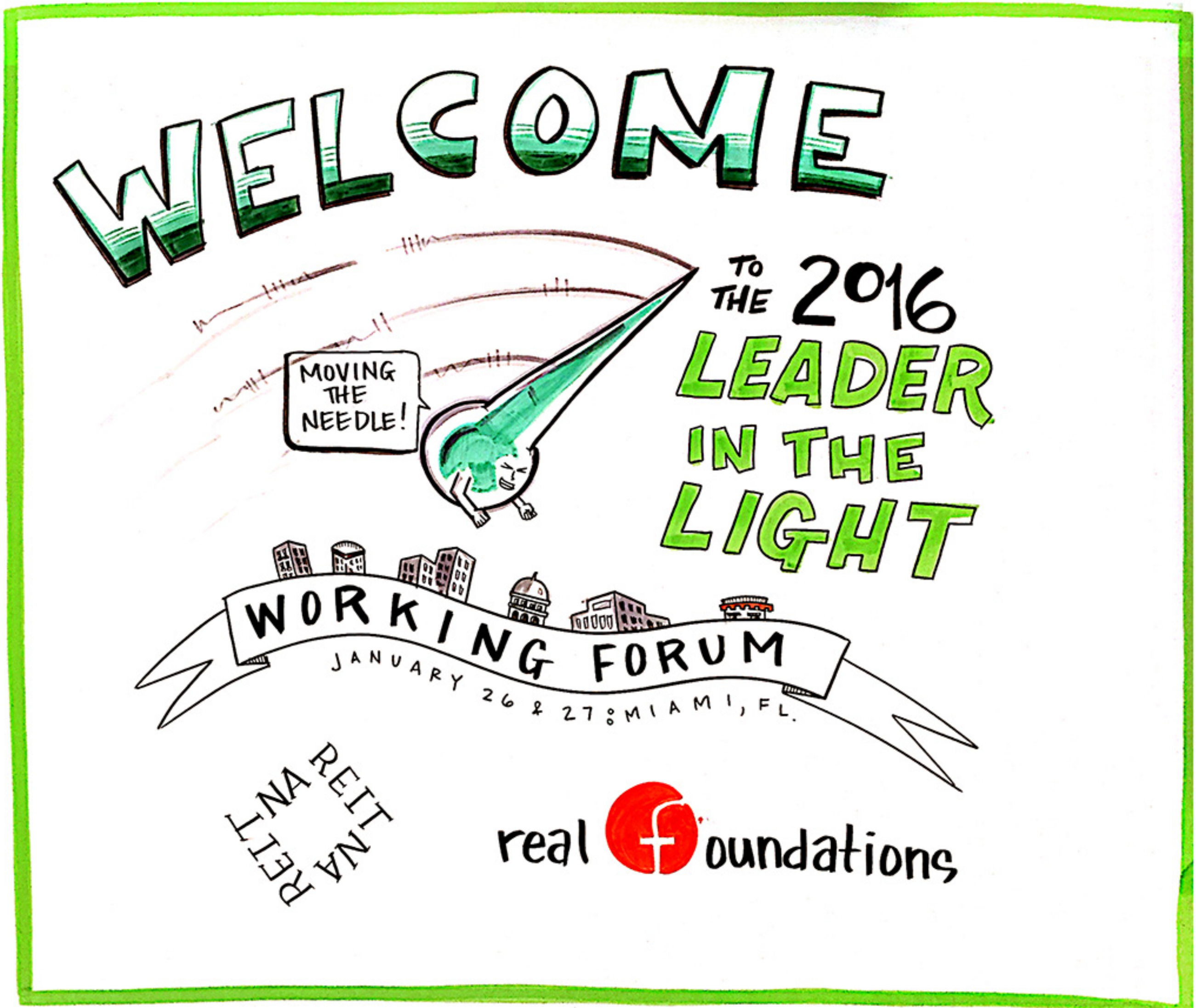
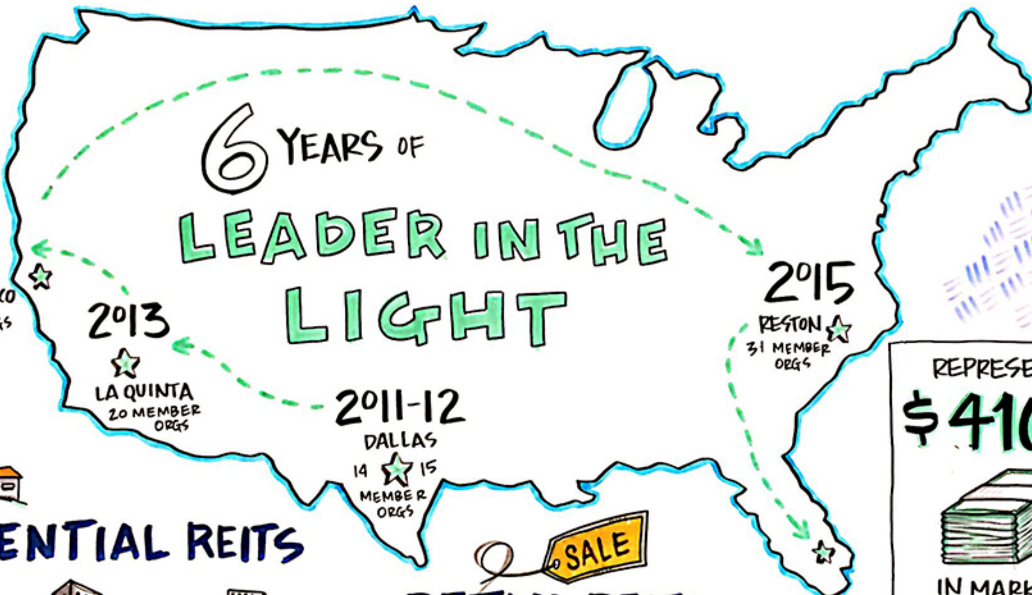

