



# Performance Benchmarking

Presentation 25 January 2006

## **Pacific Rim Real Estate Society**

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IPD

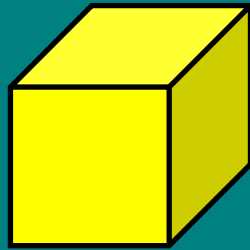
# Performance ?



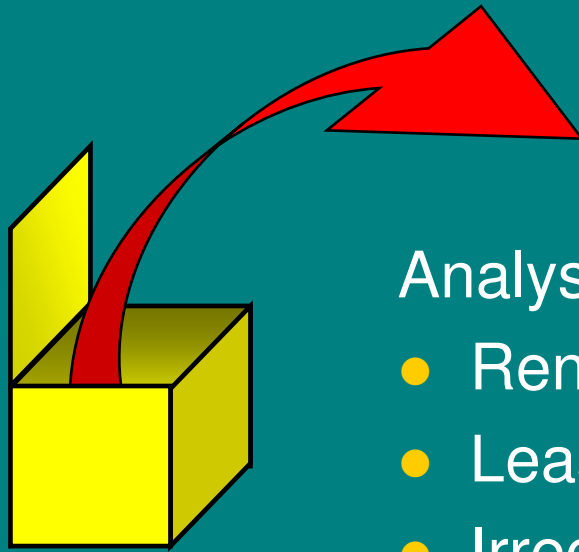
# Real Estate Performance

- Variety of attributes to assess and a number of tools to choose from.
- Walk through some of the methodologies IPD applies
- Techniques shown provide for the analysis of;
  - The performance attributes of Direct Real Estate Investments
  - The performance attributes of Real Estate Funds
  - The application of these for multinational investors.
- NOTE. Returns quoted are not those of the respective markets identified

Australian  
Direct  
Property



Australian  
Direct  
Property

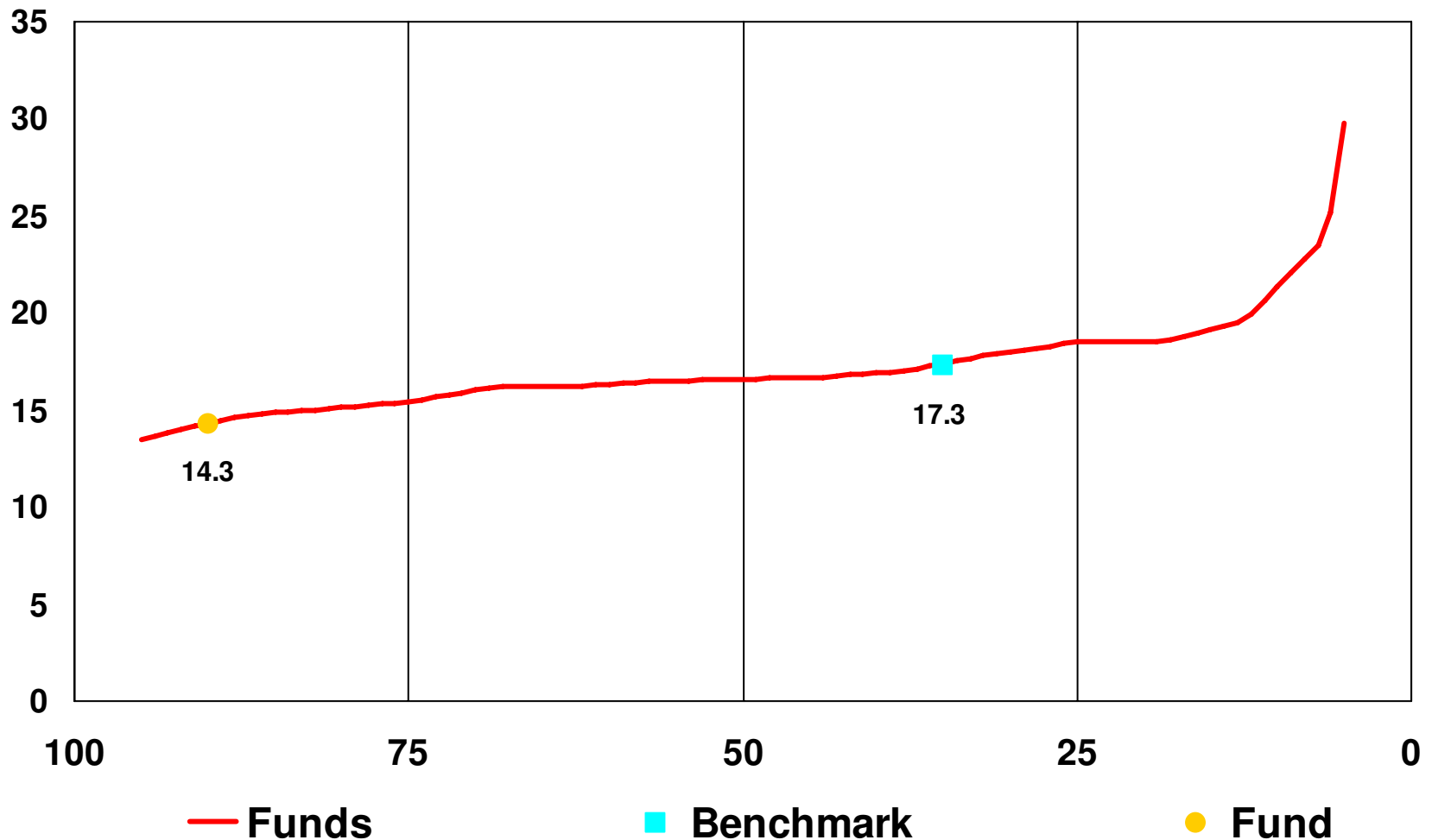


Analysis of :

- Rents and yields
- Lease length to expiry
- Irrecoverable management costs
- Tenant covenant strength
- Vacancies and voids

