clarion Vehicle's results will depend on future developments, which are highly uncertain and cannot be predicted. These include: new information which may emerge concerning the severity of the coronavirus; the duration and spread of the outbreak; the actions to contain the coronavirus or treat its impact; its impact on our tenants, our tenants' customers, employees and vendors; and governmental, regulatory and private sector responses to the coronavirus. A Clarion Vehicle's financial condition and results of operations could be adversely affected, including such Clarion Vehicle's ability to complete in-process real estate transactions and developments, to collect rent from existing tenants, to lease units in its properties to new tenants, to make distributions to investors or to satisfy redemption requests in a timely manner. In addition, the operations of Clarion, any Clarion Vehicle and its investments may be significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew measures, voluntary and precautionary restrictions on work, travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

Force Majeure. The investments of any Clarion Vehicle may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, energy blackouts, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes and telecommunication failures). Some force majeure events may adversely affect the ability of a party (including an investment, a tenant of an investment, a customer of a tenant of an investment, a counterparty of an investment or a counterparty of a Clarion Vehicle) to perform its obligations until it is able to remedy the force majeure event. Such a party may also claim force majeure for nonperformance of its contract obligations. Certain force majeure events (such as an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which a Clarion Vehicle may invest specifically. Additionally, a major governmental intervention into industry, including the assertion of control over an investment, could result in a loss to the applicable Clarion Vehicle. Any of the foregoing would therefore adversely affect the performance of such Clarion Vehicle and its investments.

Uncertainty of Net Asset Values. The Net Asset Value of each Clarion Vehicle is based on appraisals that are inherently subjective in certain respects and rely on a variety of assumptions, including assumptions about projected cash flows for the remaining holding periods for such investments. Furthermore, appraisals are based in large part on information as of the end of a given calendar quarter, and market, property and other conditions may change materially thereafter. Furthermore, real estate assets generally cannot be marked to an established market or readily tradable assets. Accordingly, such appraised values may not accurately reflect the actual market values of a Clarion Vehicle's investments, and, thus, prospective investors and Limited Partners may make decisions as to whether to invest in or redeem Interests without complete and accurate valuation information. In particular, the outbreak of COVID-19 and the economic impact arising from both the virus and actions taken to mitigate its spread may impact the value of a Clarion Vehicle's assets and availability of debt, and the current appraisals may not take such factors into account.

Global Investment Management Platform with Local Execution

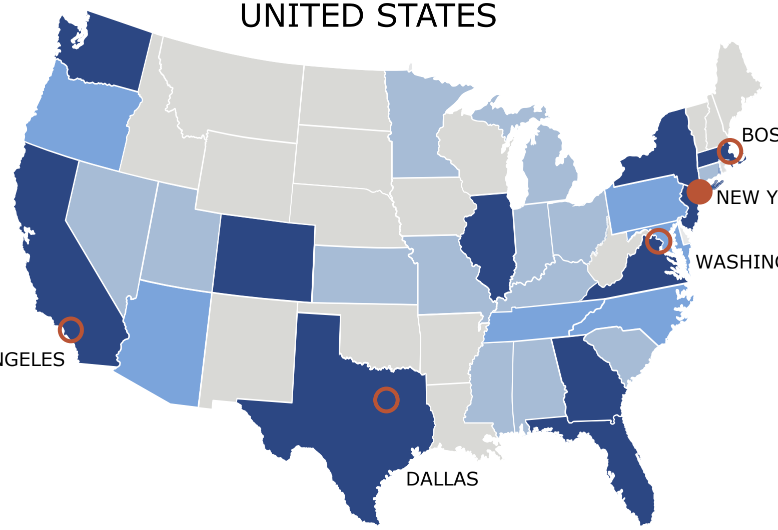
AUM ($bn)
$56.3

Assets
1,285

Offices
9

Employees
288

UNITED STATES



EUROPE

HEADQUARTERS
REGIONAL

AUM STATEWIDE
< $500 M
$500 M - $1,500 M
$1,500 M +

Investment Research
10 Team Members
Proprietary research informs all investment decisions

Acquisitions
32 Team Members
Regional teams based in New York, Dallas, Los Angeles, and London.

