Climate. Change. Capital.

It´s not a Scenario, It´s Real Life!

London Climate Action Week, Sustainable Real Estate Forum

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Climate

Materiality
Capital & Operations
Finance & Strategy

It´s all about Materiality, not Morality

Each of the following mechanisms translates **sustainability performance** into a **measurable financial outcome**.

1 **Higher Expected Cash Flows**
Reduced operating costs and premium pricing potential raise projected earnings directly.

2 **Lower Discount Rate**
Sustainable firms are seen as safer — investors accept lower returns, lifting present value.

3 **Stronger Growth Assumptions**
ESG-aligned companies access clean tech and regulated growth markets ahead of peers.

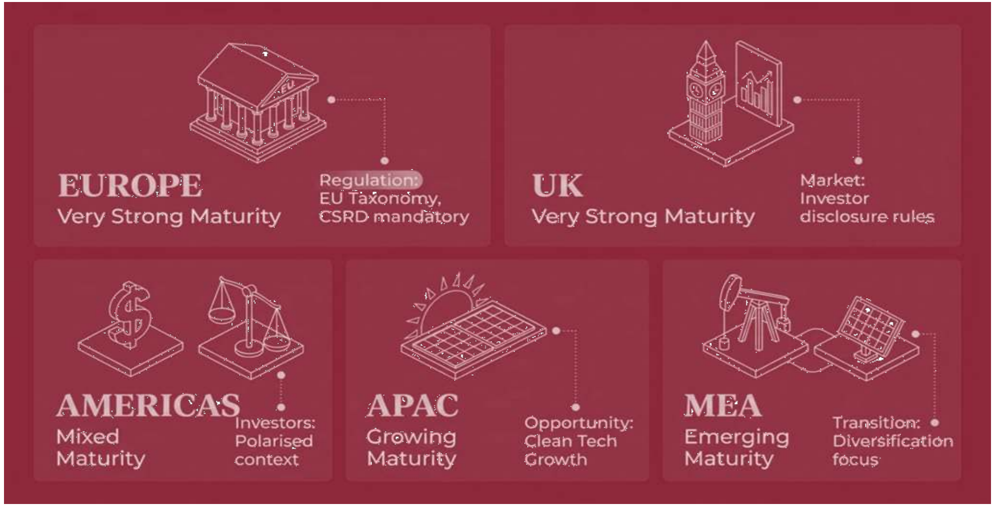
4 **Reduced Risk Discount**
Avoidance of carbon taxes, regulatory penalties, reputational damage eliminates valuation drag.

5 **Higher Valuation Multiples**
Investor demand drives higher P/E and EV/EBITDA multiples — more paid per unit of earnings.

6 **Increased Investor Demand**
More capital competing for sustainable assets pushes stock prices up and bond yields down.

Global ESG Maturity: Regional Differences Matter

The financial alignment between sustainability and performance exists everywhere — but the motivation, regulatory environment, and investor expectations vary significantly by region. Understanding these differences is essential for cross-border strategy and capital allocation.



Europe / UK

"You must be sustainable to be investable" — regulatory mandate drives deep financial integration.

Americas / APAC / MEA

Sustainability is framed as risk management, growth opportunity, or economic transformation — momentum is building rapidly.

Key Takeaways for Finance & Strategy

The financial case for sustainability is structural, not ideological. For finance professionals and corporate strategists, the conclusion is clear.

Sustainability improves the three core valuation drivers simultaneously

Higher cash flows, stronger growth assumptions, and a lower discount rate compound into materially higher company valuations.

The strongest evidence is in risk reduction and financing costs

ESG firms consistently demonstrate lower volatility, cheaper capital access, and improved credit profiles — regardless of the debate on raw return outperformance.

Trillions in projected ESG assets makes this a market reality

Capital allocation has already shifted. Companies without credible sustainability strategies face a growing valuation and financing disadvantage.

