



TRANSWESTERN

CORPORATE SOCIAL RESPONSIBILITY REPORT 2018





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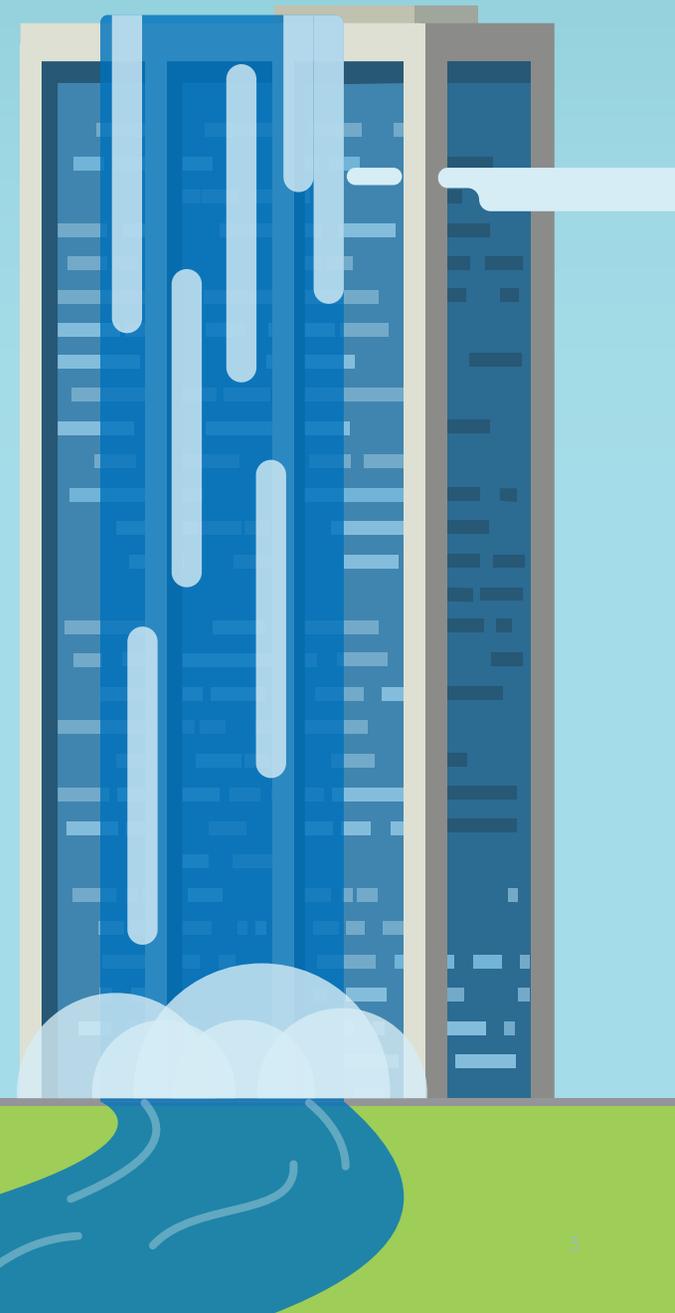
ABOUT TRANSWESTERN

Transwestern is a diversified real estate operating, investment management and development organization. The privately held, fully integrated enterprise leverages competencies in office, industrial, retail, multifamily and healthcare to add value for investors, owners and occupiers of real estate.

Since its founding in 1978, 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 services 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 2018, the firm solidified its true north in a clearly articulated purpose statement: "Empowering good people to do extraordinary things together." This succinct message encapsulates Transwestern culture and inspires team members to embrace a service model that not only differentiates us in the marketplace, but also leads to our collective success.

Wholly embraced across the organization, our purpose statement is the underpinning of a comprehensive plan to extend Transwestern's reach and offer clients consistently excellence service whether it be locally, nationally or across the globe. It is our personal commitment to each and every client.