WELCOME
TO THE 2016
LEADER IN THE LIGHT
MOVING THE NEEDLE!
WORKING FORUM
JANUARY 26 & 27 : MIAMI, FL.
NAREIT
NAREIT
real foundations

WHO IS IN the ROOM?



2016
COCONUT GROVE
40 MEMBER ORGS

REPRESENTING
$410 BN
IN MARKET CAP.

DIVERSIFIED REITS

- $55.36 BN MARKET CAP.
- 1,950 BUILDINGS
- 420.7 M SQ. FT. OF GLA

HEALTHCARE REITS

- $63.2 BN MARKET CAP.
- 4,418 BUILDINGS
- 58.7 M SQ. FT. OF GLA

INDUSTRIAL & OFFICE REITS

- $76 BN MARKET CAP
- 5,714 BUILDINGS
- 1.13 BN SQ. FT. GLA

LODGING & RESORT REITS

- $15.6 BN MARKET CAP
- 198 PROPERTIES
- 75,700 ROOMS

RESIDENTIAL REITS

- $50.3 BN MARKET CAP
- 674 PROPERTIES
- 192,200 UNITS

RETAIL REITS

SALE

- $12.6 BN MARKET CAP
- 1,870 PROPERTIES
- 611 M SQ. FT. GLA

TIMBER REITS:

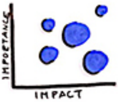
- $21.6 BN MARKET CAP
- 40.5 M ACRES

DAY 1

- ACCOUNTABILITY LEADING PRACTICES/TOOLKIT
- REIT INVESTOR PANEL
- GRESB 2015 & 2016 SURVEY
- DATA/SCOREKEEPING TRENDS
  - ~BLOOMBERG
  - ~SUSTAINALYTICS

DAY 2

- GRESB on the HORIZON
- SASB PROPOSED STANDARDS OVERVIEW
- IMT REGULATORY UPDATE
- ACCOUNTABILITY WORKING SESSIONS

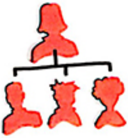


MATERIALITY

RELATES to IDENTIFYING and PRIORITIZING the MOST RELEVANT SUSTAINABILITY ISSUES, TAKING into ACCOUNT the EFFECT EACH ISSUE HAS on the ORGANIZATION and STAKEHOLDERS.

STAKEHOLDER ENGAGEMENT

MAXIMIZING SUCCESS REQUIRES NEW CHAMPIONS, FOSTERING the ENCOURAGEMENT of EXISTING SUPPORTERS, and MANAGING the RELATIONSHIPS of ALL STAKEHOLDERS.



ORG. STRUCTURE

WHERE SUSTAINABILITY SITS in an ORGANIZATION — THE FUNCTIONS to WHICH THEY REPORT and HAVE ACCESS — INFLUENCES the EFFECTIVENESS of SUSTAINABILITY EFFORTS.

