

IMPACT REPORT 2015/16

Introduction

Louise Ellison

BBP Chairman and Head of Sustainability, Hammerson



I am delighted to introduce the BBP's inaugural Impact Report. The BBP aims to enable market transformation through sustainability leadership and knowledge sharing across the property industry. This report demonstrates the significant achievements of the BBP over the last 12 months in pursuing this aim.

The organisation provides members with the opportunity to share knowledge and experience, participate in industry leading projects and move the sustainability agenda forward in a really exciting way. The six founding BBP members have been joined by a further 21 members over the last eight years; clear evidence of the growing significance of sustainability for our industry and support for our business-led approach.

Behind the scenes the Board has been working hard to ensure that the BBP is in a robust financial position and has the resources in place to deliver an ambitious 2016/17 Business Plan. Following the appointment of a new Programme Director we successfully recruited a new Programme Officer and have put into place a number of organisational processes and procedures to ensure the executive is in a strong position to support a growing membership body and ambitious programme of work.

The BBP will continue to provide its members and the industry at large with pragmatic responses to some of the key challenges they face. As is clear from the range and scale of projects detailed in this report, the BBP's contribution to our industry is wide-ranging and significant. The achievements set out below are testament to the hard work of the Executive, the contribution and commitment of the BBP members and effective collaboration with a wide range of organisations.

I would like to take this opportunity to thank all of those involved in the work of the BBP for continuing to deliver a programme of work that has earned the organisation an enviable reputation for expertise, quality and delivery. I am extremely proud to be Chairman of the BBP and look forward to continuing to work with you.

Sarah Ratcliffe

BBP Programme Director



When I joined the BBP just over 18 months ago, I was genuinely impressed by the scope and impact of the work the BBP was involved in and the contribution of its members to the programme of work. In 2015/16 I got to experience exactly how hard working the BBP is and now, being asked to write about the highlights of the year is a bit like being asked to choose your favourite child...

The 'performance gap' has loomed over the industry for some time, so when the BBP was asked to support an industry-wide 'Design for Performance' project we seized the opportunity. The interest in the project has far exceeded our expectations. The recent completion of the feasibility study highlights exactly what the industry needs to do to create a market mechanism that galvanises occupier and investor demand for energy efficient offices.

The successful establishment of the Managing Agents Partnership in 2015, including 10 of the industry's major property agencies, is a further demonstration of the progress the BBP has made. Our consistent focus on providing practical, industry-led and informed resources and information remains popular. We see this as vital to addressing the growing challenges of an increasingly complex sustainability agenda and a regularly changing policy landscape.

The BBP's great strength is in its unwavering focus on providing practical support to its members and the wider industry. However, the BBP hasn't always had the means to share this knowledge and experience with others. The launch of the new website has changed all that, providing a window into how sustainability is being put into practice by leading property owners.

This, our first Impact Report, is also another important milestone for the BBP. Each section outlines the progress we've made in meeting our individual objectives. We hope that you enjoy reading it and would welcome any feedback you may have.

Our members

The BBP is a membership based organisation, with a specific focus on commercial property owners. Our aim is to enable market transformation through sustainability leadership and knowledge sharing across the property industry.

In 2015/16 we enjoyed the support of 27 members with a combined total of over £180bn Assets under Management. Member portfolios range from London-centric to worldwide and cover a wide range of asset types including office, retail, leisure, industrial and residential. We were also delighted to welcome two new members; Cording Real Estate and Low Carbon Workplace.

"The Low Carbon Workplace Partnership joined the BBP last year after we started using the Real Estate Environmental Benchmark to measure and compare our assets' environmental performance.



Since joining, we have valued the opportunity to tap into the knowledge and experience of other BBP members, through our participation in the different Working Groups. We are also very proud to be a part of this group of property owners that are leading the way in the sustainability agenda."