OUR TEAM

34
offices

236
office locations

2100+
team members

2018 TRANSACTION SUMMARY


TRANSWESTERN
REAL ESTATE
SERVICES

3,781 leasing transactions
valued at \$5.5 billion


TRANSWESTERN
DEVELOPMENT
COMPANY

\$4.5 billion in product
under development


TRANSWESTERN
INVESTMENT
GROUP

\$4.5 billion in assets
under management

537 capital markets
transactions valued at
\$4.0 billion

OUR PORTFOLIO

343 MSF managed and leased

- 60% **OFFICE**
- 30% **INDUSTRIAL**
- 7% **SPECIALTY**
- 2% **HEALTHCARE**
- 1% **RETAIL**

EMPOWERING SUSTAINABILITY

Sustainability is more than a social obligation for Transwestern. Conserving energy, managing resources and making ethical decisions are good business. We've seen our Energy and Sustainability (E&S) solutions unlock significant value in our managed portfolio and across other businesses, and that's why we're making these best practices integral to our client offerings.

How we are achieving this integration is a story that began in 2011, when Transwestern recognized the need for a nimbler E&S offering, one that would deliver value to real estate developers, owners, investors and occupiers alike. By restructuring an existing, siloed program to instead drive E&S practices across all service lines and geographies, we are able to offer clients more opportunities, and deliver a higher return on investment, while leveraging the unique expertise of our team members and delivering high-performance buildings.



SMART BUSINESS

PERFORMANCE

Assets with an integrated sustainability platform average 11% greater net operating income and 6.2% greater occupancy than properties that overlook sustainability.

DEVELOPMENT

In 2016, 40% to 48% of new commercial buildings were "green" compared to only 2% in 2005. Projections call for 55% of new buildings to be sustainable by 2020.

OPERATIONS

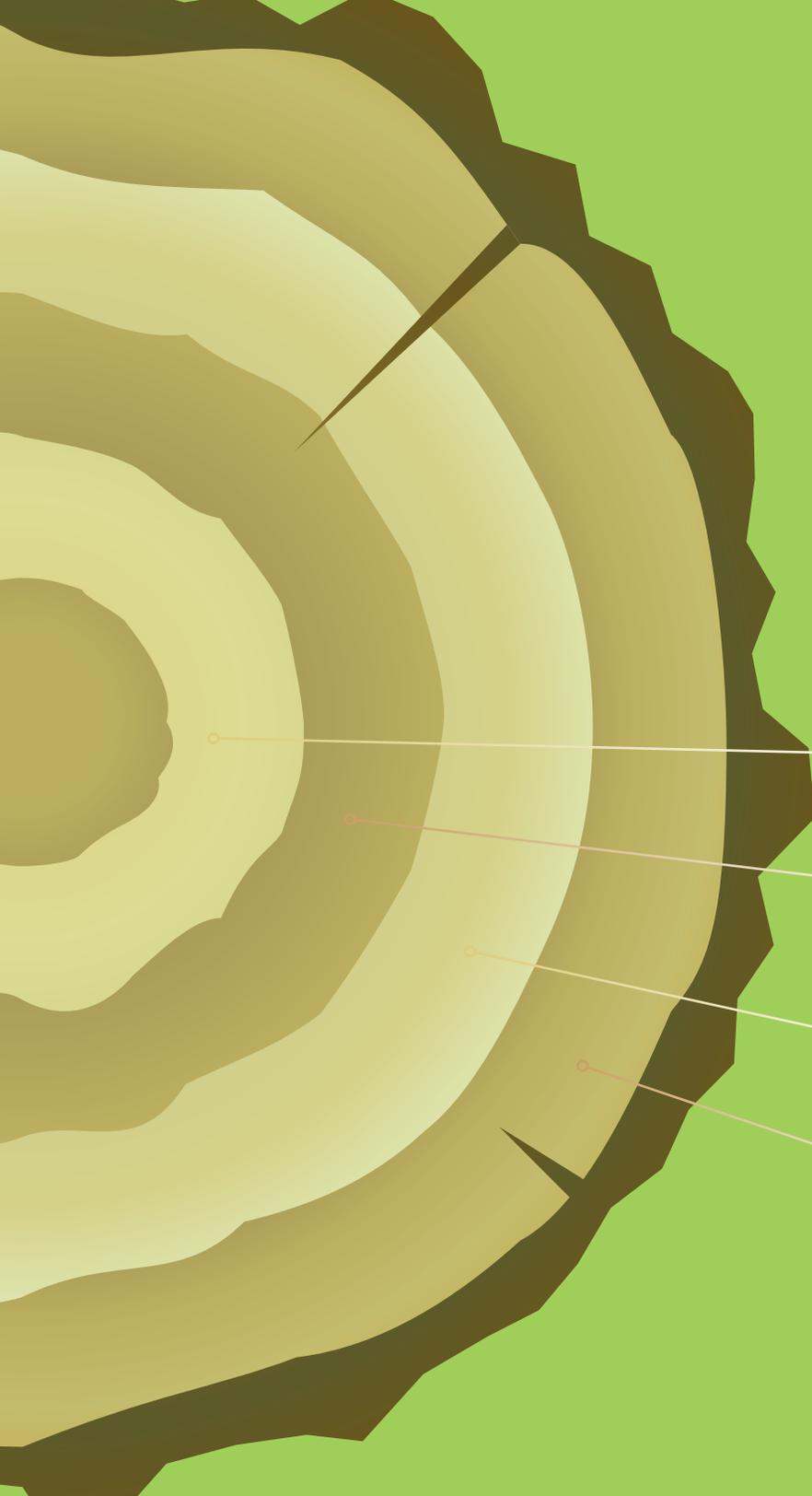
The popular Energy Star building benchmarking program has saved a cumulative \$3.4 billion in energy costs nationwide..

