

## WELKOM

Online Researchseminar 2020

### Impact investing in de vastgoedsector: kans of bedreiging?



## PROGRAMMA

15:00 – 15.05 inleiding dagvoorzitter Hans Op't Veld (PGGM)



15:05 – 15:20 Sandra Pellegrom (Ministerie van Buitenlandse Zaken)



15:20 – 15:40 Caspar Snijders (ACTIAM)



15:40 – 16:00 Raymond Jacobs (Franklin Templeton)



16:00 – 16:30 Expertpanel (Jacqueline Duiker van VBDO,  
ministerie van Buitenlandse Zaken, ACTIAM, Franklin Templeton)



16:30 Afsluiting

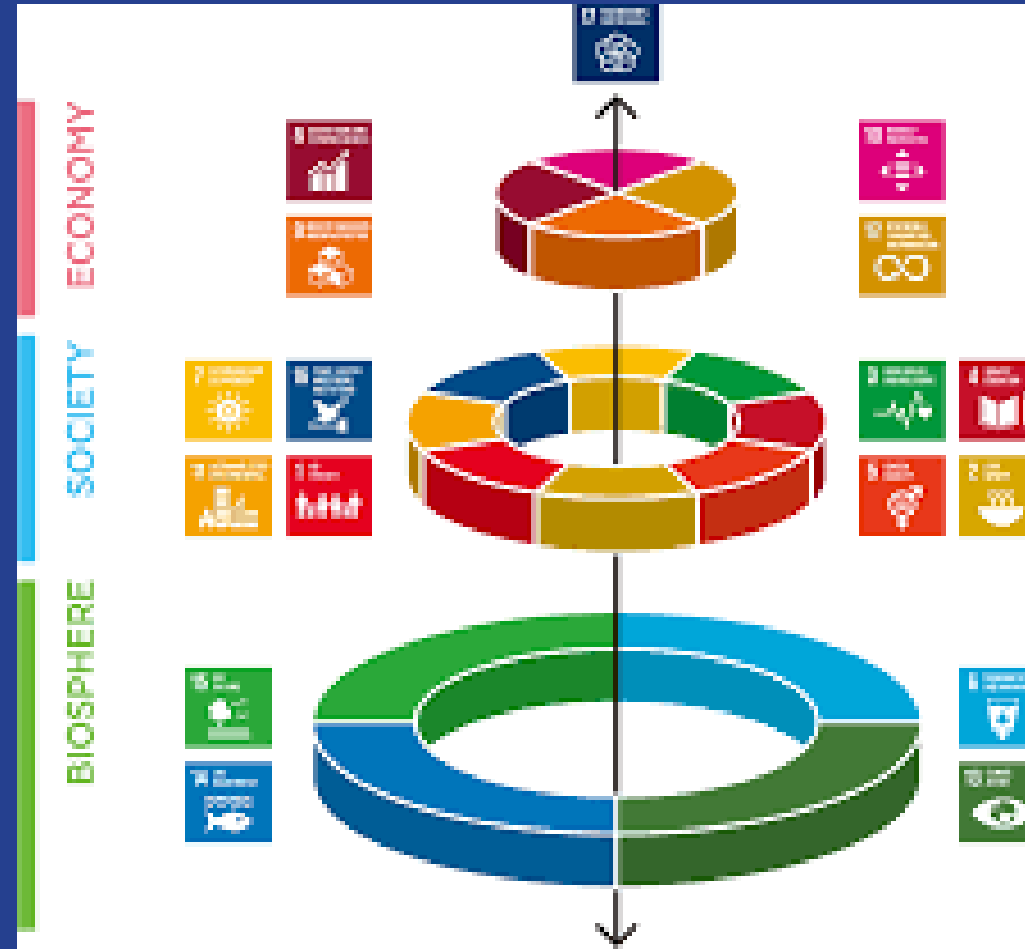


# DUURZAME ONTWIKKELINGS DOELSTELLINGEN



## Plan voor een toekomstbestendige wereld:

- People, Planet, Prosperity & Peace door Partnerschap
- Universeel
- Inclusief
- Ondeelbaar





# Monitoring en rapportage

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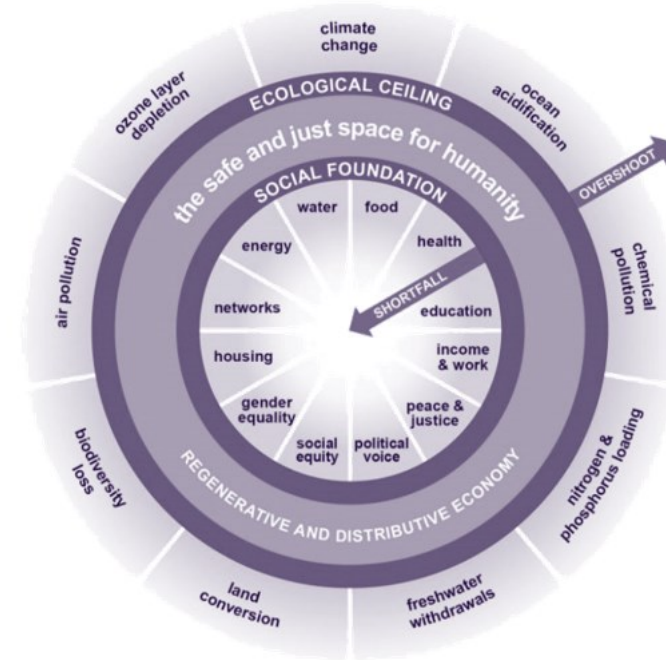
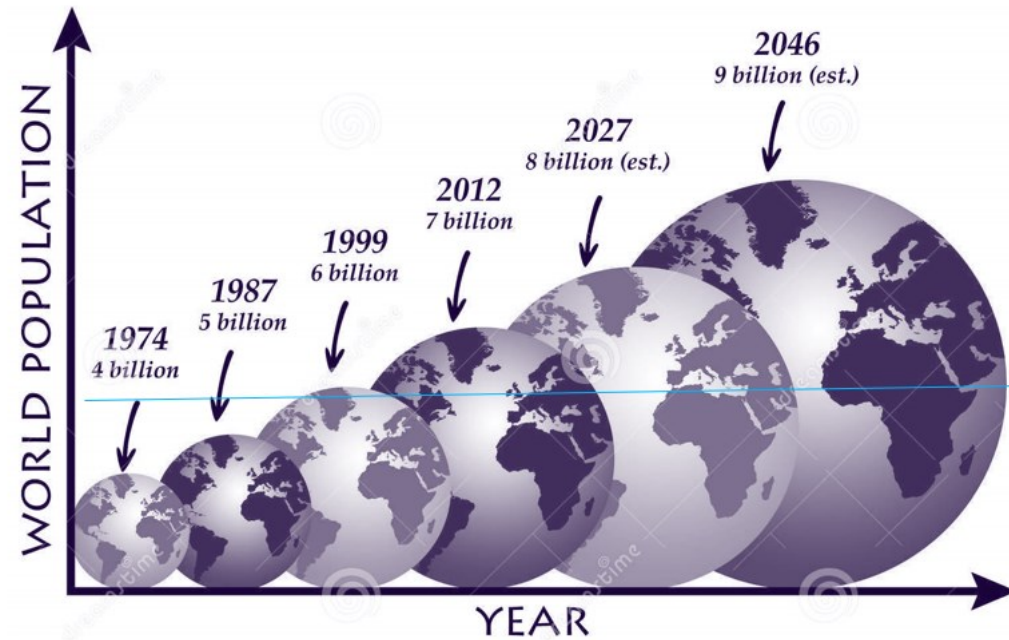
# actiam

