



G R E S B[®]
REAL ESTATE DEBT

PARTICIPANT GUIDE



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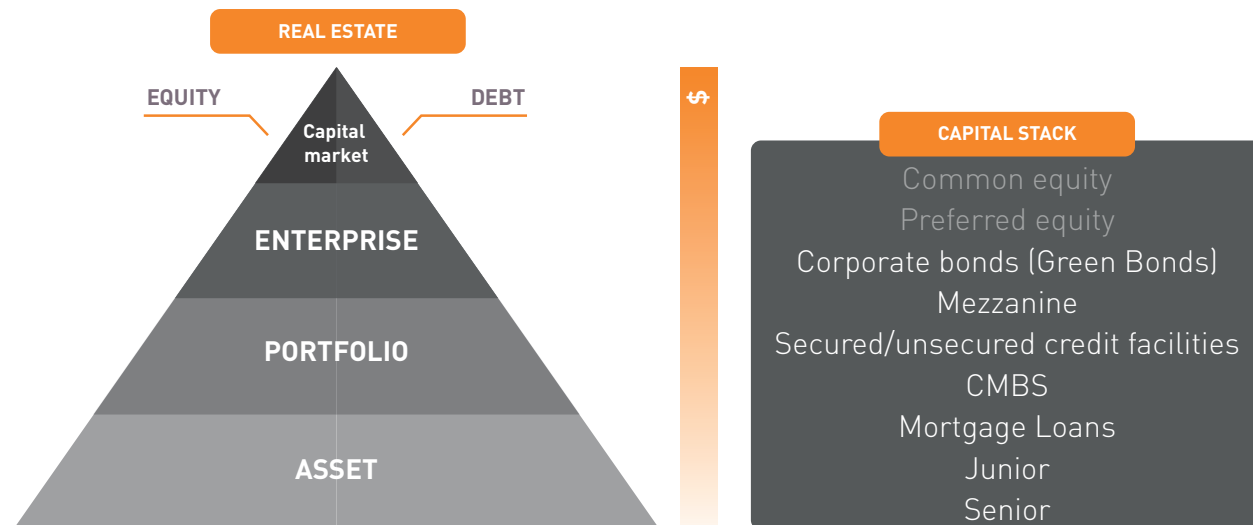
Introduction to GRESB Debt

GRESB is an industry-driven organization committed to assessing the sustainability performance of real assets around the globe, including real estate portfolios (public, private and direct). On behalf of more than 50 institutional investors, GRESB has assessed almost 1,000 property companies and funds globally.

The GRESB Debt Assessment is a sustainability engagement, performance assessment and benchmarking tool for many types of real estate lenders.

Corporate sustainability awareness is evolving toward ESG integration throughout the organization, including real estate finance units. At the same time, real estate debt has emerged as a new asset class as alternative lenders have multiplied, and GRESB Investor Members have increasingly expressed interest in seeing ESG factors incorporated in their debt investments.

The Debt Assessment results provide an opportunity to identify areas in which ESG performance improvement can be made, both in absolute terms and relative to peers. The results act as a toolkit for internal and external stakeholder engagement. Participation communicates commitment to ESG and responsible lending.



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Who participates in the GRESB Debt Assessment?

In 2016, participation will be open to real estate lenders—private and public, traditional and alternative—including, but not limited to, real estate finance units of banks, insurance companies, pension funds, and sovereign wealth funds, as well as private equity real estate debt funds and mortgage REITs. For real estate finance units of larger organizations, GRESB Debt serves as an internal assessment tool capable of strategically directing ESG integration and indicating sustainability engagement and performance relative to peers. For mortgage REITs and private equity real estate funds that identify their primary investment strategy as debt, the assessment serves as an outward-facing benchmark for investor and shareholder reference.

Why participate?

Better risk management

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

Early adopter advantages

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

Opportunity to shape the future of the market and the Debt Assessment

Technical working groups will allow participants to engage in further discussions related to ESG integration in real estate finance and to exchange best practices. There will be many opportunities to provide feedback on the assessment process and content.