HEALTH AND PRODUCTIVITY

Sustainability-driven health and productivity improvements could save an estimated \$40 billion to \$100 billion.

CUSTOMER SATISFACTION

Taken altogether, green building practices have been linked to benchmarking gains of 7-30 points on the Kingsley Index, the most recognized measure of real estate operational effectiveness.



OUR STRATEGY

Sustainability is both an opportunity for growth and a requirement to ensure long-term success for our team, clients and managed assets. With the confluence of rapidly increasing utility costs, growing demand for E&S practices and a global imperative to curb emissions and resource consumption, Transwestern sees deep benefits in implementing a comprehensive, fully integrated E&S program.

Leveraging the collective experience and dedication of our team members, Transwestern is reimagining the future of commercial real estate services through the lens of sustainability.

FIVE-YEAR GOALS

- To be a commercial real estate industry leader in the areas of sustainability thought leadership, technical knowledge and responsible investment
 - Target a minimum of 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 at each managed building
- To expand our sustainability efforts across all Transwestern companies
 - Our development and investment businesses will embed ESG policies throughout their project cycle
- To serve as a changemaker in the communities in which we work by promoting sustainability education, effective policies, risk management and ethical entrepreneurship
 - Target a 25% increase in philanthropic efforts by 2023



PATHWAY TO SUCCESS

Integrating E&S initiatives across our suite of service offerings provides Transwestern and its clients a competitive edge. A comprehensive approach enhances service quality while providing opportunities to improve financial performance. And, importantly, it reduces environmental impact.



A FOUNDATION OF EXCELLENCE

Transwestern offers an array of client services, from building management and engineering to leasing and development. Our team adds value to each of these activities through the incorporation of E&S, built upon a strong foundation of policy, information management and reporting.



A STRUCTURE FOR GROWTH

Leveraging portfolio-wide implementation and capturing of key metrics including energy, water and waste, our team helps to achieve deep cuts in resource usage. Through training, in-house resources and next-level tools and technologies, we create and maintain high-performance buildings that outpace the competitive set in the marketplace.