Bruno Gardner, Managing Director, Low Carbon Workplace, Carbon Trust

Aberdeen

AVIVA
INVESTORS

Blackstone

British
Land

bruntwood

CADOGAN

CANARY WHARF
GROUP PLC

Capital &
Regional

CLS Holdings plc

CORDING
REAL ESTATE GROUP

Deutsche Asset
& Wealth Management



GREAT
PORTLAND
ESTATES

GROSVENOR

Hammer
ton

HERMES
INVESTMENT MANAGEMENT

intu

LandSecurities

LaSalle
INVESTMENT MANAGEMENT

Legal &
General
INVESTMENT MANAGEMENT

LOW
CARBON
WORKPLACE
Partnership

M&G
REAL ESTATE

SEGRO
WHERE BUSINESS WORKS

Shaftesbury

TH Real Estate

THE CROWN
ESTATE

Transport
for London

WORKSPACE®

Committed to change

2015/16 saw the launch of our Member Commitment, an important step in continuing to demonstrate the collective commitment of our members to provide a leadership role for the industry.

All members have signed the commitment and all new members agree to the commitment when they join the BBP. Over time, the membership aims to strengthen the commitments made.

MEMBER COMMITMENT

Our commitment to the BBP - as part of the membership, we will:

- Pro-actively support and promote the BBP and its objectives.
- Attend and contribute to chosen Working Group meetings and actively participate in the delivery of Working Group objectives.
- Adopt the solutions developed by the BBP as best practice and implement them where feasible across our portfolio(s). Specifically, this includes:
 - Submitting, where appropriate, our managed UK portfolios to the annual Real Estate Environment Benchmark.
 - Incorporating the BBP Toolkits into engagement with our investors, occupiers, contractors and property managers.
 - Exchange knowledge and experience with the BBP membership and wider property industry by providing case studies, industry insights and blogs that can be shared via the BBP website.

Our commitment to sustainability - as leaders of the industry, we will:

- Annually monitor, report and set targets in relation to the sustainability performance of our commercial property portfolio using standardised industry metrics wherever possible.
- Support research and innovation into new technologies that could improve the operation and performance of existing buildings.
- Provide our investors and borrowers with regular updates on the sustainability issues that could have a material impact upon investment performance.
- Engage with our occupiers so that we can work with them to achieve mutually beneficial sustainability outcomes.
- Incorporate sustainability issues into the management of our existing buildings and instruct our property managers accordingly.

Knowledge sharing

The BBP aims to enable knowledge sharing and deliver practical guidance that overcomes common sustainability challenges. The Working Groups, website, social media and weekly

newsletters are some of the mediums used for BBP members to share their experiences both internally and across the whole UK property industry.

“One of the great things about the BBP is the openness and willingness of its members to collaborate and this provides a great foundation for sharing of knowledge and best practice. The BBP executive are excellent at building upon this and organising roundtables, industry insights and opportunities to engage with policy makers. My own request to run a roundtable on our collective approaches to minimising the risks of Minimum Energy Efficiency Standards (MEES) provided immense amount of value to Aberdeen Asset Management. It allowed us to understand market expectations and share practical insights with our peers which otherwise would simply not have been possible.”

Dan Grandage, Head of Responsible Property Investment, Aberdeen Asset Management



WORKING GROUPS

The Working Groups form the hub of the BBP's activities, with members meeting regularly to share knowledge and tackle industry wide challenges. In 2015/16 we ran 42 meetings across nine Working Groups reflecting the BBP's priorities of:

- Investing & Lending
- Measurement & Reporting
- Operations & Technology
- Property Management
- Occupier Engagement
- Market Transformation

The BBP places equal emphasis on engaging with the wider industry. Its Working Groups are open to other organisations that can contribute to the BBP's objectives and add value to the work that the BBP undertakes, either as attendees, speakers or observers.

