Sustainability
The Third Dimension of Investment?

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Sustainability – The Third Dimension of Investment?

- The Matter of “Value”
- New Risks
- Investor Response
The Matter of “Value”

- The economic realm
- The social and environmental context
- The relationships between all three
New Risks
A Response by Investors: The Third Dimension
The Third Dimension

1. Return

2. Risk

3. Sustainability Score
The first two dimensions: Risk v Return

% pa Forecast Total return

Adjusted Beta

- OOT Shopping Centre
- All Property
- Town Centre Shopping Centre
Sustainability vs. Risk Adjusted Return by property type

Risk Adjusted Return

Normalised Sustainability Score

OOT Shopping Centre

TC Shopping Centre
Fund v Peers

(Normalised Sustainability = -0.85%, Risk Adjusted Return = 0.02)
Asset Allocation

### OOTSC
- Higher exposure than average
- Lower exposure than average

### TCSC
- Higher exposure than average
- Lower exposure than average
Sustainability Score Impact

-2.5
-2.0
-1.5
-1.0
-0.5
0.0
0.5
1.0
1.5
2.0
2.5

Higher exposure than average
Lower exposure than average

OOTSC
TCSC
OOTSC

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Climate Change – the key factors

- Minimising pollution
- Reducing resource consumption
- Reducing transport emissions
Climate Change versus Sustainability
Conclusions

• The future is not the past

• There is a new dimension of risk

• Investors must/will respond

• Climate Change is the major issue

• These are Issues that determine whether or not VALUE will be SUSTAINED