January 21, 2021

The Value of GREEN LEASING
Today’s Moderator

Andrew White
RE Tech Advisors
Agenda

1. Welcome and Introductions
2. Green Leasing Overview
3. Urban Land Institute: Tenant Energy Optimization Program
4. The Tower Companies: Green Leasing in Multifamily Housing
5. AMLI Residential: Sustainability Program
6. Q&A Session
Today’s Presenters

Emily Pierce
Urban Land Institute

Jonathan Bauer
The Tower Companies

Erin Hatcher
AMLI Residential
The Split Incentive: A Tale as Old as Time

In Multifamily, it’s often the case that the **owner would pay** for an energy efficiency project, but the **resident would experience the benefit**.
The Solution: Green Leases and Programs that Support Adoption

- **Green leases:**
  - Equitably align costs and benefits of investments in sustainability
  - Creates win-win agreements for owners and tenants

- **Key elements:**
  - Implement energy efficiency improvements during unit turns
  - Transparency - provide a sustainability contact, track and share utility data!
  - Standardizing efficient building operations

https://www.greenleaseleaders.com/
https://www.energystar.gov/buildings/tenants/about_tenant_space
https://tenantenergy.uli.org/
The Green Leasing Opportunity

**GREEN LEASE LEADER**

*potential to impact nearly*

**2.9 BILLION SQ. FT.**

*OF COMMERCIAL AND GOVERNMENT SPACE*  

*across North America*
EMILY PIERCE
DIRECTOR, ULI GREENPRINT CENTER FOR BUILDING PERFORMANCE
THE VALUE OF GREEN LEASING
Worldwide alliance of leading real estate owners and financial institutions committed to improving the environmental performance of buildings.

Member-driven initiative with the goal to reduce carbon emissions 50% by 2030 and achieve net zero carbon operations by 2050.

Includes 44+ companies representing 10,000+ properties totaling 220 million square meters across 32 countries.

Share best practices and promote the business case for green buildings with the broader ULI membership.
ULI Greenprint Members
Tenant Energy Optimization Program (TEOP)
10 Steps for Multifamily Owners, Operators, and Investors to Achieve Energy Optimization in Residential Units

1. Select a team
2. Baseline and benchmark assets and units
3. Set utility use and performance goals for residential units
4. Model utility reduction options
5. Calculate projected financial returns
6. Make final decisions
7. Develop a resident occupancy maintenance and operations plan
8. Retrofit the unit(s)
9. Execute the resident occupancy maintenance and operations plan
10. Communicate the results
Phase I: Pre-Lease

1. Select a team

2. Baseline and benchmark assets and units
Phase II: Design and Construction

3. Set utility use and performance goals for residential units
4. Model utility reduction options
5. Calculate projected financial returns
6. Make final decisions
7. Develop a resident occupancy maintenance and operations plan
8. Retrofit the unit(s)
Phase III: Post-Occupancy

9. Execute the resident occupancy maintenance and operations plan

10. Communicate the results
The Value of Green Leasing

January 21, 2021

Jonathan Bauer
Sustainability Manager
Company Overview

THE TOWER COMPANIES AT A GLANCE

6 MILLION
square foot portfolio
(Tower and partner-operated)

13 MILLION
square feet in development

100
employees

90%
of portfolio operating under a
green lease

100%
renewable energy
commitment

Fitwel
Champion

2,000
employee volunteering hours
used since 2012

15%
of our leadership team are women

95%
LEED Certified

80%
of Office Building Portfolio is
ENERGY STAR Certified

Two
dedicated sustainability team
members, including senior leadership position

PEOPLE. PROPERTIES. PURPOSE.

At The Tower Companies, we are committed to making a difference through our business and community. We develop, own, and manage commercial, retail, and multifamily residential properties in the Washington D.C.-metro area while being mindful of our global impact. Our dedication to the nation's capital has allowed us to build long-term relationships and foster lasting community impact.

Since our founding in 1947, we have continued to thrive while staying true to the belief that our actions and business can positively benefit the health of our people and planet.

OUR VISION

We envision a world where buildings inspire and enrich the lives of their occupants. In this world, people seek out buildings that create positive social change by helping to sustain the environment, better their health and well-being, and connect them to thriving communities.
Washington, D.C.-Based Portfolio
Our Commitment

At every decision point, we consider our ability to advance the real estate industry, impact on the environment, and commitment to the well-being of people and local communities.
Traditional Commercial Office Lease

Green Lease Categories

• Water Efficiency
• Energy Efficiency
• Materials & Resources
• Indoor Environmental Quality

Types of Requirements

• Design
• Construction
• Operational
Adapting Commercial Green Lease for Multifamily

“Green Leasing” in Multifamily
• Green lease addendum
• Unit turnover checklist
• Sustainability in the leasing process
• Tenant engagement

Tips for Success
• Collaborate with all stakeholders
• Be prepared to educate all parties
• Baby steps – start small
• Be patient and flexible!
Green leasing begins well before the resident signs a lease.

