

2023 RESPONSIBLE INVESTMENT REPORT

ACCELERATING
PROGRESS

OrchardStreet
INVESTMENT MANAGEMENT



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ABOUT THIS REPORT

Orchard Street Investment Management (Orchard Street) is a leading commercial property investment manager focused on the UK market. Through our responsible investment approach, we act on behalf of institutional clients to enhance their real estate portfolios.

In 2022, we launched our Responsible Investment Strategy (RI Strategy) and Social and Environmental Impact Fund and in this report, we reflect on the challenges faced and achievements made in the last year. The focus of this report is to communicate with our stakeholders the progress we have made against our responsible investment targets, and the **United Nation's Sustainable Development Goals** (UN SDG) identified in our last report (pages 46-49) and how we continue to manage environmental, social and governance (ESG) risks and opportunities including those that are climate-related.

This 2023 report covers the period from 1 October 2022 to 30 September 2023. All reporting year data relates to the period October 1 2022 to 30 September 2023 and is rounded to the closest whole number. We have aligned our reporting to **INREV's**¹ Sustainability Guidelines and ESG Standard Data Delivery sheet rather than the European Public Real Estate Association (EPRA), as we are members of INREV. We additionally integrate certain requirements of the following frameworks into this report – the UN PRI annual survey, the **Net Zero Asset Managers Initiative**, the **Better Buildings Partnership Climate Commitment** (BBP), the Taskforce on **Climate Related Financial Disclosures** (TCFD). We are also including some aspects of the **International Sustainability Standards Board** (ISSB) Sustainability Disclosure Standards within our TCFD disclosures for greater stakeholder transparency. In line with best practice, we undertake annual independent assurance of specific energy, water and waste performance measures and target achievement (ESG2.1.5).

[Access our Environmental Data Annex here](#)

1. European Association for Investors in Non-Listed Real Estate Vehicles

A MESSAGE FROM OUR MANAGING PARTNER

REFLECTIONS ON OUR WORLD AND THE REAL ESTATE INDUSTRY

Occupiers of UK real estate have increasingly demanding environmental targets and so we must innovate to ensure our buildings remain relevant – an approach which is key to how Orchard Street does things. Meeting both occupier expectations and regulatory requirements, now and in the future, requires forward thinking asset management. Through engagement with occupiers and our supply chain, we develop thoughtful capital expenditure programmes to ensure we maintain a portfolio of high quality, relevant, future-proofed buildings.

Our rapidly evolving world requires a nimble, flexible approach. This approach has been behind our continuing outstanding performance – including in 2023 where our core mandates have extended their longer-term out performance record vs the MSCI UK Quarterly Property Index, whilst also making meaningful progress in achieving the responsible investment targets we set last year.

The UK Green Building Council (UKGBC) estimates that **80% of the buildings existing today** will still be in use in 2050. But recent studies have concluded that 92% of UK office space will fail 2030 environmental regulations², 60% of UK warehouse stock will fail 2030 EPC requirements³, and annual domestic heat pump installations need to increase by more than 8x to meet 2028 government targets⁴. This shows the pressing need to reposition and refurbish existing buildings to meet the changing needs of our society and accelerate the net zero carbon transition.

Against that background, in 2022 we launched the Orchard Street Social and Environmental Impact Partnership to provide a sector agnostic value add strategy for investors looking to deliver impact and take advantage of the current market opportunity. The Partnership will reposition and refurbish existing buildings to respond to local needs, it will deliver Carbon Risk Real Estate Monitor (CRREM) 2040 carbon targets, EPC A ratings and certifications for air quality and active travel whilst also providing biodiversity net gain, and green construction apprenticeships and skills.

As an Investment Manager, we are acutely aware of how the embodied carbon from development activities contributes significantly towards our carbon footprint. In 2023, we continued to prioritise refurbishments and increased the percentage by value of assets under management that are “green certified” to 54% (2022: 41%). We also deployed £1.2 million into new solar PV capacity on existing buildings.

Since launching our first Responsible Investment Strategy in 2017, we have embedded sustainability principles into all our refurbishments; we have recognised our property managers are key partners in delivering ESG, and we have included all our staff in the delivery of our responsible investment objectives. We also engage in global and national initiatives as we play our part in helping to transform the property industry. Last year, we set ourselves ambitious new targets as part of launching our new RI Strategy and have made significant progress on these despite a challenging market.