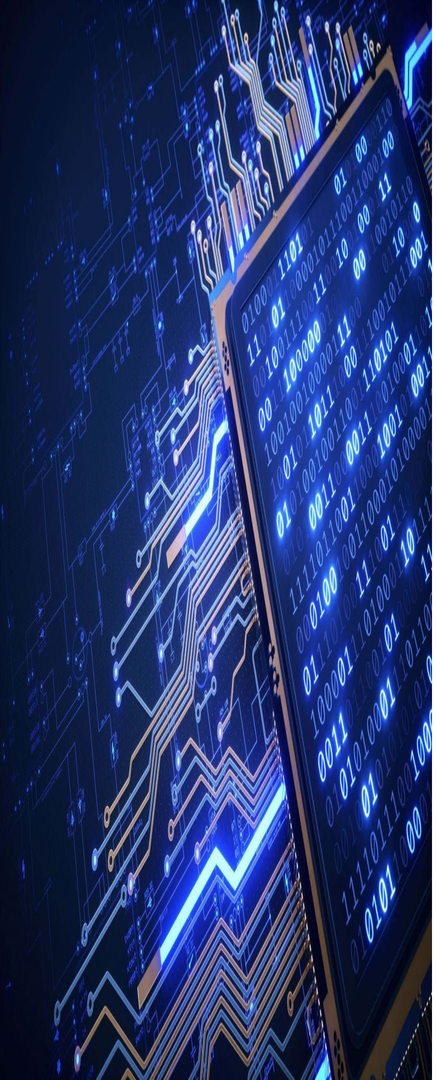
Profit is the first signal; people and planet are the foundation

Operational gains are visible immediately — but long-term value is only sustained when environmental and social factors are genuinely embedded in strategy.

This is not a zero-sum trade-off: planet improvements reduce risk, people improvements raise productivity, and both ultimately support profit — which in turn funds further sustainability investment.

Change

AI
Wars
Infrastructure & Defense



AI will Polarise the Profession

Artificial intelligence will not eliminate valuers — but it will polarize the profession. Routine, data-driven work faces automation pressure, while complex, judgement-intensive roles become more valuable than ever. The strategic question is not whether AI will reshape valuation, but how quickly practitioners will reposition themselves.

Automation Strips Routine Work

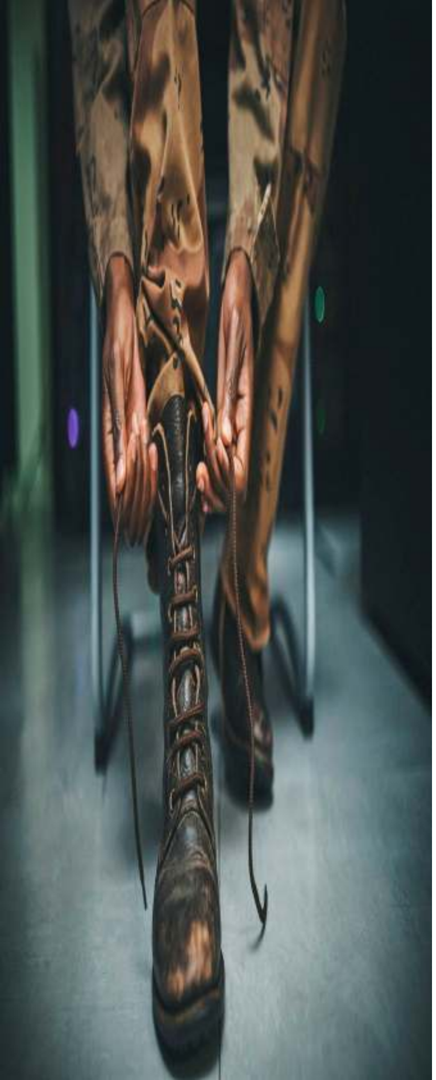
AI-driven AVMs already handle comparable sales analysis, income capitalisation, and data aggregation. Straightforward residential valuations will be faster and cheaper — compressing fees and reducing demand for commodity work.

Valuers Become Judgement Experts

AI struggles with illiquid assets, legal complexity, and market sentiment. Valuers interpret model outputs, challenge assumptions, and provide defensible professional judgement. AI gives answers; valuers justify them.

Standards and Liability Tighten

RICS Red Book transparency requirements will intensify. Black-box models introduce audit risk. Even if AI produces a valuation, a RICS valuer signs it, is legally responsible, and must defend it. Accountability stays with the human.