+ 800 HOURS

CONTRIBUTED FROM BBP MEMBERS



+ 300 HOURS

CONTRIBUTED FROM EXTERNAL ATTENDEES



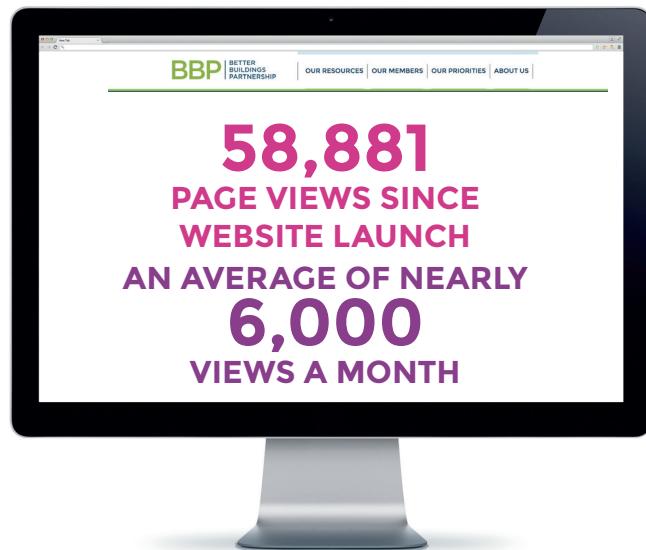
+ 100 HOURS

CONTRIBUTED FROM BBP EXECUTIVE



WEBSITE

In May 2015 the BBP launched a new website, with the ambition of enabling the industry to freely access the resources published by the organisation and providing greater transparency on the BBP members' sustainability activities. The website now provides a valuable resource for the whole industry. It includes a wide range of case studies, blogs and industry news as well as member pages where stakeholders can see at a glance BBP members' approach to sustainability. Members also have their own area where they can access all of the BBP meeting minutes, presentations and Working Group documents.

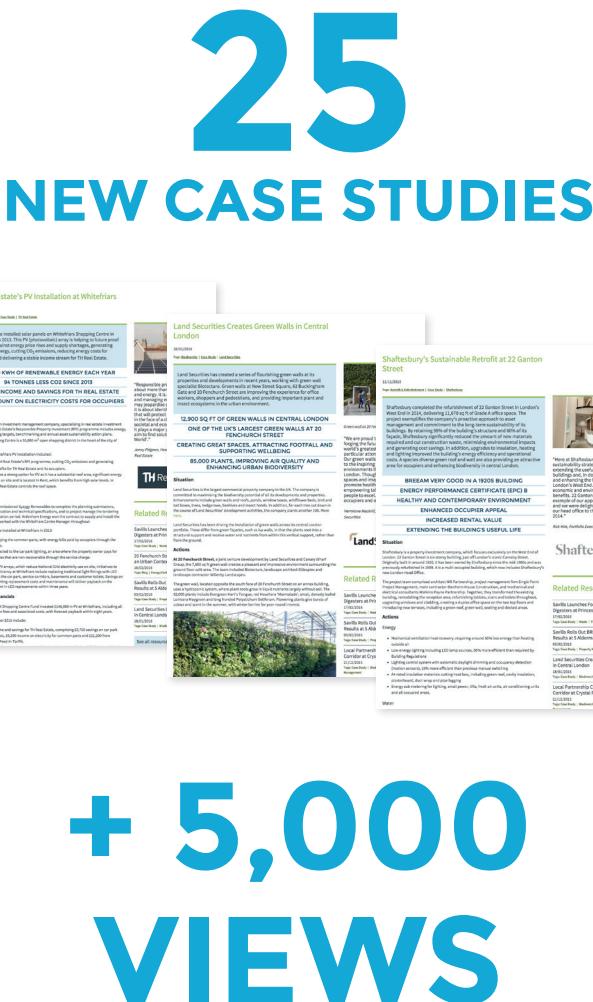


CASE STUDIES

The BBP case studies are a long-established feature of the BBP's work and are designed to show how BBP members are implementing sustainability in practice. As well as highlighting the best practice measures employed on specific projects, the case studies deliberately focus on financials and the implementation challenges members have experienced.