The reality is that, as 2023 draws to a close and we enter 2024, managing a real estate portfolio comes with a very different set of challenges compared to only five years ago. Orchard Street is meeting these challenges through strategic planning, active asset management, industry collaboration, and stakeholder engagement. We are committed to building and managing sustainable real estate investment portfolios comprising buildings that are relevant in their local markets and at the same time ensuring that our clients, their beneficiaries, and our other stakeholders can continue to enjoy strong financial results whilst knowing those results are linked intrinsically to fulfilling stringent responsible investment objectives.

Philip Gadsden, Managing Partner,
Orchard Street Investment Management

2. Carter Jonas – July 2023.

3. Knight Frank – July 2023.

4. UK Parliament – July 2023.

WHO WE ARE

TOTAL VALUE OF ASSETS UNDER MANAGEMENT:⁵

£2.6bn

as direct real estate assets

£3.0bn

in total AUM⁶

£ INVESTED OVER THE LAST TEN YEARS:

£2.2bn

up to 30 September 2023

125

Number of assets

982

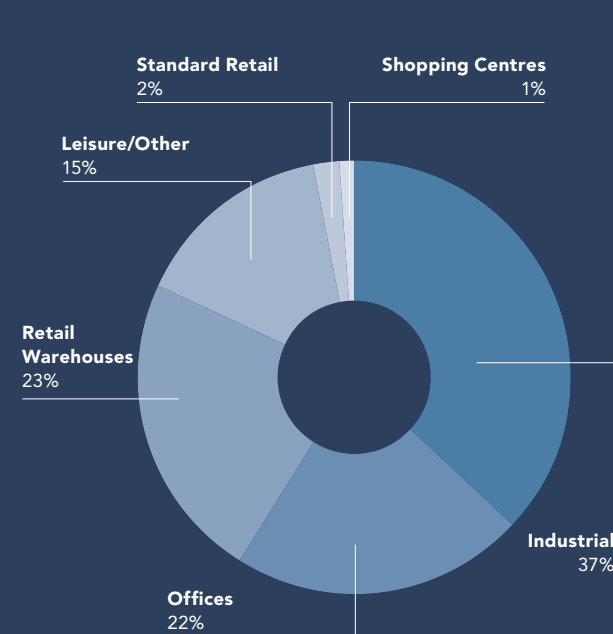
Number of tenancies

Orchard Street specialises in representing institutional clients, providing them with guidance on investments and the active management of commercial property assets in the UK.

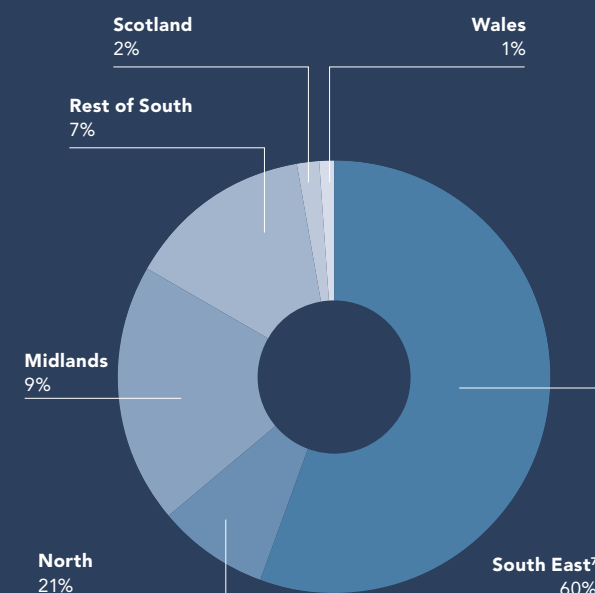
Established in 2004, we have provided quality, proactive asset management to deliver out-performance for our clients and their beneficiaries. By integrating ESG into our investment processes, we expect our track record of investment performance to continue.

Our approach is collaborative, drawing on the experience of our people, the knowledge of our suppliers and engaging with clients and occupiers to deliver healthy, high-quality buildings that are part of the net zero carbon transition.

