



**Energy savings, ESG, and
why proptech is the key.**



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Energy savings, ESG, and why proptech is the key.

INTRODUCTION.

Since the pandemic, the UK's hospitality and real estate sectors have seen Environmental, Social, and Governance (ESG) pushed centre stage, facilitated by property technology, or Proptech.

Proptech is enabling owners and operators to render their buildings more energy efficient, cut operating costs, improve guest, and tenant experiences, and so derive competitive advantages.

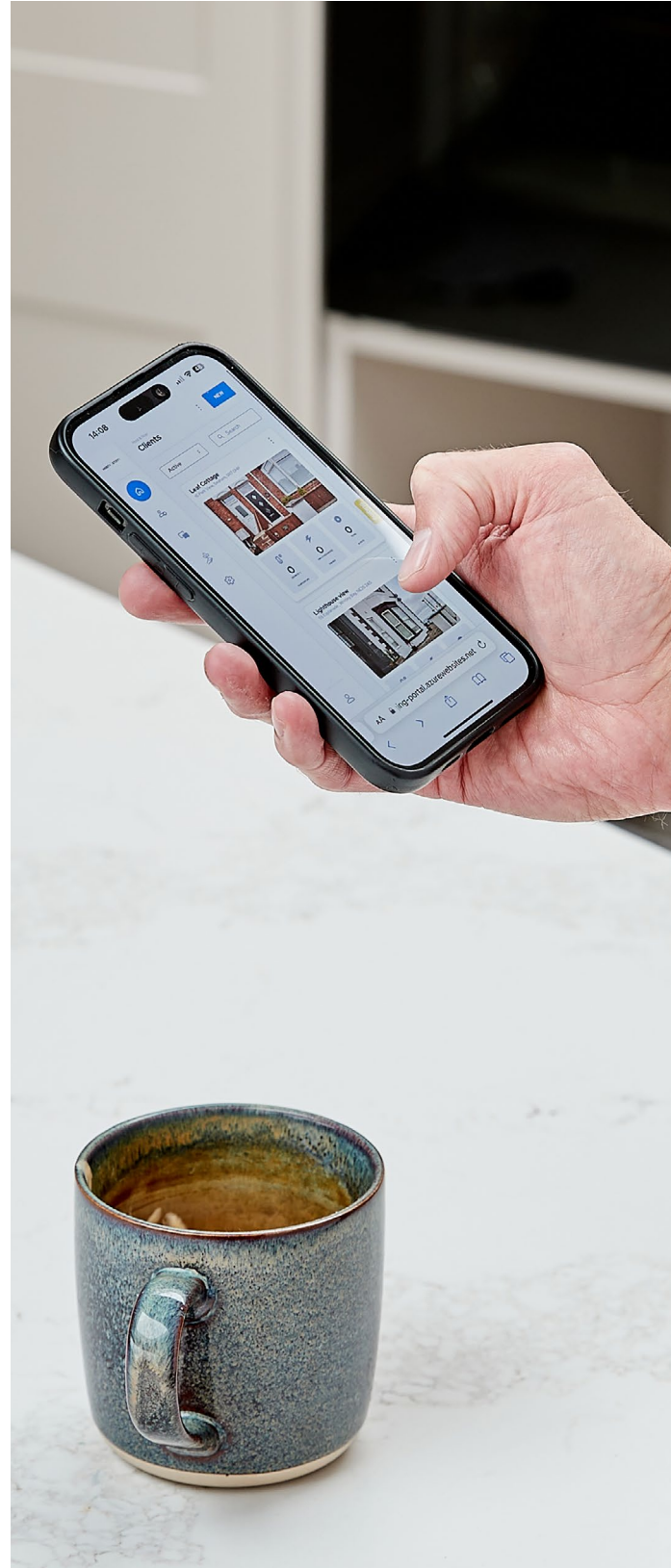
Driven by the expectations of eco and socially conscious consumers, corporate net zero commitments and government legislation, the hospitality sector has been forced to embrace sustainability, even if it can't make up its collective mind how to do so.

