



2023 CORPORATE RESPONSIBILITY REPORT

Table of Contents

| | | | | | |
|-----------------------------------|----------|--|-----------|--------------------------|-----------|
| A Letter from the Founders | 3 | Leadership | 13 | Governance | 23 |
| About Penzance | 4 | Employee Engagement | 14 | Corporate Responsibility | 24 |
| New Development Highlights | 6 | The Penzance Culture Committee | 17 | Leadership | |
| Our Commitment and Values | 7 | Penzance Cares | 19 | Subcommittees | 25 |
| Environmental Stewardship | 8 | Fostering the Future | 20 | Goals and Objectives | 26 |
| Environmental Accomplishments | 9 | Commitment to Team Building and Participation | 21 | Industry Participation | 29 |
| Chantilly Premier Case Study | 10 | Updated Policies | 22 | | |
| Asset Sustainability Initiatives | 12 | | | | |

A Letter from the Founders



Julia Springer



Victor Tolkan

We are excited to build on our 2022 report by continuing the momentum for Penzance’s longstanding commitment to the principles of corporate responsibility, environmental stewardship, good governance and a strong team with diverse backgrounds and experience. In fact, this report could be entitled Building Momentum—building momentum in our pursuit of programs and projects: Our new partnership with a third-party expert will help to advance, enrich, and refine our approach to fulfilling our watchwords—leaving things better than we found them. And building momentum literally: Through our five new development projects

The momentum behind these development projects means that we will be demonstrating in real-time our attention to and concern for the tenets of sustainability: respect for the health of the environment, constructing and managing properties in ways that enhance rather than diminish natural resources and aligning our responsibilities to partners and investors with our responsibilities as global citizens to reduce our environmental footprint, signaling

our respect for tenants, residents, employees, neighbors and the larger communities we serve.

In our efforts to promote sustainability through development, we will, by way of example, explore landscaping packages that reduce water usage by integrating native vegetation, installing low-flow fixtures, and metering water consumption. We will endeavor to build to Leadership in Energy and Environmental Design (LEED) and LEED-equivalent standards, evaluate mechanical and HVAC systems to maximize efficiency, and consider heat island effects when selecting roofing materials, including, as appropriate, exploring the benefits of solar and geothermal heating options. Our construction expertise and experience will allow us to deploy recycled materials to reduce embodied carbon, and source locally produced and sustainable building materials. Hazardous materials will be safely removed and disposed of appropriately. Electric vehicle usage will be encouraged by the installation of charging stations.

As we reported last year, our team makes us who we are, and we are fortunate that it reflects people of diverse backgrounds and experiences, deepening our breadth of understanding of the issues we confront as responsible citizens and driving the efforts described here.

Corporate responsibility has been part of our DNA since we founded Penzance in 1996. What a privilege and pleasure to be in a position to build momentum for translating that commitment into the work we do with passion every day.

A handwritten signature in blue ink, appearing to read 'Julia Springer'.

Julia Springer

A handwritten signature in blue ink, appearing to read 'Victor Tolkan'.

Victor Tolkan

About Penzance

We strive to create extraordinary value for our investors, partners, tenants, and the communities we serve.

