



# 2020

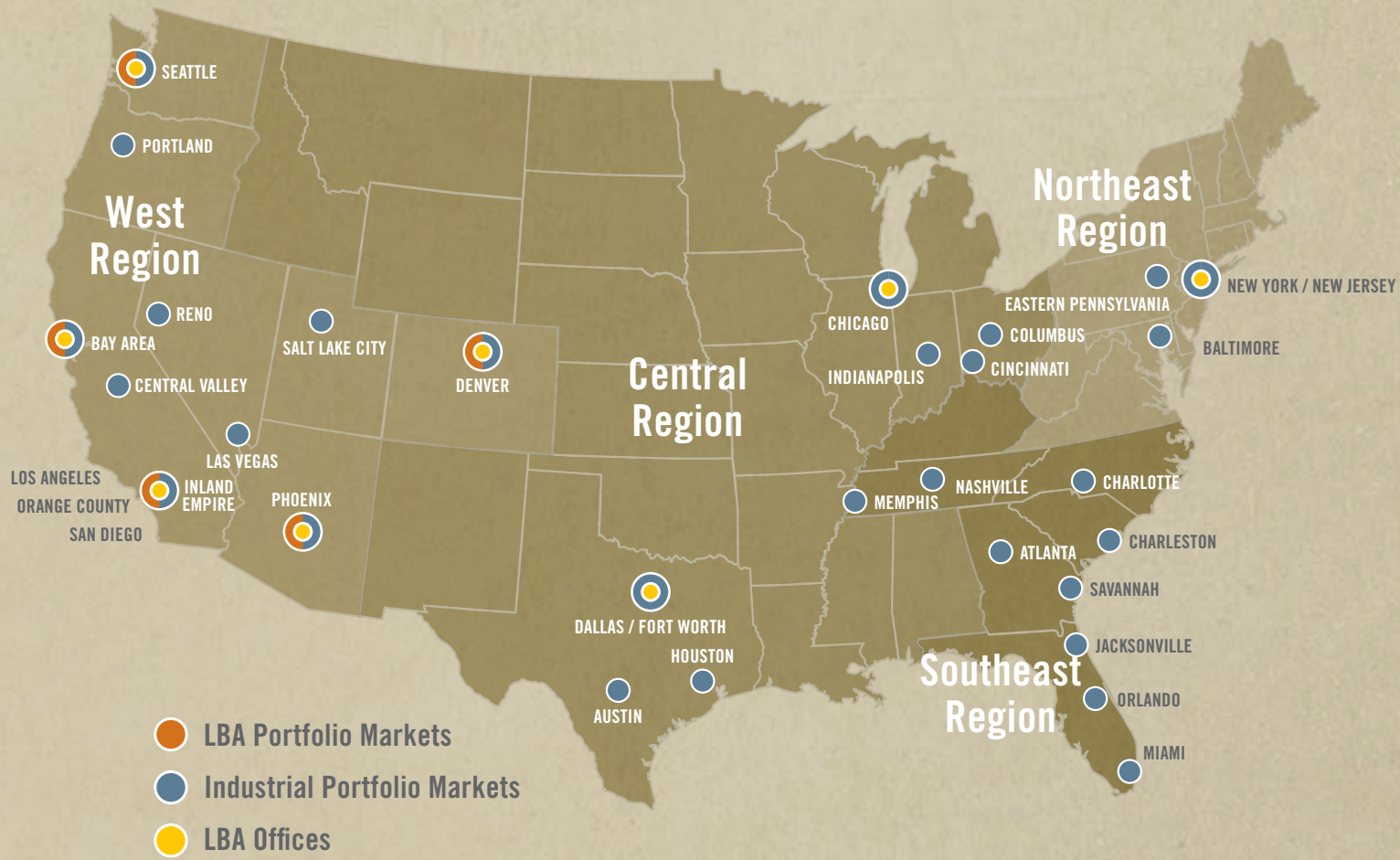
## ANNUAL SUSTAINABILITY REPORT



**sustain  
ability**  
LBA | LBA LOGISTICS







## LBA PORTFOLIO

LBA's current portfolio totals approximately 65 million square feet across the nation. Our industrial footprint is approximately 56 million square feet spanning the country in major logistics markets. Our office portfolio consists of approximately 9 million square feet located in major Western U.S. markets. LBA has regional offices across the nation in Southern California, Northern California, Seattle, Phoenix, Denver, Dallas, Chicago, New York and New Jersey.



