



# Webinar

## Net Zero in Real Assets: From Pledges to Delivery

Date: May 22, 2024

00:00:18 --> 00:00:21: Hello everyone, looks like the webinar starting.

00:00:21 --> 00:00:24: Good morning for those joining in America or good afternoon

00:00:24 --> 00:00:27: for those joining in Europe or good evening for those

00:00:27 --> 00:00:28: joining in Asia.

00:00:28 --> 00:00:33: Today, Longevity is very pleased to be sponsoring the webinar

00:00:33 --> 00:00:35: on Net zero in real estate.

00:00:35 --> 00:00:37: From pledges to delivery.

00:00:37 --> 00:00:43: I'm very pleased to introduce you to an amazing panel

00:00:43 --> 00:00:46: representing 3 regions today.

00:00:46 --> 00:00:52: We've got Ester joining us from the City Corporation Limited.

00:00:52 --> 00:00:57: We've got Catherine Sherwin joining us from BlackRock and Lauren

00:00:57 --> 00:00:59: joining us from AXA.

00:01:00 --> 00:01:05: Ester is the Chief Sustainability Officer at City Development Limited.

00:01:05 --> 00:01:09: Catherine is the global head of infrastructure and real estate

00:01:09 --> 00:01:13: sustainability investing BlackRock and Lauren is the global head of

00:01:13 --> 00:01:15: sustainability at AXA.

00:01:16 --> 00:01:19: It would be great if Esther, Catherine and Laurent could

00:01:19 --> 00:01:23: introduce themselves and talk a little bit about their roles

00:01:23 --> 00:01:26: in their organisations before we dive in into the subject

00:01:26 --> 00:01:27: matter of today.

00:01:29 --> 00:01:30: Esther, over to you.

00:01:32 --> 00:01:35: Hello, hi, good evening from well, I'm actually in Seoul

00:01:35 --> 00:01:36: now in Asia.

00:01:38 --> 00:01:39: Thank you for having me.

00:01:39 --> 00:01:40: City developments limited.

00:01:40 --> 00:01:43: Actually for those who may not know us, we just

00:01:43 --> 00:01:47: celebrated 16th anniversary and we have quarter in Singapore, but

00:01:47 --> 00:01:50: we are present in actually 29 countries and regions.

00:01:50 --> 00:01:55: And our core business is building, you know, residential development

00:01:55 --> 00:01:58: commercials and also we have a hotel footprint, 150 hotels

00:01:58 --> 00:01:59: worldwide.

00:01:59 --> 00:02:04: And definitely, you know, sustainability has been integrated into our

00:02:04 --> 00:02:07: business since 1995 S almost 30 years now and we

00:02:07 --> 00:02:11: have planned for net zero since 2021 during Glasgow and

00:02:11 --> 00:02:15: a life adopting a whole life cycle approach as well.

00:02:15 --> 00:02:18: Yeah, we'll be happy to to share more later on.

00:02:18 --> 00:02:18: Thank you.

00:02:20 --> 00:02:21: Fantastic.

00:02:21 --> 00:02:22: Welcome, Esther.

00:02:22 --> 00:02:23: Catherine.

00:02:23 --> 00:02:24: Thank you.

00:02:25 --> 00:02:25: Thanks, Etienne.

00:02:26 --> 00:02:28: So my name is Catherine Sherwin.

00:02:28 --> 00:02:31: So I head up sustainable investing across black cocks, global

00:02:31 --> 00:02:34: infrastructure and real estate platforms.

00:02:34 --> 00:02:37: We have about an aggregated AUM of about 60 billion

00:02:37 --> 00:02:39: in assets under management.

00:02:39 --> 00:02:42: And specifically on the real estate side, we provide investment

00:02:42 --> 00:02:46: solutions for global clients across the risk return spectrum, some

00:02:46 --> 00:02:49: everything from mezzanine debt through to core, core plus and

00:02:49 --> 00:02:50: value add.

00:02:51 --> 00:02:53: I think a lot of what Esther was saying resonates

00:02:53 --> 00:02:54: in terms of the Black Rocks view.

00:02:55 --> 00:02:57: We have committed to net 0 carbon by 2050 or

00:02:57 --> 00:02:58: sooner.

00:02:58 --> 00:03:02: It's been something sustainability and transition, probably before we were

00:03:02 --> 00:03:06: even really calling it transition risk is something that we've

00:03:06 --> 00:03:09: been integrating for a long time across our real estate

00:03:09 --> 00:03:09: strategies.

00:03:09 --> 00:03:11: We were one of the early adopters of RES reporting,

00:03:11 --> 00:03:13: for example, when that first launched.

00:03:13 --> 00:03:16: And increasingly we're focused on what we can be doing

00:03:16 --> 00:03:18: at the individual asset level and at the aggregated portfolio

00:03:18 --> 00:03:18: level.

00:03:19 --> 00:03:21: And my role is essentially guiding a lot of that.

00:03:21 --> 00:03:25: So supporting the investment teams on everything from ESD integration

00:03:25 --> 00:03:28: within the investment decision making process to hands on asset

00:03:28 --> 00:03:29: management.

00:03:29 --> 00:03:32: What are we physically doing to the underlying properties across

00:03:32 --> 00:03:36: our portfolios to improve their sustainability performance in addition to

00:03:36 --> 00:03:40: product strategy and increasingly deciphering the alphabet soup of legislation

00:03:40 --> 00:03:43: and how that applies to our real estate portfolios as

00:03:43 --> 00:03:43: well?

00:03:45 --> 00:03:46: Fantastic.

00:03:46 --> 00:03:47: Welcome, Catherine.

00:03:47 --> 00:03:48: And then we've got Laurel.

00:03:50 --> 00:03:51: So I'm Lauren Levier.

00:03:51 --> 00:03:52: I must correct you.

00:03:52 --> 00:03:56: It's because unfortunately I'm not the global head of sympathy

00:03:56 --> 00:03:57: of AXA, but only of Axiom Ads.

00:03:57 --> 00:04:02: More modestly, it's still an important business.

00:04:02 --> 00:04:07: Axiom Ads is alternative definition of Axiom.

00:04:07 --> 00:04:10: And so the asset management arm of the AXA Group,

00:04:11 --> 00:04:15: we manage roughly speaking 180 billion of assets in alternative

00:04:15 --> 00:04:20: asset class, which are basically mostly private assets, real estate,

00:04:20 --> 00:04:26: infrastructure, private credit and more broadly alternative credit both in

00:04:26 --> 00:04:27: equity and debt.

00:04:28 --> 00:04:34: I've been part of the AXA Investment Managers team for

00:04:34 --> 00:04:39: the last 30 years and I took this responsibility for

00:04:39 --> 00:04:42: sustainability back in October.

00:04:42 --> 00:04:44: So it's relatively recent.

00:04:44 --> 00:04:50: And previously, I have been global Head of Asset Management

00:04:50 --> 00:04:54: for our real estate business, so globally.

00:04:54 --> 00:04:58: And before that, I was heading the portfolio management for

00:04:58 --> 00:05:02: the AXA Group, which is our biggest client, as you

00:05:02 --> 00:05:05: can imagine, for our real estate and infrastructure.

00:05:06 --> 00:05:11: So I'm coming more from the investment side and my

00:05:11 --> 00:05:14: mandate basically is to execute.  
00:05:14 --> 00:05:17: So I'm a voting member of all our investment committees.  
00:05:18 --> 00:05:23: And the principle is we have targets or we have  
00:05:23 --> 00:05:29: engagement and commitments to aligning our investment to  
a net  
00:05:29 --> 00:05:30: zero world.  
00:05:31 --> 00:05:33: And now it's about execution.  
00:05:33 --> 00:05:37: It's not about, you know, strategizing, communicating, It's  
really about  
00:05:37 --> 00:05:38: execution.  
00:05:38 --> 00:05:41: And that's exactly the mandate I've been given to in  
00:05:41 --> 00:05:43: terms of execution, a small challenge.  
00:05:44 --> 00:05:45: Fantastic.  
00:05:45 --> 00:05:48: So obviously net 0 carbon is one of the largest  
00:05:48 --> 00:05:50: challenges of all, I would say century.  
00:05:51 --> 00:05:53: We know we need to get there in order to  
00:05:53 --> 00:05:56: avoid massive, you know, climate tipping points.  
00:05:56 --> 00:05:59: And given that the real estate industry represents roughly  
37%  
00:05:59 --> 00:06:03: of global carbon emissions, it's really important that  
collectively we've  
00:06:03 --> 00:06:06: got that shared responsibility to address the climate goals.  
00:06:06 --> 00:06:09: So it's really good to see that your organisations that  
00:06:09 --> 00:06:11: have got such a large impact in the investment world  
00:06:11 --> 00:06:15: are taking into account, you know, these goals, those  
pledges.  
00:06:15 --> 00:06:16: But let's dive in a little bit.  
00:06:16 --> 00:06:21: Let's let's talk about, you know what, what this all  
00:06:21 --> 00:06:24: mean because you know, net zero is 2 words.  
00:06:24 --> 00:06:28: But it's not as simple that in reality to actually  
00:06:28 --> 00:06:33: implement, especially when we are dealing with all sorts of  
00:06:33 --> 00:06:36: different asset classes and investments.  
00:06:36 --> 00:06:39: So the first question that I've got for all of  
00:06:39 --> 00:06:43: you actually is what are the primary obstacles that your  
00:06:43 --> 00:06:48: organisations have encountered in translating net 0 carbon  
pledges into  
00:06:48 --> 00:06:50: concrete actions at asset level?  
00:06:50 --> 00:06:53: And perhaps we can start with Ester to keep the  
00:06:53 --> 00:06:53: same.  
00:06:56 --> 00:07:00: OK, well, certainly they're basically Simply put this the  
mindset  
00:07:00 --> 00:07:01: and the skill set.  
00:07:01 --> 00:07:01: Yeah.

00:07:02 --> 00:07:04: And I think, you know, when we first started the  
00:07:04 --> 00:07:07: journey almost 30 years ago, it is actually the mindset.  
00:07:07 --> 00:07:10: It's like, why, why green building, why, you know, low  
00:07:10 --> 00:07:13: carbon and in our in Asia, our part of the  
00:07:13 --> 00:07:17: world, nobody really care, you know, talk much about global  
00:07:17 --> 00:07:21: warming and all these sustainabilities are quite relatively new  
vocabulary  
00:07:21 --> 00:07:24: and reporting was not even, you know, in existence.  
00:07:24 --> 00:07:27: So at that time was, is quite difficult and in  
00:07:27 --> 00:07:31: fact what, how we started was just a simple ethos  
00:07:31 --> 00:07:34: of conserving as we construct very simple, just look at  
00:07:34 --> 00:07:36: Environmental Conservation.  
00:07:36 --> 00:07:40: But of course over the decades we, we know there  
00:07:40 --> 00:07:44: are more and more, you know, standard and all those,  
00:07:44 --> 00:07:47: you know, acronym in our life, you know, whether it  
00:07:47 --> 00:07:51: is GRISDPSPBI and you know, CDP and TCFG and, and  
00:07:51 --> 00:07:54: SDG, you know that you name it, we have it.  
00:07:54 --> 00:07:57: And then there's SV and LTN and FD and all.  
00:07:57 --> 00:08:00: So like, you know, life as in sustainability has become  
00:08:01 --> 00:08:02: a lot more complicated.  
00:08:02 --> 00:08:06: So, and of course, thanks to, you know, after Paris  
00:08:06 --> 00:08:12: agreements, their awareness of, you know, sustainability or  
ESG has  
00:08:12 --> 00:08:13: grown a bit.  
00:08:13 --> 00:08:16: But it was really the drastic change was during COVID  
00:08:16 --> 00:08:20: and during COVID that I think the whole world experienced.  
00:08:20 --> 00:08:23: That is almost everything came to a halt and disrupted  
00:08:23 --> 00:08:27: in terms of economy, travel, you know, travelling and a  
00:08:27 --> 00:08:29: lot of business suffered.  
00:08:29 --> 00:08:32: So at that time, I think a lot of investor  
00:08:32 --> 00:08:36: actually called to talk about, you know, ours as to  
00:08:36 --> 00:08:40: ask about our sustainability journey and strategy and, and,  
and  
00:08:40 --> 00:08:43: you know, talking about decarbonisation.  
00:08:44 --> 00:08:47: And in fact, in fastback fast track to 2018, we  
00:08:47 --> 00:08:52: have already secured the SPTI validated reduction target and  
not  
00:08:52 --> 00:08:54: quite net zero then.  
00:08:54 --> 00:08:58: And only 2021 we actually pledged to be part of  
00:08:58 --> 00:09:02: the well-being building council net zero building commitment.  
00:09:03 --> 00:09:06: And during Glasgow we actually pledged to adopt whole life  
00:09:06 --> 00:09:07: cycle.  
00:09:07 --> 00:09:10: So honestly, we are all learning by doing all these