Responsible  
for growth

1 Oktober 2020

Impact investing binnen de beursgenoteerde  
(vastgoed)aandelenmarkt

# Context voor impact investing



Bron: National Intelligence Council: Global Trends 2030: Alternative Worlds

# Risico's transitie ook steeds meer in de spotlight

Figure 1: The Global Risks Landscape 2015

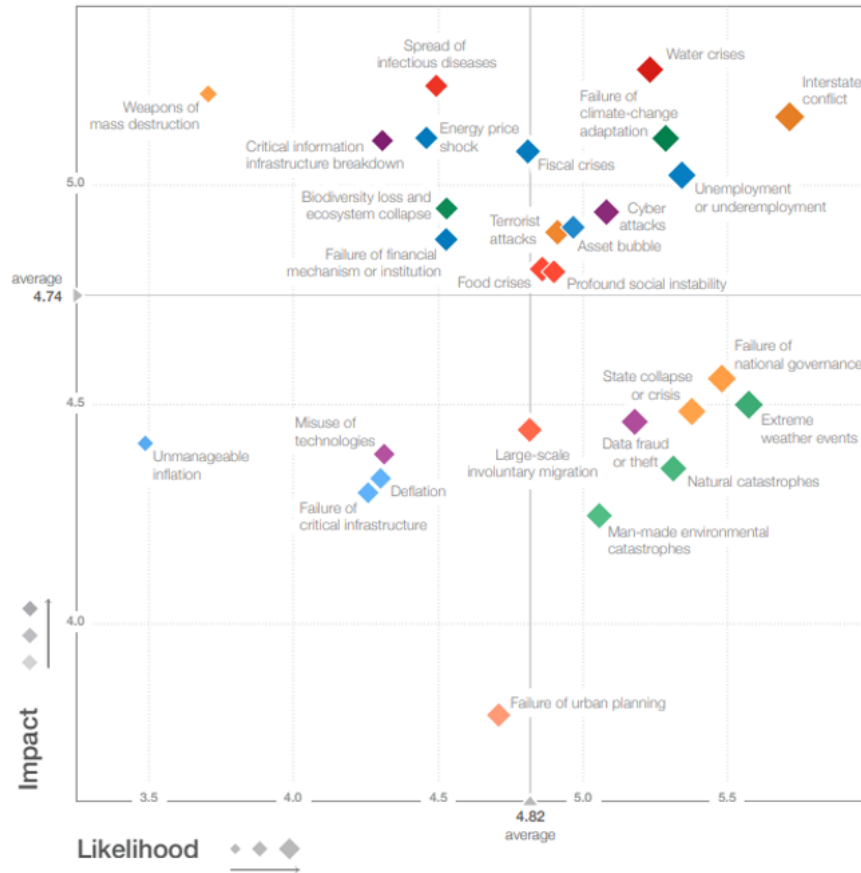
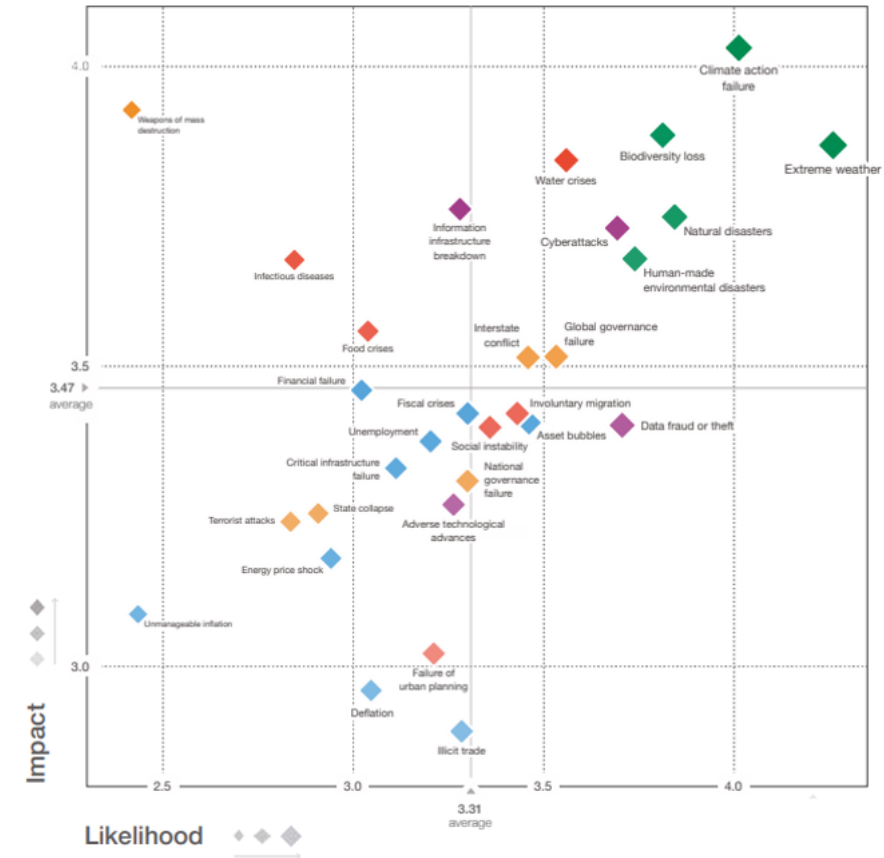
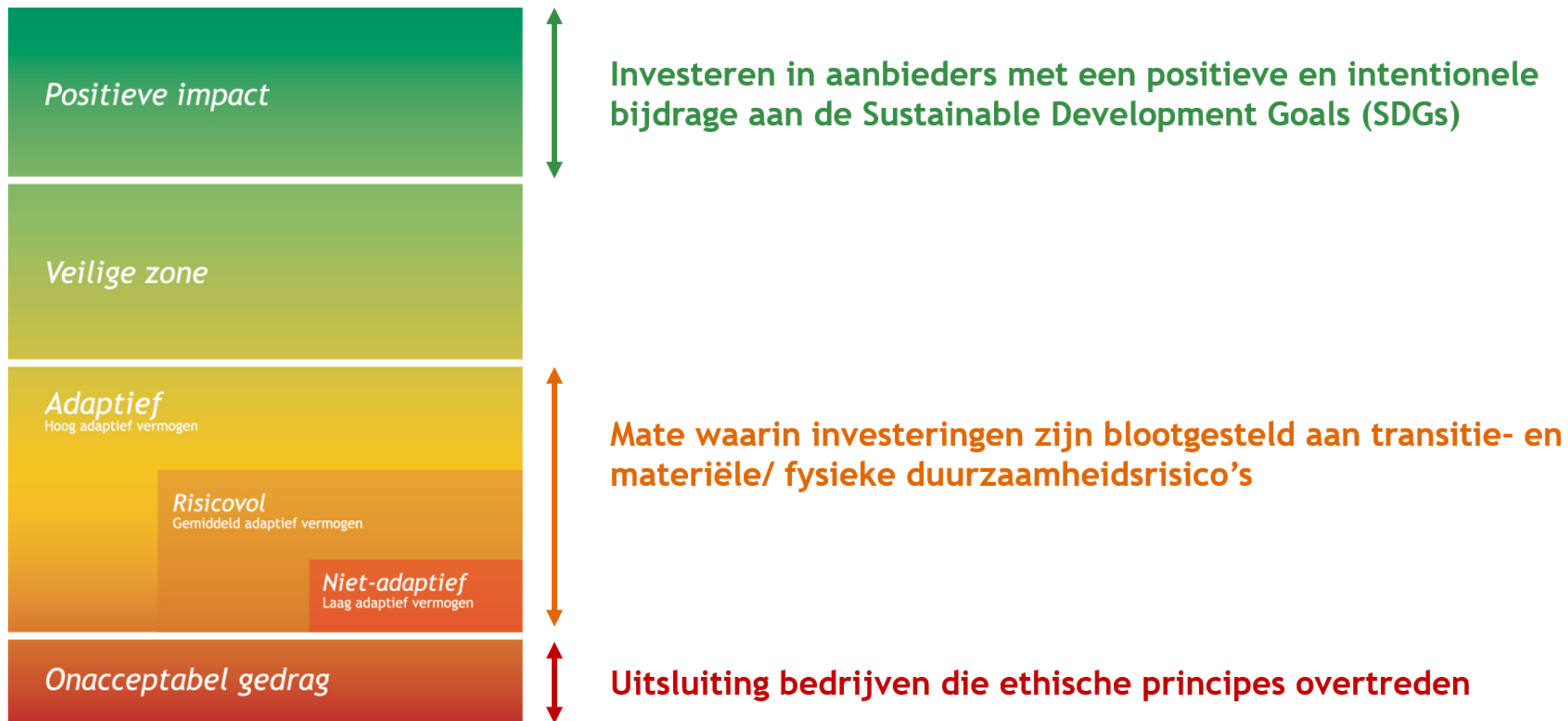


Figure II: The Global Risks Landscape 2020





# Transitie naar een duurzame samenleving



# Transitie naar een duurzame samenleving



**Beginselen op het gebied van de mens(-heid)**



**Beginselen op het gebied van maatschappij**



**Beginselen op het gebied van milieu**



**Uitsluiten op basis van sociaal-ethische criteria**

# Transitie naar een duurzame samenleving



- Investeer in bedrijven die oog hebben voor veranderende materiële eisen op het gebied van milieu, maatschappij en goed bestuur en die het vermogen hebben om zich voor te bereiden op de materiële en operationele risico's die de transitie met zich meebrengen.
- Vermijd bedrijven die onacceptabel gedrag vertonen, die buiten de planetaire grenzen actief zijn en die ver van de vereiste transitiepaden verwijderd zijn.