## SUSTAINABILITY MISSION STATEMENT

LBA is committed to driving a business case approach to environmental responsibility in all that we do. We will effectively communicate our goals and implement energy efficiency and consumption reduction practices in our buildings, as well as promote awareness and engagement with our stakeholders.



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“LBA is dedicated to driving better financial and environmental performance through our strategic approach to real estate investments, management and development. Our approach is to enhance our sustainability program and economic performance for better outcomes that benefit our investment partners, customers, employees and communities.”

– PERRY SCHONFELD, LBA Realty, Principal & Chief Operating Officer

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# COMMITMENT TO IMPROVEMENT

LBA Realty is committed to the highest level of performance for our investment partners and stakeholders. Our team is driven by a commitment to enhance value through improved financial performance, as well as environmental, corporate responsibility and governance (ESG) outcomes in an effort to support the organization's strategic plan. Our Sensible Sustainability Strategy, or business case approach, continues to realize measurable benefits for our investor partners, customers and our community, all while doing the right thing. It's rewarding to see the impact we have made by prioritizing sustainable and efficient operations throughout our portfolio. LBA strives for the highest level of customer service in addition to having a continuous process improvement approach to everything we do, including our ESG efforts. We are proud for the many partnerships and the recognition we have achieved to date.

## U.S. DEPARTMENT OF ENERGY'S BETTER BUILDINGS PROGRAM

LBA is a Better Buildings Challenge Partner and has publicly committed to improve energy results of the portfolio by at least 20 percent within 10 years, starting with a 2013 baseline. In 2019, LBA had an average annual percentage improvement of 3.9%, and a cumulative improvement in excess of 14%.



## URBAN LAND INSTITUTE GREENPRINT PARTNERSHIP



As demonstration of the commitment to sustainable real estate, LBA is a member of The Urban Land Institute (ULI) Greenprint Center for Building Performance program, a worldwide alliance of leading real estate owners, investors and financial institutions committed to reducing carbon emissions across the global property industry.

## BUILDING OWNERS & MANAGERS ASSOCIATION INTERNATIONAL (BOMA) W<sup>2</sup> CHALLENGE



LBA was a participant of BOMA International's 2-year W<sup>2</sup> (Water & Waste) Challenge, which was designed to support participants in benchmarking water usage and waste output, sharing best practices and identifying areas for improvement. LBA consistently performed more efficiently in the water and waste categories compared to the BOMA average of peer participants. In the conclusion of the challenge, LBA's average water use intensity was 23.16 gal/ft<sup>2</sup> vs. the BOMA average of 36.73 gal/ft<sup>2</sup> and waste intensity was 1.39 gal/ft<sup>2</sup> vs. BOMA's average of 3.06 gal/ft<sup>2</sup>.





# SUSTAINABILITY HIGHLIGHTS & ANNUAL RESULTS

## RENEWABLE ENERGY & CLEAN TECH PROGRAM

### Solar Energy

- LBA, in partnership with our customers, has eight solar projects generating a total of 8.05MW of renewable energy each year consisting of rooftop and carport applications in Arizona, California & New Jersey.

### LED Lighting

- LBA has completed 79 lighting retrofits across the portfolio generating estimated annual savings of 3.2M kWh or \$803K with an average payback period of 1.47 years, net of incentives.

### Energy Storage

- LBA has installed 3 MW of energy storage solutions at six office properties.
- LBA operates a 1.3 MW intelligent energy storage system at Park Place in Irvine, CA, which at the time of installation, was the largest indoor battery storage project in the United States.

## ELECTRIC VEHICLE (EV) CHARGING STATIONS

- LBA has a portfolio program for EV-charging stations with a partnership through ChargePoint.
- Currently, LBA has 54 charging stations with 105 ports across the portfolio as well at 18 Tesla super-charging stations. We continue to evaluate new opportunities.
- LBA's has annual GHG savings resulting in 192K kg CO<sup>2</sup> as a result of EV charging stations across the portfolio.

