



FRANKLIN TEMPLETON
INVESTMENTS

IMPACT INVESTING IN SOCIAL INFRASTRUCTURE

Raymond Jacobs

December 7, 2017

Source for data and information provided by Franklin Templeton Investments.

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Franklin Templeton Investments¹

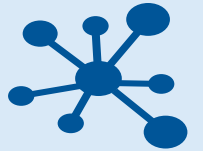
A Global Investment Management Organization



FRANKLIN TEMPLETON
INVESTMENTS

Asset management experience of

70
years



Total assets under management (AUM)

\$753.2
billion



Investors in more than **170** countries and offices in

30+
countries



Traded on the NYSE under the symbol

BEN



As of September 30, 2017, unless otherwise indicated.

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Franklin Templeton Investments¹

A California-Headquartered Global Citizen

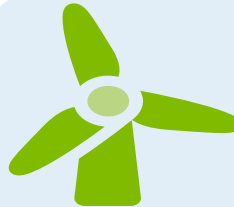
➤IMPACT | 2030

Participation in United Nations Sustainable Development Goals (SDGs)



15,000
hours

Commitment from more than 4,000 employees worldwide volunteering in local communities



Over
10%

Reduction in greenhouse gases associated with the company's operations. Low flow-fixtures and reclaimed water systems contribute to the declining water waste at the firm.



204
charities

Aided monetarily and in more than 400 volunteer projects.

Figures shown are for the fiscal year that ended September 30, 2017.

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THE SOCIAL INFRASTRUCTURE OPPORTUNITY



Social Infrastructure Defined

Social infrastructure is defined as the physical assets that accommodate and facilitate social services that foster strong communities.

Sector

Health



Education



Housing



Justice and
Emergency



Civic



Examples

- Medical facilities and their ancillary infrastructure

- Primary and secondary schools
- Further education and universities

- Student, social and affordable housing
- Public servant housing

- Court houses
- Police and fire stations

- Sports facilities
- Community & Local government facilities

Social Infrastructure Globally

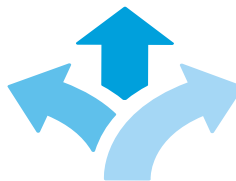
From 2009 to 2016 in Numbers

A growing asset class with improved liquidity and ample opportunity to sensibly deploy capital at a sustained pace



\$247bn

aggregated value of completed social infrastructure deals globally.



1,264

completed social infrastructure deals globally.



71%

of reported social infrastructure deals were in Europe.



73%

of completed social infrastructure deals were in health, education and housing.



73%

of completed social infrastructure deals in 2016 involved brownfield assets.



\$8tr

required by public entities to fund social infrastructure projects through 2020 – with government finances more strained than ever, expectations for PPPs are soaring.

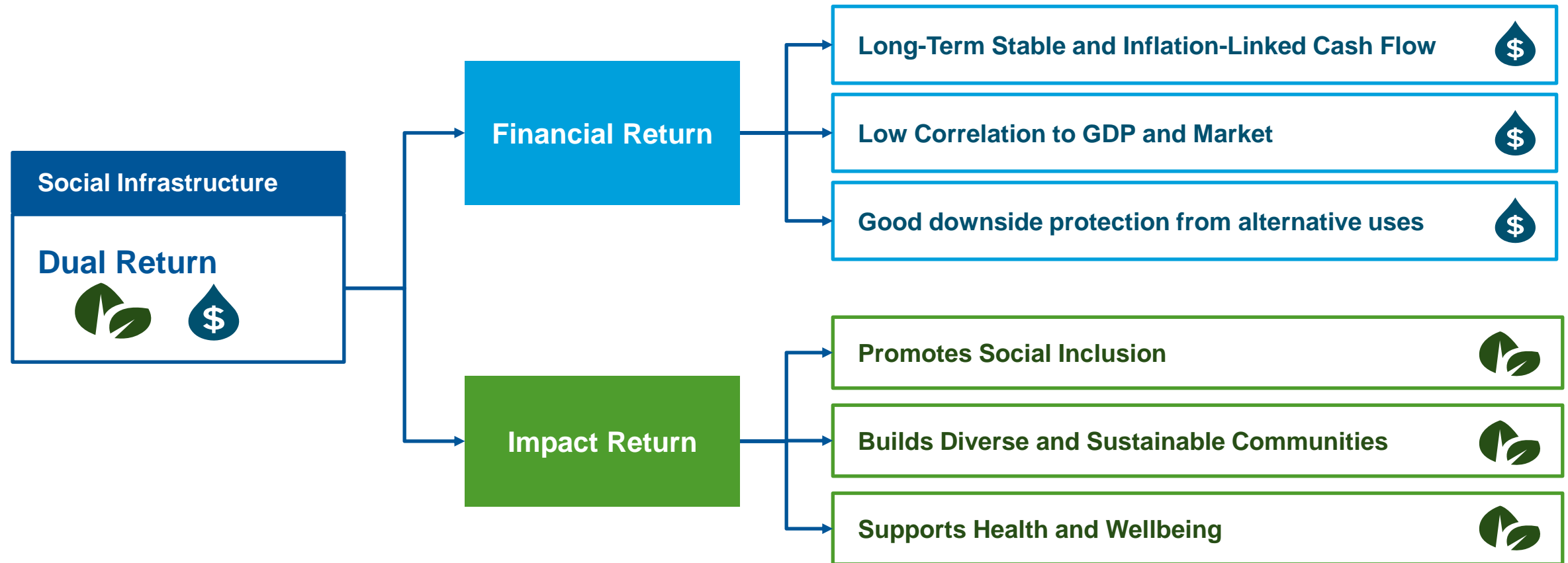
Source: Preqin Infrastructure 2017, McKinsey & Company.

