

Designing a flexible framework for social impact

September 2024

IN A NUTSHELL

- Delivering social value, while not often the focus of most ESG initiatives, is crucial in successful asset management today given the growing optionality in attending the office or purchasing goods and services in store.
 - What 'value' means is context-specific and success rests to a large extent on the asset manager understanding local needs and cultivating strong local relationships.
 - The specificity of social value means that applying a rigid set of social goals as part of a top-down initiative is a suboptimal strategy, and flexibility is vital to meet the true needs of the community in which an asset is embedded.
-

1 / Introduction

The pursuit of social goals in real estate asset management is sometimes secondary to environmental ones, particularly relating to reductions in carbon emissions. There is often good reason for this. The impact of physical assets is most clearly seen in their immediate environment and their inputs and outputs of energy and waste.

However, in a world where digital services allow employees to work from home, shop, and socialise online, presence in a particular place is becoming optional. Places need to serve people, as people can often find the same services online. In this context, initiatives that deliver value for a community are more important than ever.

This report is our first major milestone in building a structured social value programme for our assets under management. It outlines the framework of our existing social value programme, the key themes and stakeholder groups we are targeting, and the outcomes we have already achieved. It demonstrates how flexibly combining top-down themes with bottom-up knowledge of an area can maximise the range and ambition of potential initiatives that can be achieved.

What is social value?

Social value is a developing concept around the measurement of the impacts of programmes and activities on the people around them. In the context of real estate, "social value is created when buildings, places and infrastructure support, enhance the quality of life of the people who live, work, play and learn there".¹ As the UK Green Building Council points out, exactly what this process involves is dependent on local circumstances.

¹ "Health, Wellbeing and Social Value", UKGBC, 2024

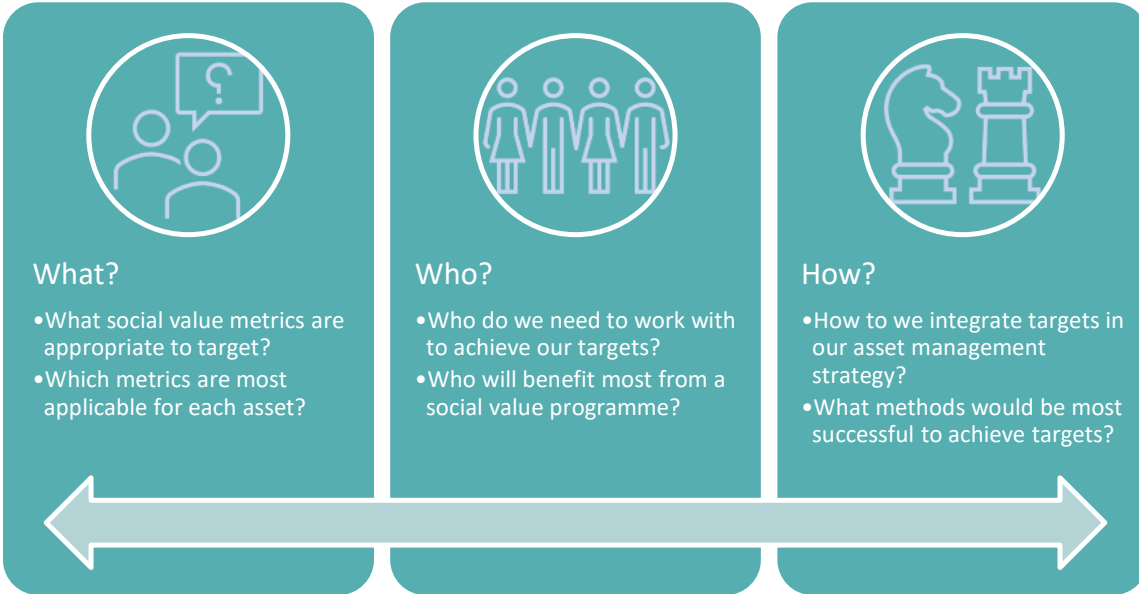
The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries, such as DWS Distributors, Inc., which offers investment products, or DWS Investment Management Americas, Inc. and RREEF America L.L.C., which offer advisory services. There may be references in this document which do not yet reflect the DWS Brand.

Please note certain information in this presentation constitutes forward-looking statements. Due to various risks, uncertainties and assumptions made in our analysis, actual events or results or the actual performance of the markets covered by this presentation report may differ materially from those described. The information herein reflects our current views only, is subject to change, and is not intended to be promissory or relied upon by the reader. There can be no certainty that events will turn out as we have opined herein.

