RREEF Real Estate
2012 Sustainability Report
I am pleased to share RREEF Real Estate’s annual Sustainability Report, for the period July 1, 2011 through June 30, 2012. Following our inaugural report in 2011, this year’s Sustainability Report provides a detailed update on the progress we have made against our sustainability goals during the past twelve months, and highlights our key initiatives for 2012 and beyond on a global and regional basis.

During the past twelve months we have experienced a noticeable rise in inquiries related to environmental, social and governance (ESG) issues—both in number and in scope, and particularly in Europe—from existing and potential new investor clients, and their consultants. This parallels the general increasing awareness around sustainability that we are seeing among our many other stakeholders but, to be certain, the growing emphasis that capital sources are placing on sustainability, ESG and transparency is an important development.

This year, we have moved into the implementation phase of our sustainability program. We are working across our global organization to enhance our investment management practices and focus our efforts against three sustainability goals established by RREEF Real Estate’s Global Investment Committee. These key initiatives include: increasing our sustainability programming in a systematic and client-centric fashion; establishing sustainability best practices across our global platform; and strengthening our leadership position within the industry.

At the beginning of 2012, RREEF Real Estate engaged several portfolio and asset managers responsible for core flagship funds and strategic accounts, representing more than €12 billion and 43% of our direct assets under management (AUM), to participate in industry benchmarking programs on a global level, including the Greenprint Performance Index and the Global Real Estate Sustainability Benchmark (GRESB). In addition, we developed a framework for reporting sustainability metrics and green achievements for these portfolios and also incorporated a sustainability strategy into RREEF Real Estate’s research team’s 2012 Strategic Outlooks—which influence 2013 business plans—to better guide how our investment professionals embed sustainability practices into the full range of their investment activities. As stated in our Guiding Principles for Sustainability, we continue to focus on integrating sustainability within the full range of our real estate investment management decisions. To achieve this integration, we will aim to broaden participation in sustainability initiatives across our platform.

“We have commenced several projects in our continuing effort to establish sustainability best practices across our investment platform and have focused on developing tools, processes and systems to support these efforts.”
We have commenced several projects in our continuing effort to establish sustainability best practices across our investment platform and have focused on developing tools, processes and systems to support these efforts. The Sustainability Metrics Project, for instance, seeks to identify and validate meaningful sustainability metrics related to energy, water, waste and carbon, which will enable us to measure the environmental impacts of specific projects and initiatives, as well as enhance efficiency. More real estate investment managers are devoting time and resources toward collecting energy and sustainability performance data. As with all sustainability initiatives, we are gathering and reporting such information in the most transparent and efficient manner as possible because we believe it adds value to the investments we manage on behalf of our clients. Not only will we focus on what the metrics should be and how they will be collected, but also on providing decision-makers with the information and reference points that enables them to make better and more informed decisions.

As our industry continues to set high goals in terms of reducing building emissions, RREEF Real Estate is at the forefront of establishing new standards for responsible behaviors across the real estate sector. In the United States, after developing our Standards of Sustainability for office buildings last year, we now have a set of standards for industrial and retail properties. These standards provide the framework for all sustainability activities, including guidelines on energy benchmarking and reporting, and are creating a direct impact at the buildings we manage. For energy and water efficiency projects implemented over the past 12 months in the Americas, in which costs and savings were reported, we achieved a 17% average return on cost. We will continue to develop similar standards across regions and product types.

We remain focused on strengthening our leadership position in the advancement of sustainability within the industry and continue to seek opportunities to promote awareness to our clients, employees and peers. This year, our contribution to the Greenprint Performance Index increased to 478 buildings, and for the 268 buildings in Greenprint Volume 3 with energy data for 2010 and 2011, energy consumption and associated emissions decreased by 2.4% and 2.5%, respectively. Members of our team also partnered with Greenprint on various working groups to enhance the overall benchmarking process.

We are working with the United States Department of Energy to develop a methodology to measure improved energy performance across a dynamic and carefully selected portfolio of at least 5 million square feet of U.S. commercial office buildings. This initiative will enable RREEF Real Estate to participate in the White House Better Buildings Challenge (BBC), a program launched in 2011 that seeks to improve the energy efficiency of commercial real estate in the United States by 20% over a ten-year period from 2010 to 2020.

Over the coming year and beyond, sustainability will continue to be a critical component of RREEF Real Estate’s strategy. As we expand on the important initiatives embarked upon to date, we will ensure that our approach is client-centric by linking sustainability objectives to client criteria. We will set new benchmarks for our industry, seek to improve the environmental performance of our assets under management, and develop clear guidelines to link our sustainable actions to financial value. We firmly believe that a sustainable approach to real estate investment management enhances the risk-adjusted returns we earn for our clients. For example, at our Cristalia office property in Madrid, the upgrades we executed lowered occupancy costs for tenants, and contributed significantly toward a 90% lease renewal rate in a challenging market. Lastly, we remain committed to finding innovative ways to incorporate concepts of sustainability to improve our practices and drive results.

I hope you find this year’s Sustainability Report interesting and informative. As always, we welcome your feedback on the report and on our approach to enhancing our sustainability strategy.

Pierre Cherki
Head of RREEF Alternatives
Executive Summary

Why Be Sustainable?
Sustainability is core to the mission of RREEF Real Estate, which seeks to provide our clients with superior long-term returns while appropriately managing risks to our clients. We believe that our commitment to improve environmental performance of our assets under management enhances the risk-adjusted returns we earn for our clients. Our governing policies support fair wages and fair benefits for workers employed by our contractors and subcontractors subject to our fiduciary obligation to our stakeholders. Finally, we recognize that corporate citizenship and stewardship of the planet’s health are important considerations as we create wealth for our clients, employees, vendors and contractors.

Being sustainable enhances operating efficiency, addresses client investment criteria, mitigates regulatory and reputational risks, and prevents functional obsolescence of the hard assets we manage for our clients. As recently published research concludes1, we believe that being sustainable will also drive occupancy and enhance risk-adjusted returns that we earn for our clients.

Recognizing Local and Regional Differences
As a global real estate organization, two of our key strengths are the ability to share best practices across borders; and our deep knowledge about the markets in which we invest. Because government regulations, public sentiment, real estate cycles, and advancements in technology differ, it is inevitable that our local practices will as well. We continue to develop cross-functional and cross-regional working groups in order to ensure the latest sustainable practices are shared across markets, and that implementation continues to be in line with market conditions and tenant demand.

Our Sustainability Mission Statement
Our mission is to provide real estate investment management services consistent with our clients’ objectives for superior long-term, risk-adjusted returns, preservation of capital and diversification.

We believe there are economic, environmental and social implications associated with the full range of our real estate investment management decisions, and that a commitment to decision-making that incorporates sustainable real estate best practices will add long-term value to the investments that we manage for our clients.

Our Guiding Principles for Sustainability
RREEF Real Estate adopted its Guiding Principles for Sustainability in 2010. These principles set the broad strategic direction for sustainability within our organization and can be found on our website, or by clicking here.

Incorporating Sustainability into our Investment Strategies
Every year RREEF Real Estate publishes Strategic Outlooks for each major region (Americas, Europe and Asia Pacific) that summarize key economic and industry trends. These Outlooks provide the analytic foundation for the investment strategies for our clients in each region. While sustainability was included in these Outlooks in years past, a special section on sustainability issues was added in 2012 in recognition of the growing importance of sustainability to a comprehensive investment strategy.

Building Certifications and Labels
During the past 12 months, we added approximately 145,000 square meters (1.6 million square feet) of space with third party green building certifications, bringing our total to 555,000 square meters (6.0 million square feet) and €2.0 billion ($US 2.5 billion) in AUM globally. This represents 6.9% of the value of our privately held real estate investments, up from 3.9% last year.

In the United States, we have benchmarked 115 office buildings covering 16.7 million gross square feet (1.6 million gross square meters) with ENERGY STAR scores. This portfolio has a weighted average ENERGY STAR score of 75—the precise threshold required for a building to obtain an ENERGY STAR label. This average score has improved from an average of 64 last year. As of June 30, 2012, half of our buildings have scores above 75. Of buildings eligible to receive an ENERGY STAR score, the 82% have a score above 50, up from 77% last year.

Across the European Union, we have 2.8 million square meters (29.6 million square feet) of building area with EPC ratings. In Germany and Poland, 82% of the buildings with market benchmarks have EPC ratings indicating energy performance better than their market average.

Our Sustainability Business Goals

We have now moved into the implementation phase of our sustainability program, and we are working across the organization to refocus our sustainability projects and initiatives to make progress against three broad goals which are summarized below. More details about these goals and our progress relative to each of them can be found in section 5.

1. Increase our sustainability programming in a systematic and client-centric fashion by targeting flagship funds and strategic accounts.

In order to increase our sustainability programming in a systematic and client-centric fashion, at the beginning of 2012 RREEF Real Estate engaged several portfolio and asset managers responsible for core flagship funds and strategic accounts. These portfolios are participating in industry benchmarking programs such as Greenprint and GRESB, developing business plans with more detailed sustainability strategies, and building a framework for conveying sustainability information in client reports.

2. Establish sustainability-focused best practices across the investment platform

Many of the tactics identified as best practices that will lead us toward this goal are long-term initiatives, which will continue to evolve over the coming years as sustainability is further embedded into our business practices. This evolution will ensure that we continue to satisfy investor requirements, and that our buildings under management remain compliant with regulations, competitive and attractive to tenants. Examples of these tactics and long-term projects include:

Metrics and IT Project: Our data management working group developed a comprehensive list of metrics, some of which will become part of our global data collection and reporting process. We are currently engaging our contract managers and other key personnel to further refine and optimize our sustainability IT strategy. For a discipline that is still relatively new, building an increasingly integrated, automated and connected data collection system for key metrics is critical to enabling informed analysis, strategy and decision-making that will create value for our clients.

Acquisitions Process: Building upon our sustainability policies, procedures and activities, a team of RREEF Real Estate acquisitions and engineering professionals are working together to determine how to best enhance sustainability considerations that can be formally embedded into our acquisitions processes and procedures around the globe. The team is building a detailed checklist for conditions that support sustainability due diligence, and better defining guidelines for how such analysis should be conducted and presented. During the next 12 months, we will identify key decision points within the investment process, and use our findings from this first phase to inform how each of these steps will proceed.

Standards of Sustainability: In our 2011 report, we identified our Standards of Sustainability for office buildings in the United States, which were developed in association with contracted property management sustainability teams. These standards provide the overarching framework for the sustainability activities of our contract managers, and include guidelines on energy benchmarking, lighting upgrades, recycling, water conservation, training, tenant communication, and reporting of all such actions taken to asset management. We have since developed a set of standards for industrial and retail properties, and are currently establishing standards for multi-family properties, which we expect to share in next year’s report.

We are developing Standards of Sustainability for properties located in or managed from Germany, leveraging one of the many advantages of RREEF Real Estate’s global platform.

Germany-based Sustainability Program: For our funds and accounts based in Germany we are developing Standards of Sustainability for properties located in or managed from Germany, leveraging one of the many advantages of RREEF Real Estate’s global platform.

3. Strengthen RREEF Real Estate’s leadership position in the advancement of sustainability within the industry

RREEF Real Estate strives to promote awareness and actively communicate the value of performance against key indicators of economic, environmental and social
considerations to its clients, colleagues, tenants and peers in the commercial real estate industry.

**Metrics Paper:** Andrew Nelson, a Director of Research based in San Francisco and past author of four white papers on the topic of green buildings and sustainability, collaborated with our global sustainability team to conduct interviews and research to assess where the real estate sector currently stands in terms of sustainability metrics, and outline some simple principles the industry might adopt for advancing standardization. This paper was published in October 2012, and is available on our website at www.rreef.com, or by clicking here. Forthcoming research will cover the impact of sustainability on the underwriting process and underlying property value.

**Greenprint Performance Index:** RREEF Real Estate included more than 400 buildings to the Greenprint Performance Index for energy data covering the calendar year 2011, strategically increasing our energy benchmarking for a set of core flagship funds and accounts. Over the past year, Greenprint also took an important step in its selection of a more robust online data collection and reporting system. As this benchmark evolves, we will both participate in its development as a member, and monitor its progress as it relates to our metrics project.

**ZIA:** Georg Allendorf, Head of RREEF Real Estate Germany, serves on the ZIA (German Property Federation) Executive Committee, which launched its “Code of Sustainability” at EXPO Real in October 2011. The code takes into account the economic, social and environmental aspects of property investment, and makes specific recommendations for the industry by product type in areas such as valuation, benchmarking and reporting.

**Better Buildings Challenge:** In 2011, RREEF Real Estate began working with the United States Department of Energy to develop a methodology to measure improved energy performance across a dynamic commercial office portfolio of 5 million square feet which, when finalized, will enable us to participate in the White House Better Buildings Challenge (BBC). This program, spearheaded by former President Clinton and the President’s Council on Jobs and Competitiveness, seeks to improve building energy efficiency of commercial real estate in the United States by 20% over a ten-year period from 2010 to 2020s. RREEF Real Estate was the first commercial real estate firm to engage the BBC with a traditional investment-grade, multi-tenanted portfolio.
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**About RREEF Real Estate**

RREEF Real Estate is the real estate investment management business within Deutsche Bank’s Asset & Wealth Management division. During the past 40 years, RREEF Real Estate has built a leading real estate investing business. Headquartered in New York, we have approximately 550 professionals and staff located in 22 cities around the world.

RREEF Real Estate offers a diverse range of strategies and solutions across the risk/return and geographic spectrums, including core and value-added real estate, real estate and infrastructure securities, real estate debt, and opportunistic real estate.

As guardians of our clients’ capital, we take a disciplined approach to investing and create innovative investment solutions designed to meet specific client requirements. Our global and regional research teams and on-the-ground investment and asset managers provide proprietary perspectives on market opportunities, trends and risks. We combine this intelligence with sophisticated portfolio construction and advanced risk management, with the goal to deliver diversification, preservation of capital and superior long-term, risk-adjusted returns to our clients.

**The RREEF Real Estate Portfolio**

Globally, RREEF Real Estate has €41.2/us$52.4 billion in assets under management (AUM) across 2,719 properties as of June 30, 2012. In total, we operate 104 investment funds and separate accounts. Our investors include approximately 600 institutional clients, representing 71% of AUM.

The remaining 29% of AUM are represented by retail investors.

Our sustainability efforts and data presented relate predominantly to RREEF Real Estate’s privately held real estate in core core-plus and value-add investments, which total €28.5/us$36.2 billion across 1,852 properties covering 14.3 million square meters (154.7 million square feet) of non-residential space, plus nearly 27,000 apartment units. These products are directly controlled by RREEF Real Estate, thus representing the properties where we can most directly shape policies and practices, and make the most immediate impact. The statistics in the following sections which describe and are compared to our global portfolio refer to this subset only. Globally by AUM, 47% of these assets are in North America, 46% are in Europe, with the remaining 7% in Asia Pacific.

**Employee Health, Safety and Development**

RREEF Real Estate operates in verified compliance with an internationally recognized health and safety management system as a member of Deutsche Bank Group. For more information on this program, [click here](#).

We also provide all of our employees with a collegial corporate culture, an experienced management team, proper remuneration incentives, annual performance reviews, and training and career development workshops.

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2 There were no significant changes in the RREEF Real Estate portfolio during the reporting period.
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How RREEF Real Estate Defines Sustainability

As adopted by the United Nations, sustainability is the economic development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.

Why be Sustainable?

In this section, we identify the six key factors that drive our focus on sustainability. Sustainability is core to the mission of RREEF Real Estate, which seeks to provide our clients with superior long-term returns while appropriately managing risks to our clients. As recently published research concludes, we believe that being sustainable will also drive occupancy and enhance risk-adjusted returns that we earn for our clients.

1. Operating Efficiency: Our focus on enhancing energy efficiency helps to increase the operating efficiency of our portfolio, minimize costs, and generate incremental cash flow for our investors.

2. Client Investment Criteria: Investors are placing increasing focus on the environmental and social impact of buildings. Some current investors require information about our sustainability policies and achievements for the portfolio reviews, while prospective investors request such information when making their investment allocations. Our strong foundation of environmental policies, procedures and operations has enabled us to execute on all of these requests.

3. Compliance and Risk Mitigation: Regulators are imposing ever stricter mandates and requirements in the real estate sector, including reporting and disclosure requirements regarding resource consumption, carbon, and other sustainable measures. Failure to meet current standards or anticipate future regulations represents a tangible risk to investors, which we have a fiduciary responsibility to monitor and mitigate. By doing so, we can prevent assets from becoming functionally obsolete as building codes and design standards evolve in local property markets.

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4. **Financial Incentives:** At the other end of the spectrum, governments and utilities also offer a variety of incentives to encourage more energy efficient construction, renovation, or operations, sometimes paired with regulations that require a level of building performance or disclosure. These subsidies may present outstanding opportunities that benefit our investors as well as our communities.