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Social Infrastructure

A Dual Return Strategy

A strategy that identifies “win-win” investment opportunities where an Impact Return is achieved together with a Financial Return at market level

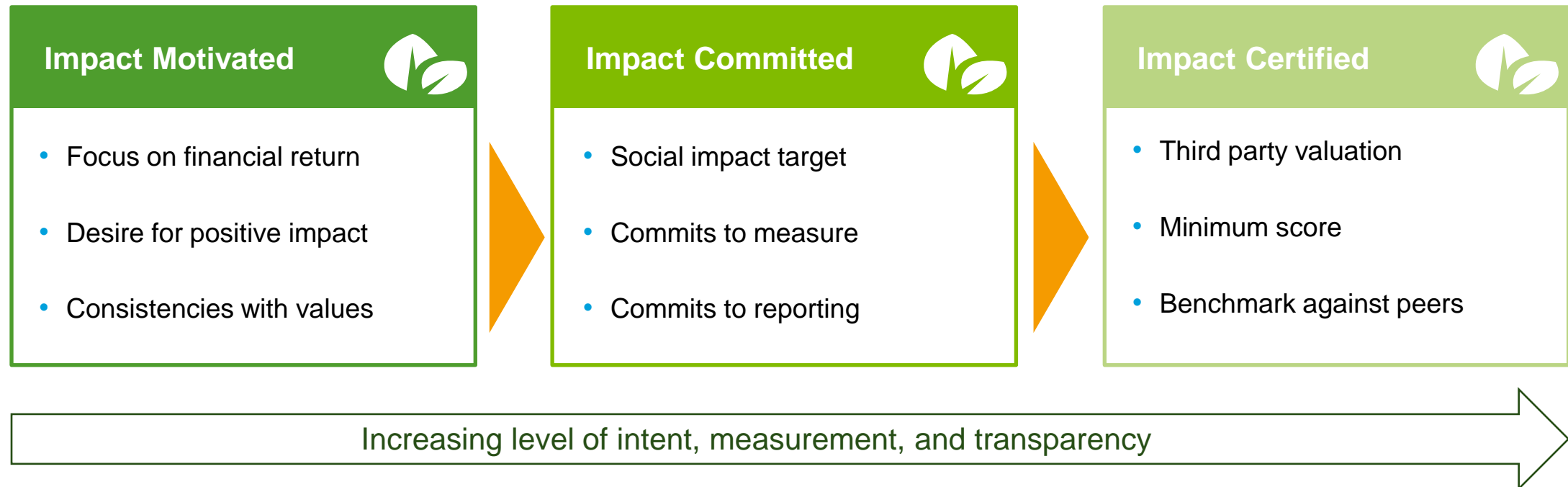


Social Infrastructure

Stages of Impact Investment



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Social Infrastructure

Metrics to Quantify Impact

An investor can consider the framework below to measure the impact of the Social Infrastructure strategy utilizing widely accepted impact metrics

Purpose Specific



- Health intervention completion rate
- Disease / Condition addressed
- School enrolment
- Parent / Community-Teacher engagement
- Number of journeys
- Communities served
- Number of emergencies addressed

Building Specific



- Number of housing units constructed / improved
- Individuals housed
- Community facilities types
- Area of buildings repurposed
- Energy and fuel efficiency
- Sustainable energy
- Sustainable land use
- Biodiversity conservation
- Natural resources conservation

Tenant Specific



- Employment
- Payroll
- Fair compensation policy
- Supplier screening policy
- Pollution prevention and waste management
- Water resources management

Case Study in Sweden



Investment Opportunity

- Greater Stockholm **early recovery** within Sweden post-GFC
- Steadily **improving** real estate market **fundamentals**
- **Changing use of a micro location** with improved **infrastructure**

Financial Return

- Change of **office** use to **school**
- Pre-let to an **international language school** on a long-term lease
- Excess land sold to **residential** developer after having obtained planning
- Value creation after **occupation of school** and **stabilization of the asset**

Impact Return

- Provide **liquidity** to the local municipality
- **Improve energy efficiency** and **quality of occupation** for tenants
- **Create over 50 new full time jobs** with teachers and caregivers employed on site
- Provide **120 flats on site** and support the local municipality in getting an additional **120 residential units**

Sector	Mixed-use
Location	Sweden
Property Size	20,650 sqm
Investment Date	July 2011
Projected Exit Date	March 2019
Financial Objectives	<ul style="list-style-type: none">• Capitalize on Swedish recovery• Benefit from improving micro location
Impact Objectives	<ul style="list-style-type: none">• Provide liquidity to the local municipality• Provide additional educational capacity• Provide additional housing

As of September 8, 2017.

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Management Profile

Franklin Real Asset Advisors



RAYMOND J. JACOBS

Managing Director
Franklin Real Asset Advisors

Franklin Templeton Institutional, LLC
New York, United States

Raymond J. Jacobs joined Franklin Templeton in 1999 and is Managing Director of Franklin Real Assets Advisors, the firm's dedicated real estate and infrastructure investment platform. In addition to his responsibilities on the Management Committee, Mr. Jacobs heads the European private equity real estate investment and portfolio management and serves on the Global Investment Committee. He started his commercial property career in Europe and the United States in 1990. Prior to joining Franklin Templeton, Mr. Jacobs worked both in indirect and direct real estate investment, research and asset management functions at Dutch firm GIM Capital Management, listed Swedish property company PriFast and the New York office of a private Japanese property company. Mr. Jacobs holds an M.B.A. from Aston University in the United Kingdom and a B.B.A from Nijenrode University, The Netherlands School of Business. Following a six year term on the Board of INREV, he currently serves as member of the association's Investor Advisory Council. In addition, Mr. Jacobs serves on the investor advisory committees of various international and European private equity real estate funds.

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