



G R E S B[®]
REAL ESTATE DEBT

Participant Guide

GRESB REAL ESTATE DEBT PARTICIPANT GUIDE

CONTENTS
Introduction Assessment Process
Key Facts Timeline
Participation Benefits Six Steps to Success
Data Validation Products & Services
GRESB Process & Data Flow

Participating in the 2017 GRESB Debt Assessment

The GRESB Debt Assessment is an ESG engagement, performance assessment and peer benchmarking tool for primary lenders including regional and national banks; insurance companies; private equity debt funds; and mortgage REITs.

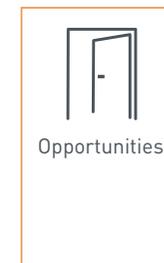
The GRESB Benchmark is specifically tailored to real estate lenders with focus on sustainability actions related to:

- Corporate ESG policies and business unit implementation
- Loan origination, due diligence and stakeholder engagement processes
- Property-level collateral monitoring methods
- Targeted loan programs and asset upgrade financing offerings

The GRESB Debt Assessment results provide opportunities to identify organizational strengths alongside areas for ESG performance improvement, both in absolute terms and relative to peers. Participants utilize their individualized benchmark as an internal and external engagement toolkit to inform forward business planning and stakeholder communication efforts.

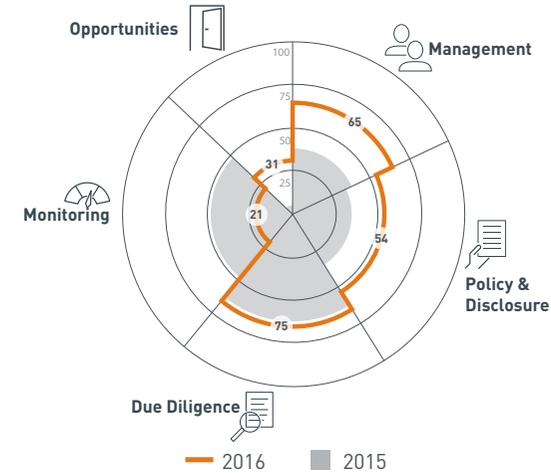
GRESB participants demonstrate a level of commitment to ESG and responsible lending, and maintain critical data on key performance indicators useful to internal and external stakeholder reporting.

GRESB is an investor-driven organization committed to assessing the environmental, social, and governance (ESG) performance of real assets globally. The GRESB framework is used by more than 1,100 property companies, private equity funds and real estate lenders to advance underlying business practices through the lens of sustainability.



ASSESSMENT PROCESS

CONTENTS	
Introduction	
Assessment Process	
Key Facts	
Timeline	
Participation Benefits	
Six Steps to Success	
Data Validation	
Products & Services	
GRESB Process & Data Flow	



The GRESB Debt Assessment is open for participation each year during the second quarter and follows a predictable annual timeline. Upon the submission period close, GRESB constructs peer groups based on geography and organization type, then scores each participant's submission based on the assessment criteria.

Each fall, every participant receives an individual scorecard, available only to you, and the opportunity to acquire a detailed Benchmark Report. The Assessment results provide opportunities to identify organizational strengths alongside areas for ESG performance improvement, both in absolute terms and relative to peers.

Participants utilize their individualized benchmark results to inform forward business planning and stakeholder communication efforts via:

- Management evaluation opportunities
- Gap analysis through the identification of industry best practices
- Due diligence, loan monitoring and risk management process introspection
- Market insights to inform new or enhanced loan products

For mortgage REITs and private equity real estate funds, the GRESB Debt Assessment also serves as an outward facing communication tool to GRESB institutional investor members, and to the capital markets more broadly. Annual GRESB participation communicates commitment to ESG management practices and the level of incorporating sustainability-based techniques into commercial real estate lending.

KEY FACTS

CONTENTS
Introduction Assessment Process
Key Facts Timeline
Participation Benefits Six Steps to Success
Data Validation Products & Services
GRESB Process & Data Flow

The GRESB Debt Assessment is the product of multiple rounds of industry feedback, and posits a significant step forward by offering real estate lenders a robust, global benchmark along with aggregated ESG-oriented market intelligence based on peer participation.

The 2017 GRESB Debt Assessment offers renewed focus on three themes: 1) organizational policies, 2) loan underwriting processes, and 3) property monitoring techniques. Additional assessment measures include detailed focus on high performance building underwriting techniques, the Appraisal Scope of Work, and benchmarking innovation through new loan products including additional debt proceeds targeting property upgrades.

Key Development Highlights

The 2017 Assessment offers greater balance by extending the Opportunities and Monitoring sections to reflect market changes.

- Increased attention to sustainability-related performance metrics within lending decision-making
- Improved indicator structure allowing participants greater context describing policy implementation and lending practices
- New GRESB Portal functionalities designed to reduce time when completing the 2017 Assessment with proper supporting evidence

Assessment Aspects

The 2017 Assessment includes 30 indicators split across five aspects that cover lending-related activity:

Management:

Focuses on how the organization addresses sustainability implementation in the context of its overall business strategy.

