

The Local Expert

An Interview with Frank Pusinelli, Senior Executive Vice President and Chief Operating Officer – Operating Assets, RXR

EDITORS' NOTE Frank Pusinelli serves as Chief Operating Officer for the Operating Assets business segment at RXR where he oversees marketing, leasing, and property management. He joined RXR in 1999 and during his tenure at RXR, he has participated in the acquisition of tens of millions of square feet and overseen the execution of well over \$2 billion in construction projects, ranging from ground-up development and value creation to customized tenant interiors." Previously, he worked as a project manager and estimator in the construction sector as well as in the architectural and engineering field specializing in municipal architecture and environmental engineering. Pusinelli holds a BS degree in architectural technology from the New York Institute of Technology and an MBA in finance from Fordham University. He is a licensed architect in the State of New York and a member of the American Institute of Architects.



Frank Pusinelli

Energy, and Ethics. Our values have since coalesced around six key concepts:

- Doing the right thing, which means we are value driven and seek to do the right thing every day.
- Leading with bold ideas, which manifests itself by being innovative.
- Striving for excellence, which means we go above and beyond whenever we do anything.
- Staying humble and staying hungry, which means that we are ambitious, but not arrogant.
- Cultivating relationships, which yields enduring partnerships.

• Acting like an owner, which means we are entrepreneurial and we are all accountable. These values permeate the company, and our people live them every day.

What have been the keys to RXR's industry leadership and how do you define the RXR difference?

RXR is an investor, an owner, an operator – we do it all. We have a full-service team that does leasing, asset management, construction, architectural design, and development. The fact that we do all this in-house makes RXR the local expert – RXR is a proven operator with a strong reputation who can do it all. We are entirely focused on making sure that we are elevating the experience for all stakeholders in every market

COMPANY BRIEF RXR (rxr.com) is an innovative investor, developer and place-maker committed to applying a customer and community-centered approach to building properties, services, and products that create enduring value for all stakeholders. Headquartered in New York with a national platform strategy, RXR is a 500+ person, vertically integrated operating and development company with expertise in a wide array of value creation activities, including ground up real estate, infrastructure and industrial development, uncovering value in underperforming properties, repurposing well-located iconic properties, incorporating cutting-edge technologies, and value-added lending. The RXR platform manages 88 commercial real estate properties and investments with an aggregate gross asset value of approximately \$22.6 billion, comprising approximately 30.4 million square feet of commercial properties, a multi-family residential portfolio of approximately 7,600 units under operation or development, and control of development rights for an additional approximately 3,800 multi-family and for sale units as of March 2022.

RXR has a clearly defined set of values. Will you highlight these values and how engrained they are in RXR's culture?

For many years, RXR has been guided by the five E's: Entrepreneurial, Edge, Execution,



The Starrett-Lehigh Building located at 601 West 26th Street in Manhattan



75 Rockefeller Plaza situated in the heart of Rockefeller Center

we are in. We earn our credibility by our actions, and it is critical for any business to build credibility with its investors, partners, and lenders, especially for a privately-owned firm like RXR.

The fact that we are vertically integrated is a major factor in our success. As we expand nationally and work with joint venture partners who have a presence in new markets, the fact that RXR has the capabilities to do it all, and that we are doing

it in New York which is one of the most complex markets to operate, translates well. I often tell our team that what we do here in our own backyard of New York is critical to our expansion because not only can we identify like-minded partners to work with, but we also make more informed decisions about where to invest and how we underwrite those investments because of the depth and breadth of our experience.

Will you provide an overview of your role and areas of focus?

As the chief operating officer of Operating Assets, whether it is commercial, residential, retail, storage, etc., if there is an occupant or a tenant, it is my focus. I spend a portion of my time on measuring results and deciding if and how to pivot, a portion of my time on major projects and initiatives to make sure we stay on track, and a portion of my time on people and process. My focus on people and process is very important since as my sphere of responsibility grows, it allows me to mentor and guide, consistent with our goals and values.

The more my responsibilities have increased, whether by expanding into different asset classes or just by how we scale, the more I recognize that I can't be everywhere and touch everything. I do not believe in being a micro-manager. I believe in hiring bright and energetic people and then getting out of their way. I am here to help remove obstacles and to lend advice based on my prior experience, but my focus is to allow our people to execute.

When it comes to performance, the real estate business affords clarity because every asset undergoes a robust annual business plan process where we identify the key performance indicators that will define success for the coming year. We ask questions such as how much space will we lease, what will our occupancy be, and where do we see expenses? As the year progresses, we measure how we are doing against the plan and evaluate what is happening in the market. This helps us know if we need to adjust the plan. RXR has an entrepreneurial spirit and is nimble which allows us to pivot quickly when necessary.

How critical is it for RXR to build a diverse and inclusive workforce to mirror the diversity of its tenants and the communities it serves?

