



Net Zero & Real Estate

ULI BALTIMORE
ADVISORY BOARD

JUNE 2023



ULI Net Zero Mission Priority

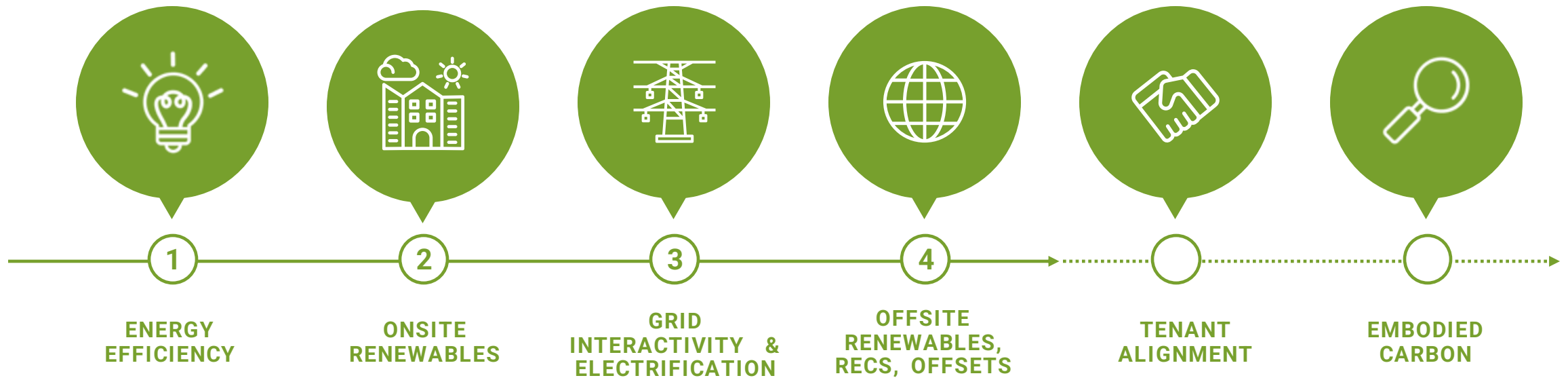
Decarbonizing the real estate sector and accelerating our progress to net zero

Long term ULI-wide goal
of net zero carbon
operations by 2050, with
meaningful progress on
decarbonization by 2030

Near term, every ULI member
is aware of the importance of
the goal, and is actively
leveraging ULI content/
convenings to help them
pursue the goal in their own
business operations

Real Estate's Journey to Net Zero

A net zero building portfolio is highly efficient and fully powered by on-site and off-site renewable energy sources and offsets



Why Net Zero?

Significant Stakeholder Pressures

Buildings are responsible for 40% of global greenhouse gas emissions, and up to 70% of emissions in urban cities

- **Cities** across the globe are setting aggressive climate goals, and incorporating a path to net zero in their building codes and regulations
- **Investors** are including ESG in their real estate debt and equity considerations
- **Occupants** are seeking sustainable spaces as part of leasing decisions
- These stakeholders are looking to the **real estate sector** to make meaningful greenhouse gas reductions.
- *Real estate that rises to the challenge will reduce risk and see better long-term returns, while reducing their impact on the planet.*

Why Net Zero?

