

## FTSE Russell green real estate index selected by BNP Paribas Asset Management for ETF listing

- First ETF to track a FTSE EPRA Nareit Green Index
- FTSE EPRA Nareit Green Indexes allow investors to integrate climate risk into listed real estate portfolios
- Real estate sector currently accounts for more than one-quarter of global carbon emissions

FTSE Russell, the global index, analytics and data provider, announces that BNP Paribas Asset Management has chosen to license the FTSE EPRA Nareit Developed Europe ex United Kingdom Green Index for its latest Exchange Traded Fund (ETF).

The ETF is the first to track a FTSE EPRA Nareit Green index, which allows investors to integrate climate risk considerations into their listed real estate portfolio. The index covers real estate companies in Developed Europe (excluding the UK) and delivers notable improvements in climate and sustainable characteristics while minimising tracking error. To achieve this objective, the real estate portfolios of companies' are assessed on two sustainability considerations: estimated energy usage per square meter and floor space covered by eligible green certification. These assessments are then applied as tilts to adjust company weights to provide greater exposure to those companies with portfolios demonstrating strong sustainability performance. The index also applies a conduct-based exclusion in line with the United Nations Global Compact principles<sup>1</sup>

Launched in December 2018, the FTSE EPRA Nareit Green Indexes allow investors to integrate climate risk considerations in their investment strategies in listed real estate, an asset class that historically has lacked such tools. They provide an extension to the FTSE EPRA Nareit Real Estate Index Series, a global series of leading listed real estate benchmarks which are tracked by over \$340 billion in assets.<sup>2</sup>

According to UN estimates, buildings account for over half of global electricity usage and c. 28% of global carbon emissions<sup>3</sup>. There is also evidence linking better environmental performance to higher asset values, higher occupancy rates, higher rental yield and lower operating costs.<sup>4</sup>

**Stéphane Degroote, Managing Director, FTSE Russell comments:**

"We congratulate BNP Paribas Asset Management for the launch of their new green real-estate ETF. We have seen growing investor demand for innovative financial products that factor in climate risk and opportunities of late

"Integrating climate risk in listed real estate is a major challenge for the transition to a more sustainable, low-carbon economy. FTSE Russell's green real estate index series allows investors to gain exposure to a liquid



market offering higher yields and a low-correlation to broader equity markets, alongside driving the sustainability agenda of a low-carbon economy.”

**Isabelle Bourcier, Head of Quantitative & Index, BNP Paribas Asset Management comments:** “Listed real estate represents a compelling investment opportunity through a combination of yield enhancement, inflation hedge, liquidity and low correlation to other equity sectors and other asset classes. With the launch of this new ETF based on FTSE Russell’s green real estate index, we are building on our strong track record in this asset class by offering clients a new efficient exposure to listed real estate assets with sustainable considerations. We have already seen significant investor demand.”

To assess the sustainability performance of the constituents, the indexes draw on building-by-building geolocation data mapping from specialist data provider GeoPhy. This data is then matched with green certification data and provides the basis for detailed energy use and carbon emissions modelling.

Further information on the FTSE EPRA Nareit Developed Europe ex UK Green Index can be found online at the page <https://www.ftserussell.com/index/spotlight/green-real-estate>

– Ends–

1. *The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption. These core values make up the Ten Principles of the UN Global Compact. Find out more information here: <https://www.unglobalcompact.org.uk/the-ten-principles/>*
2. *FTSE Russell, Building blocks for the low carbon economy, managing climate risk in real-estate investing, December 2018*
3. *UN Environment, ‘Towards a zero-emission, efficient, and resilient buildings and construction sector’, 2017, p.16*
4. *Eichholtz, Kok, and Quigley, ‘The Economics of Green Building’, Review of Economics and Statistics, 95(1), 2013, 50-63; Fuerst and McAllister, ‘Green Noise or Green Value? Measuring the Effects of Environmental Certification on Office Values,’ Real Estate Economics, 39(1), 2011, 45-69; Miller, Spivey, and Florance, ‘Does Green Pay Off?’, Journal of Real Estate Portfolio Management, 14(4), 2008, 385-400.*

To download FTSE Russell’s December 2018 research paper on climate risk and real-estate investing, please click [here](#)

---

## For further information:

### Media contacts

Lucie Holloway/ Oliver Mann

+44 (0)20 7797 1222  
newsroom@lseg.com

### Notes to editors:

#### About FTSE Russell:

FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide. FTSE Russell calculates thousands of indexes that measure and benchmark markets and asset classes in more than 70 countries, covering 98% of the investable market globally.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. Approximately \$15 trillion is currently benchmarked to FTSE Russell indexes. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.



# Press Release

The logo for FTSE Russell, consisting of the words "FTSE" and "Russell" stacked vertically in white, sans-serif font, centered within a dark purple circular background.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on applying the highest industry standards in index design and governance and embraces the IOSCO Principles. FTSE Russell is also focused on index innovation and customer partnerships as it seeks to enhance the breadth, depth and reach of its offering.

FTSE Russell is wholly owned by London Stock Exchange Group.

For more information, visit [www.ftserussell.com](http://www.ftserussell.com)

© 2019 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) MTSNext Limited ("MTSNext"), (5) Mergent, Inc. ("Mergent"), (6) FTSE Fixed Income LLC ("FTSE FI") and (7) The Yield Book Inc. ("YB"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, MTS Next Limited, Mergent, FTSE FI and YB. "FTSE®", "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®", "The Yield Book®", and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, FTSE Canada, Mergent, FTSE FI or YB. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.



**London**  
Stock Exchange Group