COLLABORATION

WORKING TOGETHER to REALIZE SHARED GOALS by EXCHANGING KNOWLEDGE, SOLVING PROBLEMS, and BUILDING CONSENSUS.

STANDARDS, RATINGS, and FRAMEWORKS

THE USE of STANDARDIZED TOOLS and FRAMEWORKS FACILITATES (BUT DOESN'T ALWAYS STREAMLINE) COMMUNICATION, DISCLOSURE, and the PURSUIT of RECOGNITION for SUSTAINABILITY EFFORTS.

GOAL SETTING

SETS and SOLIDIFIES PRIORITIES ACROSS the ORGANIZATION, INCREASING PERFORMANCE, ACCOUNTABILITY and VISIBILITY.

SPENDING

THE STRATEGIC ALLOCATION of RESOURCES THROUGH SUSTAINABILITY BUDGETING or OTHER SPENDING PLANS is CRITICAL in a FIELD with LONG-TERM RISKS and LIMITED RESOURCES.

DATA COLLECTION and ANALYTICS

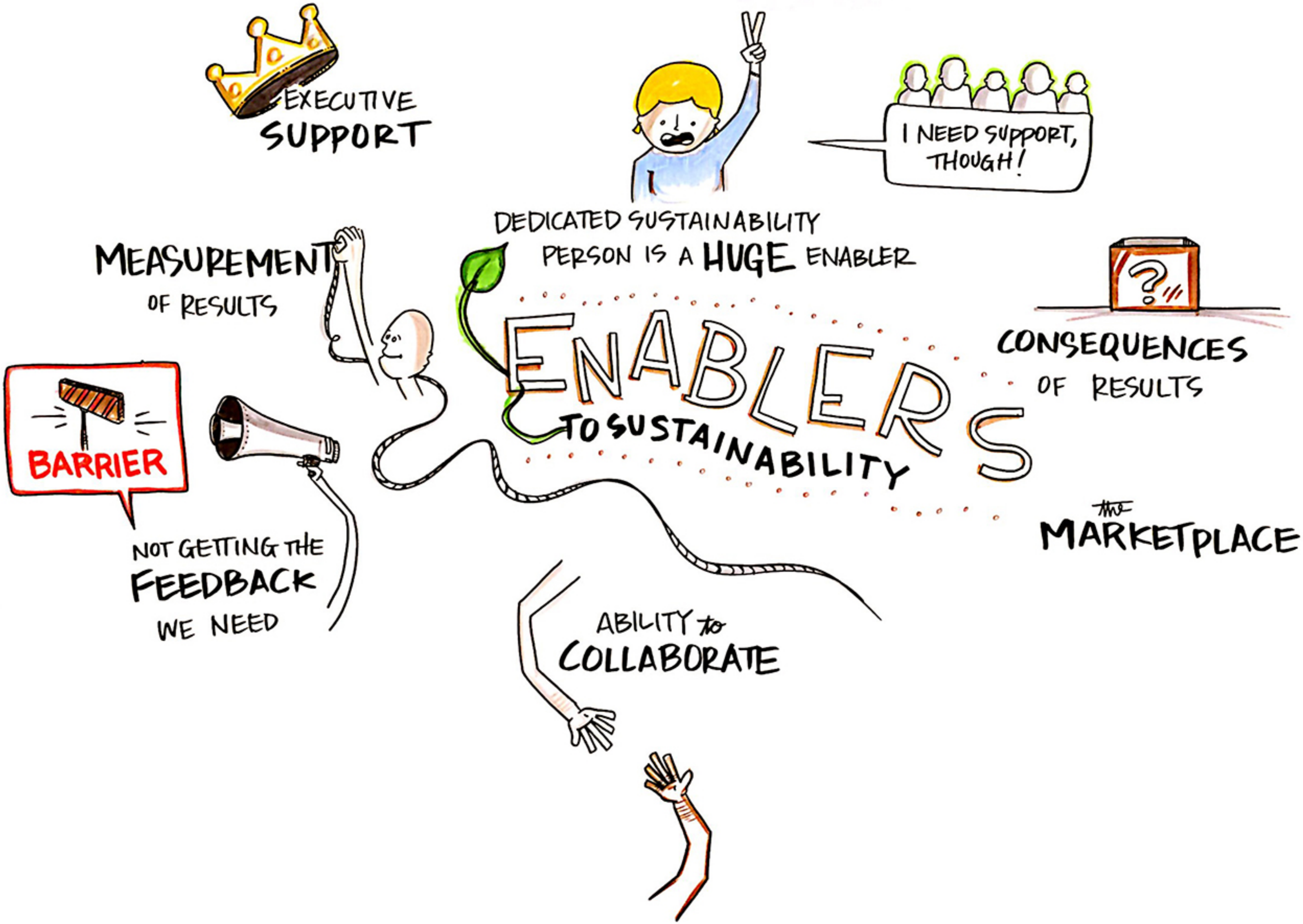
THE COLLECTION and USE of DATA on ENVIRONMENTAL, SOCIAL, and GOVERNANCE PERFORMANCE is CENTRAL to SUSTAINABILITY EFFORTS to ALL REITS REQUIRED for DEMONSTRATING ROI, ASSESSING OPPORTUNITIES, and OPTIMIZING STRATEGIES.