The Value-add Opportunity



Financial Benefits

- Lower OpEx
- Lower M&R
- Increased NOI
- Increased Asset Value



More Investors



Better Tenants



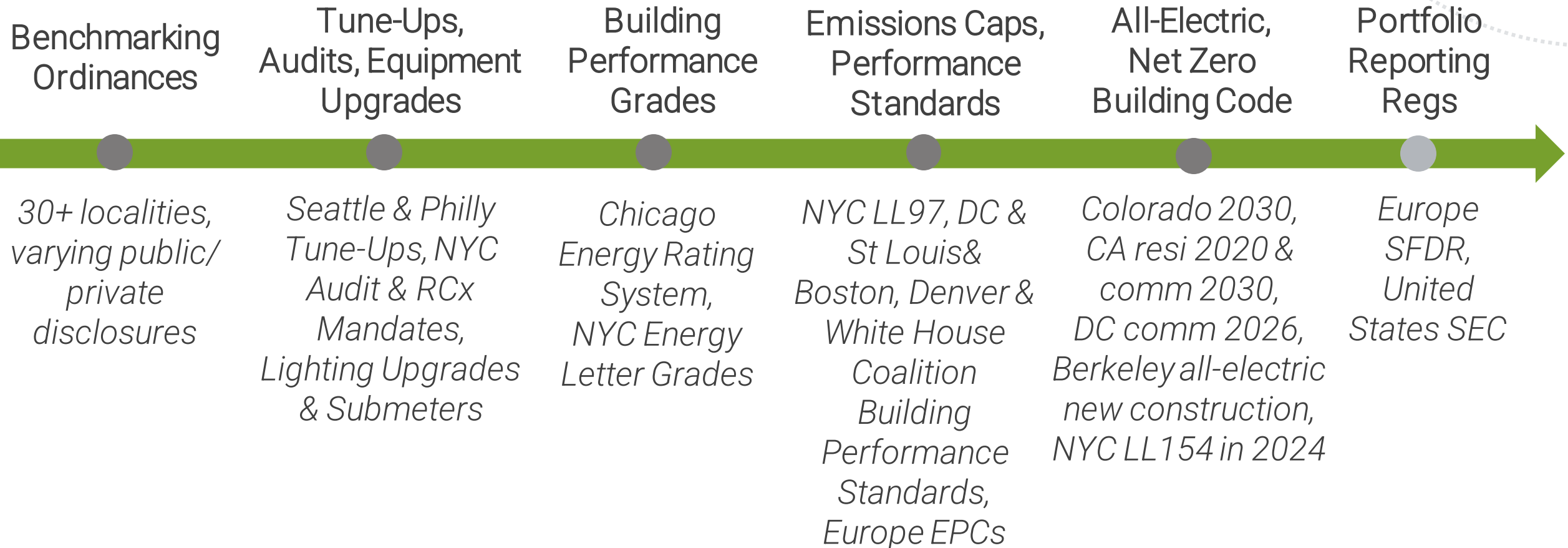
Increased energy reliability/ grid resilience



Regulation Compliance

From Energy Benchmarking to Carbon Caps & Beyond

Local climate policies are accelerating building decarbonization



Role of Capital Markets in Real Estate ESG

Investors are Hungry for ESG

ESG-oriented AUM in the US will **more than double** from US\$4.5tn in 2021 to US\$10.5tn in 2026

90% of asset managers believe integrating ESG into their investment strategy will **improve overall returns**

Three-quarters of investors now consider ESG to be part of their **fiduciary duties**

30% of investors struggle to find attractive and **adequate ESG investment opportunities**

60% of institutional investors say ESG investing has already resulted in **higher performance yields**

88% of institutional investors want asset managers to be more proactive in **developing new ESG products**

What is ULI doing on Net Zero?

We're doing a lot at HQ.

The screenshot shows the Urban Land Institute (ULI) website. The main article is titled "How a Real Estate Portfolio Achieves Net Zero" by Marta Schantz, dated May 24, 2021. The article features a large image of a modern building with a rooftop solar installation. The text mentions that ULI Greenprint set a goal of net zero carbon by 2050 and that two ULI Greenprint members have already met this goal. The article is categorized under "Urban Land > Sustainability > How a Real Estate Portfolio Achieves Net Zero".

The screenshot shows the ULI Learning portal. The main course is titled "Net Zero Real Estate: Renovating and Building for Profitability". It is an online, on-demand course. The course overview states that it is designed for general real estate practitioners and will teach the process of renovating commercial buildings to a net-zero energy goal. The course is categorized under "Online: On Demand Course".