00:09:10 --> 00:09:13: new term of scope, you know, three and body carbons  
00:09:13 --> 00:09:16: are relatively new in in, you know, in our industry  
00:09:16 --> 00:09:19: and in our market, although green building has been around  
00:09:19 --> 00:09:21: for for more than two decades now.  
00:09:22 --> 00:09:25: But how do we do carbon accounting and reporting is  
00:09:25 --> 00:09:27: still relatively new.  
00:09:27 --> 00:09:30: And of course, now we are not just talking about  
00:09:30 --> 00:09:33: energy, you know, solutions, we are also looking at circulated  
00:09:33 --> 00:09:37: circularity, you know, solution and also nature based  
solutions.  
00:09:37 --> 00:09:40: So all these is a new knowledge that adding to  
00:09:40 --> 00:09:45: our board, adding to our stakeholders, internal and external  
stakeholders,  
00:09:45 --> 00:09:46: which is not easy.  
00:09:46 --> 00:09:48: It's quite mind back bogging.  
00:09:48 --> 00:09:51: And now I think I I'm not confronted with the  
00:09:51 --> 00:09:53: question of why anymore.  
00:09:53 --> 00:09:57: It's more like how So now the second big subject  
00:09:57 --> 00:10:01: is like the, the knowledge, you know, the, the skill  
00:10:01 --> 00:10:01: set.  
00:10:01 --> 00:10:05: And I think almost every part of the world is  
00:10:05 --> 00:10:10: fighting for talent that have, you know, experience and  
sustainability  
00:10:10 --> 00:10:12: reporting, ESG integrations.  
00:10:12 --> 00:10:16: And everyone is trying to poach for people, you know,  
00:10:16 --> 00:10:19: even in a small country like Singapore and they're like,  
00:10:19 --> 00:10:22: you know, 60,000 over job available now, green job.  
00:10:23 --> 00:10:24: So everybody is fighting for talent.  
00:10:25 --> 00:10:28: So the capacity building is one of our top priority.  
00:10:28 --> 00:10:31: And the government is really offering a lot of grant  
00:10:31 --> 00:10:34: and help and straight and, and courses to really fast  
00:10:34 --> 00:10:37: track the training of sustainability professional.  
00:10:38 --> 00:10:40: So in the past we were quite lonely, but now  
00:10:40 --> 00:10:41: we are quite popular.  
00:10:41 --> 00:10:43: So that's a big change now.  
00:10:43 --> 00:10:46: And I think that both are still important.  
00:10:47 --> 00:10:49: While I say that mind mindset has changed, but there's  
00:10:49 --> 00:10:51: still room for improvement.  
00:10:51 --> 00:10:53: And of course, skill set is the area that we  
00:10:54 --> 00:10:56: really need to run really, really fast in orders to  
00:10:57 --> 00:10:59: make sense of net zero, in order to make sense  
00:10:59 --> 00:11:02: of all the, you know, reporting what get measured, get  
00:11:02 --> 00:11:03: managed.

00:11:03 --> 00:11:06: If we don't measure, you won't know what are the  
00:11:06 --> 00:11:07: gaps to improve.  
00:11:07 --> 00:11:09: And as to, you know, to really how far are  
00:11:09 --> 00:11:09: we?  
00:11:10 --> 00:11:12: If you don't measure, you don't know how far are  
00:11:12 --> 00:11:13: we from our target.  
00:11:13 --> 00:11:17: No point to just set target without measuring and without  
00:11:17 --> 00:11:18: disclosing.  
00:11:18 --> 00:11:20: I'm sure investor won't like it.  
00:11:20 --> 00:11:22: You know, you can't tell them that only by 2050.  
00:11:22 --> 00:11:23: I'll tell you, right.  
00:11:23 --> 00:11:26: You have to give an annual sustainability report and give  
00:11:26 --> 00:11:29: the ESG disclosure very promptly and in an open manner.  
00:11:29 --> 00:11:30: Yeah.  
00:11:31 --> 00:11:31: Fantastic.  
00:11:31 --> 00:11:32: Thank you, Esther.  
00:11:32 --> 00:11:36: Catherine Largest challenges to go from pledges to action  
into  
00:11:36 --> 00:11:38: asset level initiatives.  
00:11:38 --> 00:11:39: Yeah, absolutely.  
00:11:39 --> 00:11:41: A lot what Esther was saying there really resonated with  
00:11:41 --> 00:11:42: me.  
00:11:42 --> 00:11:43: I'll talk about data in a moment.  
00:11:43 --> 00:11:46: But I agree, I think we've moved beyond kind of  
00:11:46 --> 00:11:47: the mindset and as a skill set.  
00:11:47 --> 00:11:50: And anyone who's in the UK market who's tried to  
00:11:50 --> 00:11:52: fight the heat pump engineer can probably attest to the  
00:11:52 --> 00:11:55: fact that we have a skill shortage in the market  
00:11:55 --> 00:11:57: in terms of what we practically need to be doing  
00:11:57 --> 00:11:59: to rapidly decarbonizing the built environment.  
00:11:59 --> 00:12:01: By the way, if you're trying to find engineer for  
00:12:01 --> 00:12:03: a gas boiler, there's thousands of them.  
00:12:03 --> 00:12:06: So there's definitely a skill set to disconnect.  
00:12:06 --> 00:12:09: When I think at a higher level, I think there's  
00:12:09 --> 00:12:12: three key challenges and I'll touch on data like ESTA  
00:12:12 --> 00:12:15: did as well, but those being actually just translation of  
00:12:15 --> 00:12:20: net zero practically across investment vehicles and  
specifically in real  
00:12:20 --> 00:12:21: estate is is kind of complex.  
00:12:22 --> 00:12:25: The data challenge and also just policy, the policy landscape  
00:12:25 --> 00:12:28: is still sending the wrong signals and it's preventing a  
00:12:28 --> 00:12:32: barrier actually in terms of it, it's not currently economic

00:12:32 --> 00:12:36: to be really addressing that zero readiness across real estate  
00:12:36 --> 00:12:36: at large.

00:12:37 --> 00:12:40: So the first, you know, the first challenge is almost  
00:12:40 --> 00:12:43: what does net zero mean and how do you translate  
00:12:43 --> 00:12:46: that down into a specific real estate strategy?  
00:12:47 --> 00:12:50: Like Crock is obviously committed to net 0 carbon by  
00:12:50 --> 00:12:51: 2050 or sooner.

00:12:51 --> 00:12:55: Our real estate businesses are committed to net 0 carbon  
00:12:55 --> 00:12:56: by 2050 or sooner.

00:12:56 --> 00:12:57: What does that actually mean?  
00:12:57 --> 00:12:59: And what does that mean in the context of a  
00:12:59 --> 00:13:02: value add strategy that we are launching today or we're  
00:13:02 --> 00:13:03: raising capital for today?  
00:13:03 --> 00:13:06: Because actually we're going to have exited out of those  
00:13:06 --> 00:13:09: assets probably by 20-30, let alone 2050.

00:13:09 --> 00:13:12: So those high level aspirations and those high level of  
00:13:12 --> 00:13:15: definitions of net zero are valuable to a point.  
00:13:16 --> 00:13:20: But actually really understanding what that means practically  
across our

00:13:20 --> 00:13:24: very bespoke, very real real estate portfolios has been a  
00:13:24 --> 00:13:24: big challenge.

00:13:24 --> 00:13:28: And quite frankly, the only way that's been possible to  
00:13:28 --> 00:13:32: do that has been to go individually investment by investment,  
00:13:32 --> 00:13:35: property by property to understand with the tools that are  
00:13:35 --> 00:13:39: available, whether it's CREM or SBTI that is coming out  
00:13:39 --> 00:13:43: where those properties actually are on those science based  
pathways.

00:13:43 --> 00:13:46: And where do we need to be addressing those kind  
00:13:46 --> 00:13:49: of hot spots per say across our portfolios to reduce  
00:13:49 --> 00:13:50: stranded asset risk.

00:13:50 --> 00:13:53: So the translation of these high level objectives and these  
00:13:53 --> 00:13:57: high level definitions across investment strategies, it's really,  
really difficult

00:13:57 --> 00:14:00: and there's a lot of kind of bespoke-ness that you  
00:14:00 --> 00:14:01: have to apply.

00:14:01 --> 00:14:02: So that remains a challenge.

00:14:02 --> 00:14:05: The 2nd is data and completely agree what Esther was  
00:14:05 --> 00:14:08: saying in terms of if you're not measuring it, how  
00:14:08 --> 00:14:09: on earth you managing it.

00:14:10 --> 00:14:13: And we still have challenges especially as it relates to  
00:14:13 --> 00:14:14: Scope 3.

00:14:14 --> 00:14:17: So tenant related greenhouse gas emissions, we still have  
those



00:14:17 --> 00:14:18: challenges.

00:14:18 --> 00:14:21: We have 100% data coverage across scope one, scope two

00:14:21 --> 00:14:23: across our real estate portfolios.

00:14:23 --> 00:14:25: But we're sometimes at the mercy of what our tenants

00:14:25 --> 00:14:27: will actually share with us as it relates to their

00:14:28 --> 00:14:28: consumption.

00:14:28 --> 00:14:35: And we're trying different methods whether it's installation to

00:14:35 --> 00:14:38: provide

00:14:35 --> 00:14:38: to get access to that information.

00:14:38 --> 00:14:42: But actually all of these available models, whether it's

00:14:42 --> 00:14:46: Chrome

00:14:42 --> 00:14:46: or SVI are meaningless unless you can run whole typical

00:14:46 --> 00:14:49: office building landlord supplies and often less than 20%.

00:14:50 --> 00:14:53: So that tenant data is still a challenge, quite frankly,

00:14:53 --> 00:14:56: in terms of really understanding where our portfolios are.

00:14:56 --> 00:14:59: I think in France, you know, they've got the right

00:14:59 --> 00:15:03: approach with introducing de craters, yeah, where he's

00:15:03 --> 00:15:06: actually obligating

00:15:03 --> 00:15:06: landlords and tenants to be sharing data and having that

00:15:06 --> 00:15:07: visibility both ways.

00:15:07 --> 00:15:09: I think we need to see more of that.

00:15:10 --> 00:15:13: And that's probably a nice segue way into policy, which

00:15:13 --> 00:15:16: I believe still remains a massive barrier.

00:15:16 --> 00:15:19: You know, the current policy landscape is still sending the

00:15:19 --> 00:15:20: wrong signals.

00:15:21 --> 00:15:25: We don't have mandatory energy performance standards

00:15:25 --> 00:15:28: globally and we're

00:15:25 --> 00:15:28: not stipulating minimum standards in a in a defined way

00:15:28 --> 00:15:31: across new builds as well as major refurbishments etcetera.

00:15:32 --> 00:15:35: And so often you know when we're looking at these

00:15:35 --> 00:15:38: these aspirations, when we're looking at ground up

00:15:38 --> 00:15:41: development or

00:15:38 --> 00:15:41: major refurbishments and even retrofitting, sometimes the

00:15:41 --> 00:15:43: economics just don't

00:15:41 --> 00:15:43: stack up in terms of we know we need to

00:15:43 --> 00:15:47: be positioning real estate from a transition readiness

00:15:43 --> 00:15:47: perspective because

00:15:47 --> 00:15:49: we know future buyers, future tenants need that or want

00:15:49 --> 00:15:50: that.

00:15:50 --> 00:15:52: But actually the economics don't necessarily make sense.

00:15:53 --> 00:15:56: And to give you some context, in 2021, more than

00:15:56 --> 00:16:00: 3.5 billion square metres of new real estate was built

00:16:00 --> 00:16:04: without managing mandatory energy performance

00:16:00 --> 00:16:04: requirements on that.

