EXQUANCE

MODELTREE ESG

December 2023

MODELTREE

ModelTree – ESG

ModelTree contains a standardized ESG module, comprising two parts:

INREV ESG SDDS reporting

ModelTree can generate and fill INREV ESG SDDS Excel data collection template, filled with your ESG data in ModelTree

ESG impact on property valuations

ModelTree standard DCF models contain the ESG Analysis-module allowing you to analyze ESG activity impact on the property value

ModelTree – INREV ESG SDDS reporting

ModelTree can generate and fill INREV ESG SDDS Excel data collection template, filled with your ESG data

Background

INREV collects ESG data from its member organizations. INREV asks members to fill ESG data in INREV's ESG SDDS Excel file. Filling the file is a time-consuming task for the member. ModelTree is embedded with the INREV ESG SDDS template and ModelTree users can fill the template automatically with a button click.

Pre-requisites for you

You, as a ModelTree user, need to have the ESG input and output data values in your ModelTree setup. ModelTree standard ESG package contains all the ESG data fields that INREV requires. ModelTree can be integrated into your ESG source system to read the values. Alternatively, you can keep ModelTree as your master system for ESG data.

How does it work

In ModelTree you click the button INREV ESG SDDS-report, and ModelTree generates INREV ESG SDDS Excel file, with your ESG data filled into it. Then, you just send the Excel to INREV.

REQUIRED Environmental - Vehicle Level Data

INREV

Labels	ESG1	Topic	Portfolio Information	Data Q1 2024	Comment Box	Instruction and definition (click to see Global Definition Database)	Reference field	INREV Reporting Guidelines Indicator ID
esg_targets_validated_scie	ESG2.1.3	ESG Targets	Targets validated against science-based criteria	Yes		Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels		
esg_targets_lo	ESG2.1.4	ESG Targets	Long-term performance improvement target	Yes		A target that projects three or more years into the future, with the purpose of improving the portfolio's performance through a reduction of any energy or water consumption, GHG emissions or waste to landfill, or an		
esg_targets_third_party_as	ESG2.1.5	ESG Targets	Third party assurance	Yes		The process of checking data, as well as its collection methods and management systems, through a systematic, independent and documented process against predefined criteria or standards. Assurance/Verification services should be in line with a standard and can only be provided by accredited professionals. See INREV Reporting		
esg_targets_de	ESG2.1.6	ESG Targets	Details on methodology	Some details		Methodology used for set up of net zero emission targets. For example coverage of scope 1,2,3 emissions (e.g. whether it considers embodied carbon, or not), system boundaries (e.g. leased and/or owned assets etc.).		
esg_performance_gresb_l	ESG2.2	ESG Performance	GRESB latest score	85		The GRESB Score is an overall measure of ESG performance – represented as a percentage (100 percent maximum). Please provide the year in the comment box.		
esg_performa	ESG2.2.1	ESG Performance	Other performance benchmark used	Sustainalytics		A consistent methodology to compare performance across different regions, investment vehicles, and asset types based on scores of ESG performance.		
esg_performance_other_sc	ESG2.2.2	ESG Performance	Score of other performance benchmark used	84		Please provide the year and explain the scoring methodology in the comment box, if applicable.		
esg_reporting	ESG2.3	ESG Reporting and Commitments	INREV Sustainability Reporting Module - Compliance Score	78,00%		Indicate total compliance % of the vehicle with the INREV Reporting module. Click to go to INREV Guidelines Assessments online tool.		
esg_reporting_committme	ESG2.3.1	ESG Reporting and Commitments	INREV Sustainability Best Practice Module - Adoption Score	72,00%		Indicate total compliance % of the vehicle with the INREV Sustainability module. Click to go to INREV Guidelines Assessments online tool.		
esg_reporting	ESG2.3.2	ESG Reporting and Commitments	Other ESG frameworks used by either vehicle or organisation	Yes		If yes, please specify in the comment box and provide score. Frameworks and commitments could include, but are not limited to: GRI, UN PRI, UN SDGs, TCFD, CDP,SBTI, ISO.		
esg_reporting_committme	ESG2.3.3	ESG Reporting and Commitments	Percentage of sustainable investments aligned with EU Taxonomy (% of AUM)	80,00%		Provide percentage of EU Taxonomy aligned sustainable investments and respective eligible activities. If not applicable, explain reasons in the comment box.		