ASSETS BY VALUE BY SECTOR



ASSETS BY VALUE BY REGION



5. All numbers are as at 30 September 2023

6. Total AUM figure includes cash and indirect equity assets

7. Including central London and Cambridge

AWARDS

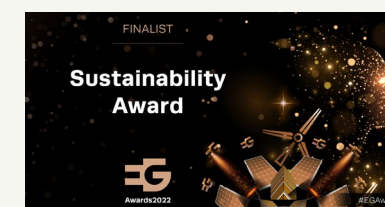
WE ARE PROUD TO HAVE BEEN SHORTLISTED FOR THE FOLLOWING AWARDS:



IAS AWARD (2022)

FINALIST BEST ASSET MANAGEMENT INITIATIVE AT THE 2022 INDUSTRIAL AGENTS SOCIETY AWARDS

for the estate-wide high quality refurbishment programme Orchard Street implemented at Gildersome Spur, Leeds.



EG AWARDS (2022)

FINALIST SUSTAINABILITY AWARD

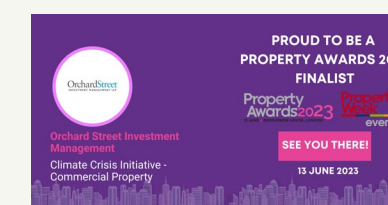
focused on Orchard Street's net zero carbon pathway and efforts to reduce carbon emissions through refurbishment and redevelopment.



EG AWARDS (2023)

FINALIST SUSTAINABILITY AWARD

focused on our Social and Environmental Impact Fund and broader transformative environmental retrofitting.



PROPERTY AWARDS (2023)

FINALIST CLIMATE CRISIS INITIATIVE

focused on scale and ambition of our Social and Environmental Impact Fund.

2023 RESPONSIBLE INVESTMENT HIGHLIGHTS

TRANSITION TO NET ZERO AND BUILD CLIMATE RESILIENCE



2.1MW

of solar PV capacity installed and commissioned since October 2019
Halfway to our 2025 target



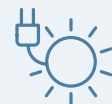
54%

of assets by value, green certified⁸ (compared to 41% as of 30 September 2022)
Exceeded 2025 target for 50% by value



83

Asset Sustainability Action Plans



33%

occupier energy data coverage



7%

reduction in Scope 1, 2 and 3 location-based carbon intensity (tCO₂e/m²) compared to 2018/19 baseline

PROVIDE HIGH QUALITY BUILDINGS



Tenants at 828 units

engaged on ESG via our property managers



60

property managers and facility managers engaged in delivering ESG initiatives at assets under management



39

charitable/community events held at assets in 2023



26

defibrillators across total AUM

ENRICH BIODIVERSITY AND INCREASE CIRCULARITY



62%

recycling rate for reported landlord managed operational waste, compared to target of 70%



100%

of service charge assets reviewed for tree planting opportunities



9

new wildflower areas planted

PROMOTE INCLUSIVE AND FAIR BUSINESS PRACTICES



4/5

stars on UN PRI (4/5 relating to the 2021/22 reporting period)



95%

response rate to first employee satisfaction survey



4

internships provided



100%

of staff trained on anti-money laundering

8. A green certified asset is defined as a standing portfolio asset where the value-weighted average of the property's Energy Performance Certificates is B or above and/or a sustainable building certification exists (e.g. NABERS, BREEAM, etc.). More detail of how we assess "green certified" buildings is provided in our [Environmental Data Annex](#).

INITIATIVES AND FRAMEWORKS WE SUPPORT

OUR MEMBERSHIPS



BBP (**Better Buildings Partnership**): We are a member of BBP, working together with the UK's leading property owners and investment managers to improve the sustainability of existing commercial building stock.



PRI (**Principles for Responsible Investment**): As a signatory of PRI since 2018, we publicly support responsible investment and the need for a more sustainable financial system. Our 2023 PRI scores are four out of five stars on three reported modules, relating to the 2021/22 reporting period.



NZAMI (**Net Zero Asset Manager's Initiative**): As a member of NZAMI, we support the **UN Race to Zero**, and the investment for and achievement of net zero emissions by 2050 at the latest, aligned with the 1.5 degree warming pathway. Our Net Zero Carbon Pathway has been officially accepted and is [available here](#). We made our first NZAMI progress disclosure in 2023 via our UN PRI response.



INREV (**European Association for Investors in Non-Listed Real Estate Vehicles**): INREV aims to improve transparency and promote best practice and professionalism in the sector. As INREV members, we align our reporting to INREV's industry guidelines and set of principles targeted at investors and investment managers of non-listed real estate vehicles.