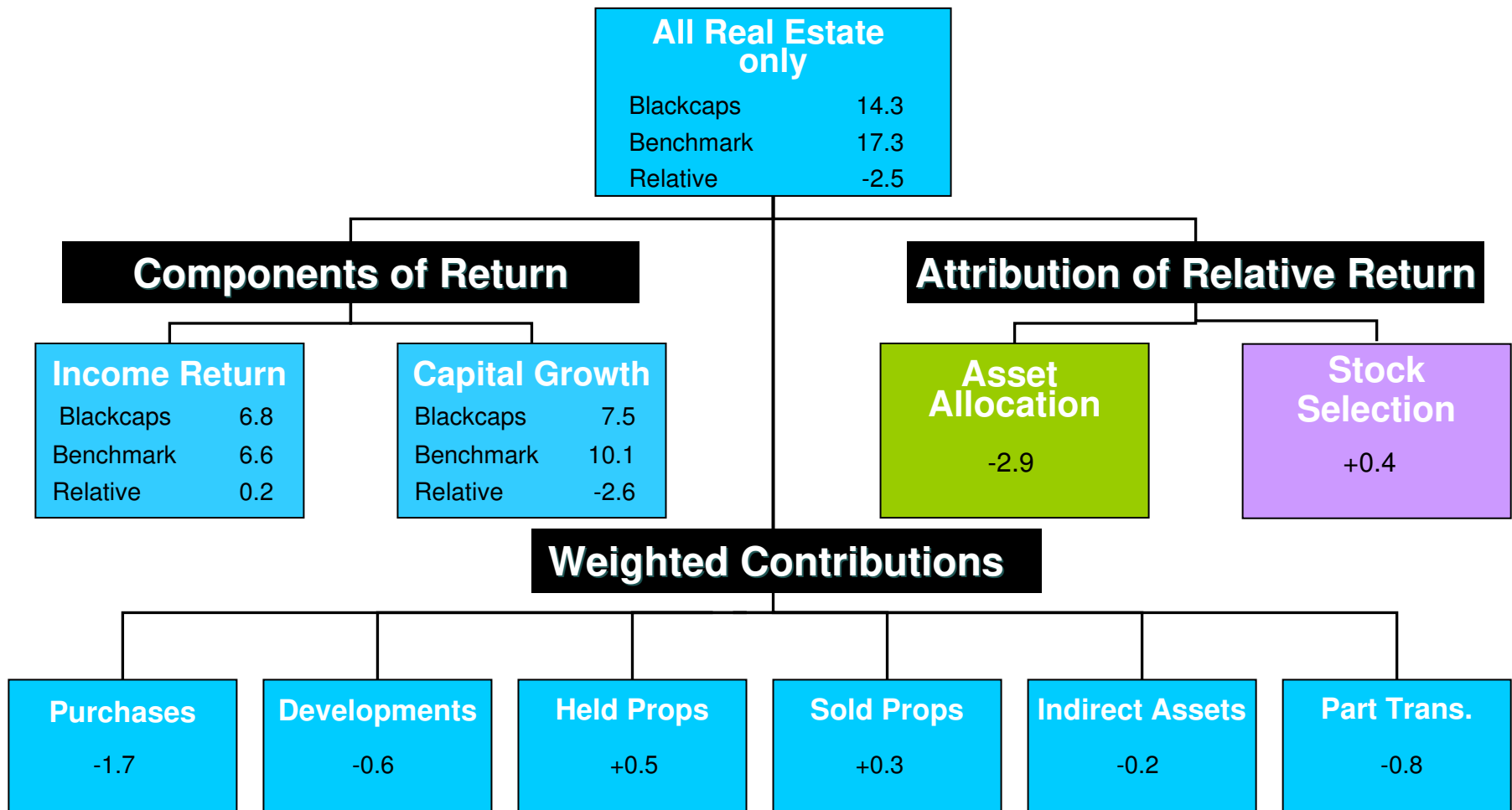
# Range of benchmark returns over last year

Funds ranked between 5th and 95th percentiles



# IPD Summary Performance Tree

...year ending September 200?



# Sources of performance - last 12 months

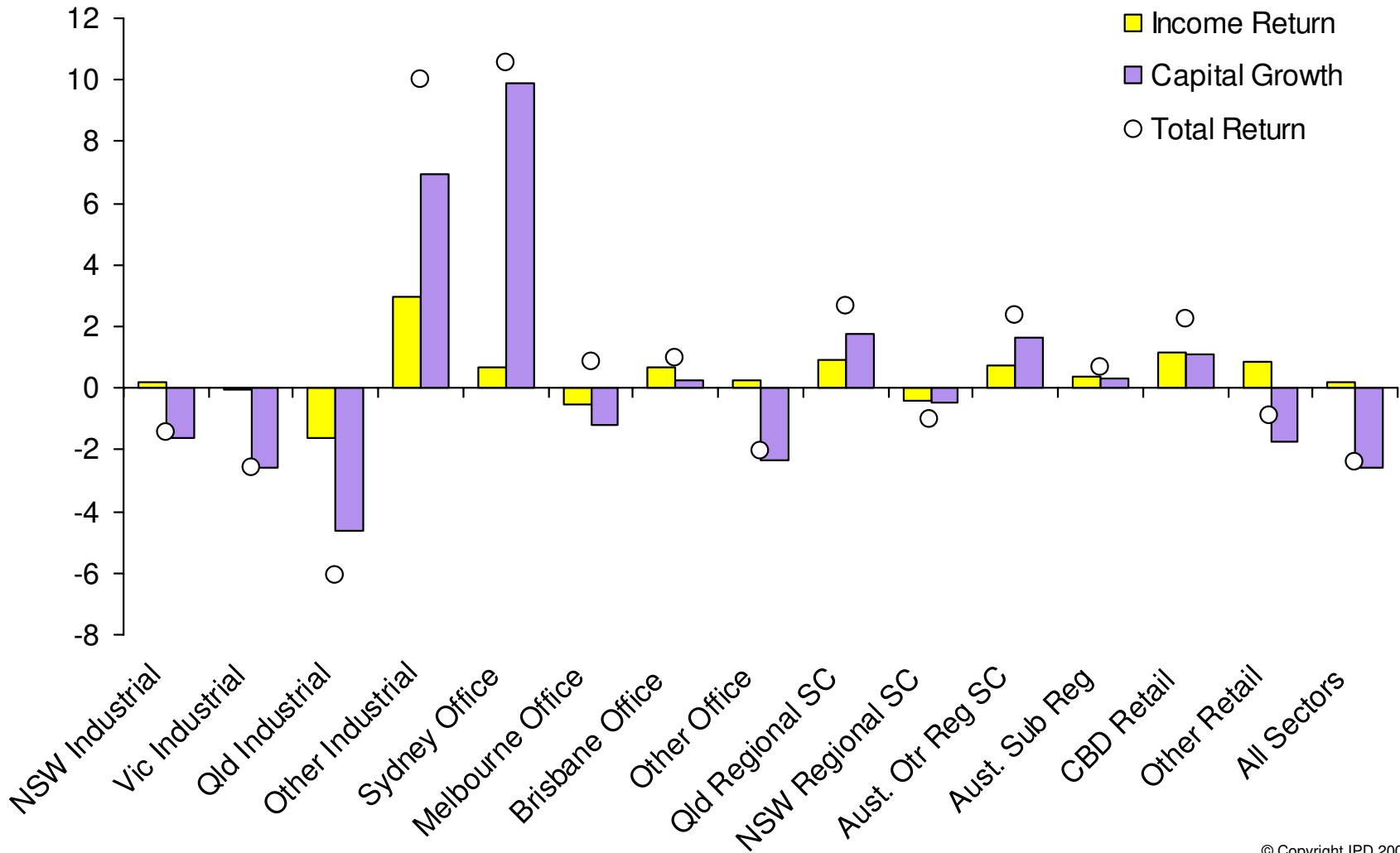
capital growth and income return by segment (DPSI)