00:16:04 --> 00:16:07: That's the equivalent of France's entire building stock.  
00:16:07 --> 00:16:10: So the policy landscape needs to catch up.  
00:16:10 --> 00:16:12: It needs to catch up quickly, and that's globally as  
00:16:12 --> 00:16:12: well.  
00:16:13 --> 00:16:15: And it remains a huge barrier when you're looking at  
00:16:15 --> 00:16:18: the pricing dynamics as well as obviously all of those  
00:16:18 --> 00:16:20: issues around data disabilities as well.  
00:16:20 --> 00:16:23: So challenges certainly still exist in industry.  
00:16:23 --> 00:16:26: So a lot more, a lot better policies, you know,  
00:16:26 --> 00:16:30: hopefully coming from governments around the world, both  
central and,  
00:16:30 --> 00:16:31: and local law.  
00:16:33 --> 00:16:35: Can we talk a little bit about the, you know,  
00:16:35 --> 00:16:38: the pledges and, and, and how does that translate to,  
00:16:38 --> 00:16:40: you know, actions at, at asset level?  
00:16:40 --> 00:16:43: I mean, you know, 180 billion is a lot to  
00:16:43 --> 00:16:44: decarbonise.  
00:16:44 --> 00:16:46: How how do you how do you go about it?  
00:16:48 --> 00:16:50: The good news is that the why, the why was  
00:16:50 --> 00:16:54: not a really a question because basically it's back 2006  
00:16:54 --> 00:16:58: that we calibrated our forestry investment for AXA to  
neutralize  
00:16:58 --> 00:17:01: the carbon emission of the portfolio.  
00:17:01 --> 00:17:05: What we realized much later on was basically the number  
00:17:05 --> 00:17:06: we're using.  
00:17:06 --> 00:17:09: We're not making so much sense for the carbon emission  
00:17:09 --> 00:17:12: because basically we can measure energy, but no one, you  
00:17:12 --> 00:17:14: know, measure exactly what is a kilo or a ton  
00:17:14 --> 00:17:15: of carbon.  
00:17:16 --> 00:17:18: So one of the challenge, I think, if you want  
00:17:19 --> 00:17:22: to make economic and rational decision is to understand  
what  
00:17:23 --> 00:17:24: you're measuring.  
00:17:24 --> 00:17:27: And in fact, there is no rule basically when you're  
00:17:27 --> 00:17:30: discussing about, you know, there are the GHG protocol who  
00:17:30 --> 00:17:31: exists etcetera, that's true.  
00:17:31 --> 00:17:33: But they're very generic.  
00:17:33 --> 00:17:38: Basically they're putting principles, but not at all practically  
speaking,  
00:17:38 --> 00:17:39: what are you measuring?  
00:17:40 --> 00:17:42: And it's like an accounting system, you know, it's as  
00:17:42 --> 00:17:44: complex as an accounting system.  
00:17:44 --> 00:17:48: And you take one company reporting on the IFRS or

00:17:48 --> 00:17:52: US gap, you will end up with a different balance  
00:17:52 --> 00:17:57: sheet, a different turnover, a different earnings, none is.  
00:17:57 --> 00:17:58: Wrong.  
00:17:58 --> 00:18:03: It's just following different principles, but at least they're  
widely  
00:18:03 --> 00:18:04: accepted principles.  
00:18:04 --> 00:18:08: There is not widely accepted principle for carbon accounting  
or  
00:18:08 --> 00:18:12: how you translate energy in carbon or materials in carbon.  
00:18:12 --> 00:18:13: You have some pieces.  
00:18:13 --> 00:18:17: So I think the the issue for us being active  
00:18:17 --> 00:18:22: in multiple asset classes, multiple countries was in fact to  
00:18:22 --> 00:18:28: define our assessment of carbon related emission to our  
investments  
00:18:28 --> 00:18:31: in a consistent basis no matter the country.  
00:18:32 --> 00:18:34: Because reality that every country has put some form of  
00:18:34 --> 00:18:36: accounting, there are different metrics.  
00:18:37 --> 00:18:40: We have made the test looking at the one of  
00:18:40 --> 00:18:44: our development measured according to the French standard  
and to  
00:18:44 --> 00:18:47: the German standard and the difference was 50%.  
00:18:47 --> 00:18:50: So it gives you the magnitude of uncertainty when you're  
00:18:50 --> 00:18:54: manipulating carbon data, when you start to claim I will  
00:18:54 --> 00:18:56: be net zero, I will be aligned to net zero.  
00:18:56 --> 00:18:59: But there is a level of uncertainty depending on how  
00:18:59 --> 00:19:01: I'm counting things of 50%.  
00:19:02 --> 00:19:03: You have a problem.  
00:19:03 --> 00:19:04: Basically you have a big problem.  
00:19:05 --> 00:19:08: So that was the starting point for us was to  
00:19:08 --> 00:19:11: say, OK, before we go all over the place with  
00:19:11 --> 00:19:12: people taking action.  
00:19:12 --> 00:19:15: Well, in fact, we're not able to, to really make  
00:19:15 --> 00:19:17: sure that it is the appropriate action.  
00:19:17 --> 00:19:20: It is the most efficient 1 and it make economic  
00:19:20 --> 00:19:23: sense was you know we need to have the same  
00:19:23 --> 00:19:26: framework of how we measure carbon and then we can  
00:19:26 --> 00:19:30: make rational decision at asset level, at portfolio level and  
00:19:30 --> 00:19:32: that is exactly where we are as we speak.  
00:19:33 --> 00:19:35: So it has been a big investment, a lot of  
00:19:35 --> 00:19:38: team on our side and you know a little bit  
00:19:38 --> 00:19:41: about it TN, but we spend more than a year  
00:19:41 --> 00:19:45: building this framework in order to make sure that, you  
00:19:45 --> 00:19:49: know, we can fully align our fiduciary duty to the

00:19:49 --> 00:19:51: decarbonisation objectives we have.

00:19:53 --> 00:19:53: Fantastic.

00:19:53 --> 00:19:56: Yes, we, there's been a huge amount of detail and

00:19:56 --> 00:20:00: questioning and, and, and, and as as with everything, the

00:20:00 --> 00:20:03: devil was into detail and suddenly you went into the

00:20:03 --> 00:20:08: detail to identify sustainable development guidelines for the business and

00:20:08 --> 00:20:09: how it impacts.

00:20:10 --> 00:20:15: You know, you know your fiduciary duties, Esther, let's do

00:20:15 --> 00:20:19: a, a, a, a deeper dive on, you know, on,

00:20:19 --> 00:20:21: on climate risk strategies.

00:20:21 --> 00:20:25: How do you factor climate risk into your assets management

00:20:25 --> 00:20:27: and investment strategies?

00:20:27 --> 00:20:30: What are the key considerations when, for example, you've got

00:20:30 --> 00:20:34: an opportunity to, you know, buy an asset, an existing

00:20:34 --> 00:20:36: asset or buy a development or you know, buy a

00:20:37 --> 00:20:39: plot of land and, and develop it?

00:20:39 --> 00:20:42: How how do you go about climate risk management and

00:20:42 --> 00:20:44: especially your transition risks?

00:20:45 --> 00:20:49: Well, of course climate risk is really very expensive and

00:20:49 --> 00:20:53: in fact the cause of inaction nowadays outweigh the, you

00:20:53 --> 00:20:56: know, the cost of investment into to finding solutions and

00:20:57 --> 00:20:57: technology.

00:20:58 --> 00:21:00: And we have all those numbers that you know, and

00:21:00 --> 00:21:03: insurance costs was getting higher and higher.

00:21:04 --> 00:21:07: And then in fact, you know, if we don't have

00:21:07 --> 00:21:11: strategies to make sure that what we invest is insurable,

00:21:11 --> 00:21:14: the last thing you want is you'll end up with

00:21:14 --> 00:21:15: stranded assets.

00:21:15 --> 00:21:21: So we have actually established our responsible investment guideline and

00:21:21 --> 00:21:25: you know, the summary is actually posted online as well.

00:21:25 --> 00:21:29: We have a whole host of actually policies and practices

00:21:29 --> 00:21:34: online as well on our sustainability dedicated website and basically

00:21:34 --> 00:21:39: it is aligned with the UMPRI responsible investment guideline.

00:21:39 --> 00:21:43: So climate definitely we don't want to encourage, you know,

00:21:43 --> 00:21:46: any investment, you know, people's to go and buy a

00:21:47 --> 00:21:51: sea front, you know, beautiful building, you know, and without

00:21:51 --> 00:21:54: knowing that there is actually rising sea levels and all.

00:21:55 --> 00:21:58: So I think internally we do update very, very frequently

00:21:58 --> 00:22:01: on all sort of, you know, climate risk.

00:22:01 --> 00:22:05: And in fact we have actually conducted 3 rounds of

00:22:05 --> 00:22:09: TCFD climate, climate change scenario study.

00:22:10 --> 00:22:13: And since 2018, the first two years actually at that

00:22:14 --> 00:22:17: time was still 2?? warmer scenario that was under Paris

00:22:18 --> 00:22:18: agreement.

00:22:18 --> 00:22:22: And after, you know, 2020 that actually IPCC called for

00:22:22 --> 00:22:23: like 1.5???

00:22:23 --> 00:22:27: So we started the second, you know, study aligned with

00:22:27 --> 00:22:28: only 1.5 and two degree.

00:22:28 --> 00:22:31: No, no more three degree or what you know, or

00:22:32 --> 00:22:32: more so.

00:22:32 --> 00:22:35: And then after, when we finished the second one, it

00:22:35 --> 00:22:38: was in the, at the peak of COVID and we

00:22:38 --> 00:22:41: all learned that COVID actually really caused a lot of

00:22:41 --> 00:22:44: disruption and damage to, to, to the economy.

00:22:44 --> 00:22:47: So we started the third round of study.

00:22:47 --> 00:22:50: We look at not just about, you know, global warming,

00:22:50 --> 00:22:53: temperature rise and, and all the climate risk, but also

00:22:53 --> 00:22:57: looking at climate related potential, you know, like pandemic.

00:22:57 --> 00:23:02: So we actually hosted it also in our sustainability report.

00:23:02 --> 00:23:05: And now we know how many millions of dollars, you

00:23:05 --> 00:23:08: know, at risk and looking at both physical risks and

00:23:08 --> 00:23:09: also transition risks.

00:23:09 --> 00:23:13: And all these are very, you know, a top of

00:23:13 --> 00:23:16: mind of our investment team.

00:23:16 --> 00:23:19: And when they look at the investment, there is, you

00:23:19 --> 00:23:22: know, a very clear guideline for them to look at

00:23:22 --> 00:23:26: all the potential risks, not just Dubai, a beautiful building,

00:23:26 --> 00:23:30: you know, without looking at the externality, the surrounding

00:23:30 --> 00:23:33: and,

00:23:30 --> 00:23:33: you know, not just looking at today, but looking at,

00:23:33 --> 00:23:34: you know, the future.

00:23:35 --> 00:23:37: Yeah, 11 cities in the world are at the high

00:23:37 --> 00:23:38: risk of thinking.

00:23:39 --> 00:23:41: So there are actually, you know, some guidelines that we

00:23:42 --> 00:23:44: have screened out certain, you know, area and also, you

00:23:44 --> 00:23:46: know, locations and all.

00:23:47 --> 00:23:49: And and, and that's systemic.

00:23:49 --> 00:23:51: I mean, every time you do an investment, every time

00:23:51 --> 00:23:53: you do development, there is a sort of.

00:23:53 --> 00:23:56: Due diligence, yes, it's, it's very clear.

