



# Believe in Green: Investor Oriented Sustainability Insights for CRE

May 15, 2017

3:30 – 5:00 PM

# Agenda

- Panelists (~60 min)
  - John K Scott, Colliers International
  - Jennifer McConkey, Principal Real Estate Investors
  - Abigail Dean, TH Real Estate
  - Dan Winters, GRESB
- Q & A (~30 min)
- Adjourn to CRE Networking Night
  - Jack Rose Saloon



# **Believe in Green: Investor Oriented Sustainability Insights for Commercial Real.**

John K Scott, Managing Director

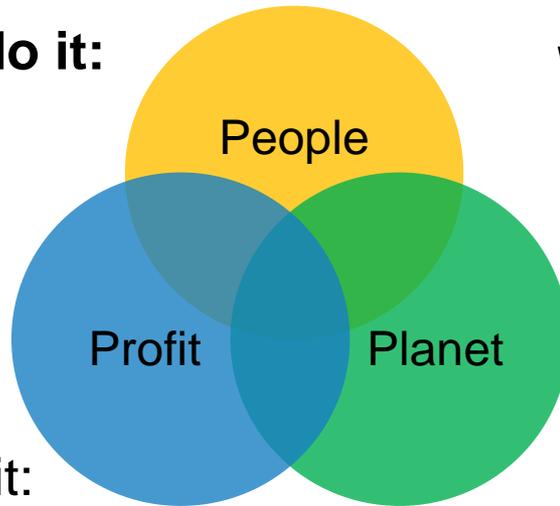
Colliers International REMS Florida



# Global Real Estate Sustainability Initiative

Keeping it Simple

Why we do it:



What we know:

ESG Integration –

Triple Bottom Line

- Environmental - *Planet*
- Social - *People*
- Governance - *Profit*

How we do it:

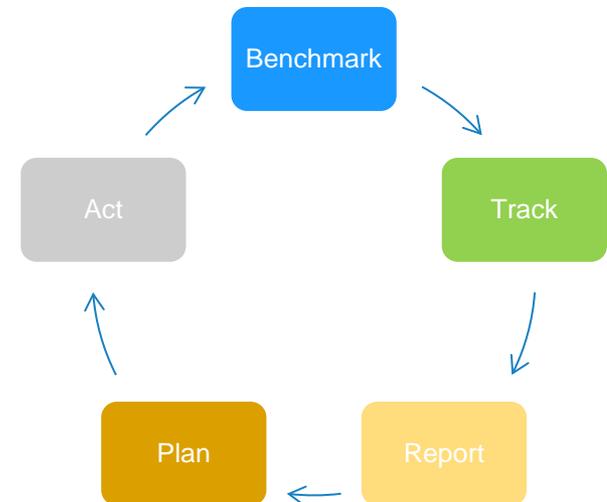
Benchmark – measure performance

Track – measure change over time

Report – disclose performance

Plan – develop program to improve

Act – implement plan for improvement



# Success Stories and Case Studies



Stirling American Property



## SUCCESS STORY

PARK TOWER

### TEAM

Clair Calzon, Broker  
Mary Ayo, Senior Property Manager  
Fraser Payton, Chief Engineer

### STATISTICS

Park Tower was built in 1973 and has total rentable square feet of 472,462. The property is a 30-story high rise in the heart of downtown Tampa. Bordered by Tampa St. to the east, Kennedy to the west and Ashley to the west provides quick access to I-275, I-4 and Tampa International.

### SERVICES PROVIDED

Leasing Services  
Management Services  
Acquisition Due Diligence

[www.colliers.com](http://www.colliers.com)

### CHALLENGE

The challenge was to leverage the building's high profile, exceptionally energy efficient operations, and hands-on management approach to position the asset as the premier green office building in the City of Tampa. A comprehensive approach that addressed a wide range of environmental aspects, including energy, water, and indoor environmental quality, materials and resources, and exterior and site management was required.

### STRATEGY

The management team opted to pursue a green building certification using the LEED for Existing Buildings Operations & Maintenance (LEED EBO+M) rating system. LEED EBO+M certification validates that a property is managed and operated with a focus on reducing its environmental impact and, providing a healthy and productive work environment for tenants. The goal in obtaining LEED EBO+M certification is to increase the value of the asset by reducing annual operating costs, attracting new tenants and retaining existing tenants. The Colliers team used several core strategies to achieve the certification, including:

- Implement numerous sustainable operations and maintenance policies
- Conduct an in-depth Energy Audit
- Educate and train building staff, vendors and contractors
- Engage tenants to participate in environmental initiatives
- Improve the building's recycling program

### SERVICES

Colliers implemented comprehensive sustainability education programs for building staff, vendors, contractors and tenants. Programs focused on topics such as the benefits of energy and water conservation, recycling, purchasing sustainable products, furniture and equipment, and incorporating sustainable best practices into tenant guidelines. This process opened lines of communication that have helped transform sustainability from being a barrier into being part of the solution.

### RESULTS

The Colliers team achieved LEED Gold certification for Park Tower. The LEED process and the team's commitment to sustainability guided them to improve the building's operational efficiencies, reduce their tenants' costs, enhance tenant satisfaction and provide Colliers and Park Tower with a true competitive advantage. The LEED process helped focus the team's efforts on improving the property's operational platform, which ultimately resulted in impressive utility savings. Park Tower has also been certified as a High Performance BOMA 360 building.



Stirling American Property



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### CHALLENGE

Purchased in 2006 Park Tower is a 33-year young property. Most systems had exceeded began declining to the point of diminishing on investment. Park Tower no longer met the rigid parameters of its OSA tenants who require the building to be energy star rated.

### STRATEGY

While maintaining optimal tenant comfort, the management team investigates and chose the best performing and most energy efficient equipment as replacement for the existing outdated equipment.

- Modernized elevators
- 2 - 750 ton high efficiency chillers
- Variable speed drives for each floors air handlers
- State of the art energy management system
- 5,600 new high efficient light fixtures
- Motion sensor lighting
- New transformers for each floor
- New fire panel and revived the building
- 750 kva generator
- Energy efficient roof coating
- Upgraded building security system and cameras to digital

### SERVICES

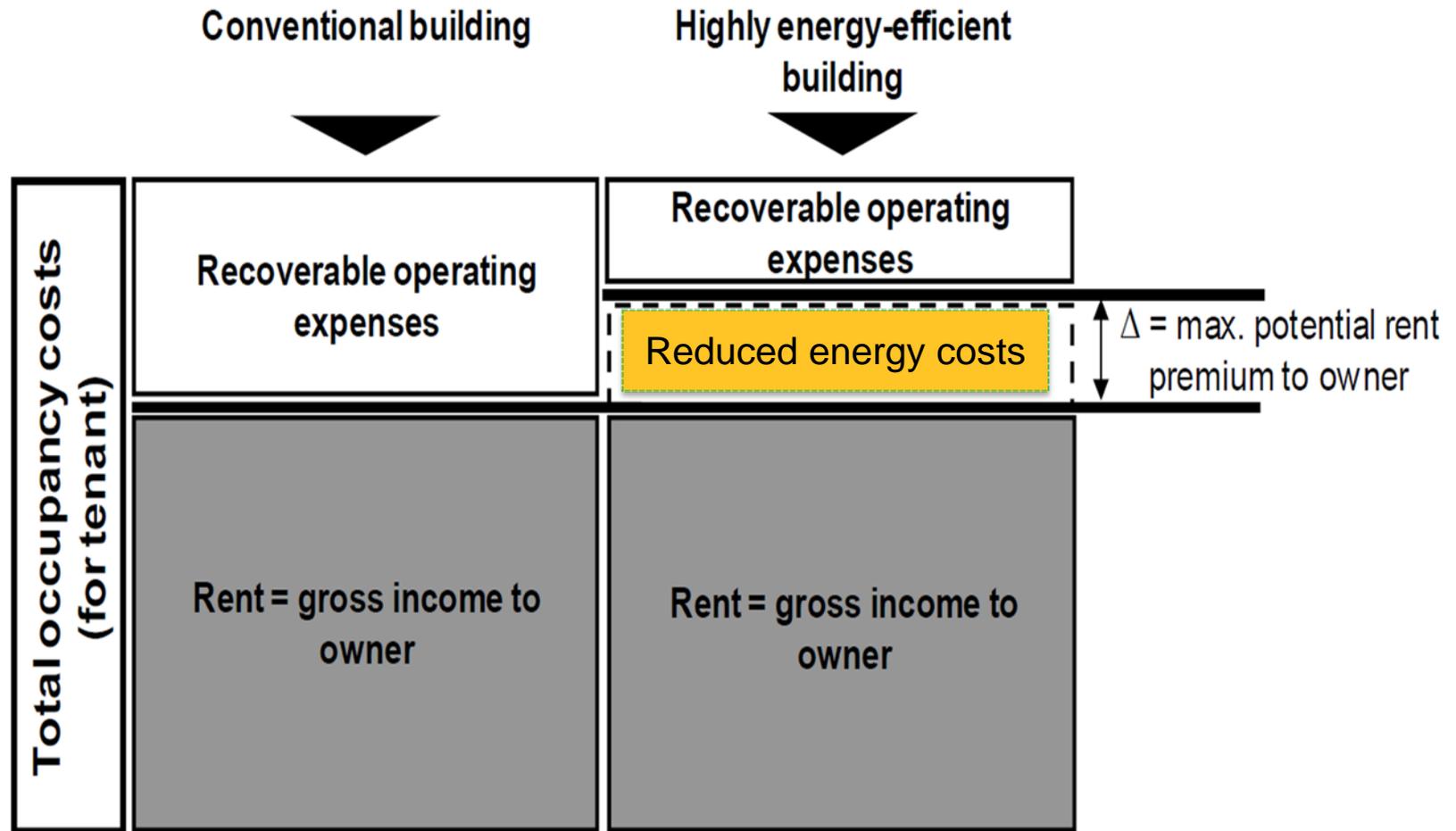
Colliers International put together the top Team in Brokerage, Management and Engineering field to develop a comprehensive plan to bring Park Tower to the top in its class.

### RESULTS

Park Tower changed from an average Energy Star score to a 99% rating in 2013. In January 2007 the buildings electric bill was \$155,324 or 44,970 kWh/daily and in January 2014, the bill was \$73,704.98 or 23,902 kWh/daily. Energy usage reduced by 47%. The savings also equates to a \$13 million increase in Park Tower's value. Received \$32,611 in rebates from Tampa Electric.

