



CORPORATE  
RESPONSIBILITY  
REPORT

2021





## Contents

5	A Message from Our CEO
6	National at a Glance
8	Strategy
10	Tactics
11	Goals
12	Pillars
18	Governance



**“At National, ESG is in our DNA. It is aligned with our core mission to deliver solid, long term returns on investments while building value through community.”**

## A Message from our CEO

At National, we have a long track record of dedication to Environmental, Social, and Governance (ESG) practices. In 2021, we continued to forge our commitment to communities, to make them more socially connected, environmentally-friendly, and prosperous, by putting the skills and spirits of local people to work.

Never has the interconnection between our overall performance and our environmental performance been more apparent and critical. In 2021, we continued to set benchmarks and refine our ESG program and practices.

### Our 2021 highlights include:

- Establishing National as an industry leader by achieving a GRESB Five Star rating, the global benchmark for measuring sustainability performance
- For the second year in a row, ranking first within our peer group in the 2021 GRESB Real Estate Assessment Development Benchmark Report
- Further increasing ESG data coverage to drive performance and inform business decisions
- Positioning our portfolio for the future with a strategic focus on fast-growing sectors such as data centers and medical office
- Expanding our initiatives surrounding diversity, fairness, and inclusion

In 2021, National’s investments amassed **\$1.01 billion in total project costs** which created **3,794 direct hard cost jobs**, further translating into roughly **\$252.4 million in direct hard cost labor income**.

In a year of continued uncertainty due to the COVID-19 global pandemic, we successfully navigated daily challenges by relying upon our skilled, experienced team of professionals supported by a vibrant culture.

We know the impact we can have is enormous, and I want to recognize and thank our dedicated team for its continued commitment to excellence. Thank you to our investors who entrust their money and livelihoods to us. We look forward to continuing our mission to exceed your expectations and deliver solid, long-term returns on your investments.

Thank you,



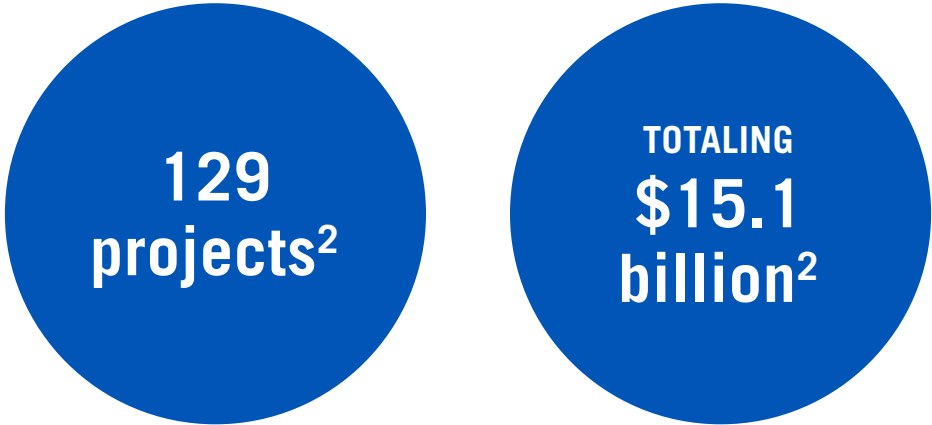
Jeffrey Kanne  
President and Chief Executive Officer