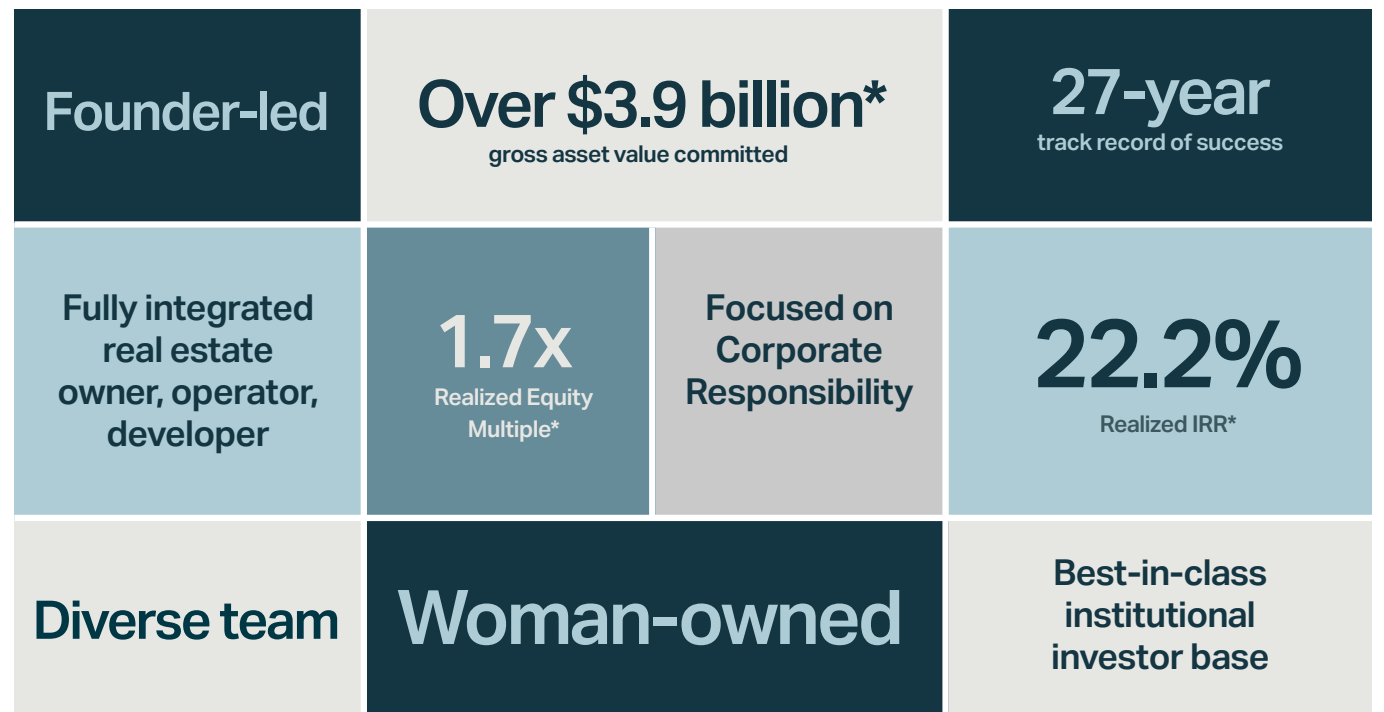
Since its founding in 1996, Penzance has committed over \$3.9 billion* in gross asset value to real estate through partnerships with blue-chip institutional investors, separate accounts, joint ventures, and manages \$1.0 billion of discretionary capital through our fund flagship series Penzance Real Estate Funds I, II, and III.

We are proud of our deep roots in the region and focus our investment efforts on value-add multifamily, industrial, data center, and other commercial assets. We leverage our vertically

integrated development operating platform to access opportunities with asymmetrical risk profiles to produce outsized returns.

Our ability to source more than 50% of our investments off-market is a testament to the quality of our extensive local relationships, experience, and proprietary sourcing methods, which enable us to identify and exploit market inefficiencies to our advantage.

* Performance numbers are since inception. Past performance is not indicative of future results. All results are gross and do not reflect the customary fees and expenses investors pay when investing in pooled investment vehicles, such as management and performance fees. As of December 31, 2023, 45 (of 61 total) investments have been realized.



About Penzance



Our Why:
Drive value for
our investors
to support their
missions.

Our How:

- Entrepreneurial and flexible investment approach
- Comprehensive risk management
- Granular and detail-oriented investment process
- Creative sourcing with over 50% of investments sourced off-market
- Extensive market, submarket, regional, and neighborhood knowledge with local relationships
- Fully integrated platform with experienced and diverse professionals

New Development Highlights

Chantilly Premier

260,000 SF DATA CENTER

Chantilly Premier is a 12 acre developable parcel of unimproved land in Fairfax County, VA adjacent to Route 50 (north) and a Resource Protection Area (west). The project was fully entitled in January 2024 for either a 402,000 SF data center or a 150,000 industrial warehouse.



Shoulders Hill

430,000 SF INDUSTRIAL DISTRIBUTION

Shoulders Hill is a 35 acre parcel of unimproved land in Suffolk County, Virginia. The Property is zoned M-2 (heavy industrial), which allows for by right fabrication, manufacturing, and industrial uses.



Rosslyn Gateway

960,000 SF MIXED-USE

Rosslyn Gateway is a 255,000 SF office asset located at 1911 & 1901 N Fort Myer Drive in Arlington, VA. Built in the 1960's, the property consists of two towers that are 12-stories of above grade office and three-stories of below grade parking located on a 2.2-acre site.