A strong focus on ESG enhances hospitality brands. By aligning sustainability and ESG practices, operators can appeal to a wider customer demographic and to an investor community that sees robust ESG practices as critical to investment decisions.

Best-in-class proptech solutions can capture, monitor, and benchmark energy usage, carbon emissions, water consumption, and waste management. The harvested data can inform decision-making to reduce consumption, waste, and costs.

Legislation is also calibrating proptech with ESG. Minimum Energy Efficiency Standards (MEES) require all rented commercial and residential properties in the UK to achieve a minimum 'E' EPC rating.¹ In August 2023, the UK committed to adopt European Sustainability Reporting Standards, which will require firms to report environmental and social in their financial reporting from 2025 onwards.²

With ESG reporting a legal requirement affecting all UK businesses with 250+ employees, property managers are looking to proptech to provide data-driven insights and turn those insights into meaningful actions.



¹ <https://www.gov.uk/guidance/domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance>
² <https://www.esginvestor.net/take-five-risky-rishi/>

Resicentral[®].



"We have just installed the resicentral[®] product into our serviced apartments. We're already seeing energy cost savings and the reporting allows us to make more informed decisions to run our buildings more efficiently whilst improving guest satisfaction."

*Adam Dale, Group COO,
Charles Hope Group*

Resicentral[®] is all about using data and insights to effect change. We combine our own sensor technologies, products, apps, and a management portal with other existing building technologies to create a powerful platform for operators, asset owners and tenants alike.

The platform rule engines enable our clients to customise and configure to their exacting parameters, from automating energy savings when the space is unoccupied to engaging with tenants by sending alerts when noise levels are too high at unsociable hours. The 'if this then that' possibilities are almost endless.

As we automate processes we create a conduit to operational efficiency, whilst providing an effective end user experience

to improve tenant retention and seamlessly improving the management and security of buildings. We don't just report on ESG, we control and support change. At resicentral[®] we take our responsibility seriously. We make sure to improve and report back on our own ESG impact monthly. After all, we want to practise what we preach and stay true to the sustainability we promote.

We also believe you deserve to know your own impact in creating a more sustainable, happier, and safer future. Once signed up to the resicentral[®] platform you can see your very own ESG impact and take action! With customisable rule engines, we don't just provide you with the data, we save you energy and money.

Where are we now?

In a global real estate market worth \$397 trillion³, property technology is growing fast. Investment in proptech businesses reached \$24 billion in 2021⁴ and the sector is predicted to be worth US \$47.8 billion by 2033, a CAGR of 9.3%.⁵

Proptech ranges from platforms for buying, selling leasing and valuing assets, to digital technology for smart buildings that help optimise space usage, energy costs and asset performance. Through innovation we can tackle 40% of global CO2 emissions generated and 36% of total greenhouse gas emissions.⁶



³ <https://www.globenewswire.com/en/news-release/2023/05/08/2663058/28124/en/Global-Real-Estate-Market-Report-2023-Recovering-Commodity-Prices-Bolsters-Growth.html>

⁴ <https://www.statista.com/statistics/951857/global-proptech-investment-value/>

⁵ <https://www.futuremarketinsights.com/reports/proptech-market>

⁶ International Energy Agency

Energy costs.

In 2022, 70% of UK hospitality businesses saw their energy costs more than double.⁷ Hotel utility costs per available room were 51% higher in January 2023 than the same period in 2022, and more than double compared to 2020.⁸

The problem for the hospitality sector is that, unlike offices and industrial buildings, it's almost impossible for operators to pass on 100% of energy cost increases, although UK hotel rates are predicted to rise by at least 25% in 2023.⁹

In serviced apartments, 75% of operators say they will mitigate additional energy costs by charging a higher nightly rate. 34% intend to make savings in other areas, whilst just under a third will absorb the extra costs.¹⁰

Carbonisation legislation.