# UN Sustainable Development Goals



- 12 trn USD jaarlijkse investeringen nodig
- Financiële sector een van de mogelijke aanjagers van deze transitie
- Zowel private als publieke inzet nodig

“The world best plan to end poverty, reduce inequalities and to tackle climate change”

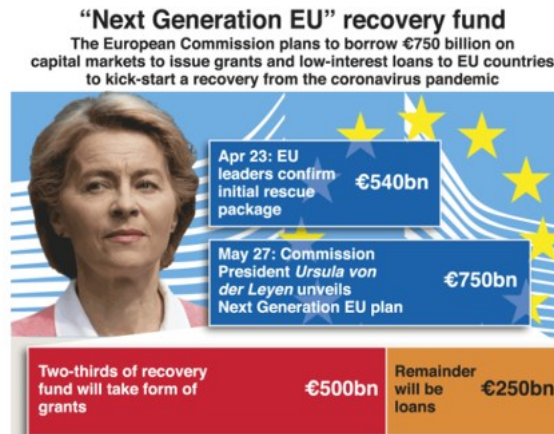


# EU ambitieus en zichtbaar



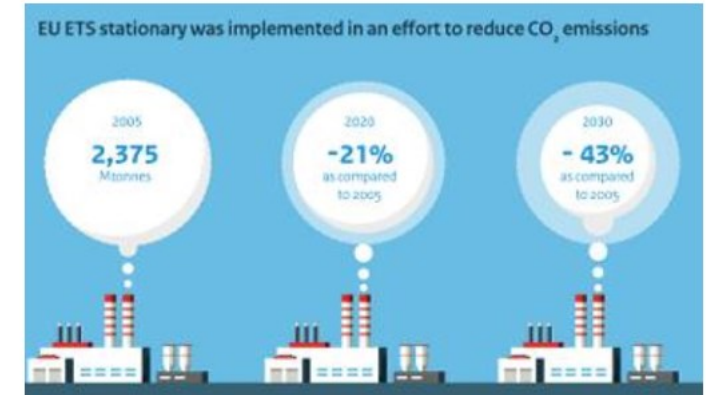
## European Commission: “The European Green Deal”

- Europe’s New Growth Strategy
- Klimaat neutraal in 2050
- Mobilisatie van 1 triljoen EUR duurzame investeringen



## European Commission: “Next Generation EU”

- Mei 2020
- 750 mlrd EUR budget om het herstel van COVID te kick-starten
- EU wilt 547 mlrd EUR in groene projecten investeren over de periode van 2021-2027



## EU Emission Trading Scheme

- Maximum cap on emissions
- Verwachting dat EU target voor emissies zal verlagen naar -55% in 2030

# US...

## ***Biden Announces \$2 Trillion Climate Plan***

Joe Biden's plan connects tackling climate change with the economic recovery from the coronavirus crisis, while also addressing racism. The proposal drew praise from his onetime critics.

