



NATIONAL REAL ESTATE ADVISORS

2016

SUSTAINABILITY REPORT

OUR OUTLOOK

National Real Estate Advisor's ("National") investment policies and approach include sustainable development and management practices to help realize long-term investment returns through more efficient operations and healthier, more attractive building environments for tenants and their employees. With a

consistent commitment to continuous process improvement, National went through a strategic planning process in 2016 to further define our Environmental, Social, and Governance (or ESG) approach. This effort included an evaluation and even deeper commitment to stakeholder engagement, which ultimately means National

is committed to creating well-paying jobs and providing access to healthy work spaces. Most importantly, we provide challenging and meaningful work to our employees who in turn enable our organization to make a difference in the lives of the people and communities in which we work, live, and invest.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

National has expanded its commitment to enhance environmental, social, and governance policies related to its portfolio management and states these commitments in the company's sustainability policy. As an investment manager, National achieved its second Green Star recognition (achieving 3 of 5 possible Green Stars) from the Global Real Estate Sustainability Benchmark (GRESB). The GRESB Assessment includes seven key aspects associated with sustainability policies,

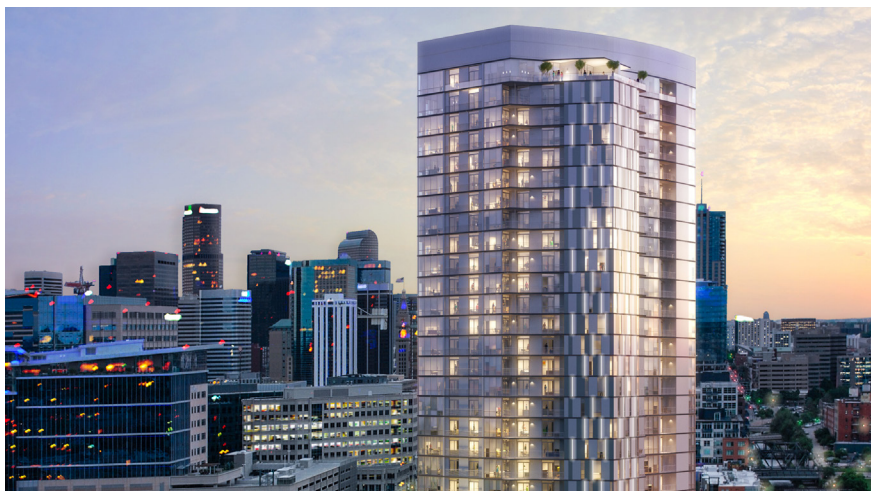
programs, and performance and is a relative benchmark assessing the ESG performance of real estate portfolios globally. In 2016, several National projects received green building certifications and ratings. 2929 Wesleyan (LEED® Gold), Bainbridge Bethesda (LEED® Silver) and Bainbridge Shady Grove (Green Globes) received their certifications. In addition, four projects were renewed with ENERGY STAR certifications. Several other development projects have been designed and

constructed to green building standards, with LPM Apartments (Minneapolis, MN), Confluence Apartments (Denver, CO), 3737 Buffalo Speedway (Houston, TX), 167 W. Erie (Chicago, IL), East Market (Philadelphia, PA) and Field Office (Portland, OR) all registered with the goal of LEED® certification. The Hepburn® in Washington, D.C. and Two Twelve apartments in Clayton, MO are registered for Green Globes certification.



ENHANCING CITIES AND CREATING JOBS

National's investments continue to deliver on the promise of enhancing cities and creating jobs. Both East Market in Philadelphia and The Bloc in Los Angeles are entire city block projects that are further transforming their downtowns into vibrant communities. A similar transit-oriented development, Journal Squared, has contributed to Jersey City's resurgence as a favored satellite residential neighborhood for Manhattan, which is just across the Hudson River. National's investments have employed thousands of people during the course of construction. In fact, National has generated more than 34 million well-paying labor hours since 2000.



Confluence Apartments, Denver, CO

ALL ABOUT PEOPLE

Consistent with National's core values and culture, the organization is committed to creating high paying jobs and high quality places to work and live. The strategy of "build-to-core" supports these commitments and allows the organization to take a longer term view by making the right investments in the best locations. In addition, National has an engaged and dedicated group of professionals who care about their communities and their contribution to society. The firm has been ranked as a "Best Places to Work" in Money Management.



COMMUNITY ENGAGEMENT

- Transit-Oriented Developments
- Great Transit and Walk Scores
- Electric Vehicle Charging Stations
- Projects with Open Space and Fitness Centers
- Tenant Events and Amenities

STAKEHOLDER ENGAGEMENT



- Best Places to Work
- 2014
- 2016
- Employee Engagement Committee
- Responsible Contractor Policy

CHARITABLE GIVING

- Jobs with Justice
- The Mikva Challenge
- Working Californians
- Housing Heroes
- Junior Achievement
- Latin American Youth Center
- IBEW Local Unions
- NECA Local Chapters

2016 SUSTAINABLE PORTFOLIO



GRESB RANKING FOR DIVERSIFIED OFFICE/RESIDENTIAL, NON-LISTED PORTFOLIOS IN THE U.S.