In 2015/16 the BBP case studies covered a wide range of topics including:

- refurbishment and retrofit programmes for heritage buildings
 - legislative risks related to MEES
 - energy reduction programmes
 - green roofs and walls
 - lighting refurbishment programmes
 - photovoltaic installations
 - tenant / managing agent / landlord collaborations
 - social employment programmes
 - certification schemes
 - implementation of innovative technologies such as air source heat pumps, energy centre, food digesters and metering software.



SOCIAL MEDIA

Social media is playing an increasingly important role in the communication strategies of many organisations and the BBP is no exception. We have worked hard to improve our presence on selected social media this year, most notably Twitter and LinkedIn.

Member news, upcoming events and new BBP publications are regularly posted to try and engage a wider audience in our work.

 @bbduk

 better-buildings-partnership

+120%
INCREASE IN FOLLOWERS

+300K
TWITTER IMPRESSIONS, A

1,064%
INCREASE

NEWS & VIEWS

Keeping up to speed with the latest sustainability intelligence is a key challenge for many of our members. To help reduce this mountain to a mole hill, we provide a weekly dedicated newsletter for BBP members which focuses specifically on those issues of particular interest to property owners. The BBP also publishes a quarterly update to keep people in touch with the work of the BBP and to provide them with the opportunity to get engaged with our work.

Our members' views on sustainability topics are equally valuable and the BBP regularly publishes sustainability blogs. This year saw contributions from 10 different stakeholders on topics such as legislative compliance, landlord energy ratings, innovation, sustainable fit-out, green bonds, property management, GRESB, COP21 and climate change, energy reduction challenges, sustainable lending, ESG reporting, sustainability benchmarking and target setting.

+100
RECIPIENTS OF OUR DEDICATED
WEEKLY NEWSLETTER

+600
RECIPIENTS OF OUR QUARTERLY NEWSLETTER

46
NEWS ARTICLES PUBLISHED

29
BLOGS PUBLISHED

"The value and benefit of the BBP really comes from the huge collaborative power of working both formally and informally with other members, with the same objectives, drivers and challenges in a complex industry. Understanding the reactions of a wide range of stakeholders, internal and external, when faced with subjects as diverse as fuel cells, living roofs, solar power, skills and training and LED lighting and being able to tap into a knowledge base with the ability to cut through hype, greenwash and technology claims, is invaluable. By working together, BBP members have the confidence to make demonstrably positive changes to the sustainability of their buildings and provide leadership to the property sector."

Neil Pennell, Head of Engineering and Design, Land Securities



Demonstrating leadership

The BBP aims to demonstrate leadership through the development and implementation of consistent approaches that can be shared across the industry. This is particularly important as new areas of work emerge, as was the case this year.

With a 55% increase in commercial real estate lending in Europe in 2014, this topic began to emerge as a key issue for our members in 2015/16. The BBP had already convened a Working Group on this topic, but was joined in 2015/16 by a number of other key players in the industry including ABN AMRO, AXA Real Estate, BlackRock, BNP Paribas, ING, Lloyds, and UBS.

This work culminated in the launch of a BBP Industry Insight [Sustainability Bites? The Impact of Minimum Energy Efficiency Standards for Commercial Real Estate Lending](#). This paper sets out our current thinking regarding the risks associated with Minimum Energy Efficiency Standards for commercial real estate lenders and the practical steps lenders can take to mitigate such risks. The report also touches on some of the wider sustainability considerations lenders may wish to take into account and the value creation opportunities they offer.

The paper was launched in collaboration with CREFC Europe, GRESB and RBS in November 2015. The event was attended by over 80 professionals from the lending community, demonstrating a strong interest to understand the potential impacts sustainability could have on their lending decisions.



This work has established the BBP as a ‘thought leader’ in this sphere of work. We have played a key role in the development of GRESB’s first debt survey and our work in this area has been highlighted (amongst others) in the recent UNEP FI publication: [Sustainable Real Estate Investment Implementing the Paris Climate Agreement: An Action Framework](#).