Asset Management
73 Team Members
Property sector specialists positioned regionally

Personnel data as of September 30, 2020. All other data as of June 30, 2020.
Geographic information represents GRE; compared to Firm-level GAV. Please see Important Legal Information at the end of this presentation.

Clarion Corporate Responsibility

Clarion Partners continues to deepen our environmental, social and governance commitments to ensure a more sustainable future while delivering value to our clients and tenants

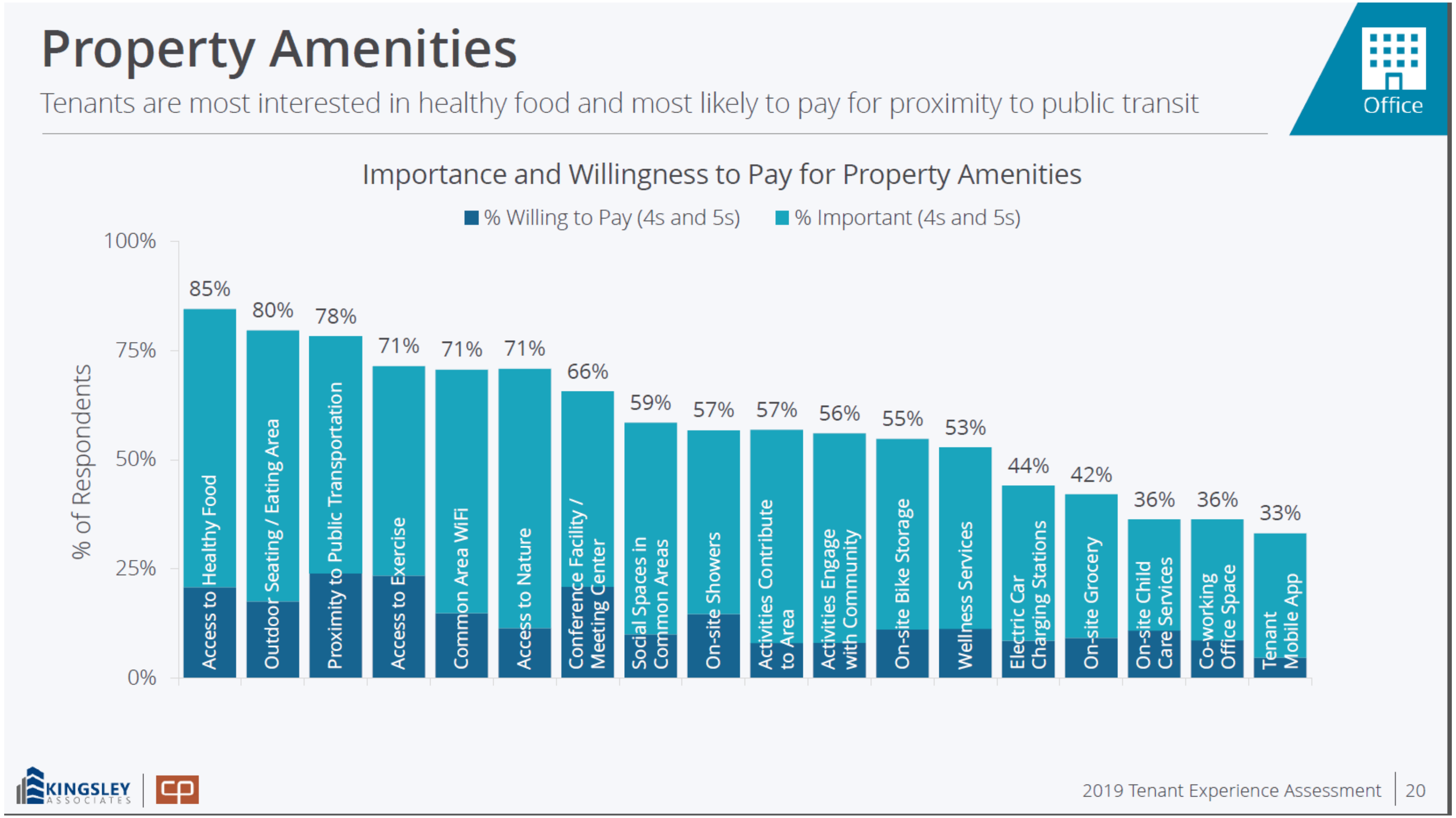
ACCOMPLISHMENTS, INDUSTRY RECOGNITION & CERTIFICATIONS			
6 of the U.N. SDG's adopted and incorporated into Clarion investment strategies	**Green Stars** Earned by all three open-end funds for excellence in ESG policy & implementation	**106** Green building certifications **30** ENERGY STAR certifications	**A+** The highest possible score for implementation of responsible investment policies