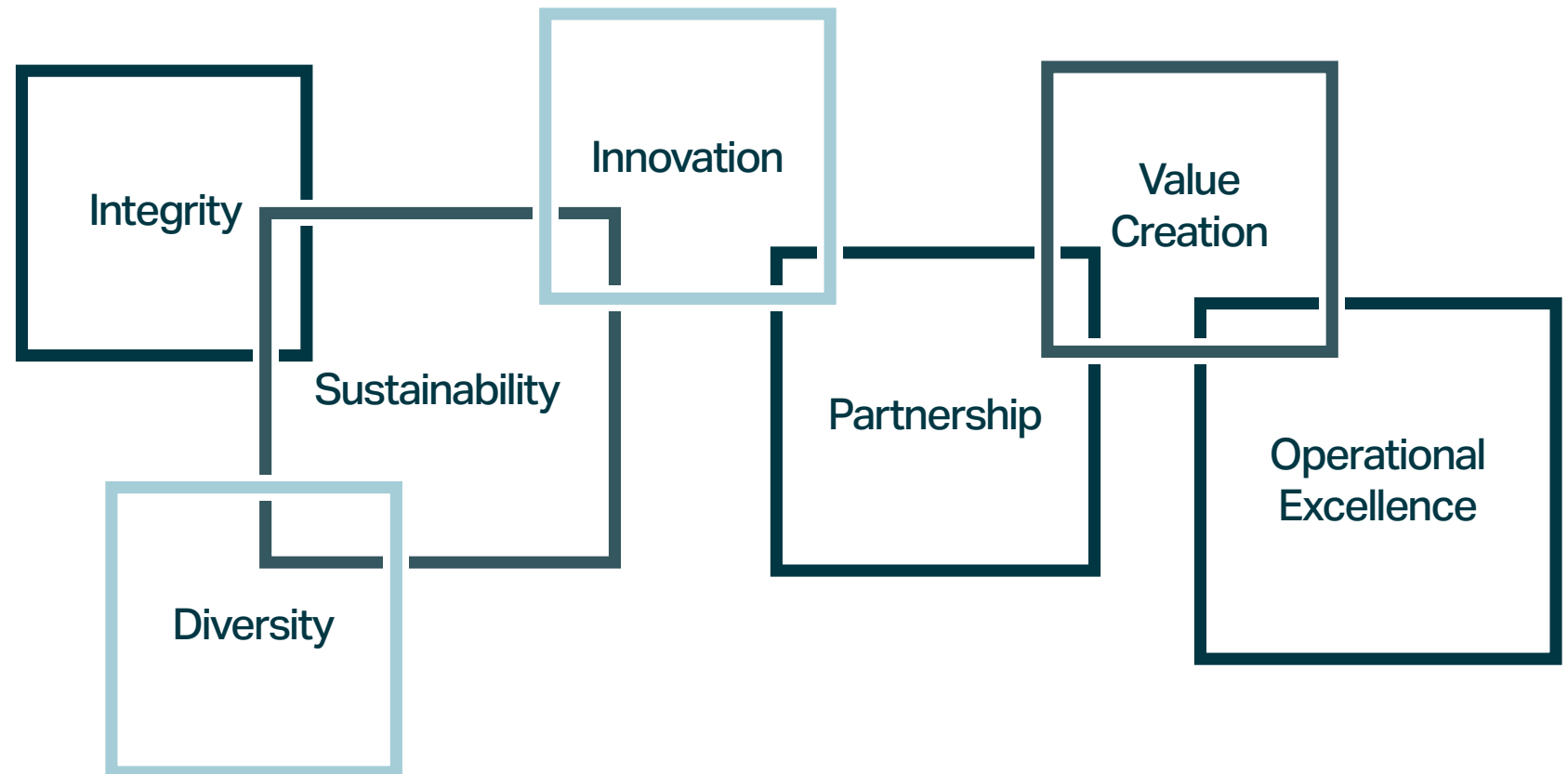
Our Commitment and Values



Our Commitment:

To leave things better than we found them.

Our values define who we are and guide how we measure success.



Environmental Stewardship



Environmental stewardship is seminal to the Penzance investment pursuit and execution process. From the inception of investment opportunities, we investigate pertinent sustainability features to incorporate into the business plan for execution during the asset hold period. Not only are we making investment decisions for immediate implementation, but we are also monitoring trends, technological advancements, and adapting the buildings to accommodate new technology. For example, we are investing in structural redundancy for future photovoltaic array installation on our building rooftops. We are proactively installing conduit pathways to allow for the addition of new EV charging systems.