“After moving from the BPF to the debt side of the property industry, I struggled to find much appetite or an appropriate forum for a focus on sustainability for lenders - until BBP formed its Working Group on exactly that subject. The BBP has provided excellent leadership in this area, assembling a great group of industry participants spanning equity and debt expertise, and adopting a highly collaborative approach with other industry organisations including CREFC Europe, GRESB, LMA and the RICS.”

Peter Cosmetatos, CEO, CREFC Europe



June 2015 saw the launch of a major new initiative from the BBP. The management of existing buildings has long been a key priority for BBP members, and their managing agents are critical to the delivery of ‘better buildings’. Following engagement with a number of the UK’s leading agents keen to respond to client demand, the BBP spearheaded the creation of the [Managing Agents Partnership](#), a collaboration of the UK’s leading property managers who are committed to improving the sustainable management of commercial property assets.

The Partnership was launched with 10 members and commenced a programme of work that will help to transform the industry, raising standards across all

of their managed portfolios. As part of the work programme for this initiative, three roundtables were held in order to provide the managing agents with the opportunity to share their experiences and learn about new developments. The topics included technological innovations, reporting waste management data and differing energy reporting platforms used by members. A major objective for the Partnership is to drive improved understanding of sustainability and its integration into property management services across the industry. We are excited about building upon the momentum created throughout 2015/16 and publishing the first outputs of the Partnership in 2016/17.

BBP | MANAGING AGENTS PARTNERSHIP



CAPITA

CBRE



MEMBERS OF THE MANAGING AGENTS PARTNERSHIP MANAGE

+29,000

ASSETS IN THE UK, TOTALLING

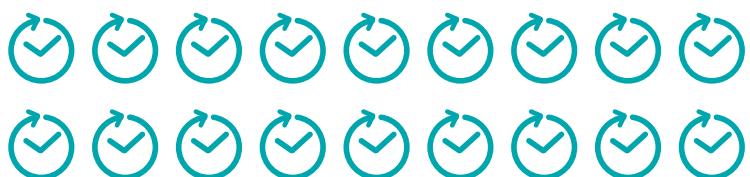
+90 MILLION

SQUARE METRES OF PROPERTY

AND CONTRIBUTED

+200 HOURS

TO THE PARTNERSHIP



“Many of the BBP members use managing agents to oversee the day-to-day operations of the properties they own. It is a credit to the BBP that they not only recognised the role managing agents have in realising sustainability in the built environment, but also acted to develop a platform for managing agents to come together, share best practice, and collaborate to develop the tools needed to raise standards across the industry.”

Carl Brooks, Chair of the Managing Agents Partnership and Head of Sustainability, M J Mapp



Promoting innovation

Over the last year, the BBP has been instrumental in a major and highly innovative industry project designed to address the ‘performance gap’ between how buildings are designed to perform and how they actually perform in use.

The [Design for Performance Project](#) aims to deliver radical improvements to new office developments in the UK. The project looks abroad to the hugely successful Australian NABERS Commitment Agreement and explores the applicability and opportunity of developing and testing such a framework in the UK. The [Feasibility Study](#) was completed in May 2016 and found that buildings in Australia with better energy performance command higher rents because tenants associate them with better buildings. In the absence of this market driver here, new UK prime office buildings can use four times more energy than their best Australian counterparts. The project has now entered into an 18-month pilot to test the protocol on real office developments.

The work is led by Verco with a project team including Arup, the Usable Buildings Trust and BSRIA and is being funded and overseen by leading players in the UK prime office market: British Land, Legal & General Real Assets, Stanhope, TH Real Estate, Laing O'Rourke, NG Bailey and energy simulation company EDSL. Technical assistance is being provided by Paul Bannister, who helped to develop NABERS Energy, and his team at Energy Action, in Canberra. The initiative is also backed by the New South Wales Office of Environment and Heritage, which is responsible for running the NABERS scheme on behalf of the Australian government. The project is supported by DECC, BCO, BPF, CIBSE and UK-GBC. Sarah Ratcliffe, Programme Director of the BBP, chairs the initiative.