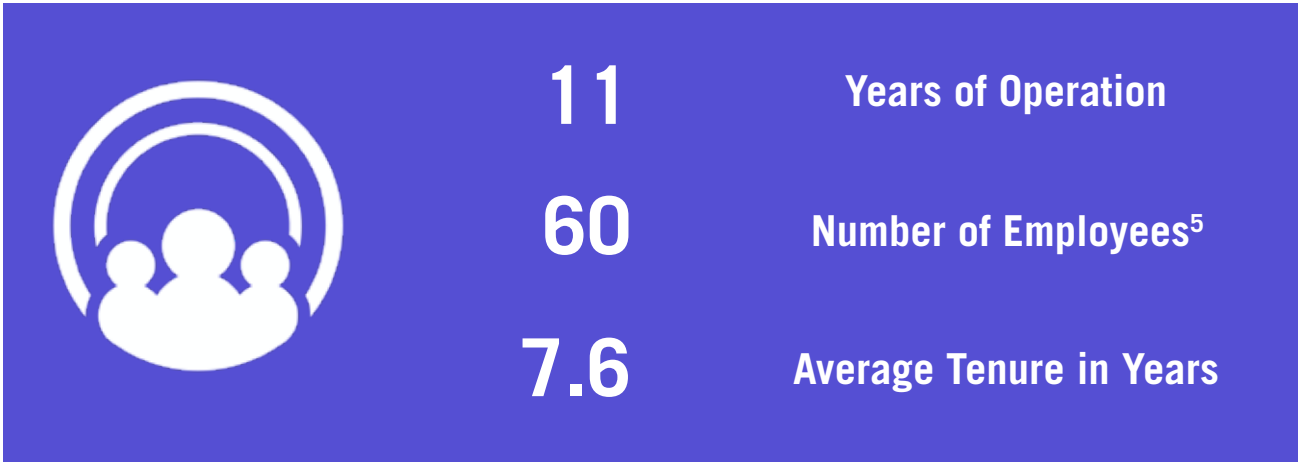
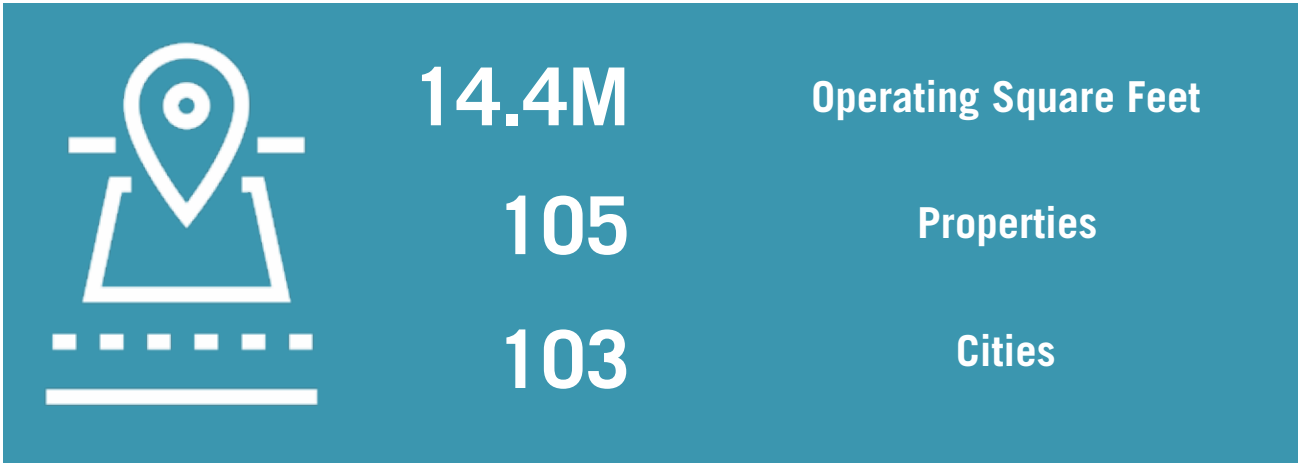
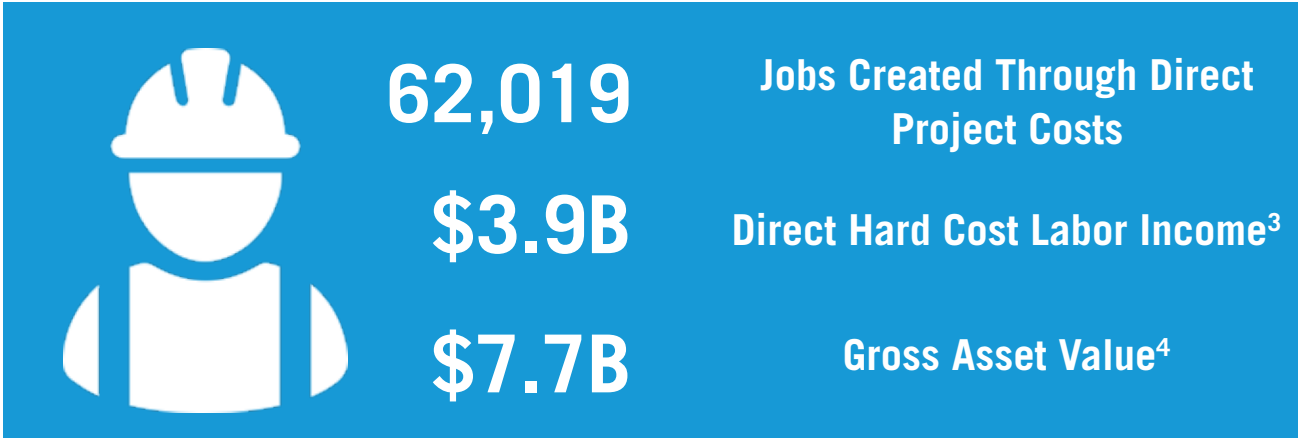
# National at a Glance