SHAPING THE FUTURE

Transwestern leads by example in E&S. We deliver service excellence and superior value to our clients and communities, as well as in the spaces we occupy. We envision a future in which E&S is as much who we are as what we do. Through market research, corporate social responsibility, and strategic investments and partnerships, Transwestern serves as a changemaker to promote healthy, sustainable, and ethical practices across the entire real estate services sector.



For Transwestern, an integrated platform is based on a wide range and capabilities. Our suite of services captures opportunities for environmental, social and bottom-line improvement.

- ENERGY STAR benchmarking
- Water management
- Waste management
- Green Building certifications
- Building audits
- Energy procurement
- Reporting and compliance

2018 HIGHLIGHTS

In 2018, we made deep inroads developing our long-term E&S strategy, and we delivered key resources to our team members that jumpstarted the integration of sustainability into daily operations.

STRATEGIC PLANNING



Published 5-Year Sustainability Road Map

COMPLIANCE

322

Fully audited building profiles

ENERGY PERFORMANCE

2.2%

Portfolio-wide average decrease in energy consumption (same-store, YoY)

BENCHMARKING

59.8%

Office portfolio fully benchmarked (25% of total managed portfolio)



Development of annual QA/QC process to address ongoing operations changes at all benchmarked assets

WATER PERFORMANCE

3.3%

Portfolio-wide average increase in water consumption

66.1

Average portfolio score

97.6%

Nationwide compliance, increased from 72.2%

ENERGY STAR SCORE

+0.2

Portfolio-wide average point increase

INSIGHTS THROUGH DATA

Understanding how an asset operates is the first step in achieving greater efficiency. Recognizing the need for consistent, accurate data for the assets we manage, Transwestern implemented a new Benchmarking Policy in 2018. This policy mandates that all commercial office properties we manage must benchmark onsite energy and water consumption through Energy Star Portfolio Manager™. In addition, all properties undergo an annual quality assurance audit to verify key information, from utility account status to occupancy rates.

We support our Benchmarking Policy with a proprietary Compliance Scorecard - a weekly report to all markets identifying areas requiring immediate attention. Each market is responsible for maintaining accurate building information, updating utility data at least monthly, and submitting the necessary documentation for Energy Star Certification, as necessary.

Fortified by our policy and game-changing Compliance Scorecard, Transwestern is on track to have nearly 500 office assets benchmarked by the end of 2019.

Energy Star Portfolio Manager is an online tool that measures and tracks energy and water consumption, as well as greenhouse gas emissions. With just utility bills or meter reads at hand, Transwestern can apply this free service to gain insights into building performance, trends and efficiency of individual assets compared with similar assets nationwide.

2018 ENERGY STAR UPDATE

In August 2018, the U.S. Environmental Protection Agency updated performance metrics in Energy Star Portfolio Manager to use a 2012 dataset, replacing the previously used 2003 dataset. The success of the Energy Star program in the 2000s significantly raised the average energy performance of buildings nationwide and thus reset the 'curve' upon which Energy Star scores are based, leading to a major dip in most buildings' scores.

Since the early 2000s, energy efficiency has been a top priority for owners, reflected by increasing Energy Star scores for many buildings over the past two decades. By updating the underlying data in Portfolio Manager, the US EPA 'reset the curve.' Assets that achieved top scores by 2003 standards saw marked drops under the more efficient, more competitive 2012 standards.

Under the new scoring, regaining a score of at least 75 - the threshold to apply for an Energy Star label - has become more challenging for all. but Transwestern has taken a strategic approach to improvement, and our E&S experts are working directly with onsite teams to develop asset-specific energy efficiency roadmaps. Throughout 2019, all affected office assets will generate a menu of low- and no-cost opportunities to improve scoring.

While helping specific assets regain Energy Star labels in 2019 is one of Transwestern's top priorities, our efforts won't stop there. In our quest for continuous improvement throughout our managed portfolio, achieving greater efficiency and sustainability on behalf of our clients will continue to underpin our service delivery in the years ahead.



