



The IPD Green Property Index shows commercial property assets with Green Star or high NABERS energy ratings continue to outperform non-rated assets.

Sydney, 9th June 2011

Overview

Results are based on the latest IPD index numbers to March 2011.

The IPD Green Property Investment Index tracks investment performance for Green Star, NABERS Energy and NABERS Water rated property assets worth about A\$38billion – some 64% of the total pool of office assets in the IPD Property Index. The index details income return and capital growth for rated office properties on a quarterly basis. The index also provides pricing and market metrics such as capitalisation rates, discount rates, capital values, OPEX, CAPEX and rentals.

NEW BUILDINGS - Results to March 2011

Green Star is an environmental rating system that evaluates the environmental design and construction of new buildings.

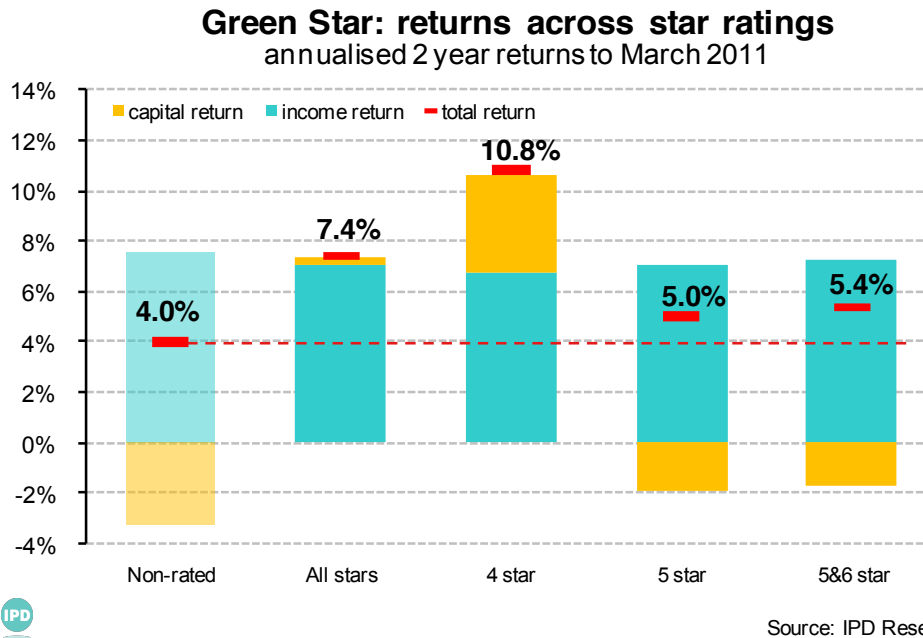
Over the two years to March 2011, new office buildings rated by Green Star 'office design' or 'office as built' have outperformed non-rated buildings. Outperformance is seen across each star rating, with the strongest returns observed in 4-star rated assets.

The return spread between rated and non-rated buildings is around 340 basis points. Cap rates are lower for rated assets as opposed to non-rated assets.

Figure 1 shows the return performance of Green Star rated properties compared to non-rated properties.



Figure: 1



Mr Peter McGuinness, Research Manager of IPD in Australia and New Zealand, commented, “It’s clear that over the 2 years to March 2011, assets with a Green Star rating performed significantly better than non-rated properties.”

“Stability in capital values of Green Star rated assets over the recent downturn is the main reason for the outperformance in returns.”

“Green Star rated office buildings have capitalisation (cap) rates of around 30 basis points lower than non-rated buildings. Lower cap rates are consistent with capital value stability and indicate that Green Star rated assets have less investment risk.”

EXISTING BUILDINGS - Results to March 2011

The environmental performance-based rating system for existing buildings is NABERS - National Australian Built Environment Rating System. Returns for NABERS rated assets exclude Green Star assets with NABERS ratings.