Marketing Material. In EMEA for Professional Clients (MiFID Directive 2014/65/EU Annex II) only; no distribution to private/retail customers. In Switzerland for Qualified Investors (art. 10 Para. 3 of the Swiss Federal Collective Investment Schemes Act (CISA)). In APAC for institutional investors only. In Australia and New Zealand for Wholesale Investors only. In MENA: For professional Clients. Further distribution of this material is strictly prohibited. For business customers only. In the North America, for Institutional Client and Registered Rep use only, not for public viewing or distribution. In Israel for Qualified Clients (Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law 5755-1995). For investors in Bermuda: This is not an offering of securities or interests in any product. Such securities may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda.

How can a social value programme work?

When designing and delivering a successful social value programme, it is helpful to start with asking three key questions which will each be explored in greater detail later in the report.



2 / Social value metrics (the “what”)

Given the limited consensus around measuring social impact, and recognising the need for a tailored approach, we have tested a methodology that combines top-down themes with bottom-up application. The four themes and eight sub-topics identified in DWS’s Global Sustainability Framework² as being areas where DWS can have a material³ impact were a good place to start. Of these themes, well-being and community, with the specific topics of air quality, comfort (for the building’s users), community engagement, and affordability, aligned most comfortably with a social value programme. However, other themes in the framework were also relevant. This framework then provided the basis for planning initiatives at a local level.

² “Global Sustainability Framework” DWS, 2023

³ The Global Reporting Initiative (GRI), 2016

This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS Investment GmbH.

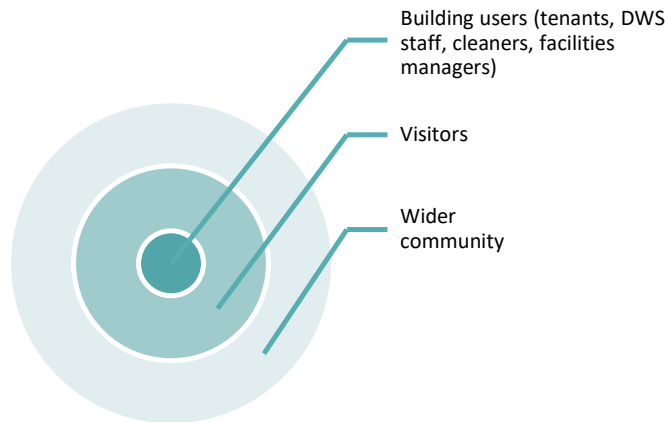
DWS Real Estate Sustainability Themes



3 / Stakeholder Groups (the “who”)

Having reviewed the individuals and parties that interact with our assets, we identified four main stakeholder groups shown in the infographic below that the social value programme will seek to support.

Stakeholder Groups



Out of these groups, a social value programme is likely to have most impact for those in the first circle – tenants, DWS asset management staff and others employed to maintain the upkeep of the property. These groups interact with a property on the most frequent basis. However, it is also important to consider the experience of visitors to the property as well as the programme’s potential impacts on the wider community and planetary ecosystem.

4 / Case Studies (the “how”)

Shopping centres tend to have the most scope for social value initiatives because the landlord-controlled areas are larger than other commercial real estate sectors, and their vitality is key for the success of the centre. The most significant case studies for the rollout of our social value programme were therefore in this sector, but smaller-scale initiatives were also possible in the residential and office sectors.

This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS Investment GmbH.

Community Initiatives to Restore Marine Ecosystems at the Diagonal Mar Shopping Centre, Barcelona, Spain

Diagonal Mar is a shopping centre in a prominent location close to the Mediterranean waterfront. Access to pristine beaches and sea is a key element of what makes the area attractive and drives footfall. Yet declining biodiversity around Diagonal Mar is a significant issue, with marine biodiversity particularly threatened by human activity. 95% of waste in the Mediterranean is plastics⁴, and density is four times higher than in the so-called ‘plastic island’ in the Pacific Ocean. This plastic has a knock-on negative effect on the health of the ecosystems in the Mediterranean, putting much of its wildlife and biodiversity under threat. Reducing plastic waste in and around the sea is crucial for the wider ecosystem, and benefits the shopping centre in improving the appearance of the nearby beach.