At Penzance, we strive to leave the communities in which we invest better than we found them by creating a more sustainable future. For example, we have committed to dedicating 67 acres of land as a local park.

Our efforts are not limited to our physical investments but also focus on our greatest asset, our employees. We relocated our headquarters to a LEED Gold-certified building that has enhanced multimodal transportation options for the employees, delivering best-in-class amenities and progressive environmental features: Solar, community facilities, low flow fixtures, high-efficiency energy systems, water flow, and light sensor systems just to name a few. Employees are happily doing their part and taking advantage of the bike-to-work option.

Environmental Accomplishments



Identifying and engaging with third party experts to guide and strengthen sustainability initiatives to mitigate potential negative environmental impacts such as:

- GreenGen
- Sustainable Building Partners
- Gregorio Sustainability
- Architecture firms noted for design elements that embrace and advance sustainability including Hickok Cole, MGMA, and Studios
- Conservice

Green building highlights:

- The Highlands and 3001 Washington Boulevard both achieved LEED Gold, while Ballston One, which was purchased in 2023, attained LEED Silver O&M Existing Building certification.
- Hagerstown Crossroads at I-81 utilizes reflective roofing that reduces solar heat gain, high-efficiency LED lighting, low-flow plumbing fixtures, and efficient natural gas RTUs.



Score of
83
Fall 2023

Portfolio Wide:

Implemented Mach Energy to track usage and achieved a **10% reduction** in year one.

Removed all plastic trash bags from individual workstations.

Battery recycling and e-waste recycling drives.

Corporate Office:

Composting and recycling all single-use coffee pods at our corporate office, over **10,000** annually.

We invested in a Bevi machine in order to eliminate the use of aluminum cans and plastic bottles. We have successfully eliminated over **8,000** cans and bottles to date.

Providing all corporate office employees with reusable dishware, utensils, and drinkware. This simple step keeps over **6,000** sets of plastic utensils out of landfill annually.

In 2023, Penzance adopted a plastic free workplace initiative by:

- Using environmentally friendly dishwasher detergent
- Providing single use bamboo utensils
- Composting

Chantilly Premier Case Study



Chantilly Premier is a 79.03-acre site with 12.06 acres of developable land located in Fairfax County, Virginia, 10 minutes from Dulles Airport. Previously zoned for auto dealership use, the property was rezoned in January 2024 in accordance with the business plan for up to an approximately 400,000-square-foot powered-shell data center building and an approximately 133,000-square-foot industrial building. We are designing to achieve LEED Silver certification.

Data center development is the base case, and the investment provides Penzance with the opportunity to capitalize on continued demand from hyperscalers for data centers in Northern Virginia.

With numerous commitments to the surrounding neighborhoods and county, Chantilly Premier is a prime case study for how sustainable development benefits the range of stakeholders, from investors and tenants to the community at large.



Chantilly Premier



Community Impacts:



Extensive community engagement, comprising numerous community-focused meetings to address local concerns.



Sound mitigation surpassing county ordinance requirements by utilizing mechanical silencers, baffles, and upgraded enclosures for generators.



Committed to providing on-site bike parking facilities and at least 10 EV parking spaces.

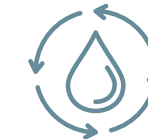
Environmental Due Diligence:



Committed to dedicating 67 acres (85% of the parcel) of contiguous Resource Protected Area (RPA) to Fairfax County as a local park.



Removal of any on-site and RPA-area invasive species and pre-existing contaminants.



Sustainable water management, monitoring, and treatment.



Zero contemplated impacts to wetlands.

Asset Sustainability Checklist



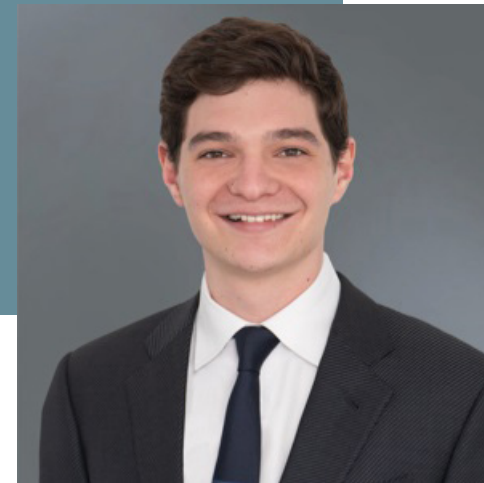
Through our Sustainability Inventory Checklist, Penzance performs comprehensive checks of existing assets to identify and plan upgrades that improve sustainable operations and increase value-creation opportunities for the portfolio.