## SMART BUILDING PROGRAM

- LBA has partnered with Yardi Energy to launch Pulse, an automated energy management software, throughout our multi-tenant office portfolio.
- Yardi Energy has started to furnish and install enterprise energy management software that monitors and optimizes building electrical utility meter and HVAC Building Management Systems for our portfolio of buildings. The Yardi Smart Energy Suite includes real-time building electrical meter monitoring and analytics, HVAC system fault detection & diagnostics and HVAC active optimization system software to maximize comfort and energy efficiency.
- Annual consumption savings - 10.7M kWh
- Annual cost savings - \$1.3M

# ANNUAL KWH SAVINGS EQUIVALENCIES



**7.3M**

Miles driven by an average passenger vehicle



**1K**

Tons of waste recycled instead of landfilled



**331K**

Gallons of gasoline consumed



**375M**

Number of smart phones charged



**3.2M**

Pounds of coal burned



**500**

Homes' electricity use or one year



**4K**

Acres of US forests in one year



**112K**

Incandescent lamps switched to LEDs

Source: EPA Greenhouse Gas Equivalencies Calculator



**4.25%**  
Energy Reduction

**2%**  
Water Reduction

**6.3%**  
Waste Diversion  
Rate Decrease

**81.4%**  
ENERGY STAR  
Average  
Portfolio Rating



## AWARDS & RECOGNITION

### ENERGY STAR PARTNER OF THE YEAR - ENERGY MANAGEMENT CATEGORY

LBA is a two-time recipient of the ENERGY STAR Partner of the Year Award for outstanding leadership in energy management. This award recognizes ENERGY STAR partner businesses and organizations that demonstrate superior leadership, innovation, and commitment to environmental protection through energy efficiency and ENERGY STAR. LBA was selected for our robust sustainability program that has implemented industry leading best practices in efficiency and has fully integrated ESG throughout the organization.

### GREEN LEASE LEADERS

LBA received national recognition from the Institute for Market Transformation (IMT) and Department of Energy's (DOE) Better Buildings Alliance as a 2019 Green Lease Leader. Green Lease Leaders is a recognition program that was launched to shed light on forward-thinking companies who effectively modernize their leases and sustainability strategy to encourage collaborative action with all stakeholders on energy efficiency and sustainable operations.

### DEPARTMENT OF ENERGY - SMART ENERGY ANALYTICS CAMPAIGN

LBA is a participant of the DOE's Smart Energy Analytics Campaign to engage in collaboration and education opportunities to support both LBA, the DOE and campaign participants in adoption of energy management and information systems (EMIS). LBA was announced as the Fall 2019 winner of the New Installation of a Fault Detection & Diagnostics (FDD) System in Commercial Real Estate by the Smart Energy Analytics Campaign for our successful implementation of the Yardi Pulse program.

## SUSTAINABILITY CERTIFICATIONS

### OUR COMMITMENT TO THIRD PARTY VALIDATION OF PERFORMANCE



#### LEADERSHIP IN ENERGY & ENVIRONMENTAL DESIGN (LEED)

LBA is a gold member of the USGBC and utilizes LEED as a framework to ensure we are operating our buildings with the highest standards of building efficiency and practices. There are 12 certifications across the portfolio (5 - Silver, 5 - Gold, 2 - Platinum).



LBA tracks all office buildings in **ENERGY STAR**® Portfolio Manager and partners with industrial tenants to help measure building performance and identify energy saving opportunities where possible. By earning ENERGY STAR certifications, we're acting on our commitment to save energy, protect the environment, and help us conserve for the future. LBA has a total of 12 certifications, and in 2019, achieved LBA's (3) first-ever industrial ENERGY STAR certifications. LBA previously partnered with our tenant, MG2, to participate in the ES for Tenants pilot program which included a total of 39 companies across the United States. Through the program, we achieved the first ever ENERGY STAR Charter Tenant Space recognition.