“The BBP’s influence has been crucial in building support from across the industry for the Design for Performance Project which has the potential to be market transformational in tackling the notorious performance gap.”

Robert Cohen, Technical Director, Verco



On 1 December 2015 the BBP hosted the official launch of the industry-wide Design for Performance project which was attended by over 80 people. The project has since received strong interest from major industry players in the UK.

“The BBPs session on fuel cells is a great example of members working together to share best practice, and real experience, good and bad, in implementing new and ground breaking technologies. Especially important, is the ability to separate fact from fiction to understand what makes a project successful or not. Demonstrating maturity of the technology, three global car manufacturers now have fuel cell powered vehicles in production, and all three of London’s major fuel cell CHPs are installed in BBP member buildings!”



Andy Stanton, Head of Sustainable Buildings,
Transport for London

Innovation is naturally central to the work of our Building Operations & Technology Working Group. This year the Working Group has looked at a wide range of new technologies, bringing suppliers together with BBP members who have tested the technology, to share their experiences, including the benefits, challenges and investment rationale. Where possible, these meetings are combined with site tours to see the technologies in operation. Over the past year the Working Group has looked at building optimisation technologies, LED lighting, fuel cells and renewable heat metering and technologies.

Influencing the sector

The BBP is made up of some of the UK's largest property owners and as such is in a unique position to influence the sector. This influence takes many different forms and we have highlighted some of our key initiatives in 2015/16 here.

With Heat Network Regulations coming in somewhat under the radar in 2015, we together with the British Property Federation (BPF), played a key role in providing a communications link between the enforcement body the Regulatory Delivery Directorate (RDD) (previously the National Measurement and Regulations Office (NMRO)) and the commercial property industry and providing regular updates (see [April 2016 Update](#)). In addition, by organising a workshop attended by over 50 representatives of the property industry, together with BPF, the practical feedback we provided and continue to provide has been integral to the Department for Energy & Climate Change (DECC) and the RDD in understanding the challenges the industry faced and opportunities to amend the Regulations accordingly.

The BBP is not a campaigning organisation. However, it does contribute to government consultations, using the collective experience of its members to provide an industry perspective. The ultimate objective is to achieve well drafted and effectively implemented legislation that supports the BBP's goal to improve the sustainability of the existing building stock.

This year the BBP responded to HM Treasury's '[Reforming the Business Energy Efficiency Tax Landscape Consultation](#)' setting out our members' views on how energy efficiency can be best incentivised and the benefits of appropriate reporting frameworks.

Investor interest in sustainability continues to grow and in the real estate sector, the growth of GRESB underlines this. With many members required to

participate in GRESB, the BBP's Investor Engagement Working Group reviews the Survey criteria each year, actively engages with GRESB and responds to the formal consultation. The aim is to ensure that the Survey is a valuable tool for both property companies/funds and investors and assesses ESG performance in a way that is material to the investment decision-making process. Our responses are well received by GRESB and actively contribute to the annual development of the Survey.

The BBP was also involved in two publications released this year. In October 2015, a panel debate on the link between sustainability and better returns in the property industry was organised by Property Week and Capita Real Estate think tank. The debate was attended by Sarah Ratcliffe, BBP Programme Director and several BBP members. Following the panel debate, a [discussion piece](#) was publicly released.

In December 2015 an [eBook on Green Bonds and Property](#) was published by the Fifth Estate. The eBook was the result of a high level panel discussion on how green bonds and sustainable finance can help fast track emissions reductions in the built environment. Once again, Sarah Ratcliffe, along with BBP members Hermes Investment Management, LaSalle Investment Management and M&G Real Estate joined the discussion.

"The BBP's role in the industry is invaluable, providing a test-bed for new techniques and resources to help to change the capacity of the industry to deliver sustainable buildings. Working in collaboration on the Heat Networks Regulations has delivered real change and value not only to both our members but to the whole industry."