AR (**Accessible Retail Ltd**): AR is the trade body which represents the property interests of the retail warehouse and retail park sector of the retail industry. It undertakes lobbying to help the sector to meet consumer demands, improve efficiency and become sustainable, provides professional development and support to members and raises funds for charitable giving.

GLOBAL SUSTAINABILITY INITIATIVES



TCFD (**Task Force on Climate-related Financial Disclosures**): We have been an official supporter since 2020 and make an annual TCFD disclosure, enhancing our climate-related disclosures and enabling informed decision making. View our disclosure and reporting [here](#).



SDGs (**UN Sustainable Development Goals**): We support the outcomes of the UN SDGs. We have identified Goals 11 (Sustainable Cities and Communities) and 17 (Partnerships) where we can make the most significant impact as well as eight additional SDGs aligned to the four strategic pillars of our Responsible Investment Strategy.

SUPPORTING PROFESSIONAL ASSOCIATIONS AND CREDENTIALS

With Orchard Street's support, staff and partners are members of a variety of bodies and associations, including:

Investment Property Forum (IPF)

Royal Institute of Chartered Surveyors (RICS)

Society of Property Researchers

Chartered Alternative Investment Analyst Association (CAIA)

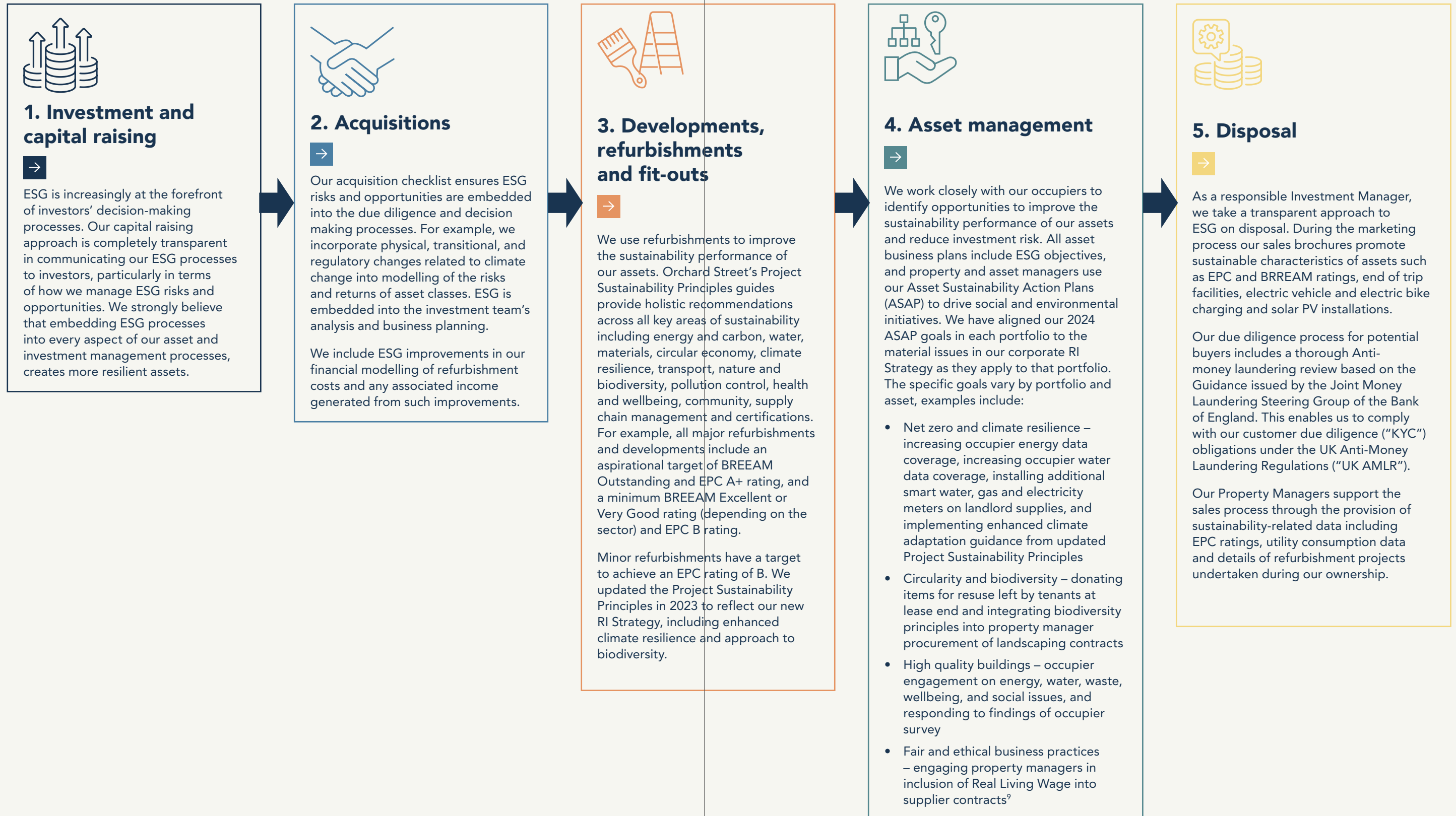
Association of Chartered Certified Accountants (ACCA)