National Real Estate Advisors, LLC (National) is an investment manager specializing in a build-to-core strategy, developing, operating, and managing commercial real estate projects across the United States. Recognized as an ESG industry leader, National is focused on environmental sustainability, social responsibility, and strong governance practices to create value for investors and benefits for local communities. Founded in 2010, the firm constructs investment portfolios of modern property assets—apartment, office, mixed-use, medical/healthcare, industrial (including data centers), and hospitality.<sup>1</sup>

National seeks to achieve long-term investment returns for its clients by building real estate portfolios that generate sustainable income and create value through development opportunities.



Please refer to Endnotes found on the back cover of this document.





# ESG Strategy

Our ESG initiatives are integrated into our business practices, project conception, project management, portfolio management, and asset management. Our corporate responsibility strategy includes measuring and managing Key Performance Indicators (KPIs) for our environmental targets while improving net operating income (NOI). Our ESG policies and objectives support and nurture investment performance, including producing competitive returns over time. We seek improvements on a continuing basis to ensure we are meeting our overarching fiduciary responsibilities.



**GRESB Green Star Ranking**  
2015, 2016, 2017, 2018, 2019, 2020, 2021

**GRESB Development Benchmark Report #1 Ranking**  
2020, 2021<sup>6</sup>

# Triple-Bottom Line

National centers our ESG strategy and priorities around the pursuit of three pillars: **People, Planet, and Profit**. Aligning with our company's mission, we promote sustainable development and management practices to work toward greater results for investors, partners, and employees.

PEOPLE	PLANET	PROFIT
Foster a Creative and Collaborative Work Environment While Improving the Communities in Which We Invest	Ensure Mindful, Efficient Use of Resources, Sustainable Development Practices, and Healthier Environments Everywhere We Invest, Work, and Live	Pursue Solid, Long-Term Returns on Investments for Those Who Entrust Their Money and Livelihoods to Us



The GRESB rating is the global benchmark for the real estate industry. GRESB is the leading evaluation system for measuring the sustainability performance of property companies and real estate funds.



# Our Tactics

A critical element of our ESG strategy is to understand and manage risk as well as communicate effectively to our stakeholders. National has established the following tactics to support our ESG goals and objectives.

## ESG Governance

National’s Board of Directors recognizes the impact and importance of ESG initiatives. The firm’s ESG program is managed by National’s staff, including an Associate Asset Manager, who monitors and streamlines property management operations and ESG initiatives in support of improving fund performance. In addition, National’s cross-department ESG Task Force supports the program’s implementation throughout the portfolio.

## Risk Management

National’s climate risk assessment is created by the research and asset management teams with help from a risk consultant. Our process uses a catastrophic risk model typically used by insurance companies to understand the risk to the portfolio from inland floods, tornadoes and hurricanes — the frequency and severity of which will be altered by climate change.

