



2019 ANNUAL SUSTAINABILITY REPORT



SUSTAINABILITY MISSION STATEMENT

LBA Realty 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. We will measure our success by benchmarking results year-over-year.

ANNUAL RESULTS

- ENERGY STAR average portfolio rating: 82.2
- Weather normalized site energy use reduction of 3.0% or 12.8M kBtu
- Weather normalized source energy use reduction of 4.7% or 49.8M kBtu
- Waste diversion rate increased by 7.6%, while water consumption increased by 1.8%

RENEWABLE ENERGY & CLEAN TECH PROGRAM

SOLAR ENERGY

- LBA, in partnership with our tenants, has seven solar projects generating a total of 6.03MW of renewable energy each year consisting of rooftop applications in Arizona, California and New Jersey.
- We are currently in the process of adding an additional site in California, which will generate approximately 2.02MW of solar energy annually.

LED LIGHTING

- LBA has completed 64 lighting retrofits across the portfolio generating estimated annual savings of 2.6M kWh or \$623K with an average payback period of 1.56 years, net of incentives.

ENERGY STORAGE

- LBA has installed 2.07MW of energy storage solutions at five office properties, with two sites in process. The new sites, once online, will result in an additional 1MW of energy storage added to the portfolio.

- LBA operates a 1.3 MW intelligent energy storage system at Park Place in Irvine, CA, which at the time, was the largest indoor battery storage project in the United States.

EV CHARGING

ELECTRIC VEHICLE CHARGING STATIONS

- LBA has a portfolio program for EV-charging stations through ChargePoint.
- Currently, LBA has 41 dual-charging stations across the portfolio and continues to evaluate new opportunities.

INTELLIGENT BUILDING PROGRAM

- LBA has partnered with Yardi Systems to roll out Pulse software throughout our multi-tenant office portfolio representing 6.4M SF. The program will provide real-time building electrical meter monitoring and analytics as well as HVAC system fault detection and diagnostics.
- Park Place, our premier office property in Irvine, CA, has already achieved a reduction in kWh per occupied square foot ranging from 15-20% per annum on average as a result of Yardi Pulse and additional energy conservation measures.

HEALTH & WELLNESS

LBA understands the importance of providing world class business experiences that align with better health & wellness, including improved indoor air quality, better amenities and more comfortable spaces. These include:

INDOOR AIR QUALITY (IAQ) PROGRAM

LBA has a proactive IAQ Program:

- To monitor indoor air quality to verify it is within health and safety standards.
- To ensure LBA buildings are healthy and productive workplaces.
- This program is currently active at eight properties.

FITWEL

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 has received our first Fitwel building certification and will continue to roll this out to the rest of the portfolio, where feasible.

COMMITTED TO IMPROVEMENT

U.S. DEPARTMENT OF ENERGY'S BETTER BUILDINGS CHALLENGE

LBA is a Better Buildings Challenge Partner and has publicly committed to improve the energy intensity of the portfolio by at least 20 percent within 10 years, starting with a 2013 baseline. LBA is on track to reach our goal with an average annual percentage improvement of 3.42%, or a cumulative improvement of 14% through 2018.

BOMA INTERNATIONAL W² CHALLENGE

In 2018, LBA became a participant in the BOMA W² challenge to encourage water and waste reductions and further our partnerships with BOMA and the EPA. LBA has consistently achieved lower intensities in both water and waste compared to the BOMA participant average. Through 2018, LBA has average waste use intensity of 1 lb/SF compared to the BOMA average intensity of 1.66 lb/SF and water use intensity of 24 gal/ft² compared to the BOMA average of 39 gal/ft².





CERTIFICATIONS & RECOGNITION



LEADERSHIP IN ENERGY & ENVIRONMENTAL DESIGN (LEED)

LBA is a 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. Currently there are 13 certifications across the portfolio.



ENERGY STAR FOR TENANTS

LBA partnered with our tenant, MG2, to participate in a 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.