From 2023 to 2024, inventories were taken at 11 assets covering nearly two dozen sustainability issues. These checklist items included:

- **Energy efficiency and emissions reductions:** EV charging stations, solar panels, LED lights, timers/dimmers in common areas
- **Water reuse and conservation:** low flow toilets, aerators on faucets, bottle fillers, water harvesting
- **Biodiversity and environmental impact:** Native plants, composting, green walls and roofs, bipolar ionization

In 2024, follow-up actions to items identified by these sustainability inventories is underway. These include energy conservation improvements via mechanical replacements/upgrades at three properties and the installation of EV charging stations.

Here's a testimonial from Development Associate, Jack Rushford, reflecting on our efforts to integrate sustainability into our operations and developments:



"We are diligent in considering sustainability initiatives and best practices in every development project. For example, on our industrial projects, we analyze whether solar panel installations or upgrading the building to be "solar ready" for future tenants/owners is appropriate. We are striving for LEED Certification or higher for applicable projects.

We consider consultants' corporate responsibility, sustainability, LEED policies and initiatives during our onboarding and contracting process, and factor these policies into our decisions about which consultants to use for each project."

Leadership

By fostering a culture of participation at Penzance team, we have seen measurable impacts on the business decisions of the company positively affecting employees, investors, partners, tenants, and the communities we serve.

Penzance appreciates the wealth of backgrounds and perspectives of our team.

Newly hired employees are trained on Penzance values, ethics, and active participation goals. All employees participate annually in programs to refresh and underscore this commitment and provide valuable ideas and insights via engagement surveys.

Penzance creates and monitors employee and stakeholder goals, promotes inclusion and active participation within Penzance and, more broadly, within the Real Estate Private Equity Industry, consistent with our commitment to corporate responsibility and leadership.



Employee Engagement



The best part of Penzance is its people.

In early 2022, the Culture Committee initiated a comprehensive employee engagement survey. The survey revealed that in the aftermath of the pandemic, the team felt disconnected. To address this unsettling feeling, Penzance launched quarterly Town Hall meetings to communicate successes, share progress toward our annual goals, and recognize employee achievements.

In March of 2023, the Culture Committee released the second annual engagement survey that asked the same set of questions as the year before. The response rate increased

to 93%, and the company saw improvement in every area. When staff was asked about feeling well informed:

- 70% of employees answered Usually or Always as opposed to 28% in 2022.
- Staff also shared that the Culture Committee and the Town Halls were meaningful additions.
- When asked what their favorite part of working at Penzance was, staff members overwhelmingly answered: **the people**.



Employee Engagement – Our New Office



The Penzance corporate office moved in the Fall of 2023 to a larger, more open office space in a class A LEED Gold certified building in the West End neighborhood of Washington, DC. The new space has window-lined seating with picturesque views of Rock Creek Park. A wrap-around private outdoor balcony offers fresh air at lunch time or for meetings. Team members are equipped with standing desks, ergonomic desk chairs, and new IT equipment.

The office has multiple comfortable meeting spaces for team collaboration. The building offers amenities such as a rooftop terrace, lounge for casual meetings, and ample conference rooms for more formal gatherings. To promote environmentally friendly commuting and an active lifestyle, the space features a dedicated bike room and showers for employees, encouraging low-carbon impact transportation choices. Wellness events and exercise classes sponsored by the building, invite a focus on health and well-being.



Employee Engagement – Our New Office



Penzance is thrilled to provide high-end working accommodations to our growing team and create a community where people enjoy coming to the office each day. To underscore the significance of the new office environment, our Office Manager, Sophia Griffin, shares her insights:



“Penzance’s new corporate headquarters have enhanced employees’ in-office experience immeasurably. Outdoor space, collaborative team rooms, and proximity to public transportation are just a few of the upgrades we have enjoyed as a result of the move. As office manager, I truly believe what we do is enhanced by where we do it.”



The Penzance Culture Committee



"Serving on the culture committee has been an incredibly enriching experience. One event that particularly stands out from our initiatives in 2023 was our visit to the African American History Museum. It was a profound experience that not only celebrated the richness of African American culture, but also underscored the challenges that people of color have overcome to have a presence in the business world. This experience led to meaningful discussions with colleagues that highlighted the importance of diversity in the workplace. I am thrilled that I have been afforded the opportunity to serve on a committee that is taking the lead in fostering a quality work culture. I look forward to continuing our efforts to build a work environment that promotes excellence and inclusivity."