Chartered Institute of Management Accountants (CIMA)

Institute of Chartered Accountants in England and Wales (ICAEW)

Women in Finance

RESPONSIBLE INVESTING THROUGH THE ASSET LIFECYCLE



9. All Managing Agents working across Orchard Street portfolio's either incorporate the Real Living Wage into their Code of Conduct for Suppliers and contracts or are in the process of doing so. The Orchard Street ambition is to reach a position where all direct contracts for Orchard Street managed assets, arranged by our Managing Agents, pay the Real Living Wage to all employees.



OUR RESPONSIBLE INVESTMENT STRATEGY

Our responsible investment objective:

We aim to be responsible for the creation and stewardship of a portfolio of sustainable real estate investments that deliver outperformance for our clients and their beneficiaries today and tomorrow.

Integral to this, we strive to provide healthy, high-quality buildings which positively affect the environment, occupiers, and the local community. In so doing, we seek to demonstrate that when real estate investing includes robust and ambitious ESG integration, this increasingly drives superior financial performance.

Our **Responsible Investment Policy** sets out how we manage ESG as part of our fiduciary duty to deliver value for our clients. We review the policy annually and it is approved by the Managing Partner on behalf of the Management Board.

RESPONSIBLE REAL ESTATE INVESTING THAT DELIVERS OUTPERFORMANCE TODAY AND TOMORROW

We launched a new RI Strategy in 2022, with four strategic pillars and stretching targets. We developed our strategy with the support of an expert sustainability consultant, to identify the ESG topics that are most material to our business and where we have greatest influence to deliver positive outcomes for stakeholders. The development process included an evaluation of our existing ESG commitments, policies and procedures to identify gaps and opportunities for improvement; a peer and competitor review to understand industry trends and best practice approaches; engagement with clients to hear their expectations and direction of travel; and interviews with key internal stakeholders, including our employees, to uncover sentiment and fact finding.

We support the outcomes of the UN SDGs and have identified where we can make the greatest contribution when considered within our sphere of influence. Our impact is primarily through Goals 11 (Sustainable Cities and Communities) and Goal 17 (Partnerships) though we have identified a further eight goals that align to our four strategic pillars.








OUR TARGET PERFORMANCE

We set 19 stretching 2025 targets across the four strategic pillars of our responsible investment strategy in 2022, including the 2025 milestones from our 2021 Net Zero Carbon Pathway, and four short-term targets for delivery in 2023. We provide a progress update on all our targets and are proud to report that we have achieved all of our 2023 targets, and have made good progress on our other targets by successfully embedding our RI Strategy into how we do business. In fact, we have already outperformed the thresholds for two of our 2025 targets.

ASSURANCE








We assure the outcome of all our targets, in line with our Responsible Investment Policy, in the year that they are due. The outcome of all 2023 targets and progress on eight 2025 targets related to portfolio environmental data have been assured to the ISAE 3000 standard in this report. Please see “Assured” column in the table below for full transparency. For further information see the 2023 [Environmental Data Annex](#).

