

Where Trust and Performance Meet

An Interview with Sonny Kalsi, Co-Chief Executive Officer, BentallGreenOak

EDITORS' NOTE *Sonny Kalsi is the Co-CEO of BentallGreenOak (BGO) and is based in Miami, Florida. He was a founder of GreenOak Real Estate in 2010 and, together with the team, built the business organically to \$12 billion of assets under management in 10 countries with over 100 employees. Before co-founding GreenOak, he was the Global Co-Head of Morgan Stanley's Real Estate Investing (MSREI) business and President of the Morgan Stanley Real Estate Funds until 2009. Kalsi has been cited by Private Equity Real Estate magazine as one of the "30 Most Influential" people in private equity real estate globally. He is on the board of several organizations including Teaching Matters, Room to Read, SparkYouth NYC, Asia Society, and the Hirshhorn Museum. He is a Trustee of the Spence School and a board member of Oberoi Realty and Georgetown University. Kalsi is a graduate of Georgetown University and continues to be very involved with the school in advancing academic initiatives. He is also an Adjunct Professor at Columbia University in the Master of Real Estate Program.*



Sonny Kalsi

merger between two highly complementary real estate firms, GreenOak Real Estate and Bentall Kennedy. We came together three years ago to create a world-class real estate investment manager. At face value, the two firms seemed very different: Bentall Kennedy, more than 100 years old, was a household name in Canada with some presence in the U.S. while GreenOak Real Estate – where I was one of the founders – was a young, entrepreneurial firm with a more U.S.-centric and global presence. However, we realized quickly that we shared very

similar investment practices, underwriting discipline, and client-centric cultures. Both firms had a view on the bigger picture. One thing we loved about Bentall Kennedy was the firm's position as an industry leader focused on sustainability; they were focused on sustainability for years, long before 'going green' went mainstream. At GreenOak, we had always been focused on diversity and inclusion in leadership and at all levels with over 50 percent of the team being women and minorities. I joke that Bentall Kennedy liked us because we looked like the United Nations. Together, we brought leadership in all aspects of ESG to our now fully merged company.

When we came together in July 2019, we had \$45 billion AUM; today, we are over \$80 billion in AUM. Part of this evolution was that we continued to excel at what each firm did individually, and then did those things together. We launched new investment strategies that took advantage of the skill sets of both organizations, and it's worked well for us, and more importantly, for our clients.

It is important to my Co-CEO, John Carrafiell, and our President, Amy Price, that the growth and evolution of our organization is measured by more than just AUM growth. One of the things I'm most proud of is how well our organizations integrated and began operating as a single team. In my view, you know a merger is a success when everyone at the firm talks about being part of BGO and does not focus on which firm they started with originally.

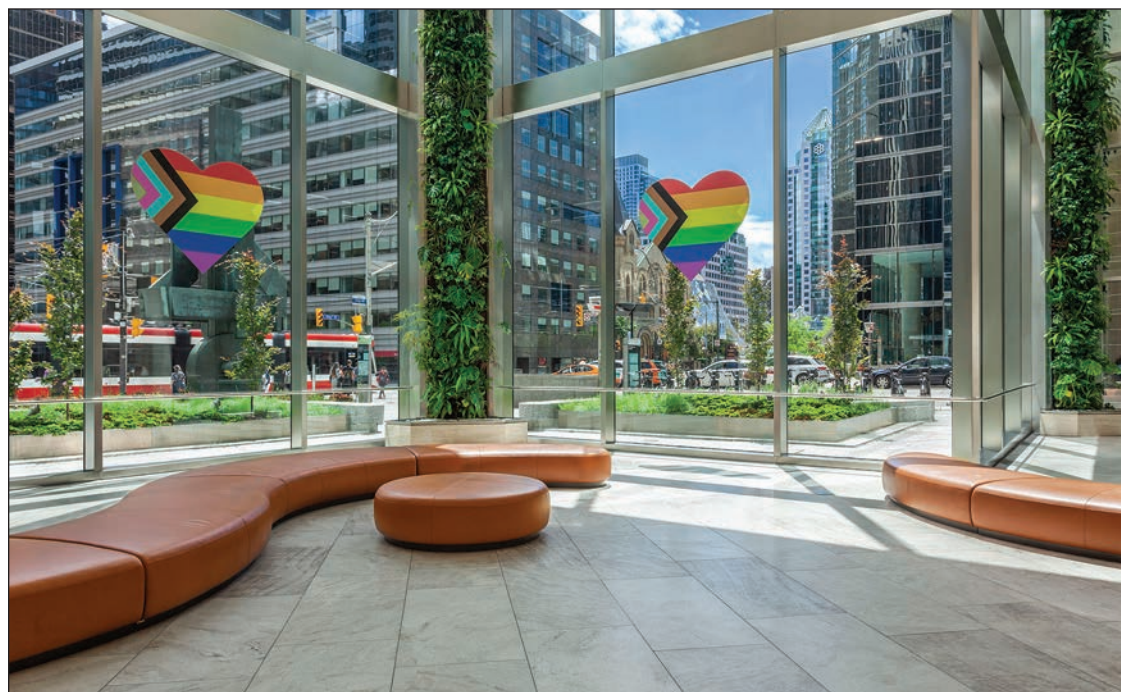
How do you define BGO's mission and purpose?