## Environmental Management System (EMS)

Our Data Management Plan includes integrating third-party data measures into our reporting process and reviewing our performance in key ESG areas annually.

## Investor Engagement

We provide a comprehensive evaluation of our ESG platform by participating in the GRESB benchmark. The results of National’s assessment are incorporated into corporate presentations and strategic discussions with investors, third-party consultants, and sustainability partners.

Team Members Celebrate the Ground Breaking of The Artisan in Cleveland, OH



Sabey Data Center - Seattle Campus, Seattle, WA

# Goals

By engaging strategic consultants and setting expectations with asset partners, National is committed to the following sustainability targets for its operating portfolio:

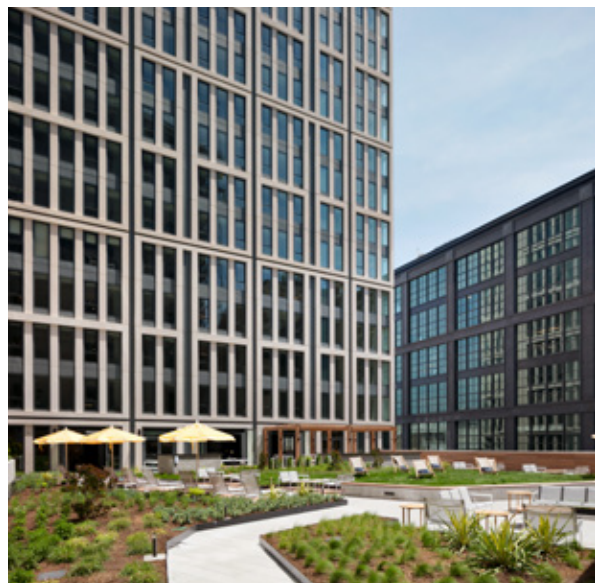
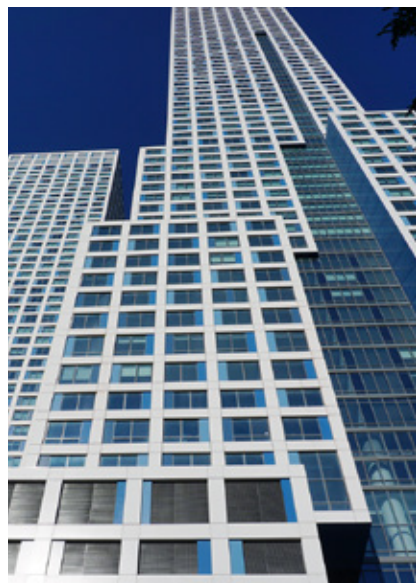
Increase Green Leasing