MEES has focussed hospitality and lodging minds on ESG, largely because failure to meet the required standards could result in a ban on the commercial use of a building. Ironically, occupants only account for 30 – 40% of energy consumption in a building.¹¹



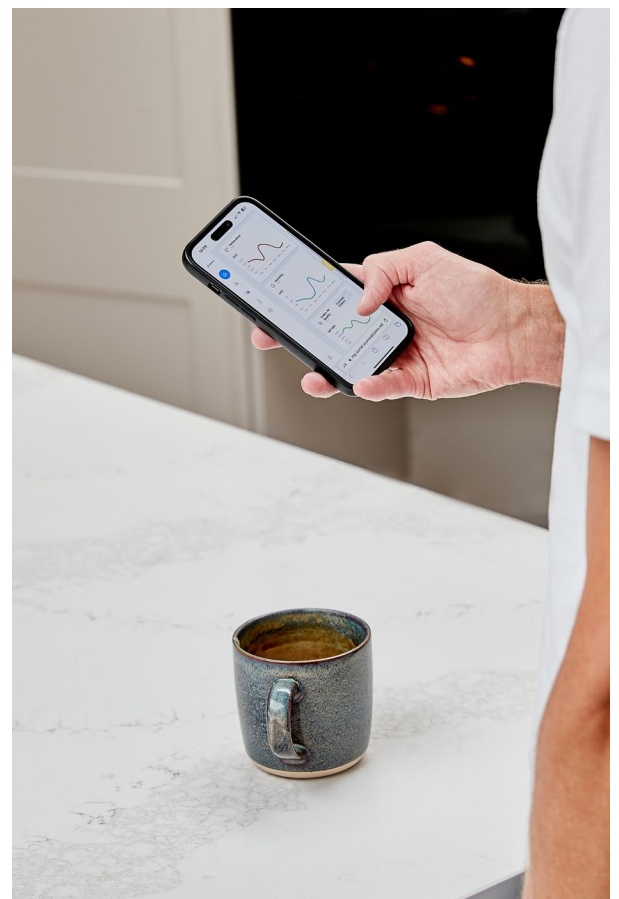
"We need to shift the mindset away from compliance to opportunity."

Ufi Ibrahim, CEO of the Energy & Environment Alliance

Operators are also confronted with a bewildering array of 600+ green certification programmes, most of which are based on self-reporting. "Consequently, investors are at a loss when it comes to the reliability of information and comparability of operational, asset or portfolio performance" says Ufi Ibrahim, CEO of the Energy & Environment Alliance.

"This is the start of a challenging period in which we will need to re-engineer the way we design, construct, refurbish and operate our buildings. We need new controls and, processes, including board level oversight, applying the same level of rigour to nonfinancial information as we apply to formal financial statements."

Ufi believes a change of mindset is required. "Instead of focussing on meeting the minimum energy efficiency standard, we need to understand it's not just about risk but about opportunity. If you want to be a sustainable business, attract investment, customers, and employees, you have to be more than just compliant."



⁷ UK Hospitality

⁸ Hotstats and analysed by RSM UK

⁹ <https://www.mews.com/en/blog/hotel-energy-costs>

¹⁰ Global Serviced Apartments Industry Report 2023

¹¹ <https://www.iea.org/energy-system/buildings>

Consumers.

Energy efficiency is increasingly important for renters when choosing a property. 58% of private renters are less likely to look at a rental property with an EPC rating of D or below. 72% of renters aged 18-34 say they always check the EPC rating of a property before making any decisions, compared to 52% aged 55 years and above.¹²

“What people want from their buildings is changing” says William Hulls, board member of the UK PropTech Association.

“Tenants increasingly want to know what the air quality their people will be working in is like, how it will be monitored and what’s being done to optimise the HVAC systems. That’s being driven by a big increase in public awareness around things like the impact of particulate matter on air quality.”¹³

The same applies in the hospitality sector. 2023 research shows that 78% of global hotel visitors prefer an eco-sustainable hotel over a traditional one, up from 71% in 2021.¹⁴ Two-thirds of corporate hotel RFPs¹⁵ now demand evidence of sustainability credentials.¹⁶

Investors.

