

APRIL
11-13
2023



Better Buildings, Better Plants SUMMIT

Learn more: betterbuildingsolutioncenter.energy.gov/summit

U.S. DEPARTMENT OF
ENERGY



Why Green Leases are a Key to Decarbonization Success

Thursday, April 13, 2023

10:30am -12:00pm ET

Hannah Debelius

Program Communications Specialist, U.S Department of Energy

Marla Thalheimer

Senior Director of Business Engagement, Institute for Market Transformation

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Welcome and Recognition

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Closing

Today's Presenters

- **Monica Beall, Director of Sustainability**
 - Lendlease
- **Casey Mason, Energy and Sustainability Manager**
 - Sabey Data Centers
- **Libby Langenderfer, Regional Leasing Associate**
 - Physicians Realty Trust

Green Lease Leaders Overview

GREEN LEASE LEADERS

CREATING SUSTAINABLE LANDLORD-TENANT RELATIONSHIPS

•Program Purpose

- Define best practices in green leasing and remove the “split incentive” barrier.
- Spotlight property owners, tenants, brokers, attorneys, and real estate teams that meet the Green Lease Leader standards.
- Provide technical support and free resources to the real estate market.
- Create higher-performing building solutions that mutually benefit landlords and tenants.



GREEN LEASE LEADERS

CREATING SUSTAINABLE LANDLORD-TENANT RELATIONSHIPS

Green Lease Leaders in 2023

- 71 winners that own or manage over 3 billion sq. ft. of space

Cumulative impact

- Altogether, Green Lease Leaders manage nearly 6.5 billion sq. ft. of commercial space, representing a huge potential for growth in green leases.

Trends:

- 31% program growth
- 20 international awardees
- Majority of awards for Gold or above
- Platinum tier recognizes social action
- Expansion to military housing



GREEN LEASE LEADERS

CREATING SUSTAINABLE LANDLORD-TENANT RELATIONSHIPS

•Breakdown of 2023 Awardees

6

Platinum awards

8

Team Transaction awards

35

Gold awards

56

Landlord awards

30

Silver awards

7

Tenant awards

Recognizing the 2023 Green Lease Leaders



Landlord | Silver Recognition



BlackRock

↔ **Canderel**

ChoiceProperties



METROPOLIS





Tenant | Silver Recognition





Teams | Silver Recognition

ChoiceProperties



Loblaw
Companies
Limited



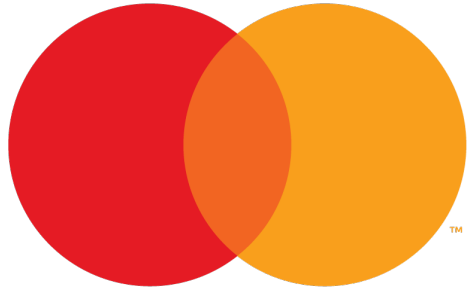
Landlord | Gold Recognition





Tenant | Gold Recognition

TENANT





Teams | Gold Recognition



GREEN LEASE LEADERS

CREATING SUSTAINABLE LANDLORD-TENANT RELATIONSHIPS

- Platinum Recognition

- Areas of Impact

- Health
- Climate Resilience
- Economic Inclusion
- Social Justice and Racial Equity
- Scope 3 Emission Reduction and Embodied Carbon





Landlord & Tenant | Platinum Recognition

LANDLORD



TENANT



GREEN LEASE LEADERS

CREATING SUSTAINABLE LANDLORD-TENANT RELATIONSHIPS

Supporting Partners



HXE Partners



GREEN LEASE LEADERS

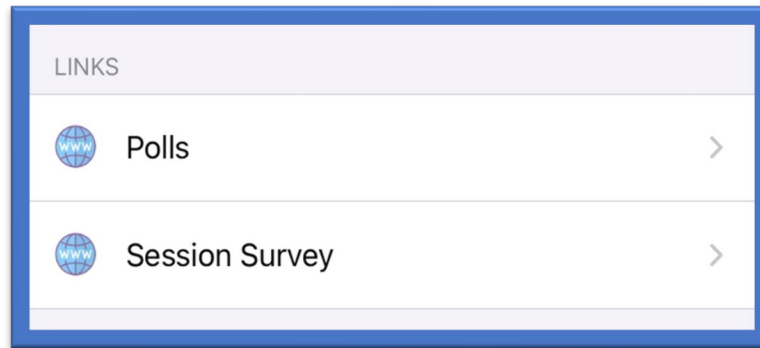
CREATING SUSTAINABLE LANDLORD-TENANT RELATIONSHIPS

For more resources or information about the
program, visit:
www.greenleaseleaders.com



.Please open the Summit App to vote in Slido:

.Find this session in the Agenda and select the **Polls link.**



Polls

We'd like to learn more about you!