Increase Waste Diverted from Landfill, or Diversion Rate

Increase Data Coverage & Building Certifications



# Portfolio Performance



50%

OF OUR PORTFOLIO  
RECEIVED, OR IS REGISTERED  
FOR, A GREEN RATING

94

AWARDS AND RATINGS

2,000+

UNIQUE SUSTAINABLE INITIATIVES  
IMPLEMENTED ACROSS THE PORTFOLIO

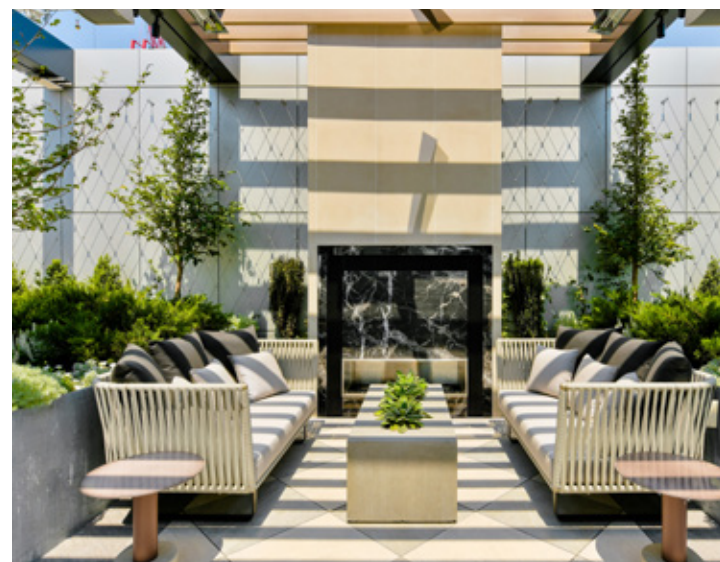
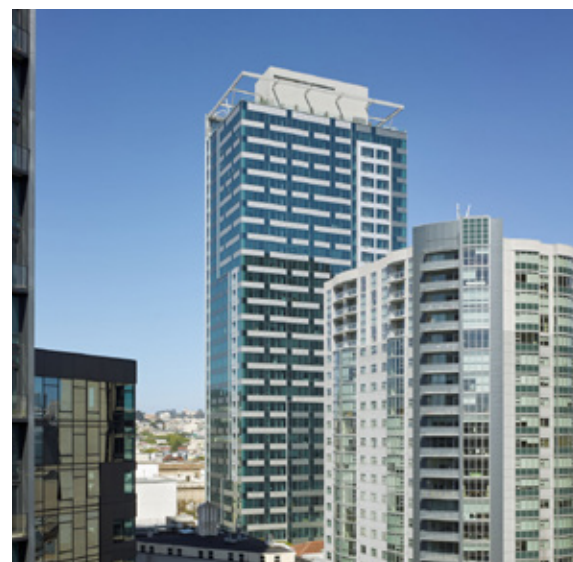
21.7 million

CERTIFIED BUILDING  
SQUARE FOOTAGE SINCE INCEPTION



16.9 million

RATED BUILDING  
SQAURE FOOTAGE SINCE INCEPTION







One Congress at Bulfinch Crossing, Boston, MA

**Leadership in Energy and Environmental Design (LEED®) campus simplifies the certification process for multiple buildings while maintaining the technical integrity and rigor of LEED.**

PROPERTY SPOTLIGHT

Bulfinch Crossing

Bulfinch Crossing is National’s 2.3 million square foot development project located in downtown Boston, MA. Currently registered as a LEED Campus, each of the six new high and mid-rise buildings within the development is also pursuing its individual LEED New Construction certification. National uses the LEED Campus approach to capture the economies of scale in the certification process, and ensure the entire site is sustainably constructed.

It is common that several buildings on the same project area, or located on the same campus, share common amenities or features, including parking, rainwater harvesting, district cooling/heating systems, or solid waste management.

People

Communities

The work we do puts people to work in their communities, transforming them into more connected, vital, and prosperous neighborhoods, cities, and economies. Our commitment includes volunteering, supporting local charities, and building community programs that create value and foster connectivity. Highlights of these programs include:

- **SISTERLY LOVE FOOD FAIR**  
Our asset in Philadelphia, East Market, hosted several outdoor food festivals featuring small, female-owned businesses impacted by the pandemic
- **DTLA PROUD & PROJECT Q**  
Our asset in Los Angeles, The BLOC, hosted several campaigns donating over \$7,000 to two local LGBTQ+ and race equality organizations
- **JERSEY CITY ART & STUDIO TOUR**  
Our asset in New Jersey, Journal Squared, hosted a community art show and dedicated ground-floor retail space for over 160 pieces of local art

Our Internal Commitment

We know our people are our most valuable asset. Our mission is centered around creating an environment that is creative, collaborative, supportive, and that gives back to our own communities.

