



REAL ESTATE CASE STUDY

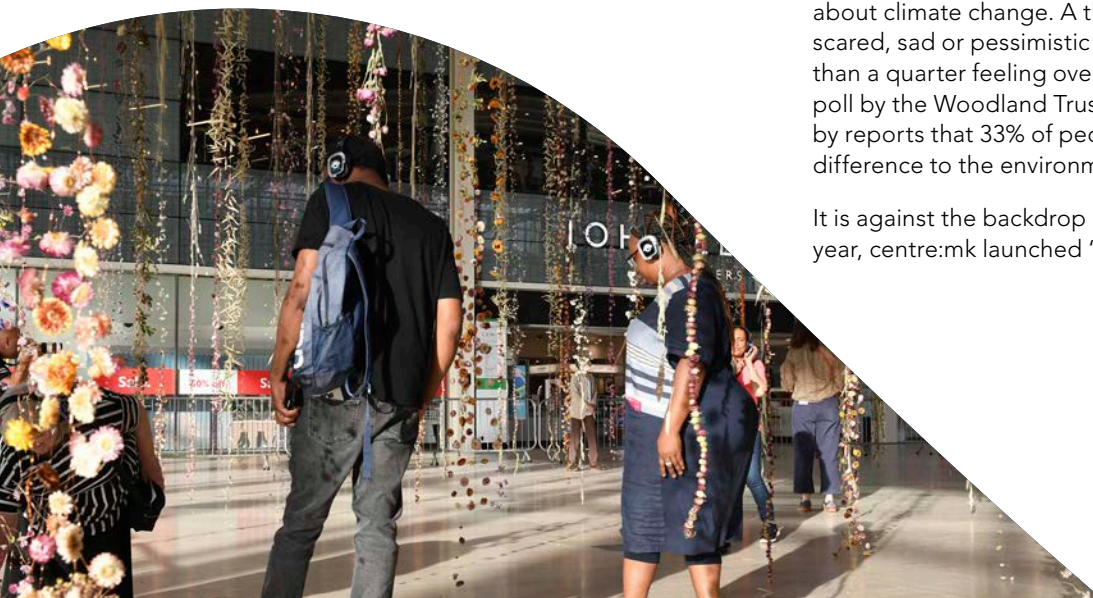
Rethinking retail: centre:mk



Our Q4 real estate case study looks at how centre:mk in Milton Keynes – co-owned by Federated Hermes – is looking to set a new standard for community engagement and sustainability.

It is rare for a shopping centre to be inaugurated by a serving prime minister, but such was the significance of the central shopping complex in Milton Keynes – the largest in the UK at the time – that Margret Thatcher cut the rope in 1979, ushering in the modern era of retail as a shared community experience. Centre:mk is, today, among only a small number of Grade II-listed shopping centres in the UK.

US-style mega-malls have since become common across the UK, overshadowing the Milton Keynes complex in size. Centre:mk has, however, remained a pioneer in how retail can be a forum for social, cultural and creative exchange while continuing to deliver on its commercial objectives.



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22 million

individuals who shop, work and visit the centre every year.

Impact beyond its walls

In 2022, Federated Hermes – which manages centre:mk on behalf of BTPS and AustralianSuper – announced a formal partnership with the Milton Keynes City Council to support cultural, community and entrepreneurial advancement in the region. It represents the first formal partnership between the public and private sector in the UK retail space.

Alongside this initiative, the centre leads the industry in the establishment of new standards for sustainability and ESG awareness in retail. Centre:mk is on track to reach net zero carbon emissions by 2035 and ranked first in its peer group on theGRESB UK Retail Shopping Centre list, retaining its five-star ESG benchmark and a score of 92/100.

The implications of climate change and other sustainability issues on markets continues to be widely analysed and these risks are factored into every aspect of how the owners manage the site.