Growing demands for environmental and societal investments have led many investment funds to incorporate ‘sustainable’ in their names to demonstrate the importance of ESG in their investment process.

53% of investors say sustainability related due diligence is critical, whilst 47% say a more sustainable hotel will influence trading performance by achieving lower utility costs. 60% are currently factoring in ESG capex to comply with regulation, with a further 28% planning to do so in the next 12-18 months.¹⁷

However, Mike Prager, non-executive chair of Optimal Monitoring, says that, whilst demand for hospitality projects is as strong as ever, investors see ESG as “a short-term issue that operators need to work their way through. The problem is that hospitality is not adopting ESG tech as quickly as retail and manufacturing have done.”

“Right now, hospitality is doing a lot of talking about ESG without actually doing anything. There are too many certifications out there. The legislation isn’t easy to understand and doesn’t guide operators towards what’s going to make their businesses run more efficiently.”

Standards and metrics.

PropTech start-ups that either tackle energy efficiency using smart infrastructure and the Internet of Things, are seeing demand grow because they provide operators with data-driven insights to manage consumption without sacrificing comfort.¹⁸

However, standards and metrics remain a challenge. Standards because they are constantly changing, and metrics because they do not help make day-to-day decisions. Such as whether an EPC rating is worth upgrading.



¹² Shawbrook - Confronting the EPC Challenge Report

¹³ <https://www.propertyweek.com/insight/proptech-is-key-to-esg-progress/5124512.article#:~:text=ESG%20is%20set%20to%20be,a%20growing%20raft%20of%20legislation>

¹⁴ Booking.com

¹⁵ Request for Proposal

¹⁶ Global Serviced Apartments Industry Report 2023

¹⁷ JLL and the Energy and Environment Alliance (EEA).

¹⁸ <https://www.propertyweek.com/insight/proptech-is-key-to-esg-progress/5124512.article#:~:text=ESG%20is%20set%20to%20be,a%20growing%20raft%20of%20legislation>

Proptech drivers.



"Without data we don't know what good looks like"

James Baird, resicentral®

"The intersection of Proptech and ESG principles is shaping the real estate industry in transformative ways" says James Baird, MD of resicentral®. He highlights eight factors driving the proptech revolution.

1. Regulation and compliance.

Increasingly stringent regulations related to energy efficiency, emissions reduction, waste management, and building standards are prompting real estate stakeholders to adopt Proptech solutions to ensure compliance and avoid penalties.

"Now, we need a universal calculation and framework to measure against" says James. "Resicentral have not only recognised the benefits of using our technology to provide savings but also the importance to produce and evidencing these efficiencies for life of the asset."

2. Investor demand.

Institutional ones and those focused on socially responsible investing, are demanding greater transparency and ESG performance from real estate assets. "Investors are not driving the proptech revolution despite greater awareness and the availability of technology that measures, reports, and improve ESG and energy metrics, making properties more attractive to these investors." "Resicentral sets everything out in one consolidated view to easily benchmark and report. We have recognised that investors need cutting edge data that allows them to make decisions in real time and to maximise future returns."

3. Cost savings.

Proptech solutions that optimise energy consumption, water usage, and other resources not only help fulfil ESG goals but also produce significant cost savings for property owners and managers.

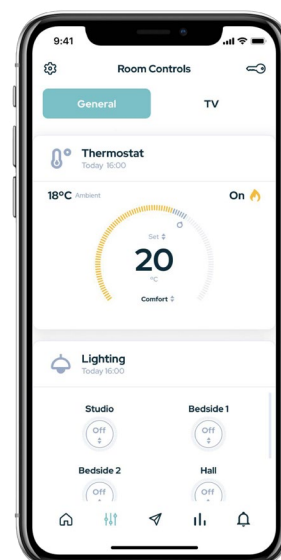
"Energy expenditure accounts for almost 19% of the total operational cost of a building. Anecdotal evidence suggests that, for most small and medium-size companies, a 10% reduction in energy can improve profitability by 1.5%." "Resicentral are showing client energy savings in excess of 30% when combining enforced platform rules and IoT controls delivering a true return on investment. Operational and tenancy savings are more difficult to quantify however resicentral plays a big part by automating controls, ongoing resident engagement and simplifying the onboarding process."