GREEN OPERATIONS

Sustainability is more than a fad – it’s a foundational component of our business model. It’s embedded in our operations and in the very culture of our company. A suite of Green Operations policies, the first in a series, governs management of each asset and helps us deliver resource and cost savings for clients.

GREEN OPERATIONS POLICIES INCLUDE:

- Green cleaning
- Benchmarking
- Indoor/outdoor pest management
- Landscaping
- Environmental protection
- Facility alterations
- Exterior and hardscape maintenance
- Water management
- Waste management
- Sustainable purchasing
- Chemical water treatment



127 ENERGY STAR Certifications



3 LEED for Existing Building Certifications (81 in total)

We are committed to offer the healthiest and most sustainable environment possible at each asset entrusted to us, maximizing tenant wellness while minimizing environmental impact. All Transwestern Green Operations policies have been designed to reflect LEED for Existing Buildings standards. Regardless of whether a green building certification is the right fit for the asset, Transwestern is committed to delivering an occupant experience that promotes health, happiness and efficiency.

Green building certifications provide both a framework for development and a blueprint for green operations. Additionally, certifications such as LEED, ENERGY STAR and Fitwel offer an abundance of downstream benefits for owners and tenants - improved air quality, energy and water efficiency, materials reuse and tenant wellness.

ADVANCING OUR SERVICES

As Transwestern continues to leverage its expertise and expand its platform, our E&S offerings will include:

- Utility benchmarking
- Energy, water and waste management
- Green building certifications
- Energy and resource procurement
- Marketing and reporting services
- Corporate strategy
- Additional green policies
- Education and training



EMPOWERING PEOPLE

The greatest benefit of building a great culture is providing a higher level of service to clients and empowering team members so they are fulfilled personally and professionally. We believe in mutual respect, collaboration and doing the right thing in every instance. The people we hire are attracted to our culture because it resonates with them on a personal level. This is not just a nice place to have a job - it is the right place to be. As such, our team members have voted us as a "Best Place to Work" in markets across the country. Equally important, being the best place to work makes us the best place to do business, and our commitment to excellence is evidenced by our satisfied clients, many of whom have been our partners for decades.

Our success in recruiting top talent and growing our business derives partially from our ability to attract individuals who are passionate about their careers, focused on serving internal and external clients at the highest level, demonstrate respect for colleagues and care for their communities. Transwestern's culture of empowering, respecting and caring for its entrepreneurial team members is an important factor in our success. Our character, guiding principles and brand pillars are reinforced often, and in a variety of ways.

