



Media release

Hong Kong, 10 September 2009

Real estate companies and sustainability: Land Securities and British Land lead the way

Buildings are the biggest end consumers of energy. Due to climate change and the shortage of natural resources, it is essential to reduce this level of consumption. Incorporating sustainability strategies in the construction of new buildings and in the renovation of older ones pays off in the long term. Therefore, investing in sustainable real estate, or in property companies with a good sustainability strategy, offers opportunities. Using its own rating method, Sarasin has identified real estate companies with excellent sustainability performance: Land Securities and British Land are the leaders.

Buildings shape our urban and rural landscape, with their long-life service and capital intensity being two distinctive features. As the construction and operation of buildings account for 40% of the world's primary energy consumption, sustainable development is only possible if buildings are included. Sarasin, which has pursued sustainable investment for the last 20 years, focuses on real estate in its latest Sustainability Research report, "Sustainable real estate – Investing in bricks and mortar". The report highlights key aspects of the real estate sector such as the potential and criteria for environmentally friendly construction methods, prospects for returns on sustainable properties, and the inclusion of real estate companies in a sustainable investment portfolio. By applying a proprietary method for assessing the sustainability profile of buildings and property funds, as well as real estate companies, Sarasin's Sustainability Research team identifies opportunities in these asset classes to investors.

Green buildings vital to protecting the climate

"Every climate protection concept needs to factor buildings into its strategy. The renovation of old buildings, in particular, offers enormous, and unlocked, potential for saving energy and reducing greenhouse gas emissions."

Klaus Kaempf, Sustainability Research analyst and author of the report

Energy as a key criterion

The most important factors for determining the value of a property are its location and type of use. With the limited availability of fossil fuels and the threat of climate change, reducing energy consumed by buildings and using more renewable energy sources are growing in importance. The higher costs for sustainable construction or renovation of buildings are ultimately offset by lower running costs, higher rental income and a higher market value. Sustainable building designs increasingly factor into the value of a property.

Sarasin's systematic rating system offers simplicity and transparency

Sarasin has developed a proprietary method for rating the sustainability profile of buildings and real estate companies. This systematic approach provides a simple and transparent tool for investing in sustainable property. When assessing buildings, the main criteria include: the environment, health and wellness factors as well as use of the building and local amenities. One unique feature is that the evaluation explicitly factors in the enormous – and mostly unlocked – potential in modernising old buildings. The assessment of property companies is based on Sarasin's tried and tested method for rating a company's sustainability performance, which has been adapted to the specific features of the industry.



What is Sarasin's understanding of sustainability as practised in business?

Sarasin defines sustainability in business as the production of goods and services with broad social acceptance using production methods with a low potential for conflict.

Two UK real estate companies lead the way

Sarasin's current research universe comprises 160 listed property companies in 17 countries. Sarasin has rated 64 of these as sustainable. Two UK companies, Land Securities and British Land, were rated as leaders. Among other European companies, two French real estate companies, Gecina and Unibail-Rodamco, received above-average sustainability ratings. While environmental criteria in Europe are defined by legal minimum requirements, voluntary standards and certificates tend to dominate in Asia and the US. Many of the companies with below-average ratings are in the US or Asia. Exceptions include Mitsubishi Estate in Asia which has an above-average rating, for example.

Case study: British Land

British Land has implemented environmental and social goals through detailed action plans. All new office buildings need to comply with the BREEAM (Building Research Establishment Environment Assessment Method) Excellent Standard. In the early stages of construction projects, British Land consults with local residents and other interest groups. When building on greenfield sites, the company places particular importance on public transport connections. British Land's climate protection strategy includes reducing energy consumption and using renewable energy sources. This applies not only to buildings used by the company itself, but also to the premises it lets. In situations where the company is unable to exert a direct influence, it supports tenants in climate protection measures. The company's fleet of vehicles is also included in the climate protection concept. Any unavoidable greenhouse gas emissions are offset.

Mitsubishi Estate has had a comprehensive sustainability strategy in place for some time now. Around two-thirds of the company's environmental management system is certified to ISO 14001. The company runs information campaigns to encourage tenants to save energy. With new buildings, the company tries to ensure the highest possible recycling quota, the use of timber from sustainable sources and the minimisation of emissions during construction.

For more information, please contact:

Renate Boerner, Corporate Communications, Sarasin Rabo Investment Management Limited
Telephone +852 2287 9733 Mobile: +852 9229 5857 E-mail: renate.boerner@sarasin.com

Sarasin – www.sarasin.com

The Sarasin Group has its roots as a leading Swiss private bank. As an international financial service provider committed to sustainability, the Group is now represented in more than 20 locations in Europe, the Middle East, and Asia. By end of June 2009 it managed total client assets of CHF 79.9 billion and employed around 1,500 staff. Its majority shareholder is the AAA-rated Dutch Rabobank.

Sarasin Rabo Investment Management Limited – www.sarasin.hk

Incorporated in Hong Kong, Sarasin Rabo Investment Management Limited ("Sarasin Rabo") is a subsidiary of Bank Sarasin and a licensed corporation regulated by the Hong Kong Securities and Futures Commission. Sarasin Rabo's core business includes the provision of investment advisory and wealth management services for both private and institutional clients.

Legal notice

This media release has been prepared by Sarasin Rabo Investment Management Limited, (hereafter “SRIM”) for information purposes only. It contains selected information and does not purport to be complete. This document is based on publicly available information and data (“the Information”) believed to be correct, accurate and complete. SRIM has not verified and is unable to guarantee the accuracy and completeness of the Information contained herein. Possible errors or incompleteness of the Information do not constitute legal grounds (contractual or tacit) for liability, either with regard to direct, indirect or consequential damages. In particular, neither SRIM nor its affiliates and their shareholders and employees shall be liable for the opinions, estimations and strategies contained in this document. The opinions expressed in this document, along with the quoted figures, data and forecasts, are subject to change without notice. A positive historical performance or simulation does not constitute any guarantee for a positive performance in the future. Discrepancies may emerge in respect of our own financial research or other publications of the Sarasin Group relating to the same financial instruments or issuers. It is impossible to rule out the possibility that a business connection may exist between a company which is the subject of research and a company within the Sarasin Group, from which a potential conflict of interest could result.

This document does not constitute either a request or offer, solicitation or recommendation to buy or sell investments or other specific financial instruments, products or services. It should not be considered as a substitute for individual advice and risk disclosure by a qualified financial, legal or tax advisor.

Please note that the current media release only provides a synopsis of a Sarasin publication, not a complete summary of the report or the recommendations (if any) contained therein. The research report in question must be read in full before reaching any decisions on any investment recommendations it contains.

This document is intended for media companies and media employees working in countries where the Sarasin Group has a business presence. Neither SRIM nor any part of the Sarasin Group accepts any liability whatsoever for any losses arising from the use of the Information (or parts thereof) contained in this document.