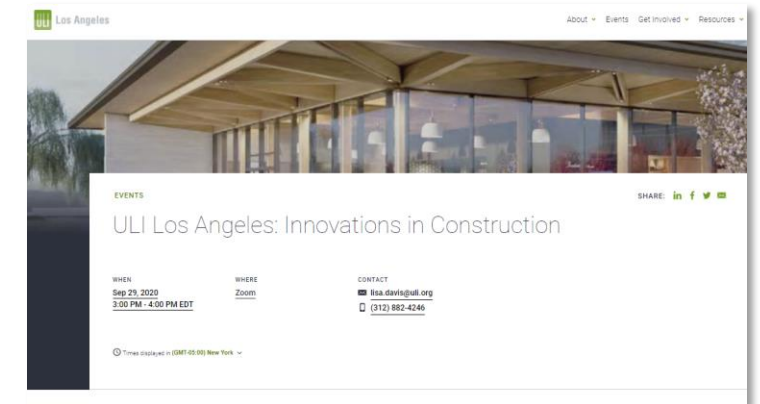
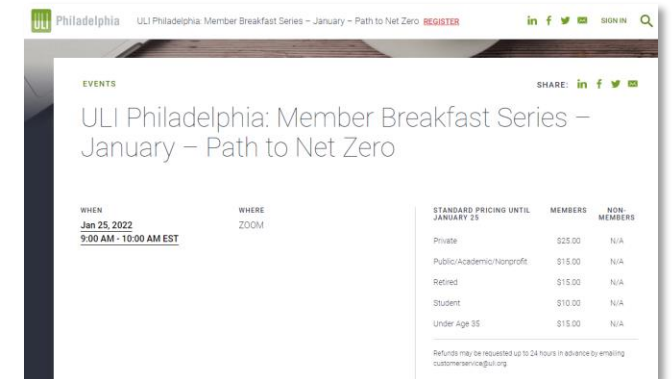
The screenshot shows the ULI Knowledge Finder report titled "Electrify: The Movement to All-Electric Real Estate". The report is dated 2021 and is authored by the Greenprint Center for Building Performance. The report summary states that the path towards electrification and what that means for commercial real estate is a complex one. The report is categorized under "Research Report".

The screenshot shows the ULI Fall Meeting event page. The event is titled "Operationalizing Net Zero for Real Estate: From Goals to Action" and is scheduled for October 12, 2021, from 1:00 PM to 2:00 PM (GMT-06:00) Central Time. The event is a concurrent session open to all attendees. The event summary states that real estate firms across the globe are recognizing the opportunity and responsibility to address the climate crisis. The event is categorized under "Fall Meeting".

Speakers			
 Mr. Alexander Hancock Panelist Nuveen Real Estate	 Mr. Rich Manogelli Panelist Boston Properties	 Mr. Dan Cashman Moderator JLL Capital Markets	 Mrs. Jessica Long Panelist Nuveen Investments

What is ULI doing on Net Zero?

And District Councils are doing a lot, too.



Competitive Advantage of Real Estate ESG

Every company and every industry will be transformed by the transition to a net zero world. The question is, will you lead, or will you be led?