5. **Tenant Demand:** Sustainability is also increasingly important to tenants, who consider this a major factor in their locational decisions. A 2011 study by Johnson Controls (JCI)\(^4\) of 4,000 global executives and building owners responsible for energy management and investment decisions in commercial and public-sector buildings found that 70% of respondents viewed energy management as very or extremely important, up 10 basis points over the prior year. Having an effective and visible sustainability program enables us to attract high-quality tenants that drive occupancy and deliver consistent, strong returns over time.

6. **Competitive Positioning:** Finally, as active market participants we see that market standards of sustainability are evolving with advances in building technologies and changes in tenant preferences. We continuously monitor market trends to ensure we meet or exceed local standards of sustainability, in addition to our own corporate standards.

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Our Sustainability Mission Statement

Our mission is to provide real estate investment management services consistent with our clients’ objectives for superior long-term, risk-adjusted returns, preservation of capital and diversification.

We believe there are economic, environmental and social implications associated with the full range of our real estate investment management decisions, and that a commitment to decision-making that incorporates sustainable real estate best practices will add long-term value to the investments that we manage for our clients.

Incorporating Sustainability and ESG Practices into our DNA

RREEF Real Estate understands that the advancement of sustainability in the built environment requires leadership commitment and a governance framework that drives a sustainability plan through full execution.

Governance Structure

RREEF Real Estate is managed as a unified global real estate investment management organization with a strong infrastructure of centralized support functions, including fund finance, research, legal and compliance, client relations, and risk management. RREEF Real Estate is led by an Executive Committee under the direction of Pierre Cherki, the Head of RREEF Alternatives. Pierre reports directly to the Head of Deutsche Bank’s Asset & Wealth Management division. The Global Investment Committee, chaired by Kurt Roeloffs, is the highest governance body for RREEF Real Estate, and comprises regional and business heads and other members designated by the Global Head and Global Chief Investment Officer of RREEF Real Estate.

RREEF Real Estate operates independently from our parent, Deutsche Bank, in executing investment decisions affecting our clients’ capital. From an operational standpoint RREEF Real Estate and our employees are subject to the various methods of quality control and risk management Deutsche Bank provides, including legal, compliance, and internal audit functions.

Our Guiding Principles for Sustainability

RREEF Real Estate adopted its Guiding Principles for Sustainability in 2010, through which we strive to:

1. Appropriately balance economic, environmental and social considerations within the full range of our real estate investment management decisions.
2. Actively monitor government regulatory requirements for energy efficiency in real estate and reporting, within our investment business plans and our associated activities.
3. Play a leadership role in the discussion of energy efficiency, as well as the financial value of sustainable features, in commercial real estate investments.
4. Promote awareness and actively communicate the value of performance against key indicators of environmental care to clients, colleagues, tenants, and our peers in the real estate investment industry.
5. Establish methods to monitor the environmental impact of the physical assets that make up our investment management portfolio; implement economically feasible strategies to minimize the impact on the environment; and periodically report our performance using available industry standard metrics for sustainability.
6. Seek cost-effective improvement in the environmental performance of our building operations by conserving resources, reducing waste, lowering harmful emissions, and improving energy efficiency, with the goal of providing a more productive working environment.
7. Develop, implement and communicate best practices that deploy environmentally conscious technologies, materials and methods.
8. Pursue independent certification of our energy efficiency and sustainability efforts through industry programs for existing buildings and new development where economically feasible and indicative of increased market value.
9. Establish strategic alliances with those organizations whose guiding principles for sustainability and environmental well-being are aligned with RREEF Real Estate’s Guiding Principles for Sustainability.
10. Protect and enhance the environmental interests of the communities within which we operate, while promoting the general health and welfare of our colleagues and those who partner with us in achieving long-term value for our clients.
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The Sustainability Council

After adding senior professionals from client relations and transactions in the past year, the RREEF Real Estate Sustainability Council now comprises 16 senior members of RREEF Real Estate representing each geographic region and function across the firm. The Council reports to the RREEF Real Estate Global Investment Committee, which comprises 13 investment professionals who are responsible for adopting and transmitting best practices throughout the organization.

The Council is chaired by Kurt Roeloffs, Global Chief Investment Officer of RREEF Real Estate. Patricia Connolly, Director of Sustainability at RREEF Real Estate, is Co-Chair of the Council. The Council works with the RREEF Real Estate organization to establish policies and resources that allow our asset and portfolio managers to develop economically feasible projects and programs for our real estate investments that will:

• Benchmark the assets and portfolios we manage relative to industry standard sustainability metrics
• Set programs that most significantly enhance our ability to meet clients’ sustainability objectives within the context of greatest investment value
• Drive the adoption of technology and tools that can enhance the sustainability of asset portfolios most cost efficiently
• Identify business opportunities related to sustainable real estate development and efficient capital planning for existing building stock
• Support RREEF Real Estate’s role as a leader in real estate sustainability with applied research into sustainability topics and trends

For biographies of select Council members, please see the appendix.

Deutsche Bank Eco-Efficiency Organizational Structure

The Deutsche Bank Eco-Efficiency organizational structure was developed in 2008 and is responsible for all ecological aspects of the full range of business activities. RREEF Real Estate participates in this structure, which comprises the following committees that report to Deutsche Bank’s Global Sustainability Officer:

Environmental Steering Committee (ESC):

The Deutsche Bank ESC is responsible for coordinating environmental initiatives at Deutsche Bank and leveraging synergies among business lines, influencing governments to continue climate protection initiatives. Members are representatives of all Deutsche Bank Group Divisions, including the Asset and Wealth Management and infrastructure divisions. It is supported by the Climate Change Advisory Board, which comprises a roster of ten external experts from business, politics, and the scientific community from both industrialized and emerging nations. To read more about the ESC, click here.

Eco Operations Committee (EOC):

The EOC reports to the ESC and is responsible for the introduction of sustainability initiatives relating to Deutsche Bank operating processes. It has a number of spheres of responsibility including, carbon management, employee environmental awareness and outreach, eco-efficiency real estate, renewable energy procurement, energy and water efficiency investments, sustainable supply chain management, eco-efficient IT, and supporting the bank in the development of eco-efficiency products and services. Members include senior representatives from RREEF Real Estate, Carbon Markets, Global Communications, Group Sustainability, Global Technology and Operations, Global Real Estate and Global Sourcing.

Eco Teams:

On the ground Eco Teams form the basis of regional “Excellence Initiatives” and are responsible for the implementation of measures decided by EOC and ESC. There are three global reporting regions: Americas, Europe Middle East and Africa and Asia Pacific.
“Our research and sustainability teams partnered to assess where the real estate sector currently stands in terms of sustainability metrics to outline some simple principles the industry might adopt for advancing standardization.”

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Sustainability considerations are becoming an increasingly important and integral component of commercial real estate investment decisions. Of course, market standards and government regulations vary widely by geography and product type, requiring that investors understand the nuances of local environmental standards and regulations as well as the traditional market and financial factors that underpin investment decisions. Responsible fiduciary practices now demand that investment managers possess and apply such knowledge to identify and manage the risks and opportunities that sustainability presents in the same manner that they do more traditional ones. In this section, we discuss the ways in which we are engaging and leading the industry to evolve in this regard.

RREEF Real Estate Research

Strategic Outlooks

Every year RREEF Real Estate publishes Strategic Outlooks for each major geographic region that summarize key economic and industry trends. These Outlooks provide the analytic foundation for the investment strategies for our clients in each region. While sustainability was included in these Outlooks in years past, in 2012 a special section on sustainability issues was added in recognition of the growing importance of sustainability to a comprehensive investment strategy.

The importance of sustainability is particularly prevalent in real property markets, where a diverse but convergent set of economic, market, and regulatory forces are combining to move the industry to adopt greener practices. Indeed, the move to sustainability in many leading markets around the world has been redefining standards of institutional-quality buildings and the responsibilities of fiduciaries. In the coming years, questions about any “green premiums” will increasingly shift to a proliferation of “brown discounts.”

Metrics Paper

Despite more than a decade of discussion and false starts, the commercial real estate sector is still far from coalescing around industry standards. By now, few should doubt the importance of both measuring and reducing real estate’s environmental impact. At the same time, the lack of clear standards on the fundamental issues of what to measure and how to quantify it limits even more significant progress.

In a paper published in October 2012—marking our fifth Research paper on the topic of sustainability and green buildings—Andrew Nelson of RREEF Real Estate’s research team partnered with RREEF Real Estate’s global sustainability team to assess where the real estate sector currently stands in terms of sustainability metrics and outline some simple principles the industry might adopt for advancing standardization.

The Metrics Paper addresses how reaching consensus on key sustainability metrics would enable organizations to better measure the sustainability of their properties and portfolios; ensure regulatory compliance; gauge the efficacy and financial returns of environmental enhancement projects—for the benefit of building owners, tenants and other industry stakeholders. Accordingly, we discuss why the industry has evolved in this manner, propose a simplified framework of essential metrics that every real estate organization should compile and publish, and provide some recommendations and next steps for the industry.

As a founding member of Greenprint and an active corporate member of ULI, we are in an ideal position to continue leading the commercial building industry on a path toward increased definition, collection, automation, and reporting of sustainability metrics that drive building value.

The Urban Land Institute and the ULI Greenprint Center for Building Performance

In January 2012, The Greenprint Foundation merged with the Urban Land Institute, and was incorporated into ULI’s Climate Land Use and Energy (CLUE) initiative to form the ULI Greenprint Center for Building Performance. As a founding member of Greenprint and an active corporate
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member of ULI, we are in an ideal position to continue leading the commercial building industry on a path toward increased definition, collection, automation, and reporting of sustainability metrics that drive building value.

Over the past year, we expanded our ULI Council membership to include a seat on the Sustainable Development Council. RREEF Real Estate already holds a seat on the Responsible Property Investing Council, as well as a number of other councils. Ulrich Steinmetz, Managing Director in Germany, is the Local Chair of ULI Frankfurt, and Patricia Connolly, Global Director of Sustainability, is the Co-Chair of the ULI New York Sustainable Building Council.

The mission of ULI is to, “provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.” According to ULI, The ULI Greenprint Center will carry on the Greenprint Foundation’s mission, which is to lead the global real estate community in the use of greenhouse gas reduction strategies that support the Intergovernmental Panel on Climate Change (IPCC) goals for global greenhouse gas stabilization by 2030. The ULI Greenprint Center will continue to advance the Greenprint Foundation’s goal of a 50% reduction in building emissions by that date.

The RREEF Real Estate Greenprint Volume 3 performance data, which includes energy consumption data for 478 buildings in calendar year 2011, can be found in section 4. As a leading Greenprint member, our asset management and engineering teams in the field joined product and topic-specific working groups to define the types of data collected, how buildings are benchmarked, the manner in which and to whom performance is reported, and to work with other members to select Greenprint’s “second generation” online software vendor.

Key Conferences and Panel Discussions

RREEF Real Estate employees throughout the world attend conferences and participate in panels—often leading the discussion among peers—in their local markets to advance their respective practice areas.

Industry Events

Because the principles of sustainability cut across so many disciplines, and are treated differently in local markets, participation is typically from employees in or near the location of such events. Below is a select list of key conferences and panel discussions with sustainability-related themes and topics in which our employees participated in the last year:

- Urban Land Institute 2011 Fall and 2012 Spring Meetings—Los Angeles, CA and Charlotte, NC
- 2011 Greenbuild International Conference and Expo—Toronto, Canada
- Pension Real Estate Association (PREA) 2012 Spring Meeting—Green Building & Sustainability Affinity Group—Boston, MA
- ULI Westchester/Fairfield: The Big Picture 2012: Sustainability for Large Corporations—White Plains, NY
- 2012 DC Building Energy Summit—Washington, DC
- Sustainability Panel at 2012 NCREIF Winter Meeting—Phoenix, AZ
- 2012 Annual National Facilities Management and Technology Conference—Baltimore, MD
- 2012 Bisnow 2nd Annual Sustainability Summit—New York, NY
- 2012 Garrison Institute Climate, Buildings and Behavior Symposium—Garrison, NY
- Urban Leader Summit 2012—Energy and Leadership Panel—Frankfurt, Germany
- LessEn Roundtable—Munich, Germany
- ULI Europe Emerging Trends in Real Estate—Frankfurt, Germany

Deutsche Bank Earth Week

RREEF Real Estate participated in Deutsche Bank’s fourth annual Earth Week, held from 26 through 31 March, to raise awareness about sustainability and the initiatives taking place across the Bank. The focus was to cut consumption and cost, particularly looking at energy/carbon, waste, including e-waste, and corporate social responsibility. At our New York headquarters, Erin Welling, an Assistant Vice President in our real estate debt investments group, led a recycled art competition, and globally, RREEF Real Estate colleagues developed content and participated as panelists in three live Town Halls:

- New York: “What if…we led the market for sustainable real estate?”
- Frankfurt: “What if…our thinking shaped a sustainable future?”
- Hong Kong: “What if…we capitalized the clean technology frontier in Asia?”
Erin Welling, an Assistant Vice President in our real estate debt investments group, led a recycled art competition.

Sustainability Related Organizations, Councils, Boards and Committees

RREEF Real Estate continues to belong to numerous organizations, councils, boards and committees. For a list, see to page 16 of our 2011 report.

Over the past year, Elizabeth Wohlleb, a Director in our client relations group, joined the Green building and Sustainability Affinity Group of the Pension Real Estate Association (PREA).

Stakeholder Groups

Sustainability engages a wide variety of key stakeholders. These include our clients, portfolio managers, our contracted property managers, tenants, and our corporate parent, Deutsche Bank.
“For the 268 buildings we submitted to Greenprint Volume 3 with energy data for 2010 and 2011, energy consumption and associated emissions decreased by 2.4% and 2.5%, respectively.”

Achievements and Projects in the Past Year

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Americas Projects ....................................................................... 20
Europe Projects .......................................................................... 24
Asia Pacific Projects ..................................................................... 27
Company Awards ......................................................................... 28
Social Responsibility .................................................................... 28
Voluntary Certifications

Over the past year, we received LEED-EB O&M Gold certification at Sherry Lane, in Dallas, TX, and Silver at Riverfront Office Park in Cambridge, MA. We also acquired three buildings with BREEAM—Very Good certification in London, and an HQE—Good building in Saint Ouen, France, raising our stock of certified space by about 1.6 million square feet (145,000 square meters). The table below shows the variety of certifications our buildings hold across the globe. In addition to these, we have more than one million square feet currently in the LEED-EB O&M Performance Period.

**LEED-EB O&M Gold Certification: Sherry Lane, Dallas, TX**

A highly energy efficient office property that serves as a model for tenant engagement programs and green leases. Received LEED-EB O&M Gold certification.

**LEED-EB O&M Silver Certification: Riverfront Office Park, Cambridge, MA**

A two-building office property that focused on efficiency improvements and recycling programs to increase ENERGY STAR scores and earn LEED-EB O&M Silver certification.

---

**RREEF Real Estate Green Building Summary by Certification Type**

Voluntary Third Party Energy and Environmental Certifications

<table>
<thead>
<tr>
<th>Certification</th>
<th>Properties</th>
<th>Buildings</th>
<th>Sq Ft</th>
<th>SqM</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEED-Certified</td>
<td>7</td>
<td>9</td>
<td>3,078,073</td>
<td>285,962</td>
</tr>
<tr>
<td>BREEAM</td>
<td>6</td>
<td>6</td>
<td>865,683</td>
<td>80,425</td>
</tr>
<tr>
<td>DGNB</td>
<td>1</td>
<td>1</td>
<td>268,021</td>
<td>24,900</td>
</tr>
<tr>
<td>HQE</td>
<td>1</td>
<td>1</td>
<td>195,204</td>
<td>18,135</td>
</tr>
<tr>
<td>EU GreenBuilding Programme</td>
<td>2</td>
<td>4</td>
<td>361,560</td>
<td>33,590</td>
</tr>
<tr>
<td>Ecolabel Gold—HafenCity Hamburg</td>
<td>1</td>
<td>1</td>
<td>244,922</td>
<td>22,754</td>
</tr>
<tr>
<td>ISO 9000 &amp; 14001: 2004</td>
<td>1</td>
<td>1</td>
<td>960,108</td>
<td>89,197</td>
</tr>
<tr>
<td><strong>Total: Voluntary Certifications</strong></td>
<td>19</td>
<td>23</td>
<td>5,973,571</td>
<td>554,963</td>
</tr>
<tr>
<td><strong>New Space During Reporting Period</strong></td>
<td>6</td>
<td>7</td>
<td>1,562,206</td>
<td>145,134</td>
</tr>
</tbody>
</table>

Source: RREEF Real Estate, June 30, 2012
As shown in the table below, RREEF Real Estate now has nearly US $2.5 billion (€2.0 billion) of AUM at 19 properties and nearly six million square feet (555,000 square meters) that have voluntary green building certifications. This represents 3.9% of building area, and 6.9% of value, up from 2.6% and 3.9%, respectively, a year ago.

