

UNEP Finance Initiative Property Working Group

2015 Tokyo Roundtable

GRESB and Sustainability Movement in Japan



March 10, 2015














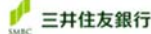


CSR Design Green Investment Advisory

Ryuichi Horie

CSR DESIGN

Green Building Certification Systems and GRESB

- **GRESB** is an **Organization/Portfolio** level **Sustainability** benchmark
- Initiated by **Real Estate Investors** and used for **D.D.** and **Engagement**

		Comprehensive		Energy/GHG	
		Overseas/Global	Japan	Overseas/Global	Japan
Asset Level	Public rating, certification systems	 (US)  (UK)  (OZ)	 	 (US)  (OZ)	  (Europe)
	Private initiatives driven by real estate related industry	   An MSCI Brand	 日本政策投資銀行  三井住友銀行		
Portfolio Level					
Organization Level		 G R E S B			

GRESB Members

Investor Members (46)



Property Companies and Fund Manager Members (60)



GRESBのメンバー

Partners (12)



Strategic Partners (3)



Global Associate Members (3)



Associate Members (22)



Supporters (10)

- ACSI (The Australian Council of Superannuation Investors)
- AFIRE (The Association of Foreign Investors in Real Estate)
- ARES (The Association for Real Estate Securitization)
- Danish Property Federation
- ISBC (Japan Sustainable Building Consortium)
- PCA (Property Council of Australia)
- PHILGBC (Philippine Green Building Council)
- RIAA (Responsible Investment Association of Australasia)
- SGBC (Singapore Green Building Council)
- Swedish Property Federation

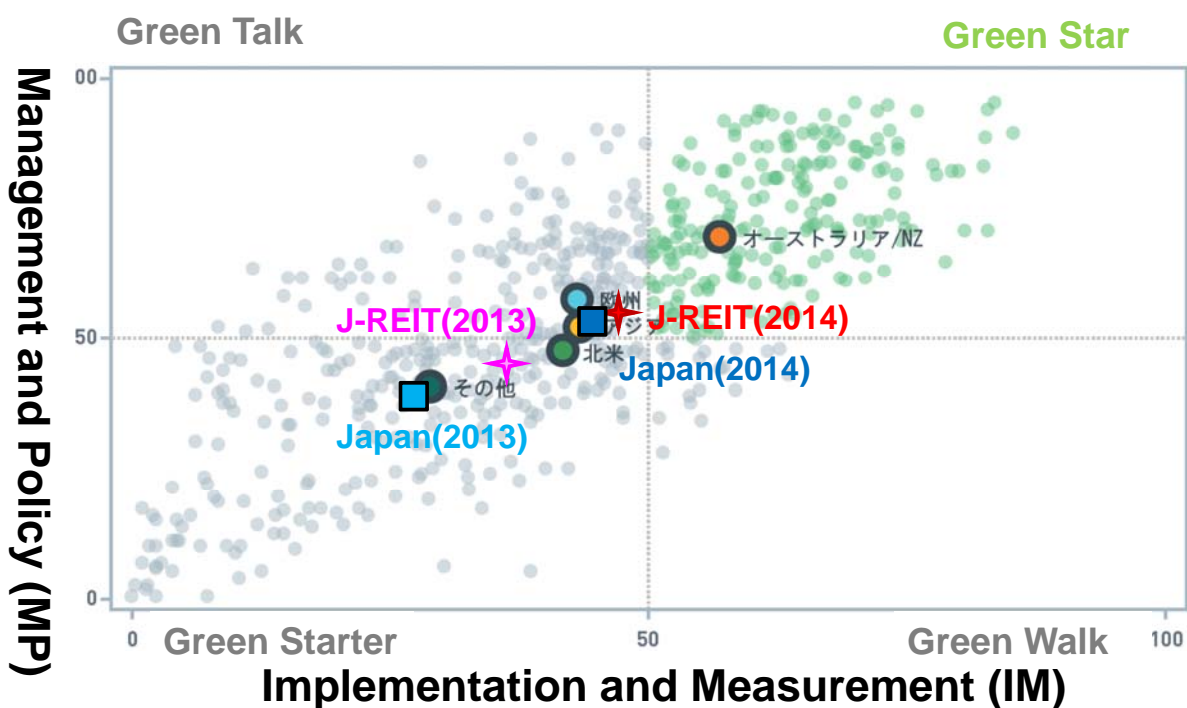
Number of Participants in GRESB Survey

	2009	2011	2012	2013	2014
Global	198	340	455	543	637
Japan	0	20	24	29	31
J-REIT	0	5	8	14	17

Participants from Japan in the 2014 survey

- **J-REIT** : First participation from residential sector
Participation ratio (market cap basis): **48%**
- **Developer** : Increased from 2 to 3
- **Unlisted Fund** : 8 companies/11 funds including global firms