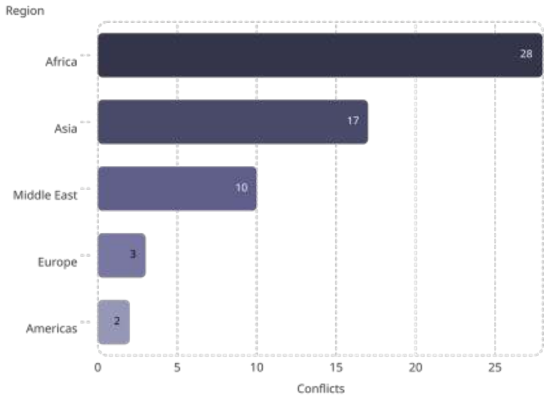
A New Post-1946 High of Wars and Armed Conflicts

War does not need to touch a market directly to reprice it. Every link in this chain — commodity prices, inflation expectations, central bank reaction — transmits stress across borders and asset classes.

2024 Baseline

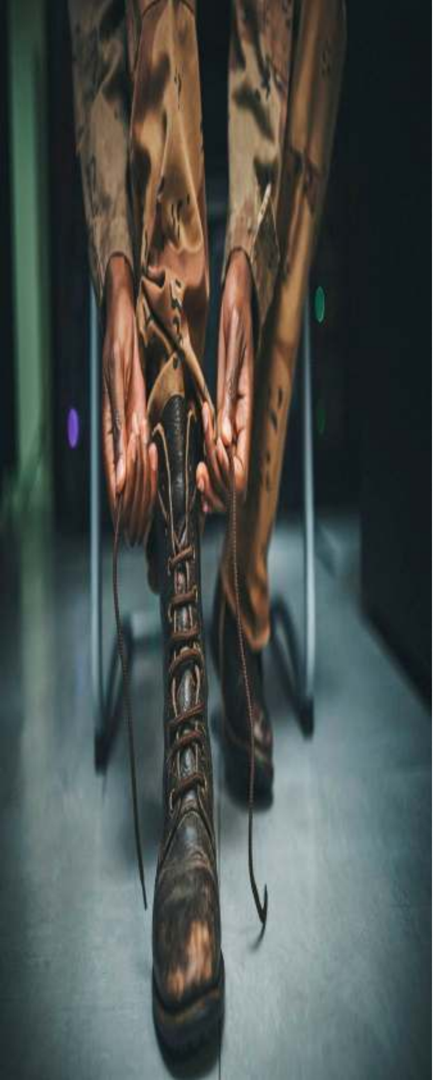
The **2026 Peace Report** (Leibniz/Friedensgutachten network) recorded **61 state-based armed conflicts in 36 countries** during 2024 — the most violent phase since the end of the Cold War.

Regional breakdown



2025 Update

UCDP/PRIO's updated 2025 data raises the count to **65 state-based conflicts** — a new record high since 1946. Of those, **13 crossed the war threshold** of 1,000+ battle deaths in the year.



Five Structural Shifts in a High-Conflict World

Markets perceived as too close to conflict, energy-import dependent, or politically exposed face softer volumes, higher bank caution, and foreign buyer retreat — even without a single bomb falling.

01

Higher Risk Premium Across All Property

Geopolitical, inflation, and financing uncertainty are now permanently priced in — the risk-free era of the 2010s is not returning.

02

Greater Dispersion Between Assets

Safe vs. exposed, prime vs. secondary, cash-flow vs. speculative — the divergence widens and persists. Stock-picking matters more than beta.

03

Cash Flow and Resilience Rewarded

Strong rent collection, low leverage, energy efficiency, and essential-use assets outperform in uncertain cycles.

04

Slower Transaction Markets Structurally

Volumes stay weak even where prices don't collapse — liquidity risk must be explicitly priced in IRR models.

05

Portfolio Construction Must Reflect Geography

Proximity, energy dependency, and legal stability are now first-order allocation criteria alongside traditional property fundamentals.