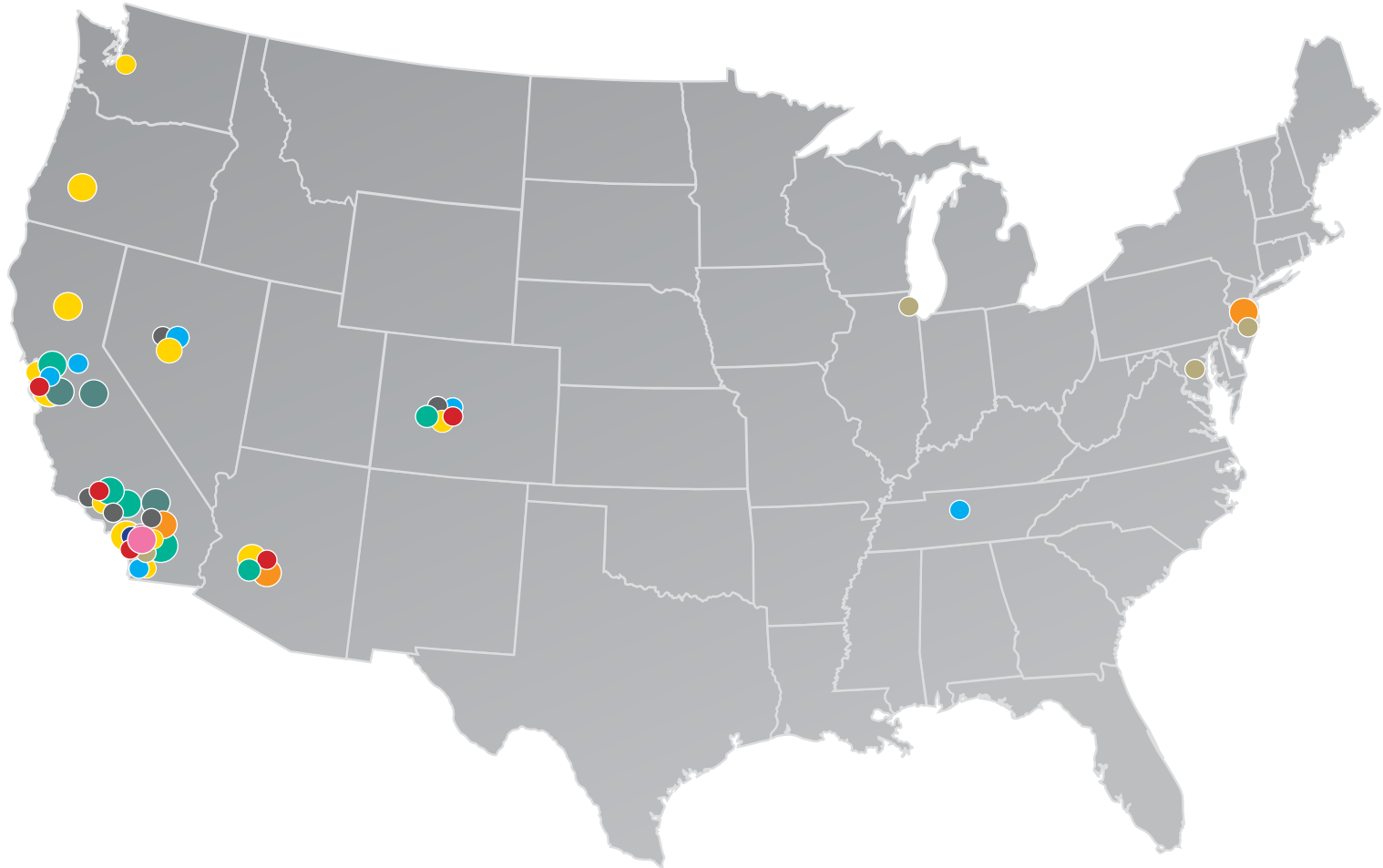
The **FITWEL** program was created by the U.S. Centers for Disease Control and the General Services Administration to optimize healthy buildings, decrease disease, improve mental health, encourage social interaction, and increase civic trust and overall well-being. LBA is in process of our second Fitwel certification and will continue to roll this out to the rest of the portfolio, where practical.