RREEF Real Estate Third Party and Environmental Certifications
Summary and Share of Global Portfolio

<table>
<thead>
<tr>
<th>Certified</th>
<th>% of Total</th>
<th>RREEF Real Estate Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties</td>
<td>#</td>
<td>19</td>
</tr>
<tr>
<td>#</td>
<td>19</td>
<td>1.0%</td>
</tr>
<tr>
<td>Area²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sq Ft</td>
<td>5,973,571</td>
<td>3.9%</td>
</tr>
<tr>
<td>Sq M</td>
<td>554,963</td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>$2,494,834,326</td>
<td>6.9%</td>
</tr>
<tr>
<td>€</td>
<td>€ 1,965,984,496</td>
<td></td>
</tr>
</tbody>
</table>

¹ Core, Core Plus and Value added only
² RREEF total area measurement does not include 64 apartment properties
Source: RREEF Real Estate, June 30, 2012

Government Labels
Governments continue to develop, and in some cases mandate, energy benchmarking and disclosure of energy consumption in commercial buildings at various stages within the asset lifecycle. Regulations mandating energy benchmarking and overall demand for greener buildings have the greatest impact on our portfolio in global gateway cities such as London, New York, San Francisco and Sydney.

Across the three global regions, RREEF Real Estate has an energy benchmarking rating for approximately 40.3 million square feet (3.75 million square meters), or 26.0% of our global portfolio.

These classification systems often take shape at the federal or regional level, and provide the market with a transparent, performance-based rating system that not only enables private holders of real estate to easily communicate the efficiency of their properties, but also enables landlords, as well as various levels of government, to benchmark performance and set goals or mandates to improve energy efficiency year-over-year. Many of the regulations impacting our portfolio are based on the relevant government label or benchmarking tool.

Across the three global regions, RREEF Real Estate has an energy benchmarking rating for approximately 40.3 million square feet (3.75 million square meters), or 26.0% of our global portfolio.

ENERGY STAR® (US)
In the United States, we retained a consultant to work closely with our contract managers to examine the data in our EPA Portfolio Manager account—the online database where we track energy consumption and cost per square foot, and which generates ENERGY STAR scores. After eliminating buildings from the list where data is not available and classifying other buildings according to their use types, our updated database now consists of 115 office buildings covering 16.7 million gross square feet.
As shown in the table below, this portfolio has a weighted average ENERGY STAR score of 75—the precise threshold required for a building to obtain an ENERGY STAR label. This score has improved from an average of 64 last year. As of June 30, 2012, half of our buildings have scores above 75, and of buildings eligible to receive an ENERGY STAR score, the percent with a score above 50 jumps to 82, up from 77% last year. The weighted average annual energy cost per square foot across the US office portfolio is $2.12. In the Americas, we now have 35 buildings with an ENERGY STAR label.

RREEF Real Estate Energy Star Analysis—US Office Buildings

June 30, 2012

<table>
<thead>
<tr>
<th>Energy Star Score</th>
<th>Buildings</th>
<th>Gross Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>75+: Energy Star Label</td>
<td>35</td>
<td>30%</td>
</tr>
<tr>
<td>75+: No Label</td>
<td>22</td>
<td>19%</td>
</tr>
<tr>
<td>75 to 100 *</td>
<td>57</td>
<td>50%</td>
</tr>
<tr>
<td>51 to 74</td>
<td>30</td>
<td>26%</td>
</tr>
<tr>
<td>26 to 50</td>
<td>13</td>
<td>11%</td>
</tr>
<tr>
<td>1 to 25</td>
<td>6</td>
<td>5%</td>
</tr>
<tr>
<td>N/A **</td>
<td>9</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>115</td>
<td>100%</td>
</tr>
</tbody>
</table>

Weighted Averages ***

- Energy Star Score: 75
- Energy Cost Per Gross Square Foot: $2.12

* Buildings with a score of 75 or above are eligible for an ENERGY STAR label
** Buildings with incomplete or missing data in ENERGY STAR database
*** Weighted average based on gross square feet

Source: RREEF Asset Management; Property Managers; EPA Portfolio Manager

EPCs (EU)

Energy Performance Certificates (EPCs) were developed in response to the European Union Performance of Buildings Directive (EPBD), as part of the 2002 EU Energy Code. EPCs provide a rating of a building’s technical systems and design aspects that impact energy performance. Within EPBD, each country determines exactly how its rating system will be defined. In most EU countries, EPCs are valid for five to ten years, and in most countries are required when a building or space is leased, sold, or financed.

Countries with EPC Ratings by Letter

In most European Union countries where they are in use, EPCs are on a scale from A (the best) to G (the poorest). The tables below summarize our EPC data across the relevant countries. RREEF Real Estate has EPC letter ratings on 127 buildings across 1.5 million square meters (16.3
millions of square feet of building area. At the remaining 583,000 square meters of space, an EPC has not yet been required.

Again, the exact methods by which the ratings are calculated vary somewhat by country, reflecting local priorities and discretion within the EPBD. It should also be noted that in most cases, EPCs measure the physical quality of a building’s features, systems and technology, but not actual performance. This is an important distinction, for two reasons: first, these ratings do not measure actual energy performance as does ENERGY STAR in the United States, rather just the physical asset; and second, much of the investment-grade building stock in these markets is relatively old, so EPCs often serve as proxies for building age.

The detailed EPC tables below contain label counts by letter and square area for each country included in our EPC database, and a cumulative total including share of square area.

Summary of EPC Ratings by Number of Ratings and Square Meters

RREEF Real Estate—UK, France, Italy and Netherlands

<table>
<thead>
<tr>
<th>Rating</th>
<th>UK</th>
<th>France (Energy)¹</th>
<th>France (Carbon)¹</th>
<th>Italy</th>
<th>Netherlands</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>SqM SqFt</td>
<td>#</td>
<td>SqM SqFt</td>
<td>#</td>
</tr>
<tr>
<td>A</td>
<td>0</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>1</td>
</tr>
<tr>
<td>B</td>
<td>2</td>
<td>80,067 861,833</td>
<td>0 0</td>
<td>0 0</td>
<td>4</td>
</tr>
<tr>
<td>C</td>
<td>10</td>
<td>165,593 1,782,434</td>
<td>2 17,798 191,572</td>
<td>3 37,562 404,317</td>
<td>1</td>
</tr>
<tr>
<td>D</td>
<td>27</td>
<td>274,805 2,957,976</td>
<td>2 12,641 136,067</td>
<td>6 77,955 839,101</td>
<td>5</td>
</tr>
<tr>
<td>E</td>
<td>16</td>
<td>153,997 1,657,613</td>
<td>5 39,736 427,718</td>
<td>4 40,112 431,762</td>
<td>2</td>
</tr>
<tr>
<td>F</td>
<td>4</td>
<td>17,381 187,093</td>
<td>3 37,512 403,776</td>
<td>2 16,998 182,965</td>
<td>3</td>
</tr>
<tr>
<td>G or Above²</td>
<td>17</td>
<td>50,944 555,673</td>
<td>18 136,187 1,465,905</td>
<td>1 26,676 287,138</td>
<td>6</td>
</tr>
<tr>
<td>Various²</td>
<td>14</td>
<td>227,165 2,445,182</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
</tr>
<tr>
<td>Not Required</td>
<td>14</td>
<td>144,251 1,552,703</td>
<td>1 18,101 194,838</td>
<td>1 18,101 194,838</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>87</td>
<td>1,063,259 11,444,834</td>
<td>22 261,975 2,819,876</td>
<td>22 261,975 2,819,876</td>
<td>60</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rating</th>
<th>Total²</th>
<th>#</th>
<th>SqM SqFt</th>
<th>% by Area*</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>31,072</td>
<td>334,456</td>
<td>3%</td>
</tr>
<tr>
<td>B</td>
<td>3</td>
<td>90,869</td>
<td>978,105</td>
<td>8%</td>
</tr>
<tr>
<td>C</td>
<td>13</td>
<td>191,479</td>
<td>2,061,065</td>
<td>16%</td>
</tr>
<tr>
<td>D</td>
<td>36</td>
<td>343,681</td>
<td>3,699,353</td>
<td>29%</td>
</tr>
<tr>
<td>E</td>
<td>24</td>
<td>206,727</td>
<td>2,225,187</td>
<td>17%</td>
</tr>
<tr>
<td>F</td>
<td>13</td>
<td>108,536</td>
<td>1,168,278</td>
<td>9%</td>
</tr>
<tr>
<td>G or Above²</td>
<td>16</td>
<td>226,462</td>
<td>2,437,620</td>
<td>19%</td>
</tr>
<tr>
<td>Various²</td>
<td>21</td>
<td>316,491</td>
<td>3,406,679</td>
<td>-</td>
</tr>
<tr>
<td>Not Required</td>
<td>51</td>
<td>583,294</td>
<td>6,278,524</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total           | 178     | 2,098,611| 22,589,266| 100%      |

¹ In France, the DPE (Diagnostic de Performance Energetique) has a separate rating for energy consumption and carbon footprint
² In France, there are two more levels, including H and I
³ Total does not include the Carbon rating for France to avoid double counting
⁴ Share of buildings with single rating, as reported in this table (see footnote 5)
⁵ Some ratings are for individual tenant spaces or other methods that provide a series of ratings for the same building

Source: RREEF Real Estate, June 30, 2012
Germany and Poland

In Germany and Poland, the EPC rating is compared to a unique benchmark which identifies the market average performance for each building based on its characteristics, and then rates the building’s consumption with a comparative number that indicates how the building performs relative to market average. Our Germany and Poland portfolios, which total approximately 650,000 square meters (7 million square feet) are in full compliance with their respective EPC requirements.

As shown in the tables below, 93 of the 130, and 82% of the buildings with benchmarks in Germany and Poland have EPC ratings indicating energy performance better than their market average.

### Summary of EPCs - Performance Relative to Benchmark

<table>
<thead>
<tr>
<th>Deviation from Benchmark</th>
<th>Germany</th>
<th></th>
<th></th>
<th>Poland</th>
<th></th>
<th></th>
<th>Total</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>-50% of more</td>
<td>42</td>
<td>40%</td>
<td></td>
<td>1</td>
<td>10%</td>
<td></td>
<td>43</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>-0.1% to -49%</td>
<td>49</td>
<td>47%</td>
<td></td>
<td>1</td>
<td>10%</td>
<td></td>
<td>50</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>+0.1% to 49%</td>
<td>10</td>
<td>10%</td>
<td></td>
<td>0</td>
<td>0%</td>
<td></td>
<td>10</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>+50% of more</td>
<td>3</td>
<td>3%</td>
<td></td>
<td>8</td>
<td>80%</td>
<td></td>
<td>11</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Rating But No Benchmark</td>
<td>6</td>
<td>n/a</td>
<td></td>
<td>0</td>
<td>n/a</td>
<td></td>
<td>6</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Rating Not Required</td>
<td>10</td>
<td>n/a</td>
<td></td>
<td>0</td>
<td>n/a</td>
<td></td>
<td>10</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100%</td>
<td></td>
<td>10</td>
<td>100%</td>
<td></td>
<td>130</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Source: RREEF Real Estate, June 30, 2012

**NABERS (Australia)**

The NABERS (National Australian Built Environment Rating System) ratings for our three assets in Australia are provided below. As explained in more detail later in this section, there is much activity surrounding government regulations requiring the use of energy benchmarking using the NABERS system. An average building performs at two stars, excellent buildings at four stars, and six stars represent exceptionally good design and operation.

Disclosure of energy performance has been required since 2010 upon sale, leasing, subleasing or financing of a commercial property greater than 2,000 square meters in size. In order to lease space, Government tenants require buildings with a minimum 4.5 star (this is high) NABERS rating and green leases. The Australian government also recently passed a Carbon Tax, which will transition into an emissions trading scheme by 2015. The main expected effect the carbon tax will have on property owners is an increase in energy prices by an additional ten percent over the next three to five years. This follows a similar rise over the previous five years, which was already expected to continue.

This confluence of market forces is leading to increasing evidence of the value that sustainability adds to buildings, properties and portfolios. A 2011 study by IPD covering 1,500 large commercial properties in Australia found that prime office buildings with strong NABERS ratings (4.0 stars or greater) were found to contribute to building value, with an average return of 4.0% and average cap rate of 7.1%, compared to 1.9% average returns and a 7.6% cap rate, respectively, for non-rated buildings.

As demonstrated in the table below, two of three RREEF Real Estate properties in Australia are 4.0 stars or higher, and plans are underway to raise the recently-acquired 20 Bridge St.

### NABERS1 Ratings of the RREEF Real Estate Australia Portfolio

<table>
<thead>
<tr>
<th>Building</th>
<th>Location</th>
<th>Square Meters</th>
<th>Square Feet</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>737 Bourke</td>
<td>Melbourne, VIC</td>
<td>19,931</td>
<td>214,535</td>
<td>4.5</td>
</tr>
<tr>
<td>140 Sussex St</td>
<td>Sydney, NSW</td>
<td>12,440</td>
<td>133,903</td>
<td>4.0</td>
</tr>
<tr>
<td>20 Bridge St</td>
<td>Sydney, NSW</td>
<td>19,796</td>
<td>213,082</td>
<td>2.5</td>
</tr>
<tr>
<td>Total / Average</td>
<td></td>
<td>52,167</td>
<td>561,520</td>
<td>3.6</td>
</tr>
</tbody>
</table>

1 National Australian Built Environment Rating System. A maximum of 6 stars are available, on a scale of half-stars

Source: RREEF Real Estate, June 30, 2012
Performance Data—Greenprint Volume 3

RREEF Real Estate increased its contribution to the Greenprint Performance Index for a second year in a row. Volume 3 includes 2011 calendar year energy consumption data from 478 RREEF Real Estate buildings, up from 360 the previous year. We expanded the scope of this benchmarking effort, adding retail and multifamily properties in addition to office and industrial. Most importantly, for the 268 buildings in Greenprint Volume 3 with energy data for 2010 and 2011, energy consumption and associated emissions decreased by 2.4% and 2.5%, respectively. This reduction is equivalent to taking 665 cars off the road, 293 homes off the grid, or planting 86,917 trees.

RREEF Real Estate Like-for-Like Performance Improvements

<table>
<thead>
<tr>
<th>Greenprint Performance Index, 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement in Energy Efficiency</td>
</tr>
<tr>
<td>Associated Emissions Reduction</td>
</tr>
<tr>
<td>Equivalents</td>
</tr>
<tr>
<td>Trees Planted</td>
</tr>
<tr>
<td>Cars off the road</td>
</tr>
<tr>
<td>Homes off the grid</td>
</tr>
</tbody>
</table>

* For 268 buildings that submitted energy data to Greenprint Performance Index in 2010 and 2011

As shown in the tables below, our 478 buildings in Volume 3 represent 6,132,621 square meters (6,010,920 square feet) of gross floor area in Greenprint Volume 3, which collectively consumed 507,311,187 kWh of energy and represents 177,987 metric tons of carbon dioxide (CO2).

Buildings were submitted for 26 funds or client accounts in 13 countries across the Americas, the European Union and Asia Pacific. By product type, this submission consists of 32% office, 38% industrial, 11% retail, and 18% multifamily.

Greenprint Performance Index—Volume 3

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Buildings</th>
<th>Gross Floor Area</th>
<th>Energy &amp; Carbon</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Square Meters</td>
<td>Kilowatt Hours (kWh)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Square Feet</td>
<td></td>
</tr>
<tr>
<td>Office</td>
<td>188</td>
<td>1,983,562</td>
<td>419,238,724</td>
</tr>
<tr>
<td>Industrial</td>
<td>247</td>
<td>2,338,672</td>
<td>38,310,798</td>
</tr>
<tr>
<td>Retail</td>
<td>23</td>
<td>679,484</td>
<td>7,313,901</td>
</tr>
<tr>
<td>Multifamily</td>
<td>20</td>
<td>1,130,902</td>
<td>19,064,854</td>
</tr>
<tr>
<td>Total</td>
<td>478</td>
<td>6,132,621</td>
<td>507,311,187</td>
</tr>
</tbody>
</table>

Source: ULI Greenprint Center for Building Performance and RREEF Real Estate Asset Management, October 2012

Lighting Upgrade and Recycling Program: Summit Office Campus, Aliso Viejo, CA

A five-building office campus that utilized a local utility rebate and on-bill financing to implement a lighting retrofit with strong financial returns, and leading to significantly higher ENERGY STAR scores.