BOMA PHILANTHROPIC COMPANY OF THE YEAR

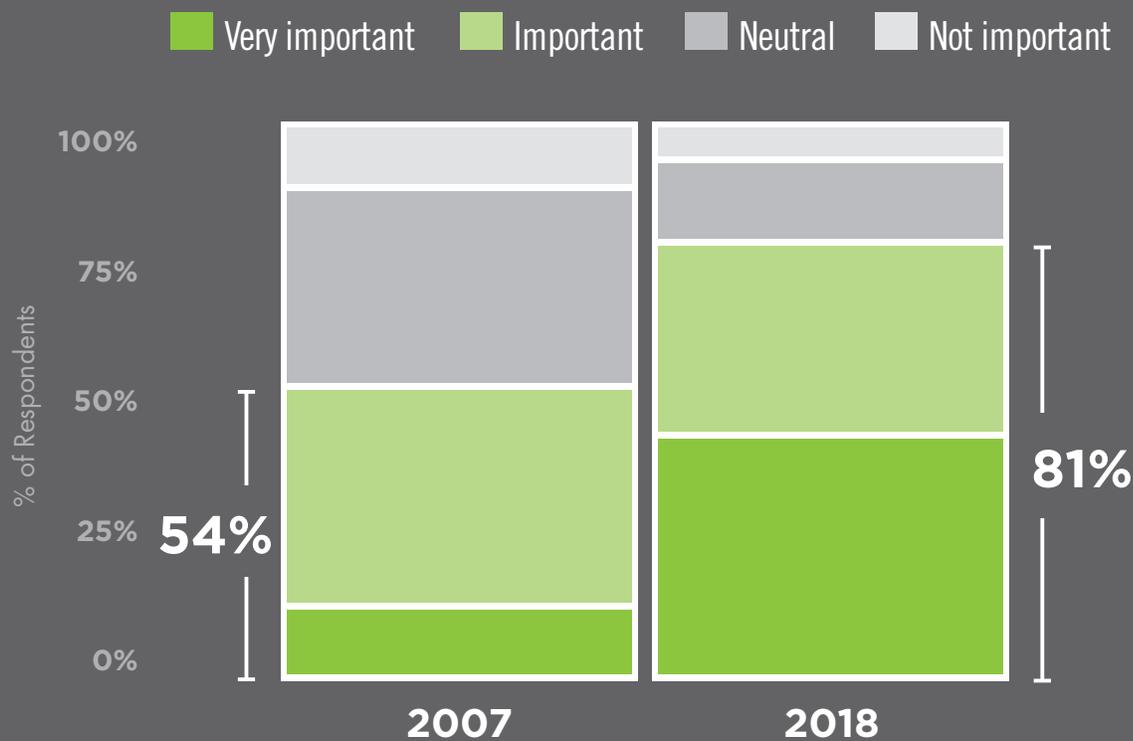
LBA was recognized as the 2018 BOMA Orange County Philanthropic Company of the Year for our volunteer time and dollars contributed toward supporting organizations such as Pediatric Cancer Research Foundation, Boys & Girls Club, Make a Wish Foundation, just to name a few. Corporate responsibility and community outreach are essential elements of LBA's core values and operating philosophy. The LBA Foundation is dedicated to identifying key organizations, energizing employees and partnering with our employees and tenants to support their charitable causes.



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 ten 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 81% in 2018.



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, deliver on LBA's sustainability commitment in support of the overall business strategy, 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 insure 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 within the sustainability space through our internal sustainability blog. Through this platform we are able to educate our employees through articles, challenges, trivia games and other creative ideas that make sustainability enjoyable and exciting within our company.



COMMUNITY OUTREACH

Community outreach is truly 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 tenants.



Lakeview Corporate Center is a 259,540 square foot, two story Class A office complex located in Thousand Oaks, CA. The property sits on a 22-acre site and has three large parking facilities and is surrounded by extensive landscaping around the building and site perimeter. Amenities available to the occupants include a café, fitness center and electric vehicle charging stations. The property has achieved LEED-EB Silver certification and an ENERGY STAR Label.