Policy & Disclosure:

Investigates steps taken by each participant to disclose its sustainability performance, and to develop and implement sustainability policies.

Due Diligence:

Emphasizes sustainability considerations as part of property-level and sponsor-specific underwriting practices.

Monitoring:

Determines the integration of sustainability issues within ongoing portfolio monitoring processes, capturing the sustainability performance of the existing loan book.

Opportunities:

Prioritizes lender contributions to market transformation.

2017 TIMELINE



JANUARY
FEBRUARY
MARCH
APRIL
MAY
JUNE
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER

January - February

- Pre-launch of GRESB Debt Assessment
- Last feedback session that ends on February 20th
- GRESB Portal development
- Final preparations for 2017 submission period

March: Assessment Pre-Release

GRESB publishes the Assessment pre-release and alongside the Participant Guide.

April 1: Debt Assessment Opens

- Lenders are invited to participate in the 2016 GRESB Debt Assessment at www.gresb.com
- Following registration, participants receive login details by email
- GRESB Helpdesk support system available to address technical and content-specific issues
- Upon early completion of all Assessment sections, participants have the option to request a high-level Response Check - request deadline is June 15. Check (deadline to request such check is June 15)

July 1: Debt Assessment closes

All submissions must be received by July 1, 2017; GRESB does not accept any submissions received after this date without a pre-arranged waiver.

July 1: Validation process starts

Following submission, GRESB checks and analyzes all participants' Debt Assessment submissions. This process will continue until mid-August. We may contact participants during this time to clarify any outstanding issues.

September: Results Launch

Participants will receive a Scorecard containing the headline results including their overall GRESB score and their score for each of the GRESB Debt Assessment Aspects.

GRESB gives all participants the option to request a Results Review.

October thru December: Consultation Period

- Participants can provide Assessment feedback via industry working groups
- GRESB commences preparation for February 2018 pre-release

PARTICIPATION BENEFITS

CONTENTS
Introduction Assessment Process
Key Facts Timeline
Participation Benefits Six Steps to Success
Data Validation Products & Services
GRESB Process & Data Flow

Better risk management

Embedding sustainability may improve management practices and outcomes related to credit, compliance, reputational and strategic risks.

Early adopter advantages

Better understand your current sustainability performance in relation to your peers and areas where improvement can be made.

Opportunity to shape the future

GRESB technical working groups focus on advancing the Assessment by allowing participants to further discuss related issues and exchange best practices. Feedback opportunities include refinements to underlying aspects, KPI metrics, assessment mechanics, and emerging topics.

Respond to investor demand

Institutional investors increasingly engaging portfolio investments by requesting sustainability-based risk metrics become integrated into lending practices and processes.

Strategic messaging

Be in position to communicate ESG commitment and integration to internal and external stakeholders via a series of key performance indicators.

Peer Grouping and Indicators

The 2017 Debt Assessment consists of 30 indicators that are split into five aspects. Each indicator has specific attributes that participants must complete to receive points.

GRESB requests details on Entity Characteristics [EC] and Reporting Characteristics [RC] used to construct peer groups for proper benchmarking and comparison opportunities. More granular peer groups are constructed once at least six participants sharing similar EC and RC characteristics complete the Assessment.

The 2017 Debt Assessment is accompanied by indicator-specific Reference Guide that includes:

- The intent of each indicator
- Requirements for each response
- Necessary evidence
- Explanation of terminology used
- References to any third-party documents
- Basic scoring information
- The number of points available

SIX STEPS TO SUCCESS

Completing the GRESB Debt Assessment takes internal time and effort. GRESB recommends starting early by getting acquainted with the 30 indicators underlying the Debt Assessment with particular attention to required information utilized during GRESB's post-submission validation process.

The GRESB Debt Assessment is open each year from April 1 to June 30. All participants use the online GRESB Portal located at GRESB.com for completing the Assessment. This six step process describes GRESB's recommended approach for a successful Assessment submission:



DATA VALIDATION

CONTENTS
Introduction Assessment Process
Key Facts Timeline
Participation Benefits Six Steps to Success
Data Validation Products & Services
GRESB Process & Data Flow

GRESB uses all document uploads, URLs and context provided via open text box narratives to validate each participant's response. The purpose of data validation is to encourage and ensure submission of high quality information.

The Debt Assessment follows the three-layer data validation process established by GRESB in 2014. All data submitted by GRESB Debt participants is included in the first two tiers - All Participant Checks and Validation Plus. Randomly selected participants are subject to Validation Interviews. This process ensures all responses are reviewed to yield as comparative benchmark possible.