*Larry Fink,
CEO of BlackRock*



Q&A

Marta Schantz

Marta.Schantz@ULI.org

ULI Blueprint for Green Real Estate

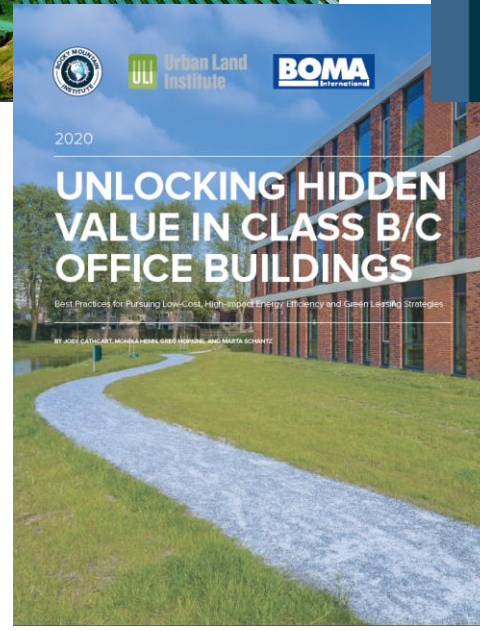
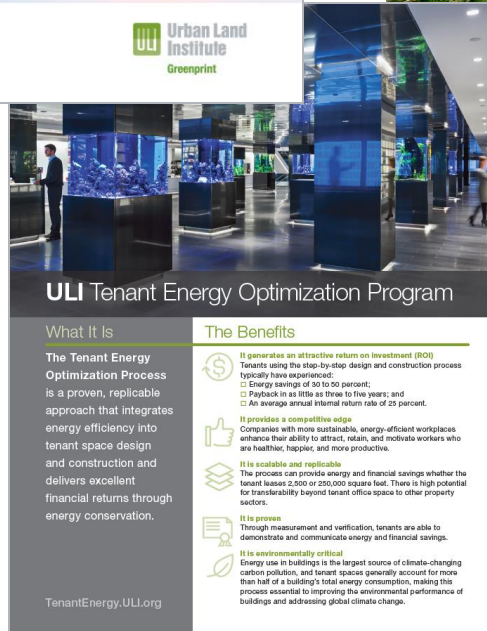
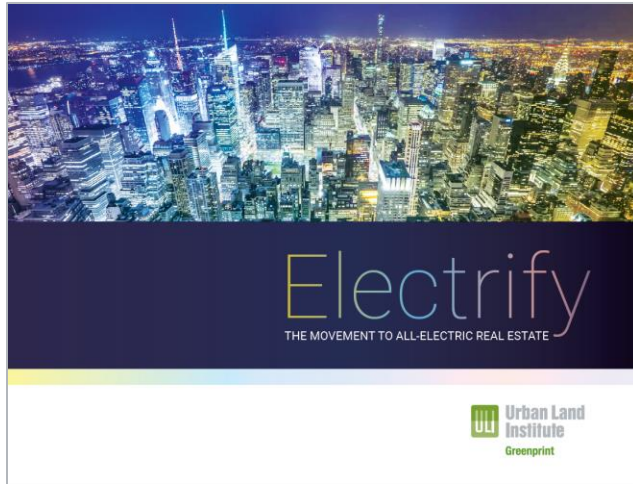
uli.org/GreenprintBlueprint

For real estate owners and investors looking to start or accelerate a sustainability program, and developers looking for ways to integrate sustainability into their overall development strategy



More ULI Resources in Colorado ESG Toolkit

uli.org/NetZero



ULI Global Sustainability Outlook 2023

What's on the sustainability horizon for 2023?

In 2022, ULI interviewed over 50 ULI member experts across the globe to inform an outlook for the coming year:

What sustainability topics and issues are on the rise, why do they matter, and what actions should the industry pursue moving forward?

uli.org/SustainabilityOutlook



Adjusting ESG Strategy for Macroeconomic Complications

“The big challenge is how to balance the pressure we are now feeling for short-term returns with the investment that needs to be done to achieve sustainability goals.”

—*Elsa Monteiro, Head of Sustainability, Sonae Sierra*



Embedding Transition Risk in Transactions and Valuations

“The idea that risk needs to be priced in and risk needs to be mitigated is growing among valuers and funders.”

—*Scott Dunn, Chief Strategy Officer, AECOM Asia*



Responding to Government Influence

“It is time to choose the target, then take action on that. It is about choosing the right indicator and really engaging on it.”

—*Ji Won Daunis, Senior Manager of South & West Europe Portfolio, Allianz Real Estate*



Addressing Global Flood Challenges

“I want to remind people that we have a great deal to do to make sure that places like Hong Kong don’t drown.”

—Margaret Brooke,
Chief Executive Officer,
Professional Property Services
Group



Harnessing the Power of Collaboration

“Saving the planet is not something we should compete on.”

—*Inger Kammeraat, Managing Director, MVRDV*