Please go to www.slido.com and enter code **#DOE** to respond

POLLING QUESTIONS

- Does your company currently have a green lease in place?
 - Yes
 - No
 - Not sure
 - Working on/thinking about
- Please check all that apply:
 - My company has a Net Zero and/or aggressive carbon reduction goals
 - My company has set a Science Based Target
 - My company owns buildings and/or leases space in jurisdictions with building performance policy enacted/committed



Green Leasing Panel Discussion

The National Building Performance Standards Coalition



Step 1: A Green Lease



Outlines priorities of both parties



Prioritizes environmental, health, and wellness



Establishes a sustainability point of contact



Defines how building and tenant space will operate



Enables ability to report progress

Resource: <https://www.greenleaseleaders.com/green-lease-library/>

Step 2. Performance-Based Lease

- Sets energy performance targets to meet carbon reduction goals
- Equitably distributes landlord and tenant responsibilities to meet building performance standards
- Ensures landlord-tenant transparency and accountability by tracking energy use and implementing building performance goals
- Offers continuous monitoring via periodic recommissioning studies, and mitigating plans where necessary
- Presents remedies should either party fail to meet building performance goals.

Resource: <https://www.imt.org/performance-based-leasing/>

Step 3. Achieve Green Lease Leaders Recognition



Silver Level

Recognizes established policies and practices that encourage reduced energy and water consumption in leased spaces.



How to Qualify

Show required policies and best practices are in place in your organization.

Gold Level

Builds on Silver level achievements, and recognizes execution of green leases and energy-efficient tenant fit-outs.



How to Qualify

Show policies and practices executed in lease transactions.

Platinum Level

Exemplifies achievements by both landlord and tenant to integrate environmental and social priorities into the lease.



How to Qualify

Show implementation of social priorities in policies and practices.

Read how you can get started and apply to be recognized at [Greenleaseleaders.com](https://www.greenleaseleaders.com)

Monica Beall

Lendlease

Panelists



Casey Moore
Energy and Sustainability Manager
Sabey Data Centers
2022 GLL Gold



Libby Langenderfer
Regional Leasing Associate
Physicians Realty Trust
2022 GLL Platinum

