

Property

Asset Management for a Sustainable Future



5 St Philips Place, Birmingham, UK



3-5 Morrison Street, Edinburgh, UK

## Sustainable Property as an Asset Class

The value of commercial property is increasingly influenced by factors related to environmental and social sustainability and, most specifically, by the impact of climate change. Political pressure and the convergence of environmental and climate change policy and law are leading to regulatory and legislative change across the built environment.

### Built Environment

There is now widespread awareness throughout the property industry of the need to mitigate and adapt to the risks and drivers of climate change. This significant shift in sentiment has led to major stakeholders in commercial property focusing on the possible impacts of climate change, driven by matters such as corporate social responsibility, brand reputation, the desire to reduce energy costs and the need to future-proof property investments.

### CCC's Property Strategy

Climate Change Capital's Property team manages in excess of £68m of equity for investment in commercial property. The Fund Managers, Tim Mockett and Esme Lowe, have invested in prime city centres across the UK with the emphasis on energy efficiency and retrofitting existing buildings. The investment team works closely with CCC's research, policy and investment professionals who provide the Property team

with advice, helping them understand the complex interdependencies between market, technology and policy trends.

### Track Record

The team have a successful track record of investing in, and asset managing, property to ensure low carbon resilience and adaptability and maximising returns.

### The Investment Team

The experienced investment team has over 48 years in property fund management, investment and development. The Fund Managers are respected industry figures in the UK and the European commercial property sector. They have complementary skills ranging across the spectrum of property fund management, development and asset management.



77 Gracechurch Street, City of London, UK



40 Spring Gardens, Manchester, UK

## Investment Assets

### 5 St Philips Place – Birmingham

In February 2009 Climate Change Capital's Property Fund completed its first purchase – a prime office and retail property in an excellent location overlooking the cathedral in Birmingham's central business district.

This landmark six storey property, comprising 67,000 sq ft of offices and 13,000 sq ft of retail, was acquired off market for an undisclosed sum. 5 St Philips Place is let to the Secretary of State while the retail occupiers include Marks and Spencer, HSBC and HBOS.

Working closely with the tenants to improve the sustainability credentials, the building Display Energy Certificate (DEC) has improved to a 'D' (from a 'G'). This performance has been achieved by collaborative and proactive asset management with the Government occupier and its advisers.

### 3–5 Morrison Street – Edinburgh

The team completed its second purchase in July 2009, purchasing this asset from Hermes Property Unit Trust.

The Edinburgh property comprises 57,000 sq ft of Grade A office space, let to Franklin Templeton Global Investors, 5,000 sq ft of retail space, let to Sainsbury's and a 14,500 sq ft cinema, let to Odeon.

CCPF has worked closely with principal tenant Franklin Templeton to improve the sustainability credentials of the Scottish Energy Certificate (EPC) 'D' building (from an 'F'), enabling operating costs to be cut and an absolute reduction in carbon emissions to date.

### 77 Gracechurch Street – City of London

The team's third acquisition in April 2010 was this prime City freehold purchased from Greenhills Property.

The asset comprises 38,000 sq ft of Grade A refurbished offices let to eight tenants, with 12,000 sq ft of retail/leisure space let to four tenants.

The property has an Energy Performance Certificate (EPC) rating of 'B' with a new Building Management System (BMS) and energy metering/monitoring strategy in place to further improve its sustainability performance.

**EXITED**

### 40 Spring Gardens – Manchester

In May 2010 the team completed its fourth purchase – a super prime 100,000 sq ft property – located in the heart of Manchester's business district.

The 100,000 sq ft multi-let property comprises both offices and ground floor retail space let to tenants HBOS (part of Lloyds Banking Group), Premier Foods and high end fashion retailer Hervia Bazaar.

The property has an Energy Performance Certificate (EPC) rating of 'C' with a new energy metering/monitoring strategy in place that will further improve its sustainability performance.

CCPF has actively collaborated with the tenants with the establishment of a Green Group and a quarterly sustainability newsletter circulated to all occupants in the building.

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