



# **Green Real Estate**

Vancouver Valuation Summit

March 2, 2007

**British Columbia  
Investment Management Corporation**



# BC Investment Management Corporation

- Provides comprehensive fund management services
- Serves public sector pension plans & publicly administered trust funds
- Assets under administration totals \$82 billion
  - \$9.5 billion invested in Canadian real estate
  - \$1.1 billion invested in International real estate



# bcIMC's Corporate Framework

## bcIMC Vision

*"We will be the responsible fund manager of choice..."*

## bcIMC Mission

*"...while recognizing our responsibility to broader society through our governance, social & environmental related activities."*

## Real Estate Vision

*"To be a pension fund industry leader in the offering of Green buildings to our existing & prospective tenants"*

# bcIMC's Environmental Considerations

## → Long-Term Investors

- Real Estate investments are typically longer term which helps meet our future pension clients obligations
- Green buildings show savings in operating costs

## → Anticipate the Future

- Recognize our decisions today affect future generations
- Energy costs will likely increase over time
- Green buildings will likely experience increased tenant & investor demand

## → Leadership by Example

- Adoption of BOMA Go Green certifications for existing buildings
- Adoption of LEED® certifications for new developments
- Co-founder of the Responsible Property Investing Project

# Canadian Real Estate Portfolio

- ➔ \$9.5 Billion Gross Value
- ➔ 478 properties

| Property Type | Size                                  |
|---------------|---------------------------------------|
| Office        | 15.1 million sq.ft.                   |
| Industrial    | 16.3 million sq.ft.                   |
| Retail        | 4.1 million sq.ft.                    |
| Residential   | 10.7 million sq.ft.<br>(12,246 units) |

# Value of Green Thinking

- ➔ **Revenue** - Should see increasing demand, resulting in faster lease up times if not marginally higher rents
  - Major Canadian & U.S. based tenants are increasingly asking about green features in their RFPs
  - Some sale/leaseback development projects are requiring a high green standard
  - Green developments can improve timing & receptivity of Cities to development permit applications.
- ➔ **Expenses** - More competitive operating costs
  - Green technologies reduce energy & water consumption
  - Recycling programs limit the costs associated with landfills
  - Evidence of longer life cycles on certain building components

# Favorable Investment Characteristics of Green Buildings

- ▶ Green buildings are typically newer generation buildings and well thought-out
  - Located near major & alternative transit routes
  - Include valued tenant amenities (fitness centres, restaurants, etc.)
  - Have lower operating costs due to recycling programs & more efficient use of energy & water
  - Provide a responsible image & healthier work environment for prospective tenants
  - Municipalities are generally more receptive of Green development



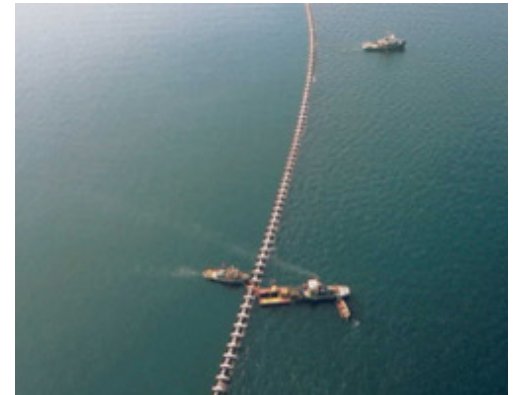
# Integrating Green Thinking into bcIMC's Real Estate's Operational Framework

- **Business Plans** – individual property business plans include their green strategy
- **Acquisitions & Developments** – property purchases & development projects require a comprehensive review of environmentally-friendly considerations
- **Budgeting & Approvals** – all major capital budgets & approvals require environmental analysis & green thinking considerations
- **Reporting** – an annual environmental report is produced for holding company directors (i.e. Double Bottom Line Reporting)