- **CLEANUP OF KINGMAN ISLAND**  
As a part of the Friends of Kingman and Heritage Island Adopt-a-Stream clean-up project, National volunteered for a day of trash clean up around the Heritage site

- **JUNETEENTH**  
National implemented Juneteenth as a firmwide holiday and dedicated the afternoon to an educational activity celebrating and commemorating African American history and culture

- **SAFE WORKPLACE**  
All National employees remained employed throughout the COVID Pandemic and worked safely in the best manner for themselves and their families



Sisterly Love Food Fair at East Market



Outdoor Yoga Class at The BLOC



Art Installation at East Market



Kingman Island Clean Up



PROPERTY SPOTLIGHT

# Mosaic Medford

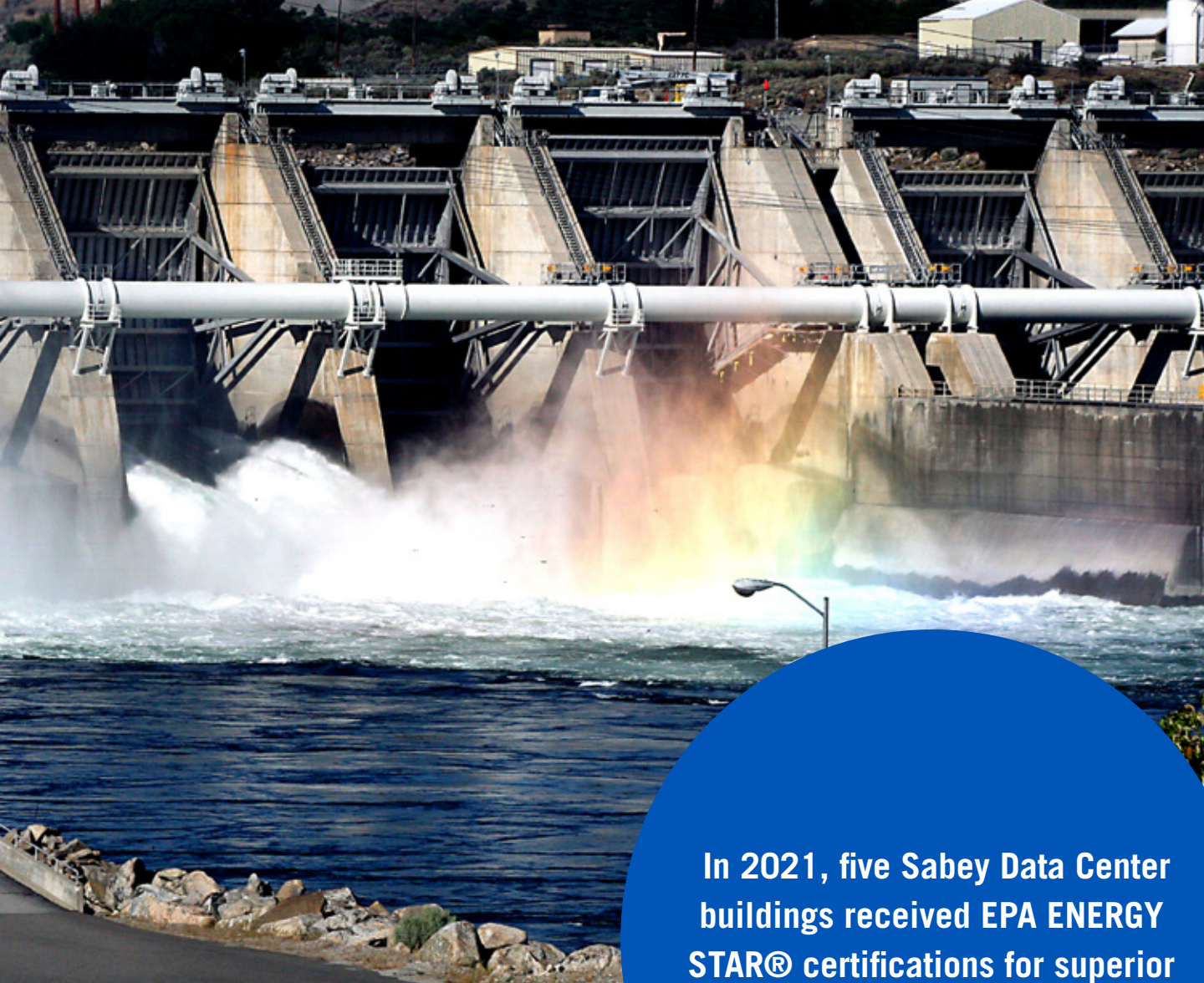
In September 2020, Oregon suffered unprecedented damage to infrastructure and housing due to wildfires. Unusually rampant winds and unseasonably dry weather fueled by climate change caused the rapid expansion of multiple wildfires throughout the state. Over one million square acres of Oregon burned and devastated local communities over the course of these fires.<sup>7</sup>

The inventory of affordable and workforce housing was severely depleted as a result.