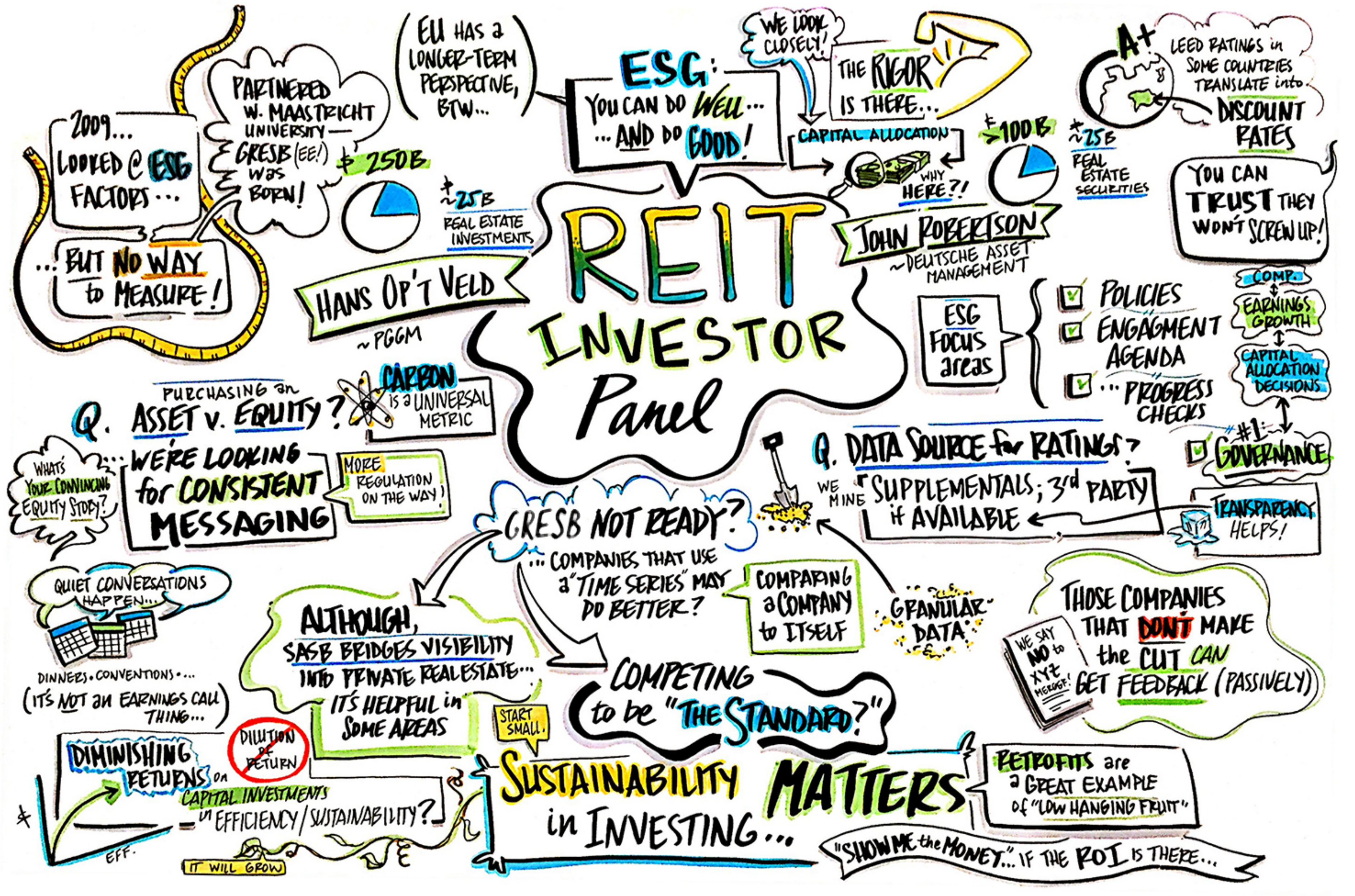
RESILIENCE

ASSESSMENT and MGMNT. of the UNIVERSE of PHYSICAL, SOCIAL, and ENVIRONMENTAL RISKS as THEY EVOLVE... MITIGATING FUTRE RISKS.

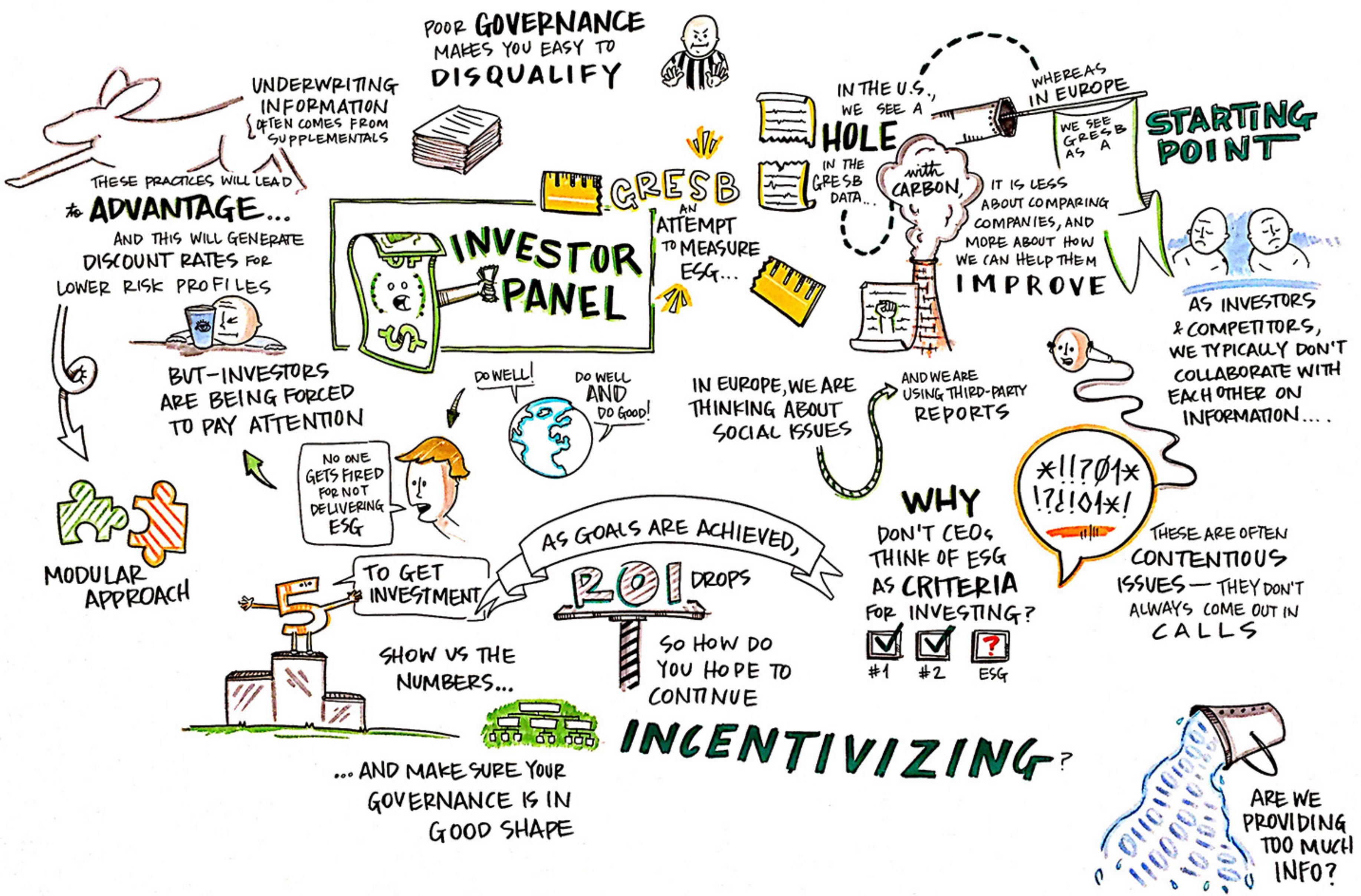
OCCUPANT HEALTH + WELLBEING

BUILDINGS HAVE the POTENTIAL to BE a LARGE POSITIVE or NEGATIVE INFLUENCE on the HEALTH of THEIR OCCUPANTS. IMPROVING the IMPACT of REALESTATE on PEOPLE is a GROWING INTEREST as MORE SIGNIFICANT RETURNS CONTINUE to be FOUND.