This is a critical component of our mission. We have a DEI committee with representation from across the company which meets regularly to discuss and advance initiatives that will result in greater opportunity and diversity across the organization. It is important to track statistics and measure results to know where you started and to get a sense of how quickly you are moving in the direction you want to go.

Whitney Arcaro, our EVP of Marketing and Retail Leasing, is leading a Women's Initiative at RXR which will include men from the company. I am so excited to be a part of the work of this group since the only way to understand and appreciate how we are doing in this area as a company is to listen and learn through the lens of groups that have historically been marginalized in business and society.

To effectively embrace DEI, it is necessary to immerse it in every aspect of what you are doing. It starts with the hiring process, continues through onboarding, and persists in day-to-day management of the organization. RXR is committed to removing bias in the hiring process. We recently held a one-hour awareness session in support of National Disability Awareness Day. The Americans

with Disabilities Act (ADA) was signed into law on July 26, 1990, and we did a webinar around the 32nd anniversary of the ADA to bring attention to what the ADA is and why it is so important given that one in four Americans live with a disability.

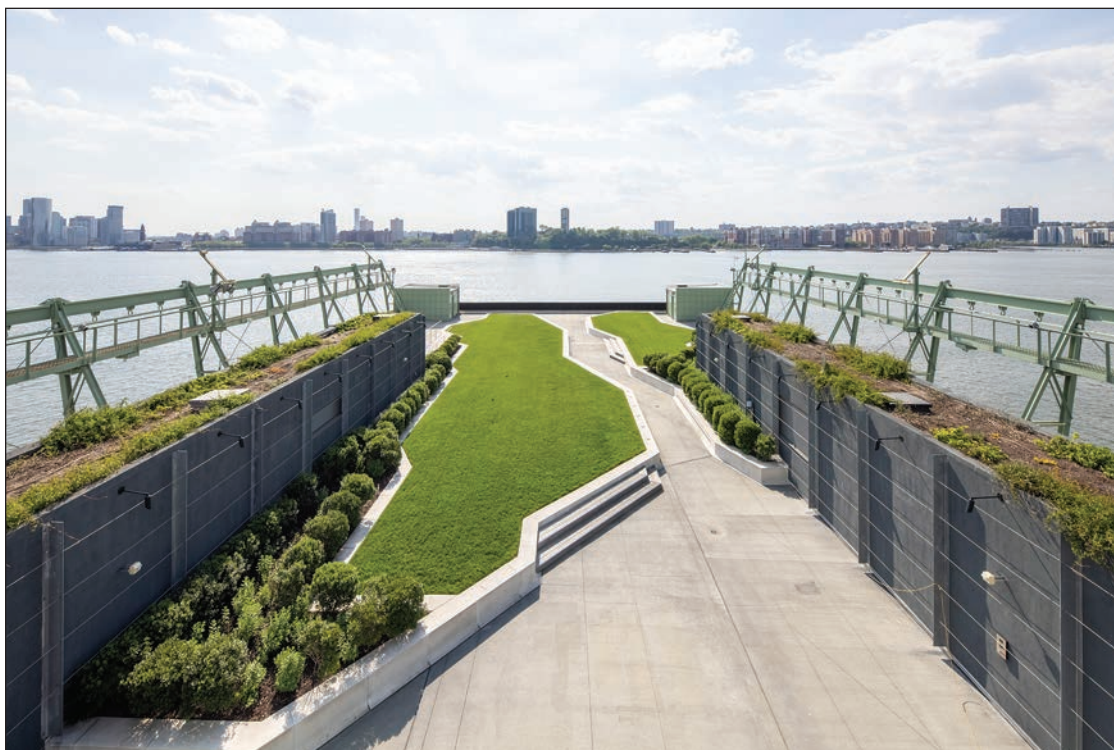
RXR has a new Chief People Officer, Charlie Harary, who is a long-time RXR colleague. In conjunction with our senior leaders and the entire human resources team, Charlie is setting up a robust program around DEI which has the unwavering support of our partners.

What has made sustainability such a focus for RXR and will you highlight the company's sustainability initiatives?