Click here for the full case study on page 37.
Greenprint Performance Index—Volume 3
RREEF Real Estate, 2011 Calendar Year Energy Data by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Buildings</th>
<th>Gross Floor Area</th>
<th>Kilowatt Hours (kWh)</th>
<th>Energy &amp; Carbon</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Square Meters</td>
<td>Square Feet</td>
<td>Metric Tons CO2</td>
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<tr>
<td>United States</td>
<td>409</td>
<td>5,088,952</td>
<td>54,776,970</td>
<td>335,138,699</td>
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<tr>
<td>Canada</td>
<td>4</td>
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<td>863,020</td>
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<td>14</td>
<td>126,423</td>
<td>1,360,802</td>
<td>25,988,181</td>
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<tr>
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<td>17</td>
<td>194,796</td>
<td>2,096,765</td>
<td>39,297,576</td>
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<tr>
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<td>4</td>
<td>167,801</td>
<td>1,806,193</td>
<td>11,677,339</td>
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<tr>
<td>Germany</td>
<td>12</td>
<td>152,655</td>
<td>1,643,160</td>
<td>20,510,585</td>
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<tr>
<td>Poland</td>
<td>9</td>
<td>129,429</td>
<td>1,393,160</td>
<td>42,510,667</td>
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<tr>
<td>Hungary</td>
<td>3</td>
<td>42,206</td>
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<td>1</td>
<td>9,935</td>
<td>106,939</td>
<td>2,154,180</td>
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<td>China</td>
<td>1</td>
<td>89,197</td>
<td>960,108</td>
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<td>Japan</td>
<td>1</td>
<td>5,321</td>
<td>57,275</td>
<td>770,352</td>
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<tr>
<td>Total</td>
<td>478</td>
<td>6,132,621</td>
<td>66,010,915</td>
<td>507,311,187</td>
</tr>
</tbody>
</table>

Source: ULI Greenprint Center for Building Performance and RREEF Real Estate Asset Management, October 2012

A Portfolio Approach to Increasing Sustainability

In order to increase our sustainability programming in a systematic and client-centric fashion, at the beginning of 2012 RREEF Real Estate engaged several portfolio and asset managers responsible for core flagship funds and strategic accounts that together represent approximately €12.2 billion (US $14.8 billion) in AUM across 6.8 million square meters (73.3 million square feet), or 43% of value and 44% of area in our privately held real estate investments.

Additional funds and accounts will be considered for inclusion in this program. Developing this program at the fund level expands on the implementation of a number of our Guiding Principles for Sustainability. These funds and accounts are engaged in three main areas of activities:

1. **Industry Benchmarking Programs:** RREEF Real Estate participates in the Greenprint Performance Index and the Global Real Estate Sustainability Benchmark (GRESB) survey at a global level; and regionally we participate in the Better Buildings Challenge and Energy Star in the United States, Energy Performance Certificates throughout the United Kingdom and Europe, and the Carbon Disclosure Project in Germany. Each of these programs are helping to establish methods to monitor the environmental impact of the physical assets that make up our investment management portfolio and inform economically feasible strategies to minimize the impact on the environment.

2. **Reporting:** Developing a transparent and consistent framework for reporting Sustainability metrics and green achievements in fund/client specific reports is of critical importance. This helps to promote awareness and actively communicates the value of performance against key indicators and benchmarks to our clients. For this reason, RREEF Real Estate has chosen to follow the Global Reporting Initiative’s guidelines for sustainability reporting (www.globalreporting.org).
3. **Business Plans**: Incorporating a sustainability strategy into annual business plans has been an informal RREEF Real Estate practice since 2006, primarily at the discretion of the portfolio manager. Going forward, it is our objective that these plans incorporate information from the sustainability sections in our global and regional Strategic Outlooks that were developed by RREEF Real Estate’s global and regional research teams, with direct input from our dedicated sustainability personnel. Taking this action will provide tools for our portfolio managers that will help them more effectively implement practices that balance economic, environmental and social considerations within the full range of their real estate investment management decisions.

### Summary of Portfolios with a Deliberate Portfolio Focus on Sustainability

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Gross Asset Value (Millions)</th>
<th>Building Area</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>US $</td>
<td>SqM</td>
</tr>
<tr>
<td>Retail, High Street</td>
<td>209.0</td>
<td>253.8</td>
<td>49,641</td>
</tr>
<tr>
<td>Retail, Shopping Mall</td>
<td>2,067.2</td>
<td>2,510.5</td>
<td>583,531</td>
</tr>
<tr>
<td>Office</td>
<td>5,825.2</td>
<td>7,074.6</td>
<td>1,422,342</td>
</tr>
<tr>
<td>Distribution Warehouse</td>
<td>1,874.0</td>
<td>2,275.9</td>
<td>3,271,537</td>
</tr>
<tr>
<td>Other Industrial</td>
<td>719.9</td>
<td>874.4</td>
<td>790,387</td>
</tr>
<tr>
<td>Residential</td>
<td>1,152.4</td>
<td>1,399.6</td>
<td>624,413</td>
</tr>
<tr>
<td>Hotels</td>
<td>101.7</td>
<td>123.5</td>
<td>27,961</td>
</tr>
<tr>
<td>Other¹</td>
<td>237.5</td>
<td>288.4</td>
<td>42,490</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,186.9</strong></td>
<td><strong>14,800.7</strong></td>
<td>6,812,301</td>
</tr>
</tbody>
</table>

¹ Other includes health care properties and land
Source: RREEF Real Estate, June 30, 2012

### Global Projects

As a global real estate organization, two of our key strengths are the ability to share best practices across borders, and our deep knowledge about the markets in which we invest. Because government regulations, public sentiment, real estate cycles, and advancements in technology differ, it is inevitable that our local practices will as well. We continue to develop cross-functional and cross-regional working groups in order to ensure that the latest sustainable practices are shared across markets, but that implementation continues to be in line with market conditions and tenant demand.

#### Sustainability Metrics Project

The majority of sustainability metrics are not collected directly from current investment management data systems, nor are they well-defined within the real estate industry. Over the past year, our data management working group has continued collaborating with RREEF Real Estate’s Chief Knowledge Officer to identify and validate meaningful sustainability metrics to be collected and reported.

We are in the process of defining pertinent metrics related to energy, water, waste and carbon for each level of our investment management organization. Developing this internal resource will enable us to measure the impacts of specific projects and initiatives designed to enhance efficiency, and reduce energy consumption and GHG emissions.

The reporting and data management system is being designed to facilitate decision-making and execution at the property and portfolio levels, with an increasing degree of automation and value creation. Connecting this effort to our portfolio and asset management data systems, and to external benchmarking databases such as Greenprint and ENERGY STAR, will enable us to expand our data collection and measurement efforts with minimal impact on our third-party property managers.

#### Acquisitions Project

As outlined in our 2011 report, RREEF Real Estate is undertaking a broad initiative to identify opportunities to enhance our investment management practices from a sustainability perspective. As a part of this effort, in
February 2012, a team of RREEF Real Estate acquisitions and engineering professionals began working together to determine how to best enhance sustainability considerations that are embedded into our acquisitions processes and procedures around the globe. The team is building a detailed checklist for conditions that support sustainability due diligence, and better defining guidelines for how such analysis should be conducted and presented. These two projects will provide direct guidance on how sustainability can be integrated into our acquisitions investment committee reports which are used to guide investment decisions.

Requests for Proposals
During the past twelve months, the number of ESG-related inquiries—both in number and in scope—that we have received through the Requests For Proposals (RFP) process has risen noticeably. Our global communications, client relations, marketing, and sustainability teams have worked closely to develop responses that accurately reflect the breadth and depth of our achievements, and that fulfill the range of material that clients are now seeking.

Sustainability Scorecard
We began publishing a quarterly internal “Sustainability Scorecard” in the first quarter of 2012 to provide our global colleagues with updates on the progress of our global sustainability initiatives. The scorecard compiles all awards or certifications achieved during the time period, and marks progress against our key sustainability goals for the year.

Americas Projects
We continue to take an active role in the Americas to standardize our practices and approaches to sustainably managing our assets. Within our Americas asset management team, the National Engineering Operations & Sustainability Manager functions as a direct conduit between asset management and our third-party contracted property managers.

In 2011, RREEF Real Estate added a full-time contracted “Sustainability Manager” working exclusively on RREEF Real Estate assets for our two most frequently engaged property management firms. This individual oversees sustainability-related initiatives, and is responsible for evaluating, analyzing and reporting sustainability-related activities, and for educating and training property managers on how to navigate EPA Portfolio Manager, the database which warehouses energy data and calculates ENERGY STAR scores.

The contracted Sustainability Manager at the property management level and the RREEF Real Estate National Engineering Operations & Sustainability Manager within asset management work in lockstep on many of the projects and initiatives identified below.

Better Buildings Challenge
In 2011, RREEF Real Estate began working with the United States Department of Energy to develop a methodology to measure improved energy performance across a dynamic portfolio of at least 5 million square feet of U.S. commercial real estate which, when finalized, will enable us to participate in the White House Better Buildings Challenge (BBC). This program, spearheaded by former President Clinton and the President’s Council on Jobs and Competitiveness, seeks to improve the energy efficiency of commercial real estate in the United States by 20% over a ten-year period from 2010 to 2020. The initiative supports job creation by catalyzing private sector investment in commercial and industrial building energy upgrades to make America’s buildings 20% more efficient over the next decade, reducing energy costs for American businesses by nearly $40 billion. RREEF Real Estate was the first commercial real estate firm to engage the BBC with a traditional investment-grade, multi-tenanted portfolio.

RREEF Real Estate has prepared a case study for a “Showcase Project,” as well as an “Innovative Model” for implementing energy efficiency projects that reflects the process and parties involved. Upon finalizing the methodology for our participation in the program, both projects will be formally submitted and posted on the BBC website.

RREEF Real Estate’s engagement with this important initiative underscores our commitment to sustainability. We are continually seeking innovative ways to enhance our investment management practices by incorporating meaningful and actionable sustainability metrics into our investment process, and fundamentally believe that our discussions with the DOE regarding the BBC will improve the DOE’s engagement with and understanding of the commercial real estate investment industry in the United States.

Value-Add and Ground-Up Development
RREEF Real Estate believes that inherent in any value-add and ground-up development strategy is the opportunity to
renovate or construct buildings that are sustainable by both economic and environmental definitions. To that end, we have been an innovator and industry leader in delivering green-certified buildings across all industrial, multi-family, office and retail buildings totaling 6.4 million square feet since 2005, with an additional 2.5 million square feet underway. All ground-up development is LEED or equivalent across all four product types.

All ground-up development is LEED or equivalent across all four product types.

Our newly built and renovated buildings minimize the impact on local biodiversity through numerous key measures including site selection favoring urban and/or transit-oriented locations, at times remediating contaminated soils, pervious hardscape features, stormwater quality measures including structured treatment basins and biofiltration systems, rainwater harvesting, low and no-flow urinals, reflective glazing, white roofs (especially applicable in large industrial applications), efficient mechanical systems, lighting, recycled materials, and requiring general contracting accountability and reporting for delivery radii and waste handling.

Our specific accomplishments include building one of the first LEED-silver industrial buildings, and Chicago’s first LEED-certified multi-family building. We are currently converting a 40-story, 480-unit multi-family building in Chicago and a 1 million square foot office tower in Midtown Manhattan to at least LEED-Silver. We are also building a mixed-use development in Seattle with 163 units and 80,000 square feet of retail space to at least LEED-certification. Finally, we are building a Whole Foods and a 543-unit multi-family building in Austin, TX that will each be certified to an “Austin Star,” which is equivalent to LEED-Silver.

Tenant Surveys

Each year, our asset management group conducts surveys across multiple levels of its organization, including tenant surveys. These surveys enable us to benchmark our property and portfolio results against each other, and against one of the most comprehensive performance-benchmarking databases in the industry so that we can understand how our performance compares to that of the broader market. The surveys also include questions about which areas of their building require attention from management or maintenance.

A key component of the surveys include questions about sustainability and “green” features so that we can remain attuned to which features tenants value most. In addition to the responses identified below, we also poll tenants on which “green” practices they are interested in seeing implemented at their buildings, and their willingness to share costs for energy and water savings investments, and recycling programs.

As illustrated in the table below, the share of tenants who report that sustainable and green operations is either “very important” or “important” was 58% for office, 48% for retail and 44% for industrial. The share of tenants reporting that “green” practices are a “very high priority” or a “high priority” was 23% for office, 17% for retail and 16% for industrial.
RREEF Real Estate Americas—2011 Tenant Survey

Summary of Results

<table>
<thead>
<tr>
<th></th>
<th>Office</th>
<th>Retail</th>
<th>Industrial¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Responses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#</td>
<td>768</td>
<td>1,238</td>
<td>4,358</td>
</tr>
<tr>
<td>%</td>
<td>67%</td>
<td>50%</td>
<td>58%</td>
</tr>
<tr>
<td><strong>Satisfaction Rates²</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td>83%</td>
<td>62%</td>
<td>74%</td>
</tr>
<tr>
<td>Property Management</td>
<td>85%</td>
<td>69%</td>
<td>79%</td>
</tr>
<tr>
<td>Communication</td>
<td>84%</td>
<td>67%</td>
<td>77%</td>
</tr>
<tr>
<td>Leasing Process</td>
<td>74%</td>
<td>55%</td>
<td>68%</td>
</tr>
<tr>
<td>Property Recommendation</td>
<td>80%</td>
<td>60%</td>
<td>73%</td>
</tr>
</tbody>
</table>

How important is a sustainable “green” building operation to your company?

<table>
<thead>
<tr>
<th></th>
<th>Office</th>
<th>Retail</th>
<th>Industrial¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Important</td>
<td>15%</td>
<td>16%</td>
<td>11%</td>
</tr>
<tr>
<td>Important</td>
<td>43%</td>
<td>32%</td>
<td>33%</td>
</tr>
<tr>
<td>Neutral</td>
<td>37%</td>
<td>43%</td>
<td>45%</td>
</tr>
<tr>
<td>Not Important</td>
<td>5%</td>
<td>10%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Priority of “Green” Practices in Space Search

<table>
<thead>
<tr>
<th></th>
<th>Office</th>
<th>Retail</th>
<th>Industrial¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high priority</td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>High priority</td>
<td>21%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Neutral</td>
<td>58%</td>
<td>61%</td>
<td>60%</td>
</tr>
<tr>
<td>Low priority</td>
<td>11%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Very low priority</td>
<td>8%</td>
<td>3%</td>
<td>12%</td>
</tr>
</tbody>
</table>

¹ For industrial, response rate includes full responses and partial responses
² Out of 5, satisfied tenants are defined as scores of 4 or 5
Source: RREEF Real Estate Americas Asset Management, 2012

Standards of Sustainability Expansion

In our 2011 report, we identified our Standards of Sustainability for office buildings in the United States, which were developed in association with contracted property management sustainability teams. These standards provide the overarching framework for our contract managers surrounding their sustainability activities, and include guidelines on energy benchmarking, lighting upgrades, recycling, water conservation, training, tenant communication, and reporting of all such actions taken to asset management.

We have since developed a set of standards for U.S. industrial and retail properties, and are currently establishing standards for multi-family properties, which we expect to share in next year’s report. To view our office, industrial and retail Standards of Sustainability, click here.

Regulatory Watch Database

There are currently seven major markets in the United States that have energy efficiency mandates. These mandates have already taken effect in five jurisdictions: New York City, San Francisco, Austin (Texas), Seattle, and Washington State. California and the District of Columbia have deadlines approaching. Our contract managers have drafted “Quick Lists” — one-page summaries that demonstrate what actions are needed in order to be compliant.

ENERGY STAR Leader Program

ENERGY STAR Leader recognition is reserved for ENERGY STAR Partners who demonstrate consistent energy improvement across the portfolio relative to an established baseline. We completed the first phase of the ENERGY STAR Leader project during the second quarter of 2012,
when we reached 100% office property participation in the ENERGY STAR benchmarking program. In order for RREEF Real Estate to continue towards a Leader designation, all applicable buildings will be fully vetted by our third-party consultant so that the baseline is consistent across the entire office portfolio. As a direct result of the first phase of the project, the relevant portfolio already shows an improvement in average ENERGY STAR score. Our consultant is currently undertaking the second phase of the project, which consists of phone interviews with property teams to correct any deficiencies that could contribute to misrepresented data and building attributes. We are aiming to be designated an ENERGY STAR Leader in 2013 or 2014.

Property Management: Quarterly Sustainability Reports

RREEF Real Estate’s asset management group now receives a Quarterly Sustainability Summary for 68% of our Americas portfolio, by net rentable area. This figure represents the vast majority of our office and industrial properties in the region. This process has significantly improved the transparency and consistency of reporting on sustainability activities for RREEF Real Estate in the Americas.

These reports contain the following:

- An update on energy, water, and waste projects completed during the quarter
- A snapshot of ENERGY STAR scores for all buildings eligible to receive a score
- An update on all buildings progressing through LEED-EB O&M certification process
- A building-by-building report on quarterly energy consumption, with comparisons to the previous quarter and the same quarter in the previous year
- Additional property management initiatives as appropriate

While these reports do not capture all sustainability measures and activities at our properties—something our sustainability metrics project seek to address—we are still able to glean important information from these reports. For example, within our Americas portfolio, we identified approximately 13 million square feet of space that underwent some form of upgrade in equipment or operations on energy water or waste, with at least $6.1 million invested, $350,000 of rebates secured, and $668,000 of annual savings realized.

As illustrated in the table below, for projects with fully available data, the properties realized a blended one-year return on cost of approximately 17%.