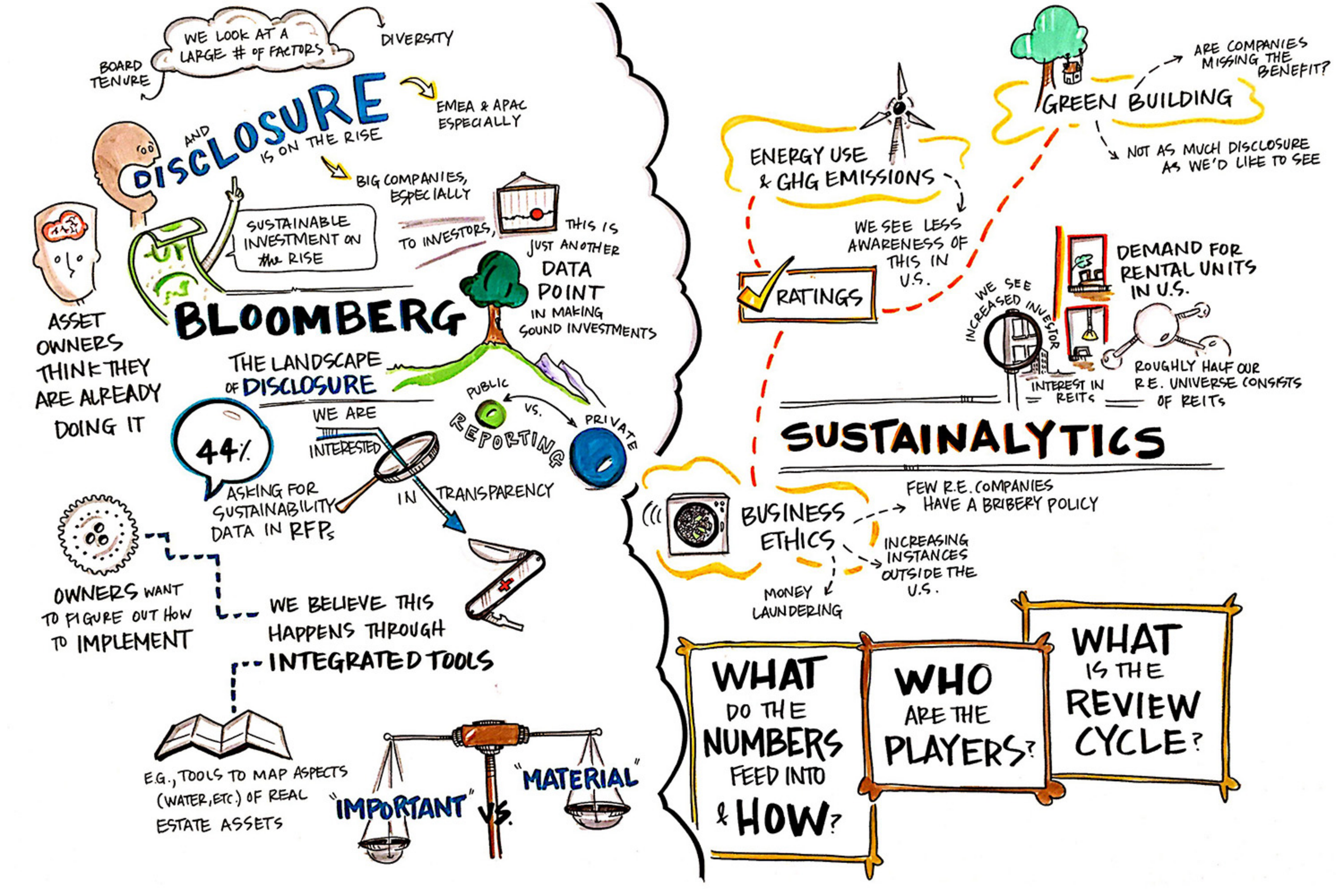

EXECUTIVE SUPPORT
I NEED SUPPORT, THOUGH!
DEDICATED SUSTAINABILITY PERSON IS A HUGE ENABLER
MEASUREMENT OF RESULTS
ENABLERS TO SUSTAINABILITY
CONSEQUENCES OF RESULTS
BARRIER
NOT GETTING THE FEEDBACK WE NEED
the MARKETPLACE
ABILITY to COLLABORATE