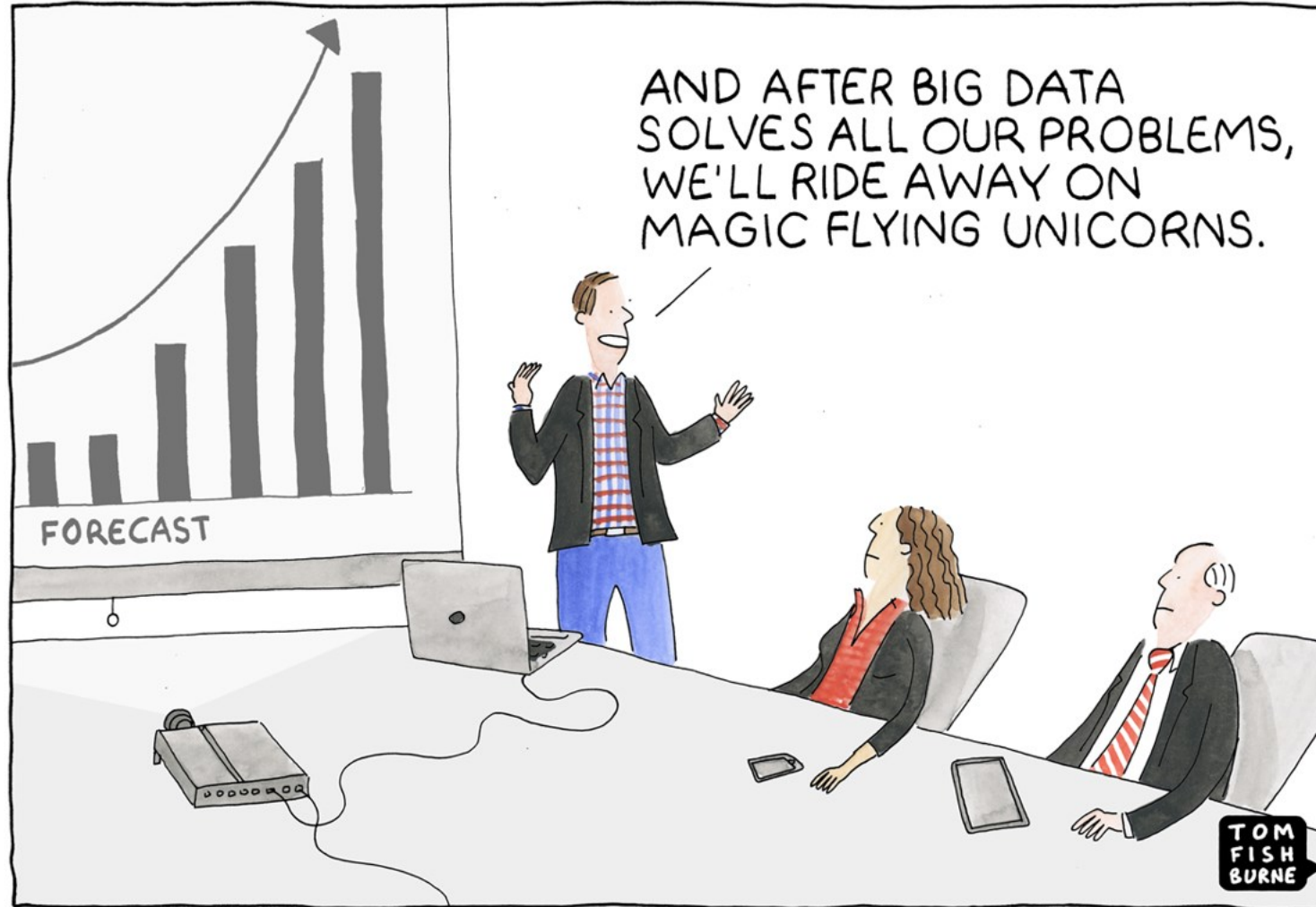


## **Trump spurns science on climate: 'Don't think science knows'**

By JONATHAN LEMIRE, AAMER MADHANI, WILL WEISSERT and ELLEN KNICKMEYER September 15, 2020

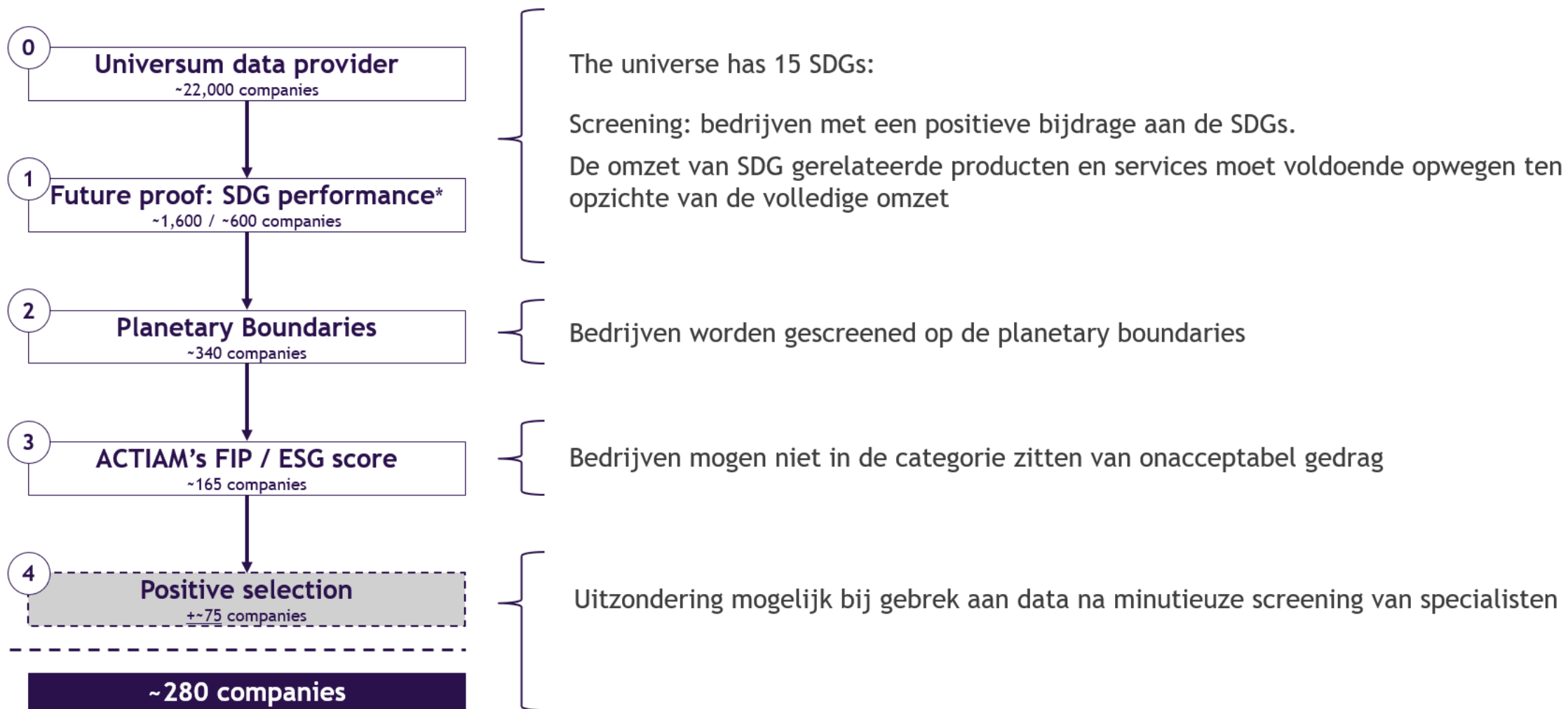


# Selectie belegbaar universum



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# Investment proces - Een belegbaar universum



Source: ACTIAM. \*SDG #16 and #17 cannot be invested in. \*\*We currently check against 6 Planetary Boundaries.



# Impact in opkomende landen

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# Impact bedrijven in vastgoed 3 categorieën

- Energy efficiëntie

- Outsourcing van data centers op schaal
- Maar ook op gebied van retail complexen is energie efficiëntie van belang



DIGITAL REALTY



- Gezondheidszorg

- Woningen of complexen voor ouderenzorg
- Laboratoria



Healthpeak<sup>TM</sup>  
PROPERTIES

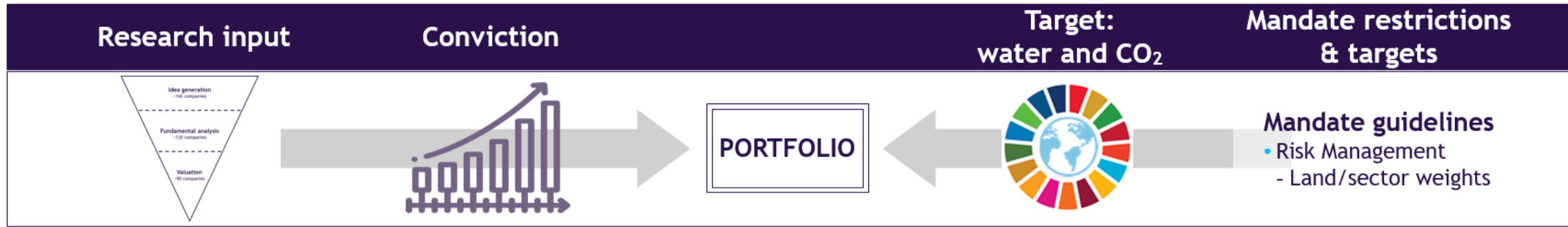


- Betaalbare woningen

- Specifiek aanbod betaalbare woningen
- Rapportage belangrijk



# Portfolio construction



Doel is outperformance ten opzichte van de brede benchmark, anders is verhaal rondom kansen van de SDGs voor beleggingen niet meer intact

Dit alles met een horizon van meerdere jaren, de investeringen die nodig maken lange termijn aandeelhouderschap noodzakelijk

Source: ACTIAM, for illustrative purposes only

# Reporting impact to customers (1/2)

Home

SDG Contribution (1/2)

Planetary Boundaries







ESG Metrics

Engagement

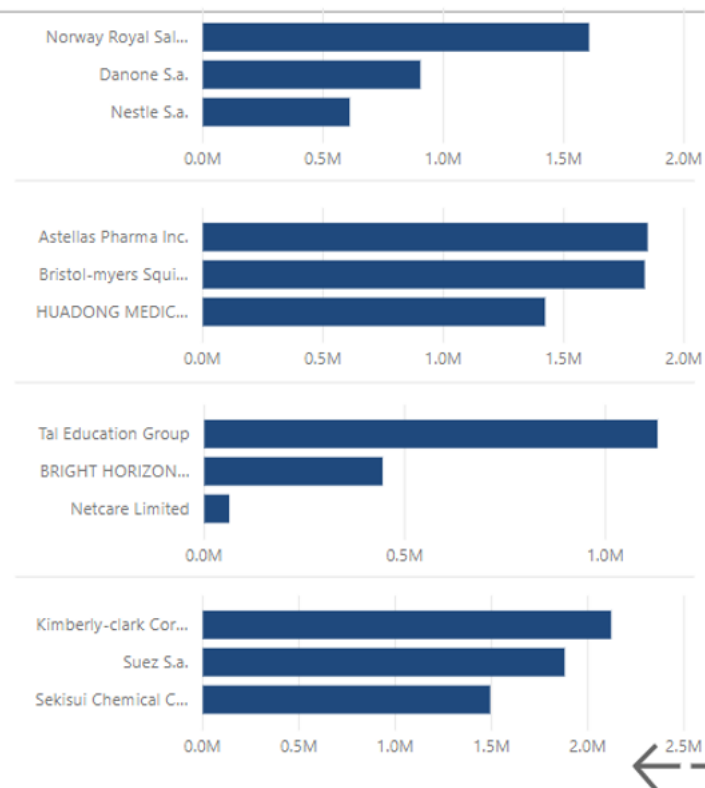
Portfolio Characteristics

## Sustainable Development Goals contribution

Allocated share of issuer's sales (EUR) that contributes to SDGs

	Portfolio	Benchmark
 	3.30M	4.36M
	9.38M	5.93M
	1.64M	146.56K
 	12.77M	2.34M

Top 3 issuers in the portfolio contributing to the SDGs based on sales generated from products or services (EUR)