Financial Impact of Sustainability Projects Executed

<table>
<thead>
<tr>
<th>Americas Summary, July 1st 2011—June 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Square Feet</td>
</tr>
<tr>
<td>Cost of Projects</td>
</tr>
<tr>
<td>Less Rebates Secured</td>
</tr>
<tr>
<td>Net Investment</td>
</tr>
<tr>
<td>Savings</td>
</tr>
<tr>
<td>Blended 1-Year Return on Cost</td>
</tr>
</tbody>
</table>

1 For projects with data available

Source: RREEF Real Estate Asset Management & Contract Managers

Additional types of projects and initiatives implemented over the past year at select properties included:

- Participating in Earth Hour by extinguishing all non-essential lighting for one hour across 15.3 million square feet of space, nationwide
- A “bike to work day” program coordinated with the local transportation authority
- Installation of lobby monitors with sustainability messaging to tenants
- Changing all purchases of cleaning supplies to be Green Seal Certified
- A daytime cleaning program to reduce after hours energy use
- Installation of an Electric Vehicle Charging Station

Environmental Policy and Sustainability Review

As described on page 21 of our 2011 report, our asset management group in the Americas adheres to an environmental policy that is overseen by its engineering team. This policy includes basic requirements for annual environmental audits, and Phase I and II environmental site assessments. Every property we own on behalf of our clients in the Americas receives an annual environmental audit. The engineering group also assists our acquisitions team during transaction due diligence by conducting a “sustainability review,” which includes:

- A walk-through to assess building quality and features
- An analysis of energy bills and rates
- A review of the architecture, engineering and mechanical design of the HVAC and other building control systems
Europe Projects

Germany

Our acquisition due diligence process in Germany contains a thorough sustainability analysis. We evaluate the condition of heating, air conditioning, ventilation, and mechanical systems as well as “greenbuilding aspects”. We also ensure that properties have required energy rating scores, and engage with construction professionals to verify that the building and its existing systems are designed to promote general energy efficiency. Almost all commercial properties in Germany are submetered due to long-standing regulations and policies, enabling us to obtain the utility data needed for thorough analysis quality data.

We are currently conducting energy audits on selected properties to systematically identify potential energy savings, and these will continue into 2013. As a result of these audits, there are ongoing improvements in energy efficiency taking place. Common measures include installing motion and daylight sensors on lighting systems, and re-lamping with LEDs during the ongoing maintenance cycle.

Finally, our asset managers are working with property and facility managers to investigate opportunities for building certification, evaluating the EU Greenbuilding, LEED, and other ratings that are valued in local markets.

We are developing Standards of Sustainability for properties located in or managed from Germany, leveraging one of the many advantages of RREEF Real Estate’s global platform.

Standards of Sustainability for Germany

For our funds and accounts based in Germany we are developing Standards of Sustainability for properties located in or managed from Germany, leveraging one of the many advantages of RREEF Real Estate’s global platform.

Zentraler Immobilien Ausschuss e.V. (German Property Federation — ZIA)

ZIA launched its “Code of Sustainability” at EXPO Real in October 2011. The code takes into account the economic, social and environmental aspects of property investment, and makes specific recommendations for the industry by product type in areas such as valuation, benchmarking and reporting. Georg Allendorf, Head of RREEF Real Estate Germany, serves on the ZIA Executive Committee, and explained why he and his colleagues at RREEF Real Estate were involved in developing this code:

“Improvements in sustainability are important for real estate management properties, which cause 30% of global carbon. RREEF Real Estate aims to become an active leader with regard to sustainable real estate investments. We believe that our engagement will produce added value for our clients and for RREEF Real Estate, and will help fight against climate change.”

For more on the ZIA Code of Sustainability, click here.

Bundesverband Investment and Asset Management (BVI)

BVI is Germany’s leading Investment and Asset Management Association representing 82 members (mutual fund companies, institutional fund companies and asset management companies) with nearly €1.8 trillion in assets under management and 21 million households representing nearly 50 million investors. RREEF Real Estate is committed to the “BVI Rules of Conduct,” which identify the German industry standard for proper and responsible investments of clients’ capital, outline both how investment companies shall fulfill their legal duties and responsibilities on behalf of their clients, and how they represent clients’ interests relative to those of third parties.

Compliance Management

RREEF Real Estate Germany was awarded a recertification in 2012 for implementing and actively managing the Compliance Management System issued by the Initiative Corporate Governance der Deutschen Immobilienwirtschaft (Corporate Governance Initiative of the German Real Estate Industry). The certificate incorporates all aspects of sustainable and responsible management practices. As part of this process, RREEF Real Estate developed a “Declaration of Fundamental Values” and a framework of processes and policies describing our values, mission statement, strategy and targets, guidelines as well as the principles of our business ethics and identifies our main stakeholders.
Our fundamental values are:

• Commitment to superior performance
• Respect and trust
• Teamwork
• Integrity
• Responsibility
• Preservation of resources

United Kingdom

In the United Kingdom, we are continuing to incorporate sustainability into each step of our investment process. Throughout the ownership period of assets, various initiatives are currently addressed—both as a result of compliance with UK legislation and ensuring that the environmental performance and risks of our assets receive due consideration. Highlights of our key achievements and progress in the past year are presented below.

All of the office buildings acquired for clients over the past year have strong environmental credentials and BREEAM certification.

Acquisitions: For the year ending June 2012, the RREEF Real Estate UK acquisition team acquired assets with a value of approximately £960 million (€1.2 billion). The acquisitions process continues to evolve, increasingly taking environmental performance and risks into consideration. This is particularly evident in the office sector where green accreditation or labeling continues to become more important in the UK. All of the office buildings acquired for clients over the past year have strong environmental credentials and BREEAM certification. Over the course of the year, we have acquired two offices in Central London which are rated as BREEAM “Excellent” and “Very Good” respectively, and an office building in Leeds rated as BREEAM “Excellent”. Together, these acquisitions total in excess of 580,000 square feet (53,880 square meters).

Asset Management: The sustainability of individual assets continues to be actively considered throughout their hold periods. Sustainability is addressed for each asset through the annual fund business plan process, and risks and opportunities relating to the environmental performance of the building are identified. Consideration is given to a range of risks including climate change matters (such as flooding), required actions to comply with future legislation, and measures to attract or retain tenants. Since last year, we are working more closely with tenants and property managers to implement energy saving initiatives and processes in order to improve operational efficiency and reduce carbon emissions.

Refurbishments: We are now attempting to gain environmental certification for buildings at the point of redevelopment and major refurbishment. In the United Kingdom, the BREEAM system is the most commonly used benchmark. For redevelopments and refurbishments, we target the highest realistically achievable BREEAM rating, if agreed by our clients. One example of this over the last year has been the commencement of a major refurbishment of a central London office building, “The Helicon” — One South Place. Once complete, we anticipate the building will achieve a BREEAM rating of “Very Good”. We are also initiating steps within the refurbishment in order to achieve a BREAM rating of “Excellent” in the future as major mechanical and engineering items need to be replaced as they reach the end of their economic lifecycle.

Carbon Reduction Commitment: The CRC Energy Efficiency scheme (CRC) is a regulatory incentive to improve energy efficiency in large public and private sector organizations. The CRC is a mandatory scheme that aims to improve energy efficiency and reduce the amount of CO2 emitted in the United Kingdom, and is a component of its overall target to reduce greenhouse gas emissions by 80% by 2050 compared to the 1990 baseline, within the United Kingdom. As a result, organizations will have to monitor and report their emissions.

RREEF Real Estate UK collated data encompassing all energy supply under its control for the calendar year 2011 including, electricity, gas, and additional fuel types such as coal, LPG, diesel, and other sustainable KPI’s across 39 assets within the United Kingdom in order to calculate the total carbon emissions. Starting in 2011, the allowance cost per metric ton of CO2 is £12 per metric ton. The summary of the data collected through the CRC process is as follows:
United Kingdom Carbon Reduction Commitment

RREEF Real Estate Emissions, 2010-2011

<table>
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<tr>
<th>Year</th>
<th>Assets</th>
<th>Square Feet</th>
<th>Total</th>
<th>Per Square Foot</th>
<th>Total</th>
<th>Per Square Foot</th>
</tr>
</thead>
<tbody>
<tr>
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<td>44</td>
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<td>27,034</td>
<td>0.007</td>
<td>Not yet part of CRC Requirement</td>
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<tr>
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<td>26,222</td>
<td>0.007</td>
<td>314,666</td>
<td>0.08</td>
</tr>
</tbody>
</table>

Source: RREEF Real Estate Asset Management, 2012

France

In France, we continue to increase the number of properties with Building Management Systems (BMS) installed. Controlled by the on-site facility manager, BMS systems control temperature set points throughout buildings, and calibrate lighting and HVAC systems according to the normal business hours of tenants in order to minimize after-hours energy consumption. Motion sensors linked to the BMS further reduce energy consumption, and we are expanding waste management and recycling programs.

Sustainable Acquisition:
Sigma, Saint Ouen, France

A high-technology building acquired in 2011 located near a subway station and featuring high-efficiency lighting systems, windows, and a Building Management System.

[Click here for the full case study on page 35.]

The recent acquisition of the Sigma building in Saint Ouen embodies many of the features and strategies we have been putting into place systematically. This building has an HQE label—the green building label in France—and has façade and window isolations for strong insulation, high efficiency lamps with motion sensors, and a BMS system that we are leveraging to identify further energy conservation measures and potential energy and cost savings.

Spain

In Spain, we continue to focus on water conservation measures and energy efficiency improvements. For such purposes we replaced electric heating boilers with gas boilers to improve both energy and water efficiency.

We are also installing capacitor batteries in our buildings to reduce reactive loads and drive further energy efficiency. In addition, we are reducing the number of lumens and lamps operating simultaneously, and changing the number of light circuits in car parks. Each of these measures is driving further energy efficiency. Finally, we are evaluating various options with energy suppliers to optimize our contracts and better match energy procurement with energy demand.

Electrical and Lighting Upgrade:
Cristalia 5&6, Madrid, Spain

A two-building office property that upgraded its electrical and lighting systems, enabling a favorable renegotiation of the utility contract to drive deep cost savings and tenant retention.

[Click here for the full case study on page 36.]

The benefits of these measures—especially when taken together—are delivering substantial energy savings at Cristalia 5&6, a two-building office property in Madrid. By investing €27,500, we saved €67,000 in the first year, generating a payback of 0.4 years and a one-year return-on-cost of 244%. Overall, energy costs for the building’s common area and underground parking decreased from 2010 to 2011 by 48%. 
Achievements and Projects in the Past Year

Poland

In Poland, we continue to focus on lighting efficiency, installing high-efficiency lamps, and ensuring that buildings use motion sensors. Each of these initiatives is being implemented to be both cost-effective, and compliant with EU recommendations for energy efficient light bulb replacement in Poland.

Across our Poland portfolio, we also continue to implement recycling programs for paper, glass, plastic and batteries. At properties where such programs are already in place, we are working to increase our waste diversion rate through tenant education. We continue to encourage building occupants to use alternative transportation through installation of bicycle racks at all properties, to promote both a healthy lifestyle and environmentally friendly commutes. At Grunwaldzki Center, the bicycle racks are in high demand among our tenants. Finally, we are working to optimize water consumption by installing motion sensors on bathroom faucets.

At the Focus building in Warsaw, which was acquired in September 2011, we are upgrading lighting in the common areas to use LED lamps. We also purchased new bicycle racks in time for use during summer of 2012. Both of these initiatives have generated positive feedback from the tenants.

“Green” features, labels and the overall sustainability of a building are becoming an increasingly important consideration in determining the value of a building in Poland, and will be a significant focus in RREEF Real Estate’s acquisition due diligence in this market going forward.

Italy

RREEF Real Estate Italy continues to assess opportunities to install renewable energy systems on roofs of logistics and warehouse properties, as well as in parking lots. After working with a well-known international contractor to provide both technical assistance, and to identify assets that are strong candidates for solar and other renewable forms of energy, we identified the best location to lease surface rights for rooftop solar panels.

Asia Pacific Projects

Japan

In the aftermath of the earthquake in March 2011 and the following Fukushima power plant incident, our office buildings complied with the requirement for all heavy electricity users in Eastern Japan to reduce their electricity consumption by 15% during the summer of 2011, compared to the previous year. Although such mandatory requirements have been lifted, the national government is requesting that all of Japan again save energy during the summer of 2012 since only two of the country’s 54 nuclear power plants are back online. Landlords and tenants are trying to meet this demand by raising temperature set points and reducing lighting in common areas and tenant spaces. A “cool business” initiative has office workers wearing short-sleeve or polo shirts instead of long-sleeves, ties and suits at buildings with these warmer conditions.

Earlier in 2012, we applied for a grant through the Ministry of Land, Infrastructure, Transport and Tourism to cover approximately half of the ¥100 million (US $1.3 million) cost for a high-efficiency refurbishment of the HVAC systems at an office building in Tokyo. A second building in the Tokyo area is currently preparing an application to receive a CASBEE certification, the most well-known voluntary green building label in Japan, with results anticipated in the coming year.

Finally, our team in Japan has engaged groups which are developing new green building rating systems, learning about and providing feedback on the expanding range of rating options, their scope, availability, and the costs and level of effort required to meet each of their requirements.

China

Energy efficiency remains a strong consideration for our asset management team and their property management firm in China. The impacts on building energy costs and overall demand are being factored into decision-making surrounding potential building renovations and expansions. Our team is evaluating opportunities to upgrade lighting, ventilation and power transducers in car parks.

We are also complying with all annual requirements to maintain our ISO 9000 and 14001 certifications for training, measurement and management of Xiwang Tower in Dalian. For more information on this asset, see the case study in our 2011 Sustainability Report.
Australia

Many large property owners have already initiated or are in the planning stages to take measures to reduce their exposure to rising energy costs, given energy disclosure requirements, minimum performance standards for government tenants, and a recently passed carbon tax which will accelerate the rising cost of energy at commercial buildings in Australia.

It is within this context that our Australian portfolio—consisting of one building in Melbourne and two newly acquired prime properties in Sydney, are focusing on either pursuing or maintaining strong NABERS scores. 140 Sussex Street in Sydney was acquired with a 3.5 rating, and we immediately began planning energy efficiency upgrades which raised the rating to 4.0 stars. During Earth Hour, we engaged tenants at all of our buildings to promote awareness, and joined with them to “turn out the lights” for the hour.

Company Awards

Scope Awards: In May 2012, The German rating agency, Scope Group, recognized RREEF Investment GmbH (RREEF Real Estate Germany) as the Best Management Company of Open-End Real Estate Funds, with an AAA rating, for the second year in a row. RREEF Real Estate’s two open-end real estate funds for German investors also received top ratings. With a AA+ rating, the European-focused fund was ranked best-in-class German open-end real estate fund improving on its top AA rating in 2011. Rated BBB+, the global fund was ranked second among open-end real estate funds investing globally.

RREEF Real Estate’s strong focus on sustainability was a key factor in Scope’s ratings, as it highlighted the following elements of our program:

- A Sustainability strategy established at both the Global and Germany levels
- Publication of our First Annual Sustainability Report
- Establishment of the RREEF Real Estate Sustainability Council
- Participation in various industry benchmarking groups to measure energy efficiency and carbon reduction

BOMA 360: 100 Apollo Drive, a 110,779 square foot office building in Chelmsford, Massachusetts (outside of Boston) was awarded the BOMA 360 Award for Excellence in Operations and Maintenance. BOMA 360 includes sustainable criteria such as ENERGY STAR benchmarking and green cleaning. We now manage a total of eight buildings and 2.85 million square feet of space recognized by the BOMA 360 program.

Social Responsibility

For the second year in a row, RREEF Real Estate and Deutsche Bank employees from around the world participated in AfriKids, a program that sends participants to Ghana to live and work with a host family as teachers, market workers or farmers.

This year, Sheryl Alexander, a Vice President in RREEF Real Estate’s London office participated in the AfriKids “Experience Challenge.” During week-long program, she visited several groundbreaking projects including medical centers and children’s homes, and spent three nights living in a remote village with a local family and teaching in a local junior school. Reflecting on her experience, Sheryl said, “I feel extremely privileged to have taken part in the Experience Challenge. I have had a small glimpse into what an amazing charity AfriKids is, and I’m so pleased to have been able to contribute in some way—I look forward to continuing my involvement with them.” Sheryl continues to advocate AfriKids by encouraging potential volunteers to participate in future programs.
“We have now moved into the implementation phase of our sustainability program, and we are working across the organization to refocus our sustainability projects and initiatives.”

Goals and Initiatives

Engage Core Flagship Funds and Strategic Accounts ................................................... 30
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Strengthen RREEF Real Estate’s Leadership Position .................................................... 31
In 2011, we organized our goals around three categories:

1. Benchmarking and performance management
2. Communications and thought leadership
3. Portfolio and asset management programs

We have now moved into the implementation phase of our sustainability program, and we are working across the organization to refocus our sustainability projects and initiatives to make progress against three broad goals. Those goals are to:

1. Increase our sustainability programming in a systematic and client-centric fashion by targeting flagship funds and strategic accounts
2. Establish sustainability-focused best practices across the investment platform
3. Strengthen RREEF Real Estate’s leadership position in the advancement of sustainability within the industry

Engage Core Flagship Funds and Strategic Accounts

In order to increase our sustainability programming in a systematic and client-centric fashion, at the beginning of 2012 RREEF Real Estate engaged several portfolio and asset managers responsible for core flagship funds and strategic accounts.

