PICTON

Sustainable thinking, practical solutions.

Picton Property Income Limited

Sustainability Report 2020

Introduction

Welcome

Welcome to our 2020 Sustainability Report

As a responsible landlord, we integrate sustainability into our business activities, for both ourselves and our stakeholders.

We are committed to conducting business responsibly and in a way that makes a positive contribution to society, whilst minimising any negative impact on people, local communities and the environment.

Visit our website
www.picton.co.uk

Introduction

2020 Highlights

Key highlights

This year we have focused on re-assessing our approach to sustainability and specifically the elements of environmental, social and governance ('ESG').

We have continued to develop our environmental initiatives and this year we have included sustainability measures into our building refurbishment programme.

Read more on pages 6–9

How we performed in 2020

Our approach to sustainability

- Embedded sustainability into our business model and strategy
- Improved our GRESB score by 11 points
- Proactively introduced a series of green clauses into our new leases and developed a tracking mechanism to monitor inclusion

Ensuring our buildings exceed expectations

- Improved our A to D EPC ratings from 82% to 89%
- Re-assessed 39 EPCs, of which 100% are MEES compliant and 69% have an improved rating with an overall average improvement of 14 points
- Incorporated sustainability measures into all major refurbishment projects delivering improved occupier amenities, energy efficiency and sustainable travel options
- Built in sustainability criteria to assess expenditure projects going forwards
- Carried out ESG audits at four of our most energy intensive properties within the portfolio

Focusing on the environment

- Reduction in Absolute GHG Scope 1 emissions of 8% and Scope 2 emissions of 14%
- Reduction in energy intensity (Scope 1 and 2) of 27%
- Installed a green wall as part of an office refurbishment
- Implemented sustainable travel options as part of refurbishment projects
- Achieved a 45% like-for-like reduction in waste to landfill
- Installed water saving measures and leak detection features into major office refurbishment projects

Working with our stakeholders

- Carried out an occupier survey to understand and act on sustainability issues
- Implemented sustainability workshops at a number of properties
- Installed new occupier amenities as part of refurbishment projects

Focusing on our employees

- Undertook sustainability awareness training for all Picton employees
- Carried out an employee engagement survey

Introduction

Picton at a glance

Occupier focused, Opportunity led.

We are an award winning Real Estate Investment Trust ('REIT') investing in UK commercial property. Our diversified property portfolio consists of 47 assets with over 80% invested in the industrial and office sectors.

We acquire, create and manage buildings for around 350 commercial occupiers across a wide range of businesses. By applying insight, agility and a personalised service, we provide attractive, well-located spaces to help our occupiers' businesses succeed and in turn enhance value for our shareholders. We have a long-term track record and have outperformed the MSCI UK Quarterly Property Index producing upper quartile returns over one, three, five and ten years.

Our purpose

Through our occupier focused, opportunity led approach, we aim to be one of the consistently best performing diversified UK REITs. To us this means being a responsible owner of commercial real estate, helping our occupiers succeed and being valued by all our stakeholders.

Our values

Principled

We are professional, diligent and strategic.

Demonstrated through our transparent reporting, occupier focused approach, alignment with shareholders, delivery of our Picton Promise and commitment to sustainability and positive environmental initiatives.

Perceptive

We are insightful, thoughtful and intuitive.

Demonstrated through our long-term track record, our gearing strategy, diverse sector allocation and engagement with our occupiers.

Progressive

We are forward-thinking, enterprising, and continually advancing.

Demonstrated through our culture.

Industrial weighting

48%

South East	35.4%
Rest of UK	12.5%

Office weighting

34%

South East	17.4%
Rest of UK	12.2%
City and West End	4.2%

Retail and Leisure weighting

18%

Retail Warehouse	7.3%
High Street South East	5.2%
High Street Rest of UK	4.1%
Leisure	1.7%

Introduction
Leadership Letter

Chairman's Statement

Welcome to the Picton Sustainability Report 2020.

This Report sets out our approach to sustainability and our activities over the last year, covering environmental, social and governance matters. This is our second Sustainability Report. It provides an insight into our achievements from the past year.

The last 12 months have been unprecedented in many ways. We have had the political and economic uncertainty around Brexit, and more recently the widespread disruption and restrictions caused by the Covid-19 pandemic. These are challenging times for everyone including our occupiers, but we have built good relationships with them over time. This has undoubtedly helped us to find workable solutions that both help our occupiers and maintain value for all our stakeholders. The current health crisis brings into perspective many important issues, such as the wellbeing of our team and their families, and the wider community.

In terms of sustainability, again the world is quite a different place from a year ago. Climate change and environmental issues are at the forefront of the global agenda, and there is increasing public awareness of the need for action, putting pressure on governments and also businesses.

Last year I stated that we intended to integrate sustainability into our business model, embedding it into all our operational activities. We have achieved this, and our 2020 Annual Report describes our three strategic pillars. These are Portfolio Performance, Operational Excellence and Acting Responsibly. Under each of these pillars are a number of strategic priorities, and how these align to our sustainability goals is set out in Our Approach to Sustainability.

This year we have also carried out a materiality assessment, which has identified those sustainability issues that are most relevant to Picton. This assessment is discussed in more detail later in the Report (pages 8–9), and its findings will help us to determine our sustainability priorities and targets in the short, medium and long-term. This is the next stage of our sustainability journey, which we are now embarking on, and we will update you on this in the next Report.

The environmental impact of our buildings remains a key issue for us. This year we have initiated a number of significant refurbishment projects across the portfolio, incorporating energy efficiency measures and other sustainability factors where appropriate. We have invested £9 million into the portfolio, improving the quality of our assets. Our largest project has been at Stanford Building in London's Covent Garden, a historic Grade II listed building,

Introduction
Leadership Letter continued

where we have undertaken a complete refurbishment of the whole property while retaining its unique character. This project provides a clear example of how we have incorporated sustainability into our business operations, and this is described more fully in this Report. The completed building will provide high specification accommodation for businesses with occupier amenities and incorporating the latest energy efficiency features.

There are many other environmental initiatives we are undertaking, and again these are described further on in the Report.

Our team is key to the success of the business and underpins our occupier focused approach. Their wellbeing is critical to us, especially in these extraordinary times. One of our strategic priorities is to maintain our company values and have a positive culture in the workplace. This year we have engaged more fully with the whole team.

We have carried out an employee survey for the first time and introduced a new non-financial key performance indicator: employee satisfaction. I am pleased that the feedback from the survey was generally very positive, and we have taken on board the comments received.

We encourage our employees to take part in charitable and community activities. This is more difficult in these restricted circumstances, but I am pleased to note our increasing involvement with Coram, a charity that supports vulnerable children and young people. I hope there will be more volunteering opportunities for the team once restrictions are eased.

In terms of governance, as a listed company, we comply with the UK Corporate Governance Code, and more information is provided in our 2020 Annual Report.

At Picton, we are committed to supporting local community-based projects to help bring about social change. This year is Picton's 15th anniversary, having launched in 2005. As part of this we want to make a difference to local communities where we own buildings. We intend to launch an initiative to support projects which improve engagement within local areas. More details of this will be announced shortly.

I would like to thank our team and advisers for all their hard work over the last year, ensuring that we support all of our stakeholders.

Nicholas Thompson
Chairman

Key highlights

£9.0m
Portfolio investment

15th
Anniversary since launching in 2005

83%
Employee satisfaction

Introduction
Our approach to sustainability

Determining our sustainability priorities

In the past we had considered sustainability in terms of the environmental impact of the portfolio, and how we could minimise this. Having met our previously set targets, we have re-evaluated the sustainability issues important to us and our stakeholders. We have now fully integrated sustainability into our corporate strategy.

Our material issues

1/

Sustainability governance, management and advocacy

We aim to have in place high standards of sustainability governance and management, and will undertake initiatives to promote greater environmental responsibility. This also includes a focus on business practices, which are activities which concern the way the business is run, including business ethics, compliance and tax principles.

Read more on pages **7-13**

2020 highlights

- **Carried out materiality assessment of relevant sustainability issues**
- **Embedded sustainability into our business model and strategy**
- **Achieved EPRA Gold for 2019 Sustainability Report**

Looking ahead

We are working to identify and target key impact areas across the portfolio, contributing to better management of the overall environmental performance. We will be focusing on setting clear targets to effectively measure our sustainability performance over the short, medium and long-term.

Introduction

Our approach to sustainability continued

Integrating sustainability into our corporate strategy

We believe that sustainability has to be fully embedded into all of our activities. A responsible and ethical approach to business is essential for the benefit of all our stakeholders and understanding the long-term impact of our decisions will help us to manage risk and continue to generate value.

Portfolio Performance

1 Creating and owning a portfolio which provides income and capital growth

2 Growing occupancy and income profile

3 Enhancing asset quality, providing space that meets occupier demand

Read more on pages 14–18

4 Outperforming the MSCI UK Quarterly Property Index

Operational Excellence

1 Maintaining an efficient operating platform, utilising technology as appropriate

2 Having an agile and flexible business model, adaptable to market trends

3 Delivering earnings growth

4 Having an appropriate capital structure for the market cycle

5 Growing to deliver economies of scale

Acting Responsibly

1 Ensuring we maintain our company values, positive working culture and alignment of the team

Read more on pages 32–34

2 Working closely with our occupiers, shareholders and other stakeholders

Read more on pages 28–31

3 Ensuring sustainability is integrated within our business model and how we and our occupiers operate

Read more on pages 6–13

Introduction

Our approach to sustainability continued

Our journey so far

We are committed to transparent reporting and communicating our progress to all of our stakeholders.

We have been reporting EPRA sustainability measures since 2014, and have participated in the GRESB programme since 2017. Following our conversion to a UK REIT last year, we also established our Responsibility Committee, chaired by the Finance Director, to ensure further commitment to our sustainability progress.

In 2016 we set ourselves a number of challenging targets to achieve over the five-year period to 2021, including:

- 20% reduction in Scope 1 and 2 carbon emissions
- Reduce water consumption by 5% by 2021
- Reduce waste to landfill by 10% by 2021
- Achieve top EPRA rating by 2019
- To outperform our peer group in GRESB
- To achieve 100% MEES compliance

As set out in our 2019 Report we were pleased to report many of the targets had been met. Over the past 12 months we have made significant progress across a number of additional initiatives, including:

- Using technology to improve our portfolio data collection
- Improving our portfolio EPC ratings and proactively using MEES re-assessments to implement energy efficiency and improvement measures
- Incorporating sustainability measures into our building refurbishment programmes
- Liaising with our occupiers to understand their own sustainability requirements and providing tailored advice
- Undertaking sustainability audits at four of our largest multi-let office buildings
- Incorporating sustainability clauses into our new leases

During the year, we recognised the need to ensure our sustainability initiatives still reflected the values and priorities of all our stakeholders.

In line with our growing commitment to sustainability best practice, we undertook a detailed materiality assessment in 2020 to better understand the most relevant sustainability issues to the business.

Materiality overview

Our recent materiality assessment process included a robust analysis of potential material issues, both internal and external. A sustainability framework was then developed and aligned with our corporate strategy to provide us with a cohesive structure to communicate and measure our sustainability activities and progress against.

The purpose of the materiality assessment was to assess the sustainability issues most important to our business.

The process involved assessing external sustainability drivers and trends, our internal policies and priorities, and interviews with some of our key stakeholders.

An issue was judged as relevant to Picton if it was likely to affect:

- Business growth
- Successful delivery of the corporate strategy
- Financial performance
- Costs incurred
- Reputation
- Employees and communities
- Our value chain

An issue was judged as material if it was considered it would have a significant impact on our business, our long-term performance or our ability to create value for our stakeholders.

Introduction

Our approach to sustainability continued

Materiality – the outcomes

Following this review, we have now identified 12 key material issues which have helped shape our sustainability priorities and ensure we are able to effectively measure and report performance moving forward.

The assessment process reinforced to us the importance of ensuring sustainability was integrated within our corporate strategy rather than focusing on a separate sustainability strategy.

Strategic pillar	Strategic priority	Sustainability framework	Material issue
Portfolio Performance	**Enhancing asset quality, providing space that meets occupier demand**	— Ensuring our buildings exceed expectations	— Health and safety — Wellbeing and satisfaction — Sustainable buildings

Strategic pillar	Strategic priority	Sustainability framework	Material issue
Acting Responsibly	**Ensuring sustainability is integrated within our business model and how we and our occupiers operate**	— Our approach to sustainability	— Sustainability governance, management and advocacy
		— Focusing on the environment	— Climate change mitigation and adaptation — Biodiversity — Water consumption — Materials and waste
	Working closely with our occupiers, shareholders and other stakeholders	— Working with our stakeholders	— Occupier sustainability — Supplier and contractor responsibility — Community and social value
	Ensuring we maintain our company values, positive working culture and alignment of the team	— Focusing on our employees	— Employees and skills

Read more on pages 8–9 of our Annual Report 2020

Introduction
Our approach to sustainability continued

Governance

Leadership

The Board of Picton has responsibility for the long-term success of the business, providing leadership and direction with due regard and consideration to all of our stakeholders.

