

Property Performance Reporting



The pathway to sustainable building performance

Innovative thinking |

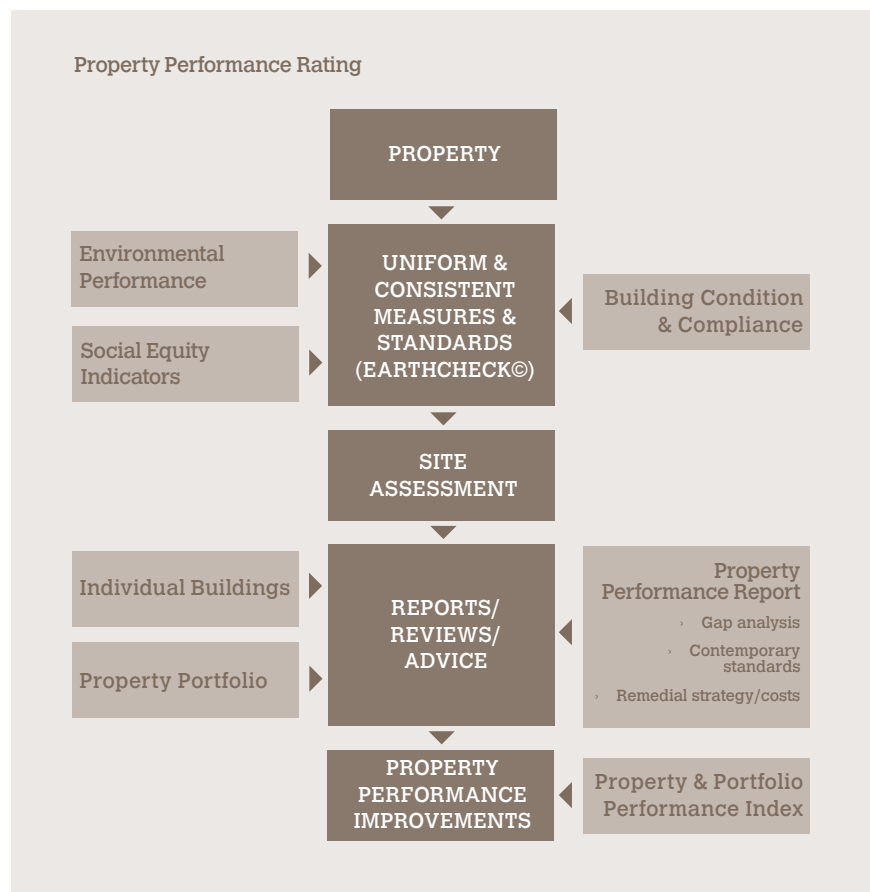
DAVIS LANGDON



The property performance revolution

Sustainable business practice equals good business

- › Delivers – financial outcomes
- › Provides – operational frameworks for departmental KPI's
- › Addresses – consumer, client and community sustainable demands
- › Supports – staff and shareholder CSR values



Range of reports

- › The Executive Property Performance Report – An overall building performance report with commentary on sustainability, social and condition results against prevailing assessment criteria. This is a comprehensive report on what needs to be done to meet 'contemporary standards' with its accompanying remedial strategy. You will know what needs to be improved against best practice in order to meet the 'green revolution'.
- › The Property Performance Report Commentary – A detailed report identifying the specific gaps in meeting the property performance against the sustainability, social and condition criteria. It includes a commentary on what you need to do to bring your property to contemporary standards and an accompanying costed improvement strategy.
- › The Property Performance Report Index Comparator – These are available if required to show how your property compares to other similar properties in your portfolio and elsewhere. These may include comparisons within your own portfolio or against the Davis Langdon Property Performance Indices (PPI). Indices can be made available for you to compare your property against similar properties at a city, local, national or international level.

There is now much industry comment pointing to the need of the built environment to become more energy efficient and the whole 'green' topic in general. But underpinning it is the mood of the user, tenants and staff, who are increasingly making themselves heard.

With this as a backdrop it seems like a complex web for owners to work their way through the existing performance measurement tools to understand where they fail to meet new standards.

In the first instance what is needed is an assessment process that provides a clear gap analysis that takes the owner towards a balanced improvement strategy.

Davis Langdon and EC3 Global have constructed an assessment tool that enables this high level assessment.