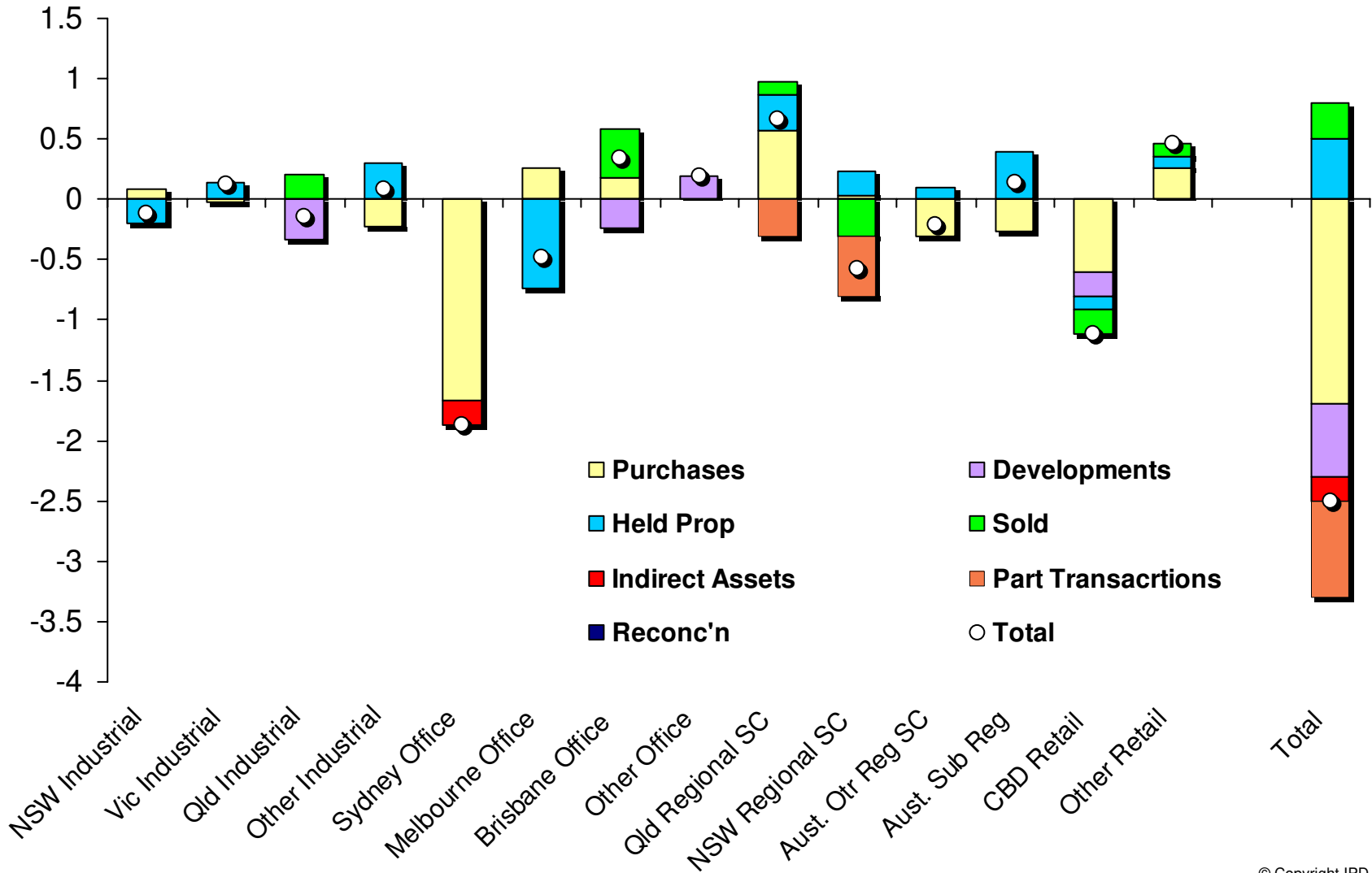
# Sources of performance - last 12 months

relative capital growth and income return (DPSI)