4. Tenant and end user expectations.

Tenants and occupants increasingly want sustainable, healthy, tech-enabled places in which to live, work and stay. "Proptech solutions that enhance the profile of properties can attract and retain tenants, thereby increasing occupancy rates and rental income. Resicentral® offer resident apps and in-room technology to further enhance the user experience."

5. Data-driven decisions.

Resicentral® gathers data from sensors, IoT devices, resiAIR, resiEM, and other sources to provide granular insights into building performance and occupant behaviour. "This data-driven approach informs ESG-related decisions, from optimising building operations for sustainability, to customising areas within buildings."





6. Innovation and differentiation.

Resicentral[®] solutions provide a competitive advantage by allowing property owners and developers to innovate and differentiate their properties with new sustainable technologies, design features, and operational practices. “Why move to a dumb building when you already live in one with smart apps and automation?”

7. Digital transformation.

Digital transformation is influencing the real estate sector as much as others. As buildings become smarter and more connected, the integration of ESG principles becomes easier and more effective through our solutions. “Many governments offer incentives, subsidies, or grants to encourage the adoption of ESG practices, resicentral[®] solutions align with ESG goals highlighting these incentives to drive adoption.”

8. Collaboration and partnership.

Proptech startups, traditional real estate firms, technology companies, and ESGfocused organisations are now collaborating to create innovative solutions that promote sustainability and responsible property management.

“Resicentral have integrations with access control, video intercom and many metering solutions, we are also working in partnership with the design and consulting engineers for both new build and existing retrofit projects” says James.

Collectively, these driving factors are strengthening the synergy between Proptech and ESG, which is reshaping the real estate industry to be more sustainable, efficient, and aligned with societal and environmental values.



Case studies.

YPP.

YPP is a student housing operating, with sites across the UK. The company first worked with resicentral® on a small, building with five flats and ground floor hairdresser.

Most recently, resiCore automation and app technology have been implemented at a 60 apartment block in Deansgate, Manchester. YPP now plans to roll out the resicentral® energy management product/ SAAS platform resiEM across 18 sites, and to implement resiAIR in a 520-unit development in Leeds in 2024.

Matthew Short is YPP's Commercial & Investments Portfolio Manager. "The Ukraine war really brought the ESG agenda to investors' attention. The war's impact on rising prices, and especially energy, saw investors returns drop from 6–7% in 2021/22, to 4–5% outside London, and as low as 2-3% in London. Our energy costs went up by 169% across our portfolio, whilst our most recent gas contract was 219 % more than the previous one."

"Energy has a massive impact on our returns. One of the main drivers for ESG focussed Proptech has been to protect the renter. Another has been investors' realisation that they can get better returns from properties outside London."

YPP used to be quite flexible in terms of their student tenants' energy consumption, but not many more, thanks to resicentral® tech, as Matthew explains. "We are aiming to quantify our ROI on a per flat basis. This will enable us, across a 60 studio flat development, to measure consumption and set fair energy gaps across other buildings, even where we haven't yet deployed resicentral® yet."

Live Oasis Manchester St James.

Already enjoying the benefits of resicentral® is the prestigious Live Oasis Manchester St James development, also managed by the YPP Group.

The installation included submetering, lighting and TV controls, blind automation, integrated video entry and access control, room temperature monitoring, air quality sensors and occupancy monitoring installed throughout the 60-apartment scheme, all accessible for residents through the mobile apps and in room tablets.

YPP Group managing director Omar Al-Nujaifi says: "The benefits this product range brings to the Live Oasis in Manchester are unparalleled with any other smart building technologies we have seen."