Respond to investor demand

Increasingly, institutional investors are engaging with their debt investments and requesting that ESG be integrated into lending practices and processes.

Strategic messaging

Position your organization at the forefront of ESG integration in real estate lending and communicate commitment to internal and external stakeholders.

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The 2016 Debt Assessment

The GRESB Debt Assessment has been specifically tailored to the functions and processes of real estate lenders and has been developed to capture sustainability engagement and performance by focusing on five aspects of lending activity:



Management focuses on how the organization addresses ESG implementation in the context of its overall business strategy



Policy & Disclosure investigates the steps taken by the participant to disclose its ESG performance and to develop and implement sustainability policies



Due Diligence focuses on ESG considerations at the property and borrower/ sponsor level as part of the organization's standard due diligence practice



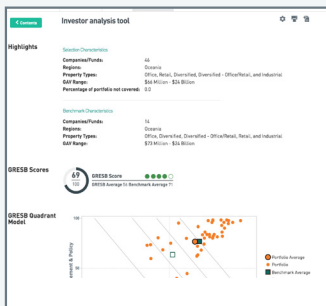
Monitoring & EMS investigates the integration of ESG issues within ongoing portfolio monitoring processes and captures the sustainability performance of the existing loan book



Opportunities focuses on lender contributions to market transformation

What we offer: GRESB products & services

Products

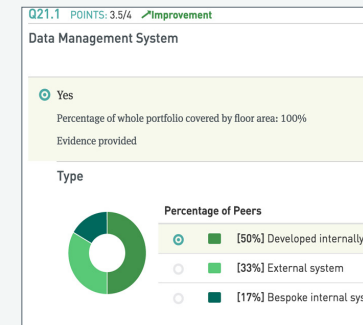


SCORECARDS

Participants' Debt Assessment results are disclosed in a Scorecard that contains an overview of their GRESB performance. This Scorecard highlights both the absolute performance and the performance relative to peers. It also shows results per sub-category, thus highlighting areas for improvement, and contains valuable information for organizations that are starting to implement sustainability practices into their lending processes.

BENCHMARK REPORTS

GRESB's Benchmark Reports provide an in-depth analysis of a participant's ESG performance. In addition to the information in the Scorecard, the Benchmark Report contains a detailed question-by-question comparison with peers. This helps participants to focus on best practices and to develop detailed action plans in order to improve their ESG performance. Customized Benchmark Reports (available upon request) provide an alternative comparison and ranking based on a customized peer group comparison, selected by participants.



What we offer: GRESB products & services

Services



RESPONSE CHECKS

A Response Check is a high-level check of a participant's response by the GRESB team that takes place prior to submission of a Debt Assessment response. It minimizes the risk of errors that could adversely impact Assessment scores.

GRACE PERIOD

GRESB offers first-time participants the option to participate under a Grace Period. This allows debt funds and mortgage REITs to familiarize themselves with the GRESB reporting and assessment process, without disclosing their benchmark results to investors/shareholders that are GRESB Members. Grace Period participants will still be able to use the Scorecard or purchase a Benchmark Report to identify steps to improve their performance.



The Grace Period automatically and indefinitely applies to other lender types using GRESB Debt as an internal assessment tool and guide toward better sustainability performance.



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

GRESB Debt

January - February

- Feedback aggregation, analysis and incorporation into final amendments
- IT implementation and GRESB Portal testing
- Outreach to Investor and Bank Members with exposure to real estate debt
- Outreach to real estate finance units of banks, insurance companies, and other institutional investors, as well as mortgage REITs and private equity real estate debt funds

March - May: GRESB Training Program

April 1: Debt Assessment opens

- Lenders are invited to participate in the 2016 GRESB Debt Assessment at www.gresb.com. After registration, participants receive login details by email
- Support offered to address participant issues related to Debt Assessment completion—Response Checks
- Participants are asked to confirm the accuracy of the data before submitting their response

July 1: Validation process starts

Following submission GRESB analyzes all participants' Debt Assessment submissions. This process will continue until early August. We contact participants during this time to clarify any outstanding issues with their submissions

July 1: Debt Assessment closes

All submissions must be received by July 1, 2016 at the latest. Unfortunately GRESB cannot accept any submissions received after this date

September 7: Debt Assessment results

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

October: Consultation Period starts

Participants will have the opportunity to provide feedback on Debt Assessment content, products and services

October - December

Engagement with lenders, sustainability professionals and institutional investors with exposure to real estate debt, regarding the Debt Assessment's scope, content and supporting documentation preparation.