PROJECT OVERVIEW

As part of the overall commitment to efficiency, Lakeview Corporate Center has implemented multiple projects to reduce water consumption, including:

- 26 men's restroom urinals were converted from 1 gallon per flush to .125 gallon per flush.
- Aerators were installed on 56 restroom faucets; reducing water flow from 2 gallons per minute to .5 gallons.
- Drought tolerant plants including Lantana, Agave, Blue Flame, and California Meadow Sage were planted. The landscape maintenance team replaced grass with wood chips to reduce the water consumption on ground cover.
- Used water shut off valves to keep irrigation water off as a result of higher than normal rainfall. The rain delay setting automatically shuts off the system.

RESULTS

- Annual water consumption: reduced by 3M gallons or 34%
- Annual water cost: reduced by 28%
- ROI = 56%
- Payback period = 1.80 years



Situated within the Park Place campus, 3121 Michelson Drive is a distinctive, full-service building encompassing 149,642 square feet of commercial space within a thriving 105-acre mixed use development of office, residential and retail amenities. 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.

PROJECT OVERVIEW

The closure of the San Onofre Nuclear Power Plant caused 2200 MW of lost power generation and resulted in a stronger need for energy saving efforts in Southern California. In order to initiate energy savings to ensure a stable grid, LBA's property management and engineering teams reached out to SCE, who had partnered with Evaporcool under their Cool 2 Save program. In order to encourage LBA's participation in the program, SCE offered a rebate equal to 50% of the installation cost. Evaporcool pads were installed at the property, which lower the temperature of air entering HVAC condensers, resulting in increased HVAC system efficiency. The patented precooling technology provides real time management and reporting.

RESULTS

- Cost of installation: \$63.5K
- Payback period: 2 years
- Approximate annual consumption savings: 24K kWh
- Reduction in LBA's carbon footprint by 13.5 metric tons
- Savings generated from this project are equivalent to the following GHG reductions:
 - Greenhouse gas emissions from 4.7 tons of water recycled instead of sent to the landfill
 - CO2 emissions from 14,739 pounds of coal burned



14200 MONCRIEFF INTERIOR LIGHTING RETROFIT

14200 Moncrieff is a 224,597 square foot industrial office and warehouse building in Aurora, Colorado. The project includes a functional single-story warehouse building, with a 58,615 square foot two-story office area. The property features numerous benefits including rail access served by UPRR, a secure fenced outdoor truck storage area and a large yard with expansion opportunities, and has immediate access to both Interstate-70 and Interstate-225, each less than one mile away from the site. Recent upgrades to the property include a new roof, new pavement, new interior and exterior paint, a new speculative office space and a warehouse LED lighting retrofit as highlighted below.

