PICTON / Occupier focused, Opportunity led.

Sustainable thinking, responsible business

Sustainability Data Performance Report 2024

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Visit our website for more information on our sustainable thinking
www.picton.co.uk/Sustainability

Our purpose

We aim to be a responsible owner of commercial real estate, helping our occupiers succeed and being valued by all our stakeholders.

We are committed to integrating sustainability within all our business activities and in a way that makes a positive contribution to society, whilst minimising any negative impact on people, local communities and the environment.

01/

Introduction

Occupier focused, opportunity led

We are a Real Estate Investment Trust ('REIT') investing in UK commercial property. Our diversified property portfolio consists of 49 assets and is valued at £745 million as at 31 March 2024.

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 that includes 11 consecutive years of outperformance and long-term upper quartile performance over three, five and ten years, and since launch in 2005.

96p
EPRA NTA per share
2023: 100p
2022: 120p

4.0p
EPRA earnings per share
2023: 3.9p
2022: 3.9p

32.4%
EPRA cost ratio[1]
2023: 29.9%
2022: 26.0%

101p
EPRA NDV per share
2023: 105p
2022: 119p

9.2%
EPRA vacancy rate
2023: 9.5%
2022: 7.2%

23.0%
EPRA cost ratio[2]
2023: 21.3%
2022: 19.9%

105p
EPRA NRV per share
2023: 110p
2022: 131p

5.4%
EPRA net initial yield
2023: 5.0%
2022: 4.1%

28.2%
EPRA LTV
2023: 27.0%
2022: 21.3%

£21.7m
EPRA earnings
2023: £21.3m
2022: £21.2m

5.9%
EPRA 'topped-up' net initial yield
2023: 5.5%
2022: 4.8%

1 Including direct vacancy costs
2 Excluding direct vacancy costs

Industrial weighting 59%

South East	**42%**
Rest of UK	**17%**

Office weighting 30%

Rest of UK	**9%**
South East	**8%**
Central London	**7%**
Alternative use	**6%**

Retail and Leisure weighting 11%

Retail Warehouse	**7%**
High Street Rest of UK	**2%**
Leisure	**2%**

Sustainable thinking, responsible business

> We are focused on capturing energy use data to help us make informed decisions to ensure we prioritise efficiencies that reduce emissions.

Michael Morris
Chief Executive

Acting responsibly is a key strategic priority and sustainability is embedded within our day-to-day activities involving the whole of the team.

During the year, we have continued to make good progress against our sustainability priorities.

We have made progress against our 2040 net zero commitment, decarbonising assets and significantly increasing our on-site renewable capacity across the portfolio.

We have also achieved a 16% reduction in our Scope 1 and 2 emissions compared to our 2019 baseline, and our latest data shows a 21% reduction in Scope 1 energy intensity and a 54% reduction in our Scope 2 energy intensity compared to our 2019 baseline. We are also pleased to have increased our Scope 3 data coverage to 78%.

We have continued to invest in our buildings across the portfolio and improved our EPCs to 80% rated A–C (by estimated rental value) from 76% in March 2023.

We have been collaborating with our occupiers with regard to their emissions created using our buildings. We are focused on capturing energy use data and increasing this coverage to help us make informed decisions to ensure we prioritise efficiencies that reduce emissions.

We are committed to clear and transparent reporting and we aim to ensure our data collection and management is in line with best practice.

Here we set out our net zero carbon progress over the last year and the Group's emissions data for the calendar year to 2023, in accordance with EPRA's Sustainability Best Practices Recommendations.

Our environmental data has again been assured this year by a third party and their statement is included at the end of this report.

We have contributed to GRESB for a number of years. Our score for 2023 remained at 77, and three green stars, overall ahead of the GRESB average.

We are active members of the Better Buildings Partnership, have signed their net zero commitment and report accordingly.

We will continue to invest in our buildings to improve energy efficiencies and collaborate with our occupiers to drive further sustainability progress.

