

# Property: using ESG to realise the full potential

AMP Capital understands that real estate is a long term asset class. Our environmental, social and governance (ESG) philosophy is centred on delivering sustainable, long term performance by considering ESG factors within our investment decision-making and ownership practices, providing us with greater insight into potential risks and opportunities that will impact the value, performance and reputation of the investment we make on behalf of our clients.

From decades of real estate investing we understand what's right for a building, and we look to hold and add value to our clients' assets so they realise their full potential.

At each stage of our investment process, we are focused on integrating ESG considerations as part of the value creation and management chain.

This ensures that the appropriate due diligence and risk assessment is applied in the interests of our clients and better enabling the delivery of asset performance over the longer term – portfolio and asset relevance, environmental sustainability and strong relationships between the asset and the community in which it is situated.

## Case study: Sustainably evolving our portfolio – NAB House, Sydney

NAB House is a 40,193 square metre A Grade office tower located on a prominent corner location in the core of the Sydney CBD. The building, first constructed by AMP in the mid-1980s has undergone upgrade works to maintain the quality offering to tenants. The following are just some of the projects implemented to evolve the building to continually deliver investment performance for our clients.

Improve tenant working conditions and reduce operating costs through:

- > The installation of new electronically controlled efficient on-floor air distribution system.
- > The installation of new heating and air conditioning plant and equipment (three new Powerpax chillers along with variable speed drives on fans and pump motors).
- > An upgrade of tenancy lighting to more efficient T5 lighting with high frequency ballasts and a dual lighting control system including zoning and daylight sensors. Toilet, back of house and fire stair lighting and controls were also upgraded.
- > The car park lighting and ventilation system was upgraded with motion detectors, a new carbon monoxide monitoring system and associated variable speed drives on the fans.
- > A new building management control system has been installed, providing optimum start and floor-by-floor after hours air conditioning.

The \$40 million sustainability upgrade programme for the building, which completed in 2010, also included a new lobby space and a vertical garden 'grow wall'. The upgrade, centred around a lobby café, has improved the building's ambience and amenity for tenants and visitors from the local community.

During the upgrade programme, major tenant National Australia Bank remained in place. The tenant completed a 5 star Green Star fitout, which considered a reduction Volatile Organic Compounds .and was done in conjunction with the base building works.

### What we have achieved at NAB House

In July 2012, NAB House, Sydney has been awarded a 5 star Green Star Office Design v2 rating by the Green Building Council of Australia. Complementing a 5 star NABERS Energy rating achieved in 2011, the Green Star rating means the building can now be considered a "5+5" building, considered to be very rare in the Australian office market.

The refurbishment has resulted in improved market attraction and tenant retention, reduced operating costs through the reduction of utility consumption, improved building credentials, better working conditions for the occupants and enhanced engagement between the building and outside community through improved foyer design and amenity.

### Other achievements include:

- > 20% less greenhouse gas emissions generated than five years ago<sup>1</sup>.
- > 47% increase in the diversion of waste from landfill than five years ago.
- > 22% less electricity consumed than five years ago.
- > 13% less water consumed than five years ago.
- > 534 per annum cars taken off the road as a greenhouse gas emission equivalent<sup>2</sup>.
- > 112 per annum equivalent swimming pools saved though water efficiency measures<sup>3</sup>.

### THE EVOLUTION OF NAB HOUSE, SYDNEY

#### NABERS Energy

2007 – 3 stars	2010 – 4.5 stars
2008 – 3.5 stars	2011 – 5.0 stars
2009 – 4 stars	2012 – 5.0 stars

#### NABERS Water

2008 – 3 stars	2011 – 3.5 stars
2009 – 3.5 stars	2012 – 4 stars
2010 – 3.5 stars	



1. 2005 – 2010 improvements 2. Based on average CO2 emissions (2.9 tonnes) of a medium sized car travelling approximately 15,000 kilometres per annum.  
3. Based on the average household swimming pool size of 50,000 litres.

## Infrastructure: investments in clean energy

At AMP Capital we aim to create greater wealth for our clients through better investment decisions and opportunities. Within our infrastructure business, we recognise that environmental, social and governance (ESG) issues can impact the long-term performance of our investment portfolios. As a result, ESG issues are considered across the full scope of our investment process, from the identification of new opportunities and in active management throughout the lifecycle of an asset.

When considering the potential scope of ESG issues likely to impact our investment portfolio, we consider the physical location of assets, the likely impact on and by the environment in which they are located, the dynamics of the industry in which

they operate and the business practices of related counterparties. Furthermore, we consider the scope of governance arrangements in place to protect the long-term interest of investors as well as the social sensitivities that may potentially impact the operation of facilities or delivery of infrastructure services to the public.

When originating new investment opportunities in cleantech, renewable energy and other thematic investments, AMP Capital focuses on government policy, regional directives, regulatory environments and legislative trends. A promising pipeline of opportunities can be found in both developed and emerging markets as evidenced by transactions completed by AMP Capital infrastructure funds over the last 2 years.

### Greater Gabbard transmission link

In June 2011, an AMP Capital fund acquired a high voltage transmission link to the 500 megawatt (MW) Greater Gabbard offshore wind farm, located off the coast of Suffolk. Greater Gabbard is the largest of the nine developments included in the first round of UK tenders to own and operate offshore transmission, which was launched in 2010. The acquisition of this transmission link aligns our investment strategy of holding core high-quality assets within our infrastructure business in order to ensure sustainable and long-term value for our investors.

### Ten wind farms in Ireland with capacity generation of 104 MW

In June 2012, an AMP Capital fund acquired a controlling stake in a portfolio of wind farms in the Republic of Ireland and Northern Ireland previously owned by the Viridian Group. Ireland benefits from one of the most attractive wind resources in Europe, with exposure to the prevailing south-westerly winds of the Atlantic Ocean making it an exceptional location for wind energy generation. The Irish Fund will continue to progress an active deal pipeline consistent with a strategy of investing in quality Irish infrastructure assets across a range of sectors. We see this transaction as potentially the first in a number of additional investments in the renewable energy space in Ireland.



### Shalivahana Green Energy portfolio of generation assets

In June 2012, an AMP Capital fund acquired a stake in Shalivahana Green Energy Limited (SGEL), a leading clean energy company with a portfolio of power generation assets across the agri-waste, hydro and wind sectors. SGEL has an operating capacity of 80 megawatt (MW) with another 45 MW to be completed during 2012. In addition, it has a pipeline of 300 MW, which includes 60 MW of small hydro projects. Renewable energy generation in India has benefited from a favourable regulatory environment. Since 2002, renewable grid capacity as a percentage of total capacity has increased more than threefold.

### Invenergy Wind Power

In November 2011, an AMP Capital fund provided finance to Invenergy Wind Power LLC, the largest independently-owned wind energy company in North America. Invenergy has 2,695 MW in operation and under construction in US, Canada, and Poland, as well as approximately 800 MW under contract and pending construction, and with 15,000 MW in the development stage. The portfolio of projects represents significant scale and diversity across three countries, two continents and U.S. states with favourable regulatory and market dynamics.

## Contact us

If you would like to know more about how AMP Capital can help you, please visit [amcapital.com](https://amcapital.com)  
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