Casey Mason
Sabey Data Centers

Green Leasing at Sabey Data Centers

A Unique Space Type

Casey Mason

Energy & Sustainability Manager

SABEY
Data Centers



Climate Ambitions





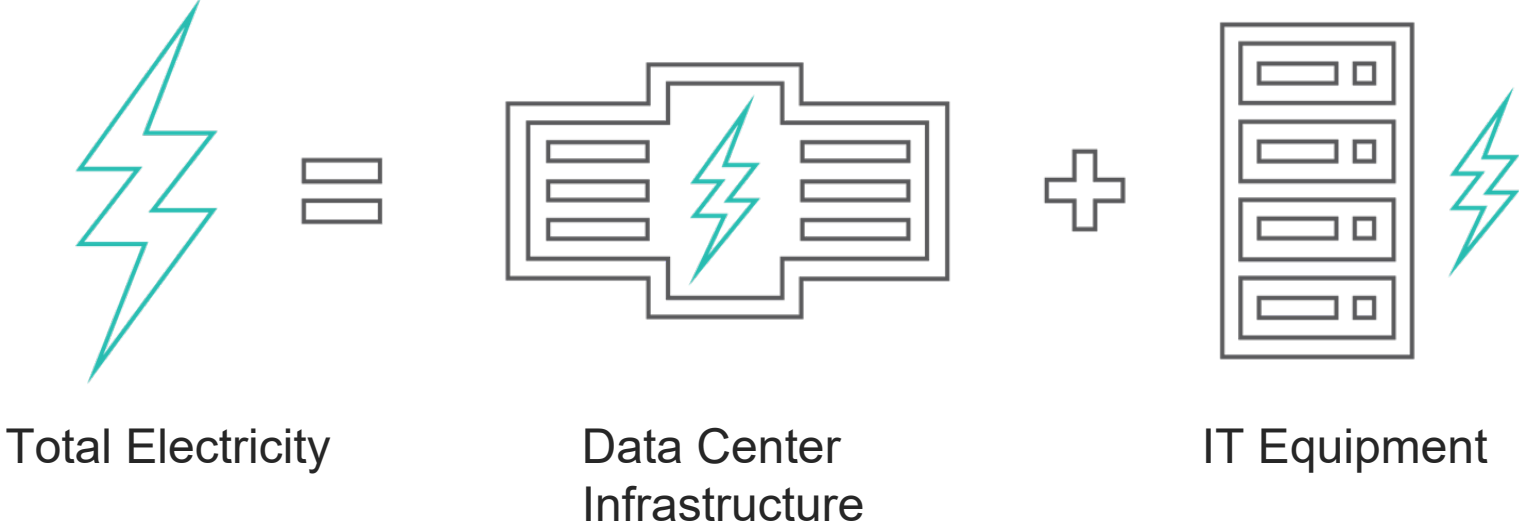
Powered Shell



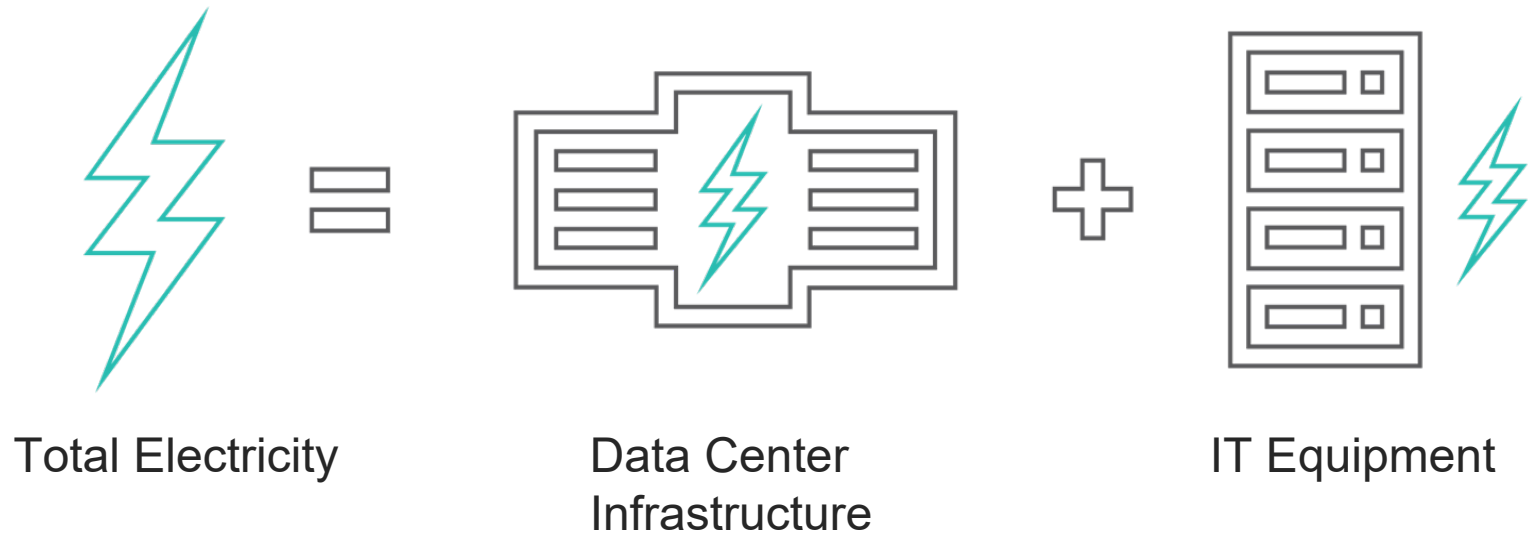
Colocation



Data Center Electricity Use

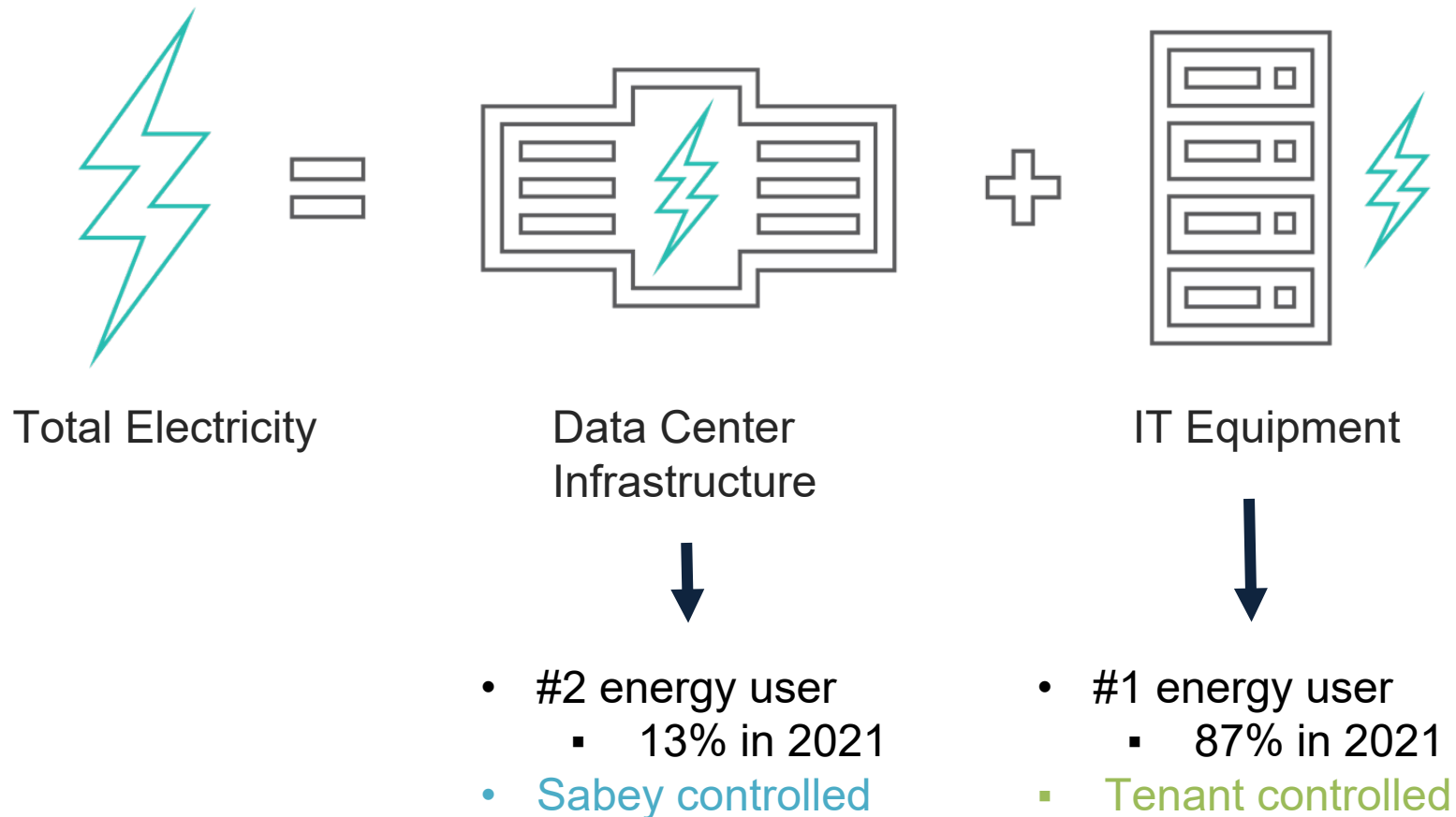


Data Center Electricity Use Metric