Source: ACTIAM, for illustrative purposes only



# Reporting impact to customers (2/2)

Home

SDG Contribution

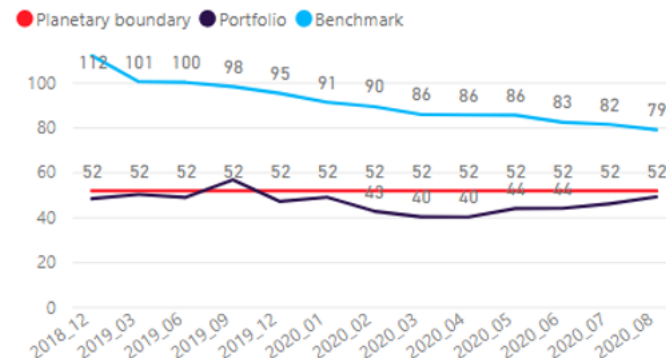
Planetary Boundaries

ESG Metrics

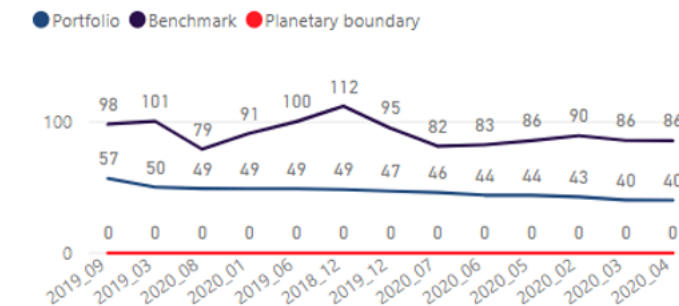
Engagement

Portfolio  
Characteristics

## Climate change planetary boundary Carbon intensity (Tonnes CO2eq/million € invested)



## Freshwater use planetary boundary Water intensity (Liters stressed water/million € invested)



## Other planetary boundaries

Planetary boundary score (0-100)  
0 indicates a bad performance on planetary boundaries. Click on icons for more information. Hover over the portfolio figures for top 5 holdings

	Portfolio	Benchmark
Biosphere integrity	70	42
Biogeochemical flows	98	93
Land system change	65	57
Ozone depletion	67	53





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# IMPACT INVESTING IN PRIVATE REAL ESTATE MARKETS – CASE STUDY

**Raymond Jacobs**

Portfolio Manager / Managing Director

**Remco van Dijk**

Director Institutional Sales - Benelux

October 2020

Source for data and information provided by Franklin Templeton.

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# Franklin Real Asset Advisors

## Impact Investing

*“Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.” ([www.thegiin.org](http://www.thegiin.org))*

### Responsible Investing



#### Values-driven

Values-driven investment solutions can exclude certain investments to comply with ethical or religious values



#### ESG-tilted

ESG-tilted or best in class investment solutions select companies with leading ESG practices, or companies with a trajectory of improving ESG standards



#### Thematic

Thematic investment solutions focus on companies that address social, environmental or climate change challenges with their products and services



#### Impact-focused

Impact-focused solutions aim to invest with the explicit intention of generating positive and measurable social and environmental outcomes



# Impact Investing – a Dual Return Strategy

A strategy that seeks to identify “win-win” investment opportunities where an Impact Return is achieved together with a Financial Return at market level.



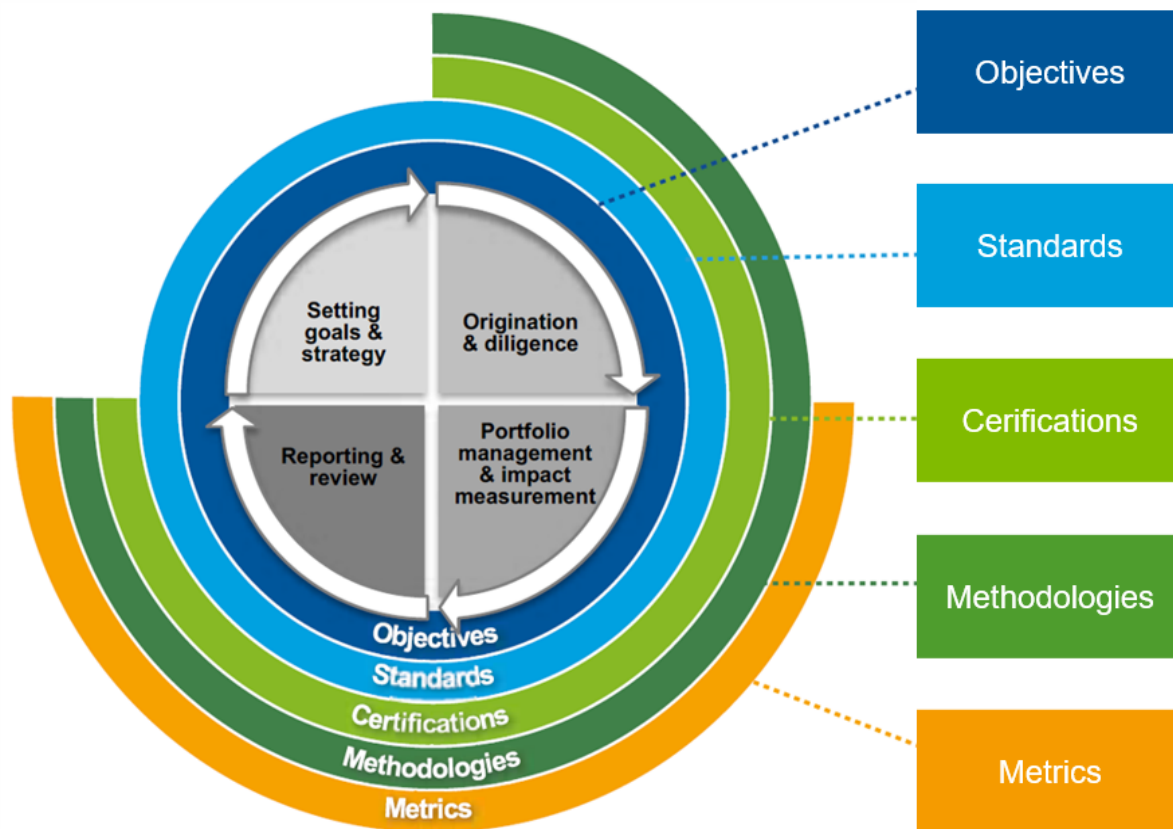
Source: Global Impact Investment Network (GIIN): Annual Impact Investor Survey, June 2018.

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# Impact Measurement & Management

## The Five Building Blocks for Impact Management



### Objectives

Common language around social and environmental objectives for aligning the supply of and demand for impact capital



### Standards

Broad guidelines that provide a common basis for evaluating investor practices



### Certifications

Standardized, third-party analyses for concisely communicating social and/or environmental performance



### Methodologies

Instruments for facilitating the diligence, assessment, monitoring, and reporting of impact



### Metrics

Standardized definitions for measuring impact and comparing investments

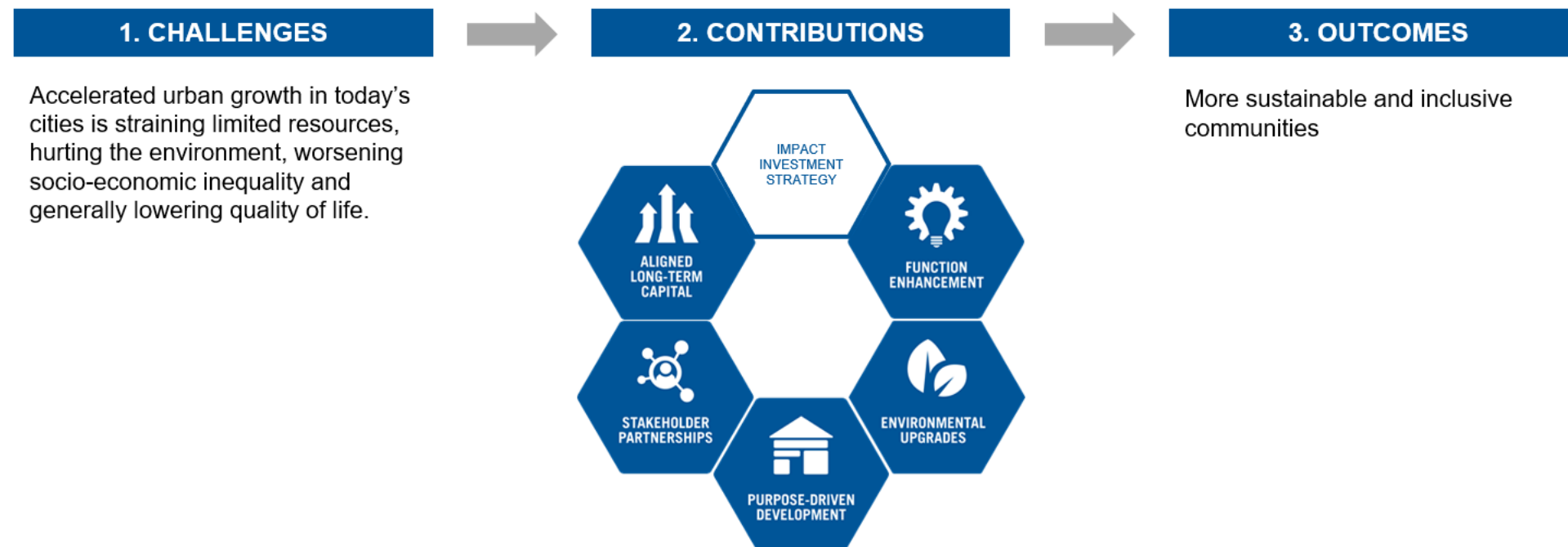
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# Theory of Change – a Critical Starting Point