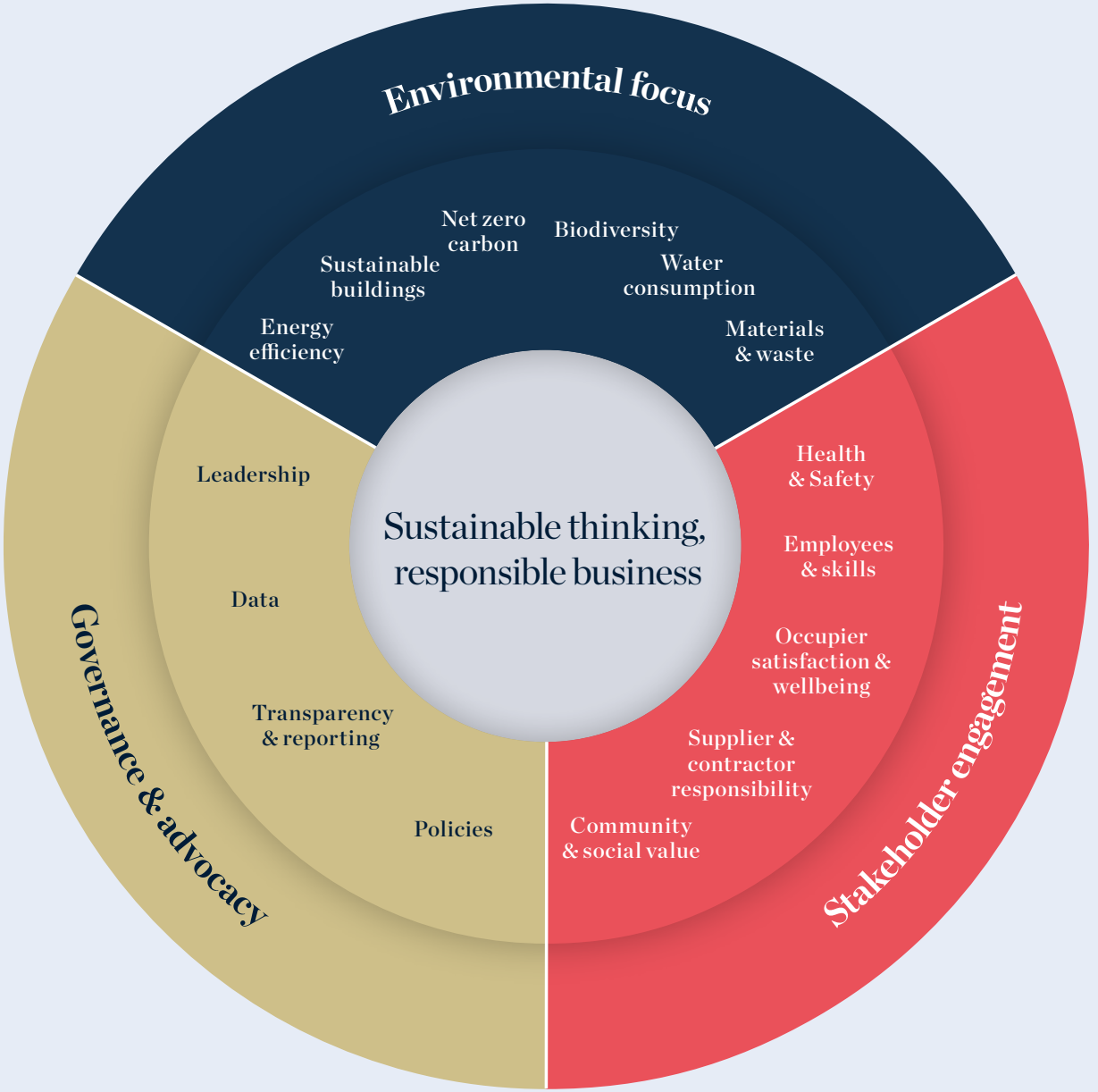
Michael Morris
Chief Executive

Sustainable thinking, responsible business

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.

Sustainable thinking is integrated within all our business activities.

Our Sustainability Policy guides our long-term sustainability priorities. We have in place a sustainability framework based on our key material issues and continue to review these key priorities annually.



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Performance dashboard

Our sustainability priorities	Key objectives	2023/24 progress [1]	Key priorities for the year ahead
Environmental focus	Meet net zero target across the portfolio by 2040 Measure and reduce embodied carbon Measure and reduce our operational carbon Maximise renewable opportunities Develop a carbon offsetting strategy	16% reduction in absolute Scope 1 and 2 emissions compared to the 2019 baseline 21% reduction in Scope 1 energy intensity compared to 2019 baseline 54% reduction in Scope 2 energy intensity compared to 2019 baseline 57 leases completed containing green lease clauses Engaged with occupiers and achieved occupier energy data coverage of 78% Progressed decarbonisation strategy across the portfolio Increased solar capacity by 184% with installation of solar arrays on five assets **80%** EPCs rated A–C – improved from 76% in March 2023	Set new interim targets to progress decarbonisation strategy Create a BBP aligned climate adaptation plan Continue to decarbonise the portfolio in line with the UK Green Building Council's net zero carbon hierarchy / Invest in our assets in line with our sustainable refurbishment guidelines to improve operational efficiency / Continue to remove fossil fuel-based systems from our buildings / Continue to install on-site renewables Work with occupiers to further improve overall energy data collection Develop our carbon offsetting strategy
Stakeholder engagement	Engage with our shareholders to update on performance and continue to ensure clear and transparent reporting Develop occupier engagement strategy and plan to deliver on our key Picton Promise commitments around Action, Community, Technology, Support and Sustainability Actively promote our values and nurture a positive team culture	Carried out annual occupier survey at office and industrial properties **91%** Of occupiers would recommend us as a landlord (2023: 85%) Developed our occupier engagement strategy and launched our occupier app across eight multi-let office buildings Commissioned a health and safety regulatory risk review Carried out annual employee engagement survey with an improved overall employee satisfaction score of 86% (2023: 82%) **£25,000** Charitable donations, supporting 15 charities	Continue to actively engage with occupiers on sustainability initiatives Consider roll-out of occupier apps across a selection of industrial properties Maintain our high level of health and safety compliance
Governance and advocacy	Maintain high standards of sustainability governance, management and reporting Continue to improve GRESB rating	Third party data assurance of GRESB submission data Maintained EPRA Gold awards for both Annual Report and sustainability reporting Maintained our GRESB rating of three green star status Reported in line with Task Force on Climate-related Financial Disclosures Reviewed and updated our Sustainability Policy Published Biodiversity Policy	Extend third party data assurance on sustainability reporting Maintain clear and transparent reporting Improve GRESB rating

1 Provisional figures were included in 31 March 2024 Annual Report. These have been updated at the time of the GRESB submission and this data report.

Sustainable thinking, practical solutions

As a responsible owner of commercial real estate, we are committed to enhancing the environmental performance of our buildings and reducing our emissions.

Sustainable thinking is embedded into our business, as both a top-down strategic priority and from a bottom-up asset level perspective. In practical terms, all our assets have a plan in place to measure, monitor and reduce carbon emissions, setting out the steps required to progress along our net zero carbon pathway.

Net zero carbon pathway
Our 2040 commitment

To ensure credibility and transparency in our approach, we have developed our net zero carbon pathway so that it aligns with the Better Buildings Partnership Net Zero Carbon Pathway Framework and The UK Green Building Council's (UKGBC) net zero carbon hierarchy.

We have committed to be net zero carbon for our operational and embodied emissions by 2040.

By then, all operational emissions will be reduced as much as possible through energy efficiency measures and renewable energy, with any residual emissions offset.

From 2040 onwards, all completed refurbishment projects will have reduced their embodied and operational carbon as much as possible, with any residual emissions offset upon practical completion.

We have defined our portfolio's baseline carbon footprint, using 2019 as the most representative recent year, to map the emissions reductions required to meet our 2040 target.

As with similar property companies, the majority of our emissions relate to the energy consumption of our occupiers.

Net zero governance

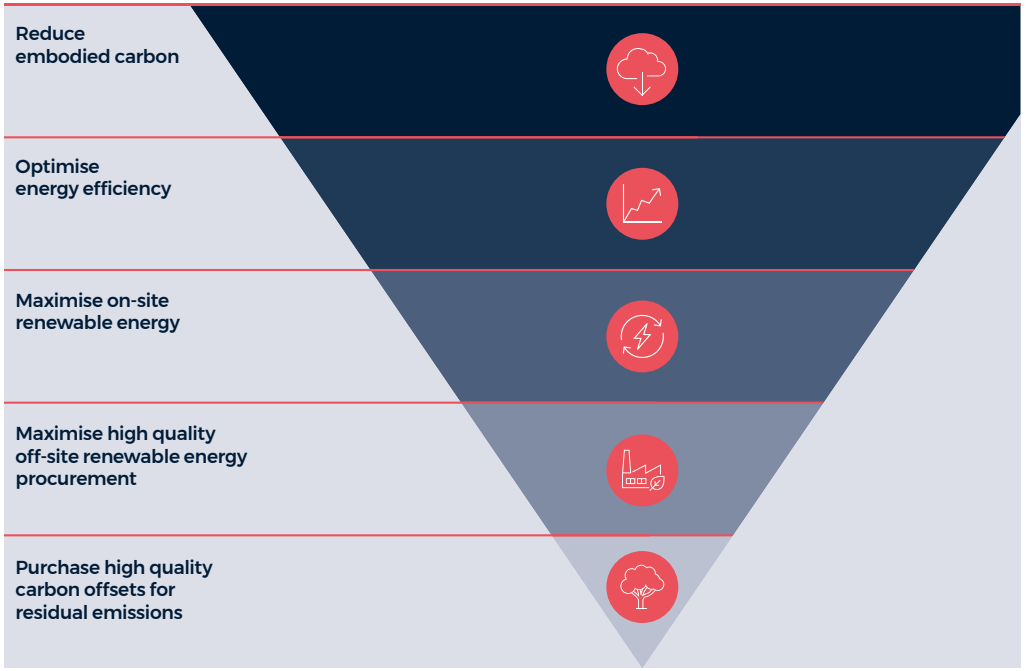
Our Climate Action Working Group was established in 2022 to mitigate climate change risks and implement our net zero carbon pathway, through overseeing and coordinating sustainability improvements across the portfolio.