Defense - From ESG-Constrained to Strategically Essential

Defense is being re-rated. The market increasingly prices higher spending as structural, not cyclical — driven by Russia–Ukraine rearmament, US–China rivalry, NATO stockpile rebuilding, and AI-enabled weapons systems. Investors are not simply buying weapons exposure. They are allocating to a broader security stack with state-backed, long-duration demand.

Aerospace & Missile Systems

Satellite & Space Infrastructure

Defence Electronics & Cyber

Secure Logistics & Supply Chain

Where Defense Meets Infrastructure — and Real Estate

A new class of asset sits at the intersection of all three sectors, attracting capital that previously funded industrial or logistics property.

Strategic Ports & Logistics Nodes

Ports, shipyards, and rail corridors with NATO or defence supply-chain relevance

Energy & Grid Resilience

Power systems required for military readiness, industrial capacity, and sovereign energy security

Secure Manufacturing & Tech

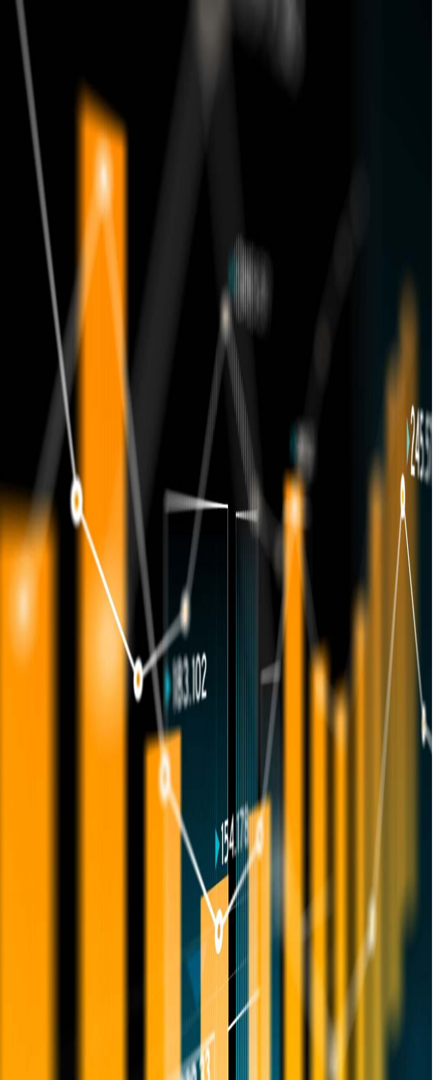
Semiconductor fabs, battery plants, and advanced manufacturing sites backed by government industrial policy

Sovereign Digital Infrastructure

Secure data centres, satellite ground stations, and cyber communications with classified or dual-use mandates

