

SUSTAINABLE FUND AND ASSET MANAGEMENT

INTRODUCTION

When seeking to create our Sustainability Strategy for 2009-12, we reviewed the impacts of our business and, with input from our stakeholder panel, defined the following issues as most material to the operational areas of Fund Management and Asset Management at PRUPIM:

- Obsolescence
- Rental levels & growth
- Voids
- Occupier demand and productivity
- Risk
- Sustainability risk profiling
- Legislative landscape
- Operational cost savings
- Acquisitions & disposals.




This report contains an evaluation of our performance in relation to these issues.

The information provided is intended to enable our stakeholders to gain an objective understanding of PRUPIM's performance, as well as assisting us to identify areas where we can improve our performance.





The information presented in this report has been prepared for us by Upstream Sustainability Services, a business unit of Jones Lang LaSalle Ltd and hereafter referred to as Upstream. This report is intended to provide an external, balanced and transparent review of PRUPIM's performance in relation to Sustainable Fund and Asset Management. For more information about Upstream's role in the report preparation, please see their Advisor's Statement.

EVALUATION OF PROGRESS AGAINST 2008 SUSTAINABILITY TARGETS

We set ourselves four Sustainable Fund and Asset Management targets to achieve by the end of 2008. The level of progress achieved toward each target has been established by reviewing the evidence of achievement provided by PRUPIM to Upstream. The methodology Upstream used to assess progress toward each target is:

Target fully achieved.	Evidence that target was 100% achieved.	
Target partially achieved.	Evidence that some progress has been made towards achieving the target.	
Target not achieved.	No evidence available to suggest that any progress has been made towards achieving the target.	

Based on the criteria described above, in 2008 we fully or partially achieved 75% of the four targets due to be completed by the end of 2008. Our progress toward each target is described in detail in the table below:

2008 Target	What we did	Assessment
Commission water audits at the top 20 water consuming managed properties.	Water audits have been undertaken at 20 properties and were extended to include a full Strategic Resource Review (of energy, waste and water) for all shopping centres and high water consuming properties.	
Conduct environmental audits at all properties in the Improver Portfolio and establish key performance indicators against which improvement will be tracked over five years.	We commissioned ECOFYS to conduct a desktop review of the major managed buildings in the portfolio and we are awaiting the results of this review.	
Use the Tenant's Energy Review (TER) as a major pillar of our strategy to engage with tenants across our Improver Portfolio, in order to encourage greater understanding of energy consumption between landlord and tenant.	We are carrying out LES-TER reviews at Alhambra House & Kingsbourne House, but these are still at an early stage. The British Property Federation has yet to formally launch the TER and therefore we have recently reviewed our strategy for tenant engagement. In the future we will be looking to introduce a Memorandum of Understanding in the major managed properties of the Improver Portfolio, although the precise format of this is still under discussion.	
Trial the Landlord's Energy Statement (LES) at selected offices in our Improver Portfolio and our ISO 14001 group of properties, with a view to achieving a like for like saving of 6kg CO ₂ per m ² of net lettable area (NLA), based on previous year historical consumption, by April 2008.	We are carrying out LES-TER reviews at Alhambra House & Kingsbourne House. Currently at an early stage, we will be able to report the outcomes and assess any environmental improvements once these trials are completed.	

In 2009, we launched a new Sustainability Strategy to reflect the changing regulatory climate and the expectations of our stakeholders. In accordance with this new strategy we have established a series of new targets and KPIs to support the accomplishment of our long-term commitments, which are outlined in our 2008 Sustainability Report.