The Davis Langdon Property Performance Reporting (PPR) can measure and benchmark property performance against contemporary standards.

Reports provide strategic measures against international and industry standards, governments reporting targets, property measurement norms and rating tools.

Property Performance Reporting is provided as a consultancy service to clients on both a property portfolio basis and individual building basis. The PPR represents the assessment of a building's performance as an 'indexed rating' comprising of three corporate social responsibility (triple bottom line) categories as follows:

- › Environmental Performance
- › Social Equity Indicators
- › Building Condition and Compliance

Plus an overall Property and Portfolio Performance Index

An independent assessment

Sustainability and Triple Bottom Line

Royal Dutch Shell 2000 on CSR Obligations:

"Excellent environmental performance is meaningless if no wealth is created.

Wealth in destroyed environments is equally senseless.

No matter how wealthy, a society lacking fundamental social equity cannot be sustained."

The benefits of using PPR

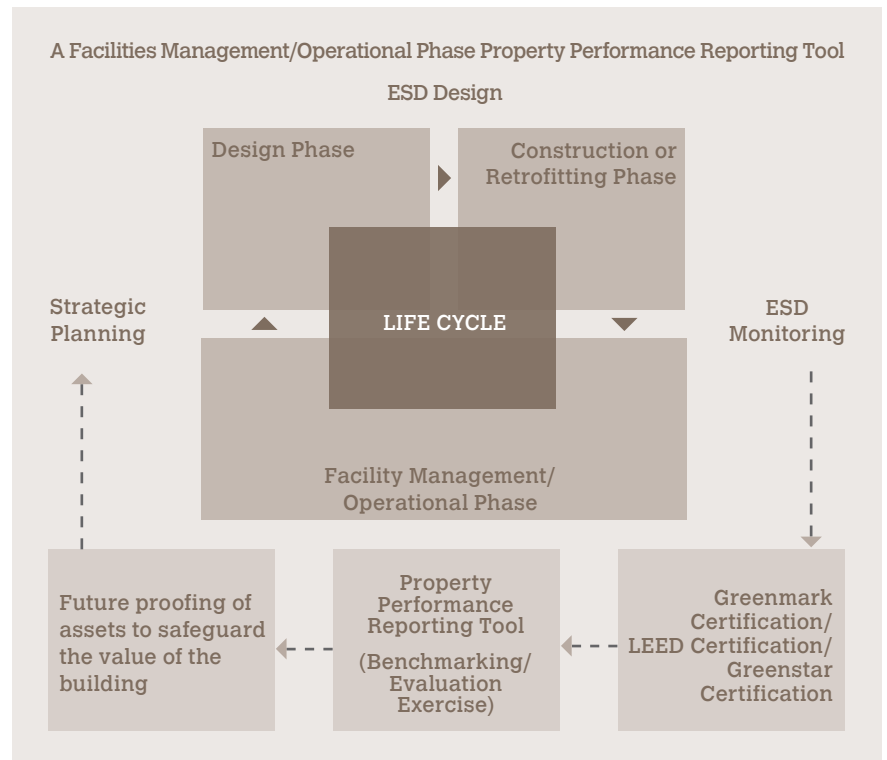
- > mitigated personal asset risk
- > property business continuity and maximised returns
- > optimised tenancy occupancy rates
- > savings in energy and water expenditure
- > meet requirements to report GHG emissions
- > satisfy CSR reporting obligations
- > insurance premium reduction options
- > savings in legal fees and court cases
- > reduction in third party back to work claims and rehabilitation costs

The key feature of PPR is that it adopts an independent risk assessment approach which involves an initial audit that identifies risks and suggested mitigation and corrective action plans. Subsequently consultation with property managers establishes a property risk action plan that is prioritised and costed.

A unique aspect of this Davis Langdon service is to benchmark each of the properties in the portfolio. This 'quantifies' the risk level for each property comparatively across the portfolio and where possible to industry benchmarks.

The risk rating also provides a portfolio property comparator and the auditability and traceability necessary for monitoring compliance and improvements in the property investment.

If you measure across your property portfolio you can 'know and improve'. In this way owners can compare the buildings and how they are being managed so that the building retains value and remains competitive.