Status key: ●●● Achieved ●●○ Partially Achieved ➡ In Progress ○○○ Not Achieved

2022-2025 Targets	Status	KPI	Assured	SDG	INREV Indicator	Target Progress Update
<div> Transition to net zero and build climate resilience</div>	➡	477 L/m ² average water intensity on our multi-let office portfolio of better than 450 litres/m ² NLA, by 2025 ¹⁰	KPI assured			<ul style="list-style-type: none">The average water intensity of our multi-let office portfolio was 477 litres/m² during the reporting year. Of the 27 occupied offices in the portfolio as at 30 September, 11 were above the 450 litres/m² NLA and 16 were below it. This target has been added to our Project Sustainability Principles for major refurbishments and developments.In 2022 and 2023, we installed water meters on landlord supplies identified in 2021 as material. The actual data on water consumption has shown us which buildings are really above the 450 litres/m² NLA benchmark, helped us to spot leaks, and enabled us to identify incorrectly estimated bills. We have reviewed 2023 water consumption patterns with our property managers and identified three more landlord supplies where current consumption levels are above the 2,000m³ threshold. We have instructed the installation of limpets on these supplies and will continue to review water meters on a rolling basis.We specify high water efficiency fixtures in refurbishments and have added sensor taps to many office buildings through our Asset Sustainability Action Plans. In order to develop more targeted water efficiency plans, we piloted a water audit at one of our office assets, 27 Mortimer Street, London in 2023. We then expanded the water audit scope to include landlord and tenant demise with independent recommendations for each. We have instructed these improved water audits at seven more offices. We will review the recommendations from the water audits with our property managers in early 2024.Achieving this target is challenging in the context of adding wellbeing amenities for occupiers which inevitably increases water consumption. Property managers undertook water awareness and education campaigns to influence occupiers. We will continue these campaigns via our property managers in 2024.
	➡	50% of actual occupier energy data (by floor area) to be collected by 2025	KPI assured		ESG 3.1.3.1	<ul style="list-style-type: none">We collected 33% actual occupier energy data (by floor area). This is a significant increase from last year – when we collected 18% of actual occupier energy data (by floor area).We achieved this increase by entering into new service agreements with property managers that include occupier data collection via direct contact, emails, and physically reading meters during site visits. On one portfolio, we instructed the collection of digital energy data aggregated to property level. This has the advantage of not requiring occupier engagement or permission. However, it is unsuitable for single-let or small sites where there are insufficient meters to meet the four meter minimum threshold.We will continue to focus on increasing collection rates in 2024 via these methods and plan to trial check meters on occupier electricity and gas supplies.

10. Excludes offices held for less than 3 years at 1 October 2025, those sold before 30 September 2025 and those with occupancy below 75% in 2025



2022-2025 Targets	Status	KPI	Assured	SDG	INREV Indicator	Target Progress Update
Reduce Scope 1, 2 and 3 carbon intensity (tCO ₂ e/m ²) by 25% compared to 2018/19 baseline by September 2025	➡	7% reduction in Scope 1, 2 and 3 carbon intensity (tCO ₂ e/m ²) – location based ¹¹	KPI assured	 	ESG 3.3.12	<ul style="list-style-type: none"> We reduced our Scope 1, 2 and 3 carbon intensity (location based) by 7% compared with our 2018/19 baseline year. In 2022, we achieved a 14% reduction in emissions compared to the baseline year. The disparity between 2022 and 2023 emissions reductions is largely due to the 2022 reporting period being subject in part to Covid-19 restrictions and greater levels of working from home.¹² We are delivering these reductions through the installation of solar PV capacity; improving insulation, lighting and mechanical equipment efficiency as well as electrification where feasible during refurbishment; specifying embodied carbon targets on major refurbishments, and managing operational energy where the landlord has control of building plant. In September 2023, we installed an intelligent building energy management system at five offices to deliver operational energy improvements through digital sensors on equipment. The projected efficiency savings are expected to cover the cost of the programme and to significantly reduce Scope 1 and 2 carbon emissions. These buildings are responsible for 22% of overall Scope 1 and 2 carbon emissions (location-based).
50% by value of assets under management to be green certified by September 2025 (EPC B or above, NABERS, BREEAM, etc)	●●●	54% of assets by value "green certified"	KPI assured	 	ESG 3.7	<ul style="list-style-type: none"> We have achieved our target of 50% of assets by value to be "green certified" two years early. As at 30 September 2023, the percentage of green certified assets by value was 54%, an increase from 41% last year. We have delivered this through a combination of investment strategy and capital expenditure. In 2021, we developed our Project Sustainability Principles and updated our Investment Committee pro formas to support the delivery of this target, which we believe is key to increasing the resilience of clients' investment portfolios. A green certified asset includes EPC B ratings or above, BREEAM, NABERS ratings or WELL certification. Additional information on methodology can be found in our 2023 Environmental Data Annex.
Install 4 MW of renewable energy generation capacity from October 2019 to September 2025	➡	2 MW of on-site renewable energy capacity installed and commissioned since October 2019	KPI assured		ESG 3.2.1	<ul style="list-style-type: none"> We are more than halfway to our 2025 target 4MW target, with a total of 2 MW of on-site renewable energy capacity installed and commissioned since October 2019. We installed and commissioned 1,278 kW of solar PV capacity in the reporting period, compared to 357 kW installed previous year.¹³ Solar PV arrays reduce operational carbon emissions, provide an additional income stream for clients and are capitalised at valuation by our external valuers resulting in increased property values. The date and capacity data for this target comes from third party certificates that a solar PV system has been installed and commissioned. We use the total installed capacity figures from the relevant certificate. These are provided in either kWp or kW and we do not adjust between these two metrics, based on advice that in this context, it is describing the same system capacity feature.
Measure embodied carbon on six refurbishment or development projects by September 2025	➡	Two embodied carbon assessments undertaken	No	 		<ul style="list-style-type: none"> We have undertaken embodied carbon assessments on one major refurbishment (Palm Court, Richmond Riverside, see page 39) and one development (Poyle Point). Embodied carbon assessments have also been specified at Euroway Trade Park and at 4 Hardman Square. Our experience has shown that contractors are still using significant levels of estimated data, going forward we will be working with contractors to improve actual data coverage. We have learned from this experience and work with our project sustainability consultants to gather data from the contractor throughout the RIBA process. Our asset managers and Investment Committee consider trade-offs between increased embodied carbon and reduced operational emissions when considering refurbishment specifications. A material and quantity inventory template has been added to the Excel pack for our Project Sustainability Principles to transition away from spend-based embodied carbon emissions for construction projects.