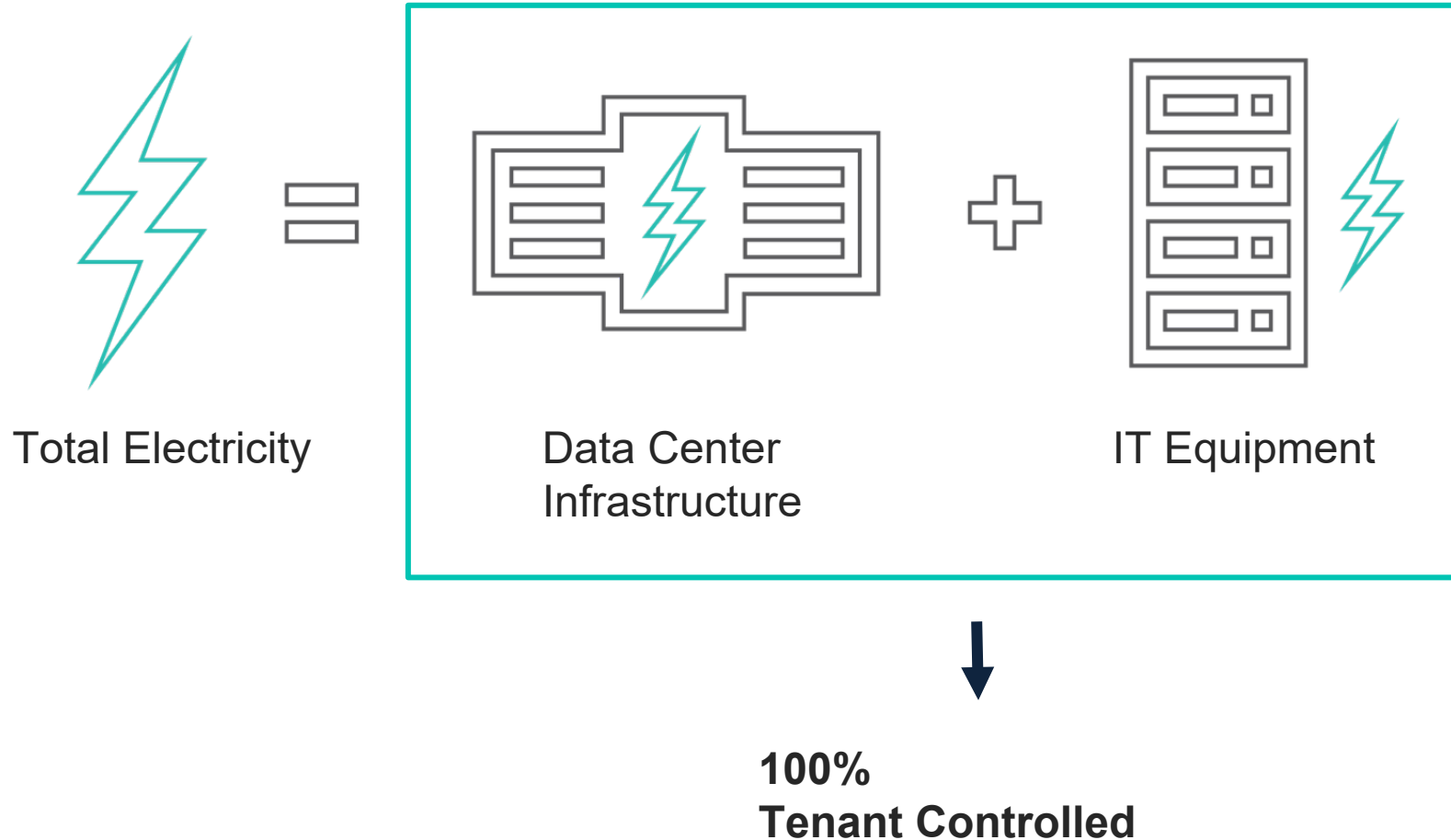


$$\text{PUE} = \frac{\text{Total Electricity Load}}{\text{Total IT Load}}$$


Colocation Data Center Electricity Use



Powered Shell Data Center Electricity Use



Tenant Engagement & Collaboration

- Tenant sustainability contact
- Sustainability training for leasing team
-  Tenant facing marketing materials

SDC Sustainability
<https://sustainability.sabey.com>
info@sabeydatacenters.com

Sabey has committed to reach net-zero carbon emissions by or before 2029 across all Scope 1 and Scope 2 emissions.

Scope 3 emissions, emissions generated by tertiary business activity, will be aggressively reduced through various internal initiatives.



SCOPE 1
Direct emissions from operations, specifically direct emissions from backup generators, and fugitive emissions from HFC refrigerants.