Clarion champions social responsibility and recognizes diversity and inclusion as business imperatives, sponsoring and partnering with industry programs to expand the pipeline of real estate candidates

INDUSTRY SPONSORSHIPS	FIRM INITIATIVES
PREA foundation – Diversity Builds Better Futures; WX New York Women Executives in Real Estate; Toigo (Celebrating 30 Years)	Youth Bridge New York; Clarion Partners Women's Leadership Network; SEO Career – Seizing Every Opportunity; Cristo Rey Network

As of June 30, 2020.

Office Tenant Health Priorities



Turning Feedback Into Action

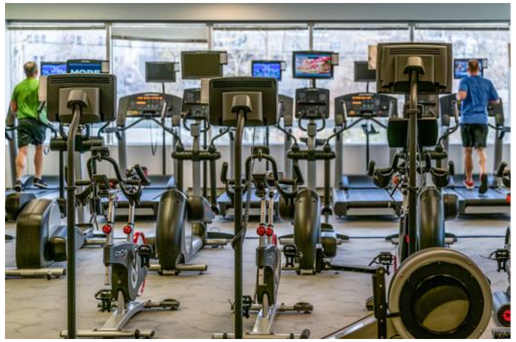
Many of Clarion's properties have implemented health amenities for tenants that also benefit the local community

- Access to healthy food options
  - Work with local restaurants to provide tenants with discounts
  - One property noticed tenants frequenting a local healthy restaurant and had the restaurant install shelving in the lobby for delivery orders
- Access to exercise
  - Work with gyms around the neighborhood to provide tenants with deals
  - Provide onsite programming such as yoga
- Activities that engage with the community
  - Toy and food drives, Back-to-School Drive, blood drives, charitable events requested by tenants
  - Work with local companies to host booths during Earth Day
- Proximity to public transportation
  - Track Walk, Bike, and Transit scores for properties

Case Study | Merritt 7

Merritt 7 is a 1.4 million sf office complex of six buildings in Norwalk, CT

- The property is connected, by direct access to Metro-North rail station, to the entire NYC Metro area as well as major thoroughfares in Fairfield County
- With ample housing, a new contemporary shopping destination, and other recreation and cultural attractions nearby, the property is well-positioned as a live-work-play destination.
  - While the property already offers numerous health amenities, one tenant shared the importance of more outdoor space.
    - Added more outdoor seating
    - Added additional landscaping, planters, and trellises
  - Complimentary yoga classes offered during pandemic closures
  - Signage to notify tenants of COVID re-entry measures such as upgraded MERV 15 filters