- Employees
  - Green lease language
- Residents
  - Engagement
- Education
Lease Topics

- Utility data
- Smoke-free living

Looking Ahead

Our achievements and progress made in 2019 will not slow us down in 2020. We recognize there is so much more we can accomplish. Although we were early adopters of many industry sustainably best practices, we recognize that there are still ways to build upon our previous ESG initiatives and enhance our program to better suit resident and investor needs. AMLI is still working to better curate our long-term ESG goals and program priorities, and as part of our journey, we will focus on ways to continue to have a material and meaningful impact.

We will continue to focus on sustainable building certifications. Our experience with LEED® and ENERGY STAR® certified properties demonstrated their value in improving overall sustainability of the asset, and in providing best-in-class living experiences for our residents.

We intend to strengthen our purchasing standards. Our findings from the Sustainability Living Index indicate that our residents highly value sustainable living experiences. Purchasing standards allow us to adopt new practices and strengthen existing goals throughout the portfolio.

To better inform our next steps and future long-term ESG goals, AMLI continues to build upon our data collection and management efforts through collaborations working with utilities and other stakeholders.

We are excited to begin 2020 and beyond to create a positive AMLI impact for our residents, stakeholders, and the planet.

One of AMLI’s ESG goals for 2019 was to increase the health and wellness standards of all our communities. AMLI life is cleaner and healthier. We take pride in integrating health and wellness standards into all of our communities to bring an outstanding living environment to residents. In addition to 41 smoke-free apartment communities, AMLI works constantly to ensure that our communities facilitate healthy lifestyles by choosing walkable locations and supporting better air quality. LEED® certification supports air quality improvements, and our communities are managed to sustain these health benefits long after development.

Low-emitting building materials are an integral component of healthy apartment communities. Volatile Organic Compounds (VOCs) are known to decrease occupant comfort and negatively impact indoor air quality. AMLI only purchases carpet that is Green Label Plus certified, which is awarded to the lowest VOC emitting products. To continue improving resident comfort, AMLI approved several purchasing standards by the end of 2020, these standards will result in 85% of forward, AMLI will continue working to increase use of no- or low-VOC paints, sealants, and adhesives in our communities.

Improve data collection scope & quality

60% SMOKE-FREE COMMUNITIES
Training

What is sustainability?
What makes my community green?
How can I maintain our commitment?
Employees

Marketing

How to talk about the benefits of green living?

What’s at my community?

### Green Glossary

<table>
<thead>
<tr>
<th>Feature</th>
<th>Criteria for Use</th>
<th>Benefit</th>
</tr>
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<tbody>
<tr>
<td>Public Transit Access or</td>
<td>Have one train station within a 1/2 mile or two bus stops within a 1/4 mile of</td>
<td>Transit Score 70-89 is &quot;Excellent Transit&quot; and 90-100 is a &quot;Rider’s</td>
</tr>
<tr>
<td>Transit Score</td>
<td>the building. Or, have a Transit Score of 70+.</td>
<td>Paradise&quot;. Use of transit reduces your carbon footprint.</td>
</tr>
<tr>
<td>Walk Score</td>
<td>Have a Walk Score of 70+.</td>
<td>Walk Scores of 70-89 &quot;Very Walkable&quot; and 90-100 is a &quot;Walker’s Paradise&quot;. Walkable areas encourage walking which reduces your carbon footprint.</td>
</tr>
<tr>
<td>Fresh Air Ventilation</td>
<td>All units have mechanical ventilation that brings outside air into the units.</td>
<td>Active ventilation improves indoor air quality which helps improve resident’s health and comfort.</td>
</tr>
<tr>
<td>Premium Air Filters</td>
<td>All units use MERV 8 air filters. Air filters are changed quarterly.</td>
<td>Premium air filters improve indoor air quality by catching air contaminants such as dust or pollen.</td>
</tr>
</tbody>
</table>
Residents

Green Living
What green features are at my community?
How do I use them?
What’s the benefit?
Residents

Green Living

What’s new? What’s next?
Engage by listening!
Contact Us!

Emily Pierce  
Urban Land Institute  
emily.pierce@uli.org  
https://tenantenergy.uli.org/

Jonathan Bauer  
The Tower Companies  
jonathan.bauer@towercompanies.com  
https://towercompanies.com/

Erin Hatcher  
AMLI Residential  
ehatcher@amli.com  
https://www.amli.com/sustainability

Andrew White  
RE Tech Advisors  
awhitere@retechadvisors.com  
https://www.greenleaseleaders.com/