We concluded that these funds and accounts were appropriate for the program described below based on:

- Client motivation
- Composition and location of underlying assets
- Size of fund / account with an opportunity to make a significant impact

In 2013, we will work closely with our portfolio managers to identify additional funds and accounts that will benefit from this program.

Industry Benchmarking Programs

Greenprint Performance Index: All of our selected funds and accounts participated fully in Greenprint Volume 3, submitting energy data for calendar year 2011 for all buildings where data is available. Each will receive its own fund report in the Volume 3 RREEF Real Estate Member Report.

GRESB: All selected funds participated in the 2012 Global Real Estate Sustainability Benchmark (GRESB) survey. Data from the Greenprint process was incorporated into each fund’s quantitative response for GRESB. For the qualitative components, we developed global and regional language reflective of our asset management and sustainability policies to ensure accuracy and consistency across the platform.

Better Buildings Challenge: In the United States, we committed 5 million square feet of commercial office space to the Better Buildings Challenge. During the next year, we will develop an implementation plan to improve energy efficiency by 20% by 2020, relative to a 2010 baseline year across this set of office properties.

Carbon Disclosure Project: As part of the RREEF Real Estate Germany sustainability program, we affirmed our status as a CDP signatory in 2012. Over the next year, we will work toward a plan for a specific commitment to the Carbon Action Plan in 2013.

Client Reporting

Conversations with portfolio managers regarding the standardization of sustainability information in client reports are ongoing. We will continue these conversations in the next year, with a focus on those funds and accounts which were selected to pursue a client-centric focus on sustainability, as described in section 4.

Portfolio Business Plans

In 2012, as indicated in section 3, our research team enhanced and strengthened the sustainability data and discussion of overall trends in their global and regional Strategic Outlooks (SOs), which are shared both internally and with clients. The SOs are used by portfolio managers to shape strategy and a business plan for the upcoming year. Utilizing this information, and through direct engagement, the portfolio managers of the selected funds will have the opportunity to present a more detailed sustainability strategy as part of their overall business plans for 2013.
Goals and Initiatives

Best Practices

A number of our goals identified in the previous report, and achievements over the past year—which were identified in Section 4—fall within this category. Many of the identified tactics which will lead us toward this goal are long-term initiatives, and will continue to evolve over the coming years.

Sustainability Metrics Project and IT Strategy

Our data management working group developed a comprehensive list of metrics which are under consideration to become part of our global data collection and reporting process. We are currently engaging our contract managers and other key personnel to further refine and optimize our sustainability IT strategy. For a discipline that is still relatively new, building an increasingly integrated, automated and connected data collection system for key metrics is critical to enabling informed analysis, strategy and decision-making that will create value for our clients.

The Acquisitions Process and IC Processes

The achievement of sustainability across a real estate investment portfolio is evolving as the subject itself is better defined and metrics are identified and standardized within the industry. As described in Section 4, the initiative to enhance the sustainability focus of our acquisitions process continues. This project is part of a broader initiative to review all processes to identify opportunities for enhancement from a sustainability perspective. For the acquisitions component, the first phase is to develop a checklist for conditions that support enhanced sustainability due diligence, and developing guidelines for how such analysis should be conducted and presented. Also, during the next 12 months we will examine our investment committee processes in order to identify key decision points within the investment process, and use our findings from this first phase to inform how each of these steps will proceed. We view this as a long-term initiative, which will evolve and build in feedback from a wide variety of our key stakeholders.

Standards of Sustainability

In the Americas, we expanded our Standards of Sustainability, previously only for office buildings, to include industrial and retail properties, and began developing standards for multifamily properties. In Germany, the development of standards is one component of a broader effort to formalize a regional sustainability program for German properties and funds managed out of Germany; this will be formalized over the coming year.

New Product Development

One of the significant new investment mandates awarded to RREEF Real Estate in the last year provides us with the opportunity to pursue an intentional focus on sustainability. We have engaged the portfolio manager from the outset to incorporate sustainability into the full investment cycle. This new mandate was one of the accounts selected for a client-centric focus on sustainability, and as such it participated in both Greenprint and GRESB.

Over the next year, we will continue to look for opportunities to further embed global and regional sustainability considerations into the new product development process.

Regulatory Watch System

In our 2011 report, we outlined a goal to create a streamlined system for government policy updates. In the Americas, this effort is underway at the property management level with oversight from asset management, as described in section 4. In the United Kingdom, Europe and Asia, regulations are often more centralized, occurring at either the national or even continental level, so the need for databases like the one we are developing in the United States are not as pressing. However, we will continue to assess the need for more systematic methods to identify and incorporate evolving regulations and risks as they are appropriate. This is another area where our metrics project, described above, will play a key role.

Strengthen RREEF Real Estate’s Leadership Position

RREEF Real Estate strives to promote awareness and actively communicate the value of performance against key indicators of economic, environmental and social considerations to its clients, colleagues, tenants and peers in the commercial real estate industry.

Greenprint Performance Index—Volume 3

RREEF Real Estate included more than 400 buildings to the Greenprint Performance Index for energy data covering the calendar year 2011, strategically increasing our energy benchmarking for a set of core flagship funds and accounts. We expanded not only the number of buildings, but also across two more product types, adding retail and
residential properties into the mix. Going forward, we will continue to align our Greenprint submission strategy with our selected core flagship funds and strategic accounts.

ULI Greenprint Center for Building Performance

Over the past year, Greenprint also took an important step in its selection of a more robust online data collection and reporting system. As this solution evolves, we will both participate in its development as a member, and monitor its progress as it relates to our metrics project. Our data management working group covers both the metrics project and the Greenprint data collection process.

Research

Over the past year, we conducted interviews and research to assess where the real estate sector currently stands in terms of sustainability metrics, and outlined some simple principles the industry might adopt for advancing standardization. In October, we published a white paper on the topic of Sustainability Metrics. Forthcoming research will cover the impact of sustainability on the underwriting process and underlying property value.

Our research team also engaged in the sustainability discussion at industry conferences this year. Mr. Nelson led a panel at the 2012 NCREIF Winter Conference titled, “Sustainable Property Investment: Implications and Challenges for NCREIF.” The goal of the panel was to help the audience to better understand the need to invest more in sustainability, as well as the difficulties of fulfilling the promise. The panel highlighted three different, but complementary perspectives on three key questions:

• Why do we care about the sustainability of property investment?

• What progress have we made in terms of understanding and implementing sustainability principles?

• What more needs to be done?

As part of NCREIF’s annual data collection process, RREEF Real Estate recently received a request for additional sustainability information; evidence that our industry leadership is having a direct impact.

GRI Compliance

A main goal of our overall sustainability program over the past twelve months was to achieve compliance with the Global Reporting Initiative (GRI) framework in the publication of our Annual Sustainability Report. Doing so requires disclosing all prescribed reporting parameters, and a minimum of ten performance indicators. As demonstrated by the GRI Compliance Table of Contents at the end of this report, we have achieved this goal. Adhering to this framework will become the standard for future RREEF Real Estate Sustainability Reports, and we will continue to strategically assess opportunities to move into higher levels of GRI compliance.
Case Studies

Acquisition
Sigma, Saint Ouen, France ................................................................. 35

Electrical and Lighting Upgrade
Cristalia 5&6, Madrid, Spain .............................................................. 36

Lighting Upgrade and Recycling Program
Summit Office Campus, Aliso Viejo, CA ............................................. 37

Energy Management System and Lighting Sensors
8280 Greensboro Drive, McLean, VA .................................................. 38

LEED-EB O&M Certification
Riverfront Office Park, Cambridge, MA .......................................... 39

LEED-EB O&M Certification
5950 Sherry Lane, Dallas, TX .......................................................... 40
In this section, we present three varieties of case studies: acquisitions, building upgrades, and LEED-EB O&M certifications. All data is as of June 30, 2012. The degree of detail on costs and operational savings associated with each of these projects varies for the following reasons:

**Project type:**
- For new acquisitions, the specific cost of building technologies already in place is not typically broken out during the acquisitions process, whereas upgrade projects and measures that we manage internally can be specifically identified.

**Management Contracts:**
- Our contracts with third party property managers vary with respect to the types of sustainability information that is measured and reported. We are seeking to narrow these differences by expanding our Standards of Sustainability.

**Data systems:**
- Sustainability information is not collected uniformly across regions and product types. Our Sustainability metrics project will bring more consistency in this process going forward, and should result in more uniform data presentation in the future.

RREEF Real Estate adheres to the marketing, advertising and communications policies that govern each of Deutsche Bank’s asset management businesses. Consistent with these policies, all RREEF Real Estate communications with clients and the public—including the case studies in this section—must be fair, balanced and designed to ensure that risks are reasonably disclosed. The policies apply to all employees and business groups that are involved in the creation, review, and use of marketing and advertising materials, as well as those business groups that interact directly with existing and prospective clients, investors, and other third parties. The policies cover topics including but not limited to marketing-related sales practices; marketing material and other client communications; and the material review process.
Acquisition
Sigma, Saint Ouen, France

Property Information
Property Type: Office
Year Acquired: 2011
Year Built: 2009
Gross Building Area (Sq Ft): 361,624
Gross Building Area (Sq M): 33,596
Net Rentable Area (Sq Ft): 195,204
Net Rentable Area (Sq M): 18,135
Occupancy: 100%
Number of Buildings: 1
Number of Tenants: 1

Background
- Sigma is a high-technology building that was delivered to the market in July 2009, offering excellent services with rentable building area of 18,135 square meters. There is also storage, parking, and a restaurant.
- The building is well located in the center of Saint Ouen, close to the subway station, and is fully occupied by the tenant Alstom.

Description of Key Measures & Solutions
- Building has been delivered with a high construction quality—sustainable materials, phonic windows, low consumptions lights.
- Building systems monitored by a Building Management System (BMS) which is identifying further savings from energy conservation measures.
- Façade and window isolations provide excellent insulation, and minimize thermal bridging (i.e. heating / cooling transfer), which keeps HVAC costs low.

Certifications & Compliance
Certifications & Labels
- Energy Label: - DPE / EPC: To be obtained next year
- Green Building Label: HQE-Good Exploitation

Energy Data
Covering: 18,135 Sq M and 54% of GBA

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<tr>
<th></th>
<th>Total</th>
<th>Per Sq M</th>
<th>Per Sq Ft</th>
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<tbody>
<tr>
<td>Cost (€)</td>
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<td>CO2 (kg)</td>
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<td>2.99</td>
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</tbody>
</table>

Sustainability and Energy Conservation Measures
Key Measures & Solutions
- Building Management System
- Excellent façade and window insulation
- Sustainable materials
- Motion sensors
- Low consumption lights
Electrical and Lighting Upgrade
Cristalia 5&6, Madrid, Spain

Property Information

Property Type: Office
Year Acquired: 2006
Year Built: 2005
Gross Building Area (Sq Ft): 352,905
Gross Building Area (Sq M): 32,786
Value (€mil): €61.7
Occupancy: 82%
Number of Buildings: 2
Number of Tenants: 6

Background

- In January 2010, upgrades were performed to electrical and lighting systems, leading to a significant reduction in electricity consumption.
- The utility contract was subsequently renegotiated to be more favorable for the asset, leading to sharply lower energy costs at this two-building office property.
- In 2011, lower occupancy costs played a role in 90% of tenants renewing their leases.

Description of Key Measures & Solutions

- Installed capacitor batteries.
- Reduced the number of luminaries and lamps.
- Reduced the number of light circuits.
- Optimized the electricity contract.

Energy Data

For 15,200 SqM / 46% of Gross Building Area
Covers common areas and two level of underground parking

<table>
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<tr>
<th></th>
<th>2010</th>
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Sustainability and Energy Conservation Measures

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<td>De-Lamping</td>
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<td>Lighting Circuits</td>
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<tr>
<td>Electricity Contract</td>
<td>€ 27,500</td>
<td>€ 67,000</td>
<td>244%</td>
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</table>
Lighting Upgrade and Recycling Program
Summit Office Campus, Aliso Viejo, CA

Property Information
Property Type: Office
Year Acquired: 2004
Year Built: 1998
Gross Building Area (Sq Ft): 484,448
Gross Building Area (Sq M): 45,007
Net Rentable Area (Sq Ft): 479,214
Net Rentable Area (Sq M): 44,521
Occupancy: 80%
Number of Buildings: 5 + 2 Parking
Number of Tenants: 32

Background
- A five-building campus in the fast-growing South Orange County technology sector with easy access to amenities and abundant executive and employee housing alternatives.
- Rebates and On-Bill Financing from local utility provided 0% financing for interior and exterior lighting retrofit; implemented commingled recycling.

Description of Key Measures & Solutions
- Bulbs & Ballasts: Installed 4th generation T8 lamps with high-efficiency ballasts.
- Occupancy Sensors: Added additional sensors throughout each floor.
- Recycling: A daily, commingled (i.e. single stream) recycling program for paper, cardboard, metals, plastics and glass. Collected at both desks and in kitchens and production rooms. Property doubled the amount of waste it recycles over 1 year.

Energy Star Scores by Building
Before & After Retrofit

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<tr>
<td>75 Enterprise</td>
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<tr>
<td>85 Enterprise</td>
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<tr>
<td>95 Enterprise</td>
<td>65</td>
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<tr>
<td>Summit 101</td>
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Energy Data
Covering: 448,448 Sq Ft and 100% of GBA

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<td>CO2 (kg)</td>
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Sustainability and Energy Conservation Measures

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<th>Cost :** Total / PSF</th>
<th>Annual Savings: Total / PSF</th>
<th>Yr-1 Return on Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>T-8 Bulbs &amp; Ballasts</td>
<td>$462,443 / $0.95</td>
<td>$188,087 / $0.39</td>
<td>41.60%</td>
</tr>
<tr>
<td>Occupancy Sensors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commingled Recycling</td>
<td>20,000 pounds per month</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** Loan payments for on-bill financing tied to energy savings; repaid at 0% interest
Energy Management System and Lighting Sensors
8280 Greensboro Drive, McLean, VA

Property Information
Property Type: Office
Year Acquired: 1997
Year Built: 1985
Gross Building Area (Sq Ft): 221,201
Gross Building Area (Sq M): 20,550
Net Rentable Area (Sq Ft): 209,732
Net Rentable Area (Sq M): 19,485
Occupancy: 74%
No. of Buildings: 1
No. of Tenants: 21

Background
- Acquired in 1997, this property is a nine-story cast in place concrete with full glass curtain wall office building situated on a 2.64 acre parcel.
- In December 2010, upgraded the Energy Management System following an inspection of all base buildings systems. Resulted in significant savings in utility costs in the first year of implementation.
- In 2011, lighting control sensors were installed in the garage in an effort to further increase energy efficiencies in the building.
- ENERGY STAR label received in June 2012.

Description of Key Measures & Solutions
- Installation of new Energy Management System (EMS).
- Installation of Garage Lighting Control Sensors.

Energy Star Score and Labeling
<table>
<thead>
<tr>
<th></th>
<th>Dec-10</th>
<th>Jun-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Star Score</td>
<td>57</td>
<td>87</td>
</tr>
<tr>
<td>Energy Star Label</td>
<td>No</td>
<td>Yes (Awarded June 25th)</td>
</tr>
</tbody>
</table>

Energy Data
Covering 221,469 Sq Ft and 100% of GBA

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>PSF</td>
</tr>
<tr>
<td>Cost (£)</td>
<td>394,482</td>
<td>1.78</td>
</tr>
<tr>
<td>Use (kWh)</td>
<td>5,986,080</td>
<td>85</td>
</tr>
</tbody>
</table>

Sustainability and Energy Conservation Measures

<table>
<thead>
<tr>
<th>Key Measures &amp; Solutions</th>
<th>Cost: Total / PSF</th>
<th>Annual Savings: Total / PSF</th>
<th>Yr-1 Return on Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1: EMS</td>
<td>$242,422 / $1.10</td>
<td>$28,000/ $0.13</td>
<td>10.30%</td>
</tr>
<tr>
<td>#2: Lighting Sensors</td>
<td>$29,726 / $0.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$272,148 / $1.23</td>
<td>$28,000/ $0.13</td>
<td>10.30%</td>
</tr>
</tbody>
</table>
LEED-EB O&M Certification
Riverfront Office Park, Cambridge, MA

Property Information
Property Type: Office
Year Acquired: Insert
Year Built: 1983
Gross Building Area (Sq Ft): 680,937
Gross Building Area (Sq M): 63,265
Net Rentable Area (Sq Ft): 663,051
Gross Building Area (Sq M): 61,600
Occupancy: 91%
Number of Buildings: 2
Number of Tenants: 34

Background
- Two adjacent 14- and 18- story, urban office buildings near the Massachusetts Institute of Technology campus and proximate to downtown Boston, Harvard Square, mass transportation, and highway access. Significant growth in tech market over the past decade with arrival of Microsoft and Google.
- Achieved LEED-EB O&M Silver in November 2011 with 44 LEED points following extensive upgrades to HVAC, lighting and roof systems, single-stream recycling and green cleaning.
- Waste diversion rates during LEED performance period: Durable Goods 100%; Construction Materials 90%; Ongoing Consumables 55%.