2013 LEED EBO+M Gold certification  
2013 BOMA Outstanding Building of the Year for the 250,000 to 499,999 category

# Energy Efficiency and the Income Approach



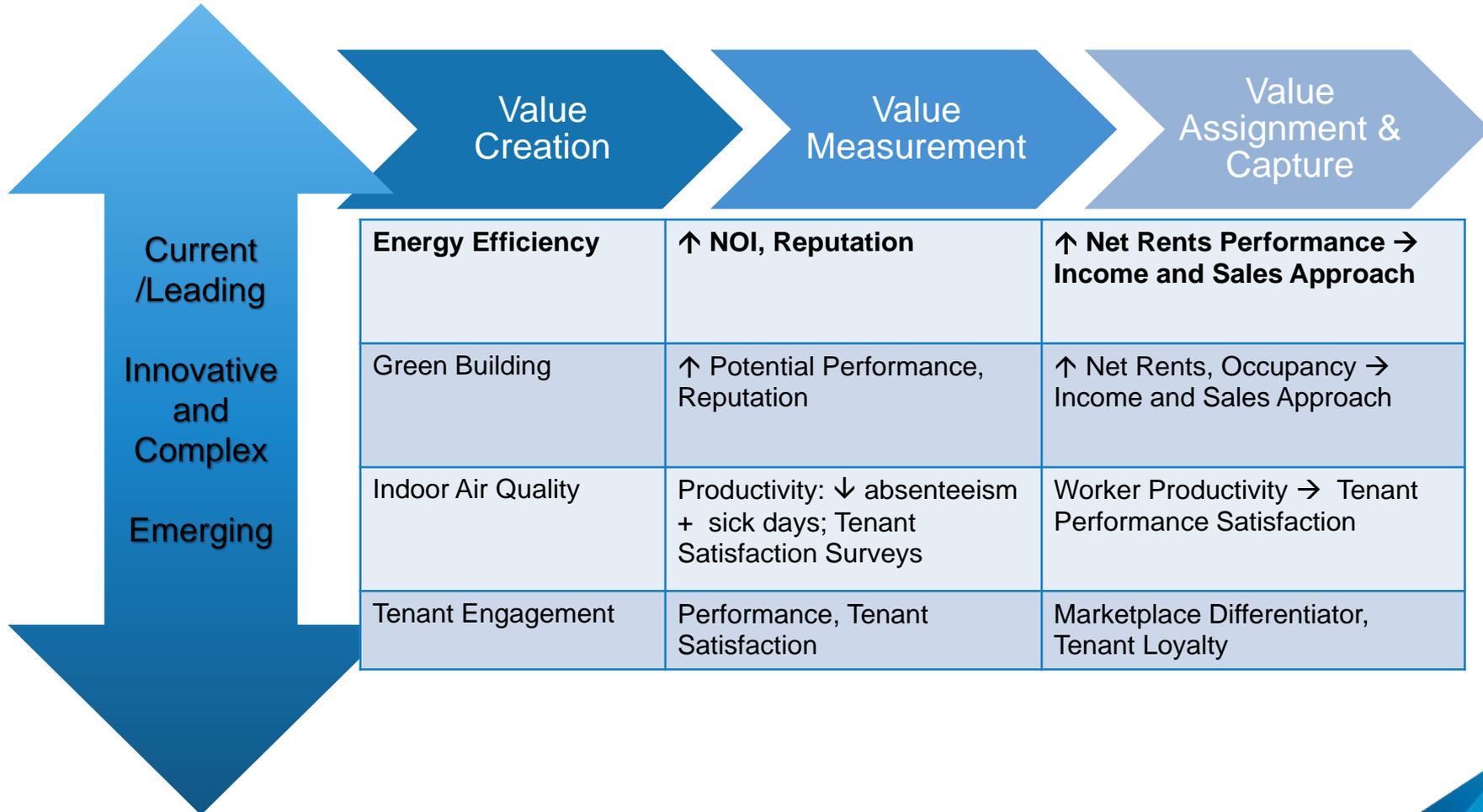
# Decision Matrixes

## Know Your Unique Situation: Value Impact Assessment

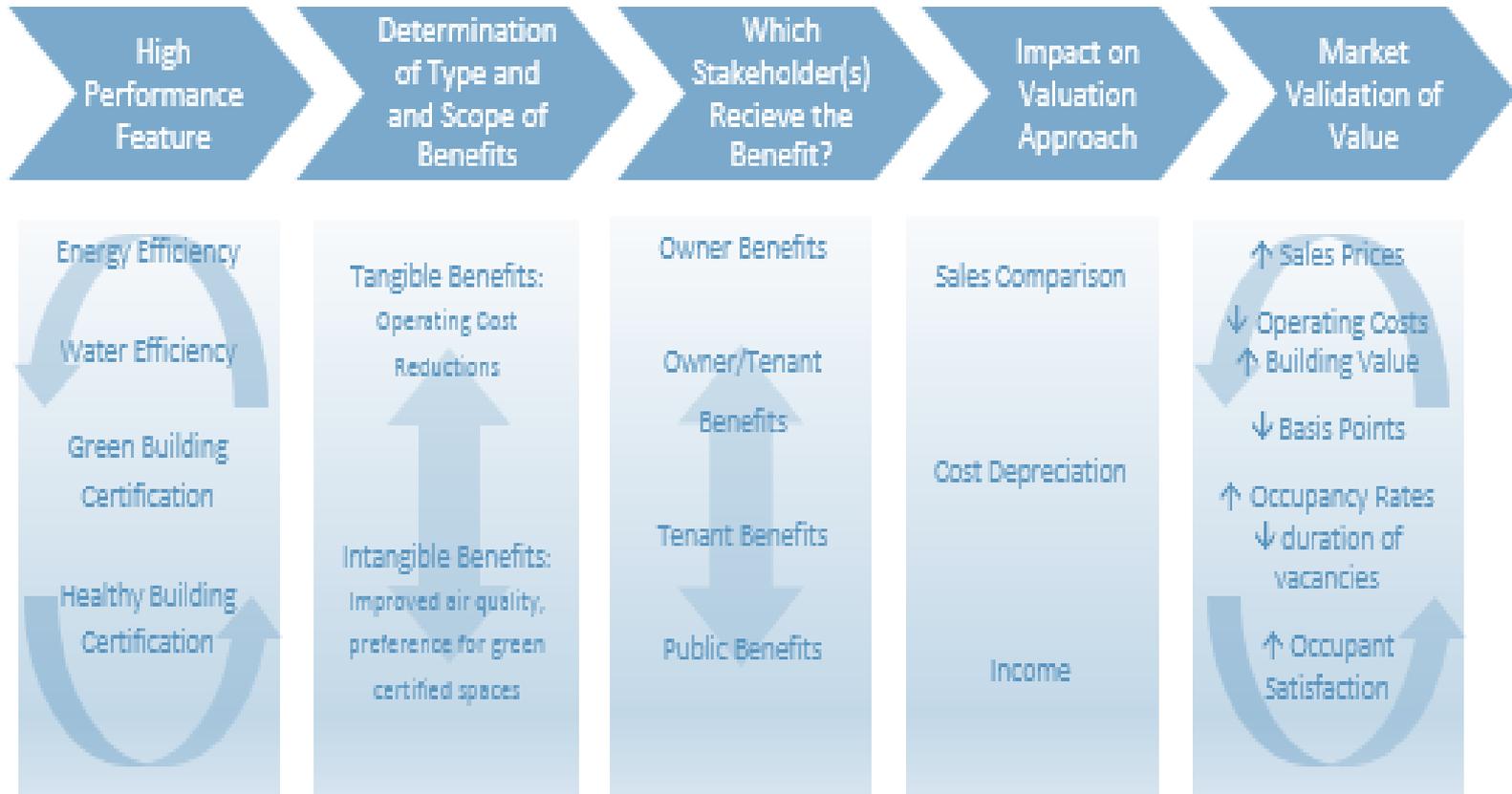
Upgrade / Value Impact Considerations	Revenue	Expenses (Energy, Water + Labor)	Gross Lease Rates	Capital Funds Required	Asset Hold Period (< 5yrs)	Asset Hold Period (> 10 yrs.)	NOI Impact
Major HVAC Equipment: 20 – 25 yr. life-cycle		↓	↓ (More competitive by minimizing operating costs)	High	No	Yes	↑
HVAC Equipment Recommissioning: 5 – 10 yr. life-cycle		↓	↓	Low/Medium	Maybe	Yes	↑
Lighting Upgrade 5 – 10 yr. life-cycle		↓	↓	Low / Medium	Yes	Yes	↑
Thermal Mass Storage Modeling + Economic Demand Response: perpetuity	↑	-	↓	Medium (market dependent)	Maybe	Yes	↑
LEED Certification					No	Yes (future demo-graphics or tenants)	↑

# Why?

## Valuation: The Sustainability Factor



# What are We Valuing, How Tangible is it?, Who Does it Matter to?



# Income Approach Hypothetical Scenario

	Pre-Upgrade Value (10% cap rate)	High Performance Value (10% cap rate)	Improvement in Value
<b>Energy Efficiency Only Scenario</b> (Energy efficiency improvements that result in a 30% reduction in overall operating expenses)	Gross income: 150K Adjusted gross income (assuming 5% vacancy/losses): 142.5K Operating expenses: 70.0K Value: 725K	Gross income: 150K Adjusted gross income (assuming 5% vacancy/losses): 142.5K ↓ Operating expenses: 49K ↑ Value: 935K	210K
<b>Energy Efficiency + Increased Occupancy</b> (Increased Occupancy Rate Impacts based on tenant demand for green certified spaces)	Same as above	Gross income: 150K ↑ Adjusted gross income (assuming 3% vacancy/losses): 145.5K ↑ Operating expenses: 51K Value: 945K	220K

Real Estate



# Investor Insight Leadership and Research

**2017 Better Buildings Summit**

Jennifer McConkey  
Senior Director, Operations and Sustainability

# History and drivers

## Context for the Pillars of Responsible Property Investing (PRPI) initiative

### Principal Global Investors became a signatory to the United Nations Principles of Responsible Investing in 2010:

- Commitment to consider environmental, social, and governance issues in investing practices
- In 2013, formalized and expanded the PRPI initiative

### Increased interest in, and focus on, international clients:

- Consultants and clients increasingly inquire as to our environmental, social and governance (ESG) practices
- International clients place a particular emphasis on our capabilities in this area

### Market trends and expectations are changing:

- “6 Trends” - Materiality, Performance, Resilience, Intelligence, Experience, Research

### Emerging competitive reality and market norm:

- Growth of Global Real Estate Sustainability Benchmark (GRESB) continues to accelerate
- 2016 survey included over 750 entities (up from 637 two years ago), reporting on 66,000 assets, and \$2.8 trillion in gross asset value
  - 100% of NCREIF-ODCE Index funds participate in GRESB



# Department of Energy partnership

## Researching the relationships between energy efficient (green) buildings and financial performance of assets

**A Research Problem:** Data challenges limit researchers' ability to quantify the financial benefits of high-performing, energy-efficient buildings

- Access to critical data extremely limited due to proprietary concerns
- Replicating results and methodologies is a significant challenge and matching property-level records requires significant time and expense
- Isolating and controlling moderating factors to identify drivers behind changes in financial performance is very difficult

**DOE's Objective:** Catalyze the availability of data and proliferation of research that explores the links between sustainability, building performance, and financial benefits by:

- Improving access to critical data sources
- Enabling large-scale, longitudinal, repeatable analyses of relationship(s) between energy efficiency and financial performance of commercial real estate assets
- Using empirical evidence to create market incentive for additional energy efficiency investment amongst leaders

**Principal's Role:** Acted as the **sole** data contributor to DOE's pilot data collection and research effort.

- Provided lease-level and property information to test DOE's proposed data collection, and analysis processes
- Compared the financial performance of green (LEED or ENERGY STAR certified) and non-green buildings
- Analyzed 131 of our office properties (totaling 25 million SF of area)
- Conducted two statistical analyses on data: (1) correlation and (2) linear regression

# Department of Energy partnership

## Comparing financial performance of green (LEED or ENERGY STAR certified) & non-green buildings

### Findings:

- Correlation analysis – green buildings exhibit (compared to non-green peers):