The Board comprises the Chairman, two Executive Directors and three independent Non-Executive Directors. They have a range of skills and experience that are complementary and relevant to the business. The biographies of each of the Directors are set out on pages 56 and 57 of the Annual Report.

The Board has full responsibility for the direction and control of the business, and sets and implements strategy within a framework of internal controls and risk management. The Board has established four Committees with agreed terms of reference to have oversight of and responsibility for particular business functions. These are:

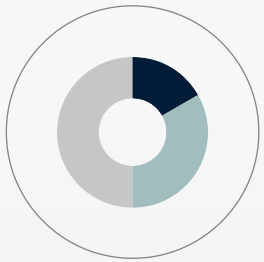
- Audit and Risk
- Remuneration
- Nomination
- Property Valuation

The Committees meet on a regular basis and more details on their activities are included in the Annual Report.

The Directors act as they consider most likely to promote the success of the business for the benefit of all our shareholders. In doing so, the Directors have regard for the likely long-term consequences of their decisions, maintaining the need to act fairly between all stakeholders. The Board seeks to engage with all of its stakeholders, whether directly or delegated through management. More details on how the Board engages with stakeholders is set out on pages 52 and 53 of the Annual Report.

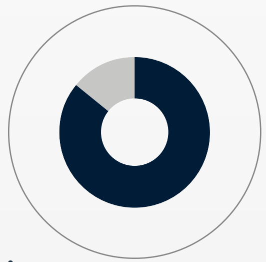
The Governance section of the Annual Report sets out more information on the role and structure of the Board and its activities over the year.

Composition of the Board



Role

	Number	%
Non-Executive Chairman	1	17%
Executive Directors	2	33%
Independent Non-Executive Directors	3	50%



Diversity

	Number	%
Male	5	83%
Female	1	17%

Tenure

	Number	%
0 to 3 years	3	50%
3 to 6 years	1	17%
Over 9 years	2	33%

Introduction

Our approach to sustainability continued

Voluntary reporting

We recognise that it is important to be transparent on sustainability issues, so that our stakeholders can make informed decisions. We continue to report to EPRA and GRESB.

GRESB

To increase our transparency, we started reporting to GRESB in 2017. We used our first year to benchmark where we were in the market and to establish the appropriate strategy for improvement.

Over the last two years, we have put several initiatives in place to improve our score, including data collection, policy documentation and data accuracy.

We greatly improved our score in 2019 achieving a score of 61 and green star status, seeing a 22% rise in our overall score and surpassing our peer group average.

Each year it becomes harder to maintain the score in GRESB as the average score improves. The GRESB tables in the Appendix shows how we have improved year-on-year and compared against our peer group. In 2020 we aim as a minimum to reach a green star status with the stretch target of moving into the second quintile.

Read more on pages **40–50**

EPRA

The European Public Real Estate Association ('EPRA'), is a non-profit association representing Europe's publicly listed property companies. Through responding to EPRA, Picton is promoting sustainability within the property life cycle, while also identifying opportunities for further improvements relating to sustainability regulations and initiatives. We continue to expand the scope of our reporting and have improved our score year-on-year. 2019 saw Picton achieve a Gold award for the first time, in line with our ESG actions, targets and strategy.

Read more on pages **36–39**

Introduction

Our approach to sustainability continued

Trends impacting industry

The sustainability landscape is evolving dramatically on a global, local and industry level. We see the below sustainability trends as key challenges, and opportunities for the business in the future.

Climate change

On 18 June 2020 the town of Verkhoyansk in Siberia experienced a temperature of 38 degrees Celsius, setting an all-time record for the Arctic Circle. 2020 is on course to be the warmest year ever recorded globally, and all of the ten warmest years recorded have occurred since 1998. All the evidence suggests global warming is occurring and our ability to mitigate and adapt to this is vital.

The current emissions trajectory of 4.7˚C by 2050 points to catastrophic consequences for the environment. The Paris Agreement seeks to limit the rise to less than 2˚C. There are now steps towards making real estate a carbon neutral industry and increasing pressure on the real estate industry to act on climate change. This pressure is coming from employees, occupiers and activist investors who are looking for ethical returns. Data suggests that the growing public conversation being observed globally is influencing sentiment in the industry.

Buildings and construction account for nearly 40% of total global energy use, therefore the real estate industry has a key role to play in limiting carbon emissions.

Energy efficient buildings deliver value for our occupiers and investors. Securing 100% of our electricity from renewable sources reduces demand for fossil fuels. Assessing the carbon impact prior to commencing refurbishment projects delivers cost savings and reduces embodied carbon over the life cycle of a building.

In the future we expect demand to focus on buildings that are efficient to run, have low embodied carbon and are resilient to extreme weather conditions, and we will be reviewing the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD').

Read more on pages
17–20

Resource depletion and environmental degradation

The global population will soon reach 8 billion and the demand for resources continues to increase. Globally we are running an ecological deficit – demand for natural resources exceeds what the planet can regenerate each year. Competition for resources increases the risk of conflict, damages the environment and puts pricing pressure on vital goods.

In a real estate context, consideration will need to be given to the materials being utilised for building and refurbishment. Innovation in materials is encouraging, but more efforts will need to be made to ensure that the most sustainable materials, with reduced emissions, are used. When a building is in use, the biggest drivers of energy consumption are heating, cooling and lighting. Improvements to the system and management of the building can significantly help to avoid resource depletion and prevent harm to the environment.

Efficient buildings reduce demand for scarce resources and increase resilience to pricing volatility. By refurbishing rather than redeveloping, we can avoid the extraction, production and transport costs of raw materials. By ensuring building management systems are operating efficiently we avoid excess energy consumption and waste. By encouraging biodiversity we assist natural regeneration.

By focusing on efficiency throughout the life cycle of our buildings we add value for our stakeholders and help the environment.

Demographic changes and social progress

As the population ages, and new generations come into the workforce, the demand for space, location and time changes. New generations have different expectations for business, buildings and lifestyle.

The recent pandemic has also shined a spotlight on the role of business in protecting employees and the wider community. Alongside this, there is also a greater emphasis on purpose and the environment. We need to deliver spaces that work for people.

By upgrading cycle and changing facilities we can help to enable safer and more sustainable travel choices, and healthier lifestyles. By delivering space that meets their needs we provide positive environments for our occupiers to reach their potential.

Introduction

Our approach to sustainability continued

Advances in technology

Advances in technology have delivered significant benefits to real estate, enabling gains in efficiency, transparency and connectivity. Technology helps us improve data measurement and monitoring, enabling gains in efficiency and the use of space and energy. Data transparency (information available to everyone) and increased connectivity allow occupiers to do more with their physical space and seek more technology-enabled 'on demand' experiences.

By investing in the connectivity of our buildings we enable our occupiers to access fast resilient broadband and facilitate improvements in the efficiency of our space.

Urbanisation

One of the major megatrends of the past 30 years has been global urbanisation, as people migrate to urban areas to capitalise on economic opportunities. In the near future it is anticipated that as much as 70% of the global population will live in urban areas.

Read more on pages 14–20

Recent events have led to a re-assessment of the urbanisation trend in some areas as technology has enabled people to partially offset physical distance in business and social interactions. However in the long run we still expect physical proximity and agglomeration to be a key driver of economic and social relations. The movement of people from lower to greater densities puts pressure on infrastructure, government services, food, water and energy supplies. Greater economic activity and wealth drives demand for better education, consumer goods, transportation and housing services.

We can adapt to this by providing buildings and locations that facilitate the economic and social interactions driven by urbanisation. This could be urban logistics enabling rapid fulfilment of commerce, providing the connectivity solutions to allow video conferencing across continents, or simply providing a great environment for people to work, socialise or rest.

Shifting economic and political power

As we enter a period of greater uncertainty in the global economy, we are seeing increased investor scrutiny on the governance, operational expertise and economic fundamentals of businesses.

The importance of a strong track record is heightened, along with the ability to demonstrate clear and transparent governance as ever increasing importance is attached to environmental, social and governance issues in the investment case.

We must ensure we meet the needs of occupiers and be adaptable to changing requirements. It also means ensuring clarity on governance and business principles to ensure alignment with investors. Finally it means ensuring our operations provide a benefit to all stakeholders, including occupiers, investors and local populations.

Sustainable Buildings
Summary

Ensuring buildings exceed expectations

Ensuring our buildings exceed expectations is vital in generating value for our stakeholders. We aim to provide space meeting occupier requirements for safe, sustainable, relevant workspace that adds value to their operations.

89%

A-D EPC ratings

Our material issues

1/

Health and safety

Health and safety of employees, occupiers, visitors to properties and contractors.

Read more on page **16**

2/

Wellbeing and satisfaction

Landlord and occupier satisfaction, and wellbeing considerations in design and occupation.

Read more on page **17**

3/

Sustainable buildings

Ensuring buildings are sustainable, through an approach which includes certification and standards, design and life cycle management, and monitoring of data and buildings.

Read more on pages **18–20**

2020 highlights

- **Improved our A to D EPC ratings from 82% to 89%**
- **Re-assessed 39 EPCs, of which 100% are Minimum Energy Efficiency Standards ('MEES') compliant, 69% have an improved rating, with an overall average improvement of 14 points**
- **Incorporated sustainability measures into all major refurbishment projects delivering improved occupier amenities, energy efficiency and sustainable travel options**
- **Built in sustainability criteria to assess expenditure projects going forward**
- **Carried out ESG audits at four of our most energy intensive properties within the portfolio**
- **Proactively implemented a series of green clauses in all our new leases and developed a tracking mechanism to monitor inclusion**

Looking ahead

Moving forward we will continue to further integrate sustainability into our portfolio management strategy. This will extend from decision making around acquisitions/disposals, to capital expenditure projects, ongoing property management and delivering amenities for our occupiers. We recognise the increasing importance of sustainability and efficiency for occupiers as well as investors and will ensure our buildings continue to meet their requirements.

Sustainable Buildings
Our sustainability in action

From refurbishment to operation at Stanford Building

Following a lease event, we had the opportunity to remodel and upgrade Stanford Building in central London. The strategy was to deliver market leading retail and office space incorporating sustainability at all stages of the project and to deliver an end product which meets the requirements of occupiers and their employees, delivering a best-in-class working environment.

Health and safety

- Incorporating safe management and occupation of the building into the design process.
- Full adherence to Safe Contractors guidance on safe construction practices during period of refurbishment.
- Natural/Low impact materials used throughout.

Wellbeing and satisfaction

- Introduction of dedicated shower and changing facilities encouraging active lifestyle and sustainable travel.
- New air conditioning system improving internal air quality.

Sustainable buildings

- Refurbishment undertaken to standard equivalent to BREEAM Very Good.
- Installation of energy efficiency measures:
  - New air conditioning and ventilation system including heat recovery and variable speed drives.
  - New LED lighting system throughout, fully controlled via motion sensors.
  - Solar panel array located on roof for clean power generation.

Biodiversity

- Planned installation of a bird box to encourage nesting.

Water consumption

- New water efficient taps, WCs and shower heads.
- Water supply sub-metered.
- New leak detection system installed.

Materials and waste

- Over 99% of site waste diverted from landfill.
- 100% FSC certified responsibly sourced timber and timber products.

Occupier sustainability

- All demises fully sub-metered on half hour meters for electricity.
- All demises sub-metered for water usage.
- All lighting motion sensor activated.
- New occupiers will receive an occupier pack including suggestions on minimising energy use.

Supplier and contractor responsibility

- Market leading rating on responsible sourcing.
- 100% of timber products FSC/PEFC certified.
- Over 60% products used on site ISO14001/BES 6001 certified.
- Contractor aligned with Picton policies on staffing and recruitment.

Community and social value

- Stanford Building is a historic Grade II listed building in central London. The internal retail and office space is being upgraded to Grade A contemporary standards without compromising the historic fabric and aesthetic appeal of the building.

Sustainable Buildings
Ensuring buildings exceed expectations

Health and safety

Ensuring our buildings provide a healthy and safe environment for our occupiers, their visitors and the general public is a key responsibility for us. We therefore ensure that all our spaces comply with relevant health and safety legislation and guidelines.

Over the period from April 2019 to March 2020 all required asset health and safety assessments were completed and there were no health and safety compliance incidents.

