

# GRESB 2017 DEBT ASSESSMENT PARTICIPANT BEST PRACTICES



**SYNTRUS  
ACHMEA RE&F**

All loan proposals have to address a checklist of sustainability requirements. The borrower's sustainability policy has to be described and categorized, and the sustainability measures and issues regarding the collateral have to be explained. In the credit approvals, the borrower's policy is reviewed, energy performance certificates are investigated, potential transformation and energy efficiency measures are assessed.

Residential properties that do not have a green energy performance certificate are financed at a higher rate. Offices without green energy performance certificates and locations which are not sustainable - shrinking rural regions and office locations in areas without proper transportation facilities - are not being financed. For offices already in our portfolio, customized sustainability improvement plans are discussed and if applicable, financed.

The GRESB Debt Assessment identifies **four distinct practice areas of ESG integration by real estate lenders.**



**TH  
REAL ESTATE**

Our programme is driven by a set of clear strategic objectives containing underlying sustainability-based targets and priorities reviewed annually to ensure alignment with the overall fund strategy. This includes ESG-specific factors and subsequent actions for asset underwriting, due diligence, and investor reporting.

A key policy element is the commitment to sustainability underwriting as part of the transaction process, and ensuring that material sustainability issues are monitored over the life of the loan. As part of any loan recommendation brought forth before the Investment Committee, TH loan professionals must complete a 'RPI View' which includes a checklist of risk-oriented issues and key performance indicators. This resultant document is attached to the investment memorandum and included for Investment Committee consideration.



**HANNON  
ARMSTRONG**

Hannon Armstrong's investment thesis is in a world increasingly influenced by carbon, we will earn superior risk-adjusted returns investing on the right side of the climate change line. We operationalize this by ensuring every investment is neutral to negative on incremental GHG emissions. Under the theory that 'if carbon counts and capital is scarce', we create a CarbonCount® ratio of GHG reduced per \$1,000 investment. For all investments, we measure gallons of water offset annually.

To measure GHG impact, we collect project specific data on the units of fuel and water to be reduced by our projects. We then calculate the estimated annual metric tons of CO2 offset, with location specific fuel generation mixes. The CarbonCount® KPI is reported in our Annual Report's Sustainability Report Card, along with aggregate water saved.

The Fund reviews the underlying property loan as if it were buying it directly, and considers all associated risks. Baseline sustainability reviews include asset energy rating, green building certifications, flooding, transportation, and contamination. Underwriting sustainability attributes enables the fund to define specific property measures and fully understand the lending assumptions.

Progress on the business plan, including sustainability aspects, is provided in the Project Monitor's report prior to each drawdown. Any significant non-approved deviations to the business plan could lead to a breach of covenant if not appropriately remedied.

UBS Asset Management's Real Estate & Private Markets business seeks to achieve 20% reduction of GhG emissions and a 10% energy consumption reduction every 5 years globally. Additional metrics include reducing residual waste, increasing the recycling rate above 50% and reducing water consumption.

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We have loan hurdles required to achieve sustainable assets; if these hurdles are not met we require an improvement plan from our clients.

Loans to sustainable real estate are financings of buildings with BREEAM, LEED, HQE, DGNB, or EPC C or higher certificates. Our differentiated loan policy includes 5% higher LTV for sustainable assets, 100% LTV for additional capital dedicated to property improvements, and 0,5% discount on green loans.

There is an extensive sustainability database to track and monitor the global real estate loan portfolio. Ultimately we are able to report on the sustainability attributes and KPIs by percentage of market value and location.



Our Sustainability Programme applies to the entire Group and serves as a guideline for sustainable corporate development, including the structured property financing segment. Within our materiality matrix we identified sustainable lending and risk management as a key element: The use of specific, quantitative and qualitative criteria selected by Aareal Bank and a high level of risk sensitivity both contribute to the high quality and hence sustainable value of our portfolio.

We will watch on identifying the effect that sustainability certifications have on property values. Our standardised instruction letter for ordering valuation reports therefore now includes a query for all properties on whether they have been granted a green building certificate and what level or score was reached.

UNDERWRITING  
DUE DILIGENCE

TARGETED PROCEEDS  
INCENTIVES



Rabobank has a smart sustainability program, based on 14 groupwide KPI's. All entities quarterly report on their progress.

Due to the Paris Climate Agreement and national agreements (e.g. Energie akkoord), we expect sustainability to be a future driving market force for real estate and a source of increased regulatory challenge.

The real estate sustainability program is based on three themes: energy saving, transformation and circular business models. Energy labels are mandatory for new lendings and improvements are supported by loans provided.

LOAN STANDARDS  
OVERALL APPROACH



ABN AMRO applies an internal framework to identify and earmark loans for sustainable buildings, onsite renewable energy production, and energy efficiency upgrades. Loans to assets achieving a minimum energy label of "A" and/or a 30% energy reduction are flagged as 'green loans'. We provide a better interest rate to these green loans and can refinance these loans with our Green Bond Programme.

Every ABN AMRO loan application is subject to a sustainability assessment with our internal GSRI tool. By applying this tool, real estate loans are assessed against our sustainability policy requirements for real estate. The results are provided to the credit risk department during underwriting. In case a real estate asset does not comply with our policy requirements, we assist clients with developing an improvement plan and are able to finance energy-efficiency improvements of real estate.

