As an advisor to institutional clients and an open end institutional fund, Inland Institutional Capital, LLC, (“ICAP” or the “Company”) applies environmental, social, and governance (“ESG”) strategies to enhance the performance of our clients’ assets. Here is a brief recap of the Company’s responsible investment and management endeavors over the past two years.

Environmental

ICAP manages energy and other resources wisely. Not only does efficiency improve financial results, being a good steward of energy and water also reduces the impact on the natural environment.

To increase energy efficiency, approximately $12,000 was spent in 2018 to retrofit all of the parking and exterior building lights at Lower Makefield Shopping Center (Yardley, PA) to LED and a payback of that investment is expected in approximately 2.5 years. In 2018, $15,500 was also spent to install Gamut lighting control systems at Lower Makefield, Northpark Village Square (Valencia, CA), and Denton Village (Denton, TX); the expected payback is less than two years. In 2019, a Gamut lighting control system was installed at Rusty Leaf Plaza (Orange, CA). Furthermore, when new exterior fixtures are required, as was the case at Denton Village next to our T-Mobile tenant, efficient building systems such as LED are being added.

Rusty Leaf Plaza in Orange, CA, acquired in February 2018, prominently features electric vehicle charging stations and the service company reports that the shopping center’s stations are used on average 6 times a day.

In January 2018, ICAP installed separate water meters for all shop tenants at Olde Ivy Village in Smyrna, GA. Individual meters, billing and usage transparency will encourage tenant efficiency. At Denton Village, $8,000 was spent on new heat and drought resistant plantings that will significantly reduce water usage.

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1 Any references to a property or portfolio are meant to relate to any assets owned by funds or accounts managed by ICAP.
Overall, ICAP's same store retail real estate portfolio achieved the following results in 2018 compared to 2017:\(^2\)

Energy Consumption: reduced 8.23%
GHG Emissions: reduced 5.43%
Water Use: reduced 3.91%
Waste: 16% diverted from landfill

**Social: Tenant and Community Engagement**

Energy efficiency and sustainability were included in the 2019 tenants survey. Overall, the subject was given a rank of 4 out of 5 for importance (5 being the highest), or above average. Regarding waste management, nearly 30% of respondents indicated that they currently offer recycling inside their stores. Almost 30% of respondents indicated a desire to see recycling on common area sidewalks.

ICAP serves as a member of the Chamber of Commerce in each of its shopping centers’ trade areas. ICAP uses its ties to business communities to stay informed about local conditions and to increase awareness of the centers’ tenants and shopping centers.

ICAP hosted numerous public events that drive traffic to the shopping centers but also provide education and resources. Events have included public safety fairs, child bike safety demonstrations, and meet and greet opportunities with local fire departments.

**Governance**

ICAP believes that it can make a difference in promoting sustainability and reducing the environmental impact of real estate in its portfolio. In 2018, ICAP set a goal to reduce its portfolio's average energy intensity by 20% by 2030. ICAP is well on its way to achieving this goal.

ICAP participated in the 2019 Global Real Estate Benchmark Report ("GRESB"). The GRESB assessment measured sustainability related polices and performance in place during calendar year 2018. ICAP, in combination with other entities that are part of The Inland Real Estate Group of Companies, Inc. ("Inland"), earned a composite score of 59, an 18 point/41% improvement over its 2018 score of 41. ICAP has been a member of GRESB since 2017.

ICAP continues to refine its responsible property investment and management practices and looks forward to improvement in 2019 and beyond.

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\(^2\) Results based on ICAP’s 2019 Global Real Estate Benchmark Report, measuring the "like-for-like" portfolio performance from 2017 to 2018. Like-for-like performance only includes properties that were owned for the entire calendar years of 2017 and 2018.
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