



# Managing Risk, Enhancing Returns

NABERSNZ Event



# GRESB Real Estate

Assessing and benchmarking ESG performance



PROPERTY COMPANIES | REITs | FUND MANAGERS | DEVELOPERS

# GRESB Investor Members



**Institutional Capital:  
+USD 22 trillion  
(...and counting)**



# Trends in Sustainability

# Global ESG Trends

## **#1: Responsible investing is the new normal**

Concept of “fiduciary duty” has evolved to include ESG as an integral consideration in institutional investment decision-making

## **#2: Rise of mainstream impact investing**

Impact investing is becoming a mainstream investment strategy, aiming to create positive social and/or environmental outcomes while delivering competitive returns

## **#3: Focus on climate: disclosure, action, impact**

Real estate managers are expected to enhance climate-related financial disclosures, set net zero carbon targets, and reduce negative environmental impacts

# Responsible Investing

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“Responsible investment is an approach to investing that aims to incorporate environmental, social and governance factors, to better ***manage risk*** and ***generate sustainable, long-term returns***”

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# Managing Risk...

## Stresses & Shocks

**Environmental**

**Social**

**Physical**

**Economic**

**Technological**

**Regulatory**



## Impact Real Estate Sector

**Asset Value**

**Employees**

**Tenants**

**Environment**

**Communities**

**Businesses**

**Supply Chain**

# ...While Generating Competitive Returns

## Sustainable Real Assets



### General Benefits

- Regulatory compliance
- Reduced environmental impact (i.e., carbon emissions)
- Increased asset resilience to climate change
- Improved occupant health, well-being, and productivity



### Financial Benefits

- Lower operating costs
- Higher rental level potential
- Lower vacancy levels
- Higher capital values
- Increased asset liquidity
- Access to “green” capital