# Property Operational Highlights

## Utilizing Enwave

- ➔ An innovative energy-efficient system that replaces traditional air conditioning with a clean renewable & sustainable energy source
- ➔ Through leading edge technology, Enwave utilizes the permanent cold water from Lake Ontario that is 83 metres below the surface as an alternate cooling source for air conditioned buildings
- ➔ The cold temperature of the lake water – not the actual water – is used to produce chilled water that is then used to cool buildings



# Enwave in bcIMC Real Estate



Commerce Court, Toronto

- 2.0 M sq. ft. office complex
- Installed in mid-2006



145 King, Toronto

- 0.6 M sq. ft. office building
- Installation scheduled for mid-07

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*Energy consumption expected to decrease by 8%*

# Property Operational Highlights

## BOMA Go Green

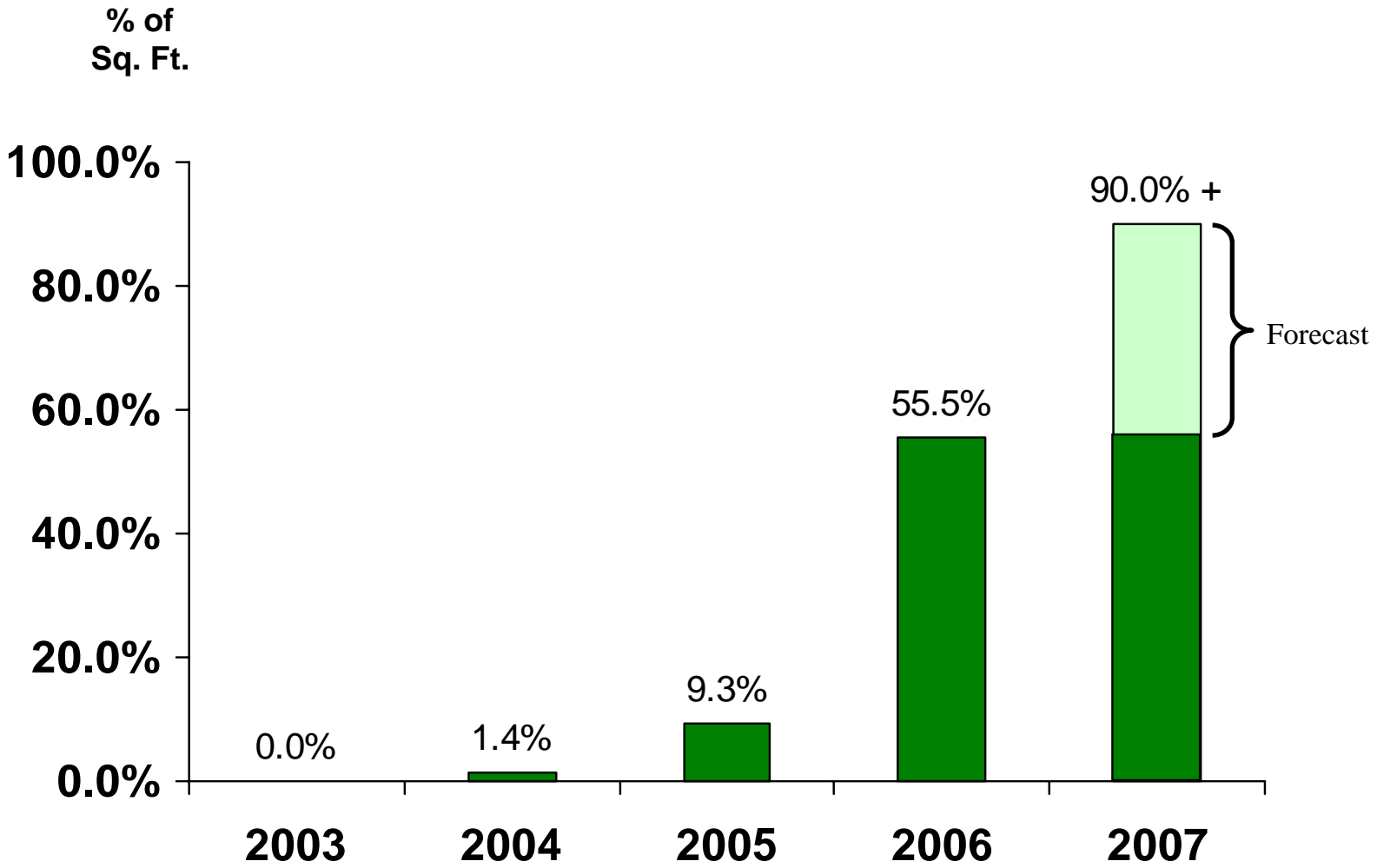
- A framework for buildings to implement environmental best practice in 5 main areas:
  - Resource consumption
  - Reduction & Recycling
  - Building Materials
  - Interior Environment
  - Tenant Awareness
- Designed for existing commercial buildings
- Voluntary program



