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Press Release

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HERMES CALLS ON PROPERTY INVESTORS TO TAKE LONGER TERM VIEW ON RESPONSIBLE INVESTMENT

The business case for responsible investment requires investors to take a longer term perspective in their appraisals in order to meet expectations, according to Hermes Real Estate's 2014 Responsible Property Investment (RPI) report 2014, entitled 'Planning Ahead'.

The report argues that for responsible investment to become an embedded practice in real estate funds it is essential for investment performance to be judged over a longer time period. This is particularly the case when it comes to measuring the associated risks and matching returns criteria.

Saker Nusseibeh, Chief Executive Officer, Hermes Fund Managers, commented: "We have a strong culture of responsibility at Hermes. While the wider economic and social benefits of this approach are self-evident, a longer term view must be taken by investors if returns are to match expectations. To capture the best opportunities, the tools and methodologies to identify and assess them must be embedded across the investment process".

As a market leader in sustainable investment, Hermes Real Estate has successfully integrated this longer term approach into its investment strategy. This includes some of its largest regeneration projects, namely King's Cross in London, Paradise Circus in Birmingham and, most recently, NOMA in Manchester. These long term projects aim to achieve successful returns, while radically improving the economic and social outlook for the surrounding communities.

Chris Taylor, Chief Executive Officer, Hermes Real Estate, said: "Last year's RPI report focused on creating wider socio-economic benefits from real estate development. We have gone a step further this year by calling on the industry to embed a longer term approach to responsible investment that will secure acceptable returns while providing sustainable places for people to live, work and play".

The report also highlights Hermes Real Estate's continued improvement in its portfolio's sustainability credentials:

- Hermes Real Estate achieved 85 per cent on and off-sited recycling in 2013 across all assets, exceeding its target.
- CO2 emissions were successfully reduced by 38 per cent across its portfolio due to successful asset management programmes.
- In 2013, Hermes Real Estate saved a total of £702,000 due to energy savings from property management activities and averted directed land fill tax from managed waste.

-ENDS-

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Notes to Editors:

Hermes Fund Managers

Hermes is focused on delivering superior, sustainable, risk adjusted returns for our clients – responsibly.

We believe in **Excellence, Responsibility** and **Innovation**

- **Excellence:** We aspire to excellence in everything we do. This manifests itself most visibly in our investment performance. We will only offer products to our clients where we believe there is a strong investment thesis and where we can deliver sustainable alpha.
- **Responsibility:** We believe it is our responsibility to lead discussion and debate about the fiduciary responsibilities of fund managers to our clients, their stakeholders and, ultimately, society at large. We have always sought positive engagement with the firms in which we invest.
- **Innovation:** We have the entrepreneurial culture to identify forward-looking products that meet those needs, along with the resources and speed-to-market mentality to develop them rapidly.

Our structure provides wholesale, institutional and pension fund clients globally the benefit of access to a broad range of specialist, high conviction investment teams operating within an established and robust operating platform.

Hermes' investment solutions include:

- **Fixed Income:** Inflation-Linked, Government Bonds, Investment Grade, High Yield
- **Alternatives:** Commodities, Hedge Fund Solutions, Infrastructure, Private Equity
- **Equities:** Global, Emerging Markets, Small & Mid Cap, Europe, Asia Ex Japan
- **Real Estate:** Segregated, Unitised, Debt, UK, US Residential, European

Hermes manages assets on behalf of more than 200 clients* across these investment areas with £26.9 billion* assets under management. In Hermes Equity Ownership Services, we have one of the largest engagement resources in the industry, advising on more than £103 billion* of assets.

*Please note the total AuM figure includes £3.5bn of assets managed or under an advisory agreement by Hermes GPE LLP ("HGPE"), a joint venture between Hermes Fund Managers ("HFM") and GPE Partner Limited. HGPE is an independent entity and not part of the Hermes group. £0.5bn of total group AuM figure represents HFM mandates under advice. Source: Hermes as at 31 March 2014.