Now in its second year, the Climate Action Working Group continues to make progress against key priorities.

We have recently decided to seek independent external expertise through the appointment of a specialist environmental consultant. This will enable us to gain regular access to strategic advice, updates on industry best practice and guidance, as we further develop interim targets on our net zero carbon pathway.

This year, we have updated our sustainable refurbishment guidelines, in line with the latest guidance from the Better Buildings Partnership.

We continue to incorporate net zero carbon criteria into our acquisition due diligence process.



Net zero carbon progress

	Aims	Progress	Metrics
Embodied carbon	Minimise the embodied carbon cost of developments, major refurbishments and occupier fit-outs.	No whole life carbon assessments were required during the year, as individual asset refurbishment activity did not exceed £1.5 million.	Target embodied performance of less than 300kgCO_2e/m² for major renovations.
Operational carbon	Ensure operational carbon performance and efficiency across the portfolio is improved.	We have worked on engaging with our occupiers on automated data sharing to streamline the energy data collection process.	16% reduction in operational carbon emissions for Scope 1 and 2, relative to our 2019 baseline.
On-site generation	Maximise amount of on-site renewable generation.	We have continued to install solar panels on our industrial assets where feasible.	This year, we have completed the installation of solar arrays at a further five properties, increasing the generation capacity by 184% to 0.5 MWp.
Renewables procurement	Procure high quality renewable energy.	No existing energy contracts were due for renewal during the period.	100% of our purchased electricity is from REGO backed renewable sources.
Offsetting	Acquire high quality offsets to neutralise residual emissions.	We intend to develop our strategy for high quality offsets post net zero carbon target year of 2040 in the coming year.	
Third party verification	Maintain credibility and transparency of our emissions data.	Annual independent third party assurance of energy data.	Certification of energy, water, and waste data by third party assurance.

Our net zero carbon progress

Measuring and reducing embodied carbon

Our target for major refurbishment embodied carbon intensity is 300kgCO_2e/m² by 2040. The majority of our development activity comprises refurbishments and retrofit works, for which there are no industry benchmarks thus far. We will conduct whole life carbon assessments for all major refurbishments (above £1.5 million) and fit-outs in pursuing an embodied carbon target for our major refurbishments.

To achieve the maximum embodied carbon savings, our sustainable refurbishment guidelines define our expectations for each project from the outset.

This year, we continued to undertake refurbishment activity across the portfolio to improve and enhance the buildings' sustainability credentials through making alterations to structure, mechanical and electrical maintenance or landscaping.

As the contract value of each refurbishment has been under £1.5 million, in line with our refurbishment guidelines we did not carry out any embodied net zero carbon assessments, but we endeavoured to repurpose, recycle and reuse materials where possible, minimising site waste.

/ Read more on our GHG emissions on **pages 16–20**

Measuring and reducing operational carbon

Over the year, we have been introducing energy efficiency measures across the portfolio to help reduce occupier energy consumption, including:

- / Improving energy efficiency during refurbishment works, in line with our updated refurbishment guidelines
- / Continuing to decarbonise assets through removal of gas fuelled systems
- / Continuing to install on-site renewables
- / Increasing our use of an environmental data management system to include Scope 3 and monitoring of emissions at a more granular level
- / Engaging with occupiers to encourage sharing of data, enhancing our ability to measure and manage emissions
- / Continuing to include green lease clauses within our leases, with 57 completed this year

Maximising renewable opportunities

To reduce the carbon footprint of our operational emissions, we are focusing on increasing our on-site renewable energy opportunities across our assets.

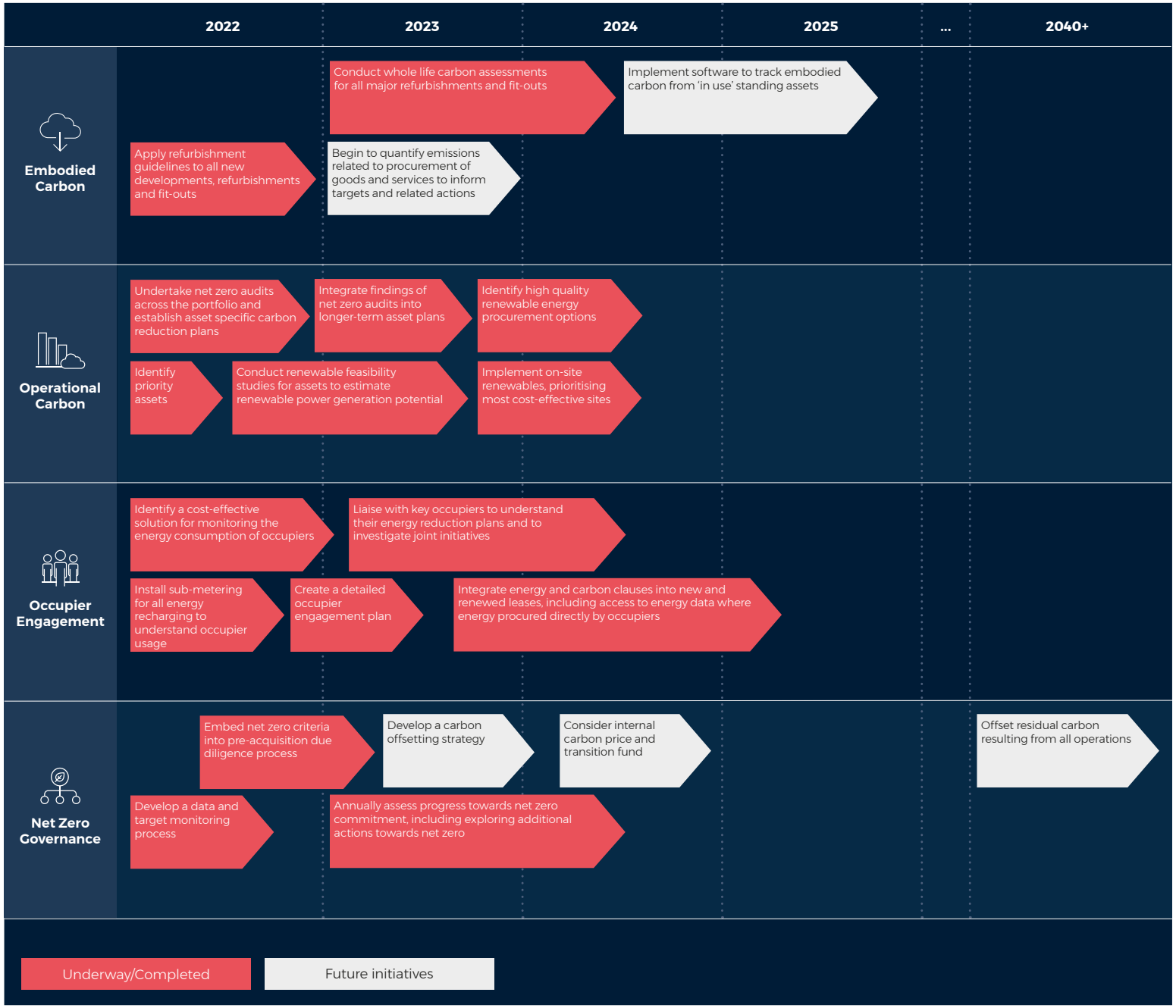
This year, we have installed five schemes and undertaken a further five renewable energy feasibility studies to identify asset-specific opportunities across the portfolio.