- Assessment review and individual follow-up sessions with lenders

How to participate: a walk-through

The GRESB Portal for completing the Debt Assessment is open for three months, starting April 1. The process outlined below describes our suggested approach for a successful Debt Assessment submission:

STEP 1

Sign in to the GRESB Portal, walk through the reporting tutorial and confirm your intention to submit data for an entity. If you already have a GRESB account for Real Estate submissions you can use the same account for your Debt submissions. Once you're logged in, go to the Assessment Portal and click on the dropdown arrow to ensure Debt Assessment Portal is selected. If you have not reported to GRESB previously, you can register and create a new account via the GRESB website.

STEP 2

Save the GRESB Debt Reference Guide. It will guide you through completion of the the GRESB Debt Assessment as it contains all questions, as well as specific explanation, definition of terms and other guidance.

STEP 3

Involve your organization's Sustainability Manager or the person responsible for sustainability issues right from the very beginning of the Debt Assessment process. Simultaneously, involve the Head of Commercial Real Estate Lending or Debt Fund Manager for issues specific to the reporting entity's due diligence and portfolio monitoring processes. If necessary, introduce the Sustainability Manager to the Commercial Real Estate Finance Team, so that the two can collaborate to complete the Debt Assessment in the most efficient way possible.

STEP 4

Review each question within the Debt Assessment. Note the questions that you can answer immediately, the more time-consuming questions, and the questions that require involvement from other employees from your organization and/or external consultants. Please, refer to the reference guide in cases where you have doubts or uncertainties regarding a particular question.

STEP 5

Consider what you will need for each question. Next to each question mark which colleagues/external consultants you will need to involve and what other information you need to successfully answer the question. In cases where an upload is requested – provide supporting evidence as outlined in the reference guide.

STEP 6

Aim to get a first draft of the Debt Assessment ready by May 15, 2016, including all document uploads and/or hyperlinks. This will give you plenty of time to check that all required information has been included and to get any internal approvals before submitting your response. Aim to get a final draft of the Debt Assessment ready to submit by May 31, 2015. The final deadline is July 1.

