

Chief Executive's statement

Our priority is to ensure we are sustained as a strong and admired company.

But we live in fast-moving times, from the political and economic events of the past 12 months to the deep shifts taking place across society and technology. It's essential that we anticipate what change means for us – and for the people we rely on – and act early to address the opportunities and risks involved.

Experience tells us that thinking well ahead enables us to make much smarter decisions today. Get that right and we strengthen our reputation and deepen our relationships with the people who matter most to us: our customers, communities, partners and employees.

Pressing issues, evolving trends

The issues we face right now can be complex, and they're often interconnected. Climate change and its impact on the built environment. New regulation. Low levels of productivity in the economy. High levels of unemployment and disadvantage in some local communities. Lack of diversity within our industry.

We're looking hard at these and responding. And we're now giving close attention to a number of other issues set to reshape our industry.

What might resource scarcity mean for us when we start to develop at scale again? Higher costs and slower lead times?

What impact will a growing but ageing population have on buildings, particularly workspace? Will a workforce spanning 16-80 year-olds require a more inclusive approach to office design?

How will the rapid evolution of technology change how people use buildings and the way we design them? To put that in context, we're thinking now about developments that might open in five years' time – and still be in use 30 or 40 years from today.

A decisive response

So how are we approaching this array of issues and opportunities? We've set ourselves the ambition to lead our industry on sustainability. We have clear and stretching commitments. We have sustainability-related KPIs which are linked to remuneration. We're working to embed sustainable thinking at every level of the Company and we seek to incorporate sustainability throughout the asset lifecycle, from buying to developing, managing and selling assets. And the leadership team is dedicating more time to thinking about the world we'll see around us years from now – the long-term view.

Leadership drives us forward

In this report you'll see how we've worked to help lead our industry. It was a year when we became the first property company in the world to have

its carbon emission targets approved by the Science Based Targets initiative. We led from the front on green gas and 100% renewable electricity. We gained accreditation from the Living Wage Foundation for our commitments to fair pay across our supply chain. And we took our pioneering Community Employment Programme nationwide, helping even more disadvantaged people gain access to the world of work. I've seen for myself the powerful effect this can have on individuals and the local community.

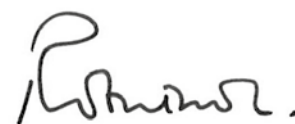
For an example of how sustainability enhances what we do, take a look at Westgate, our joint venture with The Crown Estate in Oxford. It's in a highly sensitive setting, so we took a thoughtful approach spanning everything from sustainable design to local employment. That's enabled us to go from concepts through public consultations, planning and construction to the opening of 800,000 sq. ft. of incredible retail, leisure and public space in October 2017 in just seven years from start to launch.

I want to highlight a group of people absolutely key to our approach: our partners. By working with our many suppliers and industry peers we can have the greatest positive impact. We believe our progressive approach to sustainability gives us competitive advantage, but that doesn't stop us looking to share and scale innovation across our industry.

We're doing all this from a new headquarters that demonstrates how sustainable design can enhance the employee experience. We've created a collaborative, efficient, technology-enabled space to help us attract, inspire and support talent. It's a stage on which our people can perform together brilliantly. We're pleased it's already earned recognition from others, winning the Offices Refurbishment & Fit-Out award at the BREEAM Awards 2017.

Looking ahead

We know there's more we can and must do over the next 12 months and beyond. Given the pace of change outside the business, we need to keep pushing ourselves inside the business. Most of all, we must continue to anticipate and address our evolving challenges so we keep providing the right space for our customers and communities – helping businesses and people to thrive.



Robert Noel
Chief Executive



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