## BENEFITS

- Savings in operating costs
- Increases tenant satisfaction
- Reduces environmental footprint

# bcIMC's Real Estate BOMA Go Green Office Certification



# Green Initiatives – Commercial Portfolio

## ➤ Office Portfolio – 56% Certified

- Working towards 100% certification by Q2 2008

## ➤ Industrial Portfolio

- Based on bcIMC's pilot application, BOMA Canada adopted standards whereby industrial buildings throughout Canada can now apply & be considered for "Go Green" certification
- Working towards certifying multi-tenant assets where we have reasonable control over utility consumption

## ➤ Retail Portfolio

- Willowbrook Shopping Centre: first Suburban Regional Shopping Centre in BC designated as a "Go Green" building by BOMA Canada
- Working towards 100% certification by Q2 2008

# Green Initiatives – Residential Portfolio

## bcIMC's PROGRESS

### ➔ **Conserving Water**

- Retro-fitting toilets, showers & taps typically yield a 15-30% decline in water consumption

### ➔ **Conserving Energy**

- **Lighting Upgrades** – energy-efficient lighting can reduce energy consumption by 50%
- **Energy Star Appliances** – can reduce energy by 10-50%
- **Efficient Boilers** – improves performance & reduces gas consumption

# Development Highlights

- bclMC was one of the first developers to build LEED® certified, multi-tenant office space in Western Canada
- LEED® = Leadership in Environmental & Energy Design
  - “Points” gained for use of sustainable sites, water efficiency, preservation of energy & atmosphere, materials & resources, indoor environmental quality & use of innovation & design process
- 1.3 million sq. ft. of development is targeted for LEED® certification
  - Evergreen Building, Vancouver ~ 2007
  - Broadway Tech Centre, Vancouver ~ 2008
  - Jamieson Place, Calgary ~ 2009
  - Bankers Court, Calgary ~ 2009

# Evergreen Building – LEED® Certified

- Class “A” office building located in downtown Vancouver
- 102,000 sq. ft.
- Substantial completion of renovation project scheduled for June ‘07
- Arthur Erickson designed heritage building



# Broadway Tech Centre

- Suburban Office Park located in East Vancouver
- Master Plan – 8 buildings totaling 1.0 M sq.ft.
  - 3 buildings are complete (417,000 sq. ft.)
  - 1 is under construction - LEED® Silver (113,000 sq. ft.)



# Jamieson Place – LEED® Silver

- Class “AA” office tower located in downtown Calgary
- 825,000 sq. ft. - 36 stories tall
- Occupancy scheduled for December 2009



# Bankers Court – LEED® Certified

- Class “A” office tower located in downtown Calgary
- 260,000 sq. ft.
- Part of the Bankers Hall complex
- Occupancy scheduled for 2008



# Challenges Going Forward

- ➔ **Fiduciary Obligations** - reducing Real Estate's environmental footprint while maintaining our fiduciary obligation
- ➔ **Measuring Performance** – accurately & effectively measuring environmental performance. Ensuring benchmarks are relevant & targets result in a credible benefit to the property
- ➔ **Education** – increasing awareness both internally & externally of the economic, health & social benefits of green buildings



***Thank You  
&  
Questions?***

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