



NATIONAL REAL ESTATE ADVISORS, LLC

# 2017

SUSTAINABILITY REPORT

## OUR OUTLOOK

National Real Estate Advisors, LLC (“National”) recognizes that environmental, social, and governance (ESG) practices are fundamental to the business strategy of the firm, its investors, tenants, and key stakeholders in the communities in which it invests. National’s investment policies and approach include sustainable development and management practices to help realize long-term investment returns through more efficient operations and healthier, more attractive building environments for tenants and their employees.

With a consistent commitment to continuous process improvement, National further enhanced its sustainability program during 2017. As part of this effort, the firm committed to increased transparency and disclosure by engaging the ISOS Group to perform a limited data assurance for energy, water, and waste consumption at its operating properties. This assurance statement is included in the report. Recognizing the growing importance of climate change, National developed analytical risk evaluation tools to assess the local and

regional threats posed by climate change. This research assists National in determining its investment markets and to protect its portfolio from the impact of climatic change. Most importantly, National provides challenging and meaningful work to its employees, who in turn enable the firm to make a difference in the lives of the people and communities in which it works, lives, and invests.

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

National is committed to pursuing sustainable practices and green building certifications, whenever feasible, to produce more profitable and beneficial business results. These efforts were recognized by the Global Real Estate Sustainability Benchmark (GRESB), which assesses the ESG performance of real estate globally. For a third year in a row, National achieved top-performer status. In 2017, it earned the highest distinction of five Green Stars from GRESB. The GRESB Assessment includes seven key aspects associated with sustainability policies, programs, and performance and is a relative benchmark assessing the ESG performance of real estate portfolios globally.

National continues to pursue green building certifications and implement programs which measure and reduce the use of energy, water, and waste. In 2017, **The Bloc’s 700 S. Flower Street** and **711 S. Hope Street** achieved LEED Gold® and an Energy Star® rating for the office tower. **Loring Park Tower** and **One Greenway** were certified LEED Silver®. As part of the focus on continued improvement, **1625 Massachusetts Avenue**, **600 Battery**, and Sabey’s **Intergate.Quincy** Buildings A and C also earned Energy Star® ratings.

National’s investments continue to deliver on the promise of enhancing cities and creating jobs. These investments have employed

thousands of people during construction and operations. In fact, National has generated more than 38 million well-paying labor hours since 2000. National utilizes responsible contractors since it believes that working men

and women who are paid fairly and who receive health and other fringe benefits produce and operate better built and better performing properties and stronger communities.



Governor Kate Brown signs Executive Order at National’s project, Field Office in Portland, OR, encouraging more energy efficient buildings.

## ALL ABOUT PEOPLE

Consistent with National’s core values and culture, the firm is committed to creating high paying jobs and high quality places to work and live. The strategy of “build-to-core” supports these commitments and allows the firm to take a longer term view by making the right investments in the best locations. In addition, National has an engaged and dedicated group of professionals who care about their communities and their contribution to society. The firm has been ranked as a “Best Places to Work” in Money Management for three of the past four years.



### CREATING COMMUNITY

- Transit-Oriented Developments
- Great Transit and Walk Scores
- Electric Vehicle Charging Stations
- Projects with Open Space and Fitness Centers
- Tenant Events and Amenities

### STAKEHOLDER ENGAGEMENT



- Best Places to Work 2014, 2016, 2017
- Employee Engagement Committee
- Responsible Contractor Policy
- Resilience Research

### CHARITABLE GIVING

- Jobs with Justice
- Boys and Girls Club
- The Mikva Challenge
- Working Californians
- Housing Heroes
- Junior Achievement
- Latin American Youth Center
- IBEW Local Unions
- NECA Local Chapters

# 2017 SUSTAINABLE PORTFOLIO



# 2<sup>nd</sup>



GRESB RANKING FOR DIVERSIFIED OFFICE/RESIDENTIAL, NON-LISTED PORTFOLIOS IN THE U.S.

## GREEN BUILDING CERTIFICATIONS

# of properties

14

square feet

10m

% of square feet

50%

## GREEN CERTIFIED PROPERTIES MANAGED BY NATIONAL\*

**1625 Massachusetts Avenue**  
Washington, DC  
**80 DeKalb Ave**  
Brooklyn, NY  
**200 Squared**  
Chicago, IL  
**2929 Wesleyan**  
Houston, TX  
**Bainbridge Bethesda**  
Bethesda, MD

**Bainbridge Shady Grove**  
Bethesda, MD  
**The Bloc**  
Los Angeles, CA  
**100 Van Ness**  
San Francisco, CA  
**600 Battery**  
San Francisco, CA

**Intergate.Columbia, Bldg B**  
Columbia, WA  
**Intergate.Quincy, Bldg A**  
Quincy, WA  
**Intergate.Quincy Bldg C**  
Quincy, WA  
**One Greenway**  
Boston, MA  
**Loring Park Tower**  
Minneapolis, MN

\* Includes Green Building Certifications and Energy Star® Certifications for operating properties through 12/31/2017, as reported to GRESB.

## CASE STUDY OF EAST MARKET, PHILADELPHIA, PA



### OVERVIEW

East Market is a mixed-use, multi-phase redevelopment project encompassing an entire city block located in the heart of Center City, Philadelphia. The project's \$360 million first phase includes 105,000 square feet of podium retail, 562 rental apartments in two towers, state-of-art digital and static signage, and 171,000 square feet of Class A warehouse office space above 22,000 square feet of ground floor retail. Future phases of the development may include additional residential, office, or hotel components.