SCOPE 2
Indirect emissions from purchased electricity (Scope 2 emissions from electricity used by power data center infrastructure).



SCOPE 3
All other indirect emissions, including indirect emissions from customer IT equipment.

Sabey follows the operational control approach under the **GHG Protocol Corporate Accounting and Reporting Standard**. As a colocation data center, we follow guidance from the **Carbon Intensity Emissions** that distinguishes between Sabey's Scope 2 emissions and our customer's scope 2 emissions.





Total Electricity Sabey DC Infrastructure Customer IT Equipment



Sabey is an industry leader in energy efficient solutions and is consistently recognized for its record of sustainability.

Sabey Data Centers' ambitious goals include achieving industry leading sustainability that is in line with its business objectives. Focusing on the trade bottom line of people, planet, and profits, Sabey builds and operates energy efficient data centers that reduce impact on the environment and align with its customer renewable energy requirements.



Scope 1: Transition away from diesel fuel for backup generators. Manage and reduce fugitive emissions from HFC refrigerants.

Scope 2: Invest in renewable energy through purchase of RECs and/or through Power Purchase Agreements (PPAs).



Scope 3: Engage our customers and reduce the energy consumption from their IT equipment (servers), upon customer request. Help procure renewable energy to offset their emissions. Engage with upstream supply chain to reduce emissions.

SABEY
Data Centers

SDC Sustainability
<https://sustainability.sabey.com>
info@sabeydatacenters.com

Sabey Data Centers is a proud ENERGY STAR Partner that consistently ranks at the very highest levels for building certifications by meeting strict EPA energy performance standards. A minimum score of 75 signifies that a building outperforms at least 75% of similar data centers, yet Sabey Data Centers routinely score up to 100 on the scale.

Sabey received Gold recognition from the Green Leader Leaders program. The Green Leader Leaders program recognizes forward-thinking companies who foster high-performance by incorporating both energy efficiency and sustainability into its operating requirements.

Better Buildings Challenge
 The US DOE Better Buildings Challenge is aimed at reducing energy use throughout business' portfolios by at least 20% over 10 years. Sabey has improved energy performance by 42% from a 2014 baseline, far surpassing this goal and was recognized as the Highest Energy Saving Data Center Operator by the DOE in 2017.

Better Climate Challenge
 Sabey Data Centers signed on to the Better Climate Challenge committing to a 50% reduction in GHG emissions across their 3.8 million-square-foot portfolio over 10 years.

SCIENCE BASED TARGETS
 Sabey has committed to set a portfolio-wide carbon emissions target to meet the most ambitious aim of the Paris Agreement – to limit global temperature rise to 1.5 degrees Celsius above pre-industrial levels. Our goal and method was validated by the Science Based Target initiative (SBTi).

THE CLIMATE PLEDGE
 Sabey is a signatory to The Climate Pledge, a collaborative initiative co-founded by Amazon and Global Optimism with a commitment to reach net-zero carbon by 2040.

CDP
 Sabey submits comprehensive annual reports through GRESB and CDP and is an active member of the Renewable Energy Buyers Alliance (REBA).



WORLDWIDE LEADERS AWARDS
 Sabey Data Centers was awarded a Silver EcoVadis medal, meaning we are ranked among the top 25% of Global Companies Social Responsibility.

LEED certification provides independent verification of a building or neighborhood's green features, allowing for the design, construction, operations and maintenance of resource-efficient, high-performing, healthy, cost-effective buildings. Sabey is experienced in LEED construction.

SABEY
Data Centers





Tenant Engagement & Collaboration

- Energy efficiency incentives
 -  Electricity costs passed to tenants
 - PUE defined in leases
- Data sharing
 -  GHG Reporting
 - Climate Regulations
 - LL97
 - WA Clean Building Performance Standard



Hurdles & Areas of Opportunity

- Data sharing
 -  Powered Shell (NNN) tenants
 - Confidentiality issues
- Existing leases without green leasing clauses
 -  Flag renewal dates
- Getting green lease clauses across the finish line



Thank

You!