In addition, our property managers at CBRE provide a monthly health and safety report detailing compliance with Critical Documents (legal requirements) and Secondary Documents (best practice), along with a full list of required document compliance, actions and incidents.

If for any reason we are unable to undertake a Critical Document action, we ensure the relevant item is safely removed from use until the action has been completed.

As at 31 March 2020 we were 99% compliant with Critical Documents and 99% compliant with Secondary Documents.

During the Covid-19 pandemic lockdown we have experienced issues accessing some items of equipment to undertake Critical Document actions. However we prioritised these as the restrictions were relaxed and have taken items out of action where necessary.

Site type	Building coverage (assets)	Asset health and safety assessments (% assessed) H&S-Asset 2020	Asset health and safety compliance (number incidents) H&S-Comp 2020
Office	14/14	100%	0
Retail, High Street	6/6	100%	0
Retail, Warehouse	3/3	100%	0
Industrial, Business Parks	7/7	100%	0
Industrial Distribution Warehouse	0/0	100%	0
Hotel	0/0	100%	0
Total	**30/30**	**100%**	**0**

After the period end, and following the Covid-19 pandemic, we have been working with our property managers and occupiers to roll out safe return to work procedures at our multi-let office buildings. Covid-19 Reoccupation Workbooks/Risk Assessments were completed for all properties, and issued to occupiers and service partners in June 2020, with Covid-19 safety posters on display in our multi-let office buildings.

1/

Case study
Returning to the office

In line with Government guidance during the Covid-19 pandemic many of our office occupiers have been working from home since March 2020.

As restrictions are relaxed we have been working with them to ensure safe return to work procedures.

Firstly we have undertaken full risk assessments at each office building to establish the measures required to meet social distancing and hygiene guidelines.

Following this we have, with our managing agents, drawn up detailed reoccupation plans which cover increasing cleaning of common areas, ensuring ventilation systems are operating to recommended standards, installing signage, wayfinding and sanitisation products on site and preparing detailed guidelines for entry/exit and circulation within our buildings. The plans have been tailored to reflect the differing Government guidance in England, Scotland and Wales.

We have held regular video or telephone conferences with our occupiers to assist them with their reoccupation strategies, and to answer any questions or concerns they have. All office buildings remained open during the lockdown and all now have compliant reoccupation assessments which occupiers can use to support their own assessments for the space they use.

Sustainable Buildings
Ensuring buildings exceed expectations

Wellbeing and satisfaction

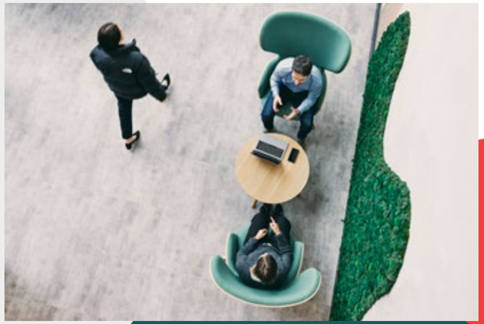
The wellbeing and satisfaction of people and communities is increasingly being associated with the places they occupy, such as the places they work and see every day; this poses a market differentiation opportunity for our sector.

As population densities have increased, so has pressure on the workspace, local services, infrastructure and heritage. Real estate owners can meet this challenge by adapting the built environment through the design and management of occupier space and amenities, providing occupiers with healthier lifestyle opportunities.

Healthy spaces can mean more open and green spaces, better air quality and more natural light. They can also encourage more active lifestyles, by incorporating walkways and cycle routes.

Delivering wellbeing benefits has been a key component in our refurbishment strategy and ongoing building management over the recent period. For example we have installed improved shower/changing/drying facilities at a number of locations across our multi-let office portfolio to encourage the use of sustainable travel methods and exercise, and have plans to upgrade the facilities at a number of additional buildings. We also recognise the value of open space, plants and biodiversity, and plan to focus on this in our ongoing refurbishment and management strategy.

Read more on page 25



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Case study
Wellbeing at Tower Wharf, Green Wall

As part of the refurbishment of our building at Tower Wharf in Bristol, we have taken the opportunity to incorporate a biophilic installation to support wellbeing by establishing a 'green wall' of moss in the newly remodelled reception area.

The moss does not need any watering or light source and requires virtually no maintenance. It is from sustainable sources and can be regrown every season. We have mounted the moss on a carbon negative eco-board, sourced from a local workshop.

The wall is delivering a number of benefits to the building and our occupiers including:

- Improved air quality, humidity and moisture moderation as the moss acts as a filter
- Noise reduction
- Insulation providing natural cooling in summer and heat in the winter

Sustainable buildings

Ensuring buildings exceed expectations continued

Sustainable buildings

Data collection and management

In order to effectively track our sustainability performance, we collect consistent and accurate data all year round through a centralised system run by our property managers, CBRE.

Their new Fabriq data management tool is designed to be flexible and connect to a very wide range of building components, from metering gateways to building management systems and specialised sensors, e.g. for occupancy management. This tool allows us to identify inefficiencies in our building operations and manage savings projects – not just for energy, but also water, waste and wellbeing.

The system allows for:

- Analytics for any metric, any combination and any output
- Smart insights with automated outlier detection for any metric
- Automatic asset benchmarking (flexible reference benchmarks including CIBSE, REEB, ED global database)
- Space maps for energy, environment, occupancy and alerting
- Dedicated repository for housing EPCs and other certifications and achieve benchmarking

In addition, the tool will be used to help us directly report to our external benchmarks GRESB and EPRA from 2021.

To support the Fabriq tool, we have also implemented a bespoke data collection and standardisation template that works to capture complete granular site information on an annual basis. It strives to eradicate the inconsistencies in data availability throughout the year and help manage stakeholder expectations by reducing time needed to quality assure data. The information gathered goes beyond basic utility information, seeking to collate detailed supply information, waste management, certifications, audits and projects.

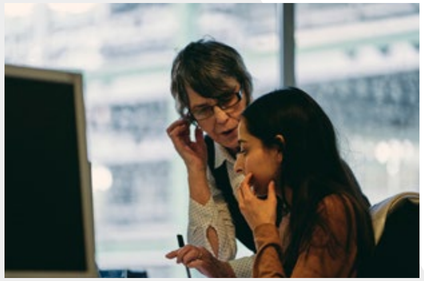
Sustainable refurbishments

As part of our ongoing strategy we plan to further understand and incorporate the wider sustainability implications of building management, refurbishment and redevelopment operations into our planning as well as purely financial metrics.

On this basis we have (in partnership with our consultants at CS2) commenced a process of analysing the sustainability credentials of our refurbishment projects. These are benchmarked against equivalent industry standard best practice guidelines for the type and scale of project and building. This also enables us to understand the projected EPC rating for the finished product.

By undertaking this exercise at the outset of a project, we can ensure that sustainability is incorporated throughout the process and that the space delivered exceeds requirements.

To date we have undertaken four reports; two office buildings – Atlas House, Marlow, and Stanford Building, London, one industrial building – Swiftbox, Rugby and one retail building – Fishergate, Preston.



The output from these reports has provided an important baseline for our refurbishment strategy going forward.

ESG audits

In order to ensure our buildings' sustainability performance is regularly reviewed and improved, we are committed to completing in-depth ESG building audits at our top energy intensive sites. These will help us to understand how we can reduce energy, water and waste and also our occupiers' running costs. We completed audits at four of our key sites – 50 Farringdon Road, London, Queens House, Glasgow, Tower Wharf, Bristol and Metro, Salford – where we identified total savings per annum of around 200 tonnes of carbon and £80,000. The projects identified consisted of improving lighting and plant controls, improving elements of the plant equipment and lighting and overhaul of the building management system. We will be working with our occupiers to discuss these findings and find a way to collaboratively work on these projects to improve the performance of the building and its impact on occupiers.

Sustainable buildings

Ensuring buildings exceed expectations continued

Green lease clauses

The majority of an average commercial building's greenhouse gas emissions ('GHG') come from occupier controlled areas and thus the best way to improve the efficiency and productivity of the whole building is by collaboration. The ideal green lease enhances the environmental performance of a building whilst helping to mitigate any environmental legislative and market risk and foster improvements in data collection for reporting performances. We have been working with CBRE to improve the uptake of green lease clauses in our lease agreements for both new and existing occupiers.

We have developed a set of green lease clauses bespoke to our property types and our occupiers, ranging from the more basic green lease clauses to the most ambitious and are having discussions with our occupiers to adapt the appropriate green clauses based on our mutual sustainability agendas and ambitions.

To support this framework of future-proofing our buildings, we have identified our baseline of existing green leases (60 in 2020) and have categorised them according to what we believe is basic, intermediate and leader green leases and will work to improve our overall count of green leases in the future and push to increase our percentage of green leader clauses. To supplement this, we have created a bespoke tracker document for each individual lease to measure and monitor our green lease levels.

We believe this approach benefits both parties as we set the standard of what landlords and occupiers expect from their sustainable buildings going forward.

89%

A-D EPC ratings across portfolio

Certifications

EPCs/MEES

Due to the nature of our business it is important to ensure compliance with the Minimum Energy Efficiency Standards ('MEES'). MEES stipulates that leases cannot be renewed or a new lease granted to an occupier if the building has an F or G rating. This ruling is expected to be extended to apply to all existing leases from April 2023. It is therefore vital that we understand the risk involved across our portfolio and mitigate this. We have taken a proactive approach to MEES and had largely mitigated the risk in our portfolio prior to the original April 2018 deadline through our EPC risk programme. This reporting year, we are now reporting close to 90% of low risk EPCs A-D ratings.

Read more in table 1

EPC production began in 2008, meaning 2018 was the first year EPCs expired following their ten-year shelf life. This produced new challenges due to the changes in how an EPC is modelled and alterations to sites since the original EPCs were produced in 2008. We proactively engage with occupiers and undertake work to vacant space to improve energy efficiency and minimise EPC risk.

The target is to remove all F and G rated units by 2021 which we are on course to achieve. However we also aim to future-proof our portfolio by proactively identifying future issues. Looking forward we will begin assessing each building individually and setting minimum goals to be achieved. This will help us reach the best results possible in a cost-effective manner through our refurbishment and occupier engagement programmes.

2021 target

remove all EPC F and G ratings

Sustainable buildings
Ensuring buildings exceed expectations continued

BREEAM

The Green Building certifications across the portfolio have remained the same as previous reporting years, although coverage has slightly increased due to the sale of two assets. Certifications are BREEAM and ISO at three office locations, Angel Gate, London, Tower Wharf, Bristol, and Metro in Salford Quays. The two BREEAM awards are both rated as 'Excellent'. We currently have no further certifications planned across our portfolio but are always looking for opportunities to obtain further certifications where appropriate.

Site type	Green Building certification 2019/20
Office	28%
Retail, High Street	0%
Retail, Warehouse	0%
Industrial, Business Parks	0%
Industrial, Distribution Warehouse	0%
Hotel	0%
	6%

3/

Case study
Improving environmental standards at Swiftbox, Rugby

We have recently completed the refurbishment of our logistics asset in Rugby. Following the vacation of our previous occupier we have comprehensively upgraded the building to deliver a modern, sustainable building to meet occupier requirements.

The building has been refurbished to a level equivalent to SKA silver level/BREEAM pass level and resulted in an improved MEES rating from a G rated EPC to a B rated EPC.

We have improved the thermal performance by replacing the existing uninsulated steel roof with a new metal clad composite roof system with market leading thermal values exceeding building regulation requirements.

- New air conditioning and heat recovery units installed
- Hot water system upgraded
- New motion sensor LED lighting installed
- New shower and changing facilities provided

Our Environment
Summary

Focusing on the environment

Environmental issues, such as climate change, have never been higher on the agenda. Meeting these challenges will require global, national and local action.

It is recognised that commercial buildings in the UK are a key source of emissions and that as a responsible landlord we have a duty to control and reduce the environmental impact of our assets. We continue to assess the environmental performance of our portfolio with CBRE who engage with property managers and occupiers to implement sustainability improvements at each asset.

Our material issues

1/

Climate change mitigation and adaptation

Reducing impact of buildings through design, energy efficiency and occupier engagement, and taking into consideration embodied carbon. Climate adaptation is about ensuring that the business is able to adapt to the physical and transitional impact of climate change.

Read more on pages **22–24**

2/

Biodiversity

Focus on land use and ecology, which include adding environmental value, for example with landscapes, green roofs and sustainable drainage systems.. Biodiversity also contributes to wellbeing.

Read more on page **25**

3/

Water consumption

Focus on water management and efficiency.