Maximising off-site renewable procurement

Within our portfolio, currently 100% of landlord procured electricity is REGO backed (Renewable Energy Guarantees of Origin).

When our electricity contracts expire, we will seek to procure high quality renewables in line with the UKGBC guidance on renewable energy procurement.

We seek to follow three main criteria on renewable energy procurement. It must be from renewable non-fossil fuel energy sources; create additional capacity in the grid; and have exclusive ownership and claims of the energy attributes.



Transparency and reporting

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

We have fully incorporated our sustainability activities within our Annual Report, in line with our integrated approach to sustainability. However we will continue to publish our data, which is third party assured, in this separate Sustainability Data Performance Report.

We aim to ensure our data collection and management is in line with best practice to assist with our GRESB and EPRA reporting requirements.

We have been reporting to GRESB since 2017. Our score for 2023 remained at 77, and three green stars. We scored in line with or ahead of the GRESB average in each of the Environmental, Social, Governance categories, and overall were ahead of the GRESB average.

We have identified areas for improvement going forward, particularly around data coverage and certifications.

We have continued to report in line with the EPRA Sustainability Best Practices Recommendations and received a Gold award for our 2023 sustainability reporting.

GRESB

★ ★ ★ ☆ ☆ 2023

02/ Data

EPRA commentary

Reporting period

The following tables cover the year from 1 January 2023 to 31 December 2023. We report on a calendar year basis to allow a greater time to focus on occupier data collection. The last five years of consumption is set out in the table on page 16 and shows how different metrics have been added year-on-year.

Read more on **page 16**

Organisational boundaries/coverage

There was a total of 49 properties within the portfolio during 2023. We adopt an operational control approach and report on 100% of our assets. This includes occupier data where possible, which is reported separately if the occupier directly pays the energy costs. We believe it is crucial to obtain a holistic view of a property's entire energy consumption, so we therefore believe building coverage should include all sites where we have obtained data.

At 28 of our assets, we had a landlord-controlled energy supply during the reporting year, these figures include sites where there were void units or external supplies. 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 sites that do not have two full reporting years' worth of data. Each table has a footnote on building coverage throughout the Report.

During 2023, there were no acquisitions or disposals. Where there is a landlord-controlled supply, this energy data has been reported under Scope 1 and 2, while occupier data is separated out from landlord purchased energy and is reported under Scope 3 emissions throughout the 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. Meters have been assigned to specific spaces within a building, such as whole site, common area, external or a specific floor or unit. This has allowed for a more accurate intensity metric to be calculated. This methodology has been applied backdated to 2019 to allow for an accurate comparison with our baseline year. If a meter has been assigned to an external space, then no area has been used for these supplies when calculating an aggregated intensity calculations for the 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 2022 and 2023 reporting periods and any sites that underwent a major refurbishment to ensure reliable comparisons.

Previously, our like-for-like calculations were calculated at an asset level. We have updated our methodology for the current reporting year to be calculated at a unit level for each supply type.

This enhancement in approach means we can have a more granular approach to calculating like-for-like changes.

Methodology

We collect all of our landlord-controlled energy data via automatic meter readings, and following improvements in occupier data collection, we have increased our overall data coverage across the portfolio to 87% (from 85% last year). The aim is to reach 100% coverage of our portfolio and we continue to work with our occupiers and data providers to achieve this.

All our large supplies work from automatic meter reads, with any void unit meter data being aggregated to an asset level. This means that 100% of landlord-controlled data is meter read and not estimated. We are working towards rolling out automatic meter reads across the whole portfolio to increase coverage and reliability of our data and reporting accuracy.

We have reported on all the emission sources required under the core requirements of EPRA's Best Practices Recommendations and have voluntarily disclosed business travel, occupier and own premises consumption emissions.

An operational control approach has been adopted and all our properties 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 2023. We continue to report on a calendar year basis to ensure there is sufficient time to collect occupier consumption data.

We have calculated our intensity measurements based on the area served by each meter, for example whole site, common area or a specific floor within an asset. External supplies have been excluded from the intensity calculations. So that an accurate comparison can be made between reporting years, this approach has been backdated to 2019 figures.

We have continued to voluntarily report on Scope 3 vehicle emissions. Vehicle emissions were calculated using our vehicle expenses reports and the vehicle emission factors from the UK Government GHG Conversion Factors for Company Reporting 2023.

Year-on-year, we will continue to update previous reported figures if applicable to remove estimates and ensure actual data is captured and reported.

Estimation of landlord-obtained utility consumption

We count a supply as actual if more than half the year has had actual or customer reads. The amount of estimated consumption is detailed in the table footnotes. 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.

Disclosure on own offices

We occupy a floor at one of our assets, Stanford Building, London. We have apportioned out our consumption based on the floor area and this is reported as a separate line item.

Third party assurance

Our published environmental data has been assured by a third party, JLL. Their assurance report, setting out the scope and findings from their review, is included at the end of this Report.

