



British Land is one of Europe's largest Real Estate Investment Trusts (REITs). It invests in and develops high-quality buildings in prime locations and manages them to a high standard, with a focus on occupier needs at every stage. The company takes a responsible and collaborative approach to business, ensuring it is both trusted and valued by stakeholders.

Managing environmental, social and economic impacts is central to how British Land does business and delivers value to shareholders. British Land is the only REIT globally to appear on both the CDP Carbon Performance Leadership Index and the Disclosure Leadership Index 2012. Its 2012 Corporate Responsibility Report achieved an EPRA Sustainability Reporting Gold Award and a B+ rating from the Global Reporting Initiative, the highest third-party assured rating of any UK REIT.

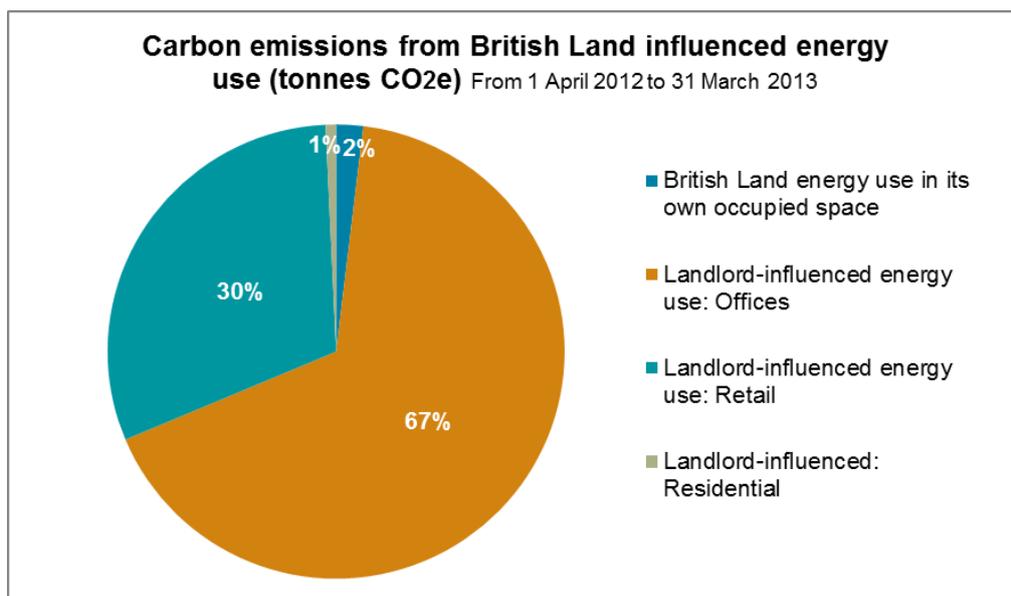
British Land is working with the Better Buildings Partnership and others to establish voluntary Landlord Energy Ratings, to influence lettings and encourage all landlords to adopt a more proactive approach to tackling energy efficiency. It has presented at events, hosted seminars, and commissioned and published the findings of research on sustainability and carbon reduction.

Energy use across the British Land portfolio

In 2012/13, energy use across British Land's portfolio generated:

- 1,050 tonnes of carbon emissions (tCO₂) from British Land's own occupied space;
- 53,640tCO₂ from landlord-influenced energy use, and;
- 803,300tCO₂ from occupier-controlled energy use.

The chart below illustrates the distribution of emissions from British Land-influenced energy use.



Energy management and carbon reduction

British Land is passionate about its work in this area, with capital investment of £2.2 million over the last three years to fund initiatives to drive further reductions.

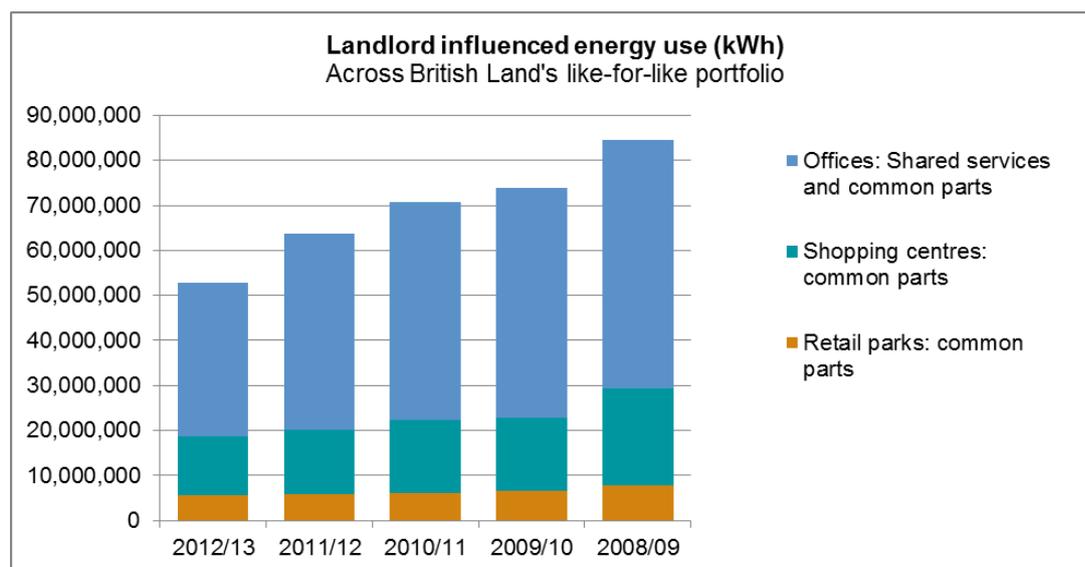
British Land has targets in place to achieve, by 2015:

