



FTSE Group, NAREIT and US Green Building Council Develop the First Investable Green Property Indexes

New York, London, Sydney, Tokyo, Hong Kong, 14 November 2012: FTSE Group, NAREIT and the U.S. Green Building Council (USGBC) announced today that they have jointly developed the first investable green property indexes for both institutional and retail investors.

This collaboration brings together the global market leaders in US real estate indexing, REIT market expertise and environmental building standards. The indexes, currently in the final stages of implementation prior to customer use, will give investors a structured and disciplined way to measure and model the risk and reward profile of green property, using the first codified, transparent definition of listed green property. They will also provide investors with new ways to incorporate principles of sustainability into their property selections and portfolios, and access this investment theme through index-linked financial products.

The new family of green property indexes will be based on the market's leading benchmark for US real estate, the FTSE NAREIT Index Series, using green data (LEED & Energy Star ratings) from USGBC. The USGBC is a leading non-profit organization known for its development of LEED, a global green building certification program, and its large diverse member community.

The FTSE global REITs universe represents \$1.07 trillion today. US REITs account for 48% of this universe, valued at \$512bn. The green property indexes are based on the analysis of over 14,300 LEED and 18,400 Energy Star projects that have received third-party certification based on their green achievements and performance.¹ These projects represent over 5 billion square-feet (465 million square-meters) of commercial real estate. USGBC certifies an average of 1.5 million square feet of additional property per day. More information about LEED and Energy Star projects can be found at gbig.org, search "REIT".

Mitigating and adapting to climate change, resource depletion and environmental erosion are some of the biggest challenges for the 21st century and will be major structural drivers of economic change. In the years ahead, these issues will be central to our economies and the foundation for global growth. Real estate investors are seeking to understand how their portfolios can capture superior economic returns while managing risk and contributing to practical solutions to societal challenges.²

The global building and construction sector is a good example of this change. It consumes a significant proportion of the world's key resources, making it highly exposed to the risks and rewards associated with the transition to the low carbon economy. The sector accounts for at least 30% of greenhouse gas emissions¹. Buildings and construction materials use three billion tons of raw materials per annum (40% of total global use²), and account for 55% of the wood cut for uses other than fuel. Buildings are one of the heaviest consumers of natural resources and account for a significant portion of the greenhouse gas emissions that affect climate change. In the U.S., buildings account for 38% of all CO₂ emissions and represent 73% of U.S. electricity consumption.

¹ Please see: <http://www.gbig.org/places/935>

² Eichholtz, P., Kok, N. and E. Yonder (2012) Portfolio greenness and the financial performance of REITs. *Journal of International Money and Finance* 31(7):1911-1929.

Mark Makepeace, CEO, FTSE Group said, "To date, no comparable benchmark has been available. We've already received expressions of interest from many large asset owners concerned about their exposure to a rapidly changing sector directly affected by the transition to the low carbon economy."

Steve Wechsler, President and CEO, NAREIT added, "We are delighted to extend our successful relationship with FTSE by coming together with USGBC on this exciting initiative. USGBC has an unparalleled reputation for excellence in green real estate research. The new indexes will be a milestone for real estate investment worldwide and will enable more real estate investors and managers to integrate sustainability factors into their strategies – both as benchmarks and as the basis for investment products."

Rick Fedrizzi, President, CEO & Founding Chair, USGBC said, "Green building is a win-win, offering both environmental and economic opportunity. Greater building efficiency can meet 85% of future demand for energy in the United States and a commitment to green building has the potential to generate 2.5 million jobs. The sector has seen incredible growth and is projected to add \$554 billion to the U.S. economy each year. This partnership creates significant investment opportunities for those ready to participate in this growing market."

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NOTES TO THE EDITOR

Among the world's major index providers FTSE has a long history of leadership and innovation in both real estate investing – working with NAREIT and EPRA, its European counterpart -- and the environmental, social and governance (ESG) space. FTSE worked with businesses and the

1. RICS. 2005. Green Value – Green buildings, growing assets
2. Journal of International Money & Finance 2012 – Portfolio greenness & the financial performance of REITs.

investment community to establish ESG standards and in 2001 launched the FTSE4Good Index Series. It now provides a broad portfolio of ESG tools for investors, and was also the first major provider to establish a transparent and codified Environmental Markets Classification System.

ABOUT FTSE GROUP

FTSE Group (FTSE) is a world-leader in the provision of global index and analytical solutions. FTSE calculates indexes across a wide range of asset classes, on both a standard and custom basis. FTSE indexes are used extensively by investors worldwide for investment analysis, performance measurement, asset allocation, portfolio hedging and the creation of a wide range of index derivatives, funds, Exchange Traded Funds (ETFs), and other structured products.

FTSE has built an enviable reputation for the reliability and accuracy of our indexes and related data services. FTSE has a long tradition of listening and responding to the market so that it is at the forefront of developing new approaches to index design, many of which are now accepted as the market standard. FTSE prides itself in continuing to invest significant resource in researching and developing new index solutions.

The foundation for FTSE's global, regional, country and sector indexes is the FTSE global equity universe, which covers over 7,400 securities in 47 different countries and captures 98% of the world's investable market capitalization. FTSE's flagship global benchmark, the FTSE All-World, is used by investors worldwide to structure and benchmark their international equity portfolios.

Exchanges around the world have chosen FTSE to calculate their domestic indexes. These include ATHEX, Bolsas y Mercados Españoles, Borsa Italiana, Bursa Malaysia, Casablanca SE, Cyprus Stock Exchange, IDX, JSE, LSE, NASDAQ Dubai, NYSE Euronext, PSE, SGX, Stock Exchange of Thailand and TWSE. In addition, FTSE works with a variety of companies and associations to deliver innovative index solutions which provide the market with fresh opportunities.

FTSE is an independent company owned by London Stock Exchange Group.

For more information visit www.ftse.com

ABOUT NAREIT

NAREIT is the worldwide representative voice for REITs and listed real estate companies with an interest in U.S. real estate and capital markets. Members are REITs and other businesses that own, operate and manage income-producing real estate, as well as those firms and individuals who advise, study and service those businesses. NAREIT is the exclusive registered trademark of the National Association of Real Estate Investment Trusts, Inc.®, 1875 I St., NW, Suite 600, Washington, DC 20006-5413. Follow us on REIT.com.

ABOUT USGBC

The U.S. Green Building Council (USGBC) is committed to a prosperous and sustainable future through cost-efficient and energy-saving green buildings. USGBC works toward its mission of

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2. Journal of International Money & Finance 2012 – Portfolio greenness & the financial performance of REITs.

market transformation through its LEED green building program, robust educational offerings, a nationwide network of chapters and affiliates, the annual Greenbuild International Conference & Expo, and advocacy in support of public policy that encourages and enables green buildings and communities. For more information, visit usgbc.org and connect on Twitter, Facebook and LinkedIn.

About LEED

LEED is the foremost program for the design, construction, maintenance and operations of green buildings. More than 49,000 projects are currently participating in the commercial and institutional LEED rating systems, comprising 9.1 billion square feet of construction space in all 50 states and 130 countries. In addition, more than 24,000 residential units have been certified under the LEED for Homes rating system, with more than 87,000 more homes registered.

By using less energy, LEED-certified spaces save money for families, businesses and taxpayers; reduce carbon emissions; and contribute to a healthier environment for residents, workers and the larger community. Learn more at usgbc.org.

1. RICS. 2005. Green Value – Green buildings, growing assets
2. Journal of International Money & Finance 2012 – Portfolio greenness & the financial performance of REITs.