EPRA disclosures

Environmental performance measures		
Elec-Abs	Total electricity consumption	See page 17
Elec-LfL	Like-for-like electricity consumption	See page 18
Fuels-Abs	Total fuel consumption	See page 17
Fuels-LfL	Like-for-like fuel consumption	See page 18
Energy-Int	Energy intensity	See page 17
GHG-Dir-Abs	Total direct greenhouse gas emissions (Scope 1)	See page 19
GHG-Indir-Abs	Total indirect greenhouse gas emissions (Scope 2)	See page 19
GHG-Dir-LfL	Like-for-like direct greenhouse gas emissions	See page 20
GHG-Indir-LfL	Like-for-like indirect greenhouse gas emissions	See page 20
GHG-Int	Greenhouse gas intensity	See pages 19 and 20
DH&C-Abs	Total district heating and cooling consumption	See page 17 – there are no district heating and cooling systems in the portfolio
DH&C-LfL	Like-for-like district heating and cooling consumption	See page 18 – there are no district heating and cooling systems in the portfolio
Water-Abs	Total water consumption	See page 21
Water-LfL	Like-for-like water consumption	See page 21
Water-Int	Water intensity	See page 21
Waste-Abs	Total weight of waste by disposal route	See page 22
Waste-LfL	Like-for-like weight of waste by disposal route	See page 22
Cert-Tot	Type and number of certified assets	See page 23

Social performance measures		
Diversity-Emp	Employee gender diversity	See page 72 of the 2024 Annual Report
Diversity-Pay	Gender pay ratio	As the Company has only 12 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 73 of the 2024 Annual Report
Emp-Dev	Employee performance appraisals	100% of employees receive an annual performance appraisal – see page 73 of the 2024 Annual Report
Emp-Turnover	New hires and turnover	See page 73 of the 2024 Annual Report
H&S-Emp	Employee health and safety	See page 73 of the 2024 Annual Report
H&S-Asset	Asset health and safety assessments	See page 25 and also page 71 of the 2024 Annual Report
H&S-Comp	Asset health and safety compliance	See page 25 and also page 71 of the 2024 Annual Report
Comty-Eng	Community engagement programmes	See page 74 of the 2024 Annual Report
Governance performance measures		
Gov-Board	Composition of highest governance body	The composition of the Board is set out in the Governance section on page 96 the 2024 Annual Report
Gov-Selec	Process for selection of highest governance body	The Nomination Committee Report on pages 98 to 102 of the 2023 Annual Report describes the selection process
Gov-CoI	Process for management of conflicts of interest	See page 87 of the 2024 Annual Report

GRESB and EPRA data

Five-year GHG emissions summary

		2019		2020		2021		2022		**2023**			
Emission source	GHG scope	Absolute GHG emissions (tCO_2e)	GHG intensity (tCO_2e/m^2)	Absolute GHG emissions (tCO_2e)	GHG intensity (tCO_2e/m^2)	Absolute GHG emissions (tCO_2e)	GHG intensity (tCO_2e/m^2)	Absolute GHG emissions (tCO_2e)	GHG intensity (tCO_2e/m^2)	**Absolute GHG emissions (tCO_2e)**	**GHG intensity (tCO_2e/m^2)**	% Change Absolute GHG	% Change GHG intensity
Combustion of fuel and operation of facilities	1	1,166	0.024	940	0.020	1,020	0.019	1,132	0.019	**1,161**	**0.019**	3%	-3%
Electricity, heat, steam and cooling purchased for own use	2	2,293	0.042	1,499	0.031	1,448	0.028	1,665	0.019	**1,731**	**0.019**	4%	1%
Head office	1 and 2	9	N/A	8	N/A	5	0.018	8	0.034	**7**	**0.028**	-18%	-18%
Total Scope 1 and 2	1 and 2	3,468	0.056	2,447	0.043	2,473	0.044	2,805	0.028	**2,899**	**0.028**	3%	0%
Business travel	3	4	N/A	1	N/A	2	N/A	3	N/A	**9**	**N/A**	268%	N/A
Occupier data (electricity and fuel consumption)	3	3,672	0.033	3,892	0.027	10,455	0.039	9,664	0.033	**9,315**	**0.031**	-4%	-5%
Landlord water and treatment	3	53	0.000	12	0.000	6	0.000	21	0.000	**18**	**0.000**	-13%	-12%
Landlord waste	3	13	0.000	7	0.000	8	0.000	16	0.000	**10**	**0.000**	-39%	-40%
Total Scope 3	3	3,741	0.018	3,912	0.019	10,471	0.032	9,703	0.026	**9,352**	**0.025**	-4%	-5%
Total all Scopes	All	7,209	0.036	6,358	0.032	12,944	0.040	12,508	0.033	**12,251**	**0.032**	-2%	-3%

Absolute direct and indirect energy consumption of standing investment portfolio

EPRA sBPR Elec-Abs 4.1, DH&C-Abs 4.3, Fuels-Abs 4.5, Energy-Int 4.7

Elec-Abs	**Total energy consumption electricity from occupied buildings**		2021	2022	**2023**	Change YoY
	Total landlord purchased grid electricity	kWh	6,819,927	8,609,924	**8,359,246**	-3%
	Proportion of landlord procured grid electricity from renewable sources	%	100%	100%	**100%**	0%
	Total occupier purchased grid electricity	kWh	33,117,209	32,832,267	**28,074,271**	-14%
	Proportion of occupier procured grid electricity from renewable sources	%	14%	9%	**9%**	-1%
	Self-generated renewable electricity	kWh	41,578	59,007	**82,721**	40%
	Electricity consumed within head office	kWh	22,866	41,105	**31,543**	-23%
	Self-generated renewable electricity head office	kWh	0	2,045	**4,095**	100%

Fuels-Abs	**Total energy consumption from fuels from occupied buildings**		2021	2022	**2023**	Change YoY
	Total landlord purchased grid fuel	kWh	5,570,486	6,203,682	**6,346,532**	2%
	Total occupier purchased grid fuel	kWh	18,688,656	18,159,588	**19,140,672**	5%
	Fuel consumed within head office	kWh	0	0	**0**	N/A

DH&C-Abs	**Total energy from district heating and cooling from occupied buildings**[1]		2021	2022	**2023**	Change YoY
	Total district heating and cooling purchased and consumed		N/A	N/A	**N/A**	N/A

Total Energy-Abs	**Total energy consumption from occupied buildings**		2021	2022	**2023**	Change YoY
	Total building energy (electricity and fuel) consumption	kWh	64,260,721	65,907,618	**62,039,081**	-6%
	Total landlord building energy (electricity and fuel) consumption	kWh	12,454,856	14,915,763	**14,824,138**	-1%
	Total occupier building energy (electricity and fuel) consumption	kWh	51,805,865	50,991,854	**47,214,944**	-7%

Energy-Int	**Building energy intensity of controlled buildings**		2021	2022	**2023**	Change YoY
	Landlord total building use intensity (electricity and fuel) – excluding voids	kWh/m²/year	433	150	**146**	-3%
	Landlord electricity building use intensity – excluding voids	kWh/m²/year	272	99	**94**	-5%
	Landlord fuel building use intensity – excluding voids	kWh/m²/year	210	106	**103**	-3%

Elec-Abs/Total Energy-Abs/Energy-Int – Data covers 43 out of 49 properties. All data for head office has been excluded and reported separately.

