

JUNE 2024

# SUSTAINABILITY CASE STUDY SERIES

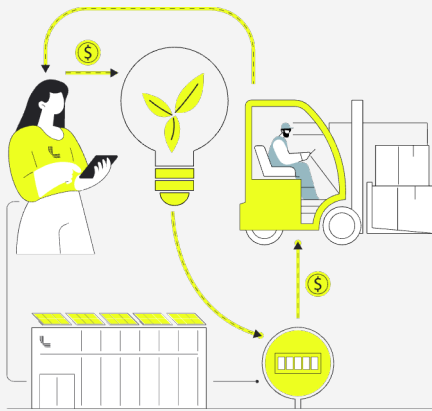
## Energy Solutions

Challenging a Traditional Barrier

The Link Logistics Sustainability Case Study Series examines the firm's three-phased approach — measure, reduce and offset — to advance decarbonization in industrial real estate and drive value for the company and its customers. This first report focuses on Link’s Energy Solutions product, the foundational piece of the firm’s sustainability program and a primary means of decarbonizing its portfolio; subsequent studies will explore the expertise Link has developed in key areas to deliver the Energy Solutions product to customers.

### Business Thesis

Scaling decarbonization requires a novel approach to what is known in industrial real estate as the “split incentive barrier.” Under the typical triple-net leasing model, utility accounts are kept in customers’ names. But when a utility account is in a customer’s name and the landlord deploys capital for an energy improvement, the customer — not the landlord — receives the cash flow benefit from utility savings. As a result, both parties hesitate to deploy capital for energy improvements.



**Link Logistics is reimagining the split incentive barrier model with a simple, scalable approach called **Energy Solutions**.**

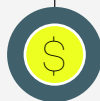
By transferring the management of energy and utilities from customers to Link Logistics’ in-house team of energy experts, both customers and the firm share in the financial benefits of capital improvements while also meeting their respective sustainability goals.



Customer's utility account is put in Link Logistics' name, aligning financial incentives between Link and the customer.



Link Logistics finances sustainable building upgrades, such as LED lighting.



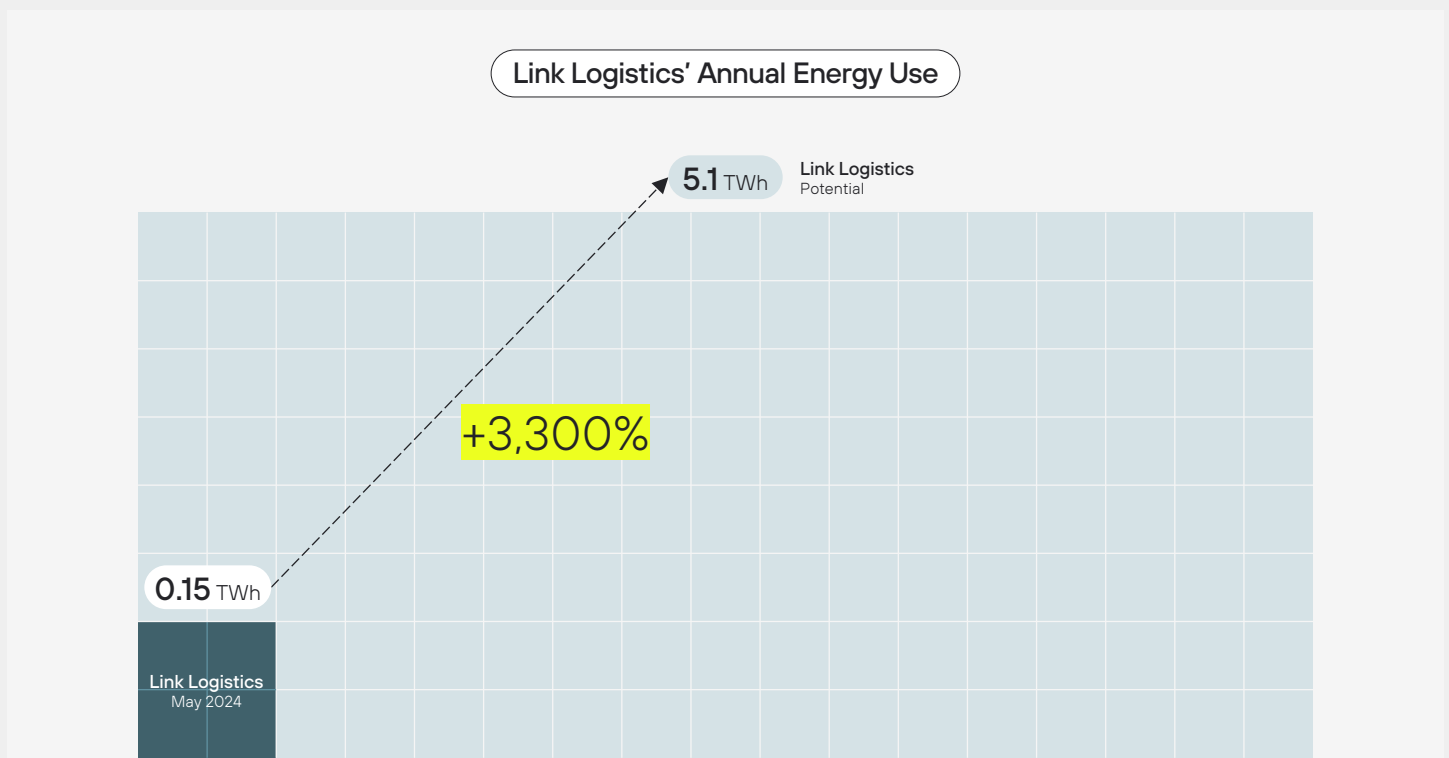
Link Logistics achieves utility savings, recovering project costs, and passes residual savings to the customer by decreasing their utility charges.