- A 40% reduction in landlord-influenced energy use across its existing portfolio, compared to 2009;
- A 40% reduction in like-for-like Scope 1 and 2 emissions, compared to 2009.

By 2013, the company had reduced landlord-influenced energy use across its like-for-like portfolio by 38%, saving occupiers £5.2 million and cutting carbon emissions by 39,600 tonnes. It had also reduced Scope 1 and 2 emissions by 33%, saving 29,000 tonnes of carbon

This reduction in energy use is a result of:

- A 38% reduction across its office portfolio, saving 21,400 tonnes of carbon
- A 39% reduction across its shopping centre portfolio, saving 14,000 tonnes of carbon
- A 29% reduction across its retail park portfolio, saving 4,200 tonnes of carbon



Landlord-influenced energy reductions have generated £5.2 million of cost savings for occupiers over the last four years:

- £2.7 million for office occupiers
- £2.5 million for retail occupiers

British Land's office occupiers score the company 8.2 out of 10 for environmental interaction, significantly ahead of the industry average of 3.8 out of 10.

Measures across British Land's office and retail portfolio

British Land has installed a dynamic energy management system in 11 major office and retail properties, which measures energy use every 15 minutes, and isolates consumption from different plant and systems. Specialists monitor data in real time, identifying opportunities for building management teams to optimise consumption.

These were installed with agreement from more than 40 occupiers, following an award-winning pilot in British Land's Head Office. British Land was the first European company to use this technology (provided by EP&T Global), which has since been adopted by others.

The company has taken, and intends to take, a number of other measures to reduce energy consumption across both its office and retail portfolio.

Office Portfolio

Across British Land's office portfolio, the following measures have generated the most significant savings:

- Matching mechanical and electrical plant run times with operational hours, as agreed with occupiers;
- Increasing the intake of external ambient air, to reduce the need for both heating and cooling, and eliminate heating and cooling conflicts;
- Adjusting temperature set points to reduce heating and cooling demands;
- Installing motion sensors and replacing lighting in public areas.

The company also participates in well-established green building groups with office occupiers and building management teams, and funds an energy monitoring service for more than 20 occupiers.

Going forward, British Land is focusing on four key measures to improve energy efficiency across its office portfolio:

- *Working with building management system (BMS) partners to drive more functionality from the BMS.* For instance, ensuring the BMS turns off air handling units and other plant automatically where space is unoccupied, rather than manually as is the case in several buildings.
- *Re-commissioning the central plant in each building at least every five years.* Buildings are designed and commissioned based on an initial set of occupational assumptions, but these assumptions may change or never be realised. For example, at British Land's Head Office, York House, the building was commissioned to accommodate 200 people on each floor. Today, however, there are only 100 people on each floor, which offers an opportunity to review the heating and cooling loads to each floor, to ensure that conditioned air is not being oversupplied.
- *Taking advantage of plant and further lighting replacement opportunities.* These go beyond the management initiatives upon which British Land has primarily focused to date, and will require effective engagement to seek

approvals from all occupiers, explaining the commercial case for capital investment. The company uses energy metering data to establish the payback period of investments, and monitor whether proposed savings are being delivered.

For example, at Exchange House in Broadgate, occupiers agreed to a pilot installation of a variable speed drive on one chiller. Following a reduction in energy use of 50%, surpassing the projected 40% energy reduction, occupiers were keen to install variable speed drives on all chillers at the site.

- *Adapting our long-term asset replacement plans*, which forecast our plant replacement up to 10 years ahead. Now, rather than only focusing on which plant is the cheapest to buy, we are looking at the whole lifetime cost, with efficiency as a key consideration.

Retail Portfolio

Across British Land's retail portfolio, the following measures have generated the most significant savings:

- A three-year programme to replace lighting with energy efficient alternatives;
- Changing management regimes to ensure lighting is turned off outside trading hours.

British Land has completed a competitive tender to install automatic meter reading systems at almost 60 properties, which will achieve further savings. The initial investment will be recovered in less than two years through reduced energy costs.

This will provide real time energy data and enable us to set up automatic alerts to notify local managers if energy exceeds a threshold, particularly out-of-hours. It will also improve billing accuracy and save management time currently spent on manual meter readings.

Further savings will be achieved through long-term mechanical and electrical plant replacement, as energy reductions mean the overall capacity of the plant can be reduced, cutting capital costs.

British Land's 2013 Corporate Responsibility Report was published on 7 June 2013.
www.britishland.com/crreport