Financial variable	↑ Market value/SF	↑ Net operating income/SF	↑ Occupancy	↑ Rent/SF	↓ Operating expense	↓ Rent concessions/SF
Correlation coefficient	0.06	0.35	0.35	0.07	-0.46	-0.15

Financial variable	Change from non-green average	Statistically significant?
Market value/SF	8.4%	No
Net operating income/SF	28.8%	Yes
Rent/SF	4.3%	No
Rent concessions/SF	-6.9%	No
Occupancy	6.2%	No
Operating expenses/SF	-17.6%	Yes

<b>28%</b>	<b>17%</b>
<b>Higher net operating income</b>	<b>Lower operating expenses</b>

### Next steps:

- Distribute executive summary and marketing piece summarizing results to investors
- Research the relationship between green buildings and tenant satisfaction
- Provide data to DOE for aggregation and analysis in conjunction with information from other CRE leaders

# Enhancing appraisals

## Incorporating green building requirements into our appraisal process

### Leveraging the DOE Appraisals Toolkit:

- Identified revisions and worked with our appraisal team to refine scope of work with Altus Group

### Our team created the following materials:

#### 1) Revised scope of work for appraisal services:

- Includes analysis of a property's:
  - High-performing building attributes
  - Energy performance
  - Green building certifications or energy ratings
- Evaluation of energy performance and green certifications/ratings of comparable properties
- Requires independent and competent evaluation of green features

#### 2) List of documents provided to appraiser:

- Verified ENERGY STAR score
- Sustainability Profile or ENERGY STAR Custom Profile (if available)
- List of energy efficient, resilient, or high-performance equipment and building features
- Information on Green Certifications (LEED, ENERGY STAR Certification, etc.)
- Tenant satisfaction survey results
- Other documents related to energy, environment, resilience, or high-performance equipment and building features

# Green leasing

## Integrating additional sustainability measures in our leasing policies

### Six elements we addressed through green leasing updates:

1. Cooperation from tenant on sustainability programs or initiatives
2. Allow pass-through of energy efficiency-related capital expenses to tenants
3. Require disclosure of tenant utility data to enable whole-building benchmarking
4. Incorporate minimum standards for energy efficiency in tenant improvements
5. Require submetering for individually metered utilities
6. Incorporate specific language for operations, maintenance, and replacement of rooftop units

# Smart buildings

## Vetting and implementation of smart building technologies that increase value

### Our Smart Building Strategy

We work to ensure specialized smart building aspects are appropriately incorporated into each of our individual assets through the following:

- **Collaborate** with partners, peers, and experts to identify best practices and industry trends that add value
- **Research** new technologies, amenities, and cost savings strategies
- **Evaluate** technologies and approaches through product demonstrations, vendor due diligence, and property-level pilot programs
- **Deploy** vetted, best-in-class, smart building features when they align with, and support, the investment strategy of the property

### Our Building Innovation Checklist

A key list of questions to assist in the evaluation of new innovations, technologies, and practices to ensure that they are properly analyzed and appropriately implemented



# Engaging investors

## Articulating our sustainability knowledge and performance

### Our website

The screenshot shows the Principal website's 'Responsible Property Investing' page. The header includes the Principal logo, 'UNITED STATES', 'Principal Global Investors Home', and 'Log In'. Navigation links for 'Strategies', 'Knowledge', 'Blog', and 'About Us' are visible. A search bar is located on the right. The main content area features a photograph of four professionals in business attire sitting on a ledge in front of a modern building. Below the photo, the section is titled 'Responsible Property Investing' and contains text about the company's commitment to corporate stewardship and the UN PRI. A sub-section titled 'Pillars of Responsible Property Investing' describes the company's framework. To the right, a graphic states: 'We've reduced our energy use by 14% since December 2008. That's a cumulative \$29.0 million in energy savings'. The page also includes a 'News & Press' link at the bottom.

### #SustainabilitySunday Twitter Campaign

This is a screenshot of a Twitter post from Principal (@principal) dated March 5. The tweet reads: 'Happy #SustainabilitySunday! Today we're sharing how @ENERGYSTARBldgs make a difference 🌱. Learn more here: [bit.ly/2ldSfKb](http://bit.ly/2ldSfKb)'. Below the text is a dark blue graphic with a white list of four points: 1. Uses 35% less energy, 2. Generates 35% fewer greenhouse gas emissions, 3. Costs \$0.54 less per square foot to operate, and 4. Has higher rental and occupancy rates. The source is cited as 'ENERGY STAR' and the Principal logo is in the bottom right. The tweet has 1 retweet and 2 likes.

This is a screenshot of a Twitter post from Principal (@principal) dated March 26. The tweet reads: 'The best part of living in a LEED Gold Certified Building? Residents at @CodaLeasing tell all: [bit.ly/2nwMFTI](http://bit.ly/2nwMFTI) #SustainabilitySunday'. Below the text is a video player for 'Zocalo - Coda Cherry Creek' by Enchanted Road Productions on Vimeo. The video description says: 'This is "Zocalo - Coda Cherry Creek" by Enchanted Road Productions on Vimeo, the home for high quality videos and the people who love them. vimeo.com'. The tweet has 2 retweets and 3 likes.

# Engaging investors

## Articulating our sustainability knowledge and performance

### Investor Annual Reports

## Sustainability

Sustainability and its impact on investment performance is a critical area of focus for both investment and operational considerations of the Account. This commitment to sustainability is a continuation of a firm wide effort through Principal Global Investors' participation as a signatory to the United Nations Principles for Responsible Investment (UNPRI). Recently, UNPRI awarded Principal Global Investors an "A" rating for its commitment to the Principles of Responsible Investment. Further, Principal Real Estate Investors developed a proprietary Pillars of Responsible Property Investing (PRPI) platform that outlines asset management and fiduciary governance to facilitate return generation and environmentally sustainable investment and operational practices. The results of these efforts are outlined

In the chart below, with 38 buildings in the Account that meet the requirements for Energy Star certification, 34 buildings with LEED or LEED EB certification and an additional 18 buildings that are registered for and proceeding toward various levels of LEED certification. In 2016, the Account was evaluated for the third time by The Global Real Estate Sustainability Benchmark (GRESB), an industry association that analyzes sustainability performance. The Account received its second consecutive Green Star rating, and placed 6th in a field of 31 open-end diversified strategies with a three point increase in overall score from 2015. The Account will continue to pursue sustainable investment practices where those efforts are economically feasible and consistent with our fiduciary obligation to investors.

### Ongoing Commitment to Sustainability

 <b>Pillars of Responsible Property Investing (PRPI)</b> platform outlines asset management and fiduciary governance to facilitate return generation and environmentally sustainable investment and operational practices.	 <b>34</b> Buildings LEED or LEED EB Certified	 <b>18</b> Buildings Registered LEED	 <b>38</b> Buildings Energy Star Certified	 Sustainability Performance, Green Star Rating: <b>6th place</b> In a Field of 31 Open-end Strategies!
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\* 2016 Global Real Estate Sustainability Benchmark (GRESB) survey, GRESB Foundation, data as of 31 December 2015.

### Thought Leadership Blogs



Individuals | Businesses | Advisors | Institutional Investors | Retail Investors

December 7, 2016  
**Jennifer McConkey, Equity Operations and Sustainability Director, Principal Real Estate Investors**

## 6 Trends Driving Sustainability in Commercial Real Estate

**Author**  
Jennifer McConkey, Equity Operations and Sustainability Director, Principal Real Estate Investors  
[Read More](#)



Individuals | Businesses | Advisors | Institutional Investors | Retail Investors

September 13, 2016  
**Todd O'Brien, Director of Architecture and Engineering, Principal Real Estate Investors**

## Smart Buildings and Future-Proofing Real Estate Investments

**Author**  
Todd O'Brien, Director of Architecture and Engineering, Principal Real Estate Investors  
[Read More](#)

# Investor Insights

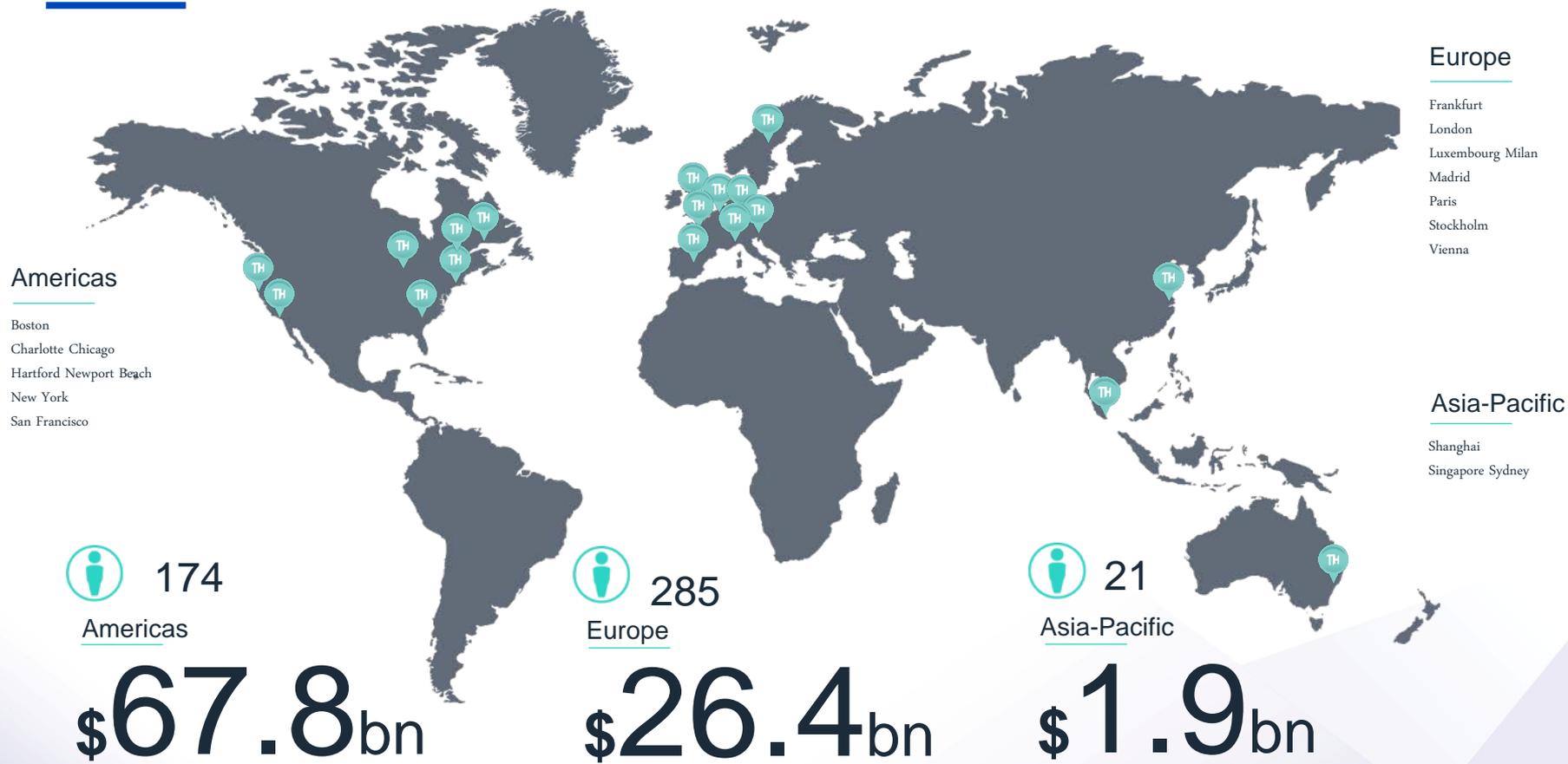
## Investing in Tomorrow's World

Abigail Dean, Global Head of Sustainability  
TH Real Estate

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# Global real estate presence with local expertise