Read more on page **26**

4/

Materials and waste

Focus on materials used, sustainable procurement and waste and recycling.

Read more on page **27**

2020 highlights

- **99.8% of landlord controlled energy from renewable sources**
- **Reduction in landlord Scope 1 and 2 carbon emissions by 49% compared to 2016 baseline**
- **76% reduction in waste to landfill compared to 2016 baseline**
- **36% water consumption reduction compared to 2016 baseline**
- **9% reduction in like-for-like gas consumption**
- **Installed a green wall as part of an office refurbishment**

Looking ahead

We are happy with the progress made with respect to our 2016 goals but plan to expand our remit to more ambitious targets for our next phase. We aim to take account of the whole embodied carbon life cycle when assessing our buildings and aim to further improve our water efficiency, biodiversity and waste management credentials. We aim to continually improve our relative and absolute rating on the GRESB platform and further align ourselves with global best practice reporting and initiatives.

Our Environment
Focusing on the environment continued

Read more on this principal risk on page 43 in our Annual Report 2020

Climate change mitigation and adaptation

As we develop our sustainability priorities moving forward, we recognise that climate change adaptation is a growing focus, and we will look to review the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD') and considerations of climate adaptation in the coming year.

We have a diverse portfolio of commercial properties that are either landlord or occupier-controlled. In order to improve energy data collection and reporting we have been switching to single energy suppliers across the portfolio, automatic meter reads and engaging with occupiers where we do not control the energy bills.

In respect of our absolute carbon emissions, we reduced our Scope 1 emissions by 8% and our Scope 2 emissions by 14% compared to the previous year. This brings the total reduction in our normalised Scope 1 and 2 emissions to 49% compared to our 2016 baseline, achieving our target of a 20% reduction by 2021. We also saw a 23% reduction in GHG intensity covering all scopes for 2019/20, compared to the previous year. The reduction in GHG emissions and intensity is due to energy reduction measures being put in place, such as new lighting and air conditioning, building management system upgrades, control optimisation projects and boiler replacements, in addition to the decarbonisation of the national grid.

We have reduced our landfill waste by 76% against our 2016 baseline, again exceeding our target reduction.

In order to further increase our recycling options, we intend to switch to a single waste provider in 2020.

We are focused on making considerable progress year-on-year in collecting data and making improvements in cutting our emissions. For a full breakdown of each emission source and our progress, please see the Appendix where performance tables are in line with EPRA reporting guidelines.

We have had a successful year in reducing our like-for-like consumption. The reduction is largely due to energy efficiency projects conducted in 2018 and 2019 which have now had a full reporting year to realise the benefits. These projects included lighting upgrades, hot water system, air conditioning and ventilation replacements and optimisation of controls.

Travel

Transportation continues to be a major source of greenhouse gas emissions worldwide. In the UK, in 2018 transport accounted for 33% of all carbon dioxide emissions with the large majority from road transport. We recognise our role in supporting our occupiers' transition to a more sustainable solution and have been working to identify buildings where electric charging points ('EV charging points') can be installed and utilised by the occupiers and help to tackle emissions. We are pleased to have installed EV charging points at two of our sites – 180 West George Street, Glasgow and Easter Court, Warrington. In addition, plans are underway to install 20 EV charging points at our Metro site in Salford. Our strategy is to roll out EV charging points across our portfolio to meet demand from both occupiers and the general public, and we hope to provide an update on this in future reports.

Business travel

Due to the nature of our business, at times we visit properties and work with our occupiers. We look to avoid air travel where possible, especially as this has a greater impact on our carbon footprint. This year we reduced our overall travel by 36%, mainly attributed to reductions in car and air travel. This has meant there has been a slight rise in rail travel of 13%, however this is the preferred alternative to our transportation use with rail being a less carbon emitting mode of transport. Overall carbon emissions reduced by over 50% compared to the previous year.

Read more in table 12

Our Environment

Focusing on the environment continued

Energy

In absolute terms, there has been a 5% reduction in electricity consumption (2% reduction like-for-like) and an 8% reduction in fuel use for landlord-controlled supplies (9% decrease like-for-like). Reductions in like-for-like use can be attributed to several energy efficiency projects completed in the last two years. For example, three of our sites – Metro, Salford, Pembroke Court, Chatham and Atlas House, Marlow – showed reductions in overall energy consumption ranging from between 10 to 15%. These can be directly attributed to several measures implemented which included:

- Upgrade of lighting to energy efficient LEDs
- Upgrading and priming of air conditioning and ventilation systems
- Installation and optimisation of plant and building management systems to align with occupancy levels of the building

Besides these sites, we also saw smaller decreases in energy use across the portfolio attributed to a combination of project works and occupancy changes. It is also important to note, the fuel reduction can be also attributed to the climate, where last Winter, we experienced warmer temperatures compared to the previous year.

Read more in tables **4 and 5**

We have had a successful year in reducing our energy intensities by 22% for absolute and approximately 5% for like-for-like. We hope to continue to see larger reductions as we see the after effects of projects conducted and completed this reporting year.

Occupier obtained energy data is included in the building coverage as we work towards obtaining 100% coverage of our portfolio. It however has been excluded from intensity, renewable and estimated metrics due to it being a measure that we have little ability to impact. Estimating meters are largely located at void units, with all large supplies working from automatic meter reads. We are working towards rolling out automatic meter reads across the whole portfolio to increase reliability of data and reporting accuracy.

We have developed a three-year plan to meet our energy reduction targets, including audits, occupier engagement programmes and workshops. Our focus is primarily on office locations, but we will also be working with our occupier controlled sites to help reduce their operating costs and the impact on our Scope 3 emissions.

GHG

Absolute GHG emissions have seen a 8% reduction for Scope 1 and 14% reduction for Scope 2. Scope 3 emissions are a composition of landlord water and waste, business travel and occupier obtained data. Due to the variation in occupier obtained data each year, the percentage change can fluctuate year-on-year. This year we have reported an absolute reduction of 32%, however this can be largely attributed to the reduction in occupancy data captured this year due to Covid-19 where our regular occupier contacts and data sources were not readily accessible and available.

Scope 2 emissions have seen the largest decrease of landlord-controlled supplies including an 11% reduction on a like-for-like basis. As set out in the Energy section above, this is largely due to energy efficiency projects implemented, improved meter reads and the decarbonisation of the national grid.

Due to Scope 3 emissions being largely out of our control, we have excluded them from like-for-like comparisons. Emissions are mainly focused on our office locations, with minimal changes at remaining site types leading to large percentage variances.

GHG intensity has now dropped below 0.02 thanks to a 10% reduction overall between reporting years.

Read more in tables **6 and 7**

Our Environment

Focusing on the environment continued

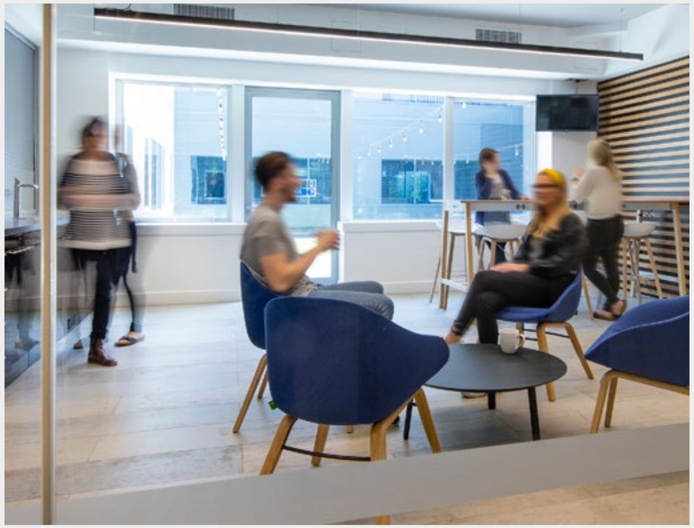
Smart buildings with Asset IQ analytics

We are continuing to roll out the Asset IQ tool across our multi-let office portfolio. Over the year we have installed Asset IQ at Pembroke Court, Chatham and 401 Grafton Gate, Milton Keynes. We are also in the process of upgrading the building management systems at Metro, Salford to facilitate installation here in the next twelve months. It has now been operational in 50 Farringdon Road, London for over three years and 180 West George Street, Glasgow, for two years.

Asset IQ connects to the building management system, providing live updates from each piece of plant equipment throughout the building and allows us to understand each building's energy usage over time. Inefficiencies can be identified by our building managers and remedial actions undertaken to ensure the building is run cost effectively and energy efficiently.

Solar

Following the installation of solar panels at 401 Grafton Gate, Milton Keynes, in 2016, we have benefited from consistent energy production from the panels. During 2019/20 the panels produced a total of 45,184 kWh, and since installation, the panels have produced a total of 177,649 kWh, which has saved 50.3 tCO_2e; the equivalent of 1,910 incandescent lamps switched to LEDs. We are also installing solar panels at Stanford Building, which will further improve the energy efficiency of the property.



50.3

tCO_2e saved

Head office

We started collecting and reporting our Head office data in 2016, and while it is only a small part of our overall footprint, we believe it is important to provide a holistic view where possible. Electricity and water usage are split across the building dependent on floor area where Picton pay for a flat fee service charge, meaning there is minimal impact that we can have on the figures reported. As a result of this, the fluctuations in use are heavily influenced by other occupants in the building and changes in tenancy, and therefore cannot be attributed directly to Picton's use. Overall, the electricity has decreased by over 10% and water use has increased by less than 1%. We plan to discuss these figures with our landlord to ensure that accurate data is being provided to suppliers and if any measures can be implemented which would reduce the building's overall carbon footprint.

Read more in table 13

Our Environment

Focusing on the environment continued

Biodiversity

Biodiversity is becoming an increasing area of focus for the real estate industry. Built-up areas are generally not conducive to wildlife and nature, with the destruction of habitats and ecosystems.

This is starting to change, and many new development projects are including biophilia initiatives. It is recognised that these factors have a positive impact on the health and wellbeing of a building's occupants, as well as being good for the environment.

Biodiversity projects can take a number of forms. Green walls are one example, and we have discussed earlier our installation at Tower Wharf, Bristol.

Another example is the installation of beehives and habitats on building roofs. Bees are vital for pollination but numbers have been dwindling in recent years and the installation of hives in urban areas can help address this.

Following the successful introduction of beehives at our Queens House building in Glasgow, we are establishing the feasibility of similar installations at a number of additional buildings.

We are working with CBRE to adapt landscaping regimes to support habitat growth. A number of our occupiers have expressed their support for this and we are assisting them in their initiatives on occupier controlled space. We will provide an update on this in subsequent reporting.

Read more on page **17**

2/

Case study

Improving biodiversity and engaging the community through beehive projects

The installation of beehives at Queens House, Glasgow has been a great success. The population of the hives has more than doubled in size since installation, helping promote the pollination of surrounding plant life. The installation of these beehives also proved to be beneficial in engaging our occupiers through workshops and presentation events and also provides further scope for potential workshop events with the local community.

This year we have identified several viable sites for further installations and are now working with our partners at Nurture Landscapes to bring forward delivery in the next few months.

Our Environment

Focusing on the environment continued

Water consumption

We have seen a decrease of 4% in our absolute landlord purchased water consumption and with approximately 60% being considered estimated. Over five sites (Metro, Longcross Court, Pembroke Court, Angouleme Way and Regency Wharf) reported roughly between 20–60% reductions in water use at their sites. We have incorporated water conservation features into all our refurbishment projects and common area works, including low flow taps and shower heads, low flush WCs, and new chilled water plant allowing for more efficient water use.

4%

decrease in water consumption

There have been steady increases across the remaining portfolio with a greater focus required on obtaining reliable water data. To meet our performance target, we recognise that a better understanding of our water consumption is needed so that necessary measures can be implemented. This will start with an improved data set, so we are currently investigating the potential for a single supplier to provide a majority of our water supplies with automatic meter reads where possible.

Like-for-like water consumption has seen an increase of 17% with the increase seen only within the office category, of 19%. The biggest contributors to this increase are Atlas House, Marlow and 180 West George Street, Glasgow, which is likely as a result of the installation of new showers and changing rooms to encourage occupants to cycle to work and accommodate greener modes of commuting. As we continue to implement cycling and shower facilities at our offices to improve the health and wellbeing of our occupiers and improve accessibility to greener modes of transport, we will monitor any increase in our water use and ensure water saving installations are in place to counteract these expected increases.

Read more in tables **8 and 9**

3/

Case study

Water conservation

As part of our focus on delivering sustainable refurbishments we ensure that appropriate measures on water conservation are implemented.