Important Legal Information

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Target Return Disclosure. Target returns may be included herein and, if so, are based on historical performance of the real estate market, current market conditions, the amount of risk to be assumed by the account or fund, as applicable, and certain subjective assumptions relating to the respective investment strategy. Fund-level target returns assume investment through a complete real estate investment cycle. Target returns are presented to establish a benchmark for future evaluation of fund performance, to provide a measure to assist in assessing the anticipated risk and reward characteristics of an investment in the strategy and to facilitate comparisons with other investments. In general, the higher a target return is for an investment, the greater the amount of risk that is associated with that investment. The target is not intended to provide an investor with a prediction of performance and no investment should be made as a result of the target. Any target data or other forecasts contained herein are based upon estimates and assumptions about circumstances and events that may not occur or may change over time. For instance, the target may assume a certain rate of increase in the value of real estate over a particular period of time. If any of the assumptions used do not prove to be true, actual results may be lower than targeted returns. The target investment returns are subject to change at any time and are current as of the date hereof only. In any given year, there may be significant variation from these targets, and Clarion Partners makes no guarantee that an investment will be able to achieve the target investment returns in the short term or the long term (i.e., over a complete real estate investment cycle). Targets are subjective and should not be construed as providing any assurance as to the results that may be realized.

Target Internal Rates of Return. “Target Gross IRRs” are returns calculated gross of fund-level management fees, incentive allocations and expenses, which in the aggregate will be substantial and will have the effect of reducing returns. “Target Net IRRs” are returns calculated net of fund-level management fees, incentive allocations and expenses, unless otherwise disclosed. Target IRRs are based solely on internal cash flow projections and estimates of current market value and do not reflect opinions of value from third party appraisals.

Aggregated Property-Level Data. Aggregated (or “Blended”) property-level return targets, capitalization rates and internal rates of return (IRR), as applicable, are based, in part, on the value of the properties held in the portfolio. Values are assigned to each property using a consistent methodology that is applied in accordance with the written valuation policies. Aggregated asset-level return targets, capitalization rates and IRRs may incorporate property values assigned to properties on different dates within the prior year. Such property values are estimates only. This data is provided for illustrative purposes only and should not be viewed as a guarantee of current property value, capitalization rate or internal rate of return, as applicable. Neither individual nor aggregated cap rates represent a return or distribution from the portfolio itself.

Ownership. On July 31, 2020, Franklin Resources, Inc. (“Franklin Templeton”) acquired Legg Mason, Inc. (“Legg Mason”), including its 82% interest in Clarion. As a specialist investment manager of Franklin Templeton, Clarion continues to operate in a fashion consistent with the prior Legg Mason structure, maintaining its independent brand, investment autonomy, and management ownership of 18% of the business.

Important Legal Information (cont.)

Private Fund Disclosure. The information provided herein with respect to one or more funds (each, a "Fund"), as applicable, has been provided for informational purposes only and does not constitute an offer to sell, or solicitation of offers to buy or convert, securities in any existing or to-be-formed issuer. Investment in a Fund can be made only pursuant to the subscription agreement, offering memorandum and related documents and after careful consideration of the risk factors set forth therein. The information provided with respect to any the Fund is qualified in its entirety by reference to, and will be superseded by, such documents.

An investment in a Fund is speculative and involves a high degree of risk, potentially including risks related to the use of leverage. The performance of the Fund and its assets may be volatile. An investor may lose all or a significant amount of its investment in the Fund. Investment in the Fund is suitable only for sophisticated investors and requires the financial ability and willingness to accept the high risk and lack of liquidity inherent in the investment.

There can be no assurance that unrealized investments will be realized at the current valuations. There can be no guarantee that any Fund will be successful in implementing its investment strategy or that target returns will be realized. Gross returns are calculated prior to deduction of all fund-level fees, including asset management fees and incentive distributions, and investor-level taxes, all of which will reduce returns to investors.