Labels	ESG3	ESG Factor	Required ESG KPIs (according to INREV Guidelines)	Data Q1 2024	Comment Box	Instruction and definition (click to see Global Definition Database)	Reference field	INREV Reporting Guidelines Indicator ID
ec_actual_ener	ESG3.1	Energy Consumption	Actual energy consumption - landlord's control (kWh/yr)	3 124		Actual operational energy consumption (based on consumption from smart/manual meter readings or invoices) for the proportion of portfolio that is in landlord's control. The term 'actual' refers to energy	Recommended Vehicle data section 4 - Sum of 4.1, 4.1.5 and 4.1.11 Asset data Sum of AL1.1	ENV1 - Required KPI
ec_actual_ener	ESG3.1.1	Energy Consumption	Actual energy consumption - tenant's control (kWh/yr)	1 123		Actual operational energy consumption (based on consumption from smart/manual meter readings or invoices) for the proportion of portfolio that is in tenant's control. The term 'actual' refers to energy	Recommended vehicle data section 4 - Sum of 4.1.2, 4.1.6 and 4.1.12 Asset data - Sum of AL2.2	ENV2 - Required KPI
ec_actual_ener	ESG3.1.2	Energy Consumption	Actual energy data coverage (% of area)	84,00%		The floor area percentage of all assets of the vehicle for which actual data is provided for operational energy consumption (sum of landlord and tenant controlled). The term 'actual' refers to data that is not estimated.	Asset data - Based on the data provided in AL2.2 and AL2.3	Comparison purposes
ec_estimated_	ESG3.1.3	Energy Consumption	Estimated energy consumption - landlord's control (kWh/yr)	2 845		Estimated operational energy consumption for the proportion of portfolio that is in landlord's control. In the absence of actual data, energy use can be estimated based on building characteristics and publicly available	Asset data - Sum of AL2.4	ENV3 - Required KPI
ec_estimated_	ESG3.1.3.1	Energy Consumption	Estimated energy consumption - tenant's control (kWh/yr)	954		Estimated operational energy consumption for the proportion of portfolio that is in tenant's control. In the absence of actual data, energy use can be estimated based on building characteristics and publicly available	Asset data - Sum of AL2.5	ENV3 - Required KPI
ec_total_energ	ESG3.1.4	Energy Consumption	Total energy consumption (kWh/yr)	8 046		Energy consumed during the operational phase of a building. This includes the landlord controlled and the tenant controlled actual and estimated energy consumption.	Required Vehicle data - Sum of 3.1, 3.1.1, 3.1.3 and 3.1.3.1 and Asset data - Sum of AL2.6	ENV4 - Required KPI
ec_total_energ	ESG3.1.5	Energy Consumption	Total energy consumption data coverage (% of area)	82,00%		The floor area percentage of the vehicle for all assets for which both actual and estimated data is provided for total operational energy consumption (sum of landlord and tenant controlled). This is calculated based on	Asset data - Based on the data provided in AL2.7 and AL1.17	ENV5 - Required KPI

ModelTree – INREV ESG SDDS reporting

Get INREV ESG SDDS Excel report from ModelTree, with your ESG data filled into it.

ModelTree – ESG impact on property valuations

ModelTree standard DCF models contain the ESG Analysis-module allowing you to analyze ESG activity impact on the property value

Background

Environmental, Social, and Governance (ESG) factors will influence property market values these days in several ways. Investors and tenants are increasingly considering ESG factors when making decisions about properties. ESG actions from the property owner can increase property NOI and market value. It is critical to analyze capex investment needs as most ESG improvements require money investments.

Pre-requisites for you

You, as a ModelTree user, can use a Discounted Cash Flow (DCF) or Direct Capitalization valuation model that has an ESG valuation module built into it. ModelTree standard valuation models contain ESG valuation modules out of the box. Your custom DCF models can also be added to this module, on request. The ESG valuation module analyzes your ESG capex plan costs and their impact on the property's future NOI and market value.

