



Positioning Commercial Real Estate Portfolio's for Success

THE GLOBAL REAL ESTATE GAME CHANGE

DMS



Galley Eco Capital Green Finance Consulting & Clients

- Early financier of U.S.A. green investment commercial properties
- Design and implementation of green, energy efficiency finance products and programs
- Green/clean tech product financial feasibility/deal structuring
- Policy and incentive advisory



Green Building Finance Workshops – Live, Teleseminars and Self-study



Sustainability is being advocated for buildings all around the world.

- Property investors, like the South Africa investment community, are considering if they must invest in green buildings



The global real estate game exerts continuous pressure on property investors

- 
- Sustainability has changed tenant and government priorities.
 - Use green building as a competitive weapon to win the real estate game: partner with tenants, stay on top of evolving building standards and advocate for innovative financing mechanisms to fund the transition.

Three Ways to Position Property Portfolios for Success



Meet
tenants
demand
for green
space

#1

Prepare for
Net Zero
Energy
Buildings

#2

Finance with
Innovative
funding
mechanisms

#3

Partner with tenants' on sustainability risks / opportunities



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A blurred background image of a modern green building with large glass windows and a curved facade, set against a blue sky. The image is slightly out of focus, emphasizing the text in the foreground.

Benefits of green buildings

- Substantial operating-cost savings
- Attract greater demand
- Occupancy premiums
- Superior value-preservation



Tenants have similar sustainability economic, risk-aversion concerns

- Manage energy-price risk / volatility.
- Relief from greater government risk / regulatory action
- Opportunities from new technology, more affordable energy sources

Tenants know that green buildings generally do not cost much more to build than conventional

Green construction markets overall are moving toward cost-neutral or low-premium construction costs – at least for lower certification levels



Tenant demand for sustainable space is increasing, even during economic downturn

2/3

Fraction of worldwide corporate real estate executives – who believe ***“sustainability is a critical business issue”***

CRE executives with global portfolios rated sustainability...

89%

Consider sustainability
major factor” in their
company’s location
decisions,

North American Executives...

80%

Plan to increase sustainability related spending

82%

Rate *energy efficiency* as the “most important area of focus and investment”

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Net Zero Energy Buildings are planned to succeed today's green design

(One) DEFINITION

"...where, as a result of the very high level of energy efficiency of the building, the overall annual primary energy consumption is equal to or less than the energy production from renewable energy sources on site".

::European Council for an Energy Efficient Economy

2019: Net Zero Energy Buildings in the European Union

- *“ from 2019: all newly constructed buildings must produce as much energy as they consume on-site”*
- Separate targets must be set for:
 - new and refurbished residential buildings;
 - New and refurbished non-residential buildings
 - buildings occupied by public authorities.



2015 and 2020: Intermediate national targets for existing buildings

- Member EU states to fix minimum percentages of buildings that should be zero energy by 2015 and by 2020 respectively.
- Approved by the European Parliament on 23rd April 2009.



US: Huge opportunity in zero energy commercial buildings



Based on projected 2025 technologies,

- 64% of the buildings could be ZEBs.
- With 2025 technology, the commercial sector could generate as much as 37% more energy than it consumes



US Government – NZEB marketable by 2025

- An initiative of the US Department of Energy
- Funded with stimulus dollars
- Pledged to make commercial net-zero energy buildings marketable by 2025

California: Net zero energy building targets in 2020 and 2030



- Part of state Energy Efficiency Strategic Plan
- Drafted as result of passage of AB32, California's landmark climate change law

Massachusetts

- plans to achieve Net Zero Energy Buildings 2030

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mechanisms

#3

Accelerate market transformation with innovative financing mechanisms



Finance must effectively support market transformation

67%

Said this is a “difficult or an extremely difficult” challenge”

Successful financing mechanisms for market transformation

- ✓ Financing for existing commercial building retrofits now
- ✓ Whole building retrofits, require energy efficiency first
- ✓ Retrofit technical assistance and tools.
- ✓ Private supplier financing
- ✓ Partner training, education

Incentivize investment in green buildings or net zero energy buildings

- Incentivize via the financial product provider over the project itself – to increase interest by capital players.

Green bonds for deep green community infrastructure

- Example: Community Capital Advisors - pools money by banks to invest in bonds for community investment, with performance requirements.
 - Retrofit of low-income affordable housing.
 - Upgrades to community-level energy infrastructure.
 - Transit-oriented development, public transit infrastructure.