To help solve this issue, the local DWS asset management team undertook several initiatives. Five volunteer beach clean-ups have taken place, involving over 100 individuals collecting 510kg of waste from the beach and seabed. The shopping centre has also sponsored a water quality measuring station as part of the SILMAR Project, a network of water quality measuring stations along the Catalan and Balearic coastlines with the aim of understanding the health of the area’s marine ecosystems. In addition, around 1,500 children each month have the opportunity to learn about and engage with the sea as part of the “un Mar de Jocs” children’s area in the centre. The shopping centre has now been shortlisted for an award for the best BREEAM In-Use (non-residential) building 2025.⁵

THEMES ADDRESSED

Eco-systems



Engagement



Addressing local health and wellbeing at Valmonte Retail Outlet Centre, Roma Province, Italy

Valmonte is a retail outlet centre located approximately an hour’s drivetime away from Rome. Over the years, it has contributed in several ways to improving local health outcomes. During the Covid-19 pandemic in 2020, testing and vaccination centres were opened to administer over 215,000 vaccines and help the community build immunity.

Two years later, to diversify the income streams and add amenity to the centre, a medical centre with an adjacent pharmacy, dental clinic, and laboratory were added. Medical and technical equipment were donated to the local Colferferro Hospital, the Cystic Fibrosis League, and the Agostino Gemelli Hospital as part of an ongoing programme of support for local medical institutions.



⁴ Pollution in the Mediterranean”, UNEP, 2018

⁵ “Shortlist”, BRE, 2024

As of the date of this publication, DWS owns Diagonal Del Mar Shopping Centre and Valmonte Retail Outlet Centre. Any mentions of specific properties or securities are for illustrative purposes only and should not be considered a recommendation.

This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS Investment GmbH.



In addition to the health programme, a mural designed by a local artist using Airlite climate-positive paint was added to an unattractive concrete wall at a new vehicle entrance. It is now an eye-catching first impression for visitors. The paint for the 450 square metre mural will sequester the same amount of carbon dioxide that a forest of the same area would. Children from local schools have been invited to help paint the mural and learn about the environmental themes it aims to address.

A final project was a partnership with the app “Too Good To Go” that enabled vendors in the outlet’s food court to sell leftover food at the end of the day at a discounted price. The programme provided low-cost food to consumers, prevented 520 kg of food waste and an associated 1.3 tons of CO₂, and supported food court tenants with an additional revenue stream.

THEMES ADDRESSED

Circularity 

Engagement 

Air quality 

Improving community land quality as part of the Nordstern Residential Portfolio, North West Germany




The Nordstern Portfolio consists of several housing estates located in two towns: Wilhelmshaven and Neumünster, in North West Germany. At acquisition, the quality of the outdoor areas within the estates was lacking and community spaces scarce, providing limited spaces for socialising or for families to enjoy the outdoors.

Control over the outdoor areas in the estate allowed for significant landscaping works to be delivered, improving the connectivity between different areas of the estate, creating a new play area, and introducing ponds and gardens to increase local biodiversity. As a result, local residents have enhanced recreational space, with potential benefits for tenant retention.

As of the date of this publication, DWS owns Nordstern Residential Portfolio. Any mentions of specific properties or securities are for illustrative purposes only and should not be considered a recommendation.

This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS Investment GmbH.

THEMES ADDRESSED

Comfort	
Engagement	
Eco-systems	




Delivering social value through design – KupkA, La Défense, Paris

Offices can be a challenging sector in which to deliver social value. The main obstacle is that landlord-controlled areas in the building are relatively small. However, as this case study demonstrates, social value can be created through quality building design that improves stakeholders’ everyday experience of the space.

As our 2022 survey⁷ showed, air quality is valued by residential tenants to the extent that they would pay more in rent to ensure it is managed well both inside and outside their residence. This should come as no surprise given that poor air quality causes an estimated one in eight deaths according to the World Health Organisation.⁸

In an office environment, air quality is not only affected by the pollution outside, but by volatile organic compounds (VOC) given off by carpets, furnishings, and paint. The design of KupkA seeks to address these issues through using low-emitting materials that minimise VOC pollution inside. High ventilation rates and efficient filters help to circulate indoor air and ensure that pollutants are removed from air coming from outside. The result is a working environment that minimises long-term health risks for occupiers and visitors.

THEMES ADDRESSED

Comfort	
Air quality	
Efficiency	

5 / Conclusion

Our social value programme has shown that pursuing conformity in outcomes for a social value programme overlooks the very specific economic, cultural, and legal context of an individual asset. Embracing heterogeneity can allow for initiatives to be developed which build on local relationships and deal with the issues facing a particular location. The key for success is to provide a framework to stimulate ideas, and track the outcomes of resulting initiatives.

The larger the area a landlord controls, the more licence there is to deliver social value initiatives. Hence, most initiatives in our portfolio can be found in shopping centres. However, as our case study of KupkA has shown, social value can be delivered through ensuring that building design is tailored for a high-quality occupier experience.