00:23:56 --> 00:23:59: Those are definitely as a listed company, we go by  
00:23:59 --> 00:24:01: a lot of clear guideline and robust system.  
00:24:02 --> 00:24:03: Fantastic.  
00:24:03 --> 00:24:06: I think that's the, that's the kind of, of, of  
00:24:06 --> 00:24:10: detailed and asset level work and, and, and bespoke Ness  
00:24:10 --> 00:24:14: that Catherine talked about earlier in, in a sense that  
00:24:14 --> 00:24:18: there's not really A1 size fits all that every building,  
00:24:18 --> 00:24:21: every asset at every location is going to have very  
00:24:21 --> 00:24:25: singular and, and, and special characteristics that will need to  
00:24:25 --> 00:24:28: be addressed with, with specialist.  
00:24:28 --> 00:24:30: Catherine, quick question for you.  
00:24:31 --> 00:24:35: Obviously, you know, the size of, of the portfolio is,  
00:24:35 --> 00:24:36: is significant.  
00:24:36 --> 00:24:40: You know, your parade across all time zones globally.  
00:24:41 --> 00:24:45: Obviously BlackRock being initially an American company,  
but with a  
00:24:45 --> 00:24:46: global impact.  
00:24:46 --> 00:24:50: How do you track, And that's in practice, that's basically,  
00:24:50 --> 00:24:53: you know, on a day-to-day basis, how do you track  
00:24:53 --> 00:24:57: and evaluate the performance of your net 0 carbon  
initiatives?  
00:24:57 --> 00:25:02: And what key performance indicators do you consider most  
critical?  
00:25:02 --> 00:25:04: I mean, do you use CRAM?  
00:25:04 --> 00:25:08: You know, obviously you, you, you, you're very involved with,  
00:25:08 --> 00:25:09: with GRASP reporting.  
00:25:10 --> 00:25:13: What are the key KPIs and how do you track  
00:25:13 --> 00:25:15: this global program?  
00:25:16 --> 00:25:18: Yeah, it's a, it's a great question.  
00:25:18 --> 00:25:21: And there's probably two key process that we've like fully  
00:25:21 --> 00:25:22: embedded that KPI.  
00:25:23 --> 00:25:25: What I would say is for those of you who  
00:25:25 --> 00:25:27: know me, I have an environmental science background.  
00:25:27 --> 00:25:31: So when we first started out doing these materiality exercises  
00:25:31 --> 00:25:35: to understand what are the most relevant and material KP  
00:25:35 --> 00:25:38: is we should be tracking across real estate.  
00:25:38 --> 00:25:40: We are coming through the kitchen sink of it and  
00:25:40 --> 00:25:42: there was about 70 different KP is and we're like  
00:25:42 --> 00:25:43: that's not realistic.  
00:25:43 --> 00:25:45: That's home in on the five or six of the  
00:25:45 --> 00:25:46: most material.  
00:25:46 --> 00:25:48: But from a transition perspective, it's probably no surprise.  
00:25:48 --> 00:25:51: It's just scope one and two and three greenhouse gas

00:25:51 --> 00:25:52: emissions.

00:25:52 --> 00:25:56: It's your energy intensity, it's your absolute energy, it's your

00:25:56 --> 00:25:59: weighted average carbon intensity by AUM, by Fluora.

00:25:59 --> 00:26:02: It's those kinds of metrics that we're all pretty used

00:26:02 --> 00:26:03: to across the industry.

00:26:03 --> 00:26:06: And then when you're thinking more broader sustainability, you've got

00:26:06 --> 00:26:08: things like your social metrics, you've got water waste, etcetera

00:26:09 --> 00:26:10: that you're tracking across the portfolio.

00:26:11 --> 00:26:14: But from a from a transition risk perspective, it's it's

00:26:14 --> 00:26:15: leaning into.

00:26:15 --> 00:26:18: So there's energy and there's a mission related metrics and

00:26:18 --> 00:26:22: there's, well, there's two key areas that we're fully embedded

00:26:22 --> 00:26:22: into it.

00:26:22 --> 00:26:24: And then I'll talk in a little bit of detail

00:26:24 --> 00:26:27: about what these net 0 carbon strategies that we are

00:26:27 --> 00:26:30: implementing at a, at a property by property level.

00:26:30 --> 00:26:33: And this is, I mean, we started this process probably

00:26:33 --> 00:26:35: about three years ago and we continue to roll them

00:26:35 --> 00:26:37: out across our portfolios.

00:26:37 --> 00:26:39: But the two key stages that we've really implemented these

00:26:39 --> 00:26:41: kind of KPIs and that visibility is one at that

00:26:42 --> 00:26:42: point of investment.

00:26:43 --> 00:26:46: So when we're looking at potential new investment opportunities at

00:26:46 --> 00:26:49: that point of transaction or as part of that investment

00:26:49 --> 00:26:53: committee processes and part of that investment due diligence, we're

00:26:53 --> 00:26:56: trying to really get an understanding of what is happening

00:26:56 --> 00:26:59: within the building from an energy and a carbon dynamic

00:26:59 --> 00:26:59: perspective.

00:27:00 --> 00:27:03: Where is it on things like the crime analysis models?

00:27:03 --> 00:27:06: We, we obviously we try and get as much upfront

00:27:06 --> 00:27:09: data as we've possibly gone to run those models efficiently.

00:27:09 --> 00:27:11: If we can't get the data, we'll try and use

00:27:11 --> 00:27:14: proxies or estimates through peak off to at least get

00:27:14 --> 00:27:16: a feel, at least get a pulse of this is

00:27:16 --> 00:27:19: the kind of the, the, you know, average or likely

00:27:19 --> 00:27:22: energy consumption and, and intensity of any given property.

00:27:23 --> 00:27:25: But really at that point of investment, we're trying to

00:27:25 --> 00:27:28: understand what is happening within the building and importantly where

00:27:29 --> 00:27:32: are those opportunities to drive improvements and really folding that

00:27:32 --> 00:27:35: into the wider asset management business plans in terms of

00:27:35 --> 00:27:38: you know the CapEx allowance, budget allowance, are we looking

00:27:38 --> 00:27:40: at repositioning this as a retrofit that looks very different

00:27:41 --> 00:27:42: within a value add strategy to a core?

00:27:43 --> 00:27:45: What is the time time bound nature that we have

00:27:45 --> 00:27:47: for actually implementing?

00:27:48 --> 00:27:52: So this is fully integrated now into our investment decision making processes.

00:27:52 --> 00:27:54:

00:27:54 --> 00:27:56: I also sit in a voting position on our global

00:27:56 --> 00:27:58: value add real estate committee.

00:27:58 --> 00:28:01: So sustainability is at forefront of those strategies and is

00:28:01 --> 00:28:05: coming through and the technical due diligence that we're now

00:28:05 --> 00:28:08: doing and the questions that we're now asking around pricing

00:28:08 --> 00:28:11: adjustments and by the way we do adjust pricing if

00:28:11 --> 00:28:15: we believe that CapEx required a significant and that doesn't

00:28:15 --> 00:28:17: reflect the offer price etcetera.

00:28:17 --> 00:28:20: So this is getting much more baked into this kind

00:28:20 --> 00:28:23: of concept of transition risk is getting much more baked

00:28:23 --> 00:28:26: into that investment decision making process and we're doing a

00:28:26 --> 00:28:29: lot more upfront analysis and we're doing a lot more

00:28:29 --> 00:28:30: upfront forward-looking.

00:28:30 --> 00:28:34: When you think about that hundred day plan post transaction,

00:28:34 --> 00:28:37: where are those opportunities whether quick wins or gap analysis

00:28:38 --> 00:28:41: or kind of more embedded asset management initiatives to actually

00:28:41 --> 00:28:43: drive decarbonisation.

00:28:43 --> 00:28:46: And then the second is really just that ongoing asset

00:28:46 --> 00:28:47: management process.

00:28:47 --> 00:28:48: So we are active asset managers.

00:28:49 --> 00:28:52: You know we invest in these these properties and we

00:28:52 --> 00:28:55: manage them on behalf of our clients and we take

00:28:55 --> 00:28:58: very hands on active asset management role similar to kind

00:28:58 --> 00:29:01: of property management in in many, many ways.

00:29:02 --> 00:29:05: But we are now implementing what we call transition on

00:29:05 --> 00:29:08: net 0 carbon strategies at an individual property level.

00:29:09 --> 00:29:11: We've actually made that one of our commitments for all

00:29:11 --> 00:29:13: of the products that were classified under SFDR Article 8



00:29:13 --> 00:29:14: as well.

00:29:14 --> 00:29:17: And really at a high level, those net zero transitions

00:29:17 --> 00:29:21: are following kind of a hierarchical approach in terms of

00:29:21 --> 00:29:25: where are those opportunities to eliminate energy wastage, prove energy

00:29:25 --> 00:29:29: efficiency and where are the available tools, retrofitting initiative, major

00:29:29 --> 00:29:34: refurbishment if required to actually completely overhaul the energy efficiency

00:29:34 --> 00:29:37: profile of the building if it hasn't been done so

00:29:37 --> 00:29:40: far or to make additional improvements if that work has

00:29:40 --> 00:29:41: been underway to an extent.

00:29:42 --> 00:29:44: So this is really kind of the hands on piece

00:29:44 --> 00:29:45: and it's got to start at that.

00:29:45 --> 00:29:48: Where are those opportunities to improve efficiency?

00:29:48 --> 00:29:50: We then explore things like on site renewables.

00:29:50 --> 00:29:53: So we've done thousands of hundreds of thousands of kilowatts

00:29:53 --> 00:29:56: of solar rooftop installations for example, and actually trying to

00:29:56 --> 00:30:00: understand those opportunities for onsite and micro renewables on our

00:30:00 --> 00:30:02: real estate can be additional source of revenue, it can

00:30:02 --> 00:30:04: be additional source of income, etcetera.

00:30:04 --> 00:30:08: So from an underwriting perspective, it can make sense, but

00:30:08 --> 00:30:12: it's also driving decarbonisation and energy security at your property

00:30:12 --> 00:30:16: level, which is really interesting if we if there it's

00:30:16 --> 00:30:16: not feasible.

00:30:17 --> 00:30:19: But on site renewables, you know, solar and Helsinki is

00:30:19 --> 00:30:22: not always kind of the best idea from a payback

00:30:22 --> 00:30:22: perspective.

00:30:23 --> 00:30:25: We'll look at things like off site renewables and how

00:30:25 --> 00:30:26: do we actually get 100%.

00:30:26 --> 00:30:29: We go back to energy procurement for example, across our

00:30:29 --> 00:30:32: across our real estate and we're increasingly looking at off

00:30:32 --> 00:30:35: offsetting as well as part of those longer term strategies.

00:30:35 --> 00:30:39: Now I would say the public confidence in offsetting has

00:30:39 --> 00:30:42: been shaken and my view is offsetting is the last

00:30:42 --> 00:30:43: resort.

00:30:43 --> 00:30:46: It's there for where you cannot eliminate greenhouse gas emissions

00:30:46 --> 00:30:46: further.

00:30:46 --> 00:30:49: So we're not actually currently doing offsetting anywhere

across our  
00:30:49 --> 00:30:50: real estate portfolios.  
00:30:50 --> 00:30:54: We're really focused on that opposite decarbonisation.  
00:30:54 --> 00:30:56: And I, I believe that that's the view that real  
00:30:56 --> 00:31:00: estate should be taking for many years, really until we  
00:31:00 --> 00:31:02: can, you know, lean into it to offsetting and quite  
00:31:02 --> 00:31:06: frankly, until that market gets a bit more regulation and  
00:31:06 --> 00:31:08: quality control over it as well.  
00:31:08 --> 00:31:09: But at a high level, this is kind of what's  
00:31:09 --> 00:31:10: happening on the ground.  
00:31:11 --> 00:31:13: All of this is underpinned by data.  
00:31:13 --> 00:31:15: And I've alluded this to already, but it's absolutely  
underpinned  
00:31:15 --> 00:31:16: by data.  
00:31:16 --> 00:31:20: And where possible, we we're leveraging tools like Creme, as  
00:31:20 --> 00:31:23: you mentioned, Sen to to understand, you know, from a  
00:31:23 --> 00:31:26: kind of a science perspective, where do we need to  
00:31:26 --> 00:31:30: be positioning our our assets against those climate  
pathways?  
00:31:31 --> 00:31:32: Is CREM perfect?  
00:31:32 --> 00:31:32: No.  
00:31:33 --> 00:31:35: Is it a valuable tool for actually doing something about  
00:31:35 --> 00:31:36: a kind of initial analysis?  
00:31:37 --> 00:31:38: Absolutely.  
00:31:38 --> 00:31:39: I'd also say it's one of the best tools that  
00:31:39 --> 00:31:41: we currently do have in market.  
00:31:41 --> 00:31:43: So let's not perfect be the enemy of the good  
00:31:43 --> 00:31:45: in terms of some of the analysis that we can  
00:31:45 --> 00:31:47: do upfront, but it is very intense and and you  
00:31:48 --> 00:31:50: know, essay because you've worked with us several times,  
this  
00:31:51 --> 00:31:52: is really, really hands on.  
00:31:52 --> 00:31:55: It's investment by investment, it's property by property.  
00:31:55 --> 00:31:59: It's very time, it's loss intensive as well.  
00:31:59 --> 00:32:02: But as a fiduciary, we believe this is critical in  
00:32:02 --> 00:32:06: terms of actually protecting and enhancing returns on behalf  
of  
00:32:06 --> 00:32:09: our clients because we are seeing those pricing dynamics  
play  
00:32:09 --> 00:32:13: out against transition ready real estate, probably much faster  
here  
00:32:13 --> 00:32:16: in Europe than maybe other parts of the world.  
00:32:16 --> 00:32:19: But those pricing dynamics are starting to play out and