So can South Africa compete in the
global real estate game?



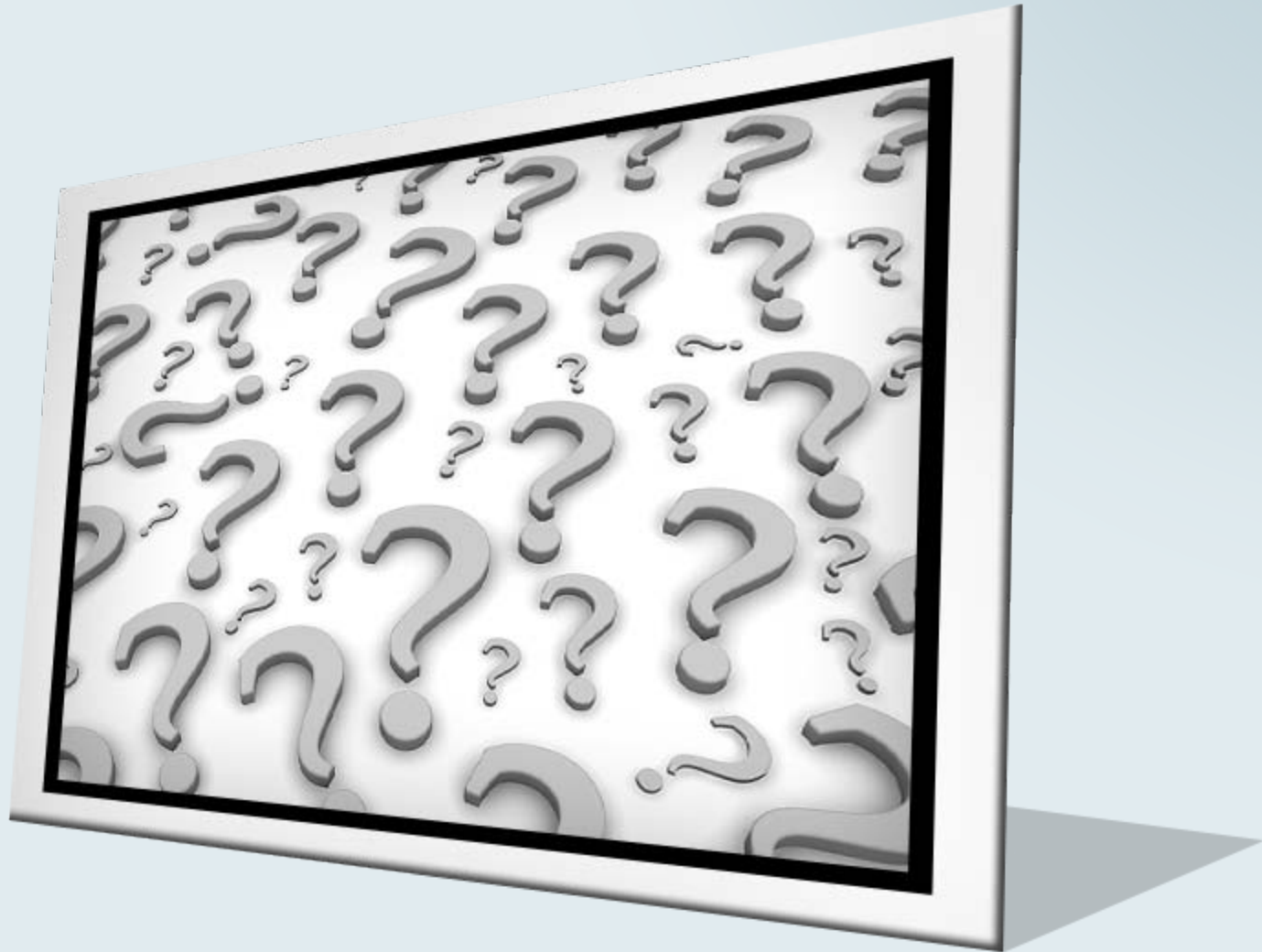
The global real estate game will remain more volatile than in the past

- This is a permanent condition, no longer cyclical.
- Competitiveness of other markets can affect SA's standing as a major financial / business hub.

Start investing in green retrofits and buildings today!

- Partner with tenants
- Build to advanced green design today to prepare for NZEB by 2020-2030.
- Include financiers, technology providers as well as project owners in capacity building, to create greater participation and buy-in from your “team”.

Any Questions?



Thank You



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