\$96.8bn AUM, 480 people across 18 offices



**“Investing in Tomorrow’s  
World, for the enduring  
benefit of our clients and  
society.”**

## The impact of sustainability through the investment lifecycle



Tomorrow's  
World Strategy

Increased  
Capital Raising  
– positive  
ratings in  
investor  
benchmarks

Sustainability  
View at Due  
Diligence phase

Climate Change  
resilience,  
legislative risk  
and impact new  
acquisition will  
have on ability  
to meet targets

Sustainability  
credentials used  
in marketing  
collateral e.g.  
LEED, Energy  
Star

Positive impact  
on tenant  
retention

Reduced tenant  
costs through  
efficient  
operation

Ongoing  
benchmarking  
and reporting

Sustainable  
Property  
Development  
Policy

Sustainability  
considerations  
worked into  
annual asset  
business plan  
process

Future proofing  
against negative  
impact in exit  
yields and  
liquidity

## Responsible investment movement Pressure from investors

Top Investors	UN PRI	GRESB
APG	*	*
Norges	*	*
CBREGi	*	*
AusSuper	*	*
Allianz	*	
CNP Assurances	*	
CPPIB	*	
PGGM	*	*
AP1	*	*
AP2	*	*
Pennsylvania Municipal		
BNP	*	*
Aviva	*	*
MN	*	*
AIMCO	*	*



Voor een waardevolle toekomst

*Target of 50% reduction in CO2 as a proportion of turnover by 2020, compared with 2015 – will divest from carbon intensive investments*



*“A key part of our new responsible investment approach is a sharp reduction in our CO2 footprint, which needs to fall by 25% by 2020. “*



*“AP2: Our climate ambition is to develop our portfolio in line with the two-degree target.”  
..“Long-term investment requires companies capable of long-term sustainability”*

# TARGET

**2015 Baseline  
Energy Intensity Based**

**For all owned stock  
2030: 30% reduction**

## Setting a long term energy reduction target

Why this work was needed?

- TH RE reaching end of target cycle
- Internal unification and a restructure required global consistency
- TH RE are industry leaders - targets should reflect this

What was proposed?

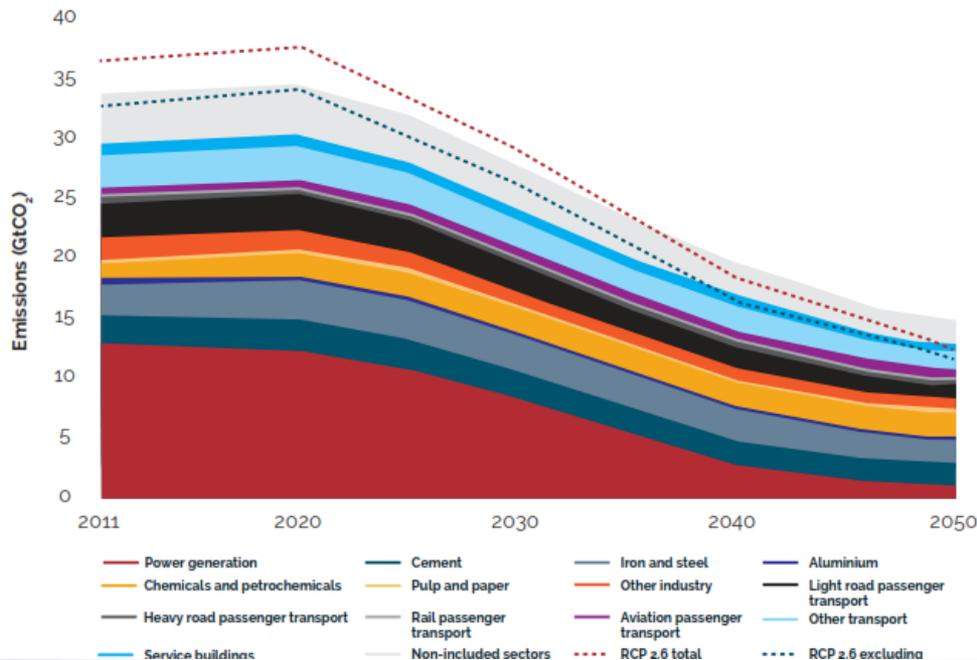
- **Categorisation:** Identified tier 1, 2 and 3 assets based on materiality and efficiency
- **Baselining:** Benchmarked portfolio and projected BAU impact
- **Target setting:** Based on technical potential and external stakeholders

What was the planned impact?

- Ambitious target that compares well with external stakeholder commitments, made up of tailored asset targets, based on best practice
- Action plans by asset tier, which are built on a standardised global prioritisation method
- Tools that allow the impact of acquisitions on targets to be calculated

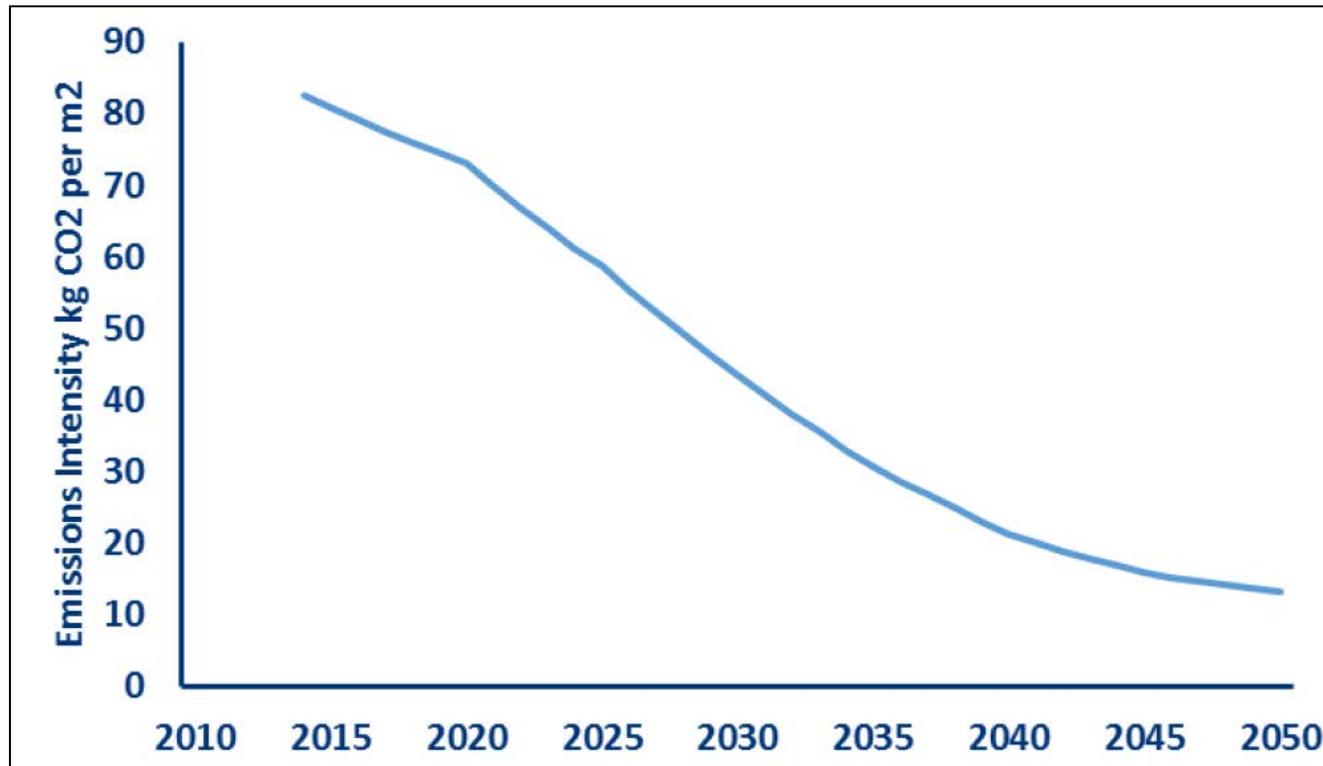
## Sectoral Decarbonisation Approach

- Science Based Target Initiative (SBTI)
- **Sectoral Decarbonisation Approach:** One of 7 approved methods and the most commonly adopted



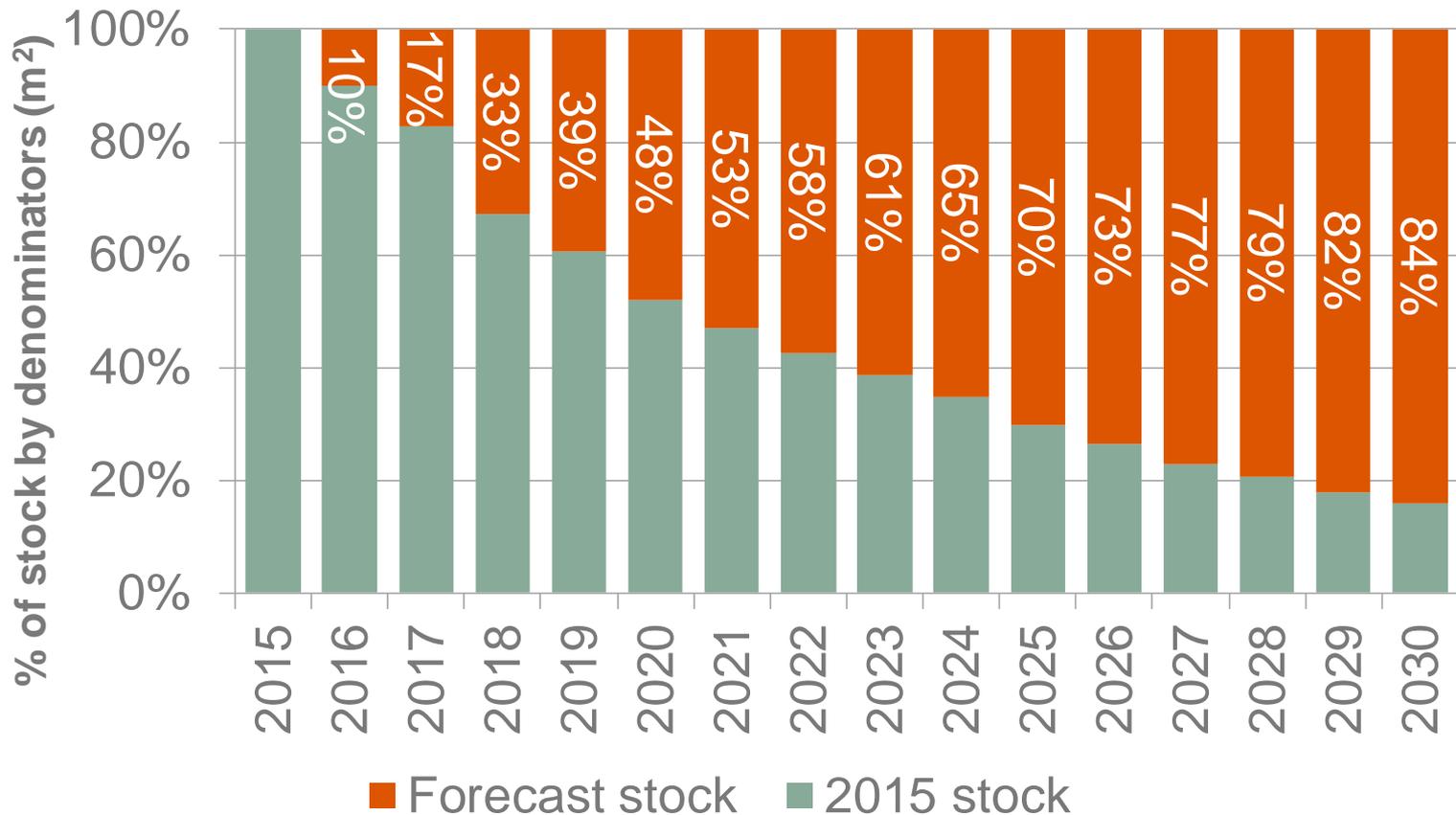
Sector	Subsector	Activity Indicator
1. Power Generation	N/A	Kilowatt-hour <sup>a</sup>
2. Industry <sup>b</sup>	Iron & Steel	Tons steel
	Cement	Tons cement <sup>d</sup>
	Aluminum	Tons aluminum
	Pulp & Paper	Tons paper and cardboard
	Chemicals & petrochemicals	\$ value-added <sup>e</sup>
	Other industry	\$ value-added
3. Transport Services <sup>f</sup>	Passenger transport - Air	Revenue passenger kilometers <sup>g</sup>
	Passenger transport - Light road	Revenue passenger kilometer
	Passenger transport - Heavy road	Revenue passenger kilometer
	Passenger transport - Rail	Revenue passenger kilometer
	Other transport	\$ Value-added
4. Services / Commercial Buildings <sup>h</sup>	Trade / Retail	Square meter
	Finance	
	Real estate	
	Public administration	
	Health	
	Food and lodging	
	Education	
	Other commercial services	