Description of Key Measures & Solutions
- ASHRAE Level 1 audit identified operational improvements which led to energy savings, most notably repairing outside air dampers.
- Installed low-flow sink aerators and replaced water closets with low-flow fixtures.

Certifications & Compliance

<table>
<thead>
<tr>
<th>Certifications &amp; Labels</th>
<th>Compliance with Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Star Score: 90 &amp; 69</td>
<td>National:</td>
</tr>
<tr>
<td>Green Label: LEED-EB O&amp;M Silver</td>
<td>State:</td>
</tr>
<tr>
<td>Energy Label: Energy Star (1 of 2)</td>
<td>Local:</td>
</tr>
</tbody>
</table>

Other Awards Won:

Energy Data
Covering: 680,937 Sq Ft and 100% of GBA

<table>
<thead>
<tr>
<th>Cost ($)</th>
<th>2011 Total</th>
<th>Per Sq Ft</th>
<th>Per Sq M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost ($)</td>
<td>$2,371,235</td>
<td>$3.48</td>
<td>$37.48</td>
</tr>
<tr>
<td>Use (kWh)</td>
<td>217,777,377</td>
<td>320</td>
<td>3,442</td>
</tr>
<tr>
<td>Carbon (MT CO2)</td>
<td>7,211</td>
<td>0.01</td>
<td>0.11</td>
</tr>
</tbody>
</table>

Sustainability and Energy Conservation Measures

<table>
<thead>
<tr>
<th>Key Measures &amp; Solutions</th>
<th>Cost*: Total / PSF</th>
<th>Annual Savings: Total / PSF</th>
<th>Yr-1 Return on Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASHRAE Level 1 Audit *</td>
<td>$0 / $0.00</td>
<td>$284,349 / $0.42</td>
<td>N/A</td>
</tr>
<tr>
<td>Plumbing Retrofit</td>
<td>$29,500 / $0.04</td>
<td>$7,763 / $0.11</td>
<td>26.30%</td>
</tr>
<tr>
<td>Total</td>
<td>$29,500 / $0.04</td>
<td>$292,112 / $0.43</td>
<td>990%</td>
</tr>
</tbody>
</table>

* Accomplished with internal resources
Case Studies

LEED-EB O&M Certification
5950 Sherry Lane, Dallas, TX

Property Information
Property Type: Office
Year Acquired: 2002
Year Built: 1999
Gross Building Area (Sq Ft): 218,313
Gross Building Area (Sq M): 20,282
Net Rentable Area (Sq Ft): 196,386
Net Rentable Area (Sq M): 18,245
Occupancy: 93%
Number of Buildings: 1
Number of Tenants: 25

Background
- Located in the Preston Center office submarket inside the Park Cities area—six square miles of the affluent communities Highland Park and University Park with nearly 4 million square feet of Class A office space.
- Implemented a variety of sustainability upgrades over the past ten years to consistently maintain a very strong ENERGY STAR score and label, and enabling the building to more recently earn LEED-EB O&M Gold recognition from the USGBC.

Description of Key Measures & Solutions
- Water Efficiency: Plumbing retrofit, irrigation and domestic water meters.
- Green Leasing & Tenant Education: Earned an Innovation/Exemplary Performance credit from USGBC.
- Indoor Environmental Quality: Installed high efficiency MERV 13 air filters and optimized air balance of entire building.
- Installed Building Management System (BMS).

Certifications & Compliance

<table>
<thead>
<tr>
<th>Certifications &amp; Labels</th>
<th>Compliance with Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Star Score: 98</td>
<td>National: EPA, IECC</td>
</tr>
<tr>
<td>Green Building Label:</td>
<td>State: TAS, TDLR</td>
</tr>
<tr>
<td>LEED-EB O&amp;M GOLD</td>
<td></td>
</tr>
<tr>
<td>Energy Label: ENERGY STAR</td>
<td>Local: City of Dallas Green Building Program</td>
</tr>
</tbody>
</table>

Other Awards Won: BOMA 360 Award and BOMA 7 Point Challenge Participant

Energy Data
Covering: 218,313 Sq ft and 100% of GBA

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Per Sq M</th>
<th>Per Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost ($)</td>
<td>358,956</td>
<td>17.7</td>
<td>1.83</td>
</tr>
<tr>
<td>Use (kWh)</td>
<td>3,534,217</td>
<td>174</td>
<td>16</td>
</tr>
<tr>
<td>CO2 (kg)</td>
<td>1,901,497</td>
<td>93.75</td>
<td>8.71</td>
</tr>
</tbody>
</table>

Sustainability and Energy Conservation Measures

<table>
<thead>
<tr>
<th>Key Measures &amp; Solutions</th>
<th>Cost: Total / PSF</th>
<th>Annual Savings: Total / PSF</th>
<th>Yr-1 Return on Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Install 0.5 GPF urinals</td>
<td>$6,160.00 / $0.03</td>
<td>$431.62 / $0.00</td>
<td>7.00%</td>
</tr>
<tr>
<td>Install 0.5GPM aerators</td>
<td>$240.00 / &lt; $0.01</td>
<td>$2,924.81 / $0.01</td>
<td>1219%</td>
</tr>
<tr>
<td>Total: Water Upgrade</td>
<td>$6,400.00 / $0.03</td>
<td>$3,356.43 / $0.02</td>
<td>52%</td>
</tr>
</tbody>
</table>
Appendix

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Bios of Key Sustainability Council Members

**Pierre Cherki**
Managing Director, Head of RREEF Alternatives

Pierre Cherki is a Managing Director and Head of RREEF Alternatives where he is responsible for the management and strategic direction of RREEF’s global real estate, infrastructure and commodities businesses, with a total AUM of €52.7 billion as of July 2012 across 22 offices globally. Prior to his appointment as Head of RREEF Alternatives, Pierre was the Global Head of RREEF Real Estate, responsible for managing €42.5 billion of assets under management as of July 2012. Since joining the firm in 1997 (then Banker’s Trust, acquired by Deutsche Bank in 1998), Pierre was previously responsible for the development of RREEF Real Estate’s business in Central and Eastern Europe.

Pierre graduated from Tel Aviv University with a BA in Management and Economics and holds an MBA from the Kellogg School of Management of Northwestern University. RREEF Alternatives is the internally managed global alternative investment management business of Deutsche Bank’s Asset and Wealth Management Division.

**Kurt W. Roeloffs**
Managing Director, Global Chief Investment Officer, RREEF Real Estate

Mr. Roeloffs currently provides senior oversight and guidance to the top-down strategy development and bottoms-up transactional activity for $65 Billion that RREEF Real Estate has invested on behalf of its clients in private and public equity and debt funds and accounts. He previously held the positions at RREEF Real Estate of Chief Executive officer of Asia Pacific (2006-2009), Regional Head of Global Opportunistic Investments for Asia Pacific (1997-2006) and the Americas (2003-2006). In those roles he was directly responsible for managing the execution of over $4 billion of equity investments with a total transactional value in excess of $10 billion.

Earlier in his career (1989-1997) Kurt was a Managing Director of Bankers Trust’s Real Estate Investment Banking Group where he completed over $10 billion of equity, debt and advisory assignments. He began his career at Trammell Crow Company where he managed the development of a 750,000 square foot office park including financing, construction, leasing, and asset management. Kurt is a member of PREA, AFIRE, Wharton’s Zell/Lurie Real Estate Center, and the Urban Land Institute where he has served on its Japan Council and currently serves on its Global Exchange Council. He has been a lecturer in the real estate related master degree programs of Harvard University, The Wharton School, The Kellogg School and New York University.

Mr. Roeloffs received a BA from Columbia University, and an MBA from The Wharton School, University of Pennsylvania.
Patricia A. Connolly  
Director of Global Sustainability, RREEF Real Estate

Ms. Connolly is RREEF Real Estate Director of Global Sustainability. She has over 20 years of experience in real estate investment management, property management, leasing and corporate strategic initiatives. She joined RREEF Real Estate in 2005, as a Regional Asset Manager. As a RREEF Portfolio Manager (2007-2009) overseeing two of the firm’s pension fund clients’ separate accounts, valued at $1 billion, she began a more deliberate focus on creating value using sustainability principles and practices. In 2010, Patty was appointed Director of Sustainability, responsible for shaping and coordinating comprehensive sustainability and green building programming and related environmental and energy strategies for RREEF Real Estate world-wide.

Prior to joining RREEF Real Estate, Ms. Connolly worked for Shorenstein Realty Services East, LLC and Jones Lang LaSalle Americas, Inc. She began her professional career as a product research engineer with Procter & Gamble.

Ms. Connolly is a member of the ULI RPI (Urban Land Institute Responsible Property Investing) Council, USGBC (US Green Building Council), WX-NY (Women Executives in New York Real Estate), REBNY (Real Estate Board of New York), the Harvard Club of New York, TAAP (Tufts Admissions Alumnae Program) and The Outreach Project. Ms. Connolly currently co-chairs the ULI/NY Sustainable Building Council and sits on the Board of Directors for REBNY and The Outreach Project. She is actively involved in fund raising for The Outreach Project. Ms. Connolly earned her Bachelor of Science in Chemical Engineering from Tufts University and holds a Masters of Business Administration from Harvard Business School.

Andrew J. Nelson  
Director, RREEF Real Estate Research

Andrew is a Director of Research at RREEF Real Estate. Andrew leads RREEF Real Estate’s global research on sustainable investment practices and in addition to serving on RREEF Real Estate’s Sustainability Council, is a member of Deutsche Bank’s Climate Change Research Working Group. He is also the retail sector specialist for RREEF Real Estate Research. Among other industry involvement, he serves on the North American Research Task Force for the International Council of Shopping Centers (ICSC), the Research Advisory Committee of the US Green Building Council (USGBC), and the editorial board of the Journal of Sustainable Real Estate.

Andrew has 25 years of advisory and industry experience in the areas of real property development, use, and investment. Prior to joining RREEF Real Estate, Andrew was Vice President of HOK’s Advance Strategies group, where he was national practice leader of the real estate strategy service line. He also directed Deloitte & Touche’s real estate consulting practice for Northern California, advising investors and owners on strategic issues. Mr. Nelson earned a Master of City and Regional Planning Degree from the Kennedy School of Government at Harvard University and a BA in Economics from Harpur College at the State University of New York in Binghamton.
Reporting Period and Past Reports

This report covers the 12 month period from July 1, 2011 through June 30, 2012. All future reports are targeted to have this same twelve month cycle. Our first report, released in 2011, covered 18 months from January 1, 2010 through June 30, 2011.

Basis for Reporting

The significant majority of commercial real estate in which RREEF Real Estate invests is considered core, core-plus and value add. Our report is confined to those investment products. Traditionally, core implies the highest quality and best-leased buildings in leading global markets. While we do have other products and properties higher on the risk/return spectrum of real estate, efforts to date, and the data contained in this report, relate predominantly to core products.

All of the properties and data included in this report are solely under RREEF Real Estate management, and are separate from any corporate or proprietary investments made by our corporate parent, Deutsche Bank AG or its affiliates or subsidiaries. Some documented labor and social practices, employee and contractor policies, and other things of this nature are aligned with Deutsche Bank, but all decisions regarding the active management of the RREEF Real Estate portfolio are solely made by RREEF Real Estate employees. The data that is reported does not include any joint ventures, although RREEF Real Estate does engage in joint ventures on a case-by-case basis.

Data Measurement Techniques and Calculations

In this report, we measure and report on our resource consumption and carbon footprint through the Greenprint Performance Index, case studies, and at a higher level, building performance and labels associated with government programs and rating schemes across various countries. In most cases, these reporting systems use utility billing data.

The carbon footprint calculations performed via the Greenprint Performance Index are aligned with the Greenhouse Gas Protocol that was established by the World Resources Institute and the World Business Council for Sustainable Development. Data is reported where reasonably available through Greenprint and the various government rating and performance programs around the world. Units of measurement are always intended to be clear and transparent, but sometimes differ according to data availability and relevance.

Process for Defining Report Content

The basic structure of this report is intended to meet the content requirements for Level C compliance with the Global Reporting Initiative. We believe we have met this threshold, as outlined in GRI Compliance Table of Contents.

Boundary of the Report

This report is intended to cover all global markets in which RREEF Real Estate invests on behalf of its clients. In the future, we aim to integrate reporting on sustainability into all client and corporate reports. As sustainability becomes more integrated into our operations and into the basic expectations of our stakeholders, streamlining such reporting will be increasingly beneficial and efficient.

Limitations on the Boundary of the Report

There is a variation in the availability of data across the globe. Over time, RREEF Real Estate will endeavor to standardize best practices across the globe within the context of variations in government regulations, market demand and other local conditions. Our Sustainability Metrics Project, described in this report, will address this issue. This long-term effort will also increase the consistency of data reporting across the countries in which we operate.

Contact for Questions Regarding the Report

For questions about the Sustainability Report, or for general inquiries about sustainability at RREEF Real Estate, please email RREEF.Sustainability@rreef.com.

Additional Disclosures

For additional disclosures on executive compensation; processes to ensure conflicts of interest are avoided; internal statements of values and code of conduct; processes for evaluating the board’s own performance; and our precautionary approach, please refer to our 2011 report, pages 77-79.
Appendix

© 2012. All rights reserved. RREEF Real Estate, part of RREEF Alternatives, the alternative investments business of Deutsche Asset Management, the asset management division of Deutsche Bank AG offers a range of real estate investment strategies, including: core and value-added and opportunistic real estate, real estate debt, and real estate and infrastructure securities.

In the United States RREEF Real Estate relates to the asset management activities of RREEF America L.L.C.; and Deutsche Investment Management Americas Inc.; in Germany: RREEF Investment GmbH, RREEF Management GmbH and RREEF Spezial Invest GmbH; in Australia: Deutsche Asset Management (Australia) Limited (ABN 63 116 232 154) an Australian financial services license holder; in Japan: Deutsche Securities Inc. (For DSL financial advisory (not investment advisory) and distribution services only); in Hong Kong: Deutsche Bank Aktiengesellschaft, Hong Kong Branch (for RREEF Real Estate's direct real estate business); and Deutsche Asset Management (Hong Kong) Limited (for RREEF Real Estate’s real estate securities business); in Singapore: Deutsche Asset Management (Asia) Limited (Company Reg. No. 198701485N); in the United Kingdom: Deutsche Alternative Asset Management (UK) Limited, Deutsche Alternative Asset Management (Global) Limited and Deutsche Asset Management (UK) Limited; in Italy: RREEF Fondimmobiliari SGR S.p.A.; and in Denmark, Finland, Norway and Sweden: Deutsche Alternative Asset Management (UK) Limited and Deutsche Alternative Asset Management (Global) Limited; in addition to other regional entities in the Deutsche Bank Group.

An investment in real estate involves a high degree of risk, including possible loss of principal amount invested, and is suitable only for sophisticated investors who can bear such losses. The value of shares/units and their derived income may fall or rise. Any forecasts provided herein are based upon RREEF Real Estate’s opinion of the market at this date and are subject to change dependent on the market. Past performance or any prediction, projection or forecast on the economy or markets is not indicative of future performance.

This material was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. It is intended for informational purposes only. It does not constitute investment advice, a recommendation, an offer, solicitation, the basis for any contract to purchase or sell any security or other instrument, or for Deutsche Bank AG or its affiliates to enter into or arrange any type of transaction as a consequence of any information contained herein. Neither Deutsche Bank AG nor any of its affiliates gives any warranty as to the accuracy, reliability or completeness of information which is contained in this document. Except insofar as liability under any statute cannot be excluded, no member of the Deutsche Bank Group, the Issuer or any officer, employee or associate of them accepts any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage whether direct, indirect, consequential or otherwise suffered by the recipient of this document or any other person.

Certain RREEF Real Estate investment strategies may not be available in every region or country for legal or other reasons, and information about these strategies is not directed to those investors residing or located in any such region or country.
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F: +81 3 5156 7910
Glossary and GRI Table of Contents

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Glossary of Terms

**Baselining**—The amount of energy (or a resource) that would be consumed annually without implementation of conservation measures based on historical metered data, engineering calculations, submetering of buildings or energy consuming systems, building load simulation models, statistical regression analysis, or some combination of these methods.

Link: [http://definitions.uslegal.com/e/energy-baseline/](http://definitions.uslegal.com/e/energy-baseline/)

**Benchmarking**—See Baselining

**Building Management System (BMS)**—A computer-based control system installed in buildings that controls and monitors the building’s mechanical and electrical equipment such as ventilation, lighting, power systems, fire systems, and security systems. A BMS consists of software and hardware; the software program, usually configured in a hierarchical manner, and can be proprietary.


**Building Owners and Managers Association (BOMA)**—An international federation of more than 100 local associations and affiliated organizations. Founded in 1907, its 16,500-plus members own or manage more than nine billion square feet of commercial properties. BOMA International’s mission is to enhance the human, intellectual and physical assets of the commercial real estate industry through advocacy, education, research, standards and information.

