



2020 Annual Report Letter: Wisdom (Success in Life and Investing)

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All investors want a successful personal life along with a successful investing life. With over half a century of experience as a company, we at CWS have learned a bit along the way on this subject that we would like to share.

A Successful Personal Life:

1. How you think is everything. Be positive. Think success, not failure.
2. Beware of a negative environment. Look for the opportunities in solving problems.
3. Determine your true dreams and goals: write down your key goals.
4. Develop your plan to reach each one. Then place those written goals where you can see them daily.

A Successful Investing Life (with CWS):

The CWS platform consists of a long-term investment strategy built on delivering strong risk-adjusted returns for investors while keeping safety of principal at the forefront of any decision. In order to execute this strategy, we believe there are three key responsibilities to which CWS must adhere.

CWS' first responsibility is to find compelling investments in the most promising Class A apartments, in growing markets, with a potential for delivering above average returns on investment. We then look at the risk factors involved that could pose threats to long-term growth and potentially cause loss of capital, as we will not make an investment if we believe the risks factors are too high. By not allowing ourselves to bet the farm on any one deal or invest when the time is not right just because others are doing it, we have done well with investors with our long-term investment horizon.

CWS' second responsibility is to be transparent and communicate the performance of each property to investors on a quarterly basis. In addition, we present the current market and our investment strategies at our Annual Investor Meetings and provide you with an annual valuation report for each CWS property investment.

CWS' third responsibility is to have valued associates caring for your investment. It's imperative to have team players who respect each other and are focused on accomplishing our company's goals by:

- 1) Taking care of investors' assets by optimizing rent levels and occupancy and continuously making improvements that return value to the asset.
- 2) Maximizing the return on your invested capital while weighing heavily on the risk-reward factors to ensure safety of capital.

CWS has taken these responsibilities and carefully built the company from a 15-unit apartment complex in Huntington Beach, CA worth a total of \$22,000 in 1969 to over 100 apartments in seven states with a market value of nearly \$6 billion, comprised of investor capital, mortgage loans, and appreciation.

This is the CWS platform we have used for the last 52 years and will continue for 2021 and beyond. The three CWS key executives all invest along with you and as a Board Member, I am proud to be a very substantial investor in CWS as well. The end result is that your success is as important as ours.