SDA method assumes a carbon intensity trend for services sector based on floor area



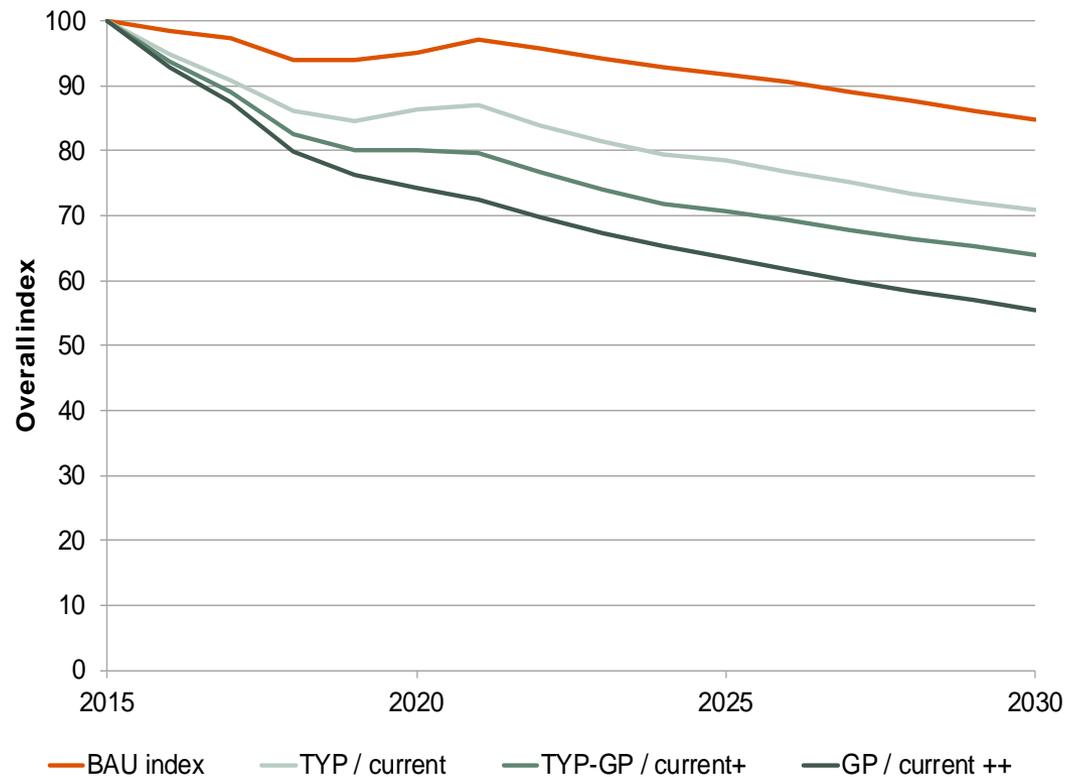
Source: SDA pathway for services

The impact of churn and growth mean that targets can only be achieved by influencing what assets are bought

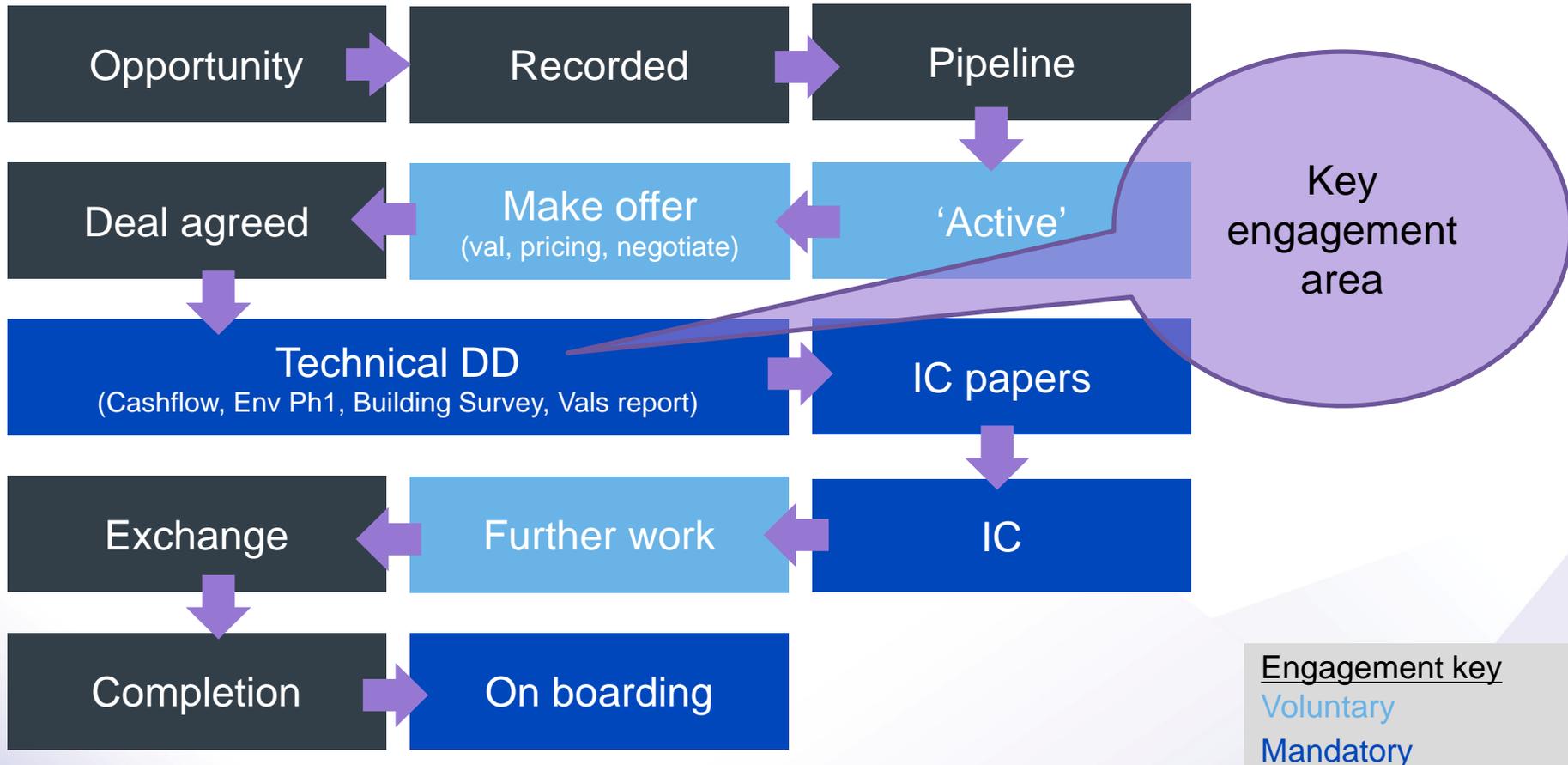


The impact of churn and growth mean that targets can only be achieved by influencing what assets are bought

Modelling different acquisition strategies shows a spread of 30 index points



## Integrating sustainability into the due diligence process



## Integrating sustainability into the due diligence process

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### Light version

- ✓ Information already available through DD
- ✓ EPC / Energy Certification
- ✓ Flood risk / physical risks
- ✓ Contaminated land
- ✓ Energy Use

### In depth version

- ✓ Utilising third parties
- ✓ Detailed energy analysis (e.g. optimisation of plant)
- ✓ Improvement cost modelling
- ✓ Wider range of issues (e.g. waste, water, community)

## Categorisation of assets to achieve performance improvements

### Tier 1 – 6% annual energy reduction target.

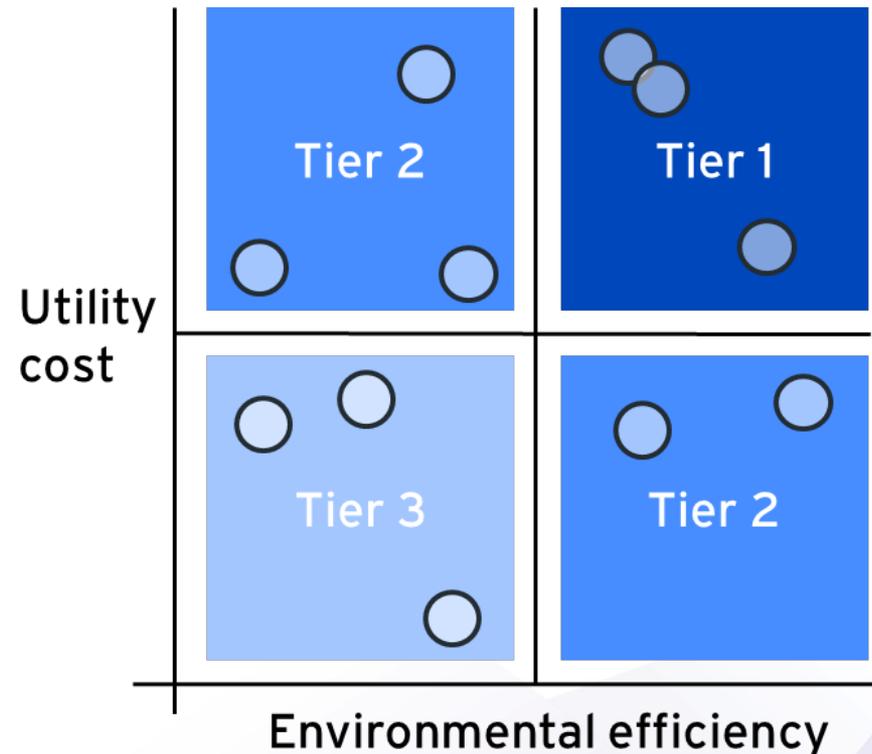
High energy cost and high energy intensity: site visits, remote diagnostics, additional support, review meetings, in depth reporting

### Tier 2 – 4.5% annual energy reduction target.

Standardised checklists (per property type), remote diagnostics where there is a return on investment.