2014 GRESB Survey — Quadrant Model



2014 GRESB Survey — Scores by Aspects

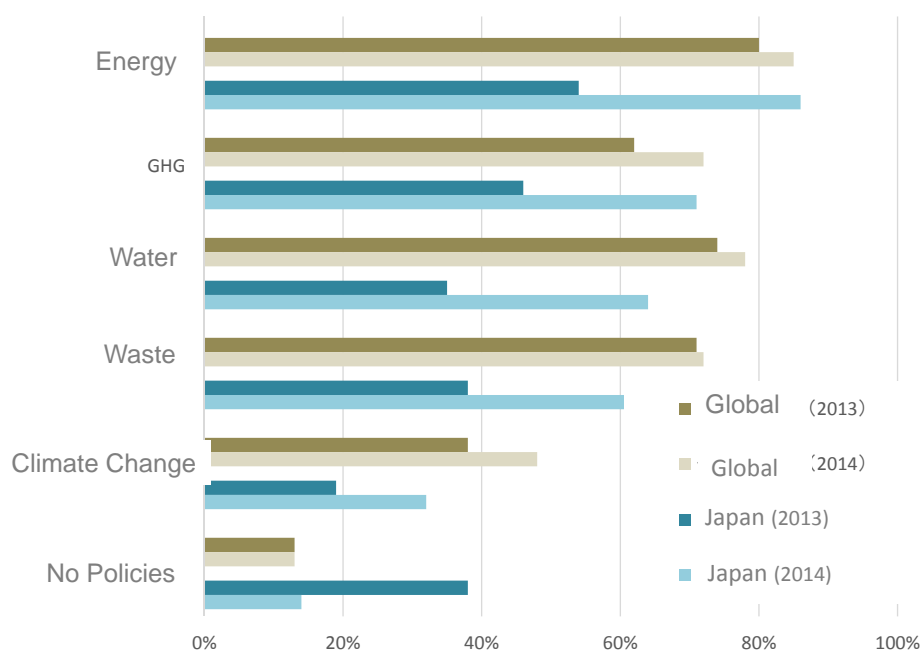
- Japan and J-REIT showed significant improvement in **Management**, **Policy & Disclosure** and **Monitoring & EMS**
- Still lags to global peers in **Building Certifications** and **Stakeholder Engagement**

	Aspects	Global Average	Japan Average	J-REIT Average
1	Management	69 (69)	70 (46)	75 (59)
2	Policy & Disclosure	57 (53)	57 (31)	59 (33)
3	Risk & Opportunities	60 (58)	60 (53)	75 (62)
4	Monitoring & EMS	53 (46)	58 (37)	61 (40)
5	Performance Indicators	31 (25)	33 (28)	40 (36)
6	Building Certifications	30 (28)	17 (13)	21 (16)
7	Stakeholder Engagement	47 (45)	42 (30)	46 (39)
	Total	47 (43)	48 (34)	50 (41)

() : 2013 Survey scores

Environmental Policies

- Japanese participants established **Environmental Policies e.g., Energy and GHG**, comparable to global peers.



Disclosure on Sustainability

- About MORI HILLS REIT
- Message from the Management
- Basic Policy
- Policy and Strategy
- Sustainability**
- Sustainability Policy
- Activities of Sustainability
- Corporate Governance
- Compliance and Risk Management

- Profile
- Structure**
- Structure of Investment Corporation
- Corporate Governance
- Compliance and Risk Management
- Investment Policy and Basic strategy
- JRF's Sustainability**
- JRF's Communication Strategy
- Social Contribution of JRF
- Environmental Activities of JRF
- Investment Risks

Sustainability Sustainability Policy

Mori Hills REIT Investment Corporation and Mori Building Investment Management Co., Ltd. will engage in real estate investment and management, taking into consideration "the environment," "Business Continuity Planning (BCP)" and "maintaining and enhancing asset value," based on the Mori Building Group's "Vertical Garden City" urban design philosophy as the ideal model.