In order to create meaningful impact, the strategy includes a theory of change that identifies the pertinent challenges, the potential contributions and the sought-after outcomes.



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# Intentional Contributions

In order to create meaningful impact, the strategy includes a theory of change that identifies the pertinent challenges, the potential contributions and the sought-after outcomes.

## CONTRIBUTIONS



### Aligned Capital

We are committed to the stewardship of the assets we improve and develop. Our capital seeks to create sustainable social benefit while providing liquidity to municipalities and private operating companies.

### Function Enhancement

We can renovate and upgrade existing buildings, improving their quality and function.

### Environmental Upgrades

We can create positive environmental impact with improvements that reduce pollution, save water and materials, and support biodiversity and clean transportation.

### Purpose-Driven Development

We can directly add to the stock of community-serving assets through new development, and repurposing of existing assets.

### Stakeholder Partnerships

Through active engagement with tenants and local partners, we can uncover new and meaningful ways to better serve communities.

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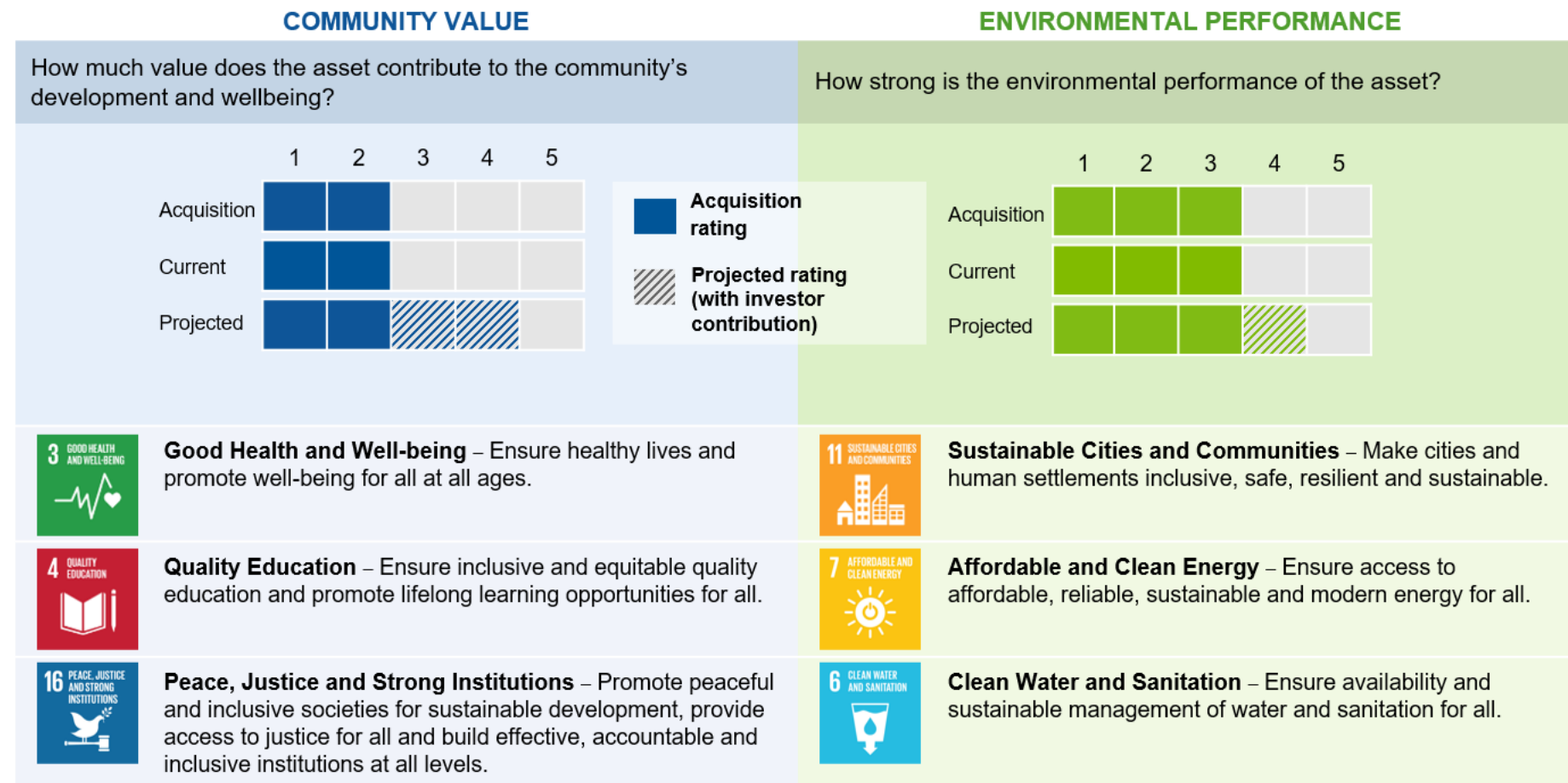
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# Impact Return Metrics

## Defining and Assessing Impact



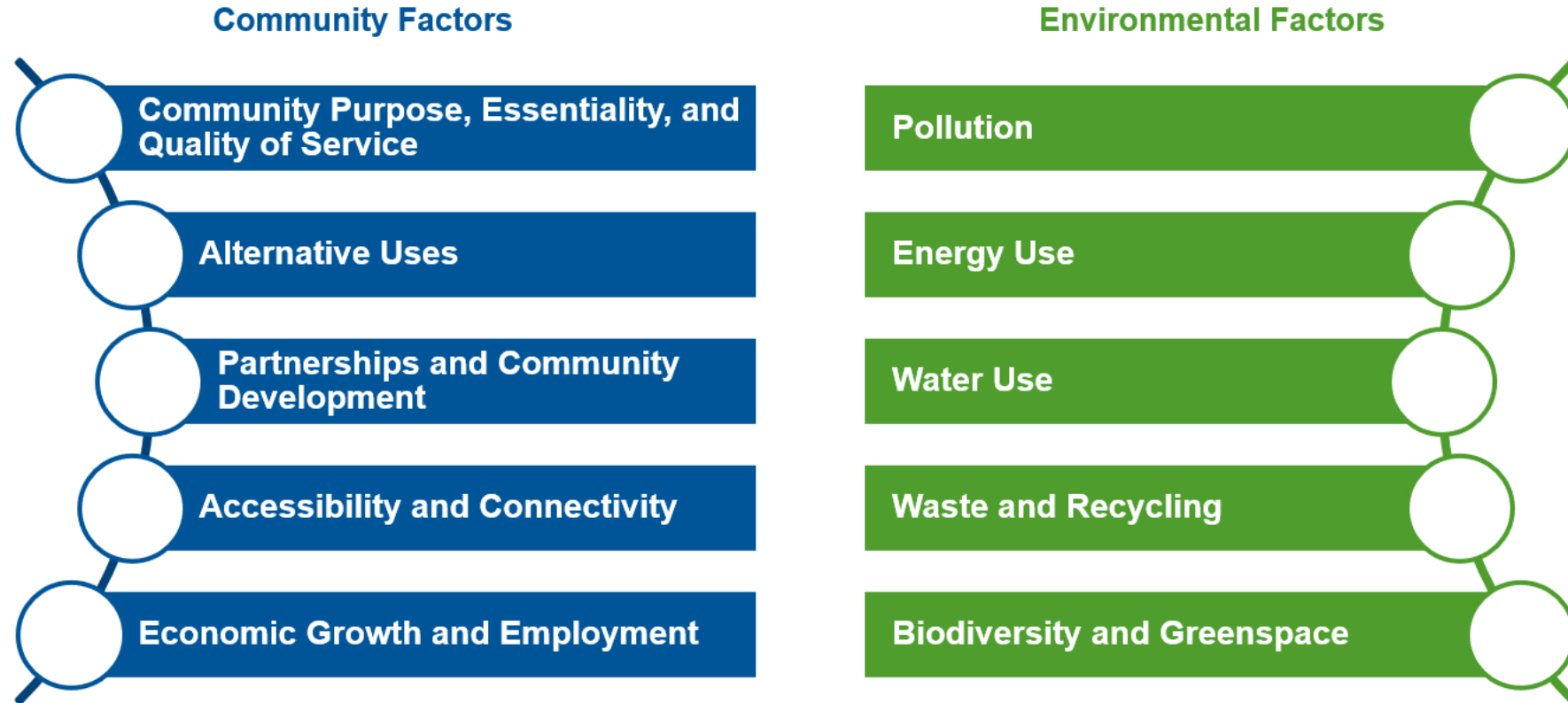
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The ratings key for the asset score tool is as follows: 1 – Underperformance, 2 – Below Average, 3 – Average, 4 – Above Average, 5 – Excellent. For more information on these ratings scores, please see the Impact Factor and Scoring – Rubrics slide on Page 27.