11 Excludes offices held for less than 3 years at 1 October 2025, those sold before 30 September 2025 and those with occupancy below 75% in 2025

12. Restatement of 2021/22 reporting of 13% reduction

13. Restated from 337kW due to evidence provided for an additional installations

Transition to net zero and build climate resilience

Enrich biodiversity and increase circularity

2022-2025 Targets	Status	KPI	Assured	SDG	INREV Indicator	Target Progress Update
Achieve 90% automated meter reading (AMR) "smart" data coverage of landlord controlled energy consumption by September 2023	●●○	83% automated meter reading (AMR) "smart" data coverage of landlord controlled energy consumption	KPI assured			<ul style="list-style-type: none"> Delivering this target has been significantly more challenging than anticipated. Despite instructing the gas and electricity meter installations in September 2021, the final gas meters were not installed until October 2023 with outstanding electricity meter for the Kingsway Retail Park car park. The delays were due to meter availability in 2021 and 2022, suppliers being short-staffed, existing meter operator (MOP) contracts, and technical issues with meter compatibility at some sites. We are reviewing current landlord gas and electricity supplies with our property managers and will install additional smart meters through our Asset Sustainability Action Plans where relevant.
Establish a Climate Change Resilience Strategy in line with the Better Buildings Partnership Climate Commitment by September 2025	●●●	Not applicable	Target achievement assured			<ul style="list-style-type: none"> We follow the BBP's Climate Resilience Guide and our strategy includes all three elements of what the BBP describe as a climate-resilient business: <ul style="list-style-type: none"> Mitigation – becoming net-zero before 2050 to mitigate the worst impacts of climate change. Adaptation – becoming able to operate in a world in which climate-driven disruption is more frequent and severe. Disclosure – providing climate-related information to investors, regulators and others in a useful and timely way. We also produce a formal TCFD-aligned disclosure available on our website.
Recycle or compost at least 70% of landlord managed operational waste by September 2025	➡	62% of landlord managed operational waste recycled or composted.	KPI assured	 	ESG 4.6.5.4	<ul style="list-style-type: none"> In 2023, we achieved a 62% recycling rate (including anaerobic digestion of food waste) for reported landlord managed operational waste and 61%¹⁴ in 2022. Recycling targets were integrated into all relevant Asset Sustainability Action Plans this year and are regularly monitored with property managers who introduced new segregated waste streams, conducted digital waste awareness campaigns and engaged directly with occupiers at buildings with low recycling rates. 32 assets have landlord managed operational waste data, 13 assets have an improved recycling rate compared to the previous year.
Send less than 1% of landlord managed operational waste to landfill or incineration, this excludes incineration for waste to energy by September 2025	●●●	% of landlord managed operational waste sent to landfill or incineration [excludes incineration for waste to energy]	KPI assured	 	ESG 4.6.5 ESG 4.6.5.1	<ul style="list-style-type: none"> We continue to send less than 1% of landlord managed operational waste to landfill or incineration, this excludes incineration for waste to energy.
Establish a quantified target to increase biodiversity value, including scope and baseline, by September 2023	●●●	Not applicable	Target achievement assured			<ul style="list-style-type: none"> We followed the BBP Framework Guidance on how to set a biodiversity target – considering the needs of occupiers and clients and leveraging the findings of Biodiversity Net Gain assessments in 2022. We agreed a target that is achievable within a single year on standing assets within existing budgets – to plant 25 new trees across our assets under management by 30 September 2024. If a tree dies or has to be removed during our management of a property during this period, a new tree will be planted somewhere within the portfolios we manage, and these will not be counted towards the achievement of the target. We carried out an exercise with our property managers and landscapers to evaluate all properties for the potential to plant additional trees considering occupier needs, business asset plans and location suitability and tree planting has been instructed. We are working with property managers to trial the collection and reporting of biodiversity metrics and to change the way that landscaping services are procured so that a biodiversity enhancing approach is included. We are pursuing this change via our Head of RI's direct engagement with all of our property managers as part of contributing to the transformation of the approach to biodiversity within the commercial sector more widely. Going forward, we will implement Biodiversity Action Plans on major refurbishments, where the asset has the scope to include biodiversity improvements.