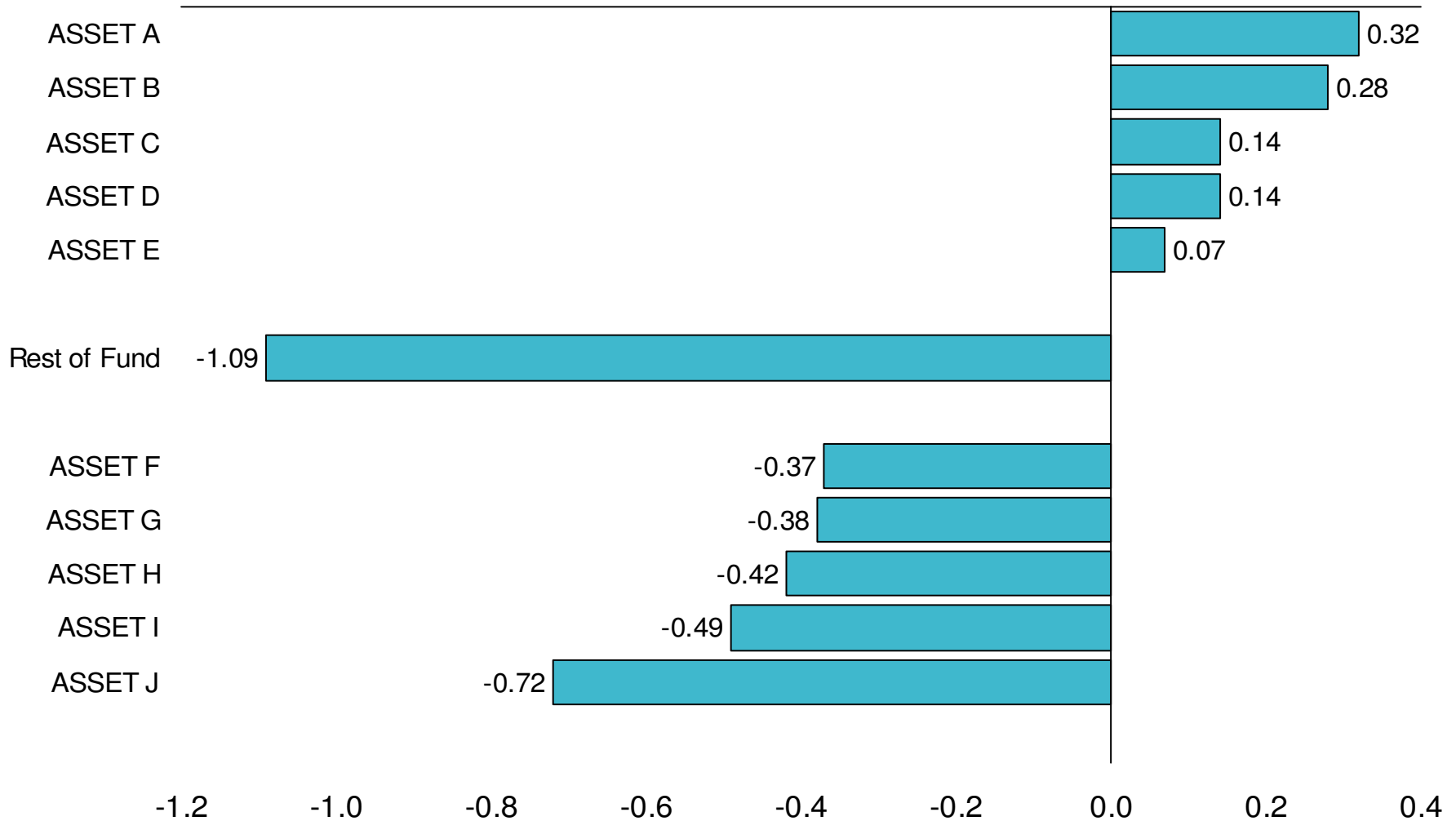
# Weighted contributions to relative return