Mosaic Medford, National’s development project located in Medford, Oregon, will provide housing for the region’s strained workforce demographic and those local households earning less than the area median income.



Renderings of Mosaic Medford, Medford, OR



In 2021, five Sabey Data Center buildings received EPA ENERGY STAR® certifications for superior energy efficiency.<sup>8</sup>

## Planet

National’s partner and leading data center operator, Sabey Data Centers, joined the list of signatories to The Climate Pledge, a multinational collaborative initiative co-founded by Amazon and Global Optimism with a commitment to reach net-zero carbon by 2040.<sup>9</sup>

Sabey Data Centers is a sustainability pioneer in the data center real estate industry. In addition to its recent commitment to net-zero, Sabey also focuses on efficient construction technologies and operational best practices as an ongoing initiative to improve the sustainability of its assets.

Sabey is focused on science-based targets and incorporating carbon-free renewable energy on the property level to meet this ambitious goal. Sabey’s objective is to make its entire portfolio net-zero carbon, focusing on sustainable developments.



# Governance

National’s leadership is focused on adopting programs and strategies aimed at advancing ESG measures and engaging stakeholders in a collaborative manner. As part of our fiduciary duties, our governance policies increase transparency and demonstrate value.

National has assembled an experienced leadership team, the core group of whom have collaborated for over 21 years, consistently executing on our performance objectives.<sup>10</sup>

## 2021 Governance Highlights

**Management Committee is 50% female and 50% male**

**Hired 11 new employees in 2021**

**Implemented Juneteenth as a firmwide holiday**

National’s Diversity, Fairness and Inclusion Policy recognizes that there are many benefits to diversity and inclusion. National’s leadership recognizes these benefits, including the following:

- Increased creativity in decision-making
- Greater understanding of our clients’ interests
- Engaged and satisfied workforce
- Increased company performance and profitability
- Supports talent attraction, retention, and employee performance strategies

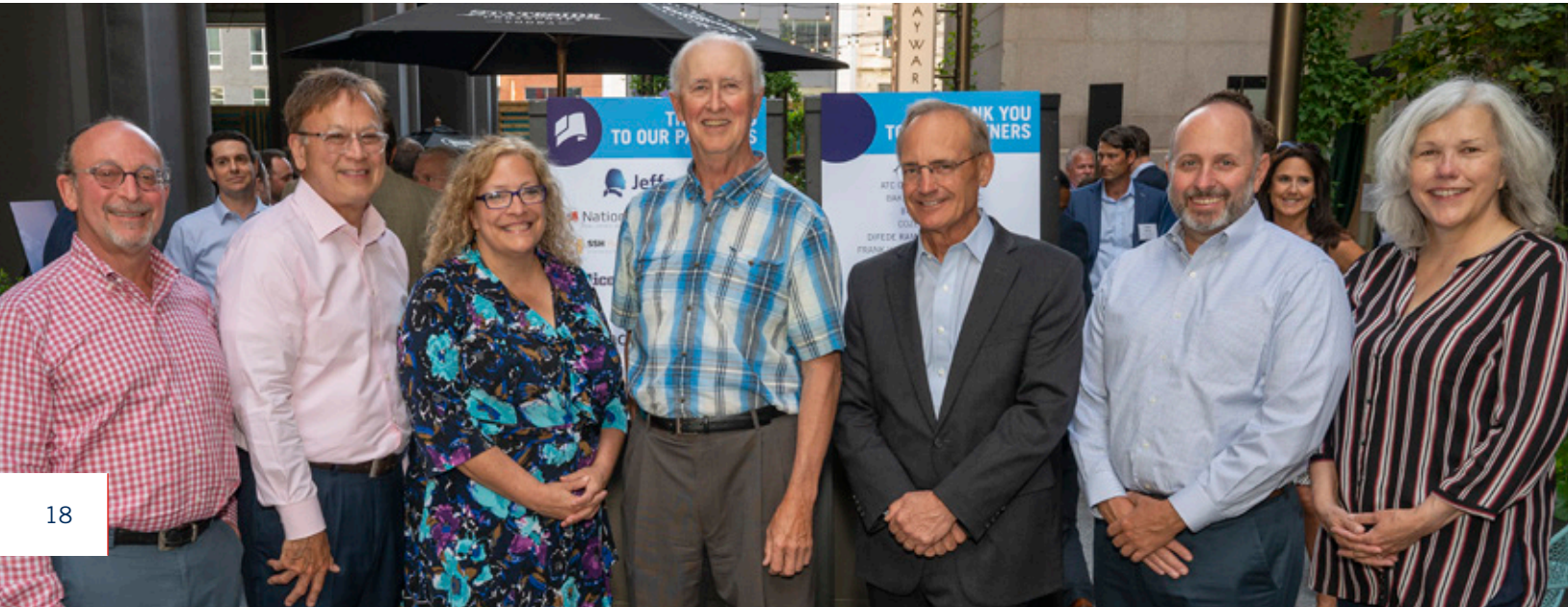
Our purposeful efforts, defined by data-driven ESG decision-making, is intended to drive value for our clients, create good jobs at good pay, and allow National to stand apart from our peers.