Link: [http://www.boma.org/About/Pages/default.aspx](http://www.boma.org/About/Pages/default.aspx)

**Building Research Establishment Environmental Assessment Method (BREEAM)**—Developed in the UK, a BREEAM assessment uses recognized measures of performance, which are set against established benchmarks, to evaluate a building’s specification, design, construction and use. The measures used represent a broad range of categories and criteria from energy to ecology. They include aspects related to energy and water use, the internal environment (health and well-being), pollution, transport, materials, waste, ecology and management processes.

Link: [http://www.breeam.org/page.jsp?id=66](http://www.breeam.org/page.jsp?id=66)

**Carbon Footprint**—The total set of greenhouse gas (GHG) emissions caused by an organization, event, product or person. The footprint considers all six of the Kyoto Protocol greenhouse gases: Carbon dioxide (CO2), Methane (CH4), Nitrous oxide (N2O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur hexafluoride (SF6).


**Core Real Estate Investment**—RREEF Real Estate’s core real estate investment teams focus on selecting high quality, well positioned real estate assets that can produce attractive income for investors while preserving and growing long term capital.

**Data Warehousing**—A database used for reporting and analysis. The data stored in the warehouse is uploaded from the operational systems. The data may pass through an operational data store for additional operations before it is used in the DW for reporting.


**Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB)**—German voluntary rating system, which assesses ecological quality, economic quality, sociocultural and functional quality, technical quality, process quality, and site quality.

Link: [http://www.dgnb.de/dgnb-system/en](http://www.dgnb.de/dgnb-system/en)

**Disclosure Requirements**—Government regulations requiring building owners to disclose the energy and / or other resource consumption of their commercial properties. In some cases, owners are required to provide such data upon sale, lease, or financing, whereas in some cases, property owners are starting to be required to report this data into online public databases.

**Electronic Ballasts**—An electronic lamp ballast uses solid state electronic circuitry to provide the proper starting and operating electrical condition to power one or more fluorescent lamps and more recently HID lamps. Electronic ballasts usually change the frequency of the power from the standard 50Hz mains (or 60 Hz in the US/Canada) frequency to 20,000 Hz or higher, substantially eliminating the stroboscopic effect of flicker (a product of the line frequency) associated with fluorescent lighting (see photosensitive epilepsy). In addition, because more gas remains ionized in the arc stream, the lamps actually operate at about 9% higher efficacy above approximately 10 kHz.


**Emerging Technologies**—Contemporary advances and innovation in various fields of technology. Emerging technologies are those technical innovations which represent progressive developments within a field for competitive advantage.


**Energy Performance Certificate**—A rating of A through G for the energy efficiency of a building that was developed in the UK and rolled out across Europe to comply with the EU Energy Performance of Buildings Directive (EPBD). Regulations across the EU continue to come online that require an EPC for a property or building space upon the sale, leasing, or financing of a commercial property.
**Glossary and GRI Table of Contents**

**Energy Star**—Energy Star is an international standard for energy efficient consumer products originated in the United States of America. It was first created as a United States government program during the early 1990s, but Australia, Canada, Japan, New Zealand, Taiwan and the European Union have also adopted the program. Link: [http://www.energystar.gov/index.cfm?fuseaction=labeled_buildings.locator](http://www.energystar.gov/index.cfm?fuseaction=labeled_buildings.locator)

**Energy Star Leader**—ENERGY STAR partners (see below) who demonstrate continuous improvement organization-wide, not just in individual buildings. Link: [http://www.energystar.gov/index.cfm?c=leaders.bus_leaders](http://www.energystar.gov/index.cfm?c=leaders.bus_leaders)

**Energy Star Partner**—A partnership with the US EPA, under which landlords agree to: measure, track, and benchmark energy performance; develop and implement a plan to improve energy performance, adopting the ENERGY STAR strategy; and educate staff and the public about the partnership and achievements with ENERGY STAR. Link: [http://www.energystar.gov/index.cfm?c=business.bus_index](http://www.energystar.gov/index.cfm?c=business.bus_index)

**Energy Use Intensity**—The annual energy consumption divided by the floor area of the space.

**Envelope**—The building envelope is the physical separator between the interior and the exterior environments of a building.

**Environmental, Social and Corporate Governance (ESG)**—The three main areas of concern that have developed as the central factors in measuring the sustainability and ethical impact of an investment in a company or business. Within these three areas are a broad set of concerns that are increasingly being included in the non financial factors that figure in the valuation of equity, real-estate, corporations and all fixed-income investments. Link: [http://en.wikipedia.org/wiki/Environmental_Social_and_Corporate_Governance](http://en.wikipedia.org/wiki/Environmental_Social_and_Corporate_Governance)

**Environmental Site Assessment**—A report prepared for a real estate holding which identifies potential or existing environmental contamination liabilities. The analysis, often called an ESA, typically addresses both the underlying land as well as physical improvements to the property. Link: [http://en.wikipedia.org/wiki/Phase_I_Environmental_Site_Assessment](http://en.wikipedia.org/wiki/Phase_I_Environmental_Site_Assessment)

**EPA Portfolio Manager**—A free, interactive energy management tool developed by US Environmental Protection Agency that allows building owners to track and assess energy and water consumption across their portfolio of buildings in a secure online environment. The tool can help set investment priorities, identify under-performing buildings, verify efficiency improvements, and receive EPA Energy Star Labels for superior energy performance. Link: [http://www.energystar.gov/index.cfm?c=evaluate_performance.bus_portfoliomanager](http://www.energystar.gov/index.cfm?c=evaluate_performance.bus_portfoliomanager)


**Fiduciary**—A legal or ethical relationship of confidence or trust regarding the management of money or property between two or more parties, most commonly a fiduciary and a principal.

**Global Reporting Initiative**—A network-based organization that produces a comprehensive sustainability reporting framework that is widely used around the world. GRI is committed to the Framework’s continuous improvement and application worldwide. GRI’s core goals include the mainstreaming of disclosure on environmental, social and governance performance. Link: [https://www.globalreporting.org/information/about-gri/what-is-GRI/Pages/default.aspx](https://www.globalreporting.org/information/about-gri/what-is-GRI/Pages/default.aspx)

**Green Buildings**—Buildings that 1) increase the efficiency with which buildings and their sites use energy, water, and materials, and 2) reduce building impacts on human health and the environment through better siting, design, construction, operation, maintenance, and waste removal through the complete building life cycle.

**Green Lease**—The integration of energy and water efficiency, emissions reduction, waste minimization and other sustainability objectives throughout the entire commercial leasing process. Green leasing dictates that building performance become transparent to all parties involved in the lease transaction. This performance includes the efficiency in which the main engineering plant operates (HVAC, plumbing, lighting, etc.), the environmental standards of building materials, as well as the effectiveness of the building operations and management programs. Link: [http://www.betterbuildingspartnership.co.uk/working-groups/green-leases/green-lease-toolkit/](http://www.betterbuildingspartnership.co.uk/working-groups/green-leases/green-lease-toolkit/)
Green Star—An Australian, comprehensive, voluntary environmental rating system that evaluates the environmental design and construction of buildings. Green Star was developed for the property industry in order to Establish a common language; set a standard of measurement for green buildings; promote integrated, whole building design; recognize environmental leadership; identify building life-cycle impacts; and raise awareness of green building benefits.

Link: http://www.gbca.org.au/green-star/green-star-overview/

Green Tenant Improvements (Green TIs)—TIs are changes made to the interior of a commercial or industrial property by its owner to accommodate the needs of a tenant such as floor and wall coverings, ceilings, partitions, air conditioning, fire protection, and security. Who bears what portion of TI costs is negotiated between the lessor and the lessee, and is usually documented in the lease agreement. Green TIs are products and materials that contribute to resource efficiency, indoor air quality, and overall space and building sustainability and environmental quality.

Link: http://www.businessdictionary.com/definition/tenant-improvements-TI.html

Greener Greater Buildings Plan (NYC)—A set of efficiency requirements for existing private and public sector buildings in New York City. Together, these laws remove a loophole in the energy code to ensure that it applies to all construction projects, require annual energy efficiency benchmarking that will be disclosed to the public, and mandate a set of cost-effective energy efficiency upgrades and evaluations of the city’s largest buildings, both public and private.


Greenhouse Gas (GHG)—See Carbon Footprint

Greenhouse Gas Protocol—The most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions. The GHG Protocol, a decade-long partnership between the World Resources Institute and the World Business Council for Sustainable Development, is working with businesses, governments, and environmental groups around the world to build a new generation of credible and effective programs for tackling climate change.

Link: http://www.ghgprotocol.org/

Greenprint Performance Index—An annual time series rate of normalized emissions intensity of a large pool of individual commercial real estate properties. The GcX is set at 100 starting in 2009. Calculations are based on an annual intensity indicator (kg CO₂e / m²). The GcX value is based on the total greenhouse gas emissions divided by the associated total floor area in each year for properties where complete data is available.

Link: http://www.greenprintfoundation.org/GCI/GPR_V3_Download.aspx

Greenprint Foundation—A worldwide alliance of real estate owners, investors, financial institutions and other industry stakeholders committed to reducing carbon emissions across the global property industry. Greenprint Foundation is a catalyst for change, taking meaningful, immediate and measurable actions to generate solutions that improve the environment through energy efficiency while demonstrating the correlation with increased property values. Greenprint focuses on reducing the carbon footprint of the built environment, which currently represents one third of all carbon emissions. Greenprint works to achieve its carbon reduction goals through education and action.

Link: http://www.greenprintfoundation.org/Default.aspx

GRI Compliance—There are three levels of GRI Compliance, ranging from A to C, with A the most stringent and C the basic level of compliance, according to numerous specified categories. Businesses in particular segments can use their sector-specific supplement as their guide. The construction and real estate supplement provides direct guidance on performance indicators most relevant to those sectors.

Heating, Ventilation and Air Conditioning (HVAC)—Building systems used to provide heating and cooling services to buildings.

Incentive Programs—Financial awards in the form of rebates, grants, tax credits, preferred treatment, density bonuses, or some other form of compensation in return for actions such as installing products that are more efficient, receiving a certification, or operating to a specified level of efficiency.

Intergovernmental Panel on Climate Change (IPCC)—The Intergovernmental Panel on Climate Change (IPCC) is the leading international body for the assessment of climate change. It was established by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) to provide the world with a clear scientific view on the current state of knowledge in climate change and its potential environmental and socio-economic impacts. The UN General Assembly endorsed the action by WMO and UNEP in jointly establishing the IPCC.

Link: http://www.ipcc.ch/organization/organization.shtml

International Greenhouse Gas Protocol and ISO 14064—The Greenhouse Gas Protocol (GHG Protocol) is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions. A decade-long partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the GHG Protocol is working with businesses, governments, and environmental groups around the world to build a new generation of credible and effective programs for tackling climate change. In 2006, the International Organization for Standardization (ISO) adopted the Corporate Standard as the basis for its ISO 14064-1: Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

Link: http://www.ghgprotocol.org/about-ghg
Investment Committees—RREEF Real Estate Investment Committees support the stated mission of the business “to provide capital preservation, diversification, and superior, long term, risk-adjusted performance” to each and every one of its clients through its direct or indirect oversight and supervision of the investment functions, investment strategies and investment activities (including all capital transactions) of the accounts and funds within its business scope.


Link: [http://www.iso.org/iso/iso_14000_essentials](http://www.iso.org/iso/iso_14000_essentials)

ISO 9000 Certification—The ISO 9000 family of standards from the International Organization for Standardization representing an international consensus on good quality management practices. It consists of standards and guidelines relating to quality management systems related to supporting standards.

Link: [http://www.iso.org/iso/iso_9000_essentials](http://www.iso.org/iso/iso_9000_essentials)

Key Performance Indicators (KPIs)—Key variables and metrics by which building and company performance can be reported, measured, managed, and improved upon.

Leadership in Energy & Environmental Design (LEED)—An internationally-recognized green building certification system. Developed by the U.S. Green Building Council (USGBC) in March 2000, LEED provides building owners and operators with a framework for identifying and implementing practical and measurable green building design, construction, operations and maintenance solutions.


LEED-Core and Shell (LEED-CS)—A version of LEED for designers, builders, developers and new building owners who want to address sustainable design for new core and shell construction. Core and shell covers base building elements such as structure, envelope and the HVAC system. LEED for Core & Shell is designed to be complementary to the LEED for Commercial Interiors rating system, as both rating systems establish green building criteria for developers, owners and tenants.


LEED-Existing Buildings: Operations & Maintenance (LEED-EB O&M)—A version of LEED for building owners and operators to measure operations, improvements and maintenance on a consistent scale, with the goal of maximizing operational efficiency while minimizing environmental impacts. LEED for Existing Buildings addresses whole-building cleaning and maintenance issues (including chemical use), recycling programs, exterior maintenance programs, and systems upgrades. It can be applied both to existing buildings seeking LEED certification for the first time and to projects previously certified under LEED for New Construction, Schools, or Core & Shell.


Mandates—See regulations

Motion (Occupancy) Sensors—Used in indoor spaces to control electric lighting. If no motion is detected, it is assumed that the space is empty, and thus does not need to be lit. Turning off the lights in such circumstances can save substantial amounts of energy.

Native (Natural) Landscaping—The use of native plants, including trees, shrubs, groundcover, and grasses which are indigenous to the geographic area of a property. By landscaping with native plants both water consumption and costs can be minimized. Native landscaping also improves external conditions and habitat for wildlife.


Natural Resources Defense Council—A non-profit, non-partisan international environmental advocacy group, with offices in Washington DC, San Francisco, Los Angeles, Chicago, and Beijing. Founded in 1970, NRDC today has 1.3 million members and online activists nationwide and a staff of more than 300 scientists, attorneys and other specialists.


Photocells—An outdoor sensor that detects natural daylight. Photocell lighting systems can be deployed to detect darkness, and thus ensure that exterior lighting does not turn on during periods where natural light is sufficient.

Portfolio Managers—RREEF Real Estate Portfolio Managers are a primary point of contact with clients, and work closely with our Research, Chief Investment Officer and Transactions teams to develop an investment strategy that takes advantage of the current investment climate. Once an investment program is underway, the Portfolio Managers’ close working relationship with RREEF Real Estate Asset Managers ensures a very active and hands-on approach to optimizing value from each property in the portfolio with attention to sustainability throughout.

Regulations—Government policies that require compliance codes, levels of efficiency, disclosure of information, etc.

Retrofitting / Refurbishing—The improvement of the infrastructure of a building to increase its energy efficiency, comfort, safety, health and durability. This could include improving building components, building operating systems and equipment, and installing energy efficient appliances.

Link: [http://retrofitboston.com/?p=3](http://retrofitboston.com/?p=3)
Single Stream Recycling—Also known as “fully commingled” or “single-sort,” refers to a system in which all paper fibers and containers are mixed together in a collection truck, instead of being sorted into separate commodities (newspaper, cardboard, plastic, glass, etc.) by the resident and handled separately throughout the collection process. In single stream, both the collection and processing systems are designed to handle this fully commingled mixture of recyclables, with materials being separated for reuse at a materials recovery facility.

Split Incentive—When the flow of investments and benefits are not properly rationed among the parties to a transaction. Under gross leases, tenants pay a single lease amount that includes a pro rata share of building ownership costs (utilities and other operating costs, taxes and insurance). In this case, a tenant has little economic incentive to invest in energy efficiency if an allocated share of the energy savings will accrue to other tenants. Under net leases, one or more expense categories are assigned directly to the tenant (e.g., the costs of utilities, taxes and/or insurance). If the tenant is paying the utility bills, energy efficiency investments will decrease the tenant’s operating costs. The landlord thus has no direct economic incentive in this case to invest in energy efficiency.

UN Principles for Responsible Investment (UNPRI)—These Principles were devised by a network of international investors working together to put the six Principles for Responsible Investment into practice. They reflect the view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfill their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices and so better align their objectives with those of society at large.

Voluntary Certifications—Third-party, voluntary certification systems such as LEED (US), BREEAM (UK), DGNB (Germany), Greenstar (Australia). In most cases, such systems are not administered by local, state or federal governments, however in some cases, regulations have either required various levels of certification, or provided incentives for receiving such labels.

White (Cool) Roof—A roofing system that can deliver high solar reflectance (the ability to reflect the visible, infrared and ultraviolet wavelengths of the sun, reducing heat transfer to the building) and high thermal emittance (the ability to radiate absorbed, or non-reflected solar energy). Most cool roofs are white or other light colors.

Submetering—Implementation of a system that allows a landlord, property management firm, condominium association, homeowners association, or other multi-tenant property to bill tenants for individual measured utility usage.

Sustainability—The economic development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.

The Built Environment—The human-made surroundings that provide the setting for human activity, ranging in scale from personal shelter and buildings to neighborhoods and cities that can often include their supporting infrastructure, such as water supply or energy networks. The built environment is a material, spatial and cultural product of human labor that combines physical elements and energy in forms necessary for living, working and playing.
### GRI Table of Contents

#### Table of Contents and GRI Compliance CRESS Checklist

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