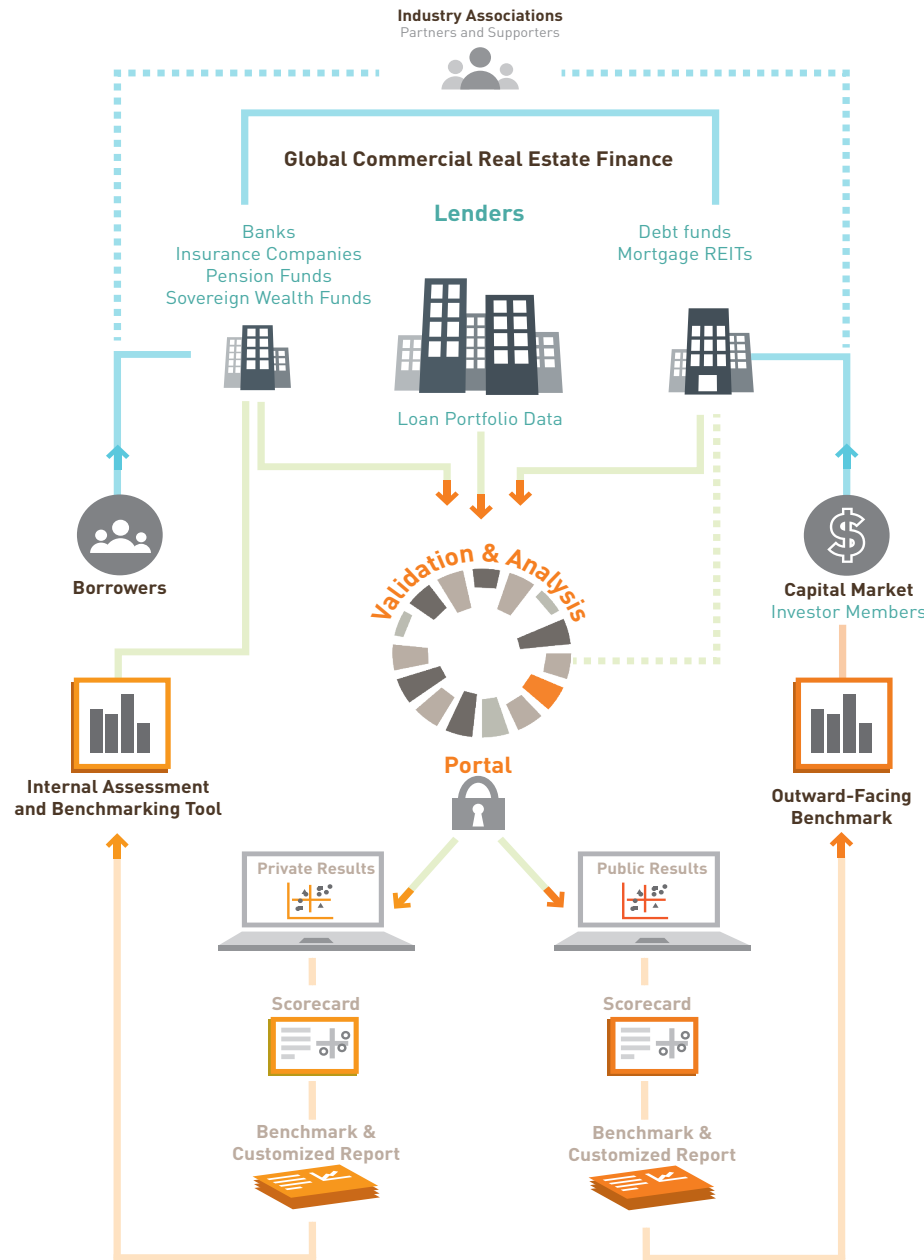
GRESB DEBT PROCESS & DATA FLOW

GRESB Debt Participants

Assess the ESG performance and engagement of their loan portfolios and communicate results to internal and external stakeholders.

Borrowers

Are the channel through which participants can impact the ESG performance of the real estate sector. As providers of capital, participants enable property development, retrofit, and investment (borrower activities). In turn, borrowers provide data on properties and sponsorship and comply with lending requirements.



Partners

Are Industry associations and service, product and data providers that support GRESB's mission to enhance and protect shareholder value

Investor Members

Use the benchmark results to evaluate the ESG performance of their investment portfolios and to engage with their real estate debt investments (mortgage REITs and debt funds).

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Data Validation

The purpose of data validation is to encourage and ensure submission of high quality information, and is an important element of GRESB's roadmap to investment grade data. Following the submission deadline and prior to analyzing the data, GRESB validates participants' input data. All data submitted by GRESB Debt participants will be included in this process. The Debt Assessment follows the three-layer data validation process established by GRESB in 2015.

All Participant Checks

- Checks on all Debt Assessment participants
- Validation per question with a secondary review system
- Focus on open text boxes and open fields, including service providers, standards, and green building certificates and energy ratings
- Supplemental check to confirm the existence of supporting evidence for questions requiring documentary evidence (hyperlink or uploaded document)

Validation Plus

- Validation of data for all participants
- Validation per participant with a secondary review system
- Document review of supporting evidence for questions requiring documentary evidence. Where no document is provided, the GRESB team will contact the participant to request the document

Site Visits

- In-depth assessment of data for randomly selected 5% of participants
- Focus on broader engagement and data points for which validation proves challenging



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