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# Impact Factors



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# Impact Key Performance Indicators

Utilize industry standard metrics to create actionable data points.

## Tracking SDG Contributions



- Number of Court Cases on an Annual Basis
- Number of Convictions



- Number of Patients Served
- Number of "Responders" Employed
- Number of Permanent Employees (Total)



- Area of Greenspace
- Area of Space Preserved/Developed
- Biodiversity Data



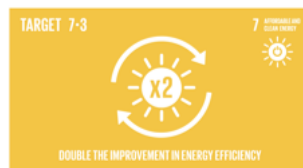
- Waste Disposed: Landfill
- Waste Disposed: Composted
- Waste Disposed: Recycled/Reused
- Indoor Air Quality



- Number of Students Enrolled
- Number of Teachers Employed



- Number of Youth Students Enrolled
- Number of Adult Students Enrolled in Formal Education Programs
- Number of Adult Students Enrolled in Non-Formal Education Programs



- Energy Purchased (Non-Renewable)
- Energy Purchased (Total)



- Indoor Air Quality and Ventilation
- Toxic Materials Exposure
- Land Contamination



- Number of Affordable/Social Housing Units
- Average Tenant Savings



- Water Used (Total)



- Energy Purchased (Total)

## Additional KPIs

- Number of Beneficiaries
- Number of Similar Services Serving the Same Population
- Essentiality of the Asset
- Number of Caregivers Employed
- Proximity to Public Transportation and Amenities
- Number/Type of Community Programs Offered or Supported
- Alternative Uses
- List of Community and Organization Partnerships
- Area of Space Preserved/Developed
- Accessibility/Universal Design
- Total Direct GHG Emissions









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# Impact Process in Action

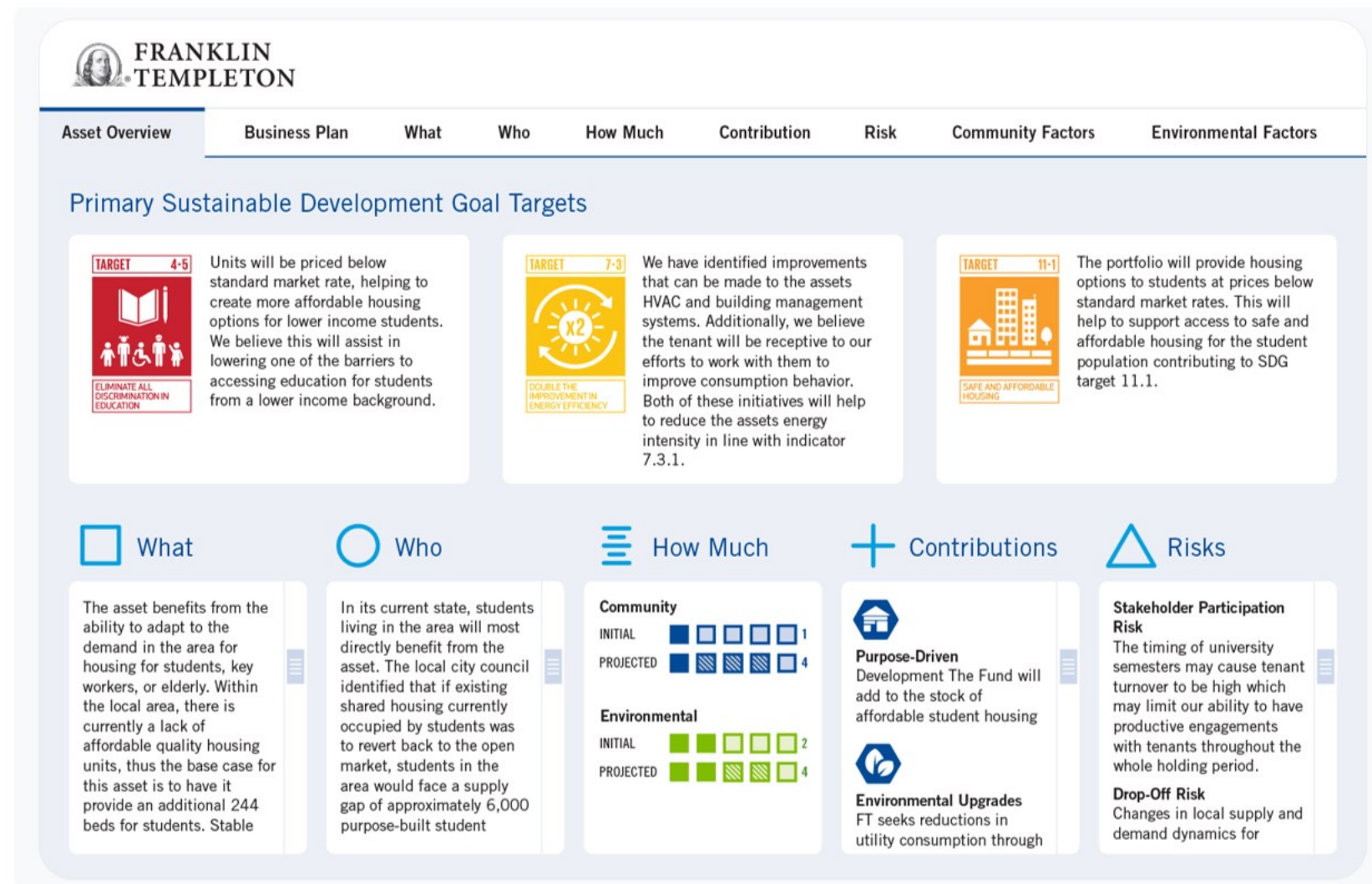
## Measuring your Contribution to the Sustainable Development Goals

1. IDENTIFY THE PERTINENT SDGs	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 		11 SUSTAINABLE CITIES AND COMMUNITIES 	
	TARGET 6-4 	TARGET 7-2 	TARGET 7-3 	TARGET 11-1 	TARGET 11-6 
2. IDENTIFY THE SDG TARGETS	INCREASE WATER-USE EFFICIENCY AND ENSURE FRESHWATER SUPPLIES	INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY	DOUBLE THE IMPROVEMENT IN ENERGY EFFICIENCY	SAFE AND AFFORDABLE HOUSING	REDUCE THE ENVIRONMENTAL IMPACT OF CITIES
	• Install low-flow toilets, aerators & motion-sensing taps	• Install Solar panels	• Install smart meters, conduct operator and tenant training	• Purchase and maintain affordable housing units	• Improve waste management
3. DEFINE POTENTIAL CONTRIBUTION	• Volume of water used by residents	• Amount of purchased energy consumed from non-renewable sources	• Total amount of purchased energy consumed by residents	• Number of residents in affordable housing units • Average Tenant Rent	• Waste Disposed: Landfill • Waste Disposed: Compost • Waste Disposed: Recycling
	• 6.4.1 – Change in water-use efficiency over time • 6.4.2 – Level of water stress	• 7.2.1 – Renewable energy share in the total final energy consumption	• 7.3.1 – Energy intensity measured in terms of primary energy and GDP	• 11.1.1 – Proportion of urban population living in slums, informal settlements or inadequate housing	• 11.6.1 – Proportion of urban solid waste regularly collected and with adequate final discharge out of total urban solid waste
4. ESTABLISH KPIs FOR OUR CONTRIBUTIONS					
5. CONTRIBUTIONS MAPPED AGAINST SDG INDICATORS					