Value Definitions, As Applicable. Gross Asset Value ("GAV") is the Firm's consolidated wholly owned total assets and proportionate share of joint venture total assets. Gross Real Estate ("GRE") is the Firm's consolidated wholly owned real estate assets and proportionate share of joint venture real estate assets. In contrast to GAV, GRE excludes cash and other assets. For Periods on or after 12/31/2013, Assets under Management ("AuM") is Gross Asset Value ("GAV"). Prior to that date, AuM is Gross Real Estate Value ("GRE").

Important Disclosure Relating to Clarion Partners Property Performance and Comparisons to the NCREIF Property Index

Inception date is 10/1/1984. Clarion Partners' performance is calculated by blending the performance of assets from all client portfolios that meet the criteria for inclusion in the NCREIF Property Index ("NPI"). If the performance shown is for a subset of accounts of Clarion Partners, then all properties that would meet the criteria for inclusion in such subset in the NPI are included. Except with respect to subsets (e.g., industrial properties), qualifying properties include all Clarion Partners client-owned U.S. office, industrial, retail, residential and hospitality operating properties accounted for at market value, pursuant to the current valuation policy applicable to the respective client. New qualifying properties are included in the first full quarter in which they reach a minimum of 60% occupancy or, for newly acquired renovation or development assets, the earlier of 60% occupancy or 1 year after completion of the renovation or development. Once a property is included by Clarion Partners, it remains in the track record until it is disposed or converted to a property type which does not meet NPI inclusion criteria. With the exception of subsets outside of the hospitality sector, Clarion Partners includes the historical performance of 2 hotel investments managed by a Clarion Partners employee between 2002 and 2005 while working at Sarofim Realty Advisors and transferred to Clarion Partners in 2006 and 2007. The performance of Clarion Partners is hypothetical in that it does not track the aggregate performance of all assets held in Clarion Partners client accounts or of any individual account. No client has received the performance shown. Except as otherwise noted, Clarion Partners performance is shown unleveraged and gross of taxes, investment management fees, incentive fees, and, any fund expenses, if applicable. If such fees and expenses were deducted from the assets shown, performance would be substantially lower.

The NPI is a primary benchmark for the commercial real estate industry calculated and maintained by the National Council of Real Estate Investment Fiduciaries. The NPI is a total rate of return measure of the investment performance of a large pool of individual commercial properties that have been acquired in the private market for investment purposes. The NPI includes only U.S. office, industrial, retail, residential and hospitality operating properties owned in whole or in part by non-taxable institutional investors and accounted for at market value. The NPI is gross of investment management fees and is unleveraged. Information regarding NPI's methodology is available at http://www.reportingstandards.info/. Substantial differences exist between the methodology for calculating the NPI and the Clarion Partners performance data. Performance was achieved under certain economic conditions that may not be repeated. Past performance is not a guarantee of future results.

Effect of Fees on Gross Performance

If management and other fees were included, performance would be lower. Advisory fees are disclosed in each fund's private placement memorandum, in each investment advisory agreement for separate accounts, and in Part 2A of Clarion Partners' Form ADV, Part 2A.

Important Legal Information (cont.)

<u>Additional Index Definitions</u>

The NCREIF Total Return Property Index (NPI). The NPI quarterly, annual and annualized total returns consist of three components of return – income, capital and total. Total Return is computed by adding the Income Return and the Capital Value Return.

NPI Market Value Index (MVI). The NPI MVI is simply an equal-weighted average of quarterly changes in reported market value for the properties that are not undergoing a major capital expansion. MVI is designed to reflect how property values are changing over time and be an alternative to the NCREIF capital index.

NCREIF Appreciation Index. The NCREIF Appreciation Index is a quarterly, unleveraged composite appreciation return for private commercial real estate properties held for investment purposes only.

NCREIF Industrial Sub-Index. The NCREIF Industrial Sub-Index is a quarterly, unleveraged composite total return for private industrial real estate properties held for investment purposes only.