At our recent refurbishment of Swiftbox distribution warehouse (Rugby), the following was incorporated to help with water conservation:

- A low loss and cascade system was incorporated into the hot water system allowing automated management of flow rates
- All taps and shower heads were replaced and flow rate regulators installed
- Automated urinals installed to reduce water usage
- Redundant/old pipework was removed from the warehouse and replaced with new pipework and point of use water heaters
- All hot water pipework fitted with new insulation to reduce heat loss
- Redundant pipework was removed from the office/amenity block

Our Environment

Focusing on the environment continued

Materials and waste

Due to improved data collection, we have registered a 16% increase in absolute landlord-controlled waste. However 94% of the total waste is now recycled or recovered with only 6% going to landfill. The increase in absolute waste is explained by improved data capture at Regency Wharf, Birmingham. Landfill waste now accounts for 6% of the total waste by disposal route, a 70% reduction from the previous year. We continue our efforts to ensure we improve data capture at our landlord sites and aim to entirely remove landfill waste disposal methods.

Over the year 2019/20, we have seen an overall 83% increase in our like-for-like waste disposal. This is due to large increases at our buildings at 401 Grafton Gate, Milton Keynes, Colchester Business Park, Colchester and Regency Wharf, Birmingham, which can be attributed to a combination of improved data capture, increased occupancy and building works. The disposal method has improved, with 6% going to landfill and 94% going to recycling or energy recovery. In partnership with CBRE we are looking to move waste disposal to one single provider to give us greater control over the method of disposal, accuracy of reporting, and facilitate comparisons across different sites. It will also provide us with a greater opportunity to engage with our occupiers over their waste disposal.

Due to Covid-19, we were unable to receive waste data from two of our previously reported sites (Atlas House, Marlow and Longcross Court, Cardiff) at time of publication. However, we were able to increase our data capture to include two new sites not previously captured (Queens House, Glasgow and Waterside House, Leeds). For the next reporting year, we will ensure the full data set is reported for full transparency.

Read more in tables **10 and 11**

94%

of waste generated is recycled or recovered

Our Stakeholders
Summary

Working with our stakeholders

We have in place a framework for conducting business in a way that makes a positive contribution to society while minimising the impact on people and the environment. We are committed to engaging with our occupiers, shareholders, suppliers and wider community and the Board acts to promote the long-term success of the business for the benefit of all our stakeholders.

Read more on pages **52-53 of our Annual Report 2020**

Our material issues

1/

Occupier sustainability

Ensuring sustainability focus extends beyond assets, and to occupier agreements and engagement.

Read more on page **29**

2/

Supplier and contractor responsibility

Supply chain and contractor issues, which include compliance and standards, human and labour rights considerations and policies, and other social and environmental concerns related to suppliers and contractors.

Read more on page **30**

3/

Community and societal value

Engaging local communities, charitable activities and economic impact of activities on the local economy.

Read more on page **31**

2020 highlights

- **Implemented sustainability workshops and occupier surveys**
- **Continued with our policy of occupier matched giving for charitable donations**
- **Published our 2019 Modern Slavery Statement**

Looking ahead

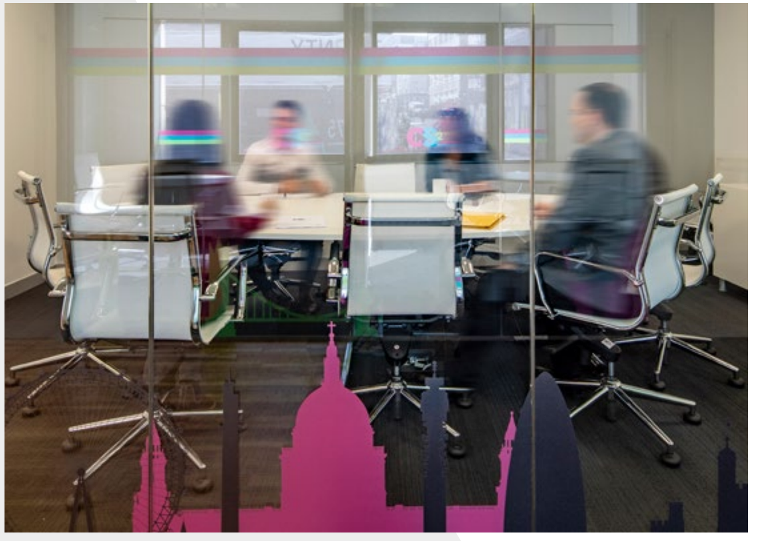
We will continue to develop and further communicate our Supplier Code of Conduct and are seeking to join relevant industry leadership schemes. We will carry out more sustainability workshops, engaging with our occupiers to continue to improve on sustainability initiatives within our buildings.

Our Stakeholders

Working with our occupiers

Occupier focused

We are always seeking to improve our occupiers' experience, which is why we created the Picton Promise; five key commitments including Action, Community, Support, Technology and Sustainability. Each commitment underpins every aspect of the occupier experience we provide.



Working with our occupiers is key, not only to understand their needs and to meet their current and future requirements, but to engage with our occupiers to work collaboratively to strive to reduce our environmental impact.

This year we have continued to expand our efforts to better understand where we could improve our services and continue our dialogue with occupiers around sustainability.

We have circulated an occupier satisfaction survey to better understand our occupiers' views on sustainability issues, as well as our performance as a landlord, and their requirements for the future. Unfortunately, the survey coincided with the beginning of the Covid-19 lockdown and the response rate was lower than anticipated.

Out of 33% of respondents who viewed and completed the survey:

- over 70% of occupiers were likely to recommend Picton as a landlord to friends and colleagues
- nearly 60% of occupiers rated sustainability as important for their company
- majority of occupiers stressed increasing importance of sustainability issues

We also carried out occupier sustainability workshops on selected sites involving a one-to-one webinar session with our sustainability consultants to provide information on the latest sustainability issues. The focus was also on engaging with occupiers on how they could implement and manage their own sustainability strategies, such as energy management, waste management, water management, plastic pollution, transportation and biodiversity. Following the workshops, we have conducted follow-up discussions with occupiers who expressed further interest in pursuing efficiency projects.

60%

rate sustainability as important

Our Stakeholders

Working with our suppliers

Supplier and contractor responsibility

We have in place a framework for conducting business across the Group, in a way that makes a positive contribution to society while minimising any negative impact on people and the environment. We expect high standards within our business and from our suppliers.

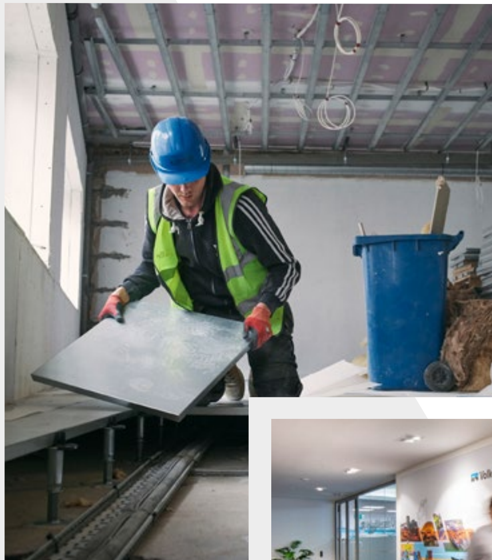
Please refer to our Modern Slavery Statement on **our website**

We are committed to the strict observance of all relevant laws and regulations, and to carry out our business in a fair and honest manner. It is important to us that our suppliers operate in an ethical way and share our business principles. We are currently preparing our Supplier Code of Conduct, which will set out the standards of compliance that we will expect from our suppliers in the way they conduct their business activities.

We are fundamentally committed to ensuring that there is no slavery or human trafficking in our supply chains or in any part of the business. Our Modern Slavery Act Statement sets out our values and we expect our suppliers to share these. We are continually seeking to improve our policies and procedures in respect of the protection of human rights and prevention of modern slavery.

This year we have carried out a review of all our material suppliers to determine their approach to ethical and responsible business and ensure this is consistent with our own.

We found that all of those suppliers reviewed had published or otherwise stated an approach which was consistent with our values.



Our Stakeholders

Working with our communities

Community and societal value

We are committed to supporting the local communities where we own buildings. We aim to continually improve the impact of our buildings within local communities through not only providing space to local businesses, but also through the improvement of local areas and minimising the environmental impact of buildings themselves.

We run an occupier led charitable matched giving initiative supporting all our occupiers in our portfolio in their local community-based fundraising efforts.

We continue to support a variety of charities, principally through The Funding Network, whose aim is to achieve long-term social change.

The Funding Network enables individuals to join together to support social change projects. They are the UK's first public open giving forum and have been described as the 'Dragons' Den' for charities. They have raised over £13 million for over 2,000 diverse local, national and international projects.

This year we have made charitable donations of £6,600 and have also developed a partnership with Coram, the children's charity.

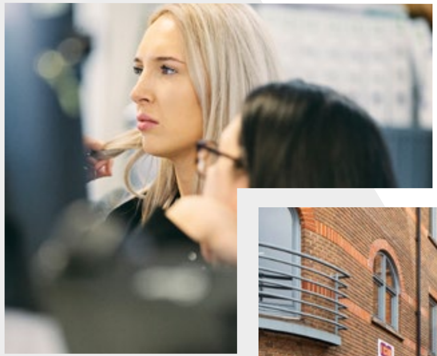
Our employees are also encouraged to play a positive role in community activities through this charitable partnership with Coram and we have this year increased the opportunities for our team to volunteer their time with the charity. This year the team volunteered at an adoption day and helped at the annual Coram Christmas carol concert. Our team's individual charitable fundraising is also supported through our matched giving process.

Community engagement programmes

Site type	Building coverage (assets)
Office	100%
Retail, High Street	100%
Retail, Warehouse	100%
Industrial, Business Parks	100%
Industrial, Distribution Warehouse	100%
Hotel	100%

£6,600

Charitable donations



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Case study

Occupier matched giving

The cancellation and postponement of many fundraising events across the UK due to Covid-19 has had an impact on charity income. In response, there has been a growing shift towards virtual community fundraising.

We provide occupier matched giving to help our occupiers' individual employees with their fundraising targets in support of causes they choose to help within their local communities.

This year, in celebration of our 15 year anniversary, we are announcing a further £15,000 occupier charity fund, open to applications from all of our occupiers for grants of between £1,000–£5,000 on behalf of their supported registered charity. Awards will be granted following consideration by the Responsibility Committee and to those applications best helping support community engagement projects aiming to drive social change at a local level.

Our Employees
Summary

Focusing on our employees

We have a strong and open company culture with shared values co-created by our employees. We value the contributions made by the whole team and aim to nurture a positive working environment.

83%

Employee satisfaction

Our material issues

1/

Employees and skills

Includes focus on diversity and inclusion and employee training, development, satisfaction and policies.

Read more on pages 33-34

2020 highlights

- **Carried out an employee engagement survey across the whole team**
- **Held a forum for employees to raise matters with the designated Non-Executive Director responsible for employee engagement**
- **Included Employee Satisfaction as a new key performance indicator**
- **Undertook sustainability awareness training for all employees**

Looking ahead

We intend to repeat the employee engagement survey and build on the results We are also looking to increase training and personal development opportunities for our employees.

Our Employees

Focusing on our employees continued

Employee engagement

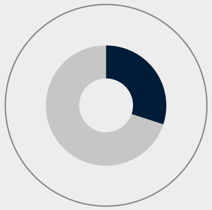
Last year we appointed one of our Non-Executive Directors, Maria Bentley, to be responsible for employee engagement.

This year we carried out a survey across the whole team, and the results of this were then discussed at a team meeting attended by Maria. There were a range of questions put to the team, and the results were positive. Of the questions asked, 93% were answered either Strongly Agree or Agree. We have used the results to prepare an Employee Satisfaction score, which this year was at 83%. We have introduced this as a new key performance indicator so that we can effectively measure our performance against our positive culture strategic priority. We intend to repeat the survey each year.

The turnover of staff during the year was:

40%

Leavers



30%

Joiners

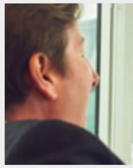
Diversity and inclusion

We value the contributions made by all of our employees and believe that a diverse workforce is key to maximising business effectiveness. We aim to select, recruit, develop and promote the very best people and are committed to creating a workplace where everyone is treated with dignity and respect, and where individual difference is valued.

We recognise the benefits of diversity and the value this brings to the Group. We aim to maintain the right blend of skills, experience and knowledge within the Board and the Picton team.