# Impact Dashboard

## Factors Behind the Framework



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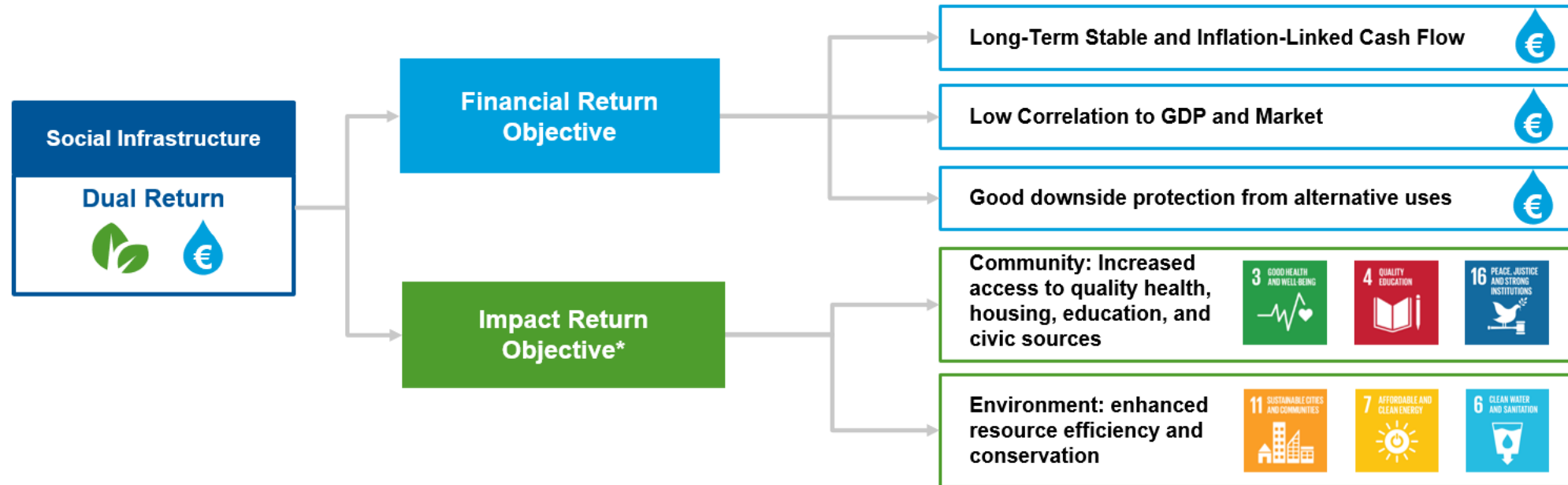
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# **COMMUNITY IMPACT CASE STUDY IN SOCIAL INFRASTRUCTURE**

# Social Infrastructure & Impact

Seeking to identify “win-win” investment opportunities where an Impact Return is achieved together with a Financial Return at market level.



\*The impact objectives are aligned with six of the 17 United Nations Sustainable Development Goals (SDGs), a universally-recognized set of global goals to spur and organize action on social and environmental issues.

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# Community Impact - Case Study

## Rehabilitation Hospital & Nursing Home – Lido di Venezia

Located in Lido di Venezia, the asset houses both the Stella Maris Nursing Home and the San Camillo Hospital, a rehabilitation hospital specializing in cranial & spinal trauma, neuropathies, Parkinson's Disease, and other motor-function disorders.



### Macro Location



### Micro Location



### Theory of Change

The region has approximately 4.9 million inhabitants. Within Veneto, approximately 22.6% of the population is above the age of 65, with projections showing this figure rising to 33% by the year 2038. Through our active ownership and aligned long-term capital we aim to maintain the availability of essential healthcare services while increasing their quality throughout the holding period.

1. There is no assurance that any projection, estimate or forecast will be realized.

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### Score

	Community				
	1	2	3	4	5
Initial	■	■	■	■	■
Projected	■	■	■	■	■

### Summary

Location	Italy, Lido di Venezia
Area	c. 32,963 sqm
Constructed / Refurbished	1949 / 2010
Deal Type	Core
Status	Closed
WALB / WALT	- / 30 years
Target Return <sup>1</sup>	7.7% (Unlevered)



# Case Study

## Aligned Long-Term Capital



1. Preserve
2. Improve
3. Expand

### 1. Challenges

#### Potential Closure

- Struggling Operator
- Proposed conversion to hotel/residential
- Loss of healthcare access
- Loss of high-skill jobs



### 2. Contribution Examples

#### Structured Deal

- New stable operators
- 30yr leases



### 3. Outcomes

#### Preservation

- Critical Health Services
- Quality Jobs



# Case Study

## Function Enhancement



1. Preserve
2. Improve
3. Expand

### 1. Challenges

#### Aging Buildings

- Refurbished in 1990

#### Inferior Nursing Home service

- Confirmed on multiple site visit



### 2. Contribution Examples

#### €6mil Capex

- Pre-negotiated tenant-funded capex

#### New high-quality operators

- Nursing home
- Hospital



### 3. Outcomes

#### Refurbishment

- To improve the physical spaces

#### Superior nursing home services

- No Reported Covid-19 cases

#### Burgeoning World-class research facility

- A top research facility
- Cutting edge neurological research
- Attracting talent



# Case Study

## Purpose-Driven Development



1. Preserve
2. Improve
3. Expand

### 1. Challenges

#### Demand for Beds

- Aging Population
- Limited supply

### 2. Contribution Examples

#### Plan to construct new end-of-life care facility

- Replacing abandoned building on site

### 3. Outcomes

#### Increased Supply

- ~60-100 new hospital beds

#### New Sensorial Garden

- Development of new occupational therapy protocols



# Case Study

## Stakeholder Partnerships



1. Preserve
2. Improve
3. Expand

### 1. Challenges

#### Accessibility

- Inefficient transportation options for employees and visitors

#### Covid-19

- Straining local infrastructure



### 2. Contribution Examples

#### Expand Water Bus service

- Direct to/from mainland

#### New Hospital Opportunity

- Ongoing discussions to fund built-for-purpose pandemic hospital



<https://mestre.veneziatoday.it/pazienti-ospedale-angelo-covid-19-trasferiti-villa-salus.html>

### 3. Outcomes

#### Improved Access

#### Potential new Hospital

- Will help make region better prepared for future pandemics



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Acquisitions of underlying real estate impact investments entail the risk that such investments will fail to perform in accordance with expectations, including operating and leasing expectations. Redevelopment and new project developments are subject to numerous risks, including construction delays, cost overruns or force majeure events that may increase project costs, new project commencement risks, such as receipt of zoning, occupancy and other required approvals and permits and development costs associated with projects that are not pursued to completion.

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For example, an outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and later detected globally, causing the World Health Organization to declare it a pandemic. This coronavirus caused global distress and market volatility and uncertainty, and it resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations of services, supply chain disruptions, and disruptions or suspensions of business activities across a wide range of industries and lower consumer demand.

Public health crises caused by COVID-19 or other outbreaks will, from time to time, also exacerbate other pre-existing political, social and economic risks in certain countries, regions or globally. It is not possible to determine the duration and severity of any potential adverse impact of the COVID-19 outbreak or any other public health issue on investments, or more broadly upon the global economy.

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## Expertpanel

met de sprekers en Jacqueline Duiker, Senior Manager Sustainability & Responsible Investment, VBDO



**Bedankt voor uw aandacht!**