**Climate: Disclosure, Action, Impact**

# International Climate Initiatives

Global commitment aimed at climate action



# Relevance for Real Estate

Environmental impact of the built environment



40%



30%



20%



30%

# Green Building Rating Tools

Enhancing disclosure, driving action, generating impact

**Disclosure**



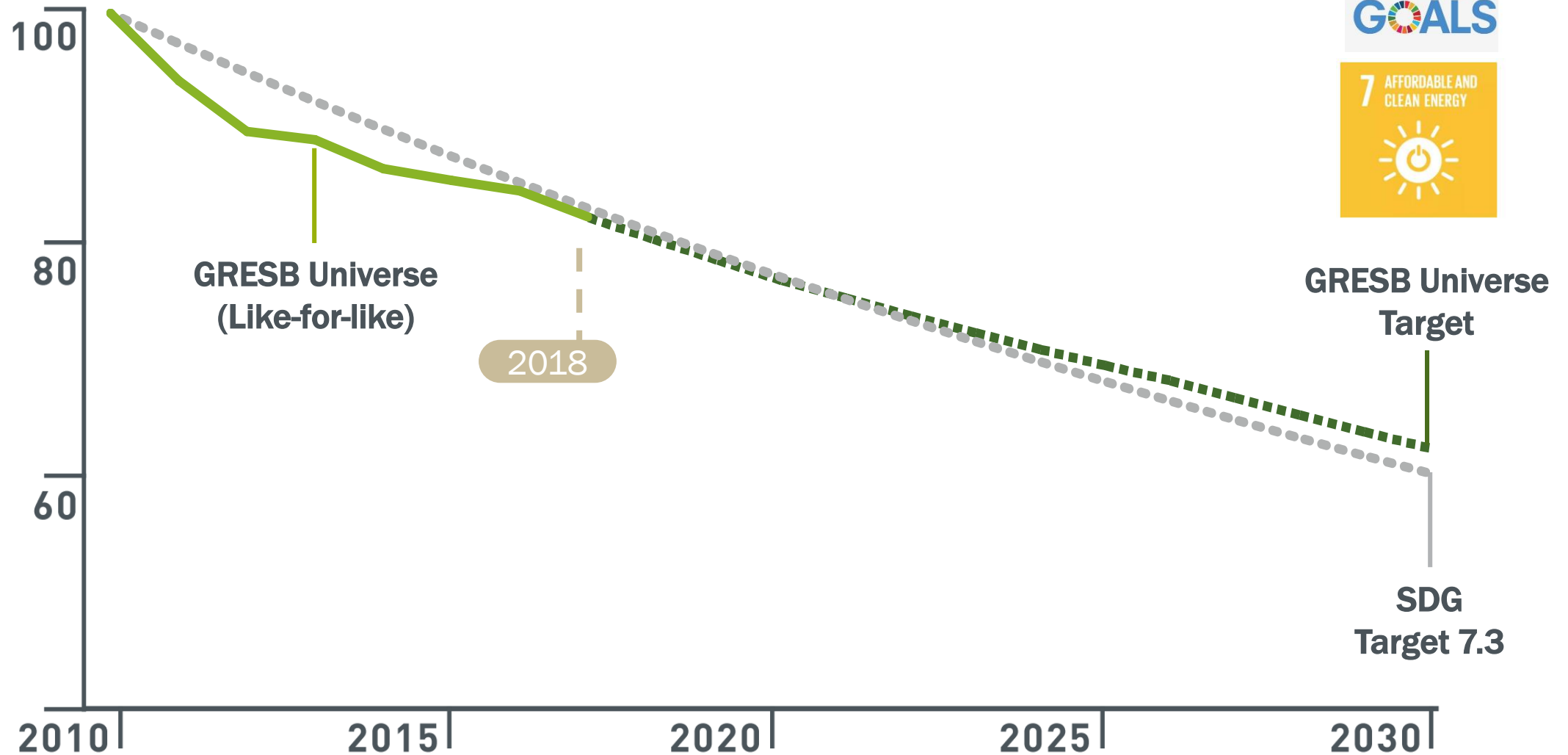
**Action**



**Impact**

# Energy Efficiency Improvements

Measure and monitor sector's alignment with science based targets



GRESB Universe  
(Like-for-like)

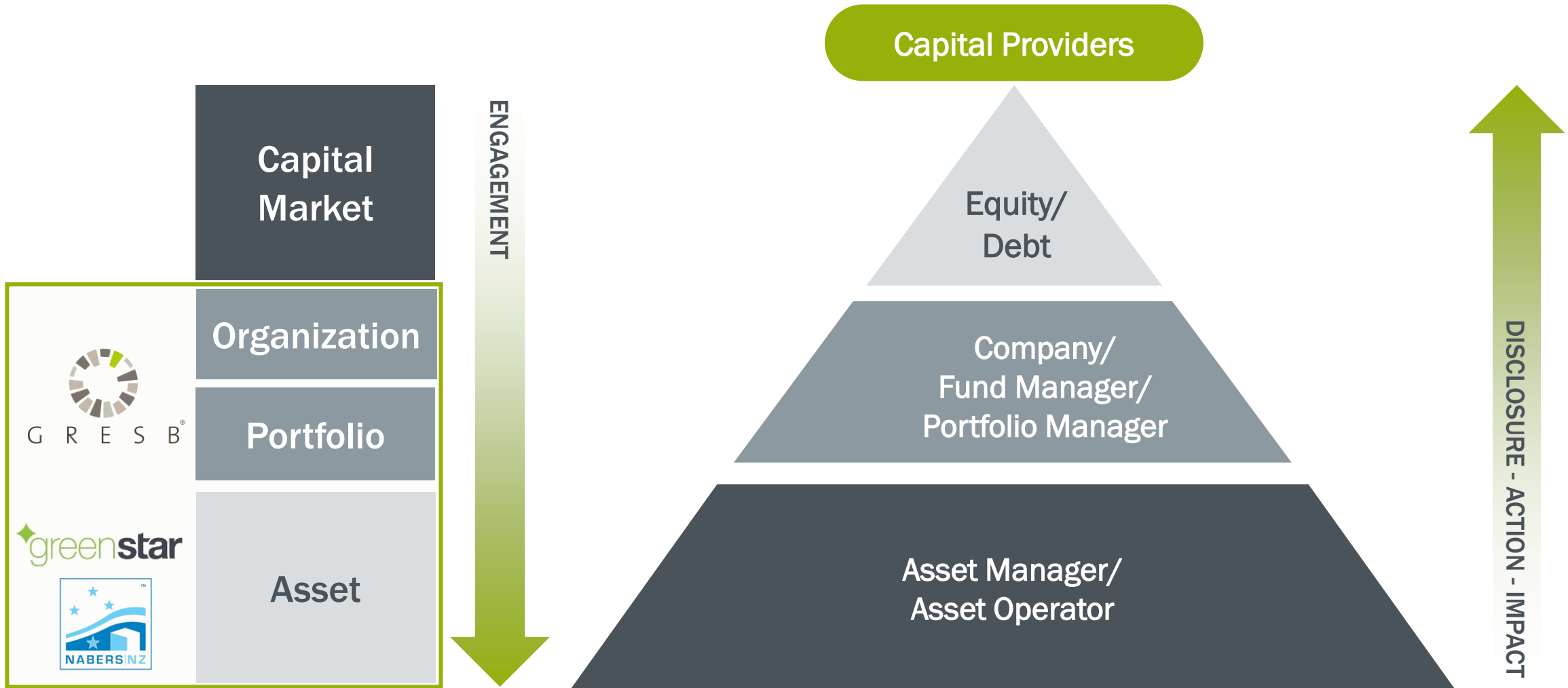
2018

GRESB Universe  
Target

SDG  
Target 7.3

# Driving Positive Market Transformation

Top-down engagement leads to bottom-up commitment



# Managing Risk, Enhancing Returns

Commitment to ESG provides a positive business case

**INREV**

*“A 10 point higher GRESB Score corresponds with 34 basis points higher annual fund return”*



*“REITs with higher GRESB ratings deliver higher returns per unit of risk”*



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