00:32:20 --> 00:32:23: we're starting to see that concept of a green premium  
00:32:23 --> 00:32:26: actually apply to transition ready real estate.  
00:32:26 --> 00:32:28: So it was a long term investor and a fiduciary,  
00:32:28 --> 00:32:30: you know, going back to some of the currents that  
00:32:30 --> 00:32:32: Lauren was making as well.  
00:32:32 --> 00:32:34: This has to be front and centre of what we're  
00:32:34 --> 00:32:35: doing as a real estate investor.  
00:32:36 --> 00:32:40: So the two very interesting elements that you've mentioned is  
00:32:40 --> 00:32:43: well, three really in in in your comments is that  
00:32:43 --> 00:32:45: one, it's all about timing.  
00:32:45 --> 00:32:47: You know, you, you know, it's not because you've got  
00:32:47 --> 00:32:50: a plan that you've got to do everything right now,  
00:32:50 --> 00:32:52: but it's all about the planning and the timing of  
00:32:52 --> 00:32:53: things.  
00:32:53 --> 00:32:57: The second most important thing that you've mentioned is,  
00:32:57 --> 00:33:00: you  
00:33:01 --> 00:33:04: know, the the pricing elements, the fact that actually, you  
00:33:04 --> 00:33:08: know, you've got a client, you know, or you've got  
00:33:08 --> 00:33:09: a potential investment opportunity coming to you, you know,  
00:33:09 --> 00:33:12: for  
00:33:12 --> 00:33:15: let's say for 100 million.  
00:33:15 --> 00:33:16: And you're saying, well, no, it's not worth 100 million,  
00:33:16 --> 00:33:19: it's worth 100,000,000 minus the 20 million is going to  
00:33:19 --> 00:33:20: cost me to decarbonize.  
00:33:21 --> 00:33:25: And therefore, maybe, you know, I'll offer you 80, you  
00:33:25 --> 00:33:29: know, how about that.  
00:33:30 --> 00:33:34: And therefore, you know, on top of the current pricing  
00:33:34 --> 00:33:38: adjustments that there's been in the market in relations to,  
00:33:38 --> 00:33:41: you know, cap rates going up and interest rates going  
00:33:41 --> 00:33:45: up as well, you know, that's an additional pricing and  
00:33:45 --> 00:33:49: valuation element that comes into the play.  
00:33:49 --> 00:33:54: So it's really interesting because I was talking to a  
00:33:54 --> 00:33:57: lot of, you know, institutional investors here in the US  
00:33:57 --> 00:33:59: who mentioned that a green D, you know, brand discounts  
00:34:02 --> 00:34:05: or a green premium is, is, is not a reality.  
00:34:05 --> 00:34:08: But in fact, it's great to hear that it is  
00:34:08 --> 00:34:10: an actual reality and it is happening right now.  
00:34:10 --> 00:34:12: It's fascinating to hear it, you know, coming from you.  
00:34:12 --> 00:34:15: And the third part, it is the, the offsetting.  
00:34:15 --> 00:34:18: Obviously it's a timing element.  
00:34:18 --> 00:34:21: We always recommend, we always put it in the picture.  
00:34:21 --> 00:34:24: We recommend not to do it, but what we, what  
00:34:24 --> 00:34:27: we do say look, you know, keep, keep track of

00:34:18 --> 00:34:21: your, of your alignments and then you know, as in  
00:34:21 --> 00:34:25: when you cross that bridge it, it's important to, you  
00:34:25 --> 00:34:27: know, to, to take into considerations.  
00:34:28 --> 00:34:32: So Lauren, back back to you, quick question on the,  
00:34:32 --> 00:34:37: I've got plenty of questions for you, which is really  
00:34:37 --> 00:34:38: interesting.  
00:34:39 --> 00:34:42: So what are the biggest market challenges in implementing  
your  
00:34:42 --> 00:34:44: net 0 strategies in real estate and how do you  
00:34:45 --> 00:34:45: overcome them?  
00:34:47 --> 00:34:50: You know, you clearly you've, you've, you've started with  
understanding  
00:34:50 --> 00:34:52: what it is that you want to measure, what it  
00:34:52 --> 00:34:53: is that you want to do.  
00:34:54 --> 00:34:56: You've got a very good idea of, of, of the  
00:34:56 --> 00:34:59: planning and, and you know how much it's going to  
00:34:59 --> 00:35:01: cost you across your, your investments.  
00:35:03 --> 00:35:03: What's next?  
00:35:07 --> 00:35:11: If I look at the real estate sector, I think  
00:35:11 --> 00:35:16: the biggest challenge is the the fact that the owner,  
00:35:16 --> 00:35:20: he's not the user at least for us as investment  
00:35:20 --> 00:35:26: manager or a real estate investor, it's a very different  
00:35:26 --> 00:35:30: issue for you know, the owner occupied market.  
00:35:31 --> 00:35:33: The reason why I'm saying that is twofold.  
00:35:34 --> 00:35:37: And by the way, I would start maybe with an  
00:35:37 --> 00:35:40: important point from my standpoint, data for me is not  
00:35:40 --> 00:35:43: a challenge in itself accessing that.  
00:35:43 --> 00:35:46: I mean, yes, we don't have the data for our  
00:35:46 --> 00:35:50: tenants or you know, limited access to the data for  
00:35:50 --> 00:35:51: tenant.  
00:35:51 --> 00:35:55: But I would say as Toyota, Mercedes and Volkswagen have  
00:35:55 --> 00:35:59: no access to the real consumption of the drivers and  
00:35:59 --> 00:36:00: the cars they sold.  
00:36:00 --> 00:36:04: But that doesn't prevent us, doesn't prevent them at all  
00:36:04 --> 00:36:08: to identify where they can act, how they can improve  
00:36:08 --> 00:36:11: that car, how they develop electrified cars, et cetera.  
00:36:12 --> 00:36:15: And reality, the fact that someone is charging his E  
00:36:15 --> 00:36:19: car with German electricity or French electricity, which has a  
00:36:20 --> 00:36:23: massive impact on the carbon emission of your scope 3  
00:36:23 --> 00:36:26: is, is irrelevant to a certain extent.  
00:36:26 --> 00:36:28: So I would say we have an awful lot of  
00:36:28 --> 00:36:29: data in real estate.

00:36:29 --> 00:36:33: So rather than fighting to get access to an additional  
00:36:33 --> 00:36:37: layer of data, which in itself just create another layer  
00:36:37 --> 00:36:38: of noise.  
00:36:38 --> 00:36:41: Because, you know, a, a, a business which is open  
00:36:41 --> 00:36:43: seven days a a week, 24 hour a day will  
00:36:44 --> 00:36:47: consume much more per square meter than a business  
which  
00:36:47 --> 00:36:49: is open 12 hours a day, five days a week.  
00:36:50 --> 00:36:52: Is it a problem of the property?  
00:36:52 --> 00:36:53: No.  
00:36:53 --> 00:36:56: So don't spend time trying to figure out, you know,  
00:36:56 --> 00:36:59: on the, the, the, the, the tenant data, what is  
00:36:59 --> 00:37:01: relevant to your, your property.  
00:37:01 --> 00:37:04: So focus on what is really relevant for you as  
00:37:04 --> 00:37:04: an owner.  
00:37:05 --> 00:37:08: And I think we have a duty which is very  
00:37:08 --> 00:37:12: big in our sector because it is a sector where  
00:37:12 --> 00:37:15: we know how to decarbonize.  
00:37:15 --> 00:37:18: We know how to have efficient buildings.  
00:37:18 --> 00:37:21: You know that we're not waiting for a new technology  
00:37:21 --> 00:37:24: to come to enable us to, to, to have good  
00:37:24 --> 00:37:27: insulation and low consumption of energy.  
00:37:28 --> 00:37:31: We know how to operate a full electrical building, which  
00:37:31 --> 00:37:34: is the only source of energy which we're able to  
00:37:34 --> 00:37:34: decarbonize.  
00:37:35 --> 00:37:37: So basically we know that we can do it.  
00:37:38 --> 00:37:41: The challenge is we are the one who are investing  
00:37:41 --> 00:37:45: and the one who are saving money from this investment  
00:37:45 --> 00:37:46: are our tenants.  
00:37:47 --> 00:37:50: And that's the truth in the vast majority of our  
00:37:50 --> 00:37:52: investment world.  
00:37:52 --> 00:37:57: And tenant tenancy agreement all over the world basically  
doesn't  
00:37:57 --> 00:38:01: enable easily the landlord to recharge to the tenant the  
00:38:01 --> 00:38:06: higher rent or compensation for having improved the asset in  
00:38:06 --> 00:38:10: exchange of a lower utility bill for the tenant.  
00:38:10 --> 00:38:13: I think that's a challenge in terms of pace at  
00:38:13 --> 00:38:14: which you do it.  
00:38:14 --> 00:38:15: We know how to do it.  
00:38:15 --> 00:38:18: And for us the biggest challenge is when is the  
00:38:18 --> 00:38:21: right moment to do it, where we're able to either  
00:38:21 --> 00:38:23: agree with the tenant or to wait.  
00:38:23 --> 00:38:27: Basically that's a tenant vacate that we implement the

measure

00:38:27 --> 00:38:31: and we're able to strike a new rent reflecting the

00:38:31 --> 00:38:33: investment we've made to the new tenant.

00:38:34 --> 00:38:36: So for me, the challenge is pace at which we

00:38:36 --> 00:38:37: can do it.

00:38:37 --> 00:38:40: We could do much faster than what we are doing

00:38:40 --> 00:38:40: currently.

00:38:41 --> 00:38:44: But basically there is not just the right level of

00:38:44 --> 00:38:46: engagement with with with the tenant.

00:38:46 --> 00:38:50: So you know my ask, I was attending the the,

00:38:50 --> 00:38:54: the World Building Forum in Paris a few months ago.

00:38:55 --> 00:38:59: My ask to government is not please force the tenant

00:38:59 --> 00:39:01: to share data with me is not as if I

00:39:01 --> 00:39:04: was Toyota, I would not be saying force drivers to

00:39:04 --> 00:39:07: share the real consumption data with me.

00:39:07 --> 00:39:10: It would be please make sure that there is a

00:39:10 --> 00:39:13: framework well when I'm investing and doing energy saving

because

00:39:13 --> 00:39:14: that's the end of the day.

00:39:15 --> 00:39:18: The core of the issue is energy, energy consumption.

00:39:19 --> 00:39:23: When I'm doing this investment, I can get easily agreement

00:39:23 --> 00:39:24: with my tenants.

00:39:24 --> 00:39:29: It's not, you know, only negotiated position would last too

00:39:29 --> 00:39:32: long which are difficult to achieve.

00:39:32 --> 00:39:35: We need a simple framework to achieve that.

00:39:35 --> 00:39:35: That's one thing.

00:39:36 --> 00:39:40: And the second one is please guys, decarbonize your crate

00:39:41 --> 00:39:45: because I'm making the decision currently to move to full

00:39:45 --> 00:39:47: electric operation.

00:39:47 --> 00:39:51: It's not to discover that there are, you know, not

00:39:51 --> 00:39:54: phasing out coal, gas and oil from the electric grid.

00:39:55 --> 00:39:59: And I don't think there's a solution is that everyone

00:40:00 --> 00:40:04: will be able to have his own mini production electricity

00:40:04 --> 00:40:07: plant attached to his property.

00:40:07 --> 00:40:09: Doesn't make sense if there are this collective.

00:40:10 --> 00:40:13: Infrastructure, it is because they are much more efficient, you

00:40:13 --> 00:40:17: know, everyone would not have his mini nuclear power or

00:40:17 --> 00:40:19: or to, to, to power as cleanly as he can

00:40:19 --> 00:40:21: from a carbon standpoint.

00:40:22 --> 00:40:25: So that that's for me the two biggest challenge.

