



SUSTAINABILITY

STRATEGY SUMMARY

OUR STATEMENT

Sustainability Statement

Flagship Healthcare Properties (FHP) is committed to the sustainable operations and development of medical office buildings within our owned and client managed portfolios.

FHP seeks to take action to improve the sustainability of a property from both an energy savings and environmental impact perspective. FHP seeks to elevate the operations of its managed facilities to higher levels through building rating systems, core concepts associated with LEED Building design, LEED Building operations or IPD (Integrated Project Delivery). Our team strives to remain current on knowledge and actions for green initiatives that are above traditional building operations.

With this knowledge, our team manages properties to the highest achievable level of sustainability and guides projects through establishment of improved processes. This approach enhances both initiatives and sustainability, be it Energy Star, Green Operations and/or achieving levels of LEED Certification.

Areas of Focus



ENERGY |



Statement:

In 2019 the industry median for electricity costs in the Southeast was approximately \$1.80/sf for medical office buildings. In 2021 the REIT's total electricity cost was \$1.75M, approximately \$1.50/sf. While favorable to the industry average, FHP strives to manage our REIT-owned healthcare real estate portfolio in an economically and environmentally responsible way in order to create further operating efficiencies and limit our usage of scarce resources. These efficiencies will drive NOI growth by reducing expenses, increase values of the assets and help carry out our sustainability initiatives.

SUSTAINABILITY METRICS	
•	Size of Building
•	Building Hours
•	LED Lights
•	Water Efficient Fixtures
•	Types of HVAC Systems
•	Central Controls/BAS System
•	Submeters

Goals:

- To actively monitor our energy usage by leveraging best in class software and Energy Star benchmarking
- Utilize data to strategically deploy capital at assets to maximize efficiencies
- To establish a vehicle to track sustainability metrics per property
- Create a unique energy management plan for each REIT owned asset using objective and quantitative data
- Decrease energy usage by 10% over 2023 Base Year for REIT-owned Assets by 2028



WATER



Statement

FHP is committed to operating healthcare real estate in the most efficient manner possible – to reduce expenses, add value and conserve natural resources. As such, all employees, from leadership to site-level staff and contractors, are dedicated to active participation in sound water management practices.

FHP benchmarks and tracks water consumption for each building, using all attainable building data. Each REIT-owned building shall have a water management plan that includes measurable, achievable goals, with target dates for these goals and an approved budget for completion.

Facilities and property management staff shall consider a combination of operational improvements and equipment retrofits in establishing goals, with consideration given to the costs and benefits of any action to be taken.

Goals:

- Utilize portfolio-wide data to assist with energy benchmarking and management
- Identify existing conditions at properties that could be opportunities for efficiency
- Implement landscaping plans that include drought tolerant plants and plants that thrive in dry conditions in order to minimize the need for irrigation
- Decrease water usage by 10% over 2023 Base Year for REIT-owned Assets by 2028

HEALTH

Statement

FHP strives to provide all building occupants- both tenants and their patients- with an environment that maintains healthy indoor air quality. A healthy indoor environment serves to protect the health and safety of building occupants and decrease exposure to indoor air contaminants. Because good indoor air quality depends on the actions of everyone in the building, a partnership between real estate management, tenants, vendors, and the building owner is the best way to maintain a healthy indoor environment.

Goals

- Coordinate with FHP's Project & Construction Management department to establish a green construction policy for new construction or renovations
- Minimize the amount of Volatile Organic Compound (VOC) Emissions through the use of approved, low-emitting materials and finishes
- Partner with tenants and vendors to encourage the use of green cleaning and healthy low-emitting materials
- Regularly update Indoor Air Quality (IAQ) Management Plan utilizing best practices and disseminate to vendors and team members



RECYCLING |



Statement

Flagship Healthcare Properties is committed to minimizing the amount of trash and waste, which is annually contributed to landfills. To do this, we will calculate and monitor our diversion rate of trash, a comparison between how much weight of trash is recycled versus how much is taken to landfills. By maximizing the diversion rate at our REIT-owned assets we strive to do our share for the long term health and sustainability of the environment.

Goals

- Minimize the amount of trash going to landfills and maximize the diversion rate of materials going to recycling facilities for all of our REIT-owned assets
- Utilize our trash broker to provide property specific recycling and trash plans
- Increase diversion rate by 10% over 2023 Base Year by 2028

| PURCHASING

Statement

Flagship Healthcare Properties purchases millions of dollars in goods and services each year for the benefit of its properties, investors and tenants. The duty to spend that money in an environmentally and socially responsible way falls on FHP. FHP strives to select and work with like-minded key partners and material suppliers in all markets where our REIT-owned assets are situated.

Goals

- Establish a commitment by staff and building vendors to engage in purchasing sustainable products for both internal and building operations
- Generate a standardized list of sustainable products for use at our REIT-owned assets
- Utilize vendors that are aligned with FHP's sustainability practices and consistently exhibit sustainability in their day to day operations





FLAGSHIP

HEALTHCARE PROPERTIES

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