



2021 Annual Report Letter

Reflection: Culture and Experience

By Bill Williams

Co-Founder, Advisory Board Member

As I recently achieved the milestone of having reached my 90th birthday, one thing I can tell you unequivocally is that the importance of having a strong culture cannot be overstated. I have helped build winning cultures and benefited from being associated with them. At CWS I have been fortunate to help grow and nurture ours since co-founding the firm in 1969 and have greatly benefited from it as a very significant investor.

CWS has embraced five value statements that the organization has nurtured within its culture. These values are the mortar that has kept the culture of CWS so strong. They were adopted in 1984 and have been instrumental in helping the company scale to great heights from modest beginnings in 1969 to a portfolio valued at over \$7 billion and over 1,000 investors. Here are the five CWS values that have been so important to the company's success.

Honoring Our Word. The meaning behind this is plain and simple: be direct, be transparent, and do what you say and do it when you say you will do it. As a Co-Founder and member of the Advisory Board, I have been an investor and involved with the firm for 53 years and I can attest that the culture that has been built here has always been promoted and exemplified from the top. The Partners of Steve, Gary, and Mike at CWS have over 103 years of combined management experience with the firm and by having a long-lasting partnership built on trust, integrity, collaboration, and strong values, CWS has been able to accomplish positive results with our common goals.

Ethical Dealings are Paramount. We believe that honesty and transparency, no matter how difficult, is always the right course. By having a horizontal business structure where management is open to hearing from associates of all levels, we believe this offers the optimal environment where communication, problem-solving, and finding the correct approach to handling challenging situations can be accomplished. CWS prefers to communicate openly and frequently with its investors. Examples include when natural disasters occur like Hurricane Harvey and February's Texas Freeze, or when there are performance issues at a property where we want to telegraph distribution changes. The saying goes, "It takes years to build trust, but only seconds to lose it." The trust that

we've earned with our investors has never meant so much and it has formed a long-lasting relationship that we hope never diminishes.

A Respect for People. Everyone is important, whether they are affluent investors, employees who work hard day-in and day-out, residents within our communities, or even those who are less fortunate that struggle to maintain the most basic of needs. One of the ways CWS lives this value is through our community service program that we call BRIDGE. For over 20 years we have invested our time, talent, and treasure in hundreds of non-profit organizations while also providing our associates with a platform to give back to their communities and personal causes. In addition, the company has maintained a strong focus on wellness, work-life balance, diversity, and providing a great environment to work. We believe that by providing the support and resources for our associates to excel at their jobs and contribute to greater life satisfaction, this in turn leads to better customer service, more satisfied residents and, ultimately, happier investors.

Requirement for Profitability and Sustainability. CWS has a responsibility to all its stakeholders to succeed and prosper over a long period of time. Not only do we need to be consistently profitable to have the resources to reinvest in our organizational capabilities to compete and grow, but we also must never sacrifice long-term sustainability for short-term gain. This requires us to always focus first on the downside risk, never bet the company, have the financial strength to make wise decisions, and attract and retain the best talent. For this to sustain over many years, however, requires a very strong culture that binds people together through a sense of shared purpose which is embodied in CWS' purpose statement: Enhancing Lives the CWS Way.

A Demand for Excellence with a Sense of Urgency. Opportunities are fleeting and bad news tends to only get worse, so when we align on a course of action, it's critical that we do so with a sense of urgency and a focus on doing our best and giving it our all. With this mindset and set of expectations, this has helped us weather storms, capitalize on opportunities, and improve the odds of generating compelling risk-adjusted returns for our investors.

CWS has done a remarkable job of sustaining and nurturing a powerful culture that has resulted in a very dynamic company that has enhanced the lives of its residents, employees, and investors...especially this very happy one.