SABEY
Data Centers



Libby Langenderfer

Physicians Realty Trust



8 C1TY BLVD Medical Office Building | Nashville, TN



Why Green Leases are a Key to Decarbonization Success

Presented By Libby Langenderfer

\$6.0 Billion in Gross Real Estate Investments

290

Properties

16.1M

RSF

55,675

Avg. Building Size

95%

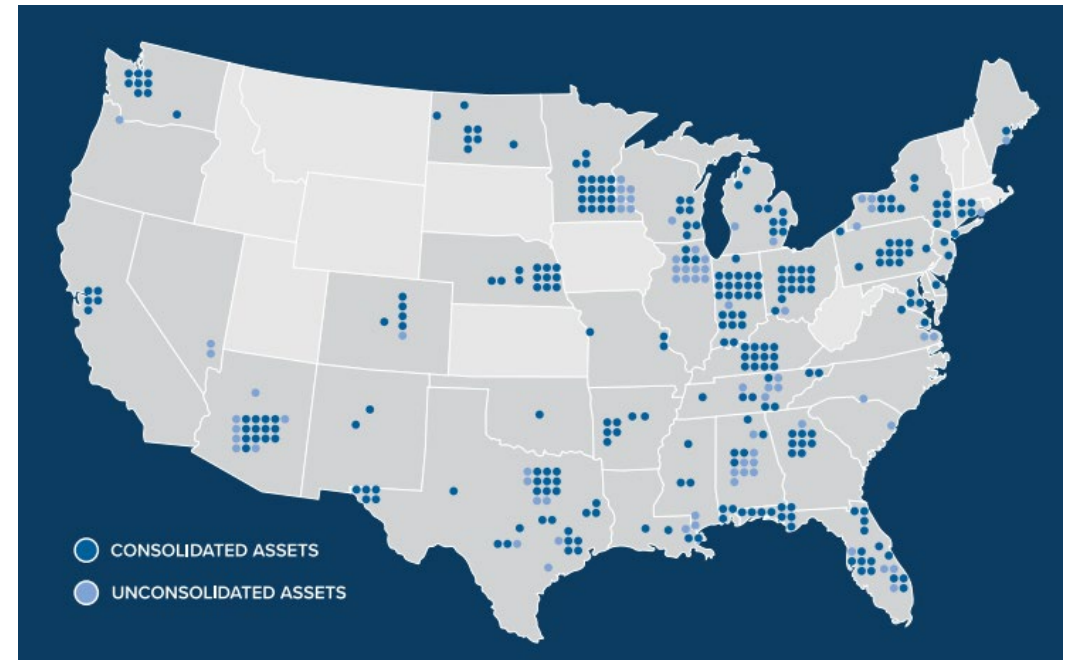
Portfolio Occupancy

36

States

Overview

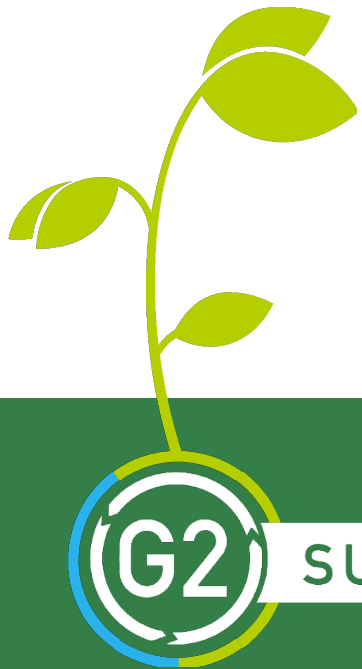
- DOC is an internally-managed health care REIT focused on the selective acquisition and management of high-quality medical office facilities leased to leading health systems
- Management's significant relationships with physicians, hospitals, and health systems offers a distinct strategic advantage relative to peers



Environmental: Capitalize on opportunities, lower occupancy costs, reduce our carbon footprint, improve the patient experience through property upgrades, and generate long-term shareholder value.

Social: Generate and measure trust and loyalty among our team, customers, and society while reflecting company values of “giving back” to our communities, promoting a healthy working environment, and retaining top team member talent within a diverse and inclusive workforce.

Governmental: Through strong governance oversight, measure company processes through checks and balances, ensuring decisions reflect the best interests of shareholders.



G2 SUSTAINABILITYSM

A practical approach in which being “green” through our capital initiatives equates to a ‘green’ cash return via cost savings over time.