**BOMA 360** is a commercial real estate designation developed by the Building Owners and Managers Association International (BOMA) that recognizes all-around excellence in building operations and management. Unlike typical "green" rating programs, BOMA 360 looks at all areas of a building's operations and management, not just energy and sustainability. LBA believes BOMA 360 provides a broader overall recognition of our commitment to not just sustainability but also customer satisfaction, emergency preparedness, standard operating procedures, and community engagement. Presently, LBA has five BOMA 360 designations, and continues to pursue certification where feasible.



# SUSTAINABILITY PROGRAM ACROSS PORTFOLIO



|                                    |     |
|------------------------------------|-----|
| ENERGY STAR CERTIFICATIONS         | 12  |
| LEED CERTIFICATIONS                | 12  |
| FITWEL CERTIFICATION               | 1   |
| LIGHTING RETROFITS                 | 79  |
| BATTERY STORAGE                    | 6   |
| SOLAR                              | 8   |
| IEQ                                | 15  |
| EV CHARGING STATION PORTS          | 105 |
| TESLA SUPERCHARGER STATIONS        | 18  |
| YARDI PULSE SMART BUILDING PROGRAM | 9   |

*\*Size of dots on map correspond with quantity of projects and initiatives completed in each location*

## CASE STUDY



### PARK PLACE INTERIOR LED LIGHTING RETROFIT

Park Place is a 1.8 million square foot corporate campus situated within a thriving 105-acre mixed-use development of office, residential and retail amenities. Originally developed by Fluor Corporation as their international corporate headquarters until 1995, LBA Realty masterfully transformed this once institutional office complex into the vibrant and premier property it is today. At the forefront of commercial real estate innovation, LBA Realty is leveraging the benefits of progressive and sustainable technologies and strategies, to attract desirable tenants, reduce overall operating expenses and reduce our carbon footprint.

#### PROJECT OVERVIEW

The Park Place Team continually seeks opportunities to reduce operating costs by utilizing new technology and implementing progressive ways to lower energy consumption. A campus wide LED lighting retrofit was completed throughout nine buildings and 23K lamps were replaced with LEDs.

#### RESULTS:

- Lighting retrofit cost: \$446K
- Rebate received: \$263K
- Net project cost: \$184K
- Estimated annual savings: \$142K
- Payback Period: 1.3 years
- Estimated annual kWh savings: 1.14M kWh
- CO2 emissions reduced by 803 metric tons or 1.8M lbs





## LAKEVIEW CORPORATE CENTER YARDI PULSE PROJECT

Lakeview Corporate Center is a 259,540 rentable square foot, two story Class A office complex that sits on a 22-acre site in Thousand Oaks, CA. Built in 1987, the building is framed with precast concrete roof and floor structures, concrete slab-on-grade ground floor, and a deep concrete caisson foundation system. The property maintains a LEED-EB Silver certification and ENERGY STAR Label. The site is equipped with Yardi Pulse that monitors electrical meter consumption (RTM), analyzes HVAC conditions and identifies system faults (FDD) and HVAC optimization that increases tenant comfort while consuming just the right amount of energy.

### PROJECT OVERVIEW

Yardi Pulse, in conjunction with the LBA Smart Building Program, enables software modules that monitor and enable HVAC optimization strategies at facilities by connecting to the main electrical meters and integrating into the existing Building Management Systems (BMS) of each building. The goal of this program is to provide actionable information on the status of our buildings which are easily accessible through a web browser. The program provides insight to the building management and engineering teams that assists in reaching energy savings goals while improving tenant satisfaction and comfort.

The implementation of this program at Lakeview Corporate Center helped in addressing and resolving inefficiencies such as building and tenant static pressure issues, extended delay between chiller staging, system flow tuning and more.

CONTINUED...