### Tier 3 – 3% annual energy reduction target.

Standardised checklists, monitoring approach. Engagement with tenants.





G R E S B<sup>®</sup>

**Dan Winters, CRE**

Head of Americas

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Enhance and protect **shareholder value**  
by assessing and empowering  
sustainability practices in the  
**real asset sector**

MISSION

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G R E E S B<sup>®</sup>



Assesses the ESG performance of **property companies**, **fund managers** and **developers**



Assesses ESG performance of real estate **lenders**



Assesses the ESG performance of **infrastructure assets** and **portfolios**

# GRESB Institutional Investor Members

Integrate ESG data | utilize GRESB analytic tools

Aberdeen

ABN·AMRO

actiam

AEGON  
Asset Management

AIMCo  
Alberta Investment Management Corp

AP FÖRSTA  
AP-FONDEN

Andra AP-fonden  
Second Swedish National Pension Fund - AP2

AP3 Third Swedish National Pension Fund

AP FJÄRDE AP-FONDEN

apg

ARCADIS PENSIOENFONDS

AustralianSuper

AVIVA  
INVESTORS

Blue Sky Group

BMO  
BMO Global Asset  
Management

BNP PARIBAS

Bouwinvest

CaIPERS

cath  
superlic

CBRE  
CLARION  
SECURITIES

CBRE  
GLOBAL  
INVESTORS

CenterSquare  
INVESTMENT MANAGEMENT

COHEN & STEERS

DBJ

HOOPP  
Healthcare of Ontario  
Pension Plan

HESTA  
An Industry SuperFund

ING

Ivanhoé  
Cambridge

KAMES  
CAPITAL

KEMPEN & CO  
Merchant Bank

LOCAL  
GOVERNMENT  
SUPER

MAJID AL FUTTAIM

mirova  
Responsible Investing

MN

NORGES BANK  
INVESTMENT MANAGEMENT

NORTHERN  
TRUST

AN OMERS WORLDWIDE COMPANY  
OX|FLOR|D

ONTARIO  
TEACHERS'  
PENSION PLAN - RÉGIME DE RETRAITE  
DES ENSEIGNANTES ET DES ENSEIGNANTS

Pensioenfonds  
Detailhandel

PGGM

PRESIMA

NN

ROBECO  
The Investment Engineers

SEB  
TRYGG LIV

SPP

SWECO

THE CROWN  
ESTATE

TKP  
Investments

TOWNSEND GROUP

UAW RETIREE  
Medical Benefits Trust

UBS

cbus  
super fund

USS

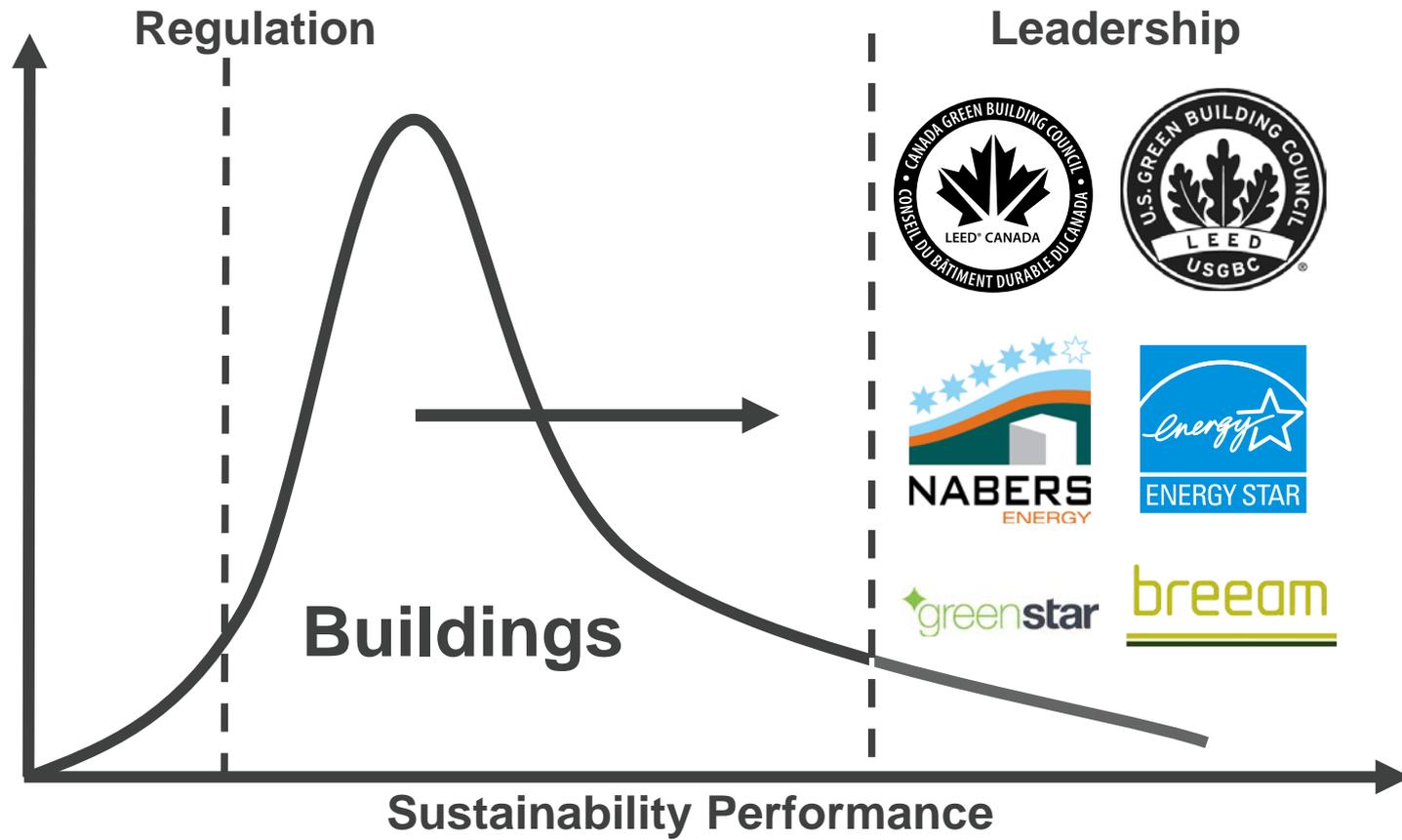
VERT  
ASSET MANAGEMENT

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Management Corporation

WELLINGTON  
MANAGEMENT®

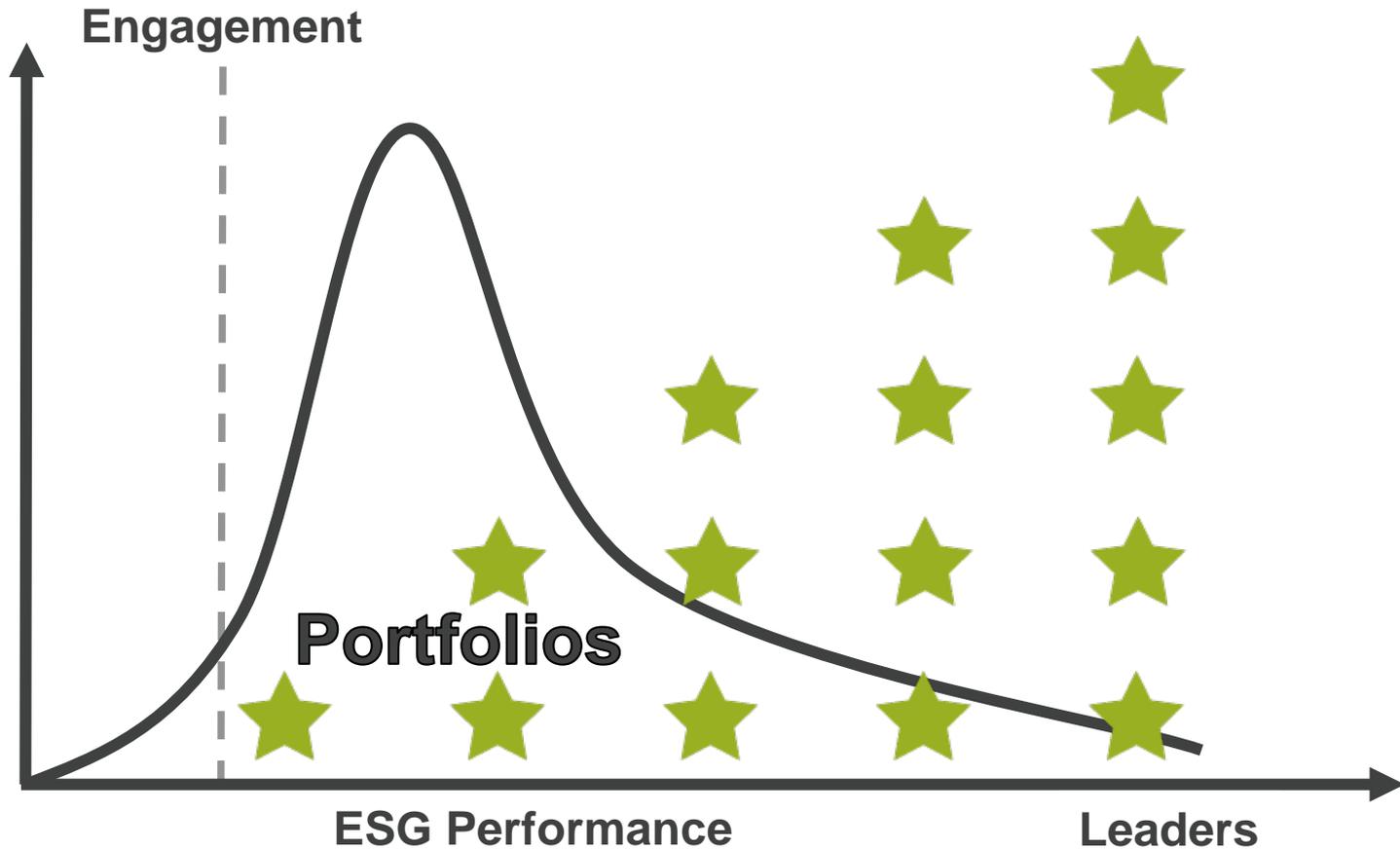
# Real Estate Market

Economic signaling



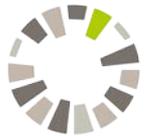
# GRESB Real Estate Assessment

Private equity funds | separate accounts | private + public REITs | JVs & club deals