First and foremost, we are good fiduciaries and stewards of capital for the institutional investors who invest with us. They trust us with their pension funds and the retirement income of the people they, in turn, serve, and we take that very seriously. Additionally, like our clients, we also serve a broader purpose. ESG is not

COMPANY BRIEF *BentallGreenOak (bentallgreenoak.com) is a leading global real estate investment management advisor and a globally-recognized provider of real estate services. BentallGreenOak serves the interests of more than 750 institutional clients with approximately \$80 billion of assets under management (as of June 30, 2022) and expertise in the asset management of office, industrial, multi-residential, retail and hospitality property across the globe. BentallGreenOak has offices in 28 cities across 13 countries with deep, local knowledge, experience, and extensive networks in the regions it invests in and manages real estate assets on behalf of its clients in primary, secondary and co-investment markets. BentallGreenOak is a part of SLC Management, which is the alternatives asset management business of Sun Life.*

Will you highlight the history of BentallGreenOak (BGO) and how the business has evolved?

Responsible investing has been front and center throughout our history as a company. Our BentallGreenOak (BGO) history is the result of a



Pride month is celebrated across the BGO portfolio, including in this lobby at 150 King Street in Toronto, Canada



Under Sonny Kalsi's leadership, BentallGreenOak was honored at the 2022 BILD Awards in recognition of the firm's industry leading strategies on diversity, equity, and inclusion

only important to our employees, shareholders, and the communities where we operate and invest, but it's also a top priority of our investors. Our prioritization of ESG is central to our corporate mission; we were walking the walk of ESG before we ever started talking the talk. It's who we are.

Our focus on ESG is not altruistic; it is a part of our ethos. Our ESG strategy is twofold – value creation and risk mitigation. We believe the performance of our real estate assets is tied to how well they navigate the challenges of climate change, soaring energy costs, a shifting regulatory environment, and evolving tenant demands.

ESG has gone from a nice to have that comes with a cost, to an absolute business imperative. If you have an asset that is not up to par from a sustainability perspective, you're going to have a hard time selling it in the future.

What have been the keys to BGO's strength and leadership in the industry?

I think it all comes down to this: we focus on what matters, and we do the right thing for our investors, our tenants, and our communities. These are core components of our firm's culture code, and my personal favorite value; it's where trust and performance meet.

A theme that runs through all our success is trust. We have built longstanding trust with our clients and partners and earned investor confidence. With this strong foundation, even if we have a misstep, we'll be open and honest about it as we address the path forward with clear communication and transparency.

I am also proud of the leadership we've shown in the areas of ESG and DE&I. We've taken tangible steps and then challenged others to follow our lead; that is something I'm very proud of. We don't want to preach, but we both walk the walk and then look for ways to uplift our industry at large. Getting this right for our industry benefits us all.

Where do you see the greatest opportunities for growth for BGO?

The greatest opportunity for growth for BGO is at the intersection of ESG and our investment strategies. We are spending time getting involved in timber and farmland investing because they are great investment opportunities but, most importantly, they are critical from the standpoint of sustainability for the future. I believe that to grow for the sake of growth is where organizations tend to get into trouble. You must ask yourself, "Can I do this well?" If there is a real market opportunity for the growth, the only way to take advantage of it is to have the conviction that you will do it well.