## YARDI PULSE PROJECT

### ENERGY AND SUSTAINABILITY RESULTS

|  |          |
|--|----------|
| Annual kWh Savings . . . . .             | 338k     |
| Annual Electrical Cost Savings . . . . . | \$ 42.2k |
| Carbon Footprint Reduction . . . . .     | 239      |

Greenhouse gas emissions avoided by:



11.9

Garbage trucks of waste recycled instead of landfilled



83.3

Tons of waste recycled instead of landfilled



10,426

Trash bags of waste recycled instead of landfilled



9,046

Incandescent lamps switched to LEDs





# ENGAGING WITH OUR STAKEHOLDERS

Engagement is a key principle within our sustainability platform where we target five key stakeholders: our employees, customers, investors, service providers and community. Through this approach, we strive to educate our employees, strengthen tenant relationships, drive performance gains, and deliver on LBA's sustainability commitment. All efforts are in support of the overall business strategy to attract and retain investor partners, protect our environment and support the communities where we live, work and invest.



## EMPLOYEE ENGAGEMENT

We focus our sustainability efforts starting with our employees. Not only do we ensure they understand the importance of our commitment, but we have built our sustainability strategy into all departments within our organization. Our efforts are led by our Sustainability Council who share green best practices, resources and important updates through our internal sustainability blog. Through this platform we are able to educate our employees with articles, challenges, trivia games and other creative ideas that make sustainability enjoyable and exciting within our company.



## COMMUNITY OUTREACH

Community outreach is woven into our culture through our LBA Foundation. We share the desire to make a difference in our communities and support the organizations that require our help. Not only is it important that our employees support the children's charities important to LBA, but we also support charities that are important to our employees and customers.

# HEALTH & WELLNESS

LBA understands the importance of providing world class business experiences for our customers that align with better productivity, health & wellness, improved indoor air and environmental quality, better amenities and more comfortable spaces.

## INDOOR ENVIRONMENTAL QUALITY (IEQ) PROGRAM

LBA has a proactive program in place to:

- Monitor indoor air quality to verify it is within health and safety standards.
- Thoroughly review performance of building mechanical systems and ventilation.
- Analyze non-potable water sources to ensure there is no excess bacteria growth.
- Ensure LBA buildings are healthy and productive workplaces.
- This program is currently active at 15 office properties.



In alignment with Fitwel and the Center for Active Design criteria, LBA uses best practices of providing outdoor space amenities, placing permanent point-of-decision signs promoting stair use, adopting tobacco-free building policies, having a green purchasing policy and green cleaning methodologies wherever feasible. These efforts also dramatically reduce the impacts to the environment as well as improve human health.

