Better Buildings®
U.S. DEPARTMENT OF ENERGY

SUMMIT
A VIRTUAL LEADERSHIP SYMPOSIUM

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A CONVERSATION WITH GREEN LEASE LEADERS

Thursday, May 20th, 2021
12:45 PM – 1:45 PM ET
Agenda

1. Welcome & Introductions
2. Green Lease Leaders Overview & Recognition
3. Panelist Presentations
4. Q&A Session
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Enter Event Code

#DOE
Today’s Presenters

Audi Banny
Institute for Market Transformation

Sam Stockdale
Link Industrial Properties

Carla Walker
Natural Resources Defense Council
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 in 2021

Cumulative impact

• 43 organizations that own or manage more than 2 billion sq. ft. of space

• Altogether, Green Lease Leaders manage over 4 billion sq. ft. of commercial space, representing a huge potential for growth in green leases.

Trends:

• Continued program growth
• Half of applicants were new to the program
• 73 percent renewal rate
• Multifamily expansion
• Growing number of international applicants
Breakdown of 2021 Awardees

- 24 Gold awards
- 15 Silver awards
- 3 Team Transaction awards
- 33 Landlord awards
- 2 Tenant awards

- 7 international companies
- 2 multifamily applicants
- Notable sectors: healthcare, industrial, data centers, multifamily, retail, and office
Recognizing The 2021 Green Lease Leaders
Audi Banny
Institute for Market Transformation

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The Future of Green Leasing

Audi Banny, IMT
Associate Director, Private Sector Engagement
Who Controls Building Energy Use?

Tenants control and consume the majority of energy in buildings.

Control of Building's Energy Use

- Common areas
- Elevators
- Core and shell

70% for Tenants
30% for Landlords
Occupancy decreased dramatically during the pandemic, but the energy reductions were paltry, decreasing by less than 10 or 20 percent in most cases.

The primary culprits were limitations on HVAC changes.

Source: Johnson Controls study
The Future of Real Estate Demands Flexibility

- Health
- Short term leases
- City climate action goals
- Tenant priorities
- Evolving office environment
- ESG
- Safety
- New building policies
- Low operating costs
- Wellness
- Financing
Search for the truth.
Transparency and disclosure are expected.

Achieve carbon neutrality.
Reducing environmental impact is no longer enough.

Focus on purpose, not just the bottom line.
Staff expect employer action and accountability on local and global issues.
Making the Most of Green Lease Leaders
Cities Setting Bold Carbon Emissions Reduction Goals

- Benchmarking Policies Passed
- Building Performance Standards Passed
High Performance or “Green” Leases Are the Way Forward

- 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
Resources

Green Lease Leaders recognition program
www.greenleaseleaders.com

Business Case for High Performing Buildings
Broker CE Online Course

Case Studies, Training Material & Resources
www.greenleaselibrary
Sam Stockdale
Link Logistics

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- Link Introduction
- Energy Star Certifications During COVID
- LED Strategy Informed By Tenant Data
Our Business and Platform
A growing platform delivering strong results.

**PORTFOLIO**
Positioned to capture last-mile demand

- 2,973 properties
- 415mm SF operating
- 14.5mm SF in re/development

**PLATFORM**
Local expertise at a national scale

- 563 employees
- 6,450 customers
- 20 offices across the U.S

**PERFORMANCE**
Strong organic and external growth

- 75mm SF leased TTM
- 6.7 leases per workday
- $2.7bn Net acq. since Jan 2020

NOTE: Portfolio metrics shown at 100% ownership
Local expertise at a national scale.

• Experienced employees with deep local relationships.

• National scale coupled with significant local vendor relationships.

• Extensive in-house capabilities provide on-demand, holistic real estate solutions to local and national tenants.

• Healthy relationships with customers, employees, communities and the environment to maximize sustainable growth.
Pure-play U.S. portfolio in key logistics markets.

- 77% of 4Q20 NOI is concentrated in Core Coastal and Tier 1 markets.
Link ESG program.

Establish Link as a thought leader on creating verifiable environmental & social impact.

• 100% of operations from renewable sources by 2024.