⁷ DWS and Global Action Plan, 2022

⁸ “7 million premature deaths annually linked to air pollution” WHO, 2012

As of the date of this publication, DWS owns KupkA. Any mentions of specific properties or securities are for illustrative purposes only and should not be considered a recommendation.

This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS Investment GmbH.

Real Estate Research Team

Office Locations

Frankfurt

Mainzer Landstrasse 11-17
60329 Frankfurt am Main
Germany
Tel: +49 69 71909 0

London

45 Cannon Street
London, EC4m 5SB
United Kingdom
Tel: +44 20 754 58000

New York

875 Third Avenue
26th Floor
New York
NY 10022-6225
United States
Tel: +1 212 454 3414

San Francisco

101 California Street
24th Floor
San Francisco
CA 94111
United States
Tel: +1 415 781 3300

Singapore

One Raffles Quay
South Tower
15th Floor
Singapore 048583
Tel: +65 6538 7011

Tokyo

Azabudai Hills Mori JP Tower
1-3-1 Azabudai
Minssato-ku
16th Floor
Tokyo
Japan
Tel: +81 3 6730 1300

Sydney

Level 16, Deutsche Bank Place
Corner of Hunter and Phillip Streets
Sydney NSW 2000
Australia
Tel: +61 2 8258 1234

Teams

Global

Kevin White, CFA
Global Co-Head of Real Estate Research

Simon Wallace
Global Co-Head of Real Estate Research

Americas

Brooks Wells
Head of Research, Americas

Liliana Diaconu, CFA
Office & Retail Research

Ross Adams
Industrial Research

Sharim Sohail
Self-Storage Research

Europe

Ruben Bos, CFA
Head of Real Estate Investment Strategy, Europe

Tom Francis
Property Market Research

Siena Golan
Property Market Research

Rosie Hunt
Property Market Research

Carsten Lieser
Property Market Research

Martin Lippmann
Head of Real Estate Research, Europe

Asia Pacific

Koichiro Obu
Head of Real Estate Research, Asia Pacific

Seng-Hong Teng
Property Market Research

Hyunwoo Kim
Property Market Research

Matthew Persson
Property Market Research

AUTHORS



Siena Golan
Research Analyst Generalist: London



Simon Cripps
ESG Specialist, Real Estate – Alternatives: London

Important information

For North America:

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries, such as DWS Distributors, Inc., which offers investment products, or DWS Investment Management Americas, Inc. and RREEF America L.L.C., which offer advisory services.

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 DWS or its affiliates to enter into or arrange any type of transaction as a consequence of any information contained herein. Neither DWS 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 DWS, the Issuer or any office, 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.

The views expressed in this document constitute DWS Group's judgment at the time of issue and are subject to change. This document is only for professional investors. This document was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. No further distribution is allowed without prior written consent of the Issuer.

Environmental, social, and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments: Environmental (how a company performs as a steward of nature); Social (how a company manages relationships with employees, suppliers, customers, and communities); Governance (company's leadership, executive pay, shareholder rights, etc).

Environmental, social responsibility and corporate governance (ESG) related DWS strategies seek to provide investors with access to assets that meet responsible investment criteria without sacrificing investment returns. Although we strive to incorporate an ESG criterion, as one of many other criteria, in our investment process, DWS is a fiduciary and will act in the best interests of the client and investment account. Thus, our investment team is to not sacrifice performance for ESG investments unless specifically required by a client's investment guidelines. In addition, ESG activities and processes may vary by investment strategy, asset type and location.

UN SDG: The Sustainable Development Goals (SDGs) (or Global Goals for Sustainable Development) are a collection of 17 global goals set by the United Nations in 2015. The formal name for the SDGs is: "Transforming our World: the 2030 Agenda for Sustainable Development." That has been shortened to "2030 Agenda." The goals are broad and interdependent, yet each has a separate list of targets to achieve. Achieving all 169 targets would signal accomplishing all 17 goals. The SDGs cover social and economic development issues including poverty, hunger, health, education, global warming, gender equality, water, sanitation, energy, urbanization, environment and social justice. There are 17 UN Sustainability Development Goals that promote equitable development globally: <https://sustainabledevelopment.un.org/sdgs>.

Investments are subject to risk, including market fluctuations, regulatory change, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you might not get back the amount originally invested at any point in time.

An investment in real assets 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.

War, terrorism, sanctions, economic uncertainty, trade disputes, public health crises and related geopolitical events have led, and, in the future, may lead to significant disruptions in US and world economies and markets, which may lead to increased market volatility and may have significant adverse effects on the fund and its investments.