# ESG Engagement Drivers

Top down, bottom up



G R E S B

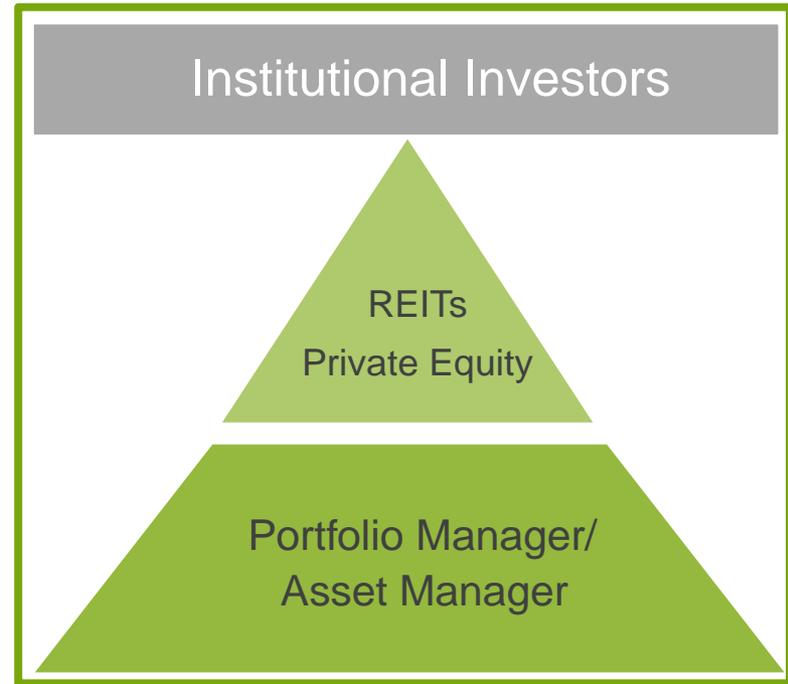


Capital Market

Company

Portfolio

Building



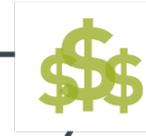
Institutional Investors

REITs  
Private Equity

Portfolio Manager/  
Asset Manager

Property Manager/  
Facility Manager

**REAL ESTATE DEVELOPERS**



**INSTITUTIONAL INVESTORS**

**STRUCTURED COMMUNICATION**



**PORTFOLIO OWNERS**



2017 Developer Assessment

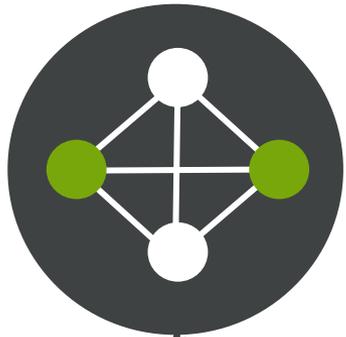
Pre-release January 17, 2017

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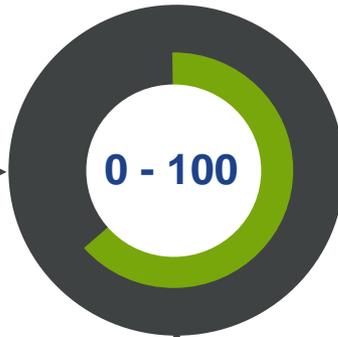
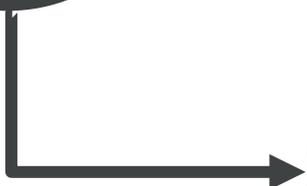
# GRESB Competencies