	Men	Women
Board	5	1
Rest of team	4	3
Total	9	4

Read more on the Composition of the Board on page **61 of the Annual Report 2020**



Wellbeing

We believe that having a happy and healthy team is important to the success of the business. In this year's employee survey the whole team were positive about their work/life balance. Our commitment to providing a safe and healthy working environment for our employees is achieved by:

- Adhering to the appropriate health and safety standards
- Providing a working environment that enables employees to work effectively and free from unnecessary anxiety, stress and fear
- Offering private health benefits to all employees
- Ensuring employees can report inappropriate behaviour or concerns through the whistleblowing policy
- Having appropriate family friendly policies

The absentee rate for the year was 1%. There were no fatalities or work related injuries during the year.

Our Employees

Focusing on our employees continued

Training and development

We want to encourage our employees to realise their full potential by giving them access to development and training opportunities.

This year the amount of training carried out by employees has increased from 1.2% to 1.5%, on a time spent basis.

Employee development is based on the following key principles:

- Development should be continuous; employees should always be actively seeking to improve performance
- Regular investment of time in learning is seen as an essential part of working life
- Development needs are met by a mix of activities, which include internal and external training courses, structured 'on the job' work experience and through interaction with professional colleagues

All of the Group's employees have a formal performance appraisal on an annual basis, together with a mid-year review of their progress against objectives set at the start of the year.

1/

Case study

Sustainability training for our people

We have further invested additional training and workshops for all of our employees to educate and increase their understanding on sustainability.

Our key team members and senior management responsible for managing our sustainability performance have enrolled and completed external courses at the PRI Academy (part of the United Nations-supported Principles of Responsible Investment network) covering responsible investment topics.

All team members at Picton also benefited from a workshop held by our sustainability consultants tackling the areas of sustainability, identifying trends and impacts, covering regulations and latest frameworks and identifying the drivers and materiality specific to Picton.

Appendix

GRESB and EPRA data

Commentary and disclosures

Appendix

GRESB and EPRA data

EPRA commentary

Reporting period

In previous years we have been reporting based on a calendar year. This year, we have revised the reporting period to a fiscal year basis, so that it aligns with our Annual Report. This allows for improved comparability and consistency with our financial reporting.

This year's Report covers the year from 1 April 2019 to 31 March 2020. Historic figures for Scopes 1 and 2 for the last two years have been revised to match financial year reporting and allow for accurate like-for-like comparison. For Scope 1 and 2 data prior to 2018 and for all Scope 3 reporting prior to this year, the historically reported calendar year figures have been extrapolated appropriately to match financial year reporting.

A table showing the last five years of consumption is included below to show how different metrics have been added year-on-year.

Read more in table **A**

Organisational boundaries/ coverage

There was a total of 49 properties within the portfolio during 2019/20. We report on 100% of our buildings wherever possible and provide data by property type. We had operational control at 32 of these sites. The figures include sites where there were void units or external suppliers, and so for at least a portion of the year we had operational control of those units. We have also included in our building coverage where we have obtained occupier data. We believe that it is important to obtain a holistic view of a property's entire energy consumption, and therefore building coverage should include all sites where we have obtained data. The total possible number of buildings where we could obtain data remains a constant (49 properties) apart from on like-for-like data where we have excluded properties that do not have two full reporting years' worth of data. Each table throughout this Report identifies how many properties are being reported on.

During 2019/20, we disposed of two properties. We had operational control over one of those, with data included in the absolute energy and carbon emissions.

Occupier data is separated out from landlord-controlled sites in the tables so that there is a clear distinction between landlord purchased and occupier purchased data per unit. Occupier data is separated out from landlord purchased data and is reported under Scope 3 emissions throughout this Report.

Normalisation

We have used kWh/m²/year to normalise data where applicable and use net lettable area across our sites. We believe that using floor area is the most consistent metric for our portfolio and allows for accurate like-for-like comparisons. This is the most consistent normalisation metric across the whole portfolio. Normalisation metrics have been clearly stated in tables throughout the Report. For the like-for-like analysis, we removed any acquired or disposed sites which do not cover the full 2018/19 and 2019/20 reporting periods and any sites that underwent a major refurbishment to ensure reliable comparisons. We currently have been unable to remove vacant units from our like-for-like comparisons but note that this will have a minimal impact on comparisons. It is estimated that less than 5% of our consumption is through vacant units.

Appendix

GRESB and EPRA data continued

EPRA commentary

Methodology

We have reported on all the emission sources required under the core requirements of the European Public Real Estate Association's 'Best Practices Recommendations on Sustainability Reporting' 2019, and have voluntarily disclosed business travel, occupier and head office consumption (Scope 3) emissions. An operational control approach has been adopted and all 49 properties within this scope are included. Figures presented are absolute for utility and waste consumption and relate only to landlord-obtained utilities and waste removal. Occupier-obtained consumption is included where possible.

We have calculated and reported our emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and used emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019. Where data was unavailable in kilogrammes or tonnes for waste, we used average volumes to convert to tonnes.

Intensity measurements are based on the individual property's Gross Internal Area ('GIA'), regardless of the specific area served by the supply. This is an accurate way of covering 95% of our consumption but will be less useful for our industrial vacant units, due to the comparatively low consumption and large floor areas typically associated with vacant industrial units. We are continually improving the reporting process so that we can continue producing increasingly useful normalisation and intensity metrics.

We have continued to voluntarily report on Scope 3 vehicle emissions. Vehicle emissions were calculated using internal expense reports and the vehicle emission factors from the UK Government GHG Conversion Factors for Company Reporting 2019. We have included occupier and head office consumption within the Scope 3 emissions, using emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019.

Estimation of landlord-obtained utility consumption

We count a supply as actual if more than half the year has had actual or customer readings. The amount of consumption which is estimated is detailed as appropriate for each table. Data is only estimated if there is a reliable source to estimate from, such as a change in supplier or known consumption from other periods for the metered supply in question or if the supplier has incorrectly provided consumption figures that end prior to our expected end date.

Third party assurance

As a Group we have decided not to seek third party assurance for this Report but will continue to review this as an option for future reporting years.

Segmental analysis

As we have an entirely UK based portfolio, we have only segregated our consumption by sector to provide a more accurate comparison between years.

Disclosure on own offices

Our main office is located in London. Energy and water consumption is obtained from the landlord and is reported separately from our property portfolio.

Appendix

GRESB and EPRA data continued

EPRA disclosures

Environmental performance measures		
Elec-Abs	Total electricity consumption	See table 4
Elec-LfL	Like-for-like electricity consumption	See table 5
Fuels-Abs	Total fuel consumption	See table 4
Fuels-LfL	Like-for-like fuel consumption	See table 5
Energy-Int	Energy intensity	See table 4 and 5
GHG-Dir-Abs	Total direct greenhouse gas emissions (Scope 1)	See table 6
GHG-Indir-Abs	Total indirect greenhouse gas emissions (Scope 2)	See table 6
GHG-Dir-LfL	Like-for-like direct greenhouse gas emissions	See table 7
GHG-Indir-LfL	Like-for-like indirect greenhouse gas emissions	See table 7
GHG-Int	Greenhouse gas intensity	See table 6 and 7
DH&C-Abs	Total district heating and cooling consumption	There are no district heating and cooling systems in the portfolio
DH&C-LfL	Like-for-like district heating and cooling consumption	There are no district heating and cooling systems in the portfolio
Water-Abs	Total water consumption	See table 8
Water-LfL	Like-for-like water consumption	See table 9
Water-Int	Water intensity	See table 8 and 9
Waste-Abs	Total weight of waste by disposal route	See table 10
Waste-LfL	Like-for-like weight of waste by disposal route	See table 11
Cert-Tot	Type and number of certified assets	See table 1 and page 20 of this Report

Appendix

GRESB and EPRA data continued

EPRA disclosures

Social performance measures		
Diversity-Emp	Employee gender diversity	See page 33 of this Report and also page 48 of the 2020 Annual Report
Diversity-Pay	Gender pay ratio	As the Company has only nine employees it is not covered by the requirement to disclose gender pay gap information. As there is no overlap in job roles such a comparison would not be fair or meaningful
Emp-Training	Employee training and development	See page 34
Emp-Dec	Employee performance appraisals	100% of employees receive an annual performance appraisal – see page 34
Emp-Turnover	New hires and turnover	See page 33
H&S-Emp	Employee health and safety	See page 33
H&S-Asset	Asset health and safety assessments	See page 16
H&S-Comp	Asset health and safety compliance	See page 16
Comty-Eng	Community engagement programmes	See page 31

Governance performance measures		
Gov-Board	Composition of highest governance body	The composition of the Board is set out on pages 56 and 57 of the Annual Report, with further information on pages 60 to 63
Gov-Selec	Process for selection of highest governance body	The Nomination Committee report on pages 64 and 65 of the Annual Report describes the selection process
Gov-CoI	Process for management of conflicts of interest	See page 63 of the 2020 Annual Report

Appendix
GRESB and EPRA data continued

Table A: Five-year GHG emissions summary

Emission source	GHG scope	2015/16 Absolute GHG emissions (tCO_2e)	2015/16 GHG intensity (tCO_2e/m^2)	2016/17 Absolute GHG emissions (tCO_2e)	2016/17 GHG intensity (tCO_2e/m^2)	2017/18 Absolute GHG emissions (tCO_2e)	2017/18 GHG intensity (tCO_2e/m^2)	2018/19 Absolute GHG emissions (tCO_2e)	2018/19 GHG intensity (tCO_2e/m^2)	**2019/20 Absolute GHG emissions (tCO_2e)**	**2019/20 GHG intensity (tCO_2e/m^2)**	% change absolute GHG	% change GHG intensity
Combustion of fuel and operation of facilities	1	994	0.005	1,503	0.007	1260.06	0.006	1,242	0.007	**1,137**	**0.005**	-8%	-23%
Electricity, heat, steam and cooling purchased for own use	2	4,342	0.022	4,655	0.022	3316.46	0.015	2,679	0.014	**2,295**	**0.010**	-14%	-28%
Business travel	3	8	n/a	8	n/a	7	n/a	8	n/a	**4**	**n/a**	-51%	n/a
Occupier data	3	Not Available	Not Available	9535	Not Available	9566.17	0.054	5,425	0.034	**3,672**	**0.033**	-32%	-3%
Head office	3	Not Available	Not Available	12	Not Available	13	Not Available	10	Not Available	**9**	**Not Available**	-10%	0%
Landlord water and treatment	3	10	0.000	60.70	0.000	53	0.001	55	0.001	**53**	**0.000**	-4%	-33%
Landlord waste	3	n/a	Not Available	24	0.000	21	0.000	26	0.000	**13**	**0.000**	-51%	-51%
Total	–	5,354	0.012	15,799	0.036	14,236	0.032	9,445	0.022	**7,181**	**0.017**	-24%	-23%

Some of the above figures for 2018/19 and 2019/20 have been updated since the publication of the 2020 Annual Report where new data has been received.

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Appendix
GRESB and EPRA data continued

Table 1: Certifications

	A			B			C			D			E		
	Cer-Tot			Cer-Tot			Cer-Tot			Cer-Tot			Cer-Tot		
Site type	2018	**2019**	% change	2018	**2019**	% change	2018	**2019**	% change	2018	**2019**	% change	2018	**2019**	% change
Office	–	**–**		9	**19**	111%	60	**61**	2%	93	**85**	-9%	20	**16**	-20%
Retail, High Street	–	**–**		–	**–**	–	15	**21**	40%	19	**21**	11%	13	**7**	-46%
Retail, Warehouse	1	**1**	0%	4	**4**	0%	12	**12**	0%	1	**1**	0%	1	**1**	0%
Industrial, Business Parks	–	**–**		1	**1**	0%	48	**50**	4%	60	**66**	10%	21	**14**	-33%
Industrial, Distribution Warehouse	–	**–**		–	**1**		2	**2**	0%	1	**1**	0%	1	**–**	
Hotel	–	**–**		–	**–**		–	**–**		1	**1**	0%	–	**–**	
Total	1	**1**	–	14	**25**	79%	137	**146**	7%	175	**175**	0%	56	**38**	-32%
Overall risk % by rating level	0%	**0%**		4%	**6%**		34%			44%	**44%**		14%	**10%**	

	F			G			Unknown			Exempt			Total		
	Cer-Tot			Cer-Tot			Cer-Tot			Cer-Tot			Cer-Tot		
Site type	2018	**2019**	% change	2018	**2019**	% change	2018	**2019**	% change	2018	**2019**	% change	2018	**2019**	% change
Office	–	**–**		–	**–**		1	**–**		6	**–**		189	**181**	-4%
Retail, High Street	–	**–**		1	**–**		5	**1**	-80%	–	**–**		53	**50**	-6%
Retail, Warehouse	–	**–**		–	**–**		–	**–**		–	**–**		19	**19**	0%
Industrial, Business Parks	–	**–**		1	**1**	0%	1	**–**		1	**–**		133	**132**	-1%
Industrial, Distribution Warehouse	–	**–**		–	**–**		1	**–**		–	**–**		5	**4**	-20%
Hotel	–	**–**		–	**–**		–	**–**		–	**–**		1	**1**	0%
Total	–	**–**		2	**1**	-50%	8	**1**	-88%	7	**–**		400	**387**	-3%
Overall risk % by rating level	0%	**0%**		1%	**0%**		2%	**0%**		2%	**0%**		100%	**100%**	

