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CARTESIA INVESTMENTS ESTABLISHED

H2O announces the establishment of a new company, Cartesia Investments Limited, which represents an exciting opportunity in the financial services sector.

Cartesia Investments Limited has proprietary statistical modelling technology derived from the know-how of academics at Oxford University and the Université Libre de Bruxelles. Known as spatiotemporal dynamic modelling, the quantitative approach has been developed by the academics to understand the spread of infectious diseases through time and space. However, the process can also be used to understand other dynamic systems underpinned by spatial drivers. Cartesia is a joint venture between H2O and the academic founders, established to apply the quantitative approach to exploit opportunities in financial markets where there are spatial drivers in the value of underlying assets.

The technology was developed by three academics, who are co-founders of the new company. Dr Simon Hay is a Reader in the Department of Zoology at Oxford University. Dr Marius Gilbert is based at the Université Libre de Bruxelles. Dr William Wint holds a Senior Research Associate position at the Department of Zoology at Oxford University and is founder of the Environmental Research Group Oxford (ERGO), an Oxford-based consultancy company. Between them, the three academics have a combined experience of over 40 years in what is still a fledgling field, and their work has been published in leading international journals, such as *Nature*. Their research into understanding and predicting the spatial dynamics in infectious diseases has informed decision-takers and policy-makers in national governments, the military and international agencies.

Based on H2O's early business development efforts, Cartesia's immediate focus is to apply the quantitative approach within the rapidly growing property derivatives market, with an emphasis on residential property, where the growth of derivative trades based on regional property indices represents an emerging – and substantially vacant – opportunity.

The technical knowledge of the three founders will be used exclusively within Cartesia to develop novel quantitative approaches to aid derivative trading decisions. "There is a long tradition of quantitative academic skills flowing into the financial services sector," according to Dr Wint. "With H2O, we're excited about having a first-mover advantage of applying spatiotemporal modelling in the financial markets."

Dr Paul Coleman, Managing Partner of H2O, said: "We are delighted to enter this agreement to launch Cartesia. We are very excited about working with this world-renowned group of researchers, and we believe their skills can be applied to better understand, identify and exploit opportunities in the rapidly expanding property derivatives market."

For further information, please call Paul Coleman or David Kelly on: +44 (0)1865 251000 or email Info@h2ovp.com