"Manchester is a vibrant, creative, and innovative city, and our latest development offers apartments for a modern generation of tenants who are not only looking for a stylish abode but something that is technology rich, sustainable and a connected place to live. These products and platform create an enhanced lifestyle that fits our residents' needs."

"At each stage of a developments lifecycle, resicentral® can be added to existing building infrastructures, current hardware, or buildings at any design stage. Successful partnerships have been forged where resicentral® integrates with these applications or with retrofit schemes where these systems have already been deployed."

Anglo Educational.

Anglo Educational Services operates 326 apartments in central London, where 70% of tenants are students, and the rest are corporates. The company's electricity bill went up 180% in 2022/3, wiping £500,000 off the company's bottom line.

"In any all-inclusive environment, users consume more" explains CEO Steve Lowy. "In student accommodation and housing apartments, tenants and guests consume more electricity and gas. They leave the lights and TV on; they open the windows when the heating is on."

"It's hard to pass on these extra costs because we contract with students a year out. For example, our new rates kick in from September (2023), but we can't increase our rates by 180%, so we've applied inflationary rises of 5 - 10%."

Anglo Educational is looking to technology to enable significant savings. "All our blocks are residential, so it depends on how the infrastructure was installed as to what we can and can't do systems-wise, and how cost effective that investment will be. Monitoring has to be live because students stay for three or four months, and if we get a bill two weeks

after students have left us, we can't recover those costs" Lowy continues.

"Serviced living, including inclusive student housing, serviced apartments, senior living, and everything else has boomed over the last five or six years. There's been huge innovation in hotel technology stacks, and we are seeing a merger of hospitality and property tech."

YourApartment.com.

"We have just adopted the resicentral® platform. The back end is modern, easy to navigate, and we are already seeing benefits from the team having full transparency of our buildings and their energy usage," says Toby Guest, Director & Co-founder of YourApartment.com.

"We now have the ability to control devices from the platform, further enhancing our service levels. Our portfolio is expanding rapidly across the UK, and knowing what is going on in our buildings is always a concern. Access to granular data, and notifications has allowed us to stay reactive, and proactive, to any issues that arise with our residents."

New solutions.

Technology can play a significant role in shifting the mindset of asset owners and operators from ESG compliance to recognising opportunities for business growth and innovation.

For example, resicentral® technology enables real-time monitoring of environmental and social parameters, providing accurate and up-to-date data to highlight areas for improvement, efficiency gains, and risk mitigation.

Artificial Intelligence (AI) powered analytics deliver unique insights into user behaviour and identify cost savings opportunities. Resicentral® interactive reporting makes a company's efforts and impact easier



New opportunities.

In addition to the strides already made by proptech in incorporating ESG principles into the real estate industry, there are plenty of opportunities for innovation and growth.

The Resicentral® platform can aggregate data from multiple systems and sensors, providing a holistic view of a property's performance across an entire portfolio, and peer to peer. Proptech can also optimise resident engagement that influences occupant behaviour and maximises outcomes. Resicentral® apps and energy-saving data can power that engagement.

Many proptech solutions cater for larger real estate players, leaving smaller property owners, landlords and managers underserved. Resicentral® offer an affordable, scalable solutions that caters to the unique needs of SMEs as well as that of the larger enterprises.

Resicentral® is expanding its toolkit to meet gaps in the proptech market by creating solutions that contribute to the further integration of ESG principles within the real estate industry. "We actively look to work with such innovators who align with our vision" says James Baird.

What about the S and G?

With so much attention on the 'E' of ESG, the 'S' and 'G' - social and governance - are often overlooked.

'E' is decision that affects a resource flow: energy, water, carbon, materials. 'S' is about providing a safe working environment, an equitable salary, and other benefits not routinely available. Governance is about auditing and ensuring the resulting numbers can be trusted.