The Penzance Culture Committee was established in 2022 to enhance community, collaboration, and brand representation. Here's a testimonial from one of our Committee members, Josh Hunter, reflecting on our commitment to serving our employees and community stakeholders.

The Penzance Culture Committee



The Penzance Culture Committee thrived in its second year, hosting more than a dozen events for the entire staff, including a happy hour among the cherry blossoms, a bike tour to Mount Vernon, cheering on the Washington Spirit women's soccer team, cultural programs like visiting the National Museum of African American History, and the historic Dumbarton Oaks. In addition to monthly events, the committee hosted the first annual company picnic at Cabin John Regional Park bringing together Penzance employees and families for a day of fun and celebration.



Penzance Cares



Penzance contributes actively to organizations that align with our value at home and around the world.

In 2023, Penzance launched the Penzance Cares program. The program matches employee's charitable contributions up to \$200 to 501(c)(3) organizations that are non-political and in good standing. Penzance is pleased that in 2023, the company was able to match 24 donations and support charities such as the ASPCA, Wreaths Across America, the Special Olympics, St. Jude Children's Hospital, as well as several community-focused organizations. Penzance hopes these efforts grow in 2024 and the company achieves even broader participation.

Penzance staff participated in two drives in 2023 to benefit local DC families and children. In advance of the 2023-2024 school year, staff donated backpacks and school supplies for age groups from K – 12.

Penzance looks forward to advancing these efforts in 2024 and finding new opportunities to engage with the communities we serve.



Fostering the Future



Giving back is central to the values of Penzance.

In 2023, our staff came together in a collective effort, participating in several local charitable initiatives. Our team's involvement not only strengthened the local community but also showcased our commitment and compassion.

- To support the JDRF Diabetes Foundation, Penzance team members participated in the annual JDRF Real Estate Games. Penzance is proud that over half the team participated and showed support for each other during the games. Not only was the event for a great cause, but it was also an amazing team bonding experience.
- The Penzance team donated to 30 families in support of Salvation Army's Angel Tree Program this past holiday season, providing toys, clothing, and other necessities to families in need.
- Through the Culture Committee, employees volunteered at the Historic Congressional Cemetery to weed and mulch the gardens.

Penzance is proud to have formalized a partnership with **Girls Who Invest (GWI)** in 2023 to further our commitment to closing the gender gap in the investment and real estate industry. Through this collaboration, Penzance will sponsor future GWI interns, engage in alumni events, and extend job opportunities within the GWI community, helping to attract and empower young women entering the industry.



dedicated to finding a cure



Commitment to Team Building and Participation



Woman-Owned

**A team that is
55% diverse**

Women and team members from a variety of backgrounds hold significant leadership positions within The Firm, including on the Investment and Executive Committees

Updated Policies



In 2023, Penzance Management updated its policies to reflect the company's key principles as described below.

Commitment to Diversity:

- 1. Inclusive Culture:** Committed to fostering a participatory culture that embraces diversity of background and experience.
- 2. Diverse Workforce:** Actively seeking diversity in our workforce through recruitment, hiring, and promotion.
- 3. Equal Opportunity:** Provide equal employment opportunities, regardless of race, religion, gender, sexual orientation, or other protected status.

Equity and Fair Treatment:

- 1. Fair Compensation:** Regularly review and assure equitable pay based on skills, qualifications, and performance.
- 2. Career Development:** Access to professional development opportunities, mentorship, and career advancement for all employees.
- 3. Preventing Discrimination:** Maintain a zero-tolerance policy for discrimination, harassment, and retaliation, taking immediate action when necessary.

Participatory Workplace:

- 1. Accessibility:** Assure reasonable accommodation and equal workplace access for employees.
- 2. Inclusive Benefits:** Provide a competitive benefits package supporting diversity, including paid family leave and quality healthcare options.
- 3. Employee Resource Groups (ERGs):** Support ERGs that provide a platform for employees to connect, share experiences, and contribute to a more inclusive workplace.

Our updated policies capture how Penzance implements these principles through training and education, equitable recruitment and hiring practices, supplier and community engagement, and ongoing reporting. We track diversity data using the ILPA Diversity Metrics Template and evaluate the information quarterly. This provides valuable data on whether we are meeting our goals and identifies areas where further investment is needed. We continuously assess these efforts and update the policy to assure best practices.