Fuels-Abs – Data covers 34 out of 49 properties.

1 There are no district heating and cooling systems in the portfolio.

Absolute direct and indirect energy consumption of standing investment portfolio / Continued

EPRA sBPR Elec-Abs 4.1, DH&C-Abs 4.3, Fuels-Abs 4.5, Energy-Int 4.7

Elec-LfL			2022	**2023**	Change YoY
	Total landlord purchased grid electricity	kWh	7,161,682	**6,868,253**	-4%
	Proportion of landlord purchased grid electricity from renewable sources	%	100%	**100%**	0%
	Total occupier purchased grid electricity	kWh	30,971,826	**24,207,370**	-22%
	Self-generated renewable electricity	kWh	59,007	**68,133**	15%

Fuels-LfL	**Total energy consumption from fuels from occupied buildings**		2022	**2023**	Change YoY
	Total landlord purchased grid fuel	kWh	6,101,417	**5,491,774**	-10%
	Total occupier purchased grid fuel	kWh	17,523,348	**15,114,886**	-14%

DH&C-LfL	**Total energy from district heating and cooling from occupied buildings**[1]		2022	**2023**	Change YoY
	Total district heating and cooling purchased and consumed		N/A	**N/A**	N/A

Total Energy-LfL	**Total energy consumption from occupied buildings**		2022	**2023**	Change YoY
	Total building energy (electricity and fuel) consumption	kWh	61,758,272	**51,682,283**	-16%
	Total landlord purchased energy (electricity and fuel) consumption	kWh	13,263,099	**12,360,027**	-7%
	Total occupier purchased energy (electricity and fuel) consumption	kWh	48,495,173	**39,322,256**	-19%

Elec-LfL – It is important to note that of the 49 properties, 47 were eligible for LfL comparisons as two assets were either bought part way through 2022 or in 2023. Data covers 36 out of 47 properties.

Fuels-LfL – It is important to note that of the 49 properties, 47 were eligible for LfL comparisons as two assets were either bought part way through 2022 or in 2023. Data covers 28 out of 47 properties.

Total Energy-LfL – It is important to note that of the 49 properties, 47 were eligible for LfL comparisons as two assets were either bought part way through 2022 or in 2023. Data covers 36 out of 47 properties.

1 There are no district heating and cooling systems in the portfolio.

GHG

Absolute direct and indirect greenhouse gas emissions of standing investment portfolio

GHG-Dir-Abs	**Scope 1**		2021	2022	**2023**	Change YoY
	GHG emissions from fuels combusted on-site (location-based)	tCO_2e	1,020	1,132	**1,161**	3%
	GHG emissions from refrigerant gases	tCO_2e	0	0	**0**	N/A
	GHG emissions from fuels combusted on-site in head office (location-based)	tCO_2e	0	0	**0**	N/A
	Total Scope 1 emissions	tCO_2e	1,020	1,132	**1,161**	3%
	Scope 2		2021	2022	**2023**	Change YoY
	GHG from purchased electricity (location-based)	tCO_2e	1,448	1,665	**1,731**	4%
	GHG emissions from purchased electricity (market-based)	tCO_2e	0	0	**0**	N/A
	GHG emissions from purchased electricity consumed in head office (location-based)	tCO_2e	5	8	**7**	-18%
	Total Scope 2 emissions	tCO_2e	1,453	1,673	**1,738**	4%
	Scope 3		2021	2022	**2023**	Change YoY
	GHG emissions from occupier fuels combusted on-site (location-based)	tCO_2e	3,423	3,315	**3,501**	6%
	GHG emissions from occupier purchased electricity (location-based)	tCO_2e	7,032	6,349	**5,813**	-8%
	GHG from landlord business travel	tCO_2e	2	3	**9**	268%
	GHG emissions from landlord municipal water supply and treatment	tCO_2e	6	21	**18**	-13%
	GHG emissions from landlord waste treatment and disposal	tCO_2e	8	16	**10**	-39%
	GHG emissions from head office municipal water supply and treatment	tCO_2e	0.016	0.019	**0.028**	43%
	Total Scope 3 emissions	tCO_2e	10,471	9,703	**9,352**	-4%
	Total GHG consumption from occupied buildings		2021	2022	**2023**	Change YoY
	Total GHG emission from energy (location-based)	tCO_2e	12,944	12,509	**12,251**	-2%
	Building energy intensity of controlled buildings		2021	2022	**2023**	Change YoY
	Scope 1 intensity – excluding voids	tCO_2e/m^2/year	0.041	0.019	**0.019**	-3%
	Scope 2 intensity – excluding voids	tCO_2e/m^2/year	0.050	0.019	**0.019**	1%
	Scope 3 intensity (occupier fuel and electricity)	tCO_2e/m^2/year	0.039	0.033	**0.031**	-5%

GHG Dir-Abs – Data covers 43 out of 49 properties.

GHG Dir Abs-LfL – It is important to note that of the 49 properties, 47 were eligible for LfL comparisons as two assets were either bought part way through 2022 or in 2023. Data covers 36 out of 47 properties.