Global warming/corporate responsibility

Measurement

Measuring and benchmarking provides property owners with a strategy that will enable them to remain competitive and to secure the long term value of their asset.

The greatest need and the greatest opportunity to mitigate global warming lies within the operation phase of the building life cycle. Globally, existing buildings are responsible for consuming about 40% of the world's energy, accounting for about 32% of the world's natural resources and generating about 40% of the world's waste, air emissions and pollution. A core purpose of Davis Langdon's Property Performance Reporting is to help property owners to cost effectively improve the sustainability of their buildings and achieve these corporate social responsibilities.

Davis Langdon and EC3 Global have collaborated to create this Property Performance Reporting innovative solution. Davis Langdon is an international property and construction cost consultancy with offices in more than 27 countries. EC3 Global is the commercialisation arm of the Sustainable Tourism Cooperative Research Centre (STCRC) which comprises of 17 University and Institute Owners.

Measureable environmental performance

Although the original design parameters of existing buildings may have been functionally correct and appropriate to their time and market expectations, discerning users are now demanding higher or different standards.

There is little a building owner can do about existing structure, property orientation or road access. But 'green' criteria such as cycle facilities, shower and other community facilities are achievable.

Carbon reduction is on the radar of most organisation's longer term strategic plan, as such tenants are requiring buildings with lower energy consumption. This is increasingly important as energy price rises continue. Measuring energy consumption for improved and effective internal climate management, indoor air quality, and also water consumption and waste management, enables comparison with contemporary environmental benchmarks, standards and scheme criteria.

This means knowing what is there and identifying alternative, more beneficial plant and equipment solutions.

Drivers for CO₂ reporting and trading:

- › Climate change (Gore & Stern)
- › Carbon trading (commencing 2010)
- › Abatement & Offsetting (programs)
- › Peak Oil (resource based cost controls)

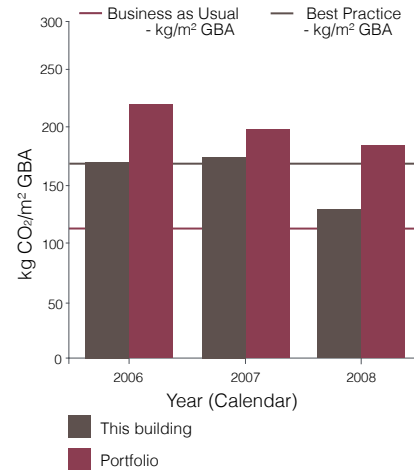
Measure your building's 'social' impact

Buildings have a responsible role to play in our community.

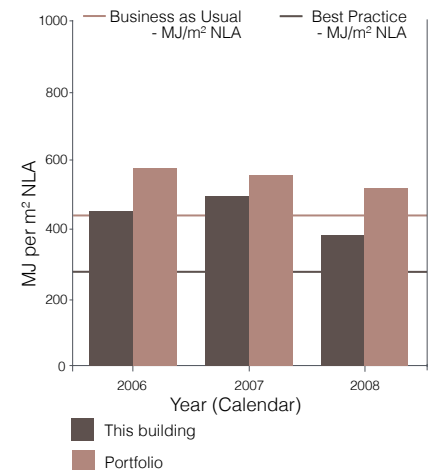
Property Performance Reports also offer a reasonable process to assess how the building meets tenant demands for a healthy, safe and sustainable workplace.

Davis Langdon has integrated EC3 Global's Earthcheck Environmental Performance metrics with internationally accepted industry standard environmental and sustainability criteria and benchmarks. This enables property owners/tenants to assess the environmental performance of their property against contemporary standards and best practice in their sector and/or portfolio, both nationally and internationally. Examples of assessment outputs are shown at right.

GHG Emissions - commercial building



Energy consumption – commercial building

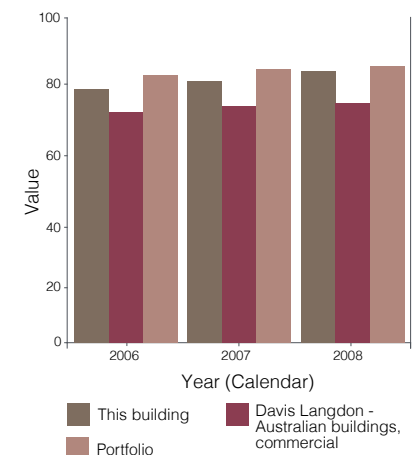


Shifts in tenant attitude towards social and corporate governance demands can also diminish the appeal of a building.