40%

Overall GHG reduction by 2030

10%

Decrease in GHG emissions by 2024

10%

Decrease in energy usage by 2024

5%

Decrease in water usage by 2024

10%

Increase in waste diversion by 2024

\$5.0M

2023 Capital target dedicated to sustainability-driven projects

We C.A.R.E.

Collaborate & Communicate

It drives transparency and alignment.

Act with Integrity

It makes our buildings more sustainable.

Execute Consistently

We continue to engage our tenants to reach our goals.

Respect the Relationship

We are committed to providing health system and physician partners with high-quality, efficient spaces for their patient care.



- Key Clauses



Tenant Energy Disclosure



Cost Recovery for Value-Add Projects



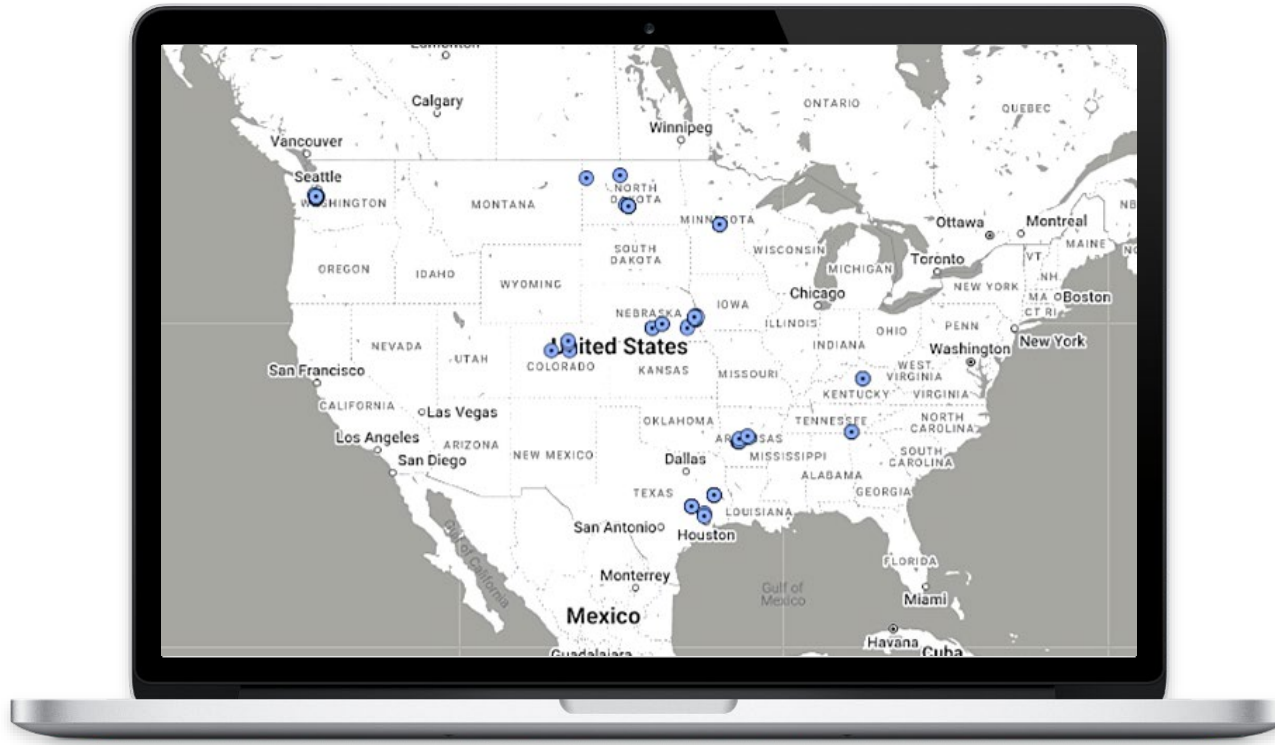
ENERGY STAR Score Disclosure

- Implementation

- New Leases versus Renewals
- Varying Lease Types
- Property Management & Leasing Education
- Communication with Tenants



CommonSpirit Environmental stewardship



53	58,088
Properties	Avg. Building Size
3.0M	9
RSF	States with Owned Assets



 | **10**
YEARS
PHYSICIANS REALTY TRUST

Discussion and Q & A

2022 Green Lease Leaders please
stay in the session room

Thank You!

Provide feedback on this session in the Summit App!

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