Governance

Transparency and Reporting

For 2023, The Firm will submit our results to GRESB so we can benchmark ourselves against other organizations. We have engaged a well-reputed consulting organization to assist us in tracking environmental stewardship performance of our assets to help us achieve our sustainability objectives.

Oversight and Accountability

The Governance Subcommittee consists of executive team members who strive to enable and encourage a culture of accountability.

Training

The Firm provides mandatory training on inclusive leadership and the prevention of discrimination and harassment. Team members receive regular training on cybersecurity, email phishing awareness, threat management, and other risk-based issues. Training is supported by supplementary communications and reminders.

Alignment

Our social objectives are an important feature of our annual company goals and of our recruiting and professional development activities. The Firm endeavors to engage vendors and contractors whose social and environmental policies are aligned with our own.

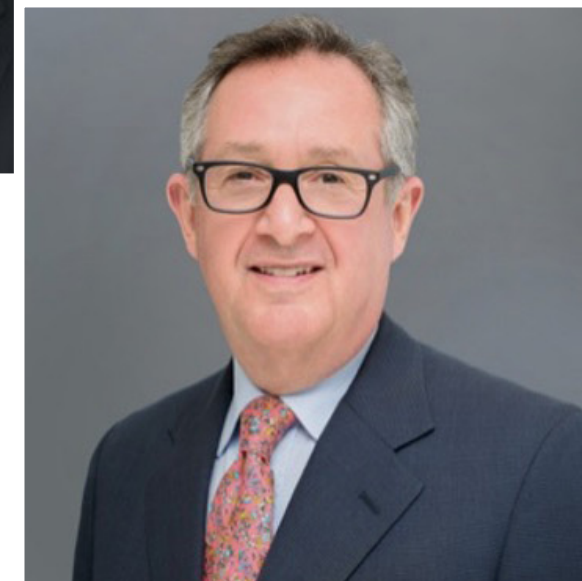
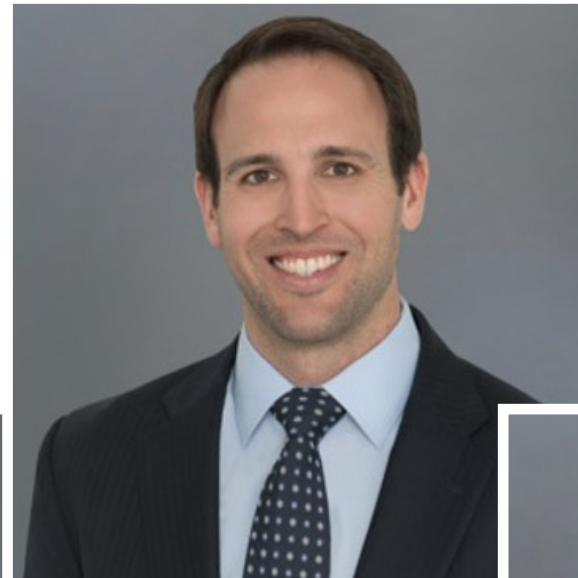
Stakeholder Engagement

We support team member participation at our quarterly town hall meetings by encouraging members of various teams to provide updates across the Firm.

Policies

Our Code of Ethics, Compliance Manual, Employee Handbook, and other policies are regularly updated and distributed to employees to reflect the evolution of our operations, values, objectives, and participation in our stakeholder communities.

Corporate Responsibility Leadership



Penzance’s approach to investment practices is to address sustainability and resilience proactively across The Firm through transparent communication, accountability, and leadership. Our Corporate Responsibility program and commitment is led by our founders and our executive team through a Board of Directors chaired by Founder and Managing Partner Julia Springer and including Company Controller and Director of Corporate Responsibility Jackie Jawitz, Chief Development and Construction Officer John E. Kusturiss, III, and Senior Advisor Peter N. Greenwald. Three subcommittees, focusing on Environmental Stewardship, Leadership, and Governance, respectively, are made up of team members from across the Company.