To meet these demands a building's performance, as a part of the 'community', requires effective assessment. Its environmental performance is important but so is:

- › health and safety performance
- › formalised management systems
- › provision for disabilities
- › security and incident management

Social equity score *



Measure your building condition

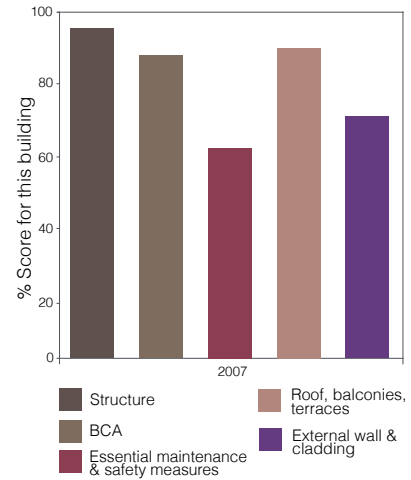
Increasing competition for tenant appeal puts focus on building condition.

Tenants are also requiring measured 'evidence' that the property they are occupying continues to be suitable for occupancy; that the building continues to comply with the building controls. Legally, of course, there is a need to demonstrate that the fire, access and egress conditions have not been breached (inadvertently or otherwise). Essential Safety Measures are not negotiable and have to be assessed and maintained.

How does your building compete against the crop of new 'green' buildings? Tenants will make the comparison and generally the conditions of existing buildings will increasingly be held to account.

Measuring your building's condition against contemporary standards and compliance keeps your property competitive.

Building condition *



Overall property performance

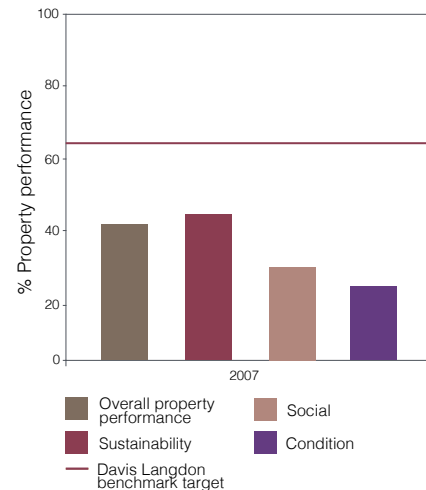
By making this assessment owners will start to meet shareholder requirements of full disclosure, meeting their business continuity requirements and demonstrating due diligence is asset value protection.

Davis Langdon's PPR measures how well your property meets contemporary standards.

It will benchmark your performance against your other portfolio properties and the industry sector benchmarks both nationally and internationally. By doing so we will direct you towards the greatest needs and help you develop a strategy that will protect your investment.

The PPR reports and their benchmark database are available via our web-based assessment tool. This will enable you and your property manager to reassess and improve the building's performance over time.

Overall Property Performance Index – contemporary standards*



Endnote:
* Graphs from example project

Improvement is achievable

Savings of approximately \$7 million/annum and 70,000 tonnes of GHG/annum could result from a 20% energy efficient improvement in a portfolio of 100 B Class buildings.

Know your building...

To measure your building and portfolio against contemporary standards, contact Leon Gardiner 03 9933 8800 or Peter James 07 3221 1788 or Davis Langdon via www.davislangdon.com

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Our Services

Project Services – Project Management, Cost Management, Building Surveying, Urban Planning, Specification Services

Assurance Services – Infrastructure Verification Services, Technical Due Diligence, Property Performance Reporting, Make Good Assessments, Management System Development

Certification Services – Third Party Certification to National and International Standards

Sustainability Services – Strategies for New and Existing Buildings

DAVIS LANGDON & SEAH INTERNATIONAL

Arabian Gulf, Botswana, Brunei, China, England, Hong Kong, India, Indonesia, Ireland, Japan, Korea, Lebanon, Malaysia, Pakistan, Philippines, Russia, Saudi Arabia, Scotland, Singapore, South Africa, Spain, Thailand, United States of America, Vietnam and Wales

Refer to our website for this and previous publications