00:40:25 --> 00:40:27: We know how we can bring in terms of energy

00:40:27 --> 00:40:31: efficiency the majority of our portfolio to something which is

00:40:31 --> 00:40:34: compatible with an alignment to net zero.

00:40:34 --> 00:40:38: But there are big uncertainties, which are basically how fast

00:40:38 --> 00:40:41: I can do it from an economic standpoint, again in

00:40:42 --> 00:40:44: the relationship with my tenant.

00:40:44 --> 00:40:48: And 2nd, that's the grid I'm relying on already decarbonized.

00:40:50 --> 00:40:52: That's out of our hands.

00:40:52 --> 00:40:55: Yeah, it's pretty interesting because obviously a lot of the

00:40:55 --> 00:40:57: decisions that you're making now take into account the decarbonisation

00:40:58 --> 00:40:58: of the grid.

00:40:58 --> 00:41:01: You don't want to be net 0 carbon now, you

00:41:01 --> 00:41:03: want to be net 0 carbon aligned and make sure

00:41:03 --> 00:41:06: that you're kind of surfing that wave towards, you know,

00:41:06 --> 00:41:10: decarbonisation by 2015, which is, you know, the government goes

00:41:10 --> 00:41:10: all sooner.

00:41:10 --> 00:41:14: By the way, if your organization, you know, want to

00:41:14 --> 00:41:15: get there, you know.

00:41:17 --> 00:41:19: Yeah, they can give give it, you know, a very

00:41:19 --> 00:41:21: interesting example of real life.

00:41:21 --> 00:41:23: I mean as difficult decision to be made.

00:41:24 --> 00:41:27: We were developing a property in Australia, we had to

00:41:27 --> 00:41:30: decide if we would be heating it with a gas

00:41:30 --> 00:41:32: boiler or with heat pumps.

00:41:32 --> 00:41:37: Heat pumps are very efficient, but the grid in Australia

00:41:37 --> 00:41:38: so much carbon.

00:41:38 --> 00:41:41: You can see that the spot carbon emission of an

00:41:41 --> 00:41:46: asset powered with heat pump, despite their super good, you

00:41:46 --> 00:41:50: know, yield in terms of energy efficiency was worse than

00:41:50 --> 00:41:53: using directly gas in your property.

00:41:53 --> 00:41:54: What is your decision?

00:41:54 --> 00:41:58: You're taking short term thing spot time better to be

00:41:58 --> 00:42:01: on a gas boiler or longer term view.

00:42:01 --> 00:42:04: I hope and I expect Australia to decarbonize and I,

00:42:04 --> 00:42:07: I, I bet on, on, on, on heat pump and

00:42:07 --> 00:42:08: electricity.

00:42:10 --> 00:42:13: You know when you're communicating about your year on

00:42:13 --> 00:42:16: year or progress, etcetera, that that's not an easy decision to

00:42:16 --> 00:42:16: make.

00:42:17 --> 00:42:19: Yeah, I guess I mean, from our perspective, I think

00:42:19 --> 00:42:21: it's always good to, to keep the sort of the

00:42:21 --> 00:42:24: bigger picture and the sort of longer term picture in

00:42:24 --> 00:42:24: into place.

00:42:24 --> 00:42:27: But I, I, as an investor, you know, the, you

00:42:27 --> 00:42:30: know, one of the, the, the key things to do

00:42:30 --> 00:42:33: is, is to look at the options and, and, and

00:42:33 --> 00:42:36: to analyse, you know, what are the options?

00:42:36 --> 00:42:39: And then you make an informed decision, a collective informed

00:42:39 --> 00:42:42: decision in relations to, you know, what technologies and what

00:42:42 --> 00:42:44: pathway you're going to be taking.

00:42:45 --> 00:42:46: That's really interesting.

00:42:46 --> 00:42:49: I really like the Toyota example because it's so true.

00:42:49 --> 00:42:52: And, and you know, the other question that comes on

00:42:52 --> 00:42:54: the back of it is what's going to happen to

00:42:54 --> 00:42:57: data platforms and data companies if organisations like you say,

00:42:57 --> 00:43:00: Well, actually, at the end of the day, we don't

00:43:00 --> 00:43:01: really care about the data.

00:43:01 --> 00:43:04: It's about the building, It's about the, it's about, well,

00:43:04 --> 00:43:05: we, we don't.

00:43:06 --> 00:43:09: It's still it's still interesting to get access to the

00:43:09 --> 00:43:12: data because so it that it's not because your asset

00:43:12 --> 00:43:14: is very good that it is well operated.

00:43:14 --> 00:43:17: We have a long chain of delegation in our industry

00:43:17 --> 00:43:19: between owners, property managers, facility managers.

00:43:19 --> 00:43:23: So the guy on the ground with running your equipment

00:43:23 --> 00:43:28: is not necessarily fully conscious about you know energy savings

00:43:28 --> 00:43:30: and importance of it.

00:43:30 --> 00:43:33: So I think it's still important to measure when you

00:43:33 --> 00:43:36: can, but don't waste your energy trying to capture that

00:43:36 --> 00:43:39: I don't have or your energy probably much better use

00:43:39 --> 00:43:42: in acting on your property where you know that you

00:43:42 --> 00:43:43: have something.

00:43:43 --> 00:43:46: We have a problem of insulation of energy source.

00:43:46 --> 00:43:49: You don't need the data of your tenant to to

00:43:49 --> 00:43:50: to to know that basically.

00:43:51 --> 00:43:51: Great.

00:43:51 --> 00:43:55: So more money being spent towards implementation and actually things

00:43:55 --> 00:43:58: that's going to decarbonize your assets rather than, you know,

00:43:58 --> 00:44:01: trying to get ten data where you're going to spend



00:44:01 --> 00:44:03: a huge of time and efforts for, you know, a  
00:44:03 --> 00:44:05: relatively low, you know, value add.  
00:44:06 --> 00:44:09: So Esther back to you, Obviously you're, you know, you're  
00:44:09 --> 00:44:11: operating in Singapore, you're in an I would say maybe  
00:44:11 --> 00:44:14: is that tropical environment where it's hot and humid?  
00:44:14 --> 00:44:16: I mean, at least every time I've been in, in  
00:44:16 --> 00:44:19: Singapore, it's, it's always very hot and, and, and humid.  
00:44:20 --> 00:44:25: And, you know, you've got this climate considerations to take  
00:44:25 --> 00:44:26: into account.  
00:44:26 --> 00:44:30: I mean, what, you know, what technologies do you, do  
00:44:30 --> 00:44:33: you use, you know, when it comes to, you know,  
00:44:33 --> 00:44:37: managing this climate and how you know, how you're  
tracking  
00:44:38 --> 00:44:40: and managing your carbon footprints.  
00:44:40 --> 00:44:43: You know, for, you know, if you could provide any  
00:44:43 --> 00:44:47: examples of successful implementation of programs that  
would be, that  
00:44:47 --> 00:44:51: would be great taking into account as well, you know,  
00:44:51 --> 00:44:54: the, the, the large energy demand associated with your, with  
00:44:54 --> 00:44:55: your climate zone.  
00:45:05 --> 00:45:08: OK, it looks like Esther and Esther's got a, a  
00:45:08 --> 00:45:09: bit of a technical problem.  
00:45:09 --> 00:45:12: So Catherine, maybe we, we, we, we go back to,  
00:45:12 --> 00:45:15: to you on, on, on the next questions.  
00:45:16 --> 00:45:20: Obviously net 0 carbon is really hard to achieve on  
00:45:20 --> 00:45:23: its own and it's all about partnerships, right?  
00:45:23 --> 00:45:26: It's all about having the ability to rely on on  
00:45:26 --> 00:45:29: on good partners and taking people with you.  
00:45:29 --> 00:45:32: And it's also change management, right, in terms of how  
00:45:32 --> 00:45:36: you know, what worked yesterday doesn't necessarily work  
today and  
00:45:36 --> 00:45:38: won't necessarily work tomorrow.  
00:45:38 --> 00:45:42: How critical our partnerships and collaborations in achieving  
your net  
00:45:42 --> 00:45:44: 0 carbon program.  
00:45:44 --> 00:45:47: And if you could provide any examples of good partnerships  
00:45:47 --> 00:45:49: that have really propelled your, you know, your agenda, that  
00:45:49 --> 00:45:50: would be amazing.  
00:45:52 --> 00:45:53: Yeah, absolutely.  
00:45:53 --> 00:45:55: I mean, it takes a village, right?  
00:45:55 --> 00:45:58: If you're thinking about kind of active decarbonisation and  
there's  
00:45:59 --> 00:46:02: everyone from policy makers to tenants and occupiers

actually within

00:46:02 --> 00:46:05: your building to the investors in the investment community.

00:46:05 --> 00:46:08: And I'll provide some views on that from an investor

00:46:08 --> 00:46:12: perspective to consultants and advisors out there that that specialism

00:46:12 --> 00:46:15: that we seek is always going to exist because no

00:46:15 --> 00:46:17: one property is the same.

00:46:17 --> 00:46:19: And we've, we've kind of touched on that already.

00:46:19 --> 00:46:23: It's the developers of tools, frameworks, benchmarks.

00:46:24 --> 00:46:26: And it's also, quite frankly, going back to what Laurent

00:46:26 --> 00:46:28: was saying, you know, everybody involved in the act of

00:46:29 --> 00:46:30: decarbonisation of the grid.

00:46:30 --> 00:46:33: I mean, that's is critical and actually probably we will

00:46:33 --> 00:46:35: get to a point with any properties that have to

00:46:35 --> 00:46:37: rely on grid energy by we're not going to get

00:46:37 --> 00:46:40: them to net 0 carbon until that grid actually fully

00:46:40 --> 00:46:41: decarbonizes as well.

00:46:41 --> 00:46:42: So this is something we're grappling with.

00:46:43 --> 00:46:46: Certainly, you know, we have a global portfolio, so certainly

00:46:46 --> 00:46:49: assets and you know, areas of the the States and

00:46:49 --> 00:46:51: area, you know, we've got assets in Australia.

00:46:51 --> 00:46:54: You know, it's woeful how they still very heavily depend

00:46:54 --> 00:46:57: on coal even though they have some of the greenest,

00:46:57 --> 00:46:59: most sustainable real estate in the world.

00:47:00 --> 00:47:01: But it takes a village.

00:47:01 --> 00:47:05: I mean, I, I think just from an investor perspective,

00:47:05 --> 00:47:09: I do think we can't understate the role that the

00:47:09 --> 00:47:14: investment community can actually have on decarbonisation across real estate.

00:47:15 --> 00:47:18: And part of that is the capital that we can

00:47:18 --> 00:47:21: mobilise in to certain thematics.

00:47:21 --> 00:47:24: So decarbonise, brown to green, etcetera, I would say is

00:47:24 --> 00:47:27: only going to accelerate and I would say is only

00:47:27 --> 00:47:31: going to move faster than policy can actually catch up

00:47:31 --> 00:47:31: this point.

00:47:32 --> 00:47:36: If I take this really high level, the IAS International

00:47:36 --> 00:47:41: Energy Agency estimates that we need about 125 trillion U.S.

00:47:41 --> 00:47:46: dollars of investment needed between now and 2050 in order

00:47:46 --> 00:47:49: for the globe to reach net 0 carbon.

00:47:49 --> 00:47:52: So, and as you would expect, about 50% of that

00:47:52 --> 00:47:56: is actually going into decarbonizing our existing energy grids,

00:47:56 --> 00:48:00: you know, moving away from traditional fossil energy to actually

increasingly

00:48:00 --> 00:48:03: lean to renewables and some of these more kind of

00:48:03 --> 00:48:05: emerging clean tech solutions.

00:48:05 --> 00:48:10: But 16% of that 125 trillion, it's actually needed to

00:48:10 --> 00:48:13: decarbonise real estate.

00:48:13 --> 00:48:17: So it's about \$20 trillion between now and 50, between

00:48:17 --> 00:48:21: now and 2050, it's actually needed to decarbonise real estate.

00:48:21 --> 00:48:24: This is not about building our way to net 0

00:48:24 --> 00:48:24: carbon.

00:48:24 --> 00:48:27: This is not the shiny new LEED platinum and Brienne

00:48:27 --> 00:48:29: outstanding buildings.

00:48:29 --> 00:48:31: A lot of this is actually that brown to green

00:48:31 --> 00:48:31: play.