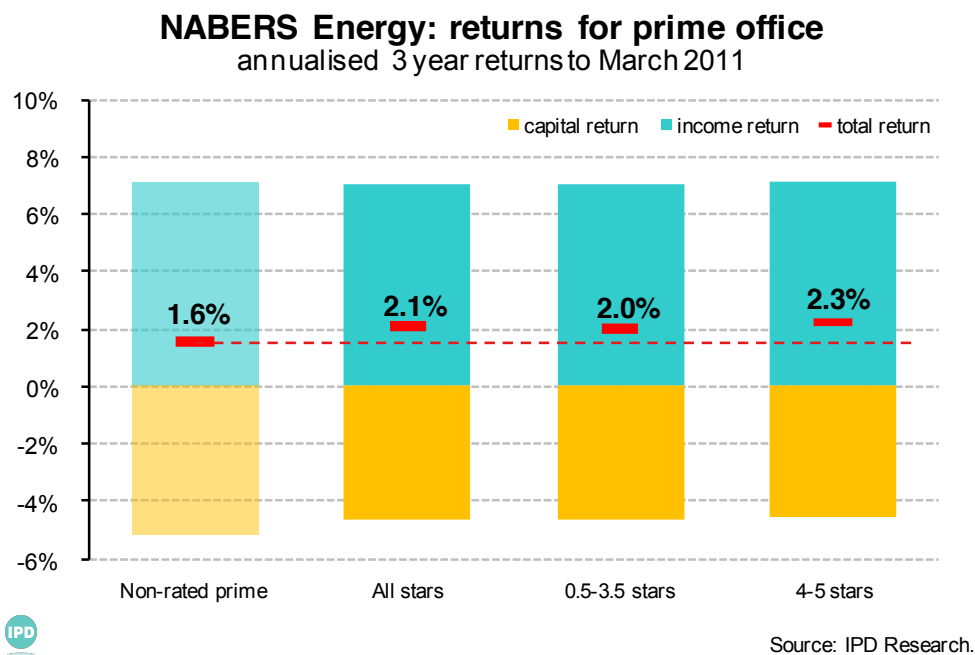
Existing prime office buildings with a NABERS Energy rating have outperformed their non-rated peers over the three years to March 2011. Assets with a NABERS Energy rating (base building,



no green power) of 4 stars or above deliver higher returns than buildings with a rating of 3.5 stars or below. Cap rates are lower for rated assets as opposed to non-rated assets.

Figure 2 shows the return performance of prime NABERS Energy rated properties compared to prime non-rated properties.

Figure: 2



Mr McGuinness said, “The return spread between NABERS Energy prime and non-rated prime is 50bps.”

“4 to 5 star rated assets outperformed 0.5 to 3.5 star rated assets by 30bps. This suggests that the optimal NABERS Energy rating inflection point for return outperformance is 4 stars or above.”

“NABERS energy rated properties deliver lower cap rates than non-rated properties in the order of 30bps.”

Summary

Findings are based on new index data to March 2011 and are consistent with initial results based on data to December 2010 released in February 2011. Results confirm the finding of return outperformance of assets rated by Green Star and NABERS Energy.



IPD Green Investment Index Overview

First launched in early 2011, the IPD Green Property Investment Index provides the first tool to adequately measure the effect of Green Star and NABERS Energy ratings on investment performance.

Key benefits of the Green Index are:

- Provides a tool to adequately measure the investment performance of property assets with a Green Star, NABERS Energy or NABERS Water rating.
- The index details income, capital and total return, capitalisation and discount rates and various space market diagnostics.
- Provides the property industry with a tool to undertake benchmarking analysis between environmental performance rated and non-rated buildings.
- Improves transparency in the market and across the property industry.

Notes to editors:

IPD is a global information business, dedicated to the objective measurement of commercial real estate performance. As the world's number one provider of real estate performance analysis for funds, investors, managers and occupiers, we offer a full range of services including research, reporting, benchmarking, conferences and indices. We operate in over 25 countries including most of Europe, the US, Canada, South Africa, South Korea, New Zealand and Japan. Our indices are the basis for the developing commercial property derivatives market, and the most authoritative measures of real estate returns worldwide. For further information visit www.ipd.com.

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