REIT INVESTOR Panel
ESG: YOU CAN DO WELL... ...AND DO GOOD!
EU HAS a LONGER-TERM PERSPECTIVE, BTW...
PARTNERED W. MAASTRICHT UNIVERSITY — GRESB (EE!) was BORN!
2009... LOOKED @ ESG FACTORS...
...BUT NO WAY to MEASURE!
$ 250B
$ ~25B REAL ESTATE INVESTMENTS
HANS OP'T VELD ~PGGM
WE LOOK CLOSELY!
THE RIGOR IS THERE...
CAPITAL ALLOCATION
WHY HERE?!
$ 100B
$ ~25B REAL ESTATE SECURITIES
JOHN ROBERTSON ~DEUTSCHE ASSET MANAGEMENT
A+
LEED RATINGS in SOME COUNTRIES TRANSLATE into DISCOUNT RATES
YOU CAN TRUST THEY WON'T SCREW UP!
ESG FOCUS areas
POLICIES
ENGAGMENT AGENDA
...PROGRESS CHECKS
#1: GOVERNANCE
COMP. ↕ EARNINGS GROWTH ↕ CAPITAL ALLOCATION DECISIONS
Q. PURCHASING an ASSET v. EQUITY?
CARBON is a UNIVERSAL METRIC
WHAT'S YOUR CONVINCING EQUITY STORY?
...WE'RE LOOKING for CONSISTENT MESSAGING
MORE REGULATION ON THE WAY!
Q. DATA SOURCE for RATINGS?
WE MINE SUPPLEMENTALS; 3rd PARTY if AVAILABLE
TRANSPARENCY HELPS!
GRESB NOT READY?
...COMPANIES THAT USE a "TIME SERIES" MAY DO BETTER?
COMPARING a COMPANY to ITSELF
GRANULAR DATA
QUIET CONVERSATIONS HAPPEN...
DINNERS • CONVENTIONS • ...
(IT'S NOT an EARNINGS CALL THING...
ALTHOUGH, SASB BRIDGES VISIBILITY INTO PRIVATE REAL ESTATE... IT'S HELPFUL in SOME AREAS
COMPETING to be "THE STANDARD?"
THOSE COMPANIES THAT DON'T MAKE the CUT CAN GET FEEDBACK (PASSIVELY)
WE SAY NO to XYZ MERGE!
START SMALL.
DIMINISHING RETURNS on CAPITAL INVESTMENTS in EFFICIENCY/SUSTAINABILITY?
DILUTION of RETURN
$
EFF.
IT WILL GROW
SUSTAINABILITY MATTERS in INVESTING...
RETROFITS are a GREAT EXAMPLE of "LOW HANGING FRUIT"
"SHOW ME the MONEY"... IF THE ROI is THERE...


POOR GOVERNANCE MAKES YOU EASY TO DISQUALIFY
UNDERWRITING INFORMATION OFTEN COMES FROM SUPPLEMENTALS
THESE PRACTICES WILL LEAD to ADVANTAGE...
AND THIS WILL GENERATE DISCOUNT RATES FOR LOWER RISK PROFILES
BUT-INVESTORS ARE BEING FORCED TO PAY ATTENTION
MODULAR APPROACH
INVESTOR PANEL
GRESB
AN ATTEMPT TO MEASURE ESG...
IN THE U.S., WE SEE A HOLE IN THE GRESB DATA...
WHEREAS IN EUROPE WE SEE GRESB AS A
STARTING POINT
with CARBON, IT IS LESS ABOUT COMPARING COMPANIES, AND MORE ABOUT HOW WE CAN HELP THEM IMPROVE
AS INVESTORS & COMPETITORS, WE TYPICALLY DON'T COLLABORATE WITH EACH OTHER ON INFORMATION....
DO WELL!
DO WELL AND DO GOOD!
NO ONE GETS FIRED FOR NOT DELIVERING ESG
IN EUROPE, WE ARE THINKING ABOUT SOCIAL ISSUES
AND WE ARE USING THIRD-PARTY REPORTS
!!?01 !?!!01*!
THESE ARE OFTEN CONTENTIOUS ISSUES — THEY DON'T ALWAYS COME OUT IN CALLS
WHY DON'T CEOs THINK OF ESG AS CRITERIA FOR INVESTING?
#1
#2
ESG
AS GOALS ARE ACHIEVED, ROI DROPS
TO GET INVESTMENT
SHOW US THE NUMBERS...
SO HOW DO YOU HOPE TO CONTINUE INCENTIVIZING?
...AND MAKE SURE YOUR GOVERNANCE IS IN GOOD SHAPE
ARE WE PROVIDING TOO MUCH INFO?