• Carbon neutral operations by 2025.
ENERGY STAR
Certifications During Covid
Environmental Data Reporting is the Foundation of all ESG Reporting

The reporting vehicle for energy benchmarking nationally is EPA’s ENERGY STAR Portfolio Manager

- An online tool which measures and tracks energy and water consumption, and greenhouse gas emissions
  - LL’s use it to benchmark the performance of one building or a whole portfolio of buildings through a proprietary ‘Energy Use Intensity’ or EUI calculation methodology
- The ENERGY STAR score, expressed as a number on a simple 1 - 100 scale, rates performance on a percentile basis: buildings with a score of 50 perform better than 50% of their peers; buildings earning a score of 75 or higher are in the top quartile of energy performance
- ENERGY STAR certifications are awarded on an annual basis for properties that score 75 of higher

Benchmarking through EPA’s ENERGY STAR Portfolio Manager is a free and easy way to monitor property and portfolio utility consumption and cost over time

- Track and monitor property and portfolio performance
- ESG reporting (required for GRESB)
- Tenant retention & attraction
RE Tech and Schneider Electric Acting as Strategic Partner in Managing Link ENERGY STAR Program

Starting in 2010 some states, counties, and cities passed into law that all buildings over a certain threshold must report energy consumption and use types

- Link currently operates in 472 US Cities
  - 171 cities impacting ~700 locations require annual energy benchmarking (~30% of total portfolio impacted)
  - 14 cities impacting ~280 sites carry monetary noncompliance penalties

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<th># of Tenants</th>
<th># of Requests Submitted To Utilities</th>
<th># of Tenants Submitted Invoices</th>
<th># of Building Invoices Received*</th>
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EPA ENERGY STAR DATA COLLECTION STRATEGY

Utility Direct
- Automatic Data
- Proof of Ownership
- Authorization Form
- 635

Resource Advisor
- Automatic Data
- Common Clients
- Authorization
- 345

Client Outreach
- Requests to share utility data
- Green Lease
- Tenant Café
- Property Management
- 453

1,433
52%
Innovative Approach to Scale ENERGY STAR® Certification for High Performance Properties

To overcome travel restrictions due to COVID-19, RE Tech deployed a proprietary tool, Engineer in a Box™ (EiB), to provide virtual verification that meets all ENERGY STAR certification requirements.

Using EiB, RE Tech connected virtually with two properties to verify their ENERGY STAR application for ENERGY STAR certification.

A RE Tech experienced Professional Engineer (PE) virtually walked the space with the property’s engineer and, using the EiB toolkit, directed the property engineer to inspect equipment, systems, and features of the building. In addition, the property engineer took various measurements as directed to confirm that the building meets acceptable indoor environmental quality standards for indoor air quality, thermal environmental conditions, and illuminations, effectively replicating a site visit.

The virtual visit can be completed in under two hours, but can require up to five hours based on square footage, number of rooms, and general energy using system complexity.

This innovative approach confirmed proof of concept and resulted in successful ENERGY STAR certifications.
LED Strategies
Informed by Tenant Data
LED’S & THE ENERGY COST RECOVERY CLAUSE

Inconsistent Approach with Discretion For LED Retrofits Residing with Regional Asset Management Leadership

LED Relevant Leasing Statistics
- 100% properties to be retrofitted with LED in 5 years
- 320MM RSF opportunity zone for LED upgrade (~75% of portfolio)
- LED beneficial to ‘Make Ready’ scope 80% of the time
- 70% of renewals ask for LED upgrades (market dependent)

Relevant Vacancy Statistics
- Vacancy downtime
- ~5% vacancies across portfolio
  - 10% of vacancies are vacant for 18+ months
  - 35K RSF average vacancy size
Retrofitting Space with LEDs & Sensors Immediately Upon Vacancy Will Result in Savings to Link Bottom Line

Vacant Utility Reduction Analysis
- 45% to 75% reduction of non-recoverable utilities translates into added value
  - Validated and confirmed based on 2020 actual vacant space electricity expenses datasets

Actual Electricity Data Visualization Process
- 48 properties 100% vacant for 12 months+ analyzed
- Regional asset management confirmed non-LED
- 18 fully occupied non-LED sites for 12+ months analyzed
- Tenant confirmation of non-LED
- Tenant site $/RSF & kWh/RSF closely aligns with CBECs data

Annual Electric costs of Vacant Properties without LEDs ~$0.12/RSF
Annual Electric costs of Vacant Properties with LED ~$0.07/RSF
Annual Electric costs of Vacant Properties with LEDs are unstable and exhibit wide-spread risking their Operational Budgets
Original Analysis w/CBECS Data vs Actual Vacancy Expense Data