Like-for-like direct and indirect greenhouse gas emissions of standing investment portfolio

GHG-Dir-LfL	**Scope 1**		2022	**2023**	Change YoY
	GHG emissions from fuels combusted on-site	tCO_2e	1,114	**1,005**	-10%
	GHG emissions from refrigerant gases	tCO_2e	0	**0**	N/A
	GHG emissions from fuels combusted on-site in head office (location-based)	tCO_2e	0	**0**	N/A
	Total Scope 1 emissions	tCO_2e	1,114	**1,005**	-10%
	Scope 2		2022	**2023**	Change YoY
	GHG from purchased electricity (location-based)	tCO_2e	1,385	**1,422**	3%
	GHG emissions from purchased electricity (market-based)	tCO_2e	0	**0**	N/A
	GHG emissions from purchased electricity consumed in head office (location-based)	tCO_2e	8	**7**	-18%
	Total Scope 2 emissions	tCO_2e	1,393	**1,429**	3%
	Scope 3		2022	**2023**	Change YoY
	GHG emissions from occupier fuels combusted on-site (location-based)	tCO_2e	3,199	**2,765**	-14%
	GHG emissions from occupier purchased electricity (location-based)	tCO_2e	5,989	**5,013**	-16%
	GHG emissions from landlord municipal water supply and treatment	tCO_2e	13	**11**	-16%
	GHG emissions from landlord waste treatment and disposal	tCO_2e	16	**10**	-39%
	GHG emissions from head office municipal water supply and treatment	tCO_2e	0.019	**0.028**	43%
	Total Scope 3 emissions	tCO_2e	9,217	**7,798**	-15%
	Total LfL Emissions		2022	**2023**	Change YoY
	Total GHG emission from energy (location-based)	tCO_2e	11,724	**10,232**	-13%
	Building energy intensity of controlled buildings		2022	**2023**	Change YoY
	Scope 1 intensity	$tCO_2e/m^2/year$	0.023	**0.019**	-15%
	Scope 2 intensity	$tCO_2e/m^2/year$	0.028	**0.028**	-2%
	Scope 3 intensity (occupier fuel and electricity)	$tCO_2e/m^2/year$	0.034	**0.029**	-15%

Water

Absolute water consumption of standing investment portfolio

Water-Abs	**Total water consumption from occupied buildings**		2021	2022	**2023**	Change YoY
	Total landlord municipal water	m^3	15,140	49,730	**47,992**	-3%
	Total occupier municipal water	m^3	122,218	21,094	**16,854**	-20%
	Water consumed within head office	m^3	37	46	**73**	60%

Water-Int	**Building water intensity of standing investment portfolio**		2021	2022	**2023**	Change YoY
	Landlord water building use intensity	m^3/m^2/year	0.298	0.656	**0.632**	-4%
	Occupier water building use intensity	m^3/m^2/year	0.892	0.186	**0.141**	-24%
	Head office water building intensity	m^3/m^2/year	0.157	0.194	**0.309**	60%

Water-LfL	**Total water consumption from occupied buildings**			2022	**2023**	Change YoY
	Total landlord municipal water	m^3		30,696	**28,579**	-7%
	Total occupier municipal water	m^3		11,374	**9,429**	-17%

Water-Abs/Water-Int – Data covers 28 out of 49 properties.

Water-LfL – It is important to note that of the 49 properties, 47 were eligible for LfL comparisons as two assets were either bought part way through 2022 or in 2023. Data covers 21 out of 47 properties.

Waste

Absolute waste consumption of standing investment portfolio

Waste-Abs	Total waste consumed from landlord-controlled buildings		2021	2022	**2023**	% by disposal route	% Change YoY
	Total waste collected	tonnes	373	754	**462**	N/A	-39%
	Total hazardous waste	tonnes	0	0	**0**	0%	N/A
	Total non-hazardous waste	tonnes	373	754	**462**	100%	-39%
	Total waste landfill	tonnes	0	0	**0**	0%	N/A
	Total waste incineration	tonnes	1	0	**0**	0%	N/A
	Total waste reused	tonnes	0	0	**0**	0%	N/A
	Total waste to energy	tonnes	104	126	**120**	26%	-5%
	Total waste recycled	tonnes	268	628	**341**	74%	-46%
	Total waste other	tonnes	0	1	**1**	0%	31%

Waste-LfL	Total waste consumed from landlord-controlled buildings		2022	**2023**	% by disposal route	% Change YoY
	Total waste collected	tonnes	744	**454**	N/A	-39%
	Total hazardous waste	tonnes	0	**0**	0%	N/A
	Total non-hazardous waste	tonnes	744	**454**	100%	-39%
	Total waste landfill	tonnes	0	**0**	0%	N/A
	Total waste incineration	tonnes	0	**0**	0%	N/A
	Total waste reused	tonnes	0	**0**	0%	N/A
	Total waste to energy	tonnes	118	**114**	25%	-3%
	Total waste recycled	tonnes	625	**340**	75%	-46%
	Total waste other	tonnes	1	**1**	0%	31%

Waste-Abs – Data covers 15 out of 49 properties.

Waste-LfL – It is important to note that of the 49 properties, 47 were eligible for LfL comparisons as two assets were either bought part way through 2022 or in 2023. Data covers 15 out of 47 properties.

Building certifications

Cert-Tot	Building Cert		% of portfolio 2021	% of portfolio 2022	**% of portfolio 2023**	% Change YoY
	Energy Performance Certification (EPCs)	A	0.5%	0.9%	**3.7%**	304%
		B	15.7%	25.9%	**19.3%**	-25%
		C	36.2%	35.7%	**55.6%**	56%
		D	40.7%	29.3%	**15.2%**	-48%
		E	6.6%	8.0%	**6.1%**	-24%
		F	0.3%	0.0%	**0.0%**	N/A
		G	0.0%	0.2%	**0.0%**	-100%
		Uncertified (Managed)	0.0%	0.0%	**0.0%**	N/A
	BREEAM	m²	3.1%	3.0%	**3.0%**	1%

Cert-Tot – Data covers all 49 properties.

The above EPC table is by number; however in the Annual Report EPCs are reported by estimated rental value.

Business travel

	Total miles	Total km	Emission factors	$kgCO_2e$	tCO_2e
Car (petrol)	947	1,524	0.21	319	0.32
Car (diesel)	11,356	18,276	0.21	3,861	3.86
Flights	8,740	14,066	0.31	4,305	4.31
Train	10,464	16,840	0.04	748	0.75
Total					**9.23**

Health and safety

Site type	Building coverage (assets)	H&S – Asset	H&S – Comp
Office	15/15	100%	0
Retail, High Street	5/5	100%	0
Retail, Warehouse	3/3	100%	0
Industrial, Business Parks	11/11	100%	0
Industrial, Distribution Warehouse	0/0	–	0
Hotel	0/0	–	0
Total	34/34	100%	0

Over the period from April 2023 to March 2024 all required asset health and safety assessments were completed and there were no reported health and safety incidents (fire and medical illness). In addition, our property managers 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 2024, we were 98.3% compliant with Critical Documents and 97.9% compliant with Secondary Documents.

Independent assurance statement

To the stakeholders of Picton

Picton Property Income ('Picton') engaged JLL EMEA Sustainability Consulting ('JLL') to provide Independent Assurance of Environmental Performance Data relevant to its Sustainability Data Report 2024 and 2024 GRESB Submission (the 'Reports') for 1 January 2023 – 31 December 2023 (the 'Reporting Period').