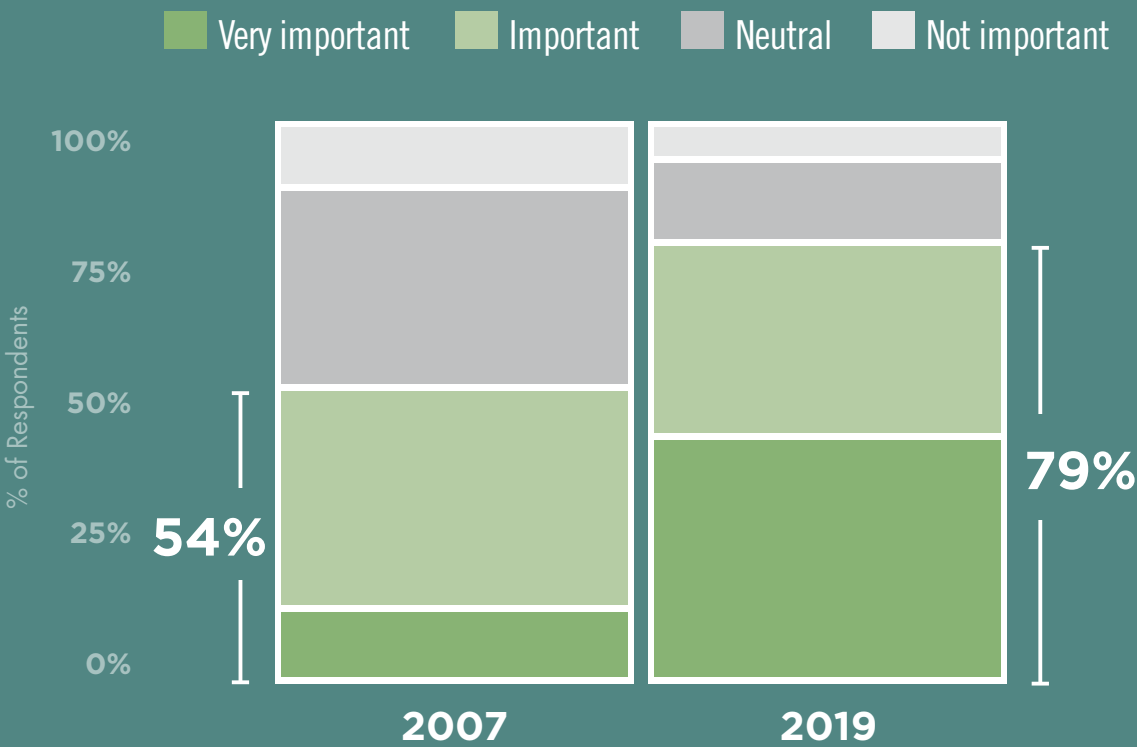




# OFFERING “SUSTAINABILITY AS A SERVICE” TO OUR CUSTOMERS

As part of LBA's sustainability strategy, we identify ways to expand relationships with our tenants by engaging and providing sustainability resources that support their business objectives, drive meaningful value around lower operating costs, enhance comfort and ultimately increase overall satisfaction.

## IMPORTANCE OF SUSTAINABLE OPERATIONS



Through our annual customer satisfaction survey, we have seen a consistent increase over the last 12 years in the value of sustainable operations to our tenants. The number of tenants who have indicated that sustainability is important or very important to them has increased from 54% in 2007 to 79% in 2019.

## CASE STUDY



### PARK PLACE FITWEL CERTIFICATION

Since its construction in the mid- 1970's, Park Place has enjoyed a rich history as one of Orange County's most recognizable landmarks. Located in the heart of the Irvine Business District, Park Place is bordered by the 405 Freeway and Jamboree Road in the City of Irvine, providing access to a number of Southern California's major transportation corridors and positioned just one mile from the John Wayne Airport. Park Place is a distinctive, 2 million sf corporate complex, set within a thriving 105-acre mixed-use development of office, residential and retail amenities.

### PROJECT OVERVIEW

LBA values the importance of providing business experiences to customers that align with health & wellness. This ongoing focus resulted in the engagement of Healthy Buildings to pursue LBA's first Fitwel certification at Park Place in Irvine, CA. Fitwel was created by the U.S. Center for Disease Control and the General Services Administration to optimize healthy buildings, decrease disease, improve mental health, encourage social interaction and increase civic trust and overall well-being.

### RESULTS:

The Fitwel Certification was awarded to the Park Place Campus on June 16, 2019. This certification provides third-party validation of the benefits of providing customers a workspace that promotes healthy employees, which include lower health care cost, lower rates of absenteeism and increased productivity.



# CORPORATE GOVERNANCE POLICIES

LBA pursues corporate governance practices aimed at the following:

- Conducting business in a manner to avoid unfair or corrupt business practices
- Compliance with applicable laws, rules and regulations
- Transparency in reporting to investors
- Consistent dialogue with investors and partners
- Physical, liability and transition risks associated with climate change and potential impacts to current and future investments

## CYBER SECURITY

- Protection of sensitive information by the implementation of cyber security threat controls
- Disaster recovery protocols based on a resilient, cloud based computing environment to provide secure access to critical applications and company data

## CLIMATE RISK & RESILIENCY

As part of the overall commitment to resiliency as a whole, LBA has a program in place to incorporate climate risk assessments during the due diligence process. The assessment results in a scorecard to identify an asset's potential exposure to climate hazards including floods, heat stress, wind events, sea level rise, water stress and wild fires. During the review process, if any medium to high climate risk is identified, the issue is evaluated and risk mitigation options are discussed. All issues are presented to Investment Committee for evaluation and thoughtful consideration. Upon acquisition, all risks and concerns identified during the due diligence process are transitioned to the Operations team and a resiliency plan is incorporated into the Standard Operating Procedure for the property.