How does it work

In ModelTree, you enter ESG future capex investments and the ESG valuation impact matrix parameters, to calculate the financial profitability of your ESG investments and their impact on the future cash flow and market value of the property.
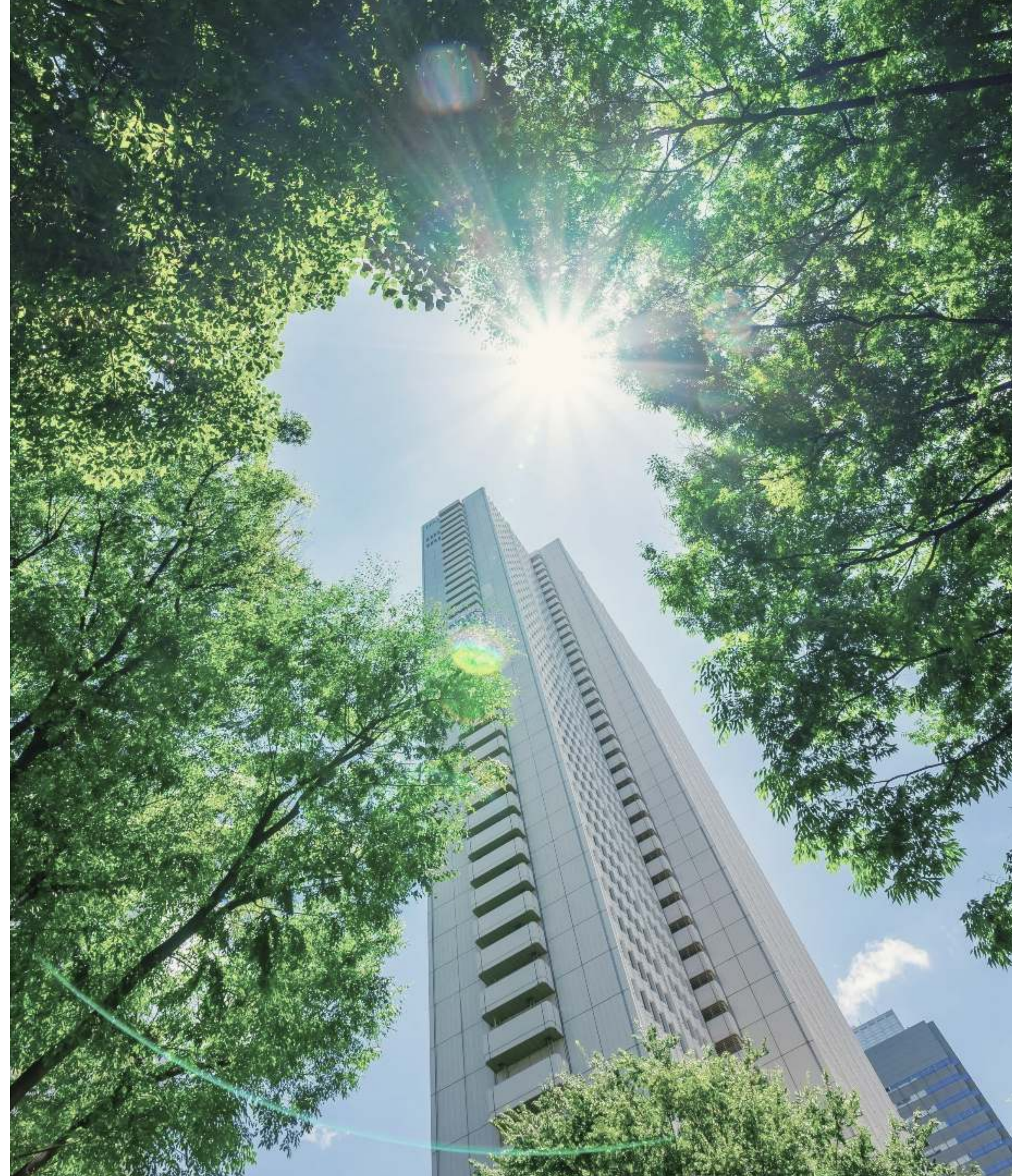
ModelTree – ESG impact on property valuations

Energy Efficiency and Sustainability
Properties with energy-efficient features, sustainable design, and environmentally friendly practices tend to be more attractive to investors and tenants. Green building certifications, such as LEED (Leadership in Energy and Environmental Design) or BREEAM, can enhance a property's market value by signaling a commitment to sustainability. **Valuation <u>Yield</u> can be lower** ↓ **with energy-efficient properties.**

Cost Savings
Energy-efficient buildings often result in lower operational costs, which is attractive to property investors and tenants. Lower utility expenses can increase the net operating income (NOI) of a property, positively impacting its market value. **<u>Operating costs</u> can be lower** ↓ **with energy-efficient properties.**

Regulatory Compliance
Properties that adhere to or exceed environmental regulations are often viewed more favorably by the property investors. Compliance with ESG standards can reduce the risk of future regulatory issues, contributing to the long-term value of the property. **Valuation <u>Yield</u> can be lower** ↓ **with regulatory high profile properties**.

Social Impact
Properties that contribute positively to the local community and address social issues can be more appealing. This may include affordable housing, community spaces, or developments that promote inclusivity and diversity. **<u>Rents and Occupancy</u> can be higher** ↑ **with socially responsible properties.**

Resilience to Climate Change
Properties that are designed to withstand the impact of climate change, such as flooding or extreme weather events, may be more resilient and, therefore, less risky, thus more valuable in the long term. **Valuation <u>Yield</u> can be lower** ↓ **with climate change-resilient properties.**

Market Demand and Tenant Preferences
As awareness of ESG issues grows, there is a corresponding increase in demand for sustainable and socially responsible properties. Property owners who respond to this demand may experience increased tenant interest and higher occupancy rates. **<u>Rents and Occupancy</u> can be higher** ↑ **in socially responsible properties.**

Risk Management
ESG considerations can be part of a broader risk management strategy. Properties that are less vulnerable to environmental and social risks may be perceived as more secure investments. **Valuation <u>Yield</u> can be lower** ↓ **with less "ESG risky" properties.**

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# Contact us to get ESG to your ModelTree!

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