## The Opportunity

### Interest In Landlord Utility Model & Customer Type

To evaluate demand for an owner-managed energy and utilities program, Link Logistics surveyed its base of approximately 10,000 customers, which range from small businesses to Fortune 50 companies. Survey results signaled strong support for the firm’s new approach.

Link Logistics’ scale presents a considerable energy management opportunity. Converting the firm's entire portfolio to an owner-managed utilities model would unlock the ability to influence **3,300%** more energy potential than is currently possible under the traditional triple-net leasing arrangement.



**46%** of Link customers are very likely or likely to participate in a landlord-managed utility model.<sup>1</sup>

<sup>1</sup>2021 Kingsley Customer Survey Data.

## Our Approach

By directly managing utilities, Link Logistics can leverage its scale to help customers lower operating costs through decreased energy use and take advantage of renewable energy products.

### Link Logistics' Three-Step Approach Is Straightforward

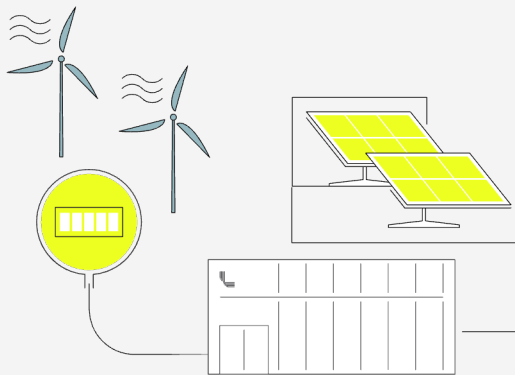
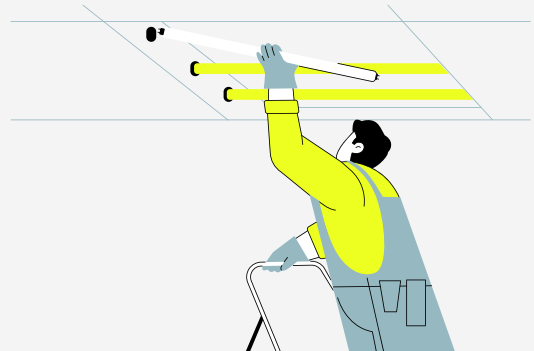


#### 1 Measure

Customers transfer their utility accounts to Link Logistics to be managed on their behalf. Next, the firm benchmarks consumption and expenses via a dashboard accessible through Link+, Link Logistics' digital customer platform.

#### 2 Reduce

Guided by data, Link Logistics deploys capital toward energy efficiency upgrades for the buildings of participating customers. These upgrades generate financial benefits for both customers and the firm, which aligns incentives for both parties and helps them overcome the split incentive barrier.



#### 3 Offset

After making customers' spaces as energy efficient as possible, Link Logistics can purchase and install renewable power sources on their behalf, which can generate cost savings while driving down emissions.

## Results

To date, Energy Solutions has generated a total benefit of \$0.16 per square foot for enrolled customers, with \$0.06 per square foot generated in utilities savings and \$0.10 per square foot generated through insulation from volatility in energy market rates. **This equates to an average savings of 12% off our customers' utility bills.** Link Logistics has enrolled more than 1,000 customers in Energy Solutions since the program's inception in late 2023.



[Energy Solutions] has saved us so much time with pulling data for carbon footprint reporting and determining accruals each month. It's been nice to get to know the people at Link and know there's somebody on the other end who is looking out for the customer. That's important. I'm happy that, as a landlord, you're taking the initiative to leverage your scale to provide some cost savings to your customers.

— Maria Totino

Corporate Accounting Manager, VP of Finance and Accounting at global logistics forwarding company Savino Del Bene

## Recognition

In March 2024, the Energy Solutions product dashboard accessed through Link's proprietary customer portal, Link+, received the ENERGY STAR® Excellence in Data Innovation Award from the U.S. Environmental Protection Agency. In 2022, Link was honored to be the first-ever recipient of the ENERGY STAR Partner of the Year Award within the industrial real estate sector.



## What's Next?

The success of Energy Solutions is driven by the deep expertise of Link Logistics team members in utility operations and power purchasing, topics we will examine in more detail in the next installments of the Link Logistics Sustainability Case Study Series.

If you are a Link Logistics customer interested in learning more about Energy Solutions, please contact us at [EnergySolutions@linklogistics.com](mailto:EnergySolutions@linklogistics.com).