Electricity Data Validation Process – Vacant Properties
- 48 properties @6.8MM RSF and 100% vacant for 12 months+ analyzed
- Identified 16 suitable properties for analysis
- Median vacant space electricity costs of ~$0.12/ SF per year
- Estimated Vacant Space Electric Costs of $3.5MM @30MM RSF

Actual Electricity Data Validation Process – Occupied Properties
- 18 fully occupied non-LED sites for 12+ months analyzed
- Confirmed occupied Space Electric Costs of $0.51/RSF per Year
- Tenant site $/RSF/Year closely aligns with CBECS estimate $0.59/SF @$0.10/kWh

* Based on CBECS annual EUI of 5.9kWh/SF and an average cost of $0.1/kWh
** Assumption of ~60% of total vacant space utility budget corresponds to electric expenses
Thank You
Carla Walker
Natural Resources Defense Council

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Green Lease Leaders: An affordable housing energy efficiency gamechanger

CINCINNATI'S STORY

Carla Walker, NRDC
American Cities Climate Challenge
Climate Advisor - City of Cincinnati
1. Energy burden and WarmUp Cincy
2. Working with IMT and Green Lease Leaders Program
3. Learnings to share
Our Energy Burden Problem

1. 8th highest energy burden for renters and low-income residents
2. 17 of 52 communities above the energy poverty threshold
3. 63% small multifamily units structures (below 20 units)
4. 66% apartments located in very low-income or extremely low-income communities

2018 Climate Strategy Goal: Reduce household energy burden by 10% by 2023
**WarmUp Cincy Program Suite**

Address both sides of the split incentive and create a culture of sustained energy efficiency in affordable housing

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Building Owner</th>
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<tbody>
<tr>
<td>Incentive to Participate</td>
<td>✔️</td>
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<tr>
<td>Upgrades</td>
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<tr>
<td>Education</td>
<td>✔️</td>
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</tbody>
</table>
Round 1 - Small Grant Project

10 PROJECTS

25 Apartments

apx $90K in total project upgrades

$40,682 in grant funding

Bond Hill, Mt. Airy
Camp Washington
Avondale
Roselawn, OTR
CUF
March & April Small Grant Pilot

• Does GLL support greater education & sustained value of grants?
• How can owners integrate GLL?
• What other resources would be helpful to affordable multifamily building owners?
April & May Pilot Launch

• Create a toolkit for owners
• Create templates for operational best practices
• Develop a training checklist for management
June 2021
Ongoing

- City incorporates GLL into future Small Grant Rounds
- Virtual GLL learning session open to MF owners
- IMT provides 1:1 assistance to owners interested in GLL
- City update website with GLL details/information
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<tbody>
<tr>
<td>1</td>
<td>GLL went beyond filling the education void for our building owner programs</td>
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<tr>
<td>2</td>
<td>GLL validated the grant program overall with the recognition process + created a 2nd incentive for owners</td>
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<tr>
<td>3</td>
<td>GLL provides market-specific customized resources for our affordable MF building owners</td>
</tr>
<tr>
<td>4</td>
<td>GLL does not require a heavy lift from city staff or from Department budget</td>
</tr>
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</table>
"...my meeting with them was really productive and helped me out quite a bit. Surprisingly, the conversation was more about what they could do to help me out! Like, creating a checklist of actions that fit my needs and lead me towards more savings. Also, helping brainstorm resources that fit my situation since I'm a teacher with time to [repair] but with not a lot of income. So, they were talking about tax incentives and grants that I could look into."
Thank you

Carla D. Walker
NRDC, Climate Advisor - City of Cincinnati
American Cities Climate Challenge
cwalker@nrdc.org
Q & A

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Additional Resources

Better Buildings Solutions Center Green Lease Case Studies
https://betterbuildingssolutioncenter.energy.gov/search?search_api_views_fulltext=green+lease

Better Buildings Solutions Center On-demand Green Leasing Webinars
https://betterbuildingssolutioncenter.energy.gov/webinars-on-demand#GLL
Solution Center Video Place Holder
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<td>Boosting Industrial and Manufacturing Efficiency and Resiliency with CHP</td>
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<td>June 22</td>
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