



Carbon Risk Real Estate Monitoring (CRREM) Tool

ASSESSING THE REQUIRED REDUCTION IN CARBON EMISSIONS AT THE ASSET LEVEL TO MEET DECARBONIZATION GOALS.

The CRREM Tool assists us in evaluating the progress of a portfolio's (or a single property's) carbon emissions performance as compared to the goals of the Paris Climate Agreement (i.e., limiting global warming to 2°C/1.5°C above pre-industrial levels, this century). In a projection from the current year until the year 2050, our team can determine whether a property (or portfolio of properties) will align with the selected decarbonization pathway. If the property will not align with the decarbonization pathway during the term, we will identify the year stranding from the decarbonization pathway might occur.



By applying the CRREM tool in our assessments, Marx|Okubo can provide owners and investors with alignment strategies, identifying capital expenditures needed for properties, based on property type, using a top-down approach to bring the assets back in line with the decarbonization goals. The CRREM tool also shows which assets within a portfolio will likely be at risk (or be at a higher risk) in the near future. Ultimately, our clients obtain a better understanding of why certain assets have higher energy use intensity rates and whether additional capital expenditure may be needed to meet decarbonization goals or if the higher-energy usages are due to other factors, such as tenant behavior.

A Sustainability/CRREM Review can support our client's efforts to assess carbon emissions for a building, as it can identify improvements to reduce carbon emissions if warranted. Our team can:

- > Review energy bills or energy data provided by property management to illustrate an overview of the building's energy consumption.
- > Review the building's energy benchmarking compliance and score, if applicable.
- > Review the carbon footprint of the building—define the annual energy consumption and corresponding greenhouse gas emissions; compare the building's current annual energy consumption and greenhouse gas emissions to the compliance pathways for the U.S. and location of the asset.
- > Provide recommendations to align with the selected decarbonization pathways if the property is not currently able to achieve compliance.
- > Incorporate findings into the property condition assessment report.