Center City, Philadelphia is in the midst an urban renaissance driven by healthy in-migration which is anchored by the city's robust higher education and healthcare sectors. To capture the momentum of the city's revitalization, National purchased a majority interest in the 4.35-acre site in 2011 as a part of a joint venture with Joss Realty Partners, Young Capital Partners, and SSH Real Estate. The property sits alongside Philadelphia's primary east-west corridor and benefits from its central location next to major mass transit lines, including the Market-Frankford Subway line and SEPTA regional rail, making it an ideal location for a transit-oriented development.

### RESULTS

National's investment approach includes sustainable development practices to promote healthier building environments and realize long-term returns for its investors. To that end, East Market thoughtfully incorporated design and construction techniques that mitigate environmental impact and optimize energy and water efficiency in both the residential towers and the office building. National has pursued improvements to the outdoor spaces that align with East Market's pedestrian and transit-oriented development focus. East Market's key features include:

- Two 65 KW natural gas-fired microturbines provide clean and efficient electricity and hot water for the residential tower. The heat from the microturbines is extracted using heat exchangers to heat the outdoor lap pool.
- Green roofs and water efficient landscaping on the apartment amenity levels reduce the urban heat island effect, manage storm water runoff, and provide green space for residents.
- Daylighting and energy efficiency were increased by utilizing a modern façade system for the adaptive re-use of the office building.
- Programmable Thermostats in all residential apartments allow residents to reduce their energy consumption and increase occupant comfort.
- LED Lighting fixtures and Energy Star® appliances were installed to reduce energy consumption.
- A two-year commitment to purchase green power will further reduce environmental impact.
- Ten electric vehicle charging stations promote emission free vehicles in this downtown location. Bicycle parking for shoppers and dedicated bike parking for office tenants and residents.
- An "Indigo" Bike Share Station is located onsite for residents, shoppers, and guests.
- Pedestrian traffic is encouraged with expanded sidewalk width.
- The new pedestrian walkway from Market Street to Chestnut Street promotes pedestrian traffic and better connectivity to the neighborhood's mass transit options on Market Street.
- Walk Score – 99, Transit Score – 100.
- Registered with the goal of LEED® certification.

## SAVINGS CASE STUDY SABEY DATA CENTERS

The U.S. Department of Energy (DOE) recognized National's Operating Partner, **Sabey Data Centers**, as the data center operator that achieved the highest level of energy savings in the DOE's 2017 Better Buildings Progress Report. The Better Buildings Challenge enrolls enterprise "partners" across a broad spectrum of industry sectors. In the program, the DOE challenges companies to showcase solutions to cut energy intensity portfolio-wide by 20% over a 10-year period. Sabey

Data Centers was noted not only for having achieved its goals in 2016, but also for having the highest percentage of savings so far of all data center operators enrolled in the Better Buildings Challenge program. The second and third highest savers were eBay and Digital Realty Trust, respectively – two of the largest data center operators in the world.

Rob Rockwood, President, Sabey Data Centers, said, "To be cited as a company that has a proven approach to significant energy savings is a great honor. It's also a testament to our operations staff's

everyday commitment to energy efficiency and the eagerness on our customers' part to embrace these practices."

The DOE also highlighted Sabey's Intergate.Quincy facility in Washington State as a "Leadership in Action" model for the industry. At the DOE's 2017 Better Building Summit, they stated: "Sabey Data Center Properties has demonstrated that high-efficiency design can be applied effectively in co-located data center spaces by achieving 41% savings at the multi-tenant Intergate.Quincy facility."

## ASSURANCE STATEMENT

In addition to collecting data and making improvements based on what the financial and environmental data indicates, National sought ISOS Group’s third-party review to validate the accuracy of its sustainability assertions for its operating properties for the 2017 calendar year. National’s data management scheme, calculation methodologies, and the accuracy of key environmental performance

indicators (KPI) were the focus of their review against the ISO 14064-3 Standard and AA1000AS for determining the strength of underlying processes. The Assurance Statement and larger Report provide an attestation of the following:

### KEY PERFORMANCE INDICATORS

Parameter	Absolute 2017	Assurer calculated	Difference	% Discrepancy
<b>Total Energy, MWh</b>	476,725	446,691	30,034	6.3
<b>Scope 1 GHG Emissions, MT CO2e</b>	4,517	n/a	n/a	n/a
<b>Scope 2 GHG Emissions, MT CO2e</b>	44,777	n/a1	n/a	n/a
<b>Water Consumption, m3*</b>	1,028,757	1,023,616	5,141	0.5

\*ISOS Group was not able to assure waste data (1.854 tons) per the required 10% materiality threshold.

## NATIONAL REAL ESTATE ADVISORS

National is an investment manager specializing in build-to-core—developing and owning large-scale, urban commercial and multifamily projects for its institutional client accounts. National constructs investment portfolios of modern property assets—apartment, office, mixed-use, industrial, data center and hotel—with design features, technological enhancements, and amenities that can drive high tenant demand and create value for investors. The firm is a subsidiary of the National Electrical Benefit Fund. For more information, please visit [www.natadvisors.com](http://www.natadvisors.com).

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Cover: Sabey Data Center’s energy source – renewable, hydro-electric power

Right: Loring Park Tower, Minneapolis, MN certified LEED Silver®