For example, we have not, to date, been an investor in single family rentals. The reason for this is, we want to "do good" and "do it well." We have been cautious about entering this market segment because there is a danger that if not done right, mass investment in this sector could potentially price people out of buying their own homes. Do we build new homes versus buy existing homes to not take away from the individual home buyer? Before we enter this market, we are exploring ways to "do good" in keeping with our culture and mission. We are looking at providing options for renters to buy the home, offering financial literacy programs and other similar steps as parts of a potential investment strategy in that subsector.

Lastly, data is a big part of the future and while real estate is an old industry that survives and thrives through volatile markets and environmental conditions, it is foolish to think that even real estate could remain unscathed if it does not evolve. Data is becoming increasingly predictive, and the real estate industry must seize the opportunity to gather and act on this data.

What are the keys to effective leadership and how do you describe your management style?

I believe that leadership is intentional and that many different styles can work if the leader

is leaning into who they are as a person and is authentic. I have witnessed people responding well to many different leadership styles – the common denominator is that people feel the leader is genuine. For me, an effective leader is also a clear communicator. It may sound simple, but it is not easy to do because you must also be able to tell people what they do not want to hear. Another critical factor in leadership is electability – leaders should be "elected" by their peers and who they serve, rather than be "appointed."

I believe that you can distill leadership down to two mantras: define reality and say, "thank you." Defining reality means that you lay out the good, the bad and the ugly – hopefully, there is not much ugly. But it is critically important to share concerns. A leader who is open and transparent engenders trust and is approachable. Next is appreciation. I am extremely appreciative of the opportunities I have had in my career and so, as one of the leaders of the company, I truly feel the need to say "thank you" to my teams very frequently. It goes a step further than appreciation and gratitude. It shows that you are emotionally available and empathetic. I favor an informal approach which has created a flat organization at BGO. I have always included my heart in my decision-making, which has become more of the norm in our post-pandemic world – leaders using their heads and their hearts to make decisions.

I also think being genuine and true to yourself means that you have personal views, separate from being the CEO of an organization, and that you are not scared to share those views. During my tenure as CEO, we have experienced a multitude of social and governmental issues rise to the surface in the U.S. and abroad. While I can shape the experience that our employees have while they work at BGO, I cannot control governmental decisions or politics. I made a few personal statements over the past couple of years on these issues and I am proud that I can use my platform to share my thoughts with my organization and my network.

How critical is it for BGO to build a diverse and inclusive workforce?

It has been proven many times that a team diverse in background, experiences, education, and economic class collaborates to come up with better ideas and solutions. It is simple: you make better decisions with more perspectives at the table. As a result, asset management companies that are more diverse perform better by the numbers. Once you understand that's it's about investment performance as well as workforce, it's easy to see how critical diversity and inclusion are to the success of our organization overall.

We took decisive action for ourselves and to lead the industry in diversity and inclusion in 2020 that have resulted in tangible impact. We have always focused on a diverse team, but the events of the summer of 2020 inspired us to become even more intentional with our DE&I initiatives. We spent a lot of time thinking about what we could do to improve equity and inclusion and we decided that the only way to show



105 Victoria Street, London, BentallGreenOak's ground-breaking development scheme that will deliver London's largest net-zero, 100 percent electric-powered office building

how serious we are was to rapidly commit to tangible, measurable goals. As a firm, BGO committed to two out of every three new hires being either female or from another underrepresented group. We made a concrete commitment to gender parity in all titles and ranks by 2030 with a specific goal of at least 30 percent representation of women at the most senior ranks. In a still primarily male-dominated industry, these goals represent meaningful change. To be honest, we simply followed the math. Half of the workforce is female.

I'm happy to report that to date, we are achieving and exceeding these goals. We have hired 400 people since this pledge, and it has changed the diversity of the team significantly. The real success factor is that the leadership of the firm has directly hired only about 10 percent of the 400 new hires. So, it means that at all levels of management, the entire organization is committed to our pledge. I meet with new hires and junior staff constantly and I hear many of them say that part of the reason they came to BGO is because they like what the firm stands for and they feel welcome and comfortable. But we are just one firm; my hope and objective is for more people throughout the real estate industry to do the same.