Subcommittees



Environmental Stewardship



Brandon Ripley - Senior Vice President, Construction
Buji Tallapragada - Senior Vice President, Asset Management
Isabel Ahmadiyar - Executive Assistant
John E. Kusturiss III - Chief Development & Construction Officer
Leah Amato - Executive Director, Property Management
Jackie Jawitz - Corporate Controller & Director of Corporate Responsibility

Leadership



Sophia Griffin - Office Manager
Jaclyn Easton - Human Resources Manager
Jackie Jawitz - Corporate Controller & Director of Corporate Responsibility
John E. Kusturiss III - Chief Development & Construction Officer

Governance



Michael Lefkowitz - General Counsel
Noah Carter - Chief Financial Officer
Richard Brookshire - Managing Director, Capital Markets & Portfolio Management
Sofia Griffin - Office Manager
Jackie Jawitz - Corporate Controller & Director of Corporate Responsibility
Isabel Ahmadiyar - Executive Assistant

Goals and Objectives



Sustainability

- During the development process and management of existing assets, we continue to seek opportunities to design new projects and retrofit existing projects to incorporate modern, sustainable and environmentally friendly features and building systems. We are committed to upgrading multiple existing assets in 2024 with the latest EV charging technology and infrastructure, as well as replacing older, less efficient heating and cooling systems with their more modern counterparts. Technology development moves fast in today's world, and we are committed to keeping up with the most sustainable technologies and practices available.
- We are continuing to explore not only LEED/ USGBC certification levels at all our projects, but in some cases, proffering projects with LEED commitments that are tied to permit approvals or other similar jurisdictional approvals. Proffering to these LEED and other sustainable features illustrates not only a commitment to designing and building sustainable projects, but also a promise to the local communities we are investing in that we are focusing their local environment into our project's business plans.
- During the design process, it is typical that a Request for Proposal (RFP) will be solicited by Penzance for a response from various third-party consultants. We are committed as part of that RFP process to include corporate responsibility items as a grading rubric/ consideration for onboarding. Consultants will be asked to provide their policies, which will be reviewed in depth and considered as a part of their overall response to the RFP. We will score each consultant accordingly and consider that score as we look to award scopes for individual projects and onboard new 3rd party team members. Our goal is to make sure that not only Penzance, but also all the clients we work with daily across our portfolio are aligned in our collective goals and objectives.
- Every new development project and capital expense is reviewed for the ability to incorporate environmentally friendly and sustainable features such as green roofs, solar-reflective roofs, solar panels, more efficient MEP systems, EV charging stations, bike friendly accommodations, storm water detention, treatment, and re-use, local and/or low water vegetation landscaping, environmental risk assessments, recycling construction waste, and low-impact construction materials such as recycled concrete and gypsum, sustainable wood, low-flow plumbing fixtures, high-efficiency lighting...and that's just to name a few!
- We continue to increase company participation levels in third party sustainability training, summits, conferences, and other industry events. This will help our team be informed about the latest developments and best practices in real estate development.



Goals and Objectives



Leadership and Participation

- Conduct annual employee engagement surveys to gauge employee satisfaction and implement measures to respond effectively to survey feedback and address areas of concern.
- Foster a cohesive and engaged workplace culture through the Culture Committee's efforts to organize inclusive team activities that promote employee well-being, a sense of belonging, and collaboration while reinforcing our brand identity.
- Select partners and service vendors with exceptional reputations and congruent commitments to corporate responsibility as evidenced by supporting our Responsible Contracting Policy.
- Sponsor the Penzance Cares program, matching charitable donations of employees to support charities and neighborhood initiatives.
- Continue efforts to broaden the intern recruitment program to attract a diverse range of candidates and enhance the program to offer comprehensive commercial real estate investment experience, positioning participants for success.
- Provide tools and training for managers across all departments to ensure a cohesive experience through the employee lifecycle.

Goals and Objectives



Governance

- Report to GRESB, the global real estate sustainability benchmark, providing validated performance data and peer benchmarks for investors and managers to improve industry engagement and decision-making.
- Review policies and training protocols to identify opportunities to enhance the Compliance Manual, Expense, and Cybersecurity Policies, as well as management and leadership training.
- Continue to expand participation with third-party standard-setting organizations and experts in best practices to further align The Firm's focus and commitments.
- Continue to invest in maintaining the security and integrity of our IT networks, systems, and applications to mitigate the risk of a security incident.
- Continue to perform annual penetration testing to assess vulnerabilities and work with our Managed Service Provider to remediate against risks.



Industry Participation



GOLDEN TRIANGLE



GRESB



JUNIOR LEAGUE OF WASHINGTON



The Real Estate Roundtable





2023
CORPORATE
RESPONSIBILITY
REPORT