00:48:31 --> 00:48:35: How do we rapidly decarbonise some of the old inefficient

00:48:35 --> 00:48:36: building stock that is there?

00:48:37 --> 00:48:40: And by the way, certainly in Europe, 80% of which

00:48:40 --> 00:48:42: is going to remain at 2050 as well.

00:48:42 --> 00:48:45: From an investment perspective, I almost feel like our

00:48:45 --> 00:48:48: fiduciary obligation moves beyond what we are doing on behalf of

00:48:48 --> 00:48:51: our clients to actually be one of those key players

00:48:51 --> 00:48:55: that's going to be mobilising capital towards the

00:48:55 --> 00:48:55: decarbonisation of

00:48:55 --> 00:48:55: real estate.

00:48:56 --> 00:49:00: And of that 125 trillion, about 90% is it, it's

00:49:00 --> 00:49:04: expected to come from private markets, right?

00:49:04 --> 00:49:07: So this is not governmental reserves, this is not public

00:49:07 --> 00:49:09: finance that is going to be providing the solutions or

00:49:10 --> 00:49:11: this rapid decarbonisation.

00:49:11 --> 00:49:15: The world is almost expecting private capital to play a

00:49:15 --> 00:49:16: fundamental role.

00:49:17 --> 00:49:19: So I think, you know, as an investment, as an

00:49:19 --> 00:49:22: investor in this space, A, it's hugely exciting.

00:49:22 --> 00:49:26: There's a massive opportunity there, but whilst we can play

00:49:26 --> 00:49:30: the significant role in mobilising capital, we have to rely

00:49:30 --> 00:49:33: on that village that I spoke to on that journey

00:49:33 --> 00:49:34: as well.

00:49:35 --> 00:49:37: I've kind of touched on policy.

00:49:37 --> 00:49:39: One of the big, big focuses of our approach to

00:49:39 --> 00:49:42: Net 0 carbon is the relationships that we have with

00:49:42 --> 00:49:44: the occupiers and our buildings.

00:49:44 --> 00:49:45: It's incredible.

00:49:45 --> 00:49:48: And you know, Laurent was alluding to this as well.

00:49:48 --> 00:49:51: We're an owner, but we're not the occupier and sometimes

00:49:51 --> 00:49:55: the visibility can patchy, sometimes we have differences in behaviour

00:49:55 --> 00:49:58: change, sometimes we don't really understand how a building is

00:49:58 --> 00:50:01: fully being operated and some of the lower hanging quick

00:50:01 --> 00:50:04: wins that could exist as part of all of that.

00:50:04 --> 00:50:08: Building relationships with our tenants not only has benefits of

00:50:08 --> 00:50:11: kind of leases being renewed, but it also gives us

00:50:11 --> 00:50:15: a vital visibility and what's happening, but also building relationships

00:50:15 --> 00:50:18: and then partnering with those tenants.

00:50:18 --> 00:50:20: How do we actually come together and have really ongoing

00:50:20 --> 00:50:21: open dialogue?

00:50:21 --> 00:50:24: How do we partner with them on creating healthy, efficient

00:50:24 --> 00:50:27: buildings that they want to be living or working in?

00:50:27 --> 00:50:29: Is is a big, big focus of that.

00:50:29 --> 00:50:32: And I'd say, you know, when we think about kind

00:50:32 --> 00:50:34: of the implementation of next year at Carbon as an

00:50:35 --> 00:50:37: owner of a real estate, you cannot do that in

00:50:37 --> 00:50:40: isolation without the buy in of the occupiers of that

00:50:40 --> 00:50:43: building and without the can then being an active participant

00:50:43 --> 00:50:43: on that.

00:50:44 --> 00:50:47: So I think it's sometimes overlooked the occupiers of real

00:50:47 --> 00:50:49: estate and the critical role that they can play, but

00:50:49 --> 00:50:52: also the obligation for us to be having this open

00:50:52 --> 00:50:54: dialogue and really truly working in partnership.

00:50:55 --> 00:50:58: I think the other thing that we lean on heavily

00:50:58 --> 00:50:59: is just the guidance and the tools.

00:50:59 --> 00:51:02: You know, I think everyone across industry is waited with

00:51:02 --> 00:51:05: basing breath for the site space target alignment guidance to

00:51:05 --> 00:51:06: come out for real estate.

00:51:06 --> 00:51:08: We know that's going to heavily lean into the Creme

00:51:08 --> 00:51:11: decarbonisation pathways, which we're all familiar with.

00:51:11 --> 00:51:13: But I think, you know, one of the things we

00:51:13 --> 00:51:15: struggle with a little bit when we think about net

00:51:15 --> 00:51:18: zero and real estate is we're still lacking a North

00:51:18 --> 00:51:18: Star.

00:51:18 --> 00:51:21: You know, we know what sustainable looks like as it

00:51:21 --> 00:51:22: relates to building certifications.

00:51:22 --> 00:51:25: We know what sustainable construction looks like.

00:51:25 --> 00:51:28: We've had the Brienne and the Neighbours and the Leeds  
00:51:28 --> 00:51:31: Guide that we don't have a net zero label, we  
00:51:31 --> 00:51:33: don't have a net 0 standard or even a North  
00:51:33 --> 00:51:34: Star.  
00:51:34 --> 00:51:37: And I think that's something that's really lacking and  
something  
00:51:37 --> 00:51:40: that's, you know, the industry has to come together and  
00:51:40 --> 00:51:43: collaborate on to understand what does best practice and  
what  
00:51:43 --> 00:51:45: does net 0 carbon actually look like in real estate  
00:51:46 --> 00:51:48: and how does that differ from retail to office to  
00:51:48 --> 00:51:48: resi?  
00:51:48 --> 00:51:50: How does that differ globally?  
00:51:50 --> 00:51:52: You know, net 0 carbon in Australia is going to  
00:51:52 --> 00:51:55: look very different to net 0 carbon in Norway.  
00:51:55 --> 00:51:58: Again, going back to some of those grid dynamics, that  
00:51:58 --> 00:52:01: is a tool that we're lacking or a North Star  
00:52:01 --> 00:52:02: that we're lacking.  
00:52:02 --> 00:52:05: I know there are initiatives out there trying to address  
00:52:05 --> 00:52:08: it, so Lotus, the leaders of the Urban Future being  
00:52:08 --> 00:52:08: one of them.  
00:52:09 --> 00:52:11: But I think the more that we can come together  
00:52:11 --> 00:52:13: as an industry and the more we can get that  
00:52:13 --> 00:52:16: village actually talking and partnering with each other, the  
faster  
00:52:16 --> 00:52:18: we're going to see the results that we do need  
00:52:18 --> 00:52:19: to see across the build.  
00:52:21 --> 00:52:21: Yeah, fantastic.  
00:52:21 --> 00:52:22: I mean, you're absolutely right.  
00:52:22 --> 00:52:25: I mean we, we need a sort of that third  
00:52:25 --> 00:52:27: party validation of a net 0 carbon program.  
00:52:27 --> 00:52:29: And at the moment it's really lacking.  
00:52:29 --> 00:52:32: We've been working on a program called Paris proof at,  
00:52:32 --> 00:52:34: at Longevity and it's taken a lot longer.  
00:52:34 --> 00:52:36: We've been talking about it for three years.  
00:52:36 --> 00:52:38: But we we've got a proof of concept now and  
00:52:38 --> 00:52:41: we're ready to kind of start getting some validation from  
00:52:41 --> 00:52:41: the market.  
00:52:42 --> 00:52:44: So hopefully, you know, that'll be a useful tool for  
00:52:45 --> 00:52:45: for the industry.  
00:52:45 --> 00:52:48: But the very key point as well on, on the  
00:52:48 --> 00:52:52: relationships with the tenants and as you've mentioned Laura  
earlier,

00:52:52 --> 00:52:55: it'd be great to have some kind of, you know,  
00:52:55 --> 00:52:58: guidance from policy makers around, OK, can, can this be  
00:52:58 --> 00:53:01: addressed in a, in a way where it makes sense  
00:53:01 --> 00:53:02: for everyone?  
00:53:02 --> 00:53:05: Because there's always going to be that split incentive that  
00:53:05 --> 00:53:06: is quite hard to address.  
00:53:06 --> 00:53:10: And you know, in like in any business relationships, you  
00:53:10 --> 00:53:13: need to have a sort of level playing field where  
00:53:13 --> 00:53:16: you know, in a lot of transparency, where all parties  
00:53:16 --> 00:53:20: aligned for, you know, long term, you know, profitability and  
00:53:20 --> 00:53:22: sustainability of the relationship.  
00:53:22 --> 00:53:23: So.  
00:53:26 --> 00:53:26: I am back.  
00:53:26 --> 00:53:30: I'm sorry that the Wi-Fi was cut off in the  
00:53:30 --> 00:53:30: hotel.  
00:53:30 --> 00:53:33: Yeah, I, I think I, I can, if I can  
00:53:33 --> 00:53:38: give some actual example as an, you know, building owner  
00:53:38 --> 00:53:43: and also, you know, owner occupied owner manage your  
property.  
00:53:44 --> 00:53:47: And we are very right that we can't actually like  
00:53:47 --> 00:53:51: in a good old day, the team who developed and  
00:53:51 --> 00:53:53: built is not going to manage.  
00:53:53 --> 00:53:57: But actually the management, the operation of building has a  
00:53:57 --> 00:53:59: longer shelf life than the first.  
00:53:59 --> 00:54:02: You know within 10 years that you design and build  
00:54:02 --> 00:54:06: and TOP and then hand over to the facility building  
00:54:06 --> 00:54:08: management people to operate it.  
00:54:08 --> 00:54:11: And in fact, now everything it is integrated.  
00:54:12 --> 00:54:14: So the people who is going to manage it and  
00:54:14 --> 00:54:17: also have to look at how the building is built.  
00:54:17 --> 00:54:19: So that we have look at it like from, you  
00:54:19 --> 00:54:23: know, calculated whether the you know, what we have in  
00:54:23 --> 00:54:26: store, for example, like, you know, one of our latest  
00:54:26 --> 00:54:30: building which have matched our policies makers be building  
a  
00:54:30 --> 00:54:34: construction authority by 20 thirty 80% of our new  
developments.  
00:54:34 --> 00:54:37: JFA will have to be called, you know, achieved a  
00:54:37 --> 00:54:41: super low energy, you know, level, which is very, very  
00:54:41 --> 00:54:44: high level, not quite at 0 yet, but you know,  
00:54:44 --> 00:54:46: we need to take one step at a time.  
00:54:46 --> 00:54:48: I before my my line cut off, I heard what  
00:54:48 --> 00:54:49: you say.