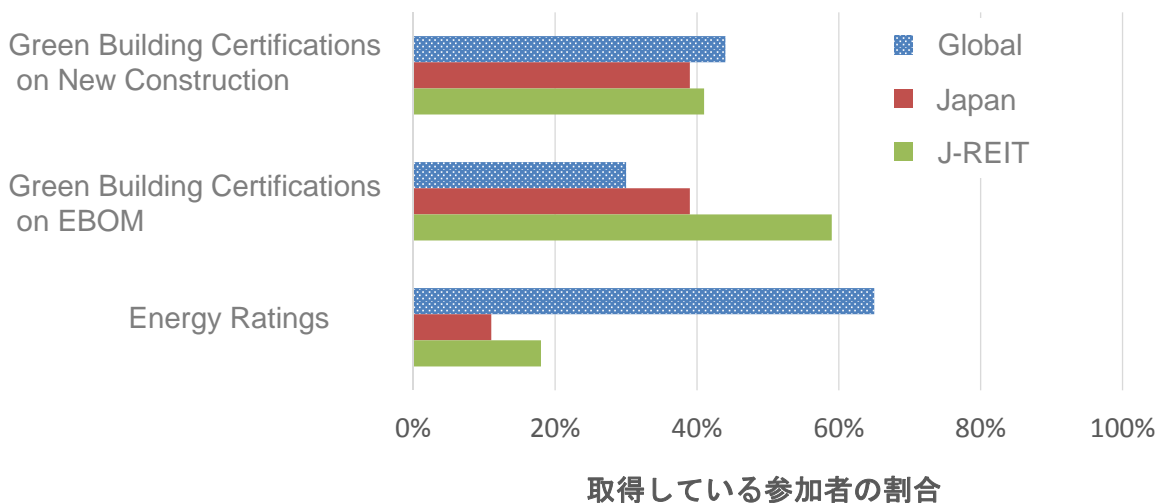
JRF's Sustainability



As a retail facilities management professional, the Japan Retail Fund Investment Corporation (JRF) strives toward the improvement of portfolio value in order to deliver stable distributions to investors. In order to make each property a facility that is both rooted in the community and loved by customers and neighbors, JRF supports the activities of tenants and works in various ways to maintain the sustainability of the environment and the society as a whole.

Green Building Certifications and Energy Ratings

- Number of participants to get **Green Building Certifications (EBOM)** increased especially among J-REITs, aiming for higher evaluation in GRESB; however, floor coverage is lower than global average.
- Energy Ratings** hardly existed in Japan, but with the inception of **BELS** and **Carbon Report**, improvement is expected going forward.



CASBEE-MP

- All 10 **CASBEE-MP** certifications given before July 1, 2014 (i.e., deadline of GRESB Survey) were given to **J-REITs participated in GRESB**

通し No	認証機関	認証番号	建物名	認証日	申請者
50	ハウスプラス確認検査(株)	HPCAS-14-00016-1	CSタワー	2014/09/05	インベスコ・オフィス・ジェイリート投資法人
49	ハウスプラス確認検査(株)	HPCAS-14-00014-1	恵比寿アイマークゲート	2014/07/29	デイズー特定目的会社
48	ハウスプラス確認検査(株)	HPCAS-14-00012-1	赤坂氷川ビル	2014/06/27	ユナイテッド・アーバン投資法人
47	ハウスプラス確認検査(株)	HPCAS-14-00011-1	パシフィックマークス赤坂見附	2014/06/27	ユナイテッド・アーバン投資法人
46	ハウスプラス確認検査(株)	HPCAS-14-00010-1	パシフィックマークス江坂	2014/06/27	ユナイテッド・アーバン投資法人
45	ハウスプラス確認検査(株)	HPCAS-14-00009-1	パシフィックマークス日本橋富沢町	2014/06/27	ユナイテッド・アーバン投資法人
44	ハウスプラス確認検査(株)	HPCAS-14-00008-1	パシフィックマークス新横浜	2014/06/27	ユナイテッド・アーバン投資法人
43	ハウスプラス確認検査(株)	HPCAS-14-00007-1	パシフィックマークス横浜イースト	2014/06/27	ユナイテッド・アーバン投資法人
42	ハウスプラス確認検査(株)	HPCAS-14-00006-1	パシフィックマークス新宿パークサイド	2014/06/27	ユナイテッド・アーバン投資法人
41	(一財)日本建築センター	BCJ-CAS0027-MP	新宿メインズタワー	2014/06/27	大和証券オフィス投資法人
40	SBIアーキクオリティ(株)	SBIAQCF-011300486	SIA神田スクエア	2014/04/02	SIA不動産投資法人
39	SBIアーキクオリティ(株)	SBIAQCF-011300485	タワー	2014/04/02	SIA不動産投資法人

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DBJグリーンビル認証、BELS、都制度



- DBJ Green Building Certification** started with Office and expanded to **Logistics, Retail and Residence**, and is utilized by a number of GRESB participants.



- BELS** started operation in April last year, and 15 projects have been certified and published. Diffusion is expected as BELS will be used as a requirement to apply for subsidy offered by **MLIT**.