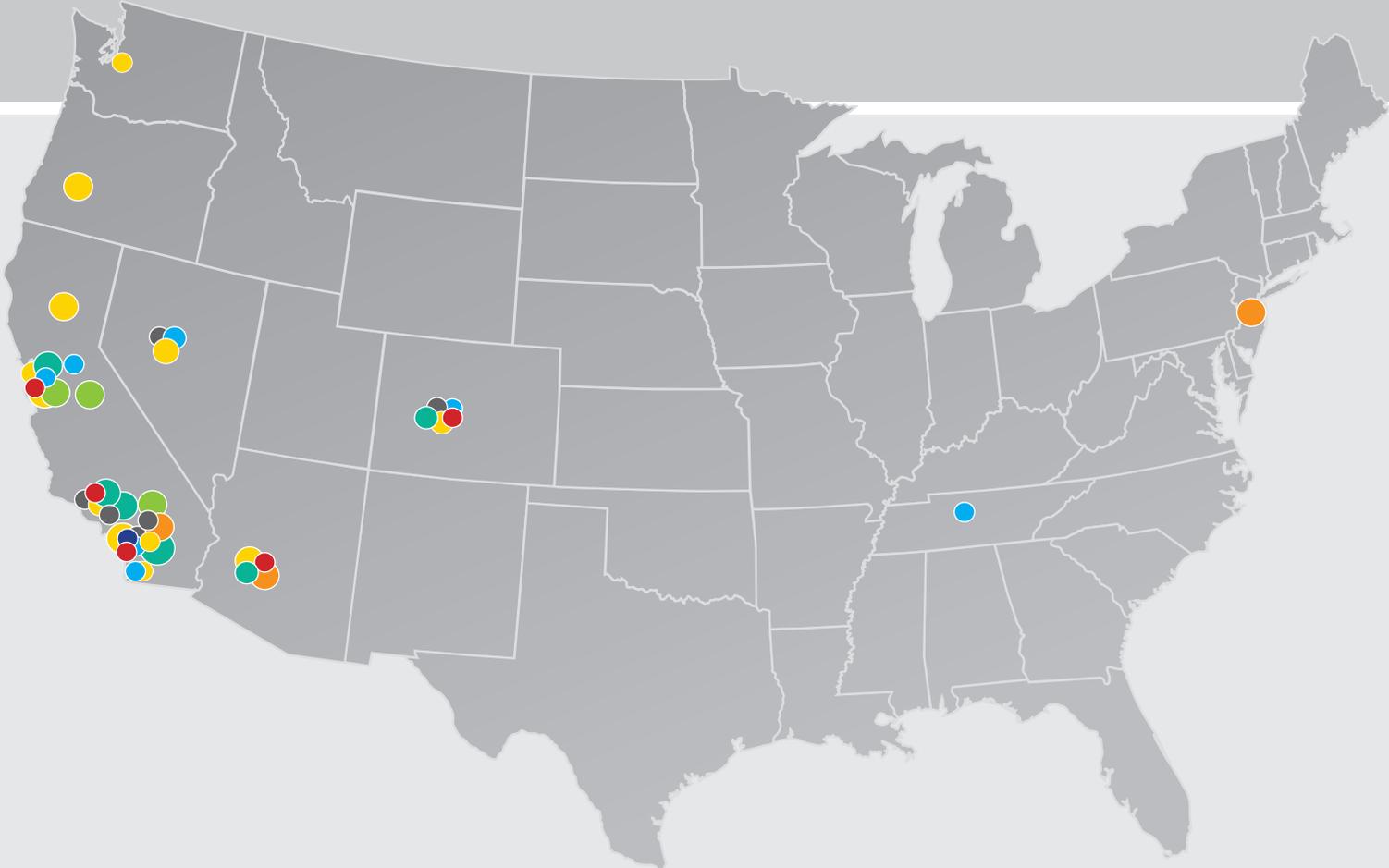
PROJECT OVERVIEW

In an effort to improve lighting quality, sustainable operations and overall functionality for tenants, 1,354 fluorescent T8 light bulbs covering the 160,000 square foot interior warehouse were retrofitted to 15.5 Watt HD LEDs. In combination with new interior paint and detail, this retrofit has significantly improved the warehouse space in appearance, marketability and energy efficiency.

RESULTS

- Total project cost was \$48,790
- Annual consumption savings of 97,585 KWH
- Payback period of 4.7 years & return on investment of 21.2%

SUSTAINABILITY PROGRAM ACROSS PORTFOLIO



● ENERGY STAR CERTIFICATIONS	21
● LEED CERTIFICATIONS	11
● FITWEL	1
● LIGHTING RETROFITS.....	64
● BATTERY STORAGE	7
<i>7 Properties Total: 3 in Orange County, CA, 4 in Los Angeles, CA</i>	
● SOLAR	7
<i>7 Properties Total: 5 in Inland Empire, CA, 1 in Arizona, 1 in New Jersey</i>	
● IAQ	8
● EV CHARGING STATION PORTS.....	94
● YARDI PULSE INTELLIGENT BUILDING PROGRAM	3

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

ANNUAL KWH SAVINGS EQUIVALENCIES



79,967,058

Miles driven by an average passenger vehicle



1,422

Tons of waste recycled instead of landfilled



458,707

Gallons of gasoline consumed



519,807,357

Number of smart phones charged



4,456,565

Pounds of coal burned



711

Homes' electricity use or one year



4,798

Acres of US forests in one year



154,842

Incandescent lamps switched to LEDs

**Metrics represent data through 2018
Source: EPA Greenhouse Gas Equivalencies Calculator*





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