Chris Brown
UNEP FI Property
Working Group
Igloo Regeneration

- Igloo
- Returns
- Socially Responsible Investment
Funding

- April 2002
- €150m equity
- 11 investors
- Fund Managers, Pension Funds, Ethical Investors
- 50% gearing
- €4.5 Billion end value portfolio
- 20%+ out performance against IPD target
- 16% equity ten year IRR forecast
Investment Focus

• Mixed Use
• Well Designed
• Environmentally Sustainable
• Property Developments
• Edge of UK top 20 City Centres
• For Creative Industries
• Regeneration Areas
• In Partnership with Public Sector
Operations

- We fund developers, particularly small developers with little capital
- We invest in partnerships with the public regeneration agencies
- We directly develop and hold the resultant investments
- We buy completed investments
# Regeneration Areas

**UK 1980 - 2001**

<table>
<thead>
<tr>
<th>Sector</th>
<th>IPD</th>
<th>IPD City</th>
<th>Regeneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>11.1%</td>
<td>11.4%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Office</td>
<td>9.4%</td>
<td>9.9%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Industrial</td>
<td>11.9%</td>
<td>12.1%</td>
<td>12.3%</td>
</tr>
<tr>
<td>All property</td>
<td>10.3%</td>
<td>10.8%</td>
<td>12.8%</td>
</tr>
</tbody>
</table>
SRI Rationale

• The right way to do urban regeneration
• Reflects policies of the EU, UK and therefore helps secure investment opportunities from public sector.
• Reflects wishes of consumers and occupiers of property and therefore created value in the properties.
SRI Process

• Design, Environment, Social
• Flexible Business Process
• Four Assessment Stages
• High Profile Audit Process
### Theme Score Sample: Regeneration

<table>
<thead>
<tr>
<th>Theme</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Location and Connectivity</td>
<td>0</td>
</tr>
<tr>
<td>1.2 Engagement and Social Capital</td>
<td>+1</td>
</tr>
<tr>
<td>1.3 Economic Diversity and Competitiveness</td>
<td>+1</td>
</tr>
<tr>
<td>1.4 Local Economic Impact</td>
<td>+1</td>
</tr>
<tr>
<td>1.5 Balanced Communities</td>
<td>+1</td>
</tr>
<tr>
<td>1.6 Neighbourhood Integration</td>
<td>+1</td>
</tr>
<tr>
<td>1.7 Amenities and Services</td>
<td>+1</td>
</tr>
</tbody>
</table>

**Good Practice**: +7
SRI Audit

Igloo SRI Committee

Dr. Jonathon Porritt CBE
Founder Director Forum for the Future
Chair Sustainable Development Commission

George Ferguson
Immediate Past President
RIBA

Anne Power
Prof Social Policy
LSE

Paul King
WWF
SRI Market

- Limited Ethical Real Estate Investment Opportunities
- Increasing retail and institutional interest
- Positive Investment Trends
- Delivering on SRI is Challenging
www.igloo.uk.net
Private Investment in Regeneration
The blueprint model
Priorities
(Political, economic, social)

Policy
(RES, community plans, SPG etc.)

Property Strategy
(Land assembly etc.)

Site Specific Plans
(Development brief, master plan)

Physical Delivery

Private Sector Engagement through PRPs
Regional JVs
Strategic Partnerships

Development agreements
Site specific JVs

Traditional Private Sector Engagement
What is a PRP?

Strategic or Value Capture Level

Development or Implementation Level

Public Sector Body

Property Assets

Cash & Skills

Private Sector Partner

3rd Party Debt

PRP Co

Regeneration Projects

Socially Responsible Investment
What is blueprint?

- A 50:50 Limited Partnership
- A vehicle to deliver £500M of regeneration in the East Midlands
- Funded by a rental portfolio, equity and debt
- 6 initial schemes under development
  - Derby (Bold Lane)
  - Leicester (Waterside, Wolsey Island, Morledge St)
  - Nottingham (Science Park, Albany Works)
- Investing in new priority projects
Facilitator and Developer

- A conduit through which partners, URC’s and other public sector bodies can deliver their regeneration plans
- Commits where the private sector cannot or should not
- Focus is on areas of decline on the edge of the East Midlands principal urban centres
SRI in Urban Regeneration

- Management is the Scarce Resource
- Ethical Investment Interest is Growing
- SRI is Critical but Challenging