# Our Commitment to Diversity, Fairness, & Inclusion

National believes that fostering a culture of diversity, inclusion, and fairness leads to an innovative and effective workforce. This year, we partnered with the PREA Foundation, the philanthropic arm of the Pension Real Estate Association, which promotes diversification and inclusion in the real estate industry. The PREA Foundation has partnered with Sponsors for Educational Opportunity (SEO), an organization with decades of experience, to create a first-of-its-kind real estate training program for qualified Black, Hispanic, and Native American undergraduates. The partnership aims to increase diverse employment in the commercial real estate industry by developing a PREA/SEO Real Estate track internship program. We believe supporting PREA/SEO and future internships at National will help uplift underrepresented communities while producing the coterminous benefit of advancing the long-term health of National.

To learn more about this initiative, visit [www.prea.org/foundation/](http://www.prea.org/foundation/)







Front Cover: Construction at 1101 Chestnut, Philadelphia, PA  
Back Cover: Amenity sun room at Journal Squared, Jersey City, NJ

#### Endnotes

1. National has operated as an investment advisor since January 2010. In addition, National's key senior management personnel generally worked together at National's predecessor firm, NEBF Real Estate, from 2000 through 2010.
2. Over the period of 2000-2021, the senior officers of National have overseen and executed more than 129 projects totaling an estimated \$15.1 billion in project and acquisition costs.
3. Source: Pinnacle Economics as of December 31, 2021.
4. As of December 31, 2021. Gross Asset Value represents the managed funds' economic interest in real estate investments, cash, cash equivalents, and other funds' assets as defined by National. More information can be provided upon request.
5. Total number of employees are from distinct affiliates, National and National Real Estate Development, as of December 31, 2021.
6. The United States of America/Diversified peer group. More information about GRESB can be provided upon request.
7. <https://disasterphilanthropy.org/disasters/2020-california-wildfires/>
8. <https://sabeydatacenters.com/news/sabey-data-centers-earn-top-federal-award-for-energy-efficient-facilities-coast-to-coast/>
9. <https://sabeydatacenters.com/news/sabey-data-centers-pledges-support-for-global-sustainability-initiative/>
10. Reference Endnote 1.



900 SEVENTH STREET, NW  
SUITE 600  
WASHINGTON, D.C. 20001  
T: 202.496.3370  
F: 202.467.9464  
WWW.NATADVISORS.COM



INVESTOR RELATIONS:  
INVESTOR\_RELATIONS@NATADVISORS.COM