51 INSTITUTIONAL INVESTORS; $6.1 TRILLION
MGT. & POLICY
IMPLEMENTATION & MEASUREMENT
THINGS GET BETTER WITH GRESB!
POLICIES
MONITORING
KPIs
ENGAGEMENT
COMPLIANCE
THEY DO THINGS BETTER!
GRESB SURVEY
~CHRIS PYKE
~DAN WINTERS
TIME SERIES HISTORICAL DATA introduced in 2015
ENERGY STORAGE
INVESTMENTS
ESG - HERE to STAY
DATA QUALITY
Trends
96% DESIGNATED RESP. INDIVIDUAL
-3.0% in GHG EMISSIONS
-2.0% in ENERGY USE
HEALTH and WELL BEING
2016 PREVIEW
★ ≤ 20% CHANGES
★ GREATER FOCUS on GOVERNANCE
★ BETTER TECHNICAL/ASSESSMENT QUESTIONS
★ ↑ AUTOMATED DATA FEEDS
HOW GOOD?
ABSOLUTE VALUE
HOW GOOD ARE YOU, RELATIVE to PEERS?
? PREREQUISITES?
?CODE of CONDUCT?
?DIGITAL SIGN OFF ENOUGH?
TRANSPARENCY v. PERFORMANCE?
to an INTERNAL BUSINESS INTEL TOOL
BREAK DOWN YOUR COMPANY SUBMISSIONS,
SEGREGATE by:
GEOGRAPHY
SERVICE TYPE
...
a WAY to GET MORE GRANULAR VIEW on DATA w/o REVEALING TOO MUCH ABOUT SPECIFIC FIRMS?


WE LOOK AT A LARGE # OF FACTORS
BOARD TENURE
DIVERSITY
AND DISCLOSURE IS ON THE RISE
EMEA & APAC ESPECIALLY
BIG COMPANIES, ESPECIALLY
SUSTAINABLE INVESTMENT ON the RISE
TO INVESTORS, THIS IS JUST ANOTHER DATA POINT IN MAKING SOUND INVESTMENTS
ASSET OWNERS THINK THEY ARE ALREADY DOING IT
BLOOMBERG
THE LANDSCAPE OF DISCLOSURE
44%
ASKING FOR SUSTAINABILITY DATA IN RFPs
WE ARE INTERESTED IN TRANSPARENCY
PUBLIC VS. PRIVATE
REPORTING
OWNERS WANT TO FIGURE OUT HOW TO IMPLEMENT
WE BELIEVE THIS HAPPENS THROUGH INTEGRATED TOOLS
E.G., TOOLS TO MAP ASPECTS (WATER, ETC.) OF REAL ESTATE ASSETS
"IMPORTANT" VS. "MATERIAL"
ENERGY USE & GHG EMISSIONS
WE SEE LESS AWARENESS OF THIS IN U.S.
RATINGS
GREEN BUILDING
ARE COMPANIES MISSING THE BENEFIT?
NOT AS MUCH DISCLOSURE AS WE'D LIKE TO SEE
DEMAND FOR RENTAL UNITS IN U.S.
WE SEE INCREASED INVESTOR INTEREST IN REITS
ROUGHLY HALF OUR R.E. UNIVERSE CONSISTS OF REITS
SUSTAINALYTICS
BUSINESS ETHICS
FEW R.E. COMPANIES HAVE A BRIBERY POLICY
INCREASING INSTANCES OUTSIDE THE U.S.
MONEY LAUNDERING
WHAT DO THE NUMBERS FEED INTO & HOW?
WHO ARE THE PLAYERS?
WHAT IS THE REVIEW CYCLE?