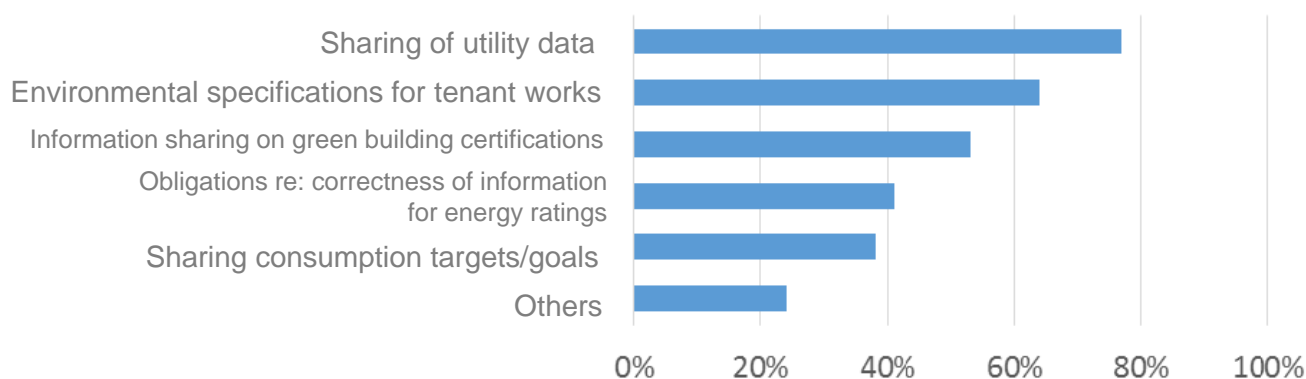
- TMG certifies **Top Level Facilities** among large building and publishes **Low Carbon Model Buildings** among mid-to-small buildings
- Started **Carbon Report** among mid-to-small buildings

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Green Lease

- **43% of global participants adopted Green Lease** (2013: 35%), while only a few model cases shown in Japan (2014:14%, 2013 : 8%)
- Often included topics include **Sharing of Utility Data** and **Information Sharing on Green Building Certifications** globally, while a case on **Cost Recovery Clause for Energy Efficiency-related Capital Improvements** was reported in Japan.



Model Case on Green Lease

- JPR's **Green Lease with HVAC Retrofit** is introduced in the GRESB's **Innovation Case Study**

Green Lease

Japan Prime Realty Investment Corporation

Purpose of the project

We aimed to take a win-win approach between tenants and the owner to reduce the environmental impact and CO2 emissions through one of the first Green Lease challenges in Japan. In one of our office properties in Kansai region, existing HVAC equipment was still in its service life but had become less efficient and unable to fully meet tenant needs. Accordingly we proposed green lease method to replace the HVAC equipment. The benefit from significant energy efficiency enhancement of the new HVAC equipment was shared between the property owner, i.e. via improved Net Operating Income, and tenants, i.e. by enabling the replacement and reducing energy cost for air conditioning.

Toward diffusion of Green Lease

- **MLIT’s Green Building Committee** drafted **Model Green Lease**.
- The Committee will publish “**Green Lease Guide**” next year.

主な項目	雛型案
Cooperation to improve environmental performance	協働して取り組むものとする。
Cooperation to improve environmental quality for occupants	維持・向上に取り組むものとする。
Energy-efficiency/environmental meetings with tenants	「環境情報の共有、本物件の環境パフォーマンス協議会」を定期的に開催し、乙はこれに参加するものとする。
Sharing of utility data	甲および乙は、本物件に関する以下のデータを共有することに合意する。データは甲および乙が合意した形式で提供するものとし、その提供頻度は年〇回を下回らないものとする。 1. 電気・ガス・その他燃料の消費量 2. 温室効果ガス排出量 3. 廃棄物の発生量、処理およびリサイクル状況 (上記1~4: 必要に応じ加除)
Sharing consumption targets/goals	「1. 電気・ガス・その他燃料の消費量」[2. 水の使用量][3. 温室効果ガス排出量][4. 廃棄物]を設定し、互いに協力して目標達成に努める。(1~4: 必要に応じ加除)
Green building certifications	甲または乙はグリーンビルディング認証等の取得、あるいは既に取得している場合には、取得した認証(「〇〇認証」〇ランク)の維持・向上に努め、これに協力するものとする。
Environmental requirements for refurbishment	廃棄物量の削減、環境および入居者の快適性に配慮した資材の使用に努めるものとする。

(※)甲:賃貸人 乙:賃借人

Conclusion

- GRESB started to diffuse in Japan as **DBJ** and **JSBC** joined as Member and Supporter respectively, in addition to continuous support by **ARES**
- Japanese/J-REIT participants’ sustainability performance showed significant improvement, and surpassed global average in **Management, Policy & Disclosure** and **Monitoring & EMS**
- Still lags to global peers in **Building Certifications** and **Tenant Engagement** (e.g., **Green Leases**)
 - **Green Building Certification**: Started to increase due to inception of new **EBOM Certifications** (e.g., **CASBEE-MP**) and **Energy Ratings** (e.g., **BELS**)
 - **Green Lease**: **Model Cases** are seen, and diffusion is expected as the “**Green Lease Guide**” will be published with the involvement of government and industry associations.