market segments vs summary status - last 12 months

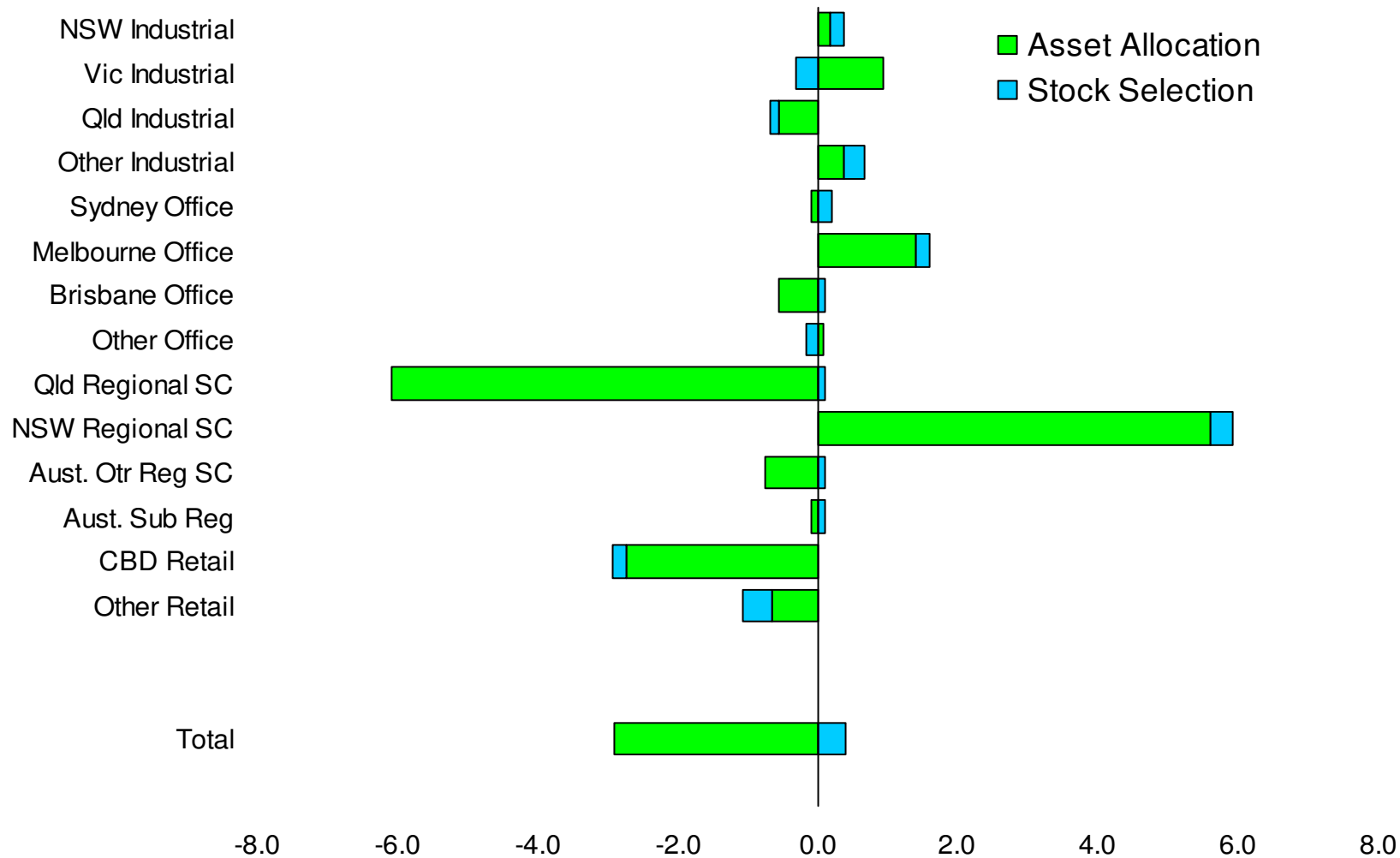


# Major contributions to relative return

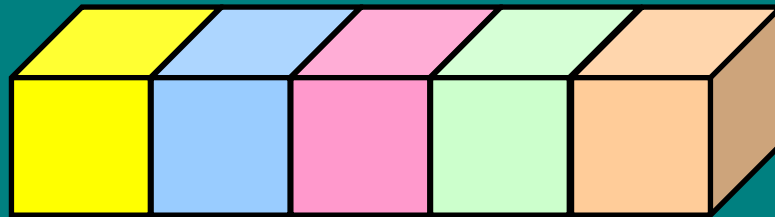
last 12 months



# Attribution of relative return - last 12 months



Direct Property



Australia

France

Germany

Japan

United States



Global Service

## Year to end December 2003 - Sources of performance

All Benchmarked Assets

The tables on this page u  
Though it is possible for the  
course of a year (e.g. a purc  
following its first valuation), t  
property with a single overri  
year. For instance, a proper  
classified as a Sale. See Tec

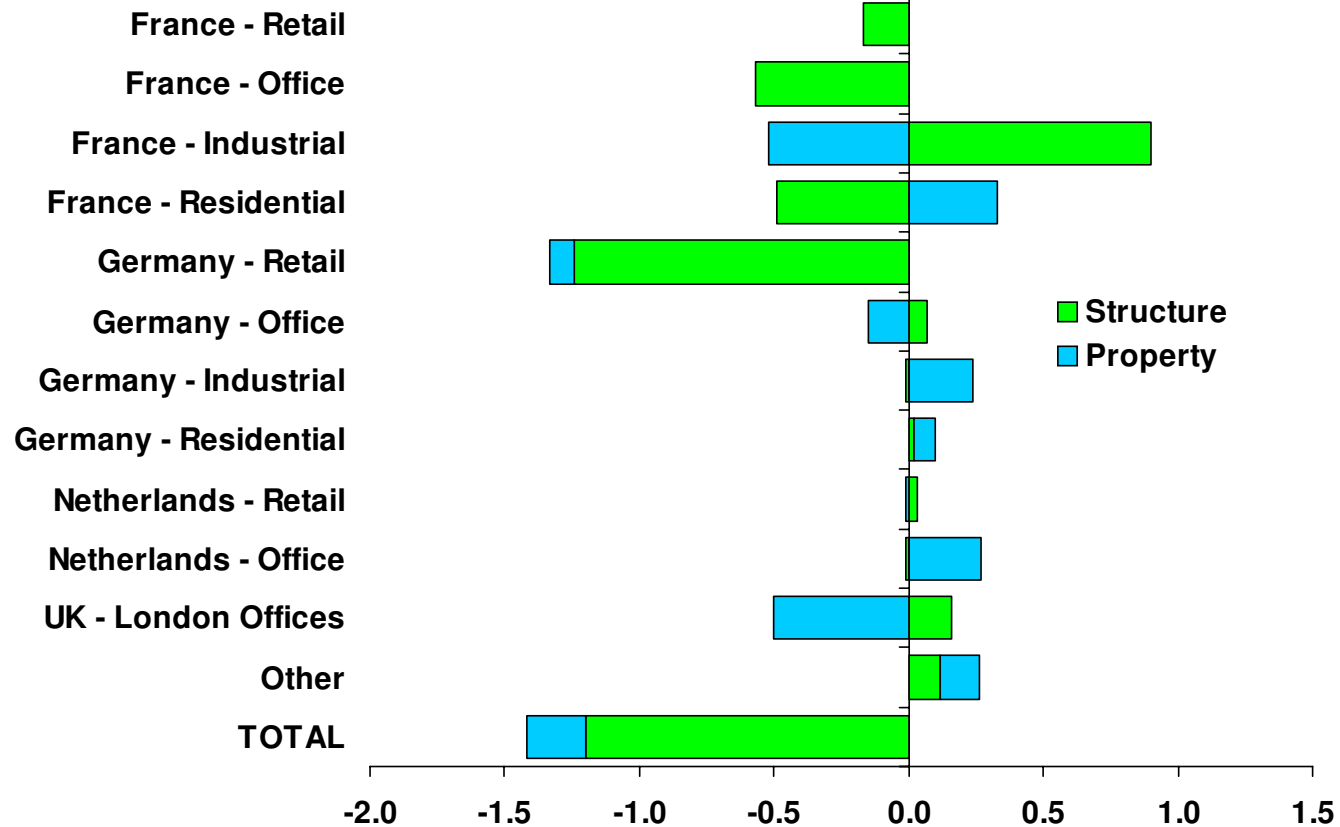
Net investment during the ye  
to 23.5% of year-end cap  
benchmark rate of -4.2%. G  
24.2% of year-end value. Im

The fund has benefited from  
held throughout the year. It  
London purchased during th  
were held throughout the ya

The fund has been disadva  
held throughout the year an  
residential properties in Gerr  
year.