What do you see as BGO's responsibility to the communities it serves and to being a force for good in society?

Our mission to "do the right thing" is synonymous with our fiduciary commitments to investors: we work productively and with integrity. In the flight to quality for tenants and investors, the correlation between environmental and social performance and long-term value creation is clear. We have built a team at BGO that has a mandate to deliver on these commitments. This commitment presents itself in many ways, from our journey toward net zero by 2050 across our managed real estate

portfolio, to our social endeavors to rally underrepresented communities and provide progressive support for women.

A good example of an opportunity to demonstrate corporate responsibility to communities and society came up in 2017. When the U.S. withdrew from the Paris Climate Accord that year, local municipalities, and private companies – including us – decided to continue to follow the ideals of the accord, regardless of political affiliation. We stepped up to do the right thing regardless of political changing winds. I believe that all organizations should be focused on business and performance goals I believe are not mutually exclusive with doing the right thing.

What has made the focus on sustainability so important to BGO and will you discuss BGO's sustainability initiatives?

BGO sustainability practices are rooted in the foundational work done at Bentall Kennedy under Gary Whitelaw's direction before our merger in 2019. It was important to Gary that Bentall Kennedy was focused on sustainability specifically, and responsible investing more broadly, before it was mandated or mainstream. At BGO, ESG and investing perspectives are fully intertwined like strands of DNA. BGO's focus on ESG is an innovation driver at the firm with new investment opportunities and new growth opportunities coming to the forefront consistently. In fact, our sustainability goals have spurred lively internal competition within the firm for who can become greener first, and it has become a huge driver of results.

Building on that tradition, this year we have embarked on one of the most monumental undertakings in our firm's history: our commitment to a net zero managed portfolio by 2050. I would love to see us make this goal in less than that time so I can be around for it. A cleaner electrical supply grid is one thing that will allow us to achieve net zero more

quickly, so we are working with infrastructure partners to make that happen. Currently, our developers are building London's largest office development with commitments to being all-electric, net zero carbon emissions-ready from day one of construction. In our existing building portfolio, we are adapting our buildings to achieve more stringent standards for health and wellness, and we have certified Fitwel Viral Response-approved real estate portfolios in both Canada and the U.S. that are amongst the largest in both countries. Our U.S. Core Strategy is one of the first U.S.-based, open-end, diversified, core real estate funds to commit to the Operating Principles for Impact Management global framework. And we are committing time and resources to exploring new Proptech and AI platforms that offer a promising glimpse into further carbon reductions and efficiency gains.

Our ESG mission is ambitious and the actions we are taking now will drive reform. We are committed to being the game changer that we know our industry is ready for.

What advice do you offer to young people interested in a career in the industry?

Join us! It is human impulse to want to build something and in real estate we are building cities and economies, one building at a time. It is a proud moment when you walk down the street in any city with colleagues in the industry and people point to projects they helped shape and create. It is a very tangible legacy that we are leaving for the future.

Success in the real estate industry is more attainable than it has ever been. Historically, it was dominated by a small group of investors and generations of real estate families. We are doing a great job of exposing people to the real estate industry who have not been exposed to it otherwise. Project Destined is a BGO-sponsored real estate educational program for inner city students to build a range of technical, financial, and leadership skills through an internship. The BGO Built to Lead initiatives work with diverse and underrepresented communities across Canada and the U.S. to forge a path for diverse talent to a career in commercial real estate.

For young people entering the industry, I advise you to pick people over brand. There are a lot of firms out there with great brands but, in the quest for a long and fruitful career, choosing the firm where the people look out for you is the key differentiator. These are the leaders who will mentor you when they are with you and sponsor you and advocate for you when you are not in the room. The firm you choose should have a mission beyond making an extra dollar. A career is a long-term endeavor during which you can benefit from the people you are around all the time. You can figure out which firms embody this by the way their management speaks. Focus on places that use "we" instead of "I." They are more likely to care about you. The pronoun "we" shares success and shows humility. Leaders should only use the pronoun "I" when they are taking responsibility for something that has not gone well. ●