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Appendix
GRESB and EPRA data continued

Table 2: GRESB model

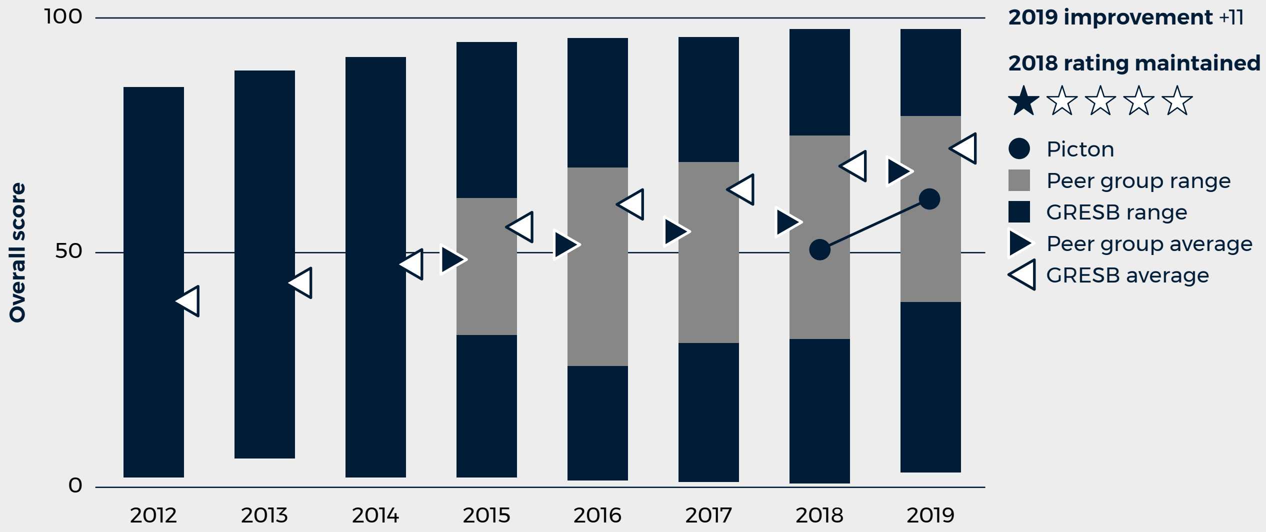
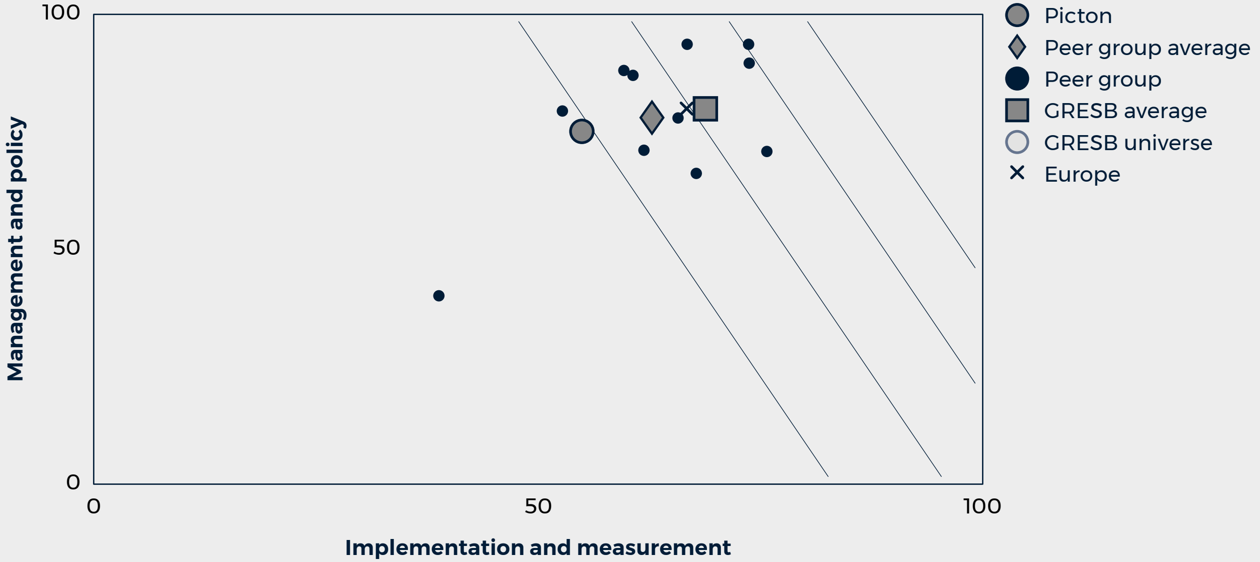


Table 3: Trend



Appendix

GRESB and EPRA data continued

Table 4: Energy consumption – absolute

	Building coverage (assets)		Landlord electricity kWh			Occupier electricity kWh (non-landlord purchased electricity)			Landlord fuels kWh			Occupier fuels kWh (non-landlord purchased fuels)		
			Elec-Abs			Elec-Abs			Fuels-Abs			Fuels-Abs		
Site type	2018/19	**2019/20**	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change
Office	16/18	**15/16**	9,218,987	**8,516,106**	-8%	–	**786,274**	–	6,578,800	**5,903,453**	-10%	–	**6,107,616**	–
Retail, High Street	6/11	**7/11**	106,296	**119,989**	13%	391,875	**364,434**	-7%	173,357	**240,743**	39%	–	**–**	–
Retail, Warehouse	4/4	**3/4**	106,203	**145,793**	37%	1,615,131	**1,276,042**	-21%	–	**1,518**	–	1,811,763	**453,935**	-75%
Industrial, Business Parks	9/12	**9/12**	31,167	**126,870**	307%	2,315,015	**1,181,582**	-49%	26	**40,004**	154309%	2,866,889	**1,170,835**	-59%
Industrial, Distribution Warehouse	3/5	**3/5**	–	**68,296**	–	5,194,624	**2,652,117**	-49%	–	**10,557**	–	8,632,911	**2,754,597**	-68%
Hotel	1/1	**0/1**	–	**–**	–	427,494	**–**	–	–	**–**	–	–	**–**	–
Total	39/51	**37/49**	9,462,653	**8,977,052**	-5.1%	9,944,139	**6,260,449**	-37.0%	6,752,182	**6,196,276**	-8.2%	13,311,563	**10,486,982**	-21.2%

	Energy intensity kWh/m² (Landlord purchased energy)			Landlord purchased energy	
	Energy-Int				
Site type	2018/19	**2019/20**	% change	% Renewable	% Estimated
Office	182.57	**170.68**	-7%	100%	0%
Retail, High Street	15.45	**19.93**	29%	96%	1%
Retail, Warehouse	3.73	**5.17**	39%	100%	0%
Industrial, Business Parks	0.54	**1.91**	254%	89%	9%
Industrial, Distribution Warehouse	–	**–**	–	100%	0%
Hotel	–	**–**	–	–	–
Total	84.98	**66.60**	-21.6%	99.8%	0.1%

45,184 kWh was produced during 2019/20 by self-generation via solar panels at our office in Milton Keynes. This amount is included in the figure in the Energy Consumption table 4. This accounts for 0.5% of total electricity consumption across our portfolio.

Energy intensity is calculated depending on the floor area it is serving, i.e. whole building, specific unit or common area.

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Appendix
GRESB and EPRA data continued

Table 5: Energy consumption – like-for-like

		Landlord electricity kWh			Occupier electricity kWh (non-landlord purchased electricity)			Landlord fuels kWh			Occupier fuels kWh (non-landlord purchased fuels)		
		Elec-LfL			Elec-LfL			Fuels-LfL			Fuels-LfL		
Site type	Building coverage (assets)	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change
Office	13/14	8,578,835	**8,298,585**	-3%	–	**–**	–	6,184,039	**5,634,100**	-9%	–	**–**	–
Retail, High Street	6/11	106,296	**119,989**	13%	52,821	**131,616**	149%	173,357	**176,696**	2%	–	**–**	–
Retail, Warehouse	3/4	106,203	**145,793**	37%	395,696	**676,742**	71%	–	**–**	–	349,326	**453,935**	30%
Industrial, Business Parks	8/12	31,167	**120,376**	286%	2,108,763	**1,073,875**	-49%	26	**5,012**	19245%	2,817,636	**1,059,494**	-62%
Industrial, Distribution Warehouse	2/4	–	**–**	–	2,598,624	**2,652,117**	2%	–	**–**	–	1,312,964	**2,754,597**	110%
Hotel	0/1	–	**–**	–	–	**–**	–	–	**–**	–	–	**–**	–
Total	32/46	8,822,501	**8,684,743**	-1.6%	5,155,904	**4,534,351**	-12.1%	6,357,422	**5,815,808**	-8.5%	4,479,926	**4,268,025**	-4.7%

	Energy intensity kWh/m² (landlord purchased energy)		
	Energy-Int		
Site type	2018/19	**2019/20**	% change
Office	188.82	**178.20**	-6%
Retail, High Street	15.45	**16.39**	6%
Retail, Warehouse	3.73	**5.11**	37%
Industrial, Business Parks	0.54	**2.17**	302%
Industrial, Distribution Warehouse	–	**–**	–
Hotel	–	**–**	–
Total	83.19	**79.47**	-4.5%

Like-for-like coverage is based on all assets which we have held for the entirety of the last two reporting periods.

Like-for-like data is based on a site level and therefore does not take account of occupancy variances.

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Appendix
GRESB and EPRA data continued

Table 6: GHG emissions – absolute

Site type	Building coverage (assets)		Scope 1 emissions (tCO_2e) GHG-Dir-Abs			Scope 2 emissions (tCO_2e) GHG-Indir-Abs			Scope 3 emissions (tCO_2e) GHG-Indir-Abs		
	2018/19	**2019/20**	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change
Office	16/18	**15/16**	1,210	**1,083**	-10%	2,610	**2,177**	-17%	73	**1,388**	1795%
Retail, High Street	6/11	**7/11**	32	**44**	39%	30	**31**	2%	116	**109**	-6%
Retail, Warehouse	4/4	**3/4**	–	**0.28**	–	30	**37**	24%	793	**412**	-48%
Industrial, Business Parks	9/12	**9/12**	0.00	**7.34**	153931%	8.82	**32**	268%	1,303	**627**	-52%
Industrial, Distribution Warehouse	3/5	**3/5**	–	**1.94**	–	–	**17**	–	3,096	**1,201**	-61%
Hotel	1/1	**0/1**	–	**–**	–	–	**–**	–	125	**–**	–
Total	39/51	**37/49**	1,242	**1,137**	-8.5%	2,679	**2,294**	-14.3%	5,507	**3,737**	-32.1%

Site type	Energy intensity kWh/m² (Scope 1 & 2) GHG-Int			% Estimated (Scope 1 & 2)
	2018/19	**2019/20**	% change	
Office	0.044	**0.039**	-13%	0%
Retail, High Street	0.003	**0.004**	21%	0.02%
Retail, Warehouse	0.001	**0.001**	25%	0%
Industrial, Business Parks	0.000	**0.000**	198%	0.11%
Industrial, Distribution Warehouse	–	**–**	–	–
Hotel	–	**–**	–	–
Total	0.021	**0.015**	-26.7%	0.13%

GHG intensity is calculated depending on the floor area it is serving, i.e. whole building, specific unit or common area/external.

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Appendix
GRESB and EPRA data continued

Table 7: GHG emissions – like-for-like

Site type	Building coverage (assets)	Scope 1 emissions (tCO_2e)			Scope 2 emissions (tCO_2e)			GHG intensity tCO_2e/m^2		
		Scope 1 – LfL			Scope 2 – LfL			GHG-Int LfL		
		2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change
Office	13/14	1,138	**1,034**	-9%	2,428	**2,121**	-13%	0.046	**0.040**	-12%
Retail, High Street	6/11	32	**32**	2%	30	**31**	2%	0.003	**0.003**	2%
Retail, Warehouse	3/4	–	**–**	–	30	**37**	24%	0.001	**0.001**	24%
Industrial, Business Parks	8/12	0.00	**0.92**	19198%	8.82	**31**	249%	0.000	**0.001**	259%
Industrial, Distribution Warehouse	2/4	–	**–**	–	–	**–**	–	–	**–**	–
Hotel	0/1	–	**–**	–	–	**–**	–	–	**–**	–
Total	32/46	1,170	**1,067**	-8.7%	2,497	**2,220**	-11.1%	0.020	**0.018**	-10.4%

Like-for-like coverage is based on all assets which we have held for the entirety of the last two reporting periods.

