

# RESOURCE EFFICIENCY

For many years, we have taken a holistic view with respect to energy, water and waste, and have seen them as key resources that interrelate. By focusing on their efficient use and management we aim to not only reduce our costs but also our carbon burden. As part of this focus, we also encourage our tenants to be as resource efficient as possible in order to optimise the operational efficiency of our portfolio.

## Energy

In 2012 for the first time we set ourselves an energy/carbon reduction target based on portfolio intensity. We have learned a lot from this, although we have found it difficult to meet. Energy intensity marginally increased by 1.3% in our like-for-like portfolio. As with our carbon footprint, this increase reflects increased occupancy profiles in many of our buildings and some assets becoming fully occupied and operational over a whole year.

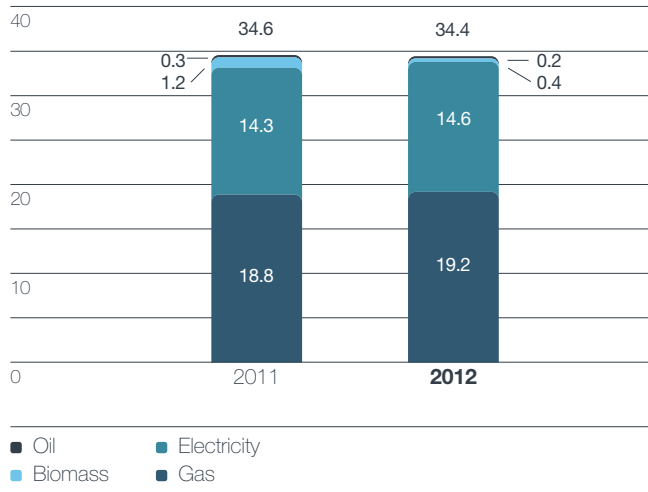
However, we have seen a slight reduction of 0.4% in our overall energy usage across our managed portfolio.

As well as operational carbon, we also continue to try to understand the impact of embodied carbon from our portfolio. Our policy of refurbishing or regenerating rather than building from scratch wherever feasible, as well as not over-specifying, tends naturally to lead to a lower embodied carbon burden from our developments. We have undertaken a number of assessments on some of our latest schemes, which show we can typically achieve a 70% reduction in embodied carbon when compared to a new build solution. We intend to develop further our understanding of our overall impacts and identify opportunities to reduce and/or mitigate where feasible.

### Looking ahead

During 2013, we will be undertaking a full review of our management approach and implementing certain measures, which will allow us to understand the impact of greater occupancy levels and identify where we can improve our performance.

Energy usage across the managed portfolio mkWh



# 0.4%

reduction in energy usage across our managed portfolio

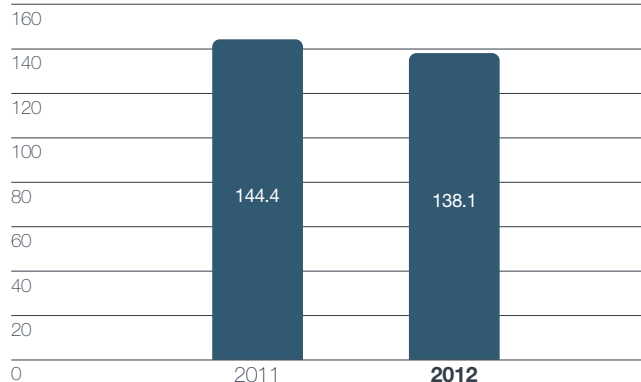
## Water

We have always strived to manage our water supplies and usage levels responsibly. This is now increasingly important with water supplies coming under increased stress in London and the South East of England. Wherever possible we look to displace mains water usage with harvested and recycled supplies to reduce our mains water consumption.

During 2012, building on the work carried out during 2011, we undertook a programme of works to drive down water consumption in key buildings across our portfolio. This has seen us realise a 4.4% reduction across our managed portfolio.

This reduction has been achieved by using a range of measures in our managed properties. For example, we have installed waterless urinals at the Angel Building and have reduced toilet flush intensity to six litres at the Johnson Building EC1. Moreover, the rainwater harvesting measures installed at the Angel Building are helping to displace unnecessary mains water use.

## Water usage across the managed portfolio '000m<sup>3</sup>



# 4.4%

reduction in water usage across our whole managed portfolio

## Waste

We believe that it is important not to create waste in the first instance. We look for opportunities to eliminate, reduce or re-use wherever possible. This not only has the immediate benefit of reducing our environmental impact but also reduces our financial exposure to existing and future landfill tax charges.

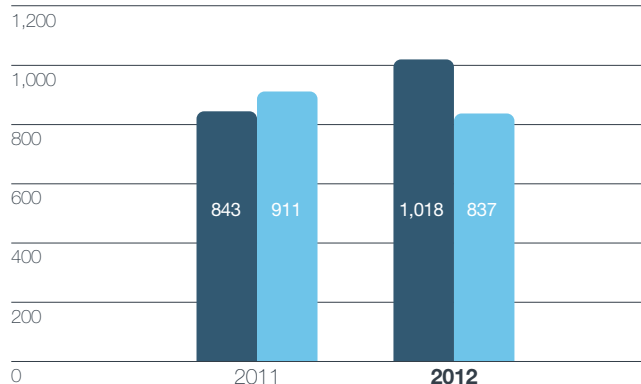
During 2012, we have continued to send no waste to landfill from our managed properties, maintaining our performance from 2011. Whilst our occupancy profiles have grown, we have again effectively engaged our waste management contractors and tenants to deliver this target.

Although our waste tonnages have increased as occupancy rates have risen, we have been successful in increasing our recycling rates in both our managed and like-for-like portfolios and reducing the amount sent for incineration. In 2011, we recycled 47% increasing this year to 54% across our whole portfolio; likewise, we recycled 48% in 2011 rising to 55% this year across our like-for-like portfolio. Across both portfolios we have decreased our use of incineration by 13%.

In terms of construction waste, we sought to divert 95% of construction and demolition waste from landfill for projects with a floor area of 5,000m<sup>2</sup> or more. This was a new target for 2012 increasing from 90% in 2011.

We found this new target a challenge, achieving an average diversion rate of 92%. Much of our construction waste in 2012 was strip out and fit out waste, elements of which had no other viable disposal route other than to be sent to landfill. Moving forward we will reassess this target to ensure it is sufficiently robust yet practicable.

## Managed waste across the like-for-like portfolio Tonnes



■ Tonnes recycled  
■ Tonnes incinerated (with energy recovery)

# Zero

operational waste from managed properties sent to landfill

# 55%

recycling rate of operational waste across our like-for-like portfolio