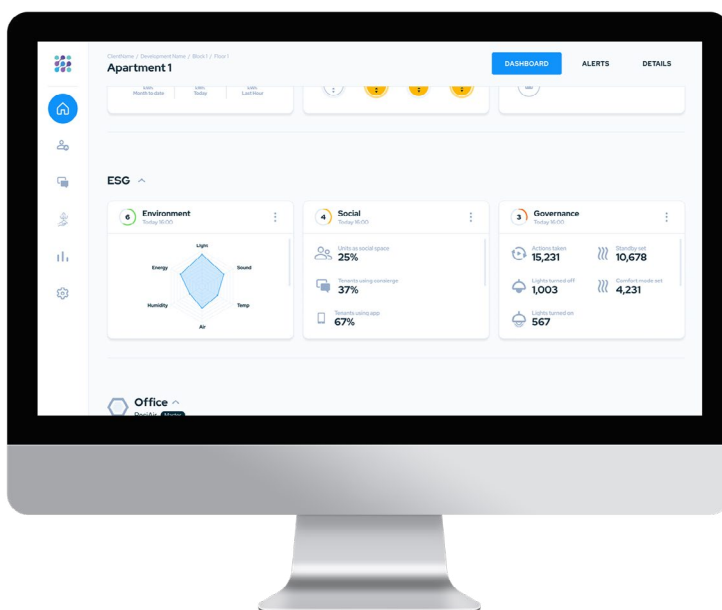
It's hard to solve more than one problem at a time. Social and Governance are also harder to define. The bottom line is that, unless property owners and operators get the 'E' right, they won't need to bother about either 'S' or 'G.'

Using Data to make informed decisions.

In the pursuit of sustainability, data collection and analysis are indispensable tools for making informed decisions. However, its full potential is only unlocked through advanced analytical tools and techniques.

In turn, this demands ensuring the reliability and responsible use of data. The emergence of technologies such as the Internet of Things (IoT), big data analytics, and artificial intelligence (AI) presents new opportunities for data collection, analysis, and interpretation.

Data-driven decision-making relies on collaboration to develop innovative analytical tools, and expertise in data analysis. Governments play a crucial role in setting data governance policies, ensuring privacy regulations, and fostering collaborations among stakeholders.¹⁹



Conclusions.

Legislation has now turned ESG from a brand value into a cornerstone of business governance. Together with ramped-up tenant, guest, and investor expectations, building owners and operators are learning that ESG is no longer a matter of compliance, but of opportunity.

Proptech is the key to unlocking the full potential. Proptech solutions are no longer exclusive to the biggest players, whilst the scope of innovation in proptech solutions ensures any investment is virtually future proof.

Choosing the right proptech partner is the next challenge for many operators. A partner that understands its clients' business and objectives, whose values are aligned, sit alongside the functionality of its products, its pipeline, project management tools and communication.

The right marriage of customer and provider can also unlock serious competitive advantages. No wonder proptech is booming too.

Why resicentral[®]?

With the ever-growing need in the Real Estate and Property sector for Net Zero commitments, and to develop more eco and socially conscious properties, we developed a best-in-class product that captures, monitors, benchmarks ESG, energy usage and other key measures to inform decision-making, reduce consumption, waste, and costs.

Through a combination of our own sensor technologies, ancillary products, end user apps, and our management portal, we have created a powerful platform for operators, asset owners, landlords and tenants alike, to control, improve operational efficiency, save energy, and reduce costs by up to 36%.

What makes us different is that we don't just provide customers with the data and insights, we automate processes through intelligent rule and notification engines which create a conduit to operational efficiency, whilst providing an effective end user experience to improve tenant retention and seamlessly improving the management and security of buildings.

Resicentral[®]

We are a global provider of smart building technology offering innovative IoT systems to the PBSA (purpose-built student accommodation), BTR (built-to-rent), Hotel/Aparthotel and short-let/holiday property management sectors. We provide comprehensive physical and digital infrastructure solutions, installation services, and technical training to help our clients adopt and maximise the benefits of our products and services at scale. We help property owners and operators protect their properties reach their ESG goals, gather data and insights, all whilst saving costs.



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