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

2015, 2017, 2019

2017 - 2019

2017 - 2018

2008 - 2011, 2013, 2016, 2018

2013, 2015 - 2018

2010 - 2104, 2018

2019

2006, 2009 - 2010, 2012, 2015 - 2018

2008, 2011, 2013 - 2019

2003 - 2018

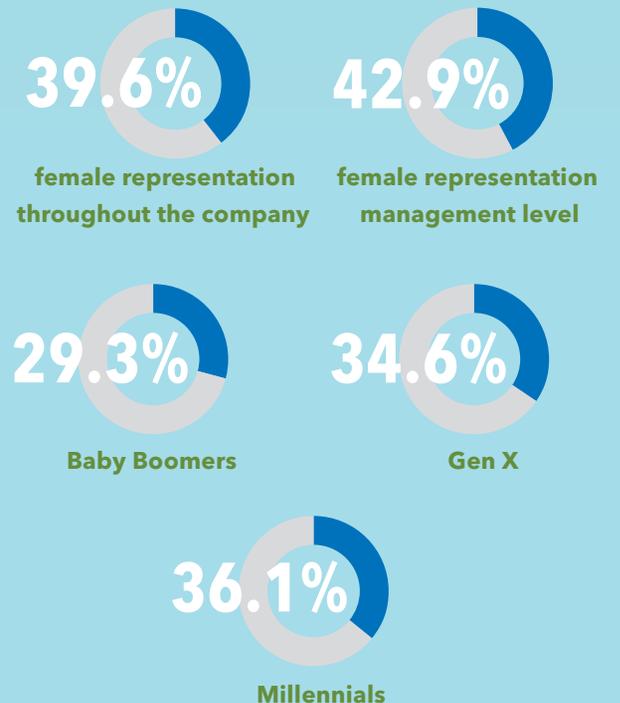
2010 - 2014, 2016 - 2019

2008 - 2014, 2017 - 2018

THE FACES OF TRANSWESTERN

Transwestern understands that people are the key to our success. We must recruit, employ, motivate and retain the most talented team possible, and talented people don't necessarily look alike, think alike or act alike. Differences add depth, balance and strength.

Diversity is a business imperative at Transwestern. The diverse mix of abilities, experiences, personalities, ideas and problem-solving approaches of our people is what makes Transwestern successful.



OPPORTUNITIES FOR GROWTH

Transwestern empowers team members through training to expand their skills and improve the quality of client services they provide. This includes in-house programs as well as participation in relevant educational offerings through professional organizations.

In 2019, for example, we will graduate the inaugural class of Transwestern Business Analysts. This proprietary brokerage training program, launched in 2018, includes several in-person meetings complemented by regular webinars and conference calls on industry-specific software, technical skills, professional development and relationship management. The goal is for each participant to establish a strong foundation in commercial brokerage and learn how to vet opportunities, compile company and market research, master Transwestern systems and processes, coordinate in-person and online marketing and communications activities, and perform financial analysis and transaction processing.

Our Asset Services training revolves around The Transwestern Experience, Transwestern's innovative quality service approach that reflects our unique culture through behaviors that become second-nature to our team members. No matter the service line or job function, we strive to build an emotional connection with our clients through every touchpoint and fulfill our shared purpose. The Transwestern Experience reinforces our value proposition to team members and

clients through our actions. It communicates to the world that we do business differently, and we nurture this mindset through regional ambassadors and ongoing training throughout the country.

Elevating our service delivery through best practices and process improvements is critical to our goal of creating an environment of operational excellence. The Transwestern Experience is focused on providing the highest level of service possible, and it impacts our team members as well as clients, tenants and business partners. By being more intentional in our service delivery and paying extraordinary attention to detail, we enhance the tenant experience, creating value for our clients.

The Transwestern Experience empowers our teams to immediately elevate customer service delivery, evidenced by an average 12% increase in overall tenant satisfaction following training, according to our surveys. Our overall scores reflect

our commitment to superior customer service: In a recent tenant satisfaction survey, results averaged 94% for response speed and efficiency, 91% for accuracy/attention to detail, and 91% for collaboration and partnership.

TRAINING OUR TEAM

2016¹ - 998 people

2017² - 222 people

2018² - 250 people

As part of our E&S integration, Transwestern is committed to training our team members to be experts in sustainability as well as building operations. Within three years, every member of our team will be trained to the following standards in accordance with their role supporting clients and our overall sustainability vision:

TRAINING REQUIREMENTS	PROFESSIONAL CERTIFICATIONS			IN-HOUSE TRAININGS							
	LEED GA	LEED AP O+M	CERTIFIED ENERGY MANAGER	GREEN OPERATIONS POLICIES	ENERGY STAR	GREEN LEASING	PUBLIC BENCH MARKING	CSR	ESG	PRVNTV. MAINT.	BUILDING AUDITS
Building Eng.	X			X	X		X			X	X
Regional Eng. Mgr	X	X		X	X	X	X			X	X
National Eng. Team			X	X	X			X	X	X	X
PM + APM	X			X	X	X	X				X
Regional PM	X			X	X	X	X	X	X		X
National PM		X		X	X			X	X		X
Accounting				X		X					
National Ops Team				X	X	X		X	X		
Brokerage and Leasing				X	X	X		X	X		X
C-Suite								X	X		
Dir. Sustainability		X	X	X	X	X	X	X	X	X	X
Marketing				X				X	X		
Vendors/Contractors				X	X	X	X	X	X	X	X