Patrick Brown, Assistant Director (Sustainability and Construction), British Property Federation

Supporting collaboration

The BBP supports collaboration and develops relationships across the industry by providing a platform for engagement with leading players as well as being a stakeholder in key industry forums.

There are an ever-increasing number of organisations and initiatives aimed at tackling sustainability in the built environment. Whilst this reflects the increasing importance of the issue, it can sometimes lead to duplication of time and effort. At the BBP, we work hard to ensure that we do not duplicate, but support work being undertaken by other organisations and collaborate on projects where we feel that the BBP and its membership can add value.

The BBP Working Group meetings are collaborative in their nature, with many involving the input of industry experts.

IN 2015/16 THE BBP COLLABORATED WITH OVER 50 ORGANISATIONS TO DELIVER ITS WORK PROGRAMME

INDUSTRY BODIES

British Property Federation
British Council of Shopping Centres
Climate Bonds Initiative
CREFC Europe
Loan Market Association
Sustainable Development Foundation
Global Impact Investing Network
BRE
Sustainable Homes
GRESB
RICS
Natural Capital Coalition
Sustainable Traditional Buildings Alliance
Observatoire de l'Immobilier Durable

BANKS

Deutsche Bank
RBS
ABN AMRO
BNP Paribas
ING
Lloyds Bank
UBS

ADVISORY

Faithful + Gould
Monomoy Company
Verco
Sustainable Commercial Solutions
PwC
Carbon Credentials
CO₂ Estates
Nabarro
Practical Law Company
PinSENT Mason
Deloitte Real Estate
Social Value Portal

REAL ESTATE

TIAA
Countryside
Grainger
Howard de Walden Estate
Portman Estate
Sloane Stanley
BlackRock
Regent Street Direct
Unibail-Rodemco

GOVERNMENT & ACADEMIA

Historic England
Westminster City Council
Department for Energy and Climate Change
Hydrogen London
UCL
Oxford University
Regulatory Delivery Directorate

PRODUCT / SERVICE SUPPLIERS

The Curve
Demand Logic
GE Current
Philips Lighting
Adi Intelligent Buildings
Climaventa
Selectaglaze
SmartB
FuelCell Energy Solutions

Looking forward

It promises to be another busy year for the BBP and work has already begun in earnest on the BBP's programme of work for 2016/17 which will include:

- The long-awaited launch of the BBP Sustainable Fit-out Toolkit, which we hope will prove to be a vital tool enabling property owners and occupiers to integrate sustainability throughout the fit-out process.
 - The re-launch of the BBP Real Estate Environmental Benchmark (REEB) with new supplier EnergyDeck. The new platform will provide much more flexible analytics for members and the opportunity for anyone to compare their assets against the REEB benchmarks.
 - The launch of the pilot phase of the Design for Performance project.
- The review of one of the BBP's most successful tools; the Green Lease Toolkit, to take into account regulatory changes such as the Minimum Energy Efficiency Standards and provide up to date case studies of Green Leases in action.
 - The publication of 'Core Provisions' for the management of portfolios by the Managing Agents Partnership, followed by Industry Insights on energy and waste and an update of the Managing Agents Sustainability Toolkit.
 - The development of a series of practical tools for fund managers, to enable sustainability to be integrated into the investment process.

These major projects take place in parallel with a packed schedule of Working Groups, so that members can continue to share their knowledge and expertise with one another and the wider industry. Collaboration with other organisations to help deliver the programme of work is vital, so if you are interested in supporting or contributing please do get in touch.

"In the coming year, I'm looking forward to chairing the Investor Engagement Working Group which will be developing material to help asset and fund managers incorporate sustainability into the investment process, as well as helping to ensure that the BBP's direction continues to reflect the needs of its members through my role on the Board. I will report back next year!"

Sophie Carruth, Head of Sustainability, LaSalle Investment Management