Total Returns      Weighted Contributions to Relative Returns analysed by Market Segment and Summary Status      Attribution of Relative Returns      Percent of Average Capital Employed

# Attribution of relative return



# IPD Summary Performance Tree

...year ending September 200?



Fund Return	
Blackcaps	18.4
Benchmark	20.4
Relative	-2.1

All Real Estate only	
Blackcaps	14.3
Benchmark	17.3
Relative	-2.5

## Components of Return

Income Return	
Blackcaps	6.8
Benchmark	6.6
Relative	0.2

Capital Growth	
Blackcaps	7.5
Benchmark	10.1
Relative	-2.6

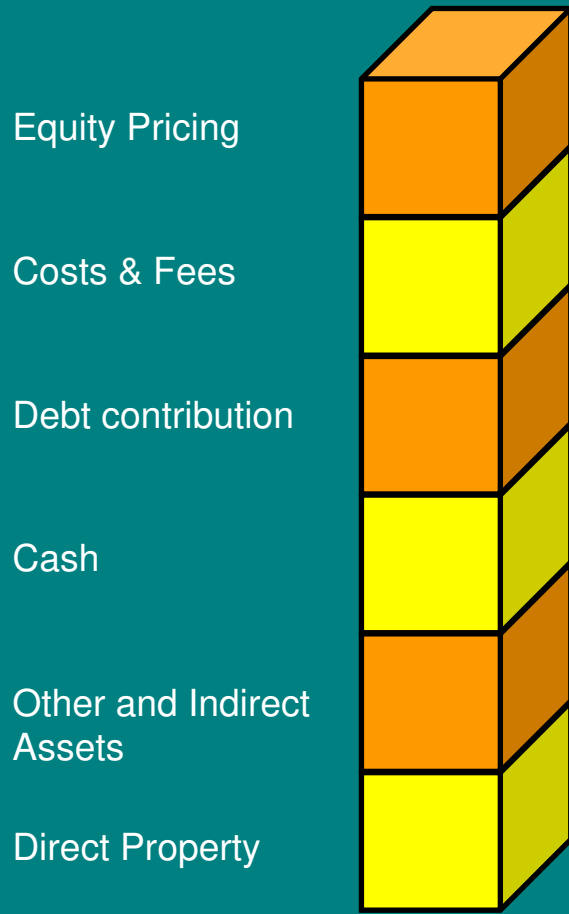
## Attribution of Relative Return

Asset Allocation	
	-2.9

Stock Selection	
	+0.4

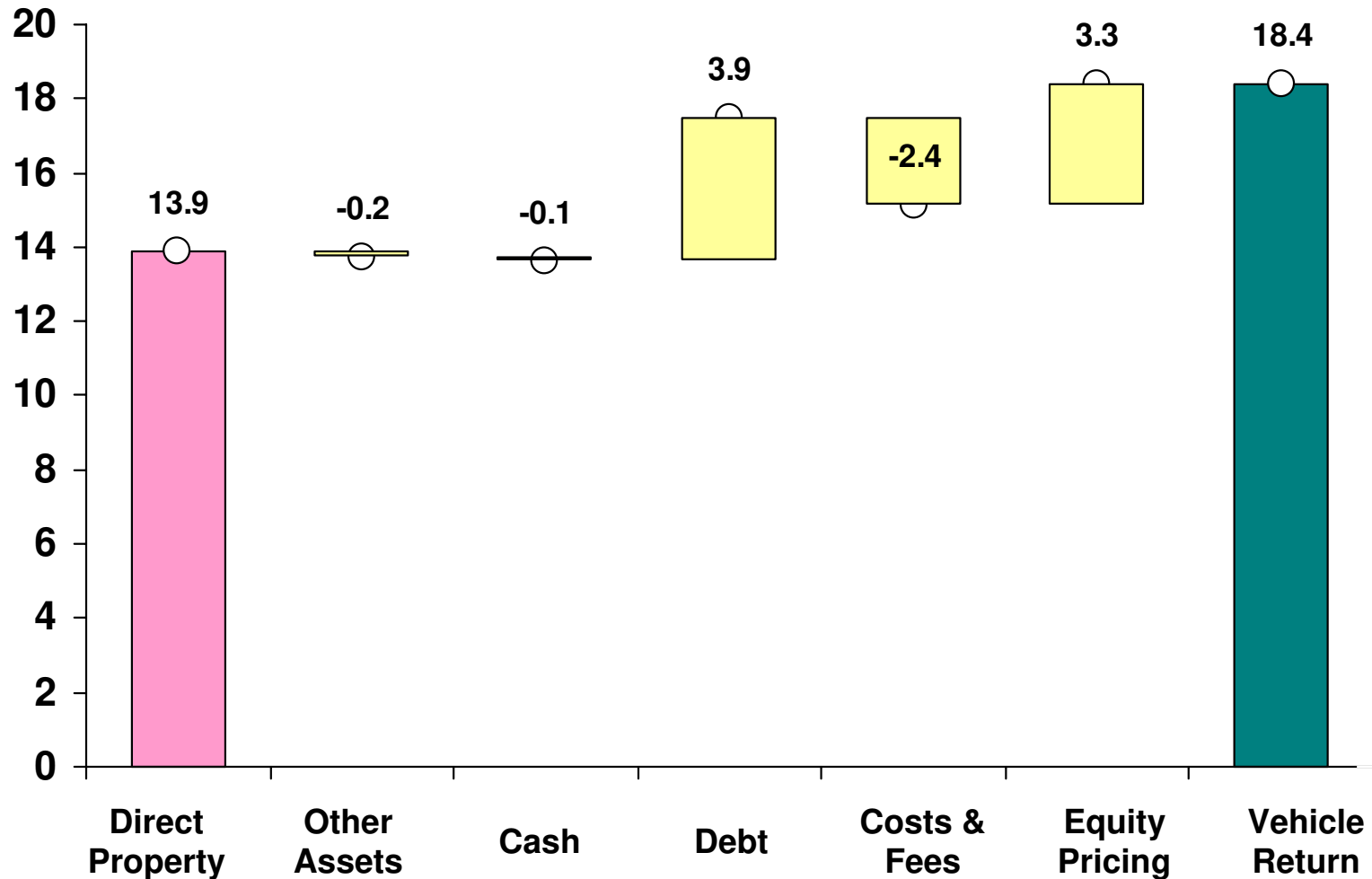
## Weighted Contributions

Purchases	Developments	Held Props	Sold Props	Indirect Assets	Part Trans.
-1.7	-0.6	+0.5	+0.3	-0.2	-0.8