00:54:49 --> 00:54:50: We are next to the equator.  
00:54:50 --> 00:54:54: Singapore is always hot and humid and that's why heat  
00:54:54 --> 00:54:58: health and comfort have always have this, you know,  
challenges  
00:54:58 --> 00:55:01: to, you know, the, the tropical countries.  
00:55:01 --> 00:55:03: So we have to look at energy efficiency.  
00:55:04 --> 00:55:07: Singapore is very small and we given you put every  
00:55:07 --> 00:55:11: solar path, every rooftop with solar panel is not sufficient  
00:55:11 --> 00:55:14: to provide, you know, renewable energy for not even, you  
00:55:14 --> 00:55:15: know, 510%.  
00:55:15 --> 00:55:17: So how do we do it reduction.  
00:55:17 --> 00:55:20: It's not possible to tell my tenant I only provide  
00:55:20 --> 00:55:21: half day, you know, air condition.  
00:55:21 --> 00:55:23: You know that's not possible, right.  
00:55:23 --> 00:55:26: So efficiency is my biggest bet and you know, last  
00:55:26 --> 00:55:29: but not least just now Catherine talked about, you know,  
00:55:29 --> 00:55:29: offset.  
00:55:30 --> 00:55:32: I would say that to be very honest, we still  
00:55:32 --> 00:55:34: have to look at the hard to abate.  
00:55:34 --> 00:55:36: You know, we do need to look at it, but  
00:55:36 --> 00:55:40: we look at it with, you know, practicality and also  
00:55:40 --> 00:55:43: very robust KPI and you know, where we get the,  
00:55:43 --> 00:55:45: the, the project and also look at it.  
00:55:46 --> 00:55:49: You know, our preference is actually nature based solutions  
project.  
00:55:49 --> 00:55:53: So that has been, you know, happening, you know, under  
00:55:53 --> 00:55:56: CIX in Singapore, we have been looking at blue carbon,  
00:55:57 --> 00:56:00: green carbon more so than, you know, other, you know,  
00:56:00 --> 00:56:01: project.  
00:56:01 --> 00:56:04: So it's a combination of how you build the building  
00:56:04 --> 00:56:07: and then we hand over to the property, you know,  
00:56:07 --> 00:56:10: management and I like what Catherine said that and also  
00:56:10 --> 00:56:13: Laurent also talk about the tenants are very important.  
00:56:14 --> 00:56:17: And far back in 2014, we launched our green list  
00:56:17 --> 00:56:20: and at that time only 65% of tenants agreed to  
00:56:21 --> 00:56:24: to sign on our green list, which actually we have  
00:56:24 --> 00:56:28: a long list of, you know, guideline for them to  
00:56:28 --> 00:56:31: like how did they fit out the their premises and  
00:56:31 --> 00:56:33: also to share data.  
00:56:33 --> 00:56:36: So I would say that we do not have, you  
00:56:36 --> 00:56:40: know, problems accessing data, you know, from our tenants  
because  
00:56:40 --> 00:56:44: now we're 100% since 2017 third quarter, we have already

00:56:44 --> 00:56:46: achieved 100% tenants green deeds already.  
00:56:47 --> 00:56:49: So we have access to data, we have no problem,  
00:56:49 --> 00:56:50: but we are on the same boat.  
00:56:50 --> 00:56:54: How do we re improve energy efficiency so that we  
00:56:54 --> 00:56:56: can reduce the energy usage?  
00:56:56 --> 00:56:58: One thing is very good is the Greek price is  
00:56:58 --> 00:56:59: very expensive here.  
00:56:59 --> 00:57:02: So if everybody save energy, it will save cost as  
00:57:02 --> 00:57:03: well.  
00:57:03 --> 00:57:06: So this is the whole things that we are looking  
00:57:06 --> 00:57:06: at.  
00:57:06 --> 00:57:09: And if I can give you one example step, there's  
00:57:09 --> 00:57:12: a new development step to be completed in the three  
00:57:12 --> 00:57:12: years time.  
00:57:12 --> 00:57:17: We already projected energy saving energy use will be  
actually  
00:57:17 --> 00:57:22: improved 30% will be used powered by solar PV and  
00:57:22 --> 00:57:27: we also will improve energy efficiency by tapping onto district  
00:57:27 --> 00:57:31: cooling which is coming our way from marinas, you know,  
00:57:32 --> 00:57:35: area to the location which is Ensign Rd.  
00:57:35 --> 00:57:37: That this is a is a mixed development.  
00:57:37 --> 00:57:40: So we have already calculated down the down, you know  
00:57:40 --> 00:57:43: a few years down the, the road already, not just  
00:57:43 --> 00:57:43: now.  
00:57:43 --> 00:57:47: So how we design and build already will decide on  
00:57:47 --> 00:57:50: the energy efficiency and so the operation.  
00:57:51 --> 00:57:53: So you can't do it like afterthought.  
00:57:53 --> 00:57:56: So I think, you know, you need the building owner,  
00:57:56 --> 00:57:59: the architect, the engineer is a team, is a team  
00:57:59 --> 00:57:59: work.  
00:57:59 --> 00:58:02: You can't just like, OK, I passed the ball to  
00:58:02 --> 00:58:02: you.  
00:58:02 --> 00:58:04: I turn around and I don't do anything.  
00:58:04 --> 00:58:06: So everybody have to look at it.  
00:58:06 --> 00:58:08: And you know, building lasts for decades.  
00:58:08 --> 00:58:10: So you can't just look at the first 5-6 years  
00:58:10 --> 00:58:11: how I build it.  
00:58:11 --> 00:58:13: And after that, it's not my business anymore.  
00:58:14 --> 00:58:16: So as an owner, we look at the whole life  
00:58:16 --> 00:58:16: cycle.  
00:58:16 --> 00:58:17: Yeah.  
00:58:17 --> 00:58:18: Fantastic.



00:58:18 --> 00:58:19: Esther, thanks so much.

00:58:19 --> 00:58:21: So we've got 2 minutes for the questions and it

00:58:21 --> 00:58:24: feels like we've addressed quite a few of the questions

00:58:24 --> 00:58:27: and some questions are quite, you know, detailed.

00:58:27 --> 00:58:30: One person asked, you know, the, the average annual CapEx

00:58:30 --> 00:58:33: requirements to get aligned with crane pathways.

00:58:33 --> 00:58:36: I mean it depends where your acid is located and

00:58:36 --> 00:58:38: it depends what acid it is and it depends, you

00:58:38 --> 00:58:41: know, when it was built and where it's located.

00:58:41 --> 00:58:43: So, you know, there's loads of different ways to respond

00:58:43 --> 00:58:44: to that question.

00:58:45 --> 00:58:49: There's a very interesting question around, you know, in terms

00:58:49 --> 00:58:53: of waiting for the guidance, are you challenging your design

00:58:53 --> 00:58:57: teams and consultants to actually create the best tools to

00:58:57 --> 00:58:57: decarbonise?

00:58:58 --> 00:59:01: And it looks like that's something that, that that access

00:59:01 --> 00:59:04: has been, has been doing, you know, with quite a

00:59:04 --> 00:59:06: bit of detail and, and that's being addressed.

00:59:07 --> 00:59:11: One very interesting question that actually just came from anonymous

00:59:12 --> 00:59:16: attendee is around the office commercial real estate that has

00:59:16 --> 00:59:19: really struggled after the COVID-19 pandemic.

00:59:19 --> 00:59:22: And I take it it's more related to, you know,

00:59:22 --> 00:59:25: the US market because what we're seeing in Europe and,

00:59:25 --> 00:59:28: and in Asia is that actually, you know, the, the,

00:59:28 --> 00:59:30: the struggles are not similar.

00:59:31 --> 00:59:34: And it says, I've heard from colleagues that the greenest

00:59:34 --> 00:59:37: thing that a worker can do is not go into

00:59:37 --> 00:59:41: the office because obviously the office will use less energy.

00:59:42 --> 00:59:45: How do you see this affecting long term real estate

00:59:45 --> 00:59:48: values and the greening of all the absolute buildings?

00:59:48 --> 00:59:51: And I think it's a great, great question because there's

00:59:51 --> 00:59:53: so many different ways of answering that.

00:59:54 --> 00:59:56: But I went to see a, a very large investment

00:59:56 --> 01:00:00: manager recently who, who said, you know, actually our, our,

01:00:00 --> 01:00:04: our, our energy use intensity went down quite significantly, but

01:00:04 --> 01:00:07: not because they spent a lot of money retrofitting the

01:00:07 --> 01:00:10: building just because nobody's using the building.

01:00:10 --> 01:00:11: So how do you go about this?

01:00:11 --> 01:00:13: I'd love to get your views.

01:00:13 --> 01:00:14: And that would be the the the conclusion.

01:00:18 --> 01:00:20: I mean, I can jump in here as somebody in

01:00:20 --> 01:00:23: an organization where we're in the office four to five

01:00:23 --> 01:00:24: days a week.

01:00:25 --> 01:00:26: So office is not dead.

01:00:26 --> 01:00:28: And I think, you know, we're starting to see, you

01:00:28 --> 01:00:31: know, certainly folks returning to office.

01:00:31 --> 01:00:34: So first and foremost, office is NASA class, certainly not

01:00:34 --> 01:00:34: dead.

01:00:34 --> 01:00:37: I think the way we use that space is changing.

01:00:38 --> 01:00:41: But I think actually interestingly, we've done major

01:00:41 --> 01:00:45: refurbishment of some of Blackrock's offices to reflect fewer people coming in

01:00:45 --> 01:00:46: on such a regular basis.

01:00:46 --> 01:00:50: The shower remains the same, but we're much more focused

01:00:50 --> 01:00:53: on healthier office as in, you know, Co creation space,

01:00:53 --> 01:00:56: you know, greater area for kind of well-being.

01:00:56 --> 01:00:58: We've got kind of end of trip facilities that have

01:00:59 --> 01:01:00: appeared in space no longer utilised.

01:01:00 --> 01:01:03: So I think office space is still going to exist.

01:01:03 --> 01:01:05: The way we use it is going to change.

01:01:05 --> 01:01:07: I could also argue that, OK, so if you look

01:01:07 --> 01:01:10: at the dynamics on the energy consumption across office

01:01:10 --> 01:01:14: space, what's happening on the energy consumption across

01:01:14 --> 01:01:17: residential space if folks are actually working from home instead, there's always

01:01:18 --> 01:01:19: two sides to each story.

01:01:19 --> 01:01:21: I mean, I think what we're seeing is energy demand

01:01:21 --> 01:01:22: is just going up.

01:01:22 --> 01:01:25: I think we can blame AI and the demand on

01:01:25 --> 01:01:27: data as a consequence of that.

01:01:27 --> 01:01:30: So there's certainly dynamics playing out, but I think it's,

01:01:30 --> 01:01:30: it's quite hard.

01:01:31 --> 01:01:33: It's kind of rule to apply globally where you have

01:01:33 --> 01:01:36: different macroeconomics and you have different and you

01:01:36 --> 01:01:38: definitely have different dynamics that are influencing that.

01:01:39 --> 01:01:42: The energy demand in some ways is just shifting from

01:01:42 --> 01:01:44: office to resi and other asset classes.

01:01:44 --> 01:01:47: So it's, it's not necessarily reducing global energy demand as

01:01:47 --> 01:01:49: a as a trend per SE.

01:01:49 --> 01:01:50: That's that's a few we've seen.

01:01:51 --> 01:01:55: As well from the, you know, owner's perspective, our building,

01:01:55 --> 01:01:59: we see a lot more people now actually, definitely initially

01:01:59 --> 01:02:02: when after COVID, yes, there was a bit quiet, but

01:02:02 --> 01:02:05: most company and most tenants that we talked to their

01:02:05 --> 01:02:08: employer want the team to come back.

01:02:08 --> 01:02:11: So they really try very hard to make their office

01:02:11 --> 01:02:12: more attractive.

01:02:12 --> 01:02:14: And like I think say they build in a lot

01:02:14 --> 01:02:17: of, you know, a collapse space, make it more fun

01:02:17 --> 01:02:19: and make it a lot of activities.

01:02:19 --> 01:02:22: And you know, they know like a Friday, you know,

01:02:22 --> 01:02:26: and the drinking session, you know, wine and cheese.

01:02:26 --> 01:02:29: And you know, it's also the human elements that you

01:02:29 --> 01:02:30: don't have at home.

01:02:30 --> 01:02:33: If every day you zoom call and then you just

01:02:33 --> 01:02:36: don't have the team, you know, collaboration anymore.

01:02:36 --> 01:02:39: And in fact, as building owner, we also make like

01:02:39 --> 01:02:41: even food court also more exciting, more interesting.

01:02:41 --> 01:02:44: That is something that you can't find at home.

01:02:44 --> 01:02:48: And well, definitely, I think we can pivot very fast,

01:02:48 --> 01:02:54: actually provide more reasons to attract office workers to come

01:02:54 --> 01:02:55: back to work.

01:02:55 --> 01:02:55: Yeah.

01:02:56 --> 01:02:57: Great.

01:02:57 --> 01:03:01: Well, Luke, it's, it's already 3 minutes past 19 where

01:03:01 --> 01:03:04: I am in, in, in, in Central Time America.

01:03:04 --> 01:03:07: But I'd like to thank you all so, so much

01:03:07 --> 01:03:09: for your contribution this morning.

01:03:09 --> 01:03:13: We've tackled so many different, you know, very important points

01:03:13 --> 01:03:16: and it was amazing to get your perspective on how

01:03:16 --> 01:03:20: we're actually, you know, making this big challenge happen.

01:03:21 --> 01:03:22: Thank you so much, everybody.

01:03:22 --> 01:03:25: Thank you for attending, for those who've attended the webinar.

01:03:25 --> 01:03:28: And I wish you a very good evening, Esther, and

01:03:28 --> 01:03:30: good afternoon, Laura and Catherine.

01:03:30 --> 01:03:31: See you soon.

01:03:31 --> 01:03:32: Thank you.

01:03:32 --> 01:03:33: Thank you very much.

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