Summary of engagement

Subject matter information	**Sustainability Data Performance Report 2024**
	Total electricity consumption (Elec-Abs) (kWh)
	Total fuel consumption (Fuels-Abs) (kWh)
	Total Dir GHG, Scope 1 (GHG-Dir-Abs) (tCO_2e)
	Total Indir GHG, Scope 2 (GHG-Indir-Abs) (tCO_2e)
	Total Scope 3 (tCO_2e)
	Total water consumption (m^3)
	Total waste (tonnes)
	GRESB Performance Information
	Total energy consumption (EN1) (kWh)
	Total greenhouse gas emissions (GH1) (tCO_2e)
	Total water consumption (WT1) (m^3)
	Total waste production (WS1) (tonnes)
Reporting period	1 January 2023 – 31 December 2023
Reporting criteria	Picton's Reporting Methodology (ESG Data Collection Process Documentation 23/24)
	2024 GRESB Real Estate Standard and Reference Guide
Assurance standard	International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE 3000'), issued by the International Auditing and Assurance Standards Board.
Assurance level	Limited assurance

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that for the reporting period, the subject matter information is materially misstated, in line with the reporting criteria.

Scope of work

The subject matter information comprises the following key performance indicators which are subject to assurance.

Key Performance Indicator	2023 Performance
Sustainability Data Report 2024	
Total electricity consumption (Elec-Abs)	36,551,877 kWh
Total fuel consumption (Fuels-Abs)	25,487,205 kWh
Total Dir GHG, Scope 1 (GHG-Dir-Abs)	1,161 tCO_2e
Total Indir GHG, Scope 2 (GHG-Dir-Abs)	1,738 tCO_2e
Total Scope 3 (GHG-Dir-Abs)	9,352 tCO_2e
Total water consumption (Water-Abs)	64,919 m^3
Total waste production (Waste-Abs)	462 tonnes
GRESB Performance Information	
Total energy consumption (EN1)	62,039,081 kWh
Total greenhouse gas emissions (GH1)	12,213 tCO_2e
/ Scope 1	1,098 tCO_2e
/ Scope 2 location-based	1,706 tCO_2e
/ Scope 3	9,409 tCO_2e
Total water consumption (WT1)	64,919 m^3
Total waste production (WT1)	2,298 tonnes

Other than described here, we did not perform assurance procedures on the remaining information included in the Report so do not express an opinion on this information.

Assurance approach

We have performed the following procedures:

/ Interviewed Picton's appointed data management team about its approach to data management and reporting

/ Reviewed the processes involved in data collection, management and reporting

/ Discussed data, evidence and any associated issues with data managers

/ Performed analytical review and considered risks of misstatement of the subject matter information

/ Conducted statistical testing for each utility to identify and query significant differences in performance

/ Tested a sample of data points against evidence across all indicators listed in the subject matter information

/ Tested and recalculated GHG emissions for a sample of emission categories

/ Reviewed the GRESB asset level spreadsheet and data tables to confirm correct transfer of data

Limitations and constraints

Inherent limitations exist in all assurance engagements, due to the limited nature of testing. The self-defined procedures carried out vary in nature, timing and extent due to the absence of consistent, external standards for all reported metrics.

Framework and standards

We carried out a limited assurance engagement, conducted in accordance with the International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE 3000'), issued by the International Auditing and Assurance Standards Board.

The procedures undertaken in a limited assurance engagement are less comprehensive than a reasonable assurance engagement. We believe that the testing carried out provides a sufficient and appropriate basis for our limited assurance conclusion.

Responsibilities

The management of Picton is responsible for the completion of the subject matter information and publication of the Report.

Our responsibilities as independent practitioner is to undertake a limited assurance engagement and report our opinion on the subject matter information in accordance with the reporting criteria.

Due to our expertise and experience with non-financial information, sustainability management and reporting, we have the competencies required to conduct this independent assurance engagement. We are bound by the JLL Code of Ethics and JLL's internal management procedures. JLL's Code of Ethics sets out our ethical operating conditions and guides our actions and behaviours internally and externally to ensure doing business with integrity. JLL has also established a business management system, documented and maintained in accordance with the requirements of the International Standard for Quality Management Systems – ISO 9001:2015.

Other teams within JLL provide consultancy services to Picton and provide support on their environmental, social and governance programme. The assurance team has not been involved in the delivery of these other services for Picton and we do not consider that there is any conflict of interest between these other services and this assurance engagement. Where relevant, JLL implement and maintain a system of information barriers in line with our internal procedures.

Jones Lang LaSalle Limited
London, UK
20 June 2024

Glossary

Better Buildings Partnership (BBP) – a collaboration of UK Commercial Property owners working to improve sustainability of building stock.

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

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.

GHG – greenhouse gas.

GHG absolute – total GHG emissions.

GHG intensity – a normalised 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.

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.

kg/CO_2/m² – kilogrammes of CO_2 per square metre – a measure of emissions intensity.

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 metre. This aggregation of energy in this way allows for a direct comparison between properties.

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 six months) if the property has an Energy Performance Certificate (EPC) rating of F or G.

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

NZC (Net Zero Carbon) – the point at which the amount of carbon being released into the atmosphere is equal to the amount removed from the atmosphere.

Offsetting – the process of removing carbon from the atmosphere to balance emissions into the atmosphere.

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.

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).

tCO_2e – tonnes of carbon dioxide equivalent, which is a measure that allows you to compare the emissions of other greenhouse gases relative to one unit of CO_2. It is calculated by multiplying the greenhouse gas's emissions by its 100-year global warming potential. For this Report, we have utilised the UK Government's DEFRA 2020 emission conversion factors. These factors reflect the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data) with methodology and assumptions changing year on year.

TCFD (Task Force on Climate-related Financial Disclosures) – a framework to help public companies disclose climate-related risks.

UKGBC (UK Green Buildings Council) – a charity launched by the construction industry to promote sustainability across the built environment value chain.

How to get in touch

UK office

Stanford Building
27A Floral Street
London
WC2E 9EZ

Registered office

1st & 2nd Floors
Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 1EW

Registered Number: 43673

T: +44 (0)20 7628 4800
E: enquiries@picton.co.uk

Media

Tavistock Communications
18 St Swithin's Lane
London
EC3V 8AD

T: +44 (0)20 7920 3150

Website

The Company has a corporate website which contains more detailed information about the Group
www.picton.co.uk

Designed and produced by emperor
Visit us at **emperor.works**

Picton Property Income Limited
Stanford Building
27A Floral Street
London
WC2E 9EZ
+44 (0)20 7628 4800
www.picton.co.uk

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