For Investors in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein and any representation to the contrary is an offence. This document is intended for discussion purposes only and does not create any legally binding obligations on the part of DWS Group. Without limitation, this document does not constitute an offer, an invitation to offer or a recommendation to enter into any transaction. When making an investment decision, you should rely solely on the final documentation relating to the transaction you are considering, and not the document contained herein. DWS Group is not acting as your financial adviser or in any other fiduciary capacity with respect to any transaction presented to you. Any transaction(s) or products(s) mentioned herein may not be appropriate for all investors and before entering into any transaction you should take steps to ensure that you fully understand such transaction(s) and have made an independent assessment of the appropriateness of the transaction(s) in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment. If you decide to enter into a transaction with DWS Group, you do so in reliance on your own judgment. The information contained in this document is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Assumptions, estimates, and opinions contained in this document constitute our judgment as of the date of the document and are subject to change without notice. Any projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results. The distribution of this document and availability of these products and services in certain jurisdictions may be restricted by law. You may not distribute this document, in whole or in part, without our express written permission.

For EMEA, APAC, LATAM & MENA:

DWS is the brand name of DWS Group GmbH & Co. KGaA and its subsidiaries under which they do business. The DWS legal entities offering products or services are specified in the relevant documentation. DWS, through DWS Group GmbH & Co. KGaA, its affiliated companies and its officers and employees (collectively "DWS") are communicating this document in good faith and on the following basis.

This document is for information/discussion purposes only and does not constitute an offer, recommendation, or solicitation to conclude a transaction and should not be treated as investment advice.

This document is intended to be a marketing communication, not a financial analysis. Accordingly, it may not comply with legal obligations requiring the impartiality of financial analysis or prohibiting trading prior to the publication of a financial analysis.

This document contains forward looking statements. Forward looking statements include, but are not limited to assumptions, estimates, projections, opinions, models, and hypothetical performance analysis. No representation or warranty is made by DWS as to the reasonableness or completeness of such forward looking statements. Past performance is no guarantee of future results.

The information contained in this document is obtained from sources believed to be reliable. DWS does not guarantee the accuracy, completeness, or fairness of such information. All third-party data is copyrighted by and proprietary to the provider. DWS has no obligation to update, modify or amend this document or to otherwise notify the recipient in the event that any matter stated herein, or any opinion, projection, forecast, or estimate set forth herein, changes or subsequently becomes inaccurate.

Investments are subject to various risks. Detailed information on risks is contained in the relevant offering documents.

No liability for any error or omission is accepted by DWS. Opinions and estimates may be changed without notice and involve a number of assumptions which may not prove valid. DWS does not give taxation or legal advice.

This document may not be reproduced or circulated without DWS's written authority.

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country, or other jurisdiction, including the United States, where such distribution, publication, availability, or use would be contrary to law or regulation or which would subject DWS to any registration or licensing requirement within such jurisdiction not currently met within such jurisdiction. Persons into whose possession this document may come are required to inform themselves of, and to observe, such restrictions.

© 2024 DWS International GmbH

Issued in the UK by DWS Investments UK Limited which is authorised and regulated by the Financial Conduct Authority (Reference number 429806).

© 2024 DWS Investments UK Limited

In Hong Kong, this document is issued by DWS Investments Hong Kong Limited and the content of this document has not been reviewed by the Securities and Futures Commission.

© 2024 DWS Investments Hong Kong Limited

In Singapore, this document is issued by DWS Investments Singapore Limited and the content of this document has not been reviewed by the Monetary Authority of Singapore.

© 2024 DWS Investments Singapore Limited

In Australia, this document is issued by DWS Investments Australia Limited (ABN: 52 074 599 401) (AFSL 499640) and the content of this document has not been reviewed by the Australian Securities Investment Commission.

© 2024 DWS Investments Australia Limited

For investors in Bermuda: This is not an offering of securities or interests in any product. Such securities may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

For investors in Taiwan: This document is distributed to professional investors only and not others. Investing involves risk. The value of an investment and the income from it will fluctuate and investors may not get back the principal invested. Past performance is not indicative of future performance. This is a marketing communication. It is for informational purposes only. This document does not constitute investment advice or a recommendation to buy, sell or hold any security and shall not be deemed an offer to sell or a solicitation of an offer to buy any security. The views and opinions expressed herein, which are subject to change without notice, are those of the issuer or its affiliated companies at the time of publication. Certain data used are derived from various sources believed to be reliable, but the accuracy or completeness of the data is not guaranteed, and no liability is assumed for any direct or consequential losses arising from their use. The duplication, publication, extraction, or transmission of the contents, irrespective of the form, is not permitted.

© 2024 DWS Group GmbH & Co. KGaA. All rights reserved. (9/24) 102607_1