

ADVISOR'S STATEMENT

Upstream Sustainability Services (a business unit of Jones Lang LaSalle Ltd and referred to throughout this report as Upstream), has been acting as PRUPIM's strategic sustainability advisor since 2005. The support that Upstream has provided PRUPIM over this period has included an analysis of the company's key impacts; the facilitation of stakeholder engagement exercises; the development of the company's Sustainability Strategy and report; and the completion of annual sustainability performance reviews.

Upstream has not provided PRUPIM with a formal assurance or audit of the content or performance presented in this Sustainability Report. However, Upstream has supported PRUPIM in the planning and drafting of core content for the company's 2008 Sustainability Report. Through the compilation and analysis of internal information, Upstream has also provided PRUPIM with an external interpretation of the company's performance against defined indicators and targets. The purpose of our involvement in this process is to ensure that PRUPIM's stakeholders receive a balanced and transparent representation of the company's key sustainability impacts and performance within the context of its core business activities. With this in mind, Upstream has assisted PRUPIM in producing detailed performance reports for each strand of the company's Sustainability Strategy and these reports are available online at www.prupim.com.

REFLECTIONS ON 2008

Overall, PRUPIM fully or partially achieved 80% and made little or no progress towards 15% of the 20 targets it intended to accomplish by the end of 2008. One target was considered no longer applicable and accounts for the remaining 5%.

It is clear from Upstream's performance review that PRUPIM has also successfully delivered a number of sustainability initiatives and performance improvements (which are highlighted on page 6). However, it is important to note that little or no progress was made towards 15% of the targets due to be completed by the end of 2008. The areas that presented the most significant challenges include engagement with occupiers and suppliers to reduce the company's indirect impacts and the implementation of procedures to understand, measure and reduce the company's direct environmental impact. It is evident that further work will be required to ensure that these challenges are addressed over the course of the next reporting period.

Upstream has been impressed with PRUPIM's desire for change over the past year. This started with convening a stakeholder panel in October 2008 which challenged the company's Sustainability Strategy and reporting practices. Consequently, this led to a new Sustainability Strategy which in Upstream's opinion addresses many of the concerns raised by PRUPIM's stakeholders and is aligned with the company's core operations and impacts. PRUPIM's willingness to take constructive and sometimes critical feedback from its stakeholders demonstrates that the company is genuinely committed to advancing its sustainability ambitions.

LOOKING FORWARD TO 2009 AND BEYOND

Upstream commends PRUPIM for launching a new, comprehensive and ambitious Sustainability Strategy for 2009-2012. The new strategy includes ambitious targets (outlined on pages 22 & 23) and successful delivery and implementation will require PRUPIM to address the following challenges:

Data and Monitoring: A key challenge for PRUPIM will be to ensure that it is able to effectively record and monitor the data required to track progress against new targets. A number of new targets require the collection and monitoring of data that is not currently recorded. In some cases it will be necessary to develop new systems and procedures to consistently gather data, which will require prior planning and investment. This will be particularly important in ensuring that the company is able to comply with the forthcoming Carbon Reduction Commitment in 2011.

Stakeholder Engagement: A number of new targets depend on the participation of PRUPIM's suppliers and occupiers; an area that proved challenging in 2008. Therefore, it is essential that PRUPIM starts to engage with these stakeholders to ensure they are aware of PRUPIM's sustainability aspirations and the new expectations that it places on its stakeholders. The first stakeholder panel in 2008 proved successful in providing feedback on the company's strategy and reporting practices. Upstream would suggest that the focus of future stakeholder panel meetings should support the implementation of the new strategy and should focus on specific issues (such as waste reduction) or stakeholder groups (such as suppliers).

Reporting and Accountability: PRUPIM should ensure that it defines ownership and accountability for the delivery of all targets and reporting on progress towards achieving these. Furthermore, the company should develop an internal reporting framework and tools to enable the Sustainability Operations Committee to review and monitor progress towards targets on a quarterly basis.

Finally, as the company navigates its way through one of the most challenging business environments in recent years, it will be increasingly important to identify and implement cost-effective sustainability initiatives that deliver savings for occupiers and returns for investors. The Improver Portfolio (described on page 17) is an innovative example of PRUPIM's progressive thinking and provides the company with an opportunity to investigate the link between sustainability and traditional property metrics such as investment returns, rental values, void rates, depreciation rates and operational cost savings. Understanding these linkages would firmly place PRUPIM as a leader in the sector, moving closer to its vision of influencing the property sector to create a sustainable built environment through innovation and thought leadership.



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