Like-for-like data is based on a site level and therefore does not take account of occupancy variances.

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Appendix
GRESB and EPRA data continued

Table 8: Water consumption – absolute

Site type	Building coverage (assets)		Absolute water consumption m³ (landlord purchased) Water-Abs			Occupier water consumption m³ (non-landlord purchased) Water-Abs			Water m³/m² (landlord purchased) Water-Int			% Estimated (landlord purchased)
	2018/19	**2019/20**	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	
Office	14/18	**14/16**	49,256	**46,654**	-5%	–	**10,226**	–	0.61	**0.58**	-5%	66%
Retail, High Street	1/11	**3/11**	161	**112**	-31%	–	**158**	–	0.05	**0.03**	-31%	100%
Retail, Warehouse	3/4	**3/4**	175	**75**	-57%	2,470	**1,643**	-33%	0.02	**0.01**	-57%	100%
Industrial, Business Parks	6/12	**7/12**	2,858	**2,703**	-5%	71,138	**37,290**	-48%	0.50	**0.07**	-85%	0%
Industrial, Distribution Warehouse	3/5	**3/5**	–	**739**	–	5,240	**4,397**	-16%	–	**0.08**	–	100%
Hotel	0/1	**0/1**	–	**–**	–	–	**–**	–	–	**–**	–	–
Total	27/51	**30/49**	52,449	**50,284**	-4.1%	78,848	**53,712**	-31.9%	0.54	**0.37**	-32.58%	62.9%

Like-for-like coverage is based on all assets which we have held for the entirety of the last two reporting periods.

Like-for-like data is based on a site level and therefore does not take account of occupancy variances.

Table 9: Water consumption – like-for-like

Site type	Building coverage (assets)	LfL Water Consumption m³ (landlord purchased) Water-LfL			LfL Water m³/m² (landlord purchased) Water-Int; Water-LfL		
		2018/19	**2019/20**	% change	2018/19	**2019/20**	% change
Office	12/14	38,725	**46,114**	19%	0.58	**0.69**	19%
Retail, High Street	1/11	161	**112**	-31%	0.05	**0.03**	-31%
Retail, Warehouse	1/4	175	**75**	-57%	0.02	**0.01**	-57%
Industrial, Business Parks	1/12	2,858	**2,606**	-9%	0.50	**0.45**	-9%
Industrial, Distribution Warehouse	0/4	–	**–**	–	–	**–**	–
Hotel	0/1	–	**–**	–	–	**–**	–
Total	15/46	41,919	**48,908**	16.7%	0.50	**0.59**	16.7%

Like-for-like coverage is based on all assets which we have held for the entirety of the last two reporting periods.

Like-for-like data is based on a site level and therefore does not take account of occupancy variances

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Appendix

GRESB and EPRA data continued

Table 10: Waste disposal – absolute

			Recycling tonnes (landlord controlled)			Composting tonnes (landlord controlled)			Recovery tonnes (landlord controlled)			Incineration tonnes (landlord controlled)		
	Building coverage (assets)		Waste-Abs			Waste-Abs			Waste-Abs			Waste-Abs		
Site type	2018/19	**2019/20**	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change
Office	14/18	**8/16**	181	**139**	-23%	2	**–**		77	**62**	-19%	24	**21**	-13%
Retail, High Street	1/11	**1/11**	37	**4**	-88%	–	**–**	–	5	**228**	4345%	–	**–**	–
Retail, Warehouse	0/4	**2/4**	–	**8**	–	–	**–**	–	–	**–**	–	–	**–**	–
Industrial, Business Parks	0/12	**0/12**	–	**–**	–	–	**–**	–	–	**–**	–	–	**–**	–
Industrial, Distribution Warehouse	0/5	**0/5**	–	**–**	–	–	**–**	–	–	**–**	–	–	**–**	–
Hotel	0/1	**0/1**	–	**–**	–	–	**–**	–	–	**–**	–	–	**–**	–
Total	15/51	**11/49**	218	**151**	-31%	2	**–**		83	**290**	251%	24	**21**	-13%
Percentage of waste by disposal route			52%	**31%**		0%	**0%**		20%	**59%**		6%	**4%**	

	Landfill tonnes (landlord controlled)			Non-hazardous total tonnes (landlord controlled)			Hazardous total tonnes (landlord controlled)		
	Waste-Abs			Waste-Abs			Waste-Abs		
Site type	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change
Office	78	**20**	-74%	361	**242**	-33%	n/a	**n/a**	–
Retail, High Street	18	**4**	-77%	60	**236**	291%	n/a	**n/a**	–
Retail, Warehouse	–	**4**	–	–	**12**	–	n/a	**n/a**	–
Industrial, Business Parks	–	**–**	–	–	**–**	–	n/a	**n/a**	–
Industrial, Distribution Warehouse	–	**–**	–	–	**–**	–	n/a	**n/a**	–
Hotel	–	**–**	–	–	**–**	–	n/a	**n/a**	–
Total	96	**29**	-70%	422	**491**	16%	n/a	**n/a**	–
Percentage of waste by disposal route	23%	**6%**		100%	**100%**		n/a	**n/a**	

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Appendix
GRESB and EPRA data continued

Table 11: Waste disposal – like-for-like

Site type	Building coverage (assets)	Recycling tonnes (landlord controlled) Waste-LfL 2018/19	**2019/20**	% change	Composting tonnes (landlord controlled) Waste-LfL 2018/19	**2019/20**	% change	Recovery tonnes (landlord controlled) Waste-LfL 2018/19	**2019/20**	% change
Office	8/14	95	**139**	47%	–	**–**	–	56	**62**	11%
Retail, High Street	1/11	37	**4**	-88%	–	**–**	–	5	**228**	4345%
Retail, Warehouse	0/4	–	**–**	–	–	**–**	–	–	**–**	–
Industrial, Business Parks	0/12	–	**–**	–	–	**–**	–	–	**–**	–
Industrial, Distribution Warehouse	0/4	–	**–**	–	–	**–**	–	–	**–**	–
Hotel	0/1	–	**–**	–	–	**–**	–	–	**–**	–
Total	9/46	132	**143**	9%	–	**–**	–	61	**290**	372%
Percentage of waste by disposal route		50%	**30%**		0%	**0%**		24%	**61%**	

Site type	Incineration tonnes (landlord controlled) Waste-LfL 2018/19	**2019/20**	% change	Landfill tonnes (landlord controlled) Waste-LfL 2018/19	**2019/20**	% change	Total tonnes (landlord controlled) Waste-LfL 2018/19	**2019/20**	% change
Office	24	**21**	-13%	26	**20**	-22%	201	**242**	21%
Retail, High Street	–	**–**	–	18	**4**	-77%	60	**236**	291%
Retail, Warehouse	–	**–**	–	–	**–**	–	–	**–**	–
Industrial, Business Parks	–	**–**	–	–	**–**	–	–	**–**	–
Industrial, Distribution Warehouse	–	**–**	–	–	**–**	–	–	**–**	–
Hotel	–	**–**	–	–	**–**	–	–	**–**	–
Total	24	**21**	-13%	45	**25**	-45%	261	**478**	83%
Percentage of waste by disposal route	9%	**4%**		17%	**5%**		100%	**100%**	

Like-for-like coverage is based on all assets which we have held for the entirety of the last two reporting periods.

Like-for-like data is based on a site level and therefore does not take account of occupancy variances.

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Appendix
GRESB and EPRA data continued

Table 12: Business travel

	Total distance			Total tCO_2e emissions		
Transport type	2018/19 (km)	**2019/20 (km)**	% change	2018/19	**2019/20**	% change
Car	20,825	**8,053**	-159%	3.74	**1.38**	-171%
Air	25,855	**12,819**	-102%	3.49	**1.73**	-102%
Train	17,145	**19,722**	13%	0.70	**0.80**	13%
All transport	63,824	**40,594**	-36.40%	7.93	**3.92**	-50.61%

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Table 13: Head office

	Consumption			GHG tCO_2e		
Supply type	2018/19	**2019/20**	% change	2018/19	**2019/20**	% change
Electricity	34,089	**33,753**	-0.98%	9.65	**8.63**	-10.59%
Water	148	**149**	0.96%	0.16	**0.16**	0.96%

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Appendix

For further information

Glossary

Asset IQ – a CBRE product that monitors the use of building systems.

BES 6001 – a framework developed to ensure sustainable sourcing of construction products.

BMS – Building Management System – a computer-based control system installed in buildings that control and monitor the building's mechanical and electrical equipment such as ventilation, lighting, power systems, fire systems, and security systems.

BREEAM – Building Research Establishment Assessment Method – an established sustainability rating assessment for projects, infrastructure and buildings. It assesses assets across their lifecycle, from new construction to in-use and refurbishment. www.breeam.com

CIBSE – Chartered Institution of Building Services Engineers – an institution dedicated to expertise knowledge in the building service industry.

CO_2 – Carbon Dioxide – the most abundant Greenhouse Gas in our planet's atmosphere. It is often the benchmark gas measured for defining a company's emissions.

EPC – Energy Performance Certificate – a certificate which provides a rating based on set criteria to measure the energy efficiency of a lettable unit. The scale ranges from A-G.

EPRA – European Public Real Estate Association – a non-profit association which represents Europe's publicly listed property companies on voluntary and mandatory reporting, and publishes sustainability reporting Best Practices Recommendations (BPR). www.epra.com

ESG – Environmental Social Governance – a framework that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

EV – Electric Vehicle – A vehicle powered using a battery, solar panels, fuel cells or electric generator.

FSC – Forest Stewardship Council – a certification attributed to the purchase of wood that ensures that the product meets the requirements of the Forest Stewardship Council.

GHG – Greenhouse Gas.

GHG absolute – total GHG emissions.

GHG intensity – a normalized metric set against an economic output such as number of employees, revenue or area. Allows for an emission reduction target to be set which accounts for economic growth.

GRESB – Global Real Estate Sustainability Benchmarking – an investor driven organisation assessing the sustainability performance of the real estate sector, through detailed analysis of ESG metrics from the corporate to the individual asset level. www.gresb.com

Grid Decarbonisation – refers to the changing methods of grid power generation which rely less on fossil fuels and more on renewable/sustainable energy sources resulting in fewer emissions per unit of electricity generated.

Appendix

For further information continued

Glossary

ISO – an independent, non-governmental international organisation with a membership of 164 national standards bodies, that develops voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

KPI – Key Performance Indicator – a specific criteria set to ensure adherence to overall strategy aims.

kWh – Kilowatt Hour – a standard unit for measuring electricity consumption.

kWh/m²/year – a unit of measure of a property based on the annual electricity consumption by a single square meter. This aggregation of energy in this way allows for a direct comparison between properties.

LED – Light Emitting Diode – An energy efficient type of light bulb.

MEES – Minimum Energy Efficiency Standards – a piece of Legislation set by the UK Government. From April 2018 a landlord is unable to renew or grant a new tenancy (over 6 months) if the property has an Energy performance Certificate (EPC) rating of a F or G.

MSCI – a global market index provider enabling comparison of investment performance.

PEFC – Programme for Endorsement of Forest Certification – an umbrella organisation providing certification for sustainably sourced forest products.

PRI – Principles for responsible Investment – a global proponent of responsible investment that supports an international network of investors to incorporate ESG factors into their investment and ownership decisions.

REEB – Real Estate Environmental Benchmark – a publicly available operational benchmark to evaluate environmental performance relating to commercial buildings in the UK.

REIT – Real Estate Investment Trust – a REIT is a Listed company that owns income producing real estate and distributes the income to shareholders. Companies that seek REIT status must qualify by meeting specific regulatory guidelines and criteria. REITs trade on major exchanges like other securities and provide investors with a liquid exposure within the real estate market.

Scope 1 emissions – direct emissions from owned or controlled sources.

Scope 2 emissions – Scope 2 emissions are indirect emissions from the generation of purchased energy.

Scope 3 emissions – all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions (e.g. occupier emissions).

SKA Rating – an environmental assessment method, benchmark and standard for non-domestic fit outs developed by the RICS.

SuDs – Sustainable Drainage System – a surface water drainage system that considers sustainable approaches to water quantity, quality, amenity and biodiversity.

Appendix

For further information continued

Contacts and resources

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