1. Transwestern Experience training launch 2. new team member onboarding

EMPOWERING COMMUNITIES

Community service is important to our family of more than 2,100 team members. That's why we provide employees eight hours of paid time off each year for community service completed during normal business hours for the cause of their choice. In addition to the personal community service activities our team members undertake, each year our offices and teams organize their own philanthropic events benefitting dozens of organizations throughout the country.

2018 HIGHLIGHTS

350+

**non-profit organizations
supported**

1

**national
philanthropy partner**

\$167,000

raised for Make-A-Wish

NATIONAL PHILANTHROPY PARTNER

We complement local fundraising and sponsorship events with a shared national philanthropy partner to foster collaboration and achieve maximum impact. In 2019, we are working with Ronald McDonald House Charities (RMHC) to further the organization's mission to create and support programs that improve the health and well-being of children and their

families. The partnership reflects our own belief in those goals and our commitment to giving back to the communities in which we live and work. A variety of creative campaigns encourage team members to support RMHC core programs including the Ronald McDonald House®, Ronald McDonald Family Room® and Ronald McDonald Care Mobile®. Teams also will have opportunities to volunteer their time and talents at Ronald McDonald House programs across the country, which helps offset operational costs and allows the charity to direct more donations to programs supporting children and their families.

This is our second national philanthropy partner and follows the successful conclusion of our three-year relationship with Make-A-Wish®. From 2016 to 2018, Transwestern raised more than **\$550,000** for Make-A-Wish, enough to fulfill the wishes of 52 children with life-threatening medical conditions. Each spring, team members who contributed \$20 earned the right to wear jeans to work for a week. In November of each year, on a day designated Blue Friday (Transwestern's play on Black Friday), a similar donation bought a half-day of vacation. Local activities ran the gamut from bake sales and barbecues to walkathons and blockbuster events: For example, the Austin team hosted benefit concerts in 2017 and 2018 that raised more than **\$20,000** and **\$32,000**, respectively. As a reflection of our collective efforts, Make-A-Wish Southern Florida named Transwestern its Corporation of the Year in 2018.

2018 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 the client's real estate contributes to its mission. The team frequently returns a portion of its fees as a contribution to its nonprofit clients.

Transwestern's Chicago office supports Crushers Club, a local organization that provides high-risk teens with an alternative to gang culture, with programming focused on boxing and rap. In Los Angeles, the Woodland Hills team volunteers with a regional food bank to distribute food to seniors.

For the past five years, team members in Houston, Atlanta and Los Angeles have been heavily involved in TutorMate, a program in which they help local elementary students with reading and comprehension through a web-based portal. Each volunteer tutors their student from their office for 30 minutes a week throughout most of the school year. At the end of the year, the volunteers and students celebrate their progress together.

SUSTAINABILITY PAYS OFF

For building owners and users alike, global and national affairs presented challenges and opportunities that affected the bottom line. Energy & sustainability solutions continue to be one of the best investments property owners can make, with typically short payback periods and a host of ancillary benefits such as improved safety, brand enhancement and occupant health and wellbeing. Transwestern recognizes these ongoing opportunities and continues to pursue more in-depth sustainability solutions across our development, investment management and real estate services business lines.

In 2020, Transwestern aims to expand our sustainability service with a significant focus on:

- Enhanced Green Operations policies for all asset types
- Expansion of energy procurement coverage
- Initiation of partnership with Transwestern Development Company and Transwestern Investment Group
- Increased green spending on Transwestern-purchased office products



APPENDIX

HISTORY OF TRANSWESTERN





transwestern.com