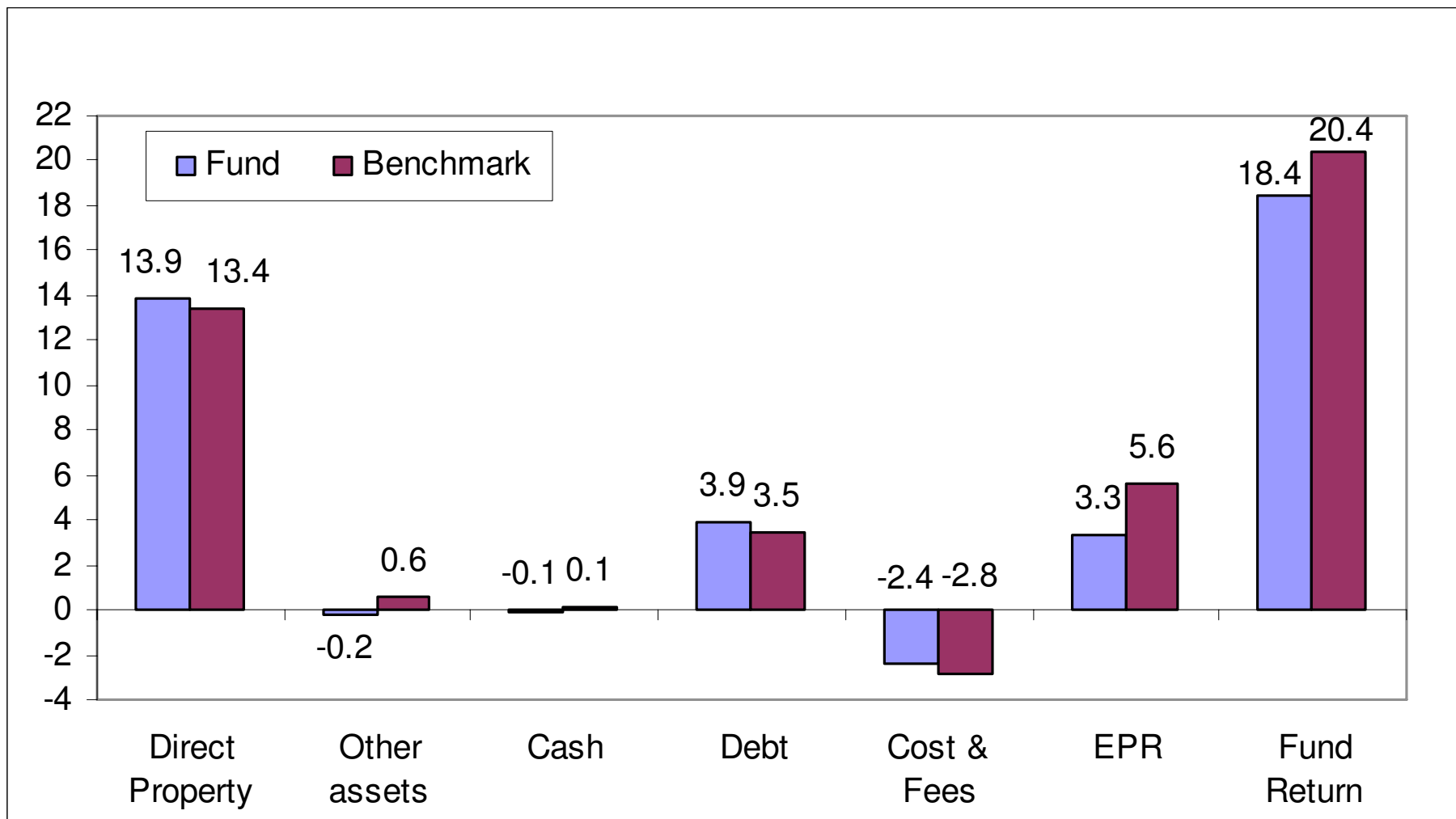




# Analysis of different layers built up using 'impacts' to get to the vehicle return

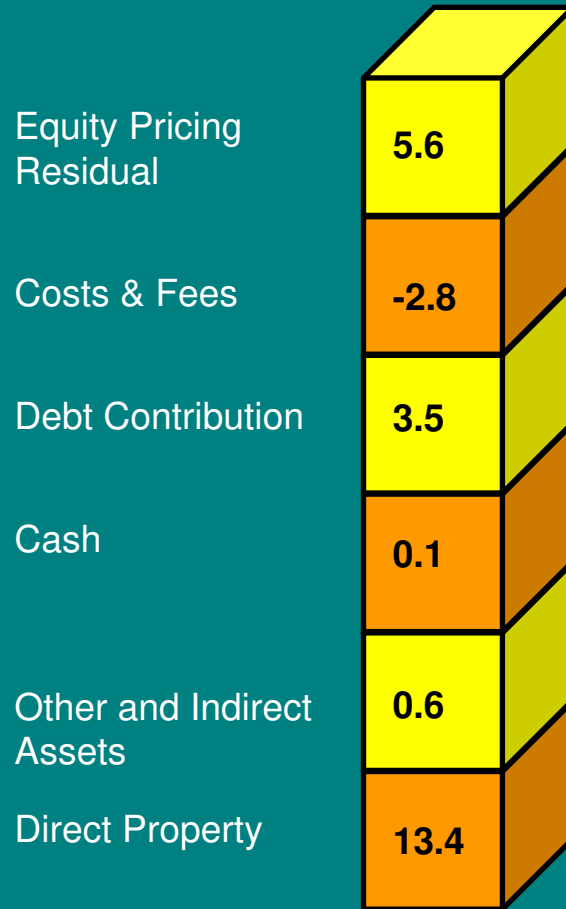
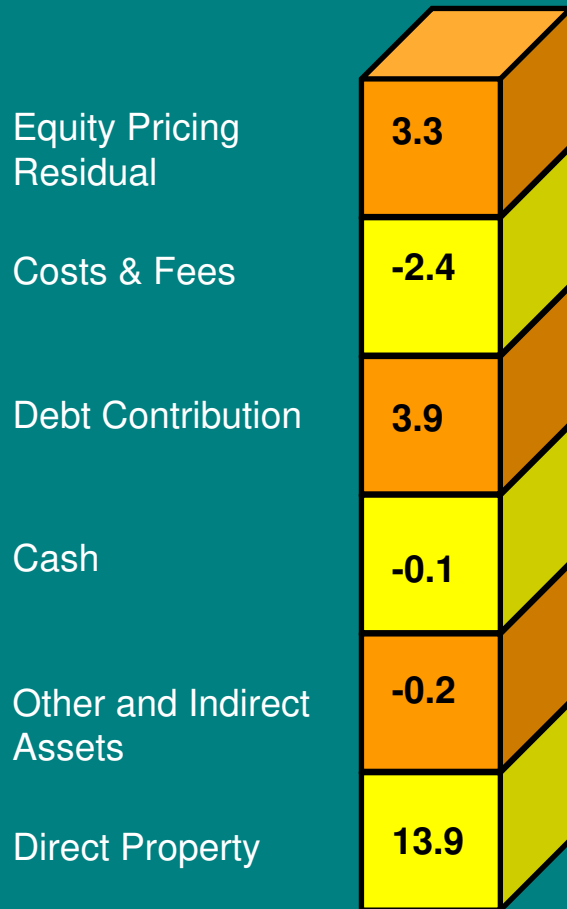


# Benchmarking Vehicle Level Returns

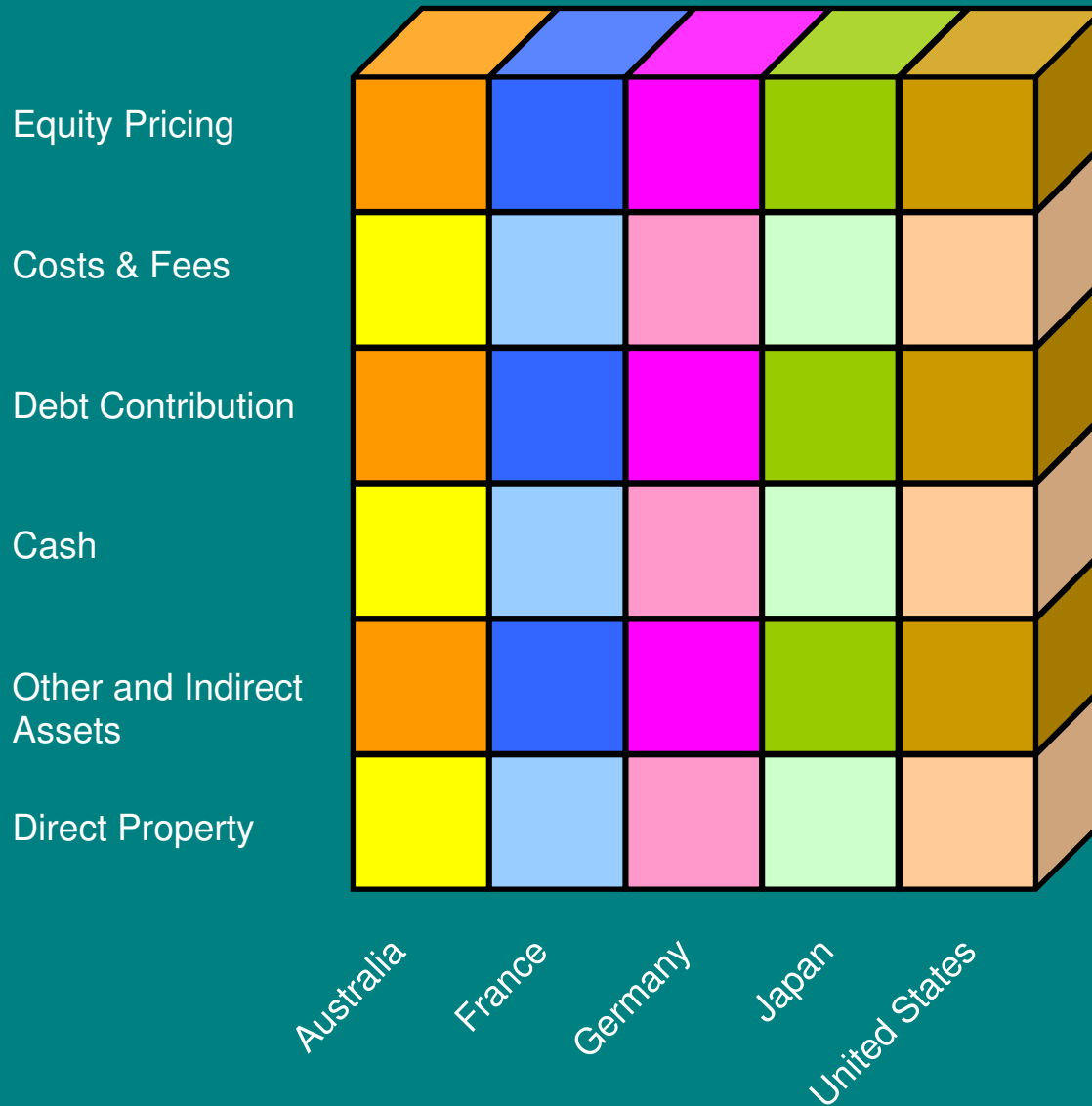


Fund  
18.4%

Benchmark  
20.4%



# A full matrix of assets and markets



# Conclusions

- There are a range of attributes that make up performance in the Real Estate Sector. Spend time identifying those you want to manage and benchmark.
  - Risk Profiles
  - Cashflow Credit Ratings
  - Occupier Requirements
- Exercise care in your selection of a benchmark.
- Assess performance in the correct context.



Thanks for your time  
and attention

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