GREEN BUILDING CERTIFICATIONS

of properties

13

square feet

3.2m

% of square feet

46%

GREEN CERTIFIED PROPERTIES MANAGED BY NATIONAL*

80 DeKalb Ave
Brooklyn, NY
200 Squared
Chicago, IL
2929 Wesleyan
Houston, TX
Bainbridge Bethesda
Bethesda, MD

Bainbridge Shady Grove
Bethesda, MD
Intergate.Columbia, Bldg B
Columbia, WA
1625 Massachusetts Avenue
Washington, DC
Sheraton Grand Los Angeles
Los Angeles, CA
100 Van Ness
San Francisco, CA

TROY Boston
Boston, MA
850 North Lake Shore Drive
Chicago, IL
600 Battery
San Francisco, CA
Intergate.Quincy Bldg C
Quincy, WA

* Includes Green Building Certifications and Energy Star Certifications for operating properties through 12/31/2016, as reported to GRESB.

CASE STUDIES

2929 WESLAYAN, HOUSTON, TX

2929 Weslayan is a 254-unit, 39-story luxury rental apartment building with 12,000 square feet of retail space and above-ground parking. National and its partner, PM Realty Group, have directed their development efforts towards providing high-end finishes and amenities that support efficiency, wellness and healthy living.



OVERVIEW

Intelligent building design plays a crucial role in fostering community and promoting healthy lifestyles for residents. With that in mind, National has invested in both private and common space features that enhance residents' quality of life. National has also made moves to reduce the environmental impact of the property during both the construction and operation of the asset.

- Provided 30,000 square feet of recreational space, with an amenity deck on the building's eighth floor to promote community involvement
- Designed the whole property to have an abundance of natural lighting and great views of the surrounding area
- Invested in home automation technology so tenants can control the lighting and air conditioning in their own units
- Built along METRO Houston bus lines 82 and 84

RESULTS

- Earned LEED® Gold Certification for high performance in five key areas: energy efficiency, water savings, materials selection, sustainable site development and indoor environmental quality
- Achieved energy efficiency 26% greater than required by code
- Completed construction using materials containing 15% recycled content
- Diverted 98% of construction waste from landfills for future use
- Sourced 31% of all materials used during construction from suppliers within a 500-mile radius of the work site
- Developed building so that 96% of regularly occupied space offer views outside
- Generated an estimated 54,906 labor hours to date for members of the International Brotherhood of Electrical Workers

THE BLOC, LOS ANGELES, CA

The BLOC is a distinctive, 2.2 million-square-foot destination development encompassing a full city block in the heart of downtown Los Angeles. The property is registered with the goal of LEED® Gold and includes: (i) 720,000 square feet of Class "A" creative office space; (ii) a Macy's anchored retail center containing 434,000 square feet; (iii) a parking structure with 1,977 parking spaces; (iv) a 496-key Sheraton Grand hotel; (v) and direct Metro access.



OVERVIEW

National completed a development project focused on improved building infrastructure, more efficient systems and LEED® certified sustainability attributes to improve tenant comfort. Accordingly, they have implemented a robust re-development that includes:

- Opened retail and office roof top to the sky and the entire project to the streets to create new community and contemplative private space
- Host Wellness Wednesday programs, including free CrossFit and yoga classes, as well as lectures by local doctors
- Repaired and replaced insulation to improve comfort and reduce energy loss
- Added variable frequency drives on all pumps and chillers to improve efficiency and lower operating costs

RESULTS

- Converted 350,000-square-foot shopping mall into 430,000-square-foot open air retail destination
- Fully upgraded, 496-key Sheraton Grand featuring Stay Well designed rooms
- Linked directly to Metro Center transit hub, connecting east and west Los Angeles
- Certified LEED® Silver EB-OM
- Registered with the goal of LEED® Gold for Existing Buildings upon completion, which represents a reduction in waste, improvements in efficiency and occupant comfort, and lower long-term operating costs
- Office building part of Delos Well Certification pilot program, dedicated to providing the highest quality working environments
- Generated an estimated 32,536 labor hours for members of the International Brotherhood of Electrical Workers

VERIFICATION OF RESULTS

In addition to collecting data and making improvements based on what the financial and environmental data indicates, National sought a third-party review to validate the accuracy of its sustainability assertions for its operating properties. National engaged TRC Environmental Corporation (TRC) to verify the methodology and accuracy of

its sustainability data for the 2016 reporting year for its Key Performance Indicators (KPI) of Energy, Water and Waste. The TRC report was prepared according to the ISO 14064-3 Standard and the 2016 KPI's are identified below:

KEY PERFORMANCE INDICATORS

Energy /GHG Emissions - 74,132 metric tonnes CO2 emissions

Water - 109,016,815 cubic meters

Waste - 1,028 tons

NATIONAL REAL ESTATE ADVISORS

National Real Estate Advisors is a leading investment manager specializing in build-to-core—developing and owning large-scale, urban commercial and multifamily projects for its institutional client accounts. National constructs investment portfolios of stabilized modern property assets—apartment, office, mixed-use, industrial, data center and hotel—with design features, technological enhancements and amenities that can drive high tenant demand and create value for investors. The firm is a subsidiary of the National Electrical Benefit Fund. For more information, please visit www.natadvisors.com.

SUSTAINABILITY AT NATIONAL:

MARYELLEN DOLAN - DIRECTOR, SUSTAINABILITY
202.496.3377 | MDOLAN@NATADVISORS.COM

INVESTOR RELATIONS:

HEATHER F. BORDER - MANAGING DIRECTOR
202.997.4844 | HBORDER@NATADVISORS.COM



900 SEVENTH STREET, NW
SUITE 600
WASHINGTON, D.C. 20001
T: 202.496.3370
F: 202.467.9464
WWW.NATADVISORS.COM



Cover: 2929 Wesleyan,
Houston, TX

Right: Lobby of the Sheraton
Grand Los Angeles,
Los Angeles, CA