Bloomberg Barclays US Aggregate Bond Index. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

EURO STOXX 600. The STOXX Europe 600 or STOXX 600 is a stock index of European stocks designed by STOXX Ltd. This index has a fixed number of 600 components, among them large companies capitalized among 18 European countries, covering approximately 90% of the free-float market capitalization of the European stock market (not limited to the Eurozone).

FTSE NAREIT All Equity REIT Index. The FTSE NAREIT All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. Equity REITs. Constituents of the Index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

JLL Global RE Transparency Index. The JLL Global Real Estate Transparency Index is based on a combination of quantitative market data and information gathered through a survey of the global business network of JLL and LaSalle Investment Management across 109 markets.

Morgan Stanley EAFE Int'l Stock (MSCI EAFE) Index. The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

Morgan Stanley Emerging Markets (MSCI EM) Index. The MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries. With 845 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

NAREIT Equity REIT. NAREIT Equity REIT Index is an index designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the New York Stock Exchange, the NYSE AMEX Equities or the NASDAQ National Market List.

The FTSE NAREIT Equity REITs index contains all Equity REITs not designated as Timber REITs or Infrastructure REITs.

Investment Property Databank (IPD) Index. The IPD Index is a composite of investment returns on both a historical and current basis of its participating members, who must qualify as being open-end, core, diversified funds pursuing a core investment strategy and includes all investments owned by them including real estate, cash and other investments (mezzanine loans receivable, notes receivable, forward commitments, etc.). The IPD Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted. Unless otherwise noted, IPD Index returns are presented without leverage and before the deduction of portfolio level management fees and do not reflect the results of any actual investment portfolio. The index's history is unfrozen; therefore, any reconstitution would result in a revision to the index's historical data. For comparative purposes, IPD calculates LPF returns using the same methodology as the IPD Index. Further information is available online at http://www.ipd.com.

S&P 500 - Standard and Poor's 500 Index. The S&P 500 Index is a capitalization-weighted index of 500 large U.S. stocks. The index is designed to capture the returns of many different sectors of the U.S. economy. The total return calculation includes the price-plus-gross cash dividend return.

Miné Hashas-Degertekin

Associate Professor

Department of Architecture,
Kennesaw State University

NAACP's

CENTERING EQUITY IN THE SUSTAINABLE BUILDING SECTOR INITIATIVE

Miné Hashas-Degertekin, PhD
Kennesaw State University
Department of Architecture

CESBS GOALS AND FOCUS

Launched in 2018, the *Centering Equity in the Sustainable Building Sector (CESBS)* Initiative seeks to:

1. Make sustainable buildings universally accessible to all communities.

2. Integrate equity-based strategies into building standards for sustainability.

3. Deepen diversity, equity, and inclusion in sustainable building professions.

THE ISSUE

3 Pillars of Sustainability

1. Social
2. Environmental
3. Economic

"The climate crisis disproportionately impacts communities of color, whether it's flooding, displacement, or proximity of industrial pollution sites near our communities which increases health-related problems, or the failure to have equal access to economic opportunities in the green economy – our communities are suffering and caught in the middle."

Leon Russell, Chairman of the NAACP Board of Directors

THE ISSUE

Almost all green building strategies can be considered equity-building strategies -- if they directly benefit

- people of color,
- people of low-income,
- people with disabilities,
- immigrants,
- women,
- children,
- seniors, and other frontline groups based on context.

These groups are not usually the beneficiaries of a given green building project.

Unless mandated by policy or intentionally implemented to ensure access in communities of greatest need, green buildings are often luxury products that are motivated by consumer demand and price premiums from privileged audiences

CESBS STEPS OF ACTION

First step:
A desk review of the existing green and living building guidance documents, standards, and actual projects.

Next:
Determine how we go beyond having equity as merely a petal or an optional aspect of the green and living building sector and place it at the center of the sustainable building movement.