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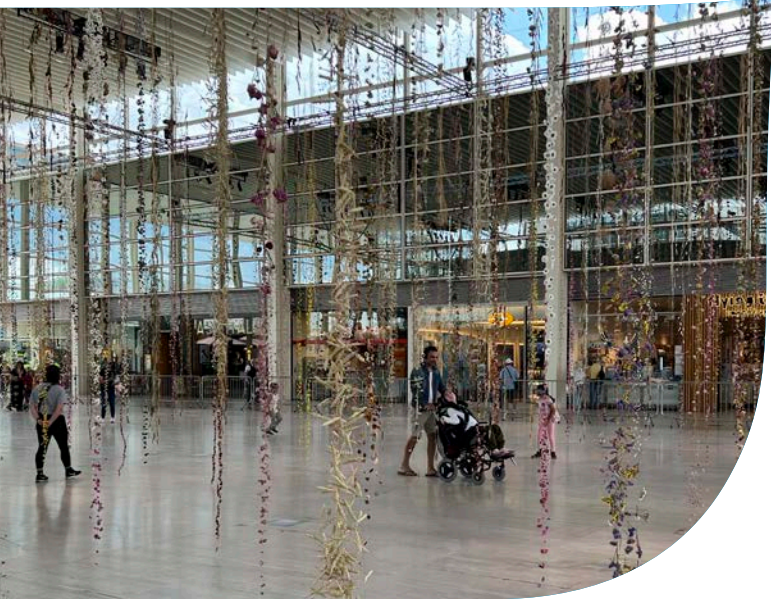
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43%

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According to a recent survey carried out by the University of Bath, 43% of respondents were 'extremely' or 'very worried' about climate change. A third of young people in the UK are scared, sad or pessimistic about the environment, with more than a quarter feeling overwhelmed, according to a separate poll by the Woodland Trust. These findings are compounded by reports that 33% of people believe their actions make no difference to the environmental crisis.

It is against the backdrop of this sentiment, that earlier this year, centre:mk launched 'Little Things'.



Visitors also listened to a soundtrack recorded entirely from plants, some of which was derived from the bio-data of the

40+ year-old plants and trees across the centre.

A platform for green art

Centre:mk was the headline sponsor of the 2023 Milton Keynes International Festival. As part of the Little Things Campaign, the centre co-commissioned an immersive art experience called The Place Between. The installation, shown within the shopping centre, sought to explore the intersections between creativity, sustainability and the natural world.

The Place Between brought together two artists from across different disciplines (visual artist Rebecca Louise Law and sound artist Jason Singh) to create a space for people to explore our connection to nature and how the planet's future is being dictated by the actions we take today.

The installation was open to the public between 14 July and 30 July 2023, and included hundreds of 8-metre strands of plants and flowers that visitors were able to walk through. Visitors also listened to a soundtrack recorded entirely from plants, some of which was derived from the bio-data of the 40+ year-old plants and trees across the centre. The immersive experience was designed to be fully accessible, with space for wheelchairs.

Communities across Milton Keynes supported the creation of the installation by donating flowers and plants. In total, more than 1,400 local volunteers of all ages participated in the creation of the work.

"These commissions reflect how we can use our spaces to create meaningful connections between nature and the wider community," says Edward Sellick, Investment Management at Federated Hermes. "These initiatives and others represent a continuation of centre:mk's long history in redefining the role of retail spaces in communities and, in doing so, delivering true social returns and long-term value for investors."

In total, more than

1400

local volunteers of all ages participated in the creation of the work.

The power of Little Things

Little Things is a centre-wide campaign that calls on communities, occupiers and visitors to illustrate how small individual actions can make a difference to our collective impact on both the environment and the community.

The idea has been embraced across the community with several initiatives including:

- The Little Things Sustainability Event which included a second-life fashion show featuring items from a range of retailers and a pop-up shop selling pre-loved fashion (February 2023).
- Kids Clubs focused on a different sustainability theme each month (started in January 2022).
- Ongoing Busking Programme that supports the artistic community (a minimum level of income is guaranteed), and includes performing arts workshops for children during school holidays.
- Campaign against 'Period Poverty', run in conjunction with local charity Girl Pack, provided free period products across the community (May 2023).
- Action4Youth hosted national citizenship events in the centre and was the main sponsor of The Big Night Out, an event celebrating the achievements of young people and youth workers in the region (Summer 2022).
- Several occupiers donated returned products to charities, offered discounts on pre-loved items, and rewarded customers who returned empty packaging for recycling.



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