All Participant Check

- Detailed review of all main indicators for every participant
- Validate each question-by-question response using a primary and secondary review system
- Review open text boxes and uploaded fields, including system providers, industry standards, green building certificates and energy ratings
- Check to confirm the existence of supporting evidence for necessary indicators (hyperlink or uploaded document)

Validation Plus

- Validate supporting evidence provided by all participants
- Engage an in-depth review of all uploads and other supporting evidence to determine applicability to specific indicators
- In cases where no supporting evidence is provided, GRESB will contact the participant requesting this information - failure to provide supporting evidence will affect scoring

Validation Interview

- Random participants are selected for in-depth reviews of all data provided; GRESB performs interviews either in person or via teleconference
- Additional reviews include portfolio characteristics and difficult-to-validate data points

PRODUCTS & SERVICES

CONTENTS
Introduction Assessment Process
Key Facts Timeline
Participation Benefits Six Steps to Success
Data Validation Products & Services
GRESB Process & Data Flow

GRESB Scorecard – every participant receives an individual Scorecard that overviews their GRESB performance. This Scorecard highlights both the absolute performance and the performance relative to peers. Scorecards show sub-category results, highlight areas for improvement, and reveal valuable information for organizations working to implement sustainability practices into lending processes.

GRESB Benchmark Report – for in-depth analysis, a GRESB Benchmark Report provides an up close view of each participant’s sustainability performance alongside detailed indicator-level peer comparisons. This business intelligence helps identify best practices, highlight organizational strengths, uncover improvement opportunities, and inform implementation action plans.

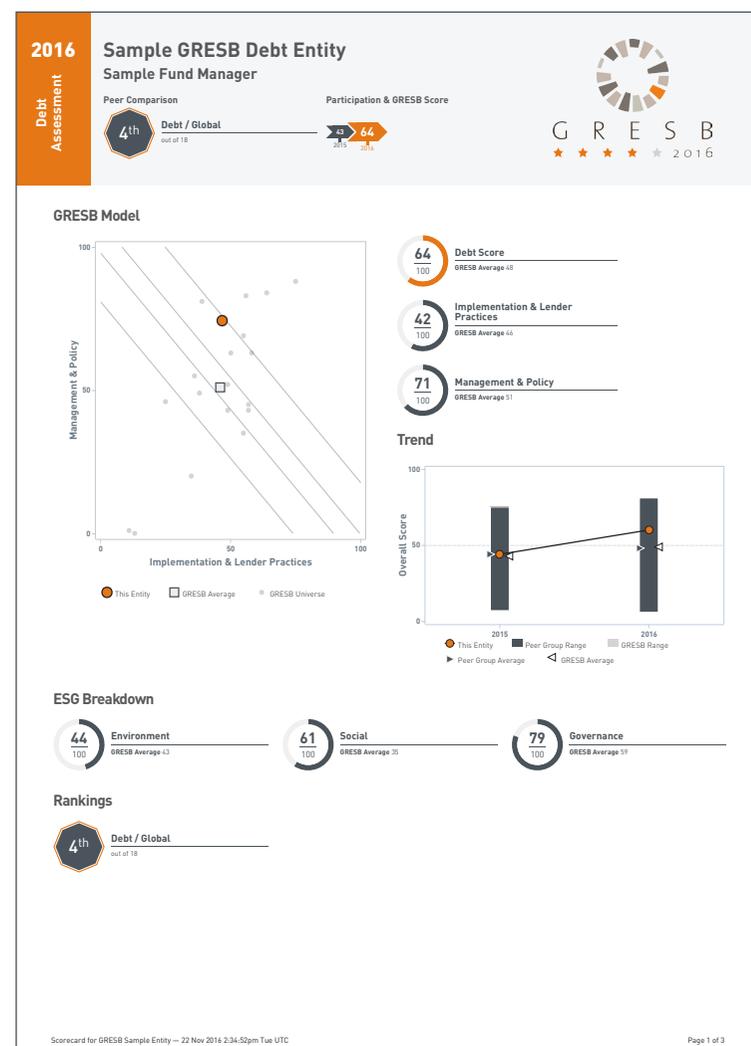
Customized Benchmark Report (available on request) – this report provides further insights through alternative performance comparisons and rankings based on a customized peer group. It provides flexibility to participants that are looking to better understand their relative performance against a self-selected peer group.

Portfolio Analysis Tool – GRESB Members can generate a self-selected benchmark based on geographic region, property type and portfolio composition. GRESB Investor Members gain insight into how each investment contributes to the portfolio’s aggregated ESG performance including individual entity rankings.

Grace Period – GRESB offers first-time participants the option to participate under Grace Period. This allows participants to familiarize themselves with the assessment process, without disclosing results to investors/ shareholders that are GRESB Members. Grace Period participants receive an individual Scorecard and may acquire the Benchmark Report.

Response Check – prior to assessment submission, participants can request a high-level check of a pending response by the GRESB team.

Results Review – participants can request a high-level analysis of their annual results performed by the GRESB team.



[Download a sample Scorecard](#)

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



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