Overview of Green Building Programs & Equity Approaches

Programs Reviewed	*Quick Summary*
LEED	Global certification program for green buildings of all types.
EGC	U.S. certification program for affordable housing developments.
LBC	Global certification program for living buildings of all types.
WELL	Global certification program for healthy buildings of all types.
BREEAM	Global certification program for green buildings of all types.
NGBS	U.S. certification program for land development or buildings that include residential spaces.
RELi	Global certification program for resilient buildings of all types.
CHPS	U.S. and local certification program for green schools.
AEGB	City certification program for green buildings in Austin, Texas.
Built Green	State certification program for green homes in Washington.
EarthCraft	Regional U.S. certification program for residential & commercial buildings in the Southeast.
Earth Advantage	Regional U.S. certification program for green homes in the Northwest.
King County Sustainable Infrastructure Scorecard	Local certification program for public facilities in King County, Washington.
GreenPoint Rated	State certification program for green homes in California.

Overview of Green Building Programs & Equity Approaches

				Contains at least one equity element for the following:				
Program	*Defines Equity*	*Equity Category*	*Equity Requirements (R) vs. Options (O)*	***Universal Access[1]***	***Inclusion[2]***	***Health Promotion for At-Risk Groups***	***Fair Treatment of Workers***	***Equitable Emergency Response***
LEED	✓		O	✓	✓	✓	✓	
EGC			O	✓	✓	✓		✓
LBC	✓	✓	R	✓	✓		✓	
WELL	✓		O	✓	✓	✓		✓
BREEAM			O,R	✓			✓	✓
NGBS			R	✓				
RELi			O,R	✓	✓		✓	✓
CHPS			O,R	✓		✓		
AEGB		✓	O	✓	✓		✓	
Built Green			O	✓			✓	
EarthCraft			O,R	✓	✓			
Earth Advantage			O	✓	✓			
King County Sustainable Infrastructure Scorecard	✓	✓	R	✓	✓	✓	✓	
GreenPoint Rated			O	✓				

[1] Includes affordability, public access to benefits from the building, implementation of additional community benefits, and universal design.

[2] Defined as participation of underrepresented groups in decision-making and investments related to the project.

Overview of Green Building Programs & Equity Approaches

Programs not evaluated due to an incompatible scope (i.e. single-attribute certifications, energy benchmarking programs, non-building sustainability certifications, policy-based community-scale certifications, etc.) include:

- **SITES** *(sustainable sites/landscapes)*
- **PEER** *(power system performance)*
- **TRUE Zero Waste** *(for businesses)*
- **GRESB** *(Environmental, Social, and Governance performance of real estate assets)*
- **Envision** *(sustainable civil infrastructure)*
- **Parksmart** *(sustainable garages)*
- **EcoDistricts** *(urban development planning)*
- **STARS** *(sustainability performance for colleges and universities)*
- **LEED for Cities and Communities** *(urban sustainability policy and performance tracking)*
- **STAR Communities** *(as above; merging with LEED for Cities)*
- **ENERGY STAR** *(energy efficiency)*
- **Net Zero Energy Ready Home** *(energy efficiency, water efficiency, indoor air quality)*
- **Fitwel** *(health-promoting buildings)*
- **BOMA 360 Performance Program** *(operations and management)*
- **SEED Evaluator** *(design process and stakeholder participation)*
- **Infrastructure Voluntary Evaluation Sustainability Tool**
- **Passive House** *(low-energy buildings)*
- **FORTIFIED** *(resilience to hurricanes, high winds, hail, and severe thunderstorms)*
- **REDi** *(earthquake resilience)*
- **LENSES** *(framework for regenerative development)*
- **Green Key Eco-Rating** *(sustainable hotels)*
- **Green Restaurant Certification Standards**
- **TRA Certification – Green Modular and Manufactured Homes** *(based on NGBS)*
- **District of Columbia Green Construction Code** *(based on LEED, IgCC, etc.)*