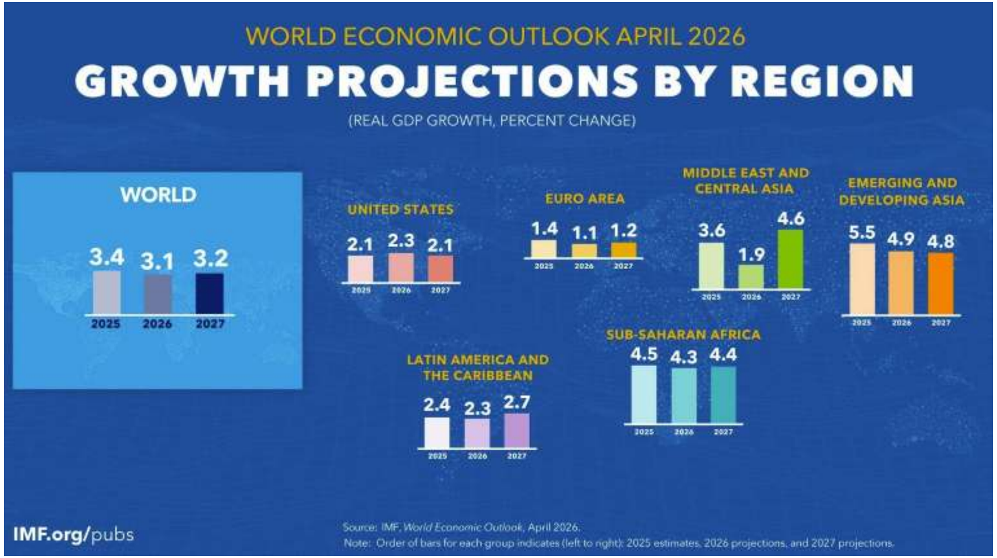
Capital

Economics
Cash Flow



Global Economy in the Shadow of War

After withstanding higher trade barriers and elevated uncertainty last year, global activity now faces a major test from the outbreak of war in the Middle East. Assuming that the conflict remains limited in duration and scope, global growth is projected to slow to 3.1 percent in 2026 and 3.2 percent in 2027 (IMF).



Cash Flow Is Leaving the Wrong Parts of Real Estate

The one-sentence summary: Cash flow is moving away from assets which are not sustainable, whose return depended on cheap debt and cap-rate compression, toward assets whose return is supported by regulation, government spending, long-term contracts, digitization, energy demand, security priorities and in line with sustainability frameworks.

Durable Cash Flow

Regulated returns, concession revenues, inflation-linked pricing, and mission-critical demand — versus leasing risk and obsolescence in traditional property

Geopolitical Tailwinds

Energy insecurity, reindustrialisation, and AI power demand place grids, storage, LNG, and digital infrastructure at the centre of the policy spending map

Real Economy Monopolies

High barriers to entry, strategic importance, and oligopolistic structures — attractive as inflation volatility and state industrial policy increase

Inflation Protection

Better liability matching for pensions and insurers, with more visible long-term yield and lower obsolescence risk than office or retail

Thank you

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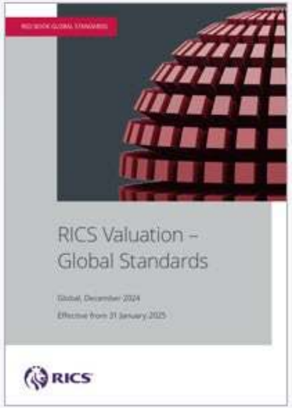
LinkedIn

RICS Standards & AI Guidance

Red Book



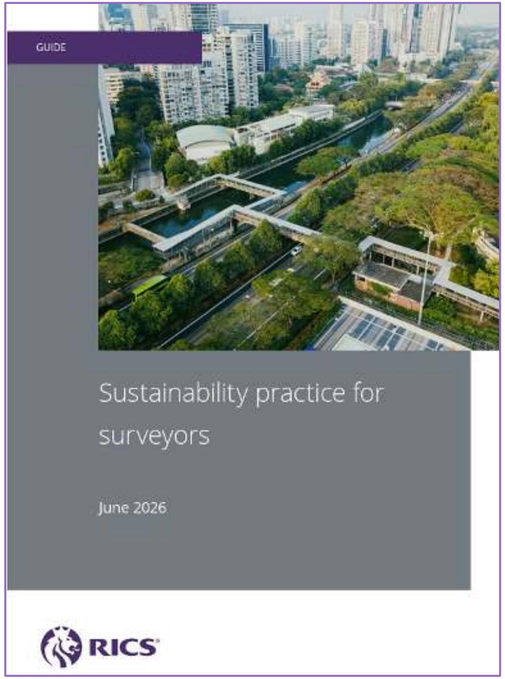
AI Guide

ESG & Valuation

As a member-led chartered professional body working in the public interest, we uphold the highest technical and ethical standards. We inspire professionalism, advance knowledge and support our members across global markets to make an effective contribution for the benefit of society. We independently regulate our members in the management of land, real estate, construction and infrastructure. Our work with others supports their professional practice and pioneers a natural and built environment that is sustainable, resilient and inclusive for all.

Delivering confidence - We are RICS.

New – just launched



Key Sustainability Practices

1. Foundational Principles - Sustainability in surveying is about balancing economic, environmental, and social objectives while meeting current needs without compromising future generations.
2. The five central tenets are:
3. Protection of the natural environment
4. Prudent use of scarce resources
5. Protection of health, well-being, and social/cultural values
6. Promotion of access to services for all
7. Support for a prosperous local and regional economy

You are invited!
RICS Build Environment Summit 2026 - Athens

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