Understanding and improving ESG performance



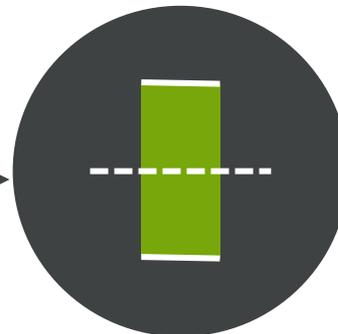
## Systematic assessment

companies | funds | separate accounts | JVs



## Objective scoring

ESG performance

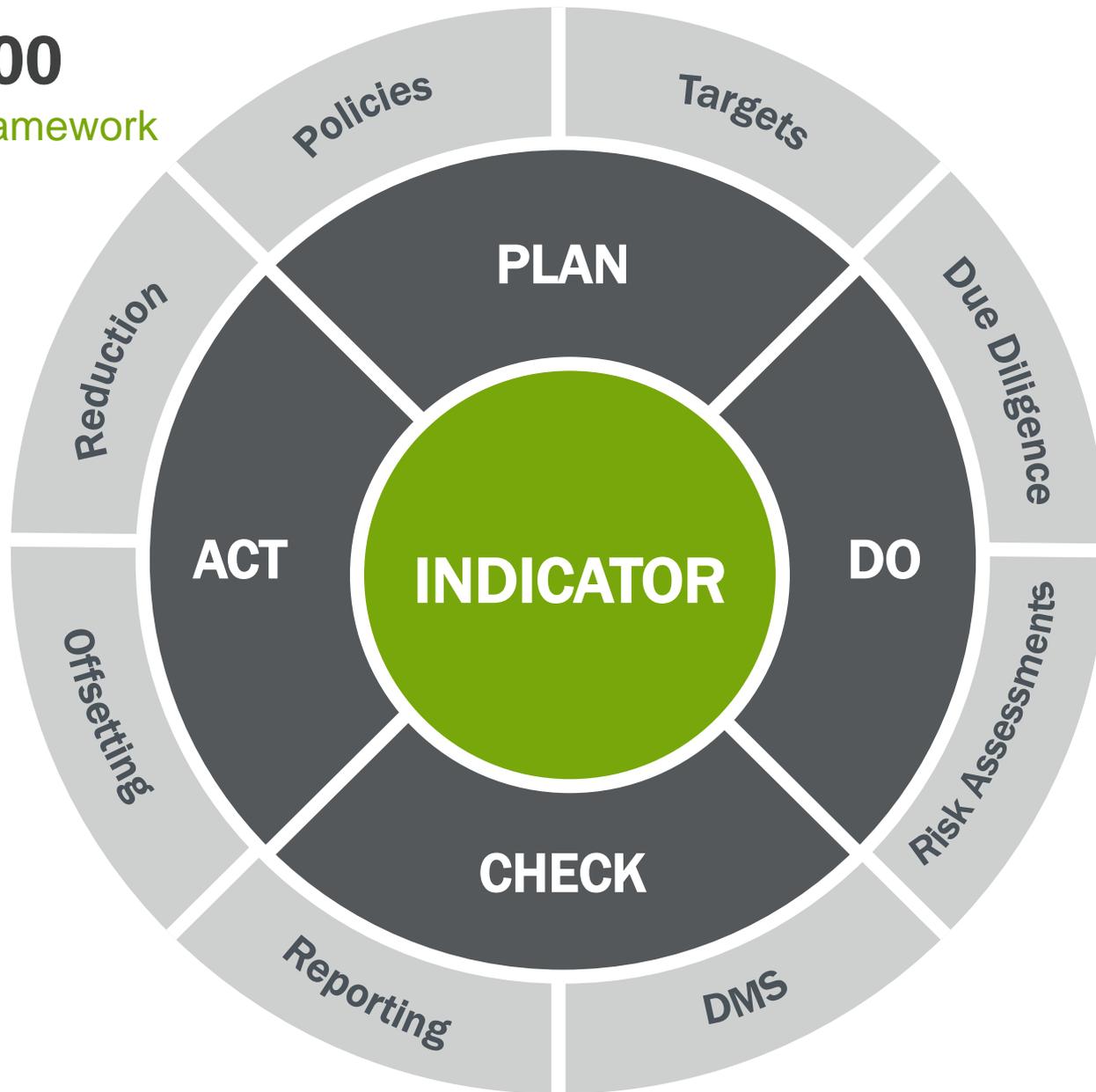


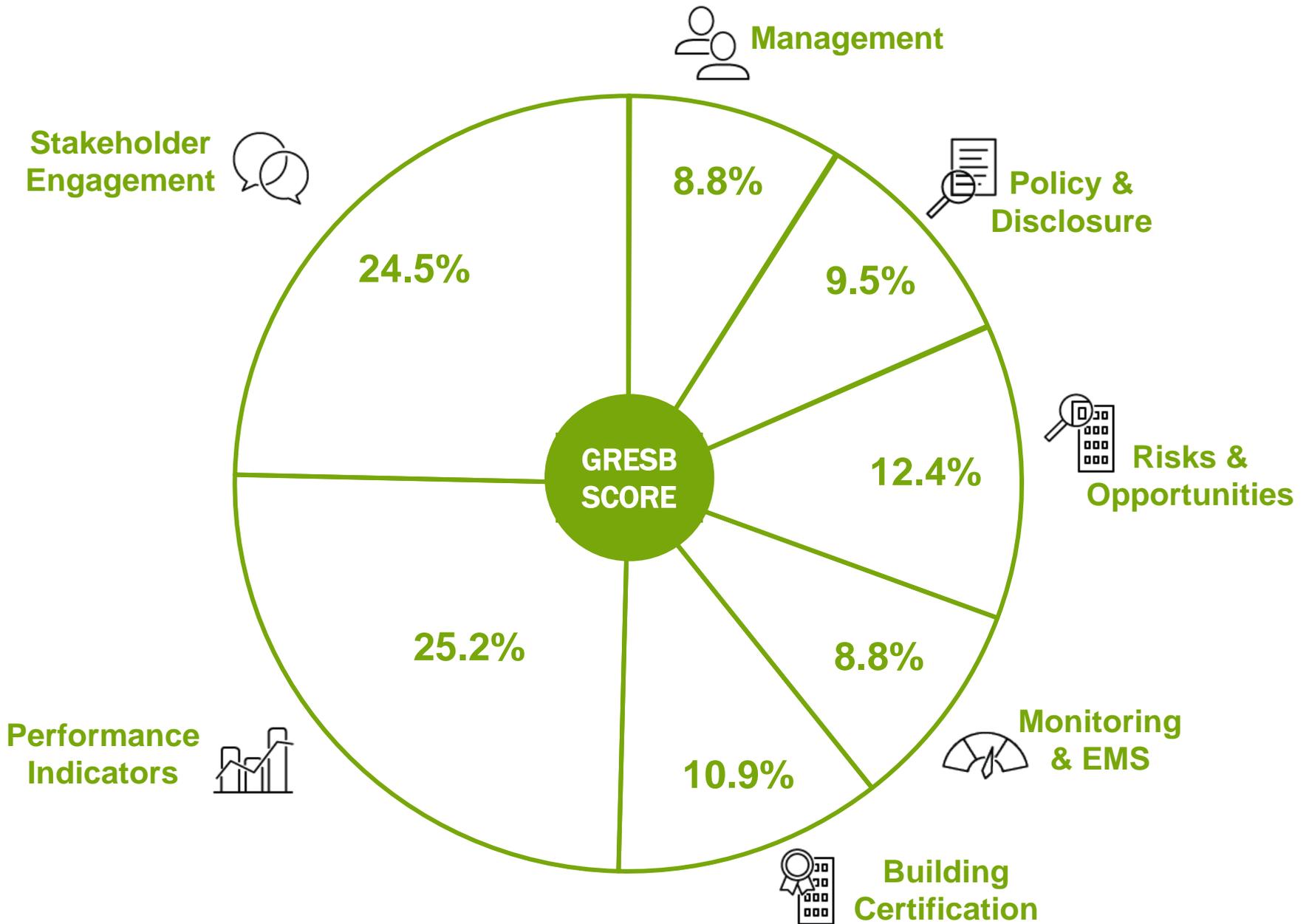
## Peer benchmarking

differentiate market participants

# ISO 14000

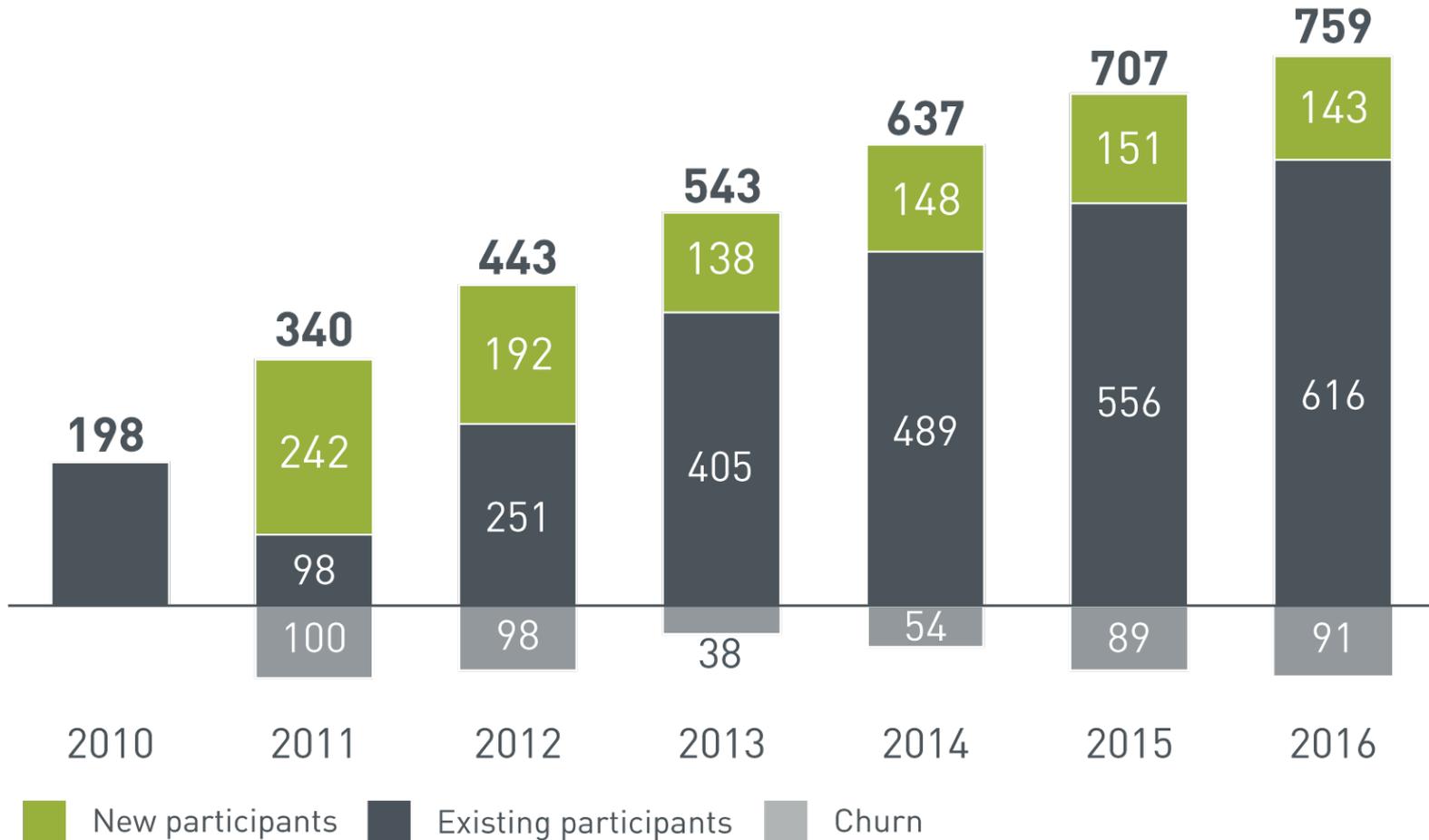
Systematic framework





# 2016 GRESB Participants

~ 200 listed property companies | ~500 private equity funds



# Global in Scope

2016 industry coverage



**759 Entities**



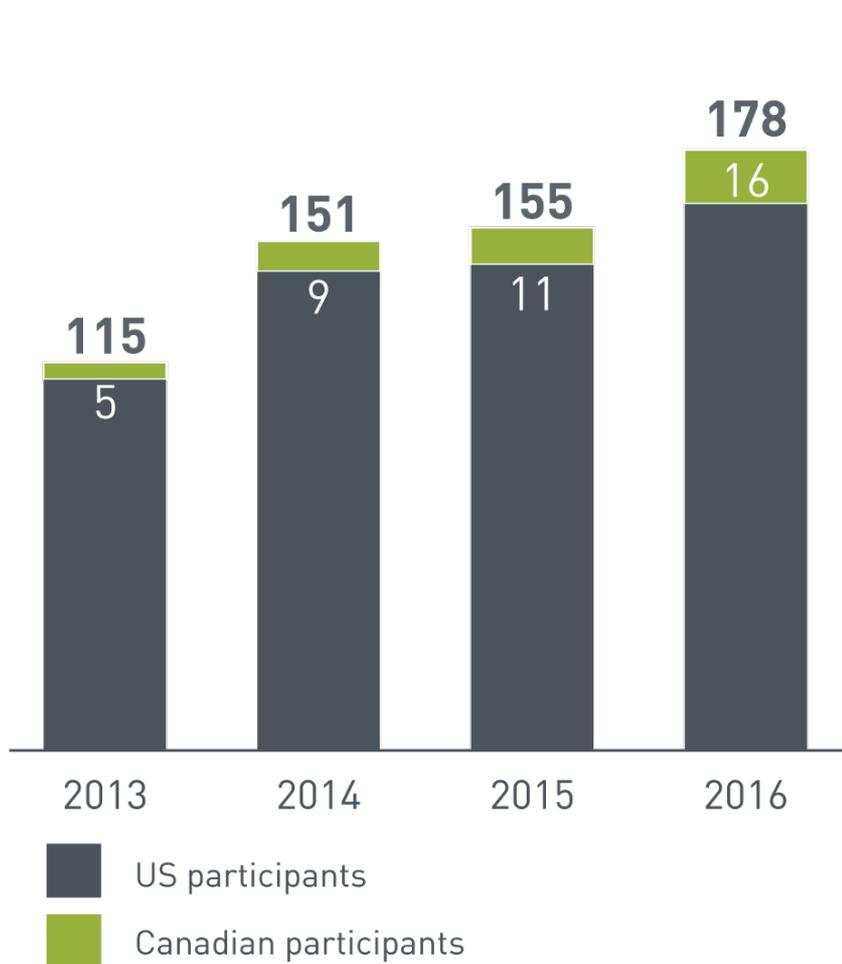
**63 Countries**



**66,000 Assets**

# North America 2016 Participation

## United States and Canada

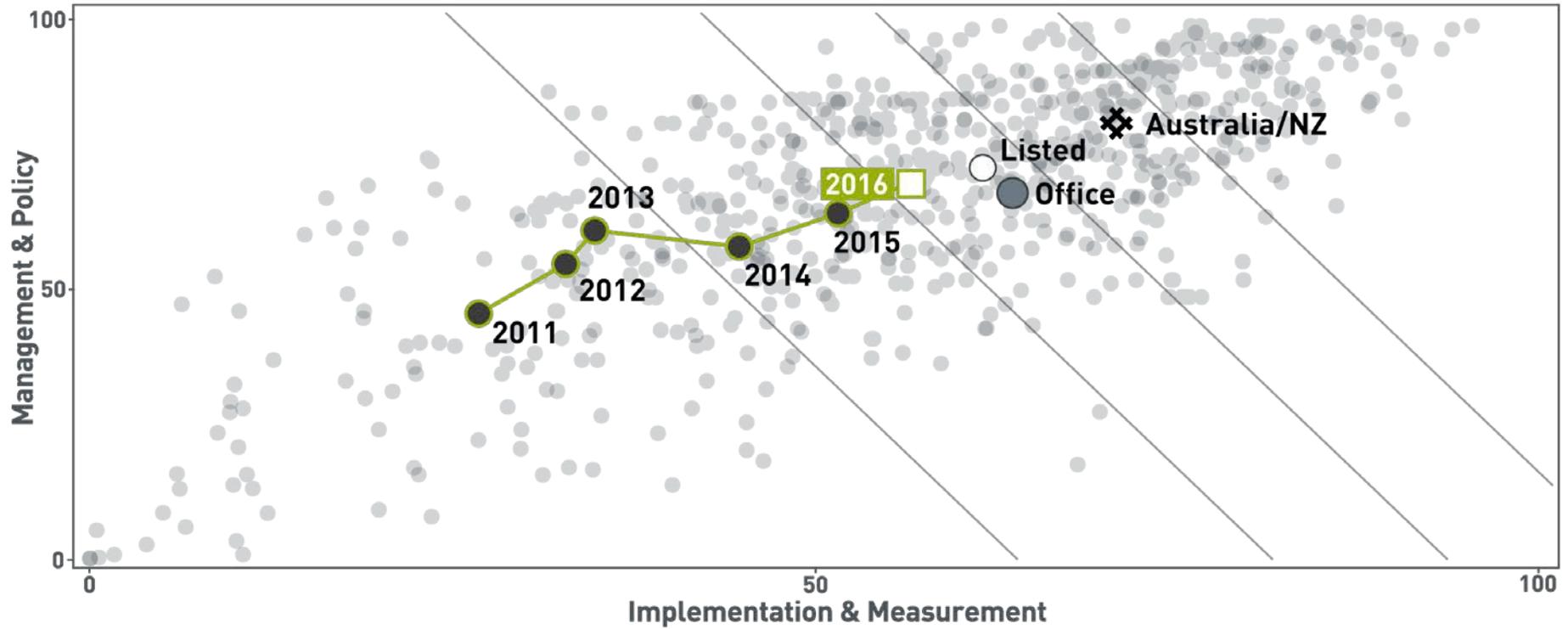


AEW Capital Management  
 Alberta Investment Mgmt  
 American Realty Advisors  
 AMP Capital Investors  
 Avison Young  
 Bentall Kennedy Group  
 BlackRock  
 Blackstone  
 Brookfield  
 Carr Properties  
 CBRE Global Investors  
 CIM Group  
 Clarion Partners  
 Colony Capital, Inc.  
 Commonwealth Partners  
 Cornerstone Real Estate  
 DivcoWest  
 Exeter Property Group  
 Federal Capital Partners  
 Federal Realty Trust  
 Greystar  
 GTIS Partners  
 GWL Realty Advisors  
 Harrison Street  
 Heitman  
 Invesco Real Estate  
 Investa  
 Ivanhoe Cambridge  
 J.P. Morgan Asset Management  
 Jamestown Properties  
 Jonathan Rose Companies

KingSett Capital  
 LaSalle Investment Management  
 MacFarlane Partners  
 Madison Marquette  
 Manulife / John Hancock  
 MetLife Investment Management  
 Minto Group  
 Moorfield Investment Management  
 Morgan Stanley  
 National Real Estate Advisors LLC  
 Normandy Real Estate Partners  
 Ontario Teachers' Pension Plan  
 Oxford Properties Group  
 PGIM Real Estate  
 Pine Tree  
**Principal Real Estate Investors**  
 Prologis  
 Rockefeller Group  
 RXR Realty  
 Savanna Funds  
 Sentinel Real Estate  
 Shorenstein Properties  
 Standard Life Investments  
 TA Realty  
**TIAA | Henderson Real Estate**  
 Time Equities  
 Tishman Speyer  
 Triovest  
 UBS Global Asset Management  
 USAA Real Estate

# Industry Results

Scoring and benchmarking ESG performance



# Competitive Differentiation

Harnessing market-based competition



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# Thank You

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