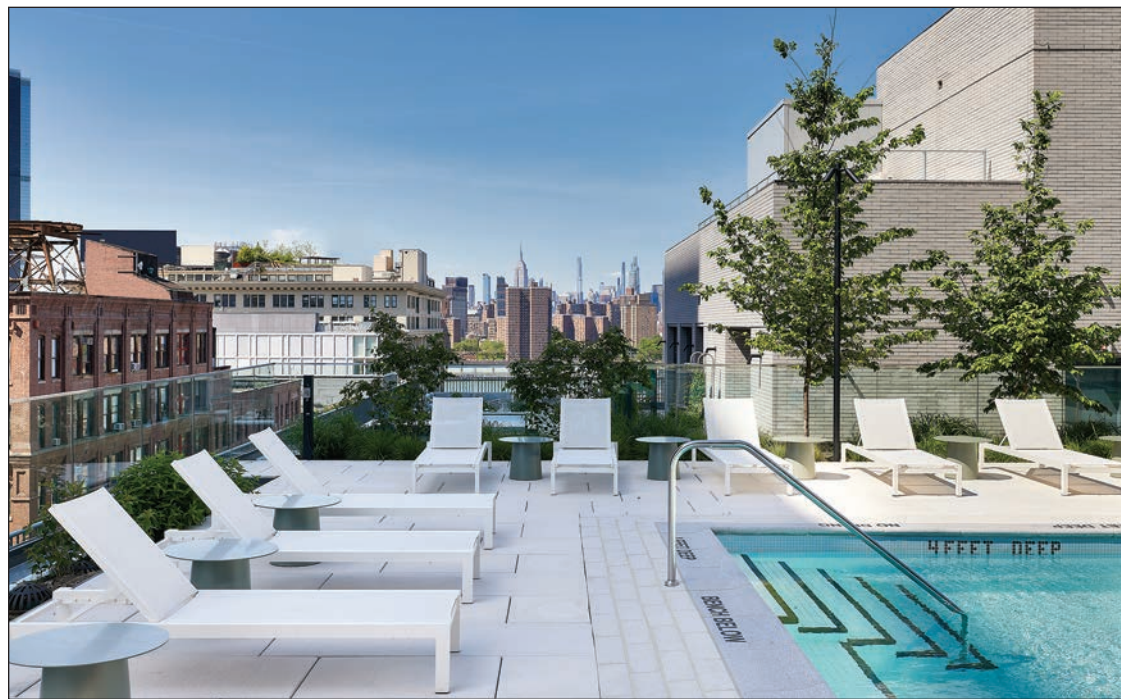
We want to be carbon neutral by 2035 and net zero by 2050. We are pursuing full electrification at our assets to help us reach this goal. We are investigating cooling optimization, thermal recapturing techniques, and using data to find other areas of improvement. We continue to increase our Energy Star scores throughout our portfolio, and we are undertaking an initiative to achieve LEED and WELL certifications at all our assets. Measurement is key and we are using digital tools, like the WorxWell product we developed, to aggregate energy data, and our annual ESG reporting is robust. We report into GRESB which is a great way to measure our results against our peers and also to highlight where we can continue to improve year over year across all ESG metrics.

We believe sustainable investment is the future. Whether it is investors, partners, or lenders, a company's ability to draw talent and establish partnerships will be tied to its ESG performance. At RXR, we believe that a company's willingness to tie its ESG performance to its cost of capital will be a big factor in identifying winners versus losers in the future.

What are your views on the return of tenants to the office and the future of work?



RXR is undertaking the redevelopment of the historic Pier 57 in Hudson River Park on the West Side of Manhattan



View from the rooftop pool of the Magnolia Club at the Magnolia DUMBO

New York is the greatest city in the world, and it is a place where people want to live. When you look at the record rent growth in the residential market, particularly in Manhattan, talent is still here and is continuing to come here. Proactive landlords are building new product and renovating existing stock to make sure that employers can provide their teams with access to amenities, clean air, natural light, great food offerings, etc., so as they make their return to office plans a reality, they can partner with their landlords to make that experience first class.

I do not think there should be a debate about the viability of the office. It is highly

relevant to building and sustaining the culture of a business. The office environment is critical to mentoring and to providing access to advancement for people just getting started in their professional careers. While there will be some industries that are able to make hybrid models work, this is a limited universe and I believe that over time they will find that it erodes both value and culture.

You joined RXR in 1999. What has made the experience so special for you?

When I mentioned earlier that we “Act Like an Owner,” I meant it, and I mean it directly for me. Over the past 23 years, I have succeeded at RXR by saying at every opportunity, “I will do that” or “I can take that on.” The partners have had the confidence to provide those opportunities to me and to let me execute, even if at times it meant failing. If you never fail, you are not doing anything. Thankfully, our wins have been numerous, but when we fail, we learn from the experience.

There have been markers over my 23 years with RXR where one pauses and asks if they should go out on their own or try something new, but each of those moments has led me to the truth that I am able to do exactly that right here since RXR allows me to feel like this is my own.

RXR is a family. This was a family organization when it started, and we have never lost that family feel which starts at the top with Scott (Rechler, RXR Chairman and CEO). I have seen how we support each other when someone is down. I have seen how we elevate someone when they strive for excellence. There are many companies that say that they are a family, but will the CEO of the company give you a quick hug in the hallway if you are having a tough day? Will your colleagues really feel like your second family? If you have that, hold on to it. If you are in management, cultivate it. This is what makes a company special. ●