Equity Recommendations to Improve Green Building Rating Standards

LOCAL COMMUNITY AND INCLUSIVE DESIGN:

- Require all projects to include an equity-informed community engagement process.
- Implement community benefit agreements
- Reconsider the promotion of police presence as a socioeconomic equity element for mixed-use areas, unless complemented by additional steps to eliminate policies and practices that are discriminatory (*Consider defensible space design principles for public-private space configurations*)
- Promote inclusive spaces (ex. lactation rooms, all-gender bathrooms, changing tables at man's bathrooms) and the joint use of facilities
- Establish criteria for public access to green building benefits
- Ensure on-site amenities, such as healthy food access, are publicly-accessible to community members, especially those who would most benefit from them.
- Ensure improvement of the public realm exterior to the building.
- Establish criteria for equitable emergency response and adaptation.

Equity Recommendations to Improve Green Building Rating Standards

HEALTH:

- Establish criteria for siting affordable housing that protects residents from proximity to hazardous polluting industries and facilities.

- Expand the definition of universal design beyond accessibility for people with physical disabilities to include people of varying cognitive abilities and to promote mental and emotional health.

- Establish criteria for health promotion of at-risk groups

- Expand the scope of the materials requirements for transparency, health, and responsible sourcing to include wider protections for human rights within building supply chains.

Overview of Green Building Programs & Equity Approaches

CONSTRUCTION, STAFFING AND CONTRACTING:

- Elaborate on operational safety requirements for construction workers in addition to safety planning and design.

- Establish criteria for fair compensation and working conditions during construction *and* operations.

- Expand option for local employment to include diversity measures for employment, subcontractor hiring, and small business/non-profit space.

- Shift language for project team equity to require paying prevailing wages or living wages, whichever is higher; exceed standard (and often inadequate) definitions of affordability in terms of area median income.

- Establish criteria for contracting with minority and woman-owned businesses.

Overview of Green Building Programs & Equity Approaches

Getting Beyond Green

A BASELINE OF EQUITY APPROACHES IN SUSTAINABLE BUILDING STANDARDS

Centering Equity in the Sustainable Building Sector
NAACP ENVIRONMENTAL & CLIMATE JUSTICE PROGRAM
JULY 2019

HOW TO GET INVOLVED?

Here is what you can work with CESBS to develop:

- Monthly Working Groups
- Monthly Educational Webinars
- CESBS Reports and Toolkit

Contribute financial support for our work.

Visit https://naacp.org/climate-justice-resources/centering-equity-sustainable-building-sector/

HOW TO GET INVOLVED?

Monthly Working Groups

- Health and Safety
- Equity in Building Standards
- Federal, State, and Local Policy
- Affordable Housing
- Education & Communications
- Equitable Economic Development & Finance Mechanisms

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Are you interested in being a speaker or moderator for upcoming events and webinars? Priority is given to NAACP members and BIPOC speakers.

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CESBS Reports and Toolkit

Need your help to spotlight as many great reports, tools, organizations, and projects as we can. Do you recommend any resources for us to include?

Thank you!

Mine Hashas-Degertekin, PhD
Kennesaw State University
Department of Architecture

Q&A

Eleni Reed (Moderator)

Head of Sustainability, Americas

LendLease

Judith Taylor

Partner

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Marta Schantz

Senior Vice President

ULI Greenprint Center for Building Performance, Urban Land Institute

Joe Ritchie

Vice President, Development

Brandywine Realty Trust

Kelly Hagarty

Director of Sustainabilit

Clarion Partners LLC

Miné Hashas-Degertekin

Associate Professor

Department of Architecture, Kennesaw State University

On the Rise: Social Equity and Health in Real Estate

Download the report at

americas.uli.org/healthandsocialequity

Webinar recording will be posted at
knowledge.uli.org
Link will be emailed to you

Thank you!

Urban Land Institute