2022-2025 Targets	Status	KPI	Assured	SDG	INREV Indicator	Target Progress Update
<p>Enrich biodiversity and increase circularity</p>	➡	Not applicable	No			<ul style="list-style-type: none"> We have specified construction waste measurement to an auditable standard in two major refurbishments started in 2023 and expect to complete in 2024 (4 Hardman Square and Palm Court). This target has been added to our Project Sustainability Principles for major refurbishments and developments.
<p>Provide high quality buildings</p>	➡	Not applicable	No			<ul style="list-style-type: none"> An operational wellbeing plan template has been developed and issued to the project teams working on our major refurbishments. This template has been added to the Excel pack that accompanies our Project Sustainability Principles for major refurbishments and developments.
	➡	Not applicable	No			<ul style="list-style-type: none"> We instructed occupier experience surveys on two portfolios and were pleased to receive a 31% response rate on one portfolio given the FRI nature of the assets. We reviewed the results with property managers at the end of 2023 and integrated asset specific actions into our 2024 Asset Sustainability Action Plans.
	➡	Not applicable	No			<ul style="list-style-type: none"> We have researched approaches to this target that will provide the greatest value for clients, occupiers and communities and will be taking this forward next year.
	➡	Not applicable	No			<ul style="list-style-type: none"> This target has been added to the Excel pack that accompanies our Project Sustainability Principles for major refurbishments and developments. Apprenticeships have been included within the project specifications for two major refurbishments at 4 Hardman Square and Palm Court Richmond Riverside that started on-site in September 2023 and we will report against these next year. The phased refurbishment of Euroway Trade Park in Aylesford will include an apprenticeship placement for every project. We are working closely with contractors and project teams to ensure that the apprenticeships supported are additional to what would have otherwise occurred. Project managers and main contractors are considering the apprenticeship programme credentials of subcontractors as part of their procurement process.
<p>Promote inclusive and fair business practices</p>	●●●	Not applicable	Target achievement assured			<ul style="list-style-type: none"> In 2023, our Equity, Diversity & Inclusion Committee implemented an anonymous employee satisfaction survey, administered by Great Place to Work. The 2023 survey provides a baseline of staff views on a wide variety of key issues relating to employee satisfaction, and is also an important starting point for the development of our Equity, Diversity and Inclusion Strategy. More detail is provided on page 33.
	➡	Not applicable	No			<ul style="list-style-type: none"> Following our employee satisfaction survey and follow up workshops, the focus of our Equity, Diversity and Inclusion Committee in 2024 will turn to the creation of a Equity, Diversity and Inclusion Strategy during the next reporting year.
	●●●	4	Target achievement assured			<ul style="list-style-type: none"> We are pleased to report that we achieved this target two years ahead of schedule. We intend to continue to provide client-side work experience placements for graduates and apprentices through an innovative partnership scheme established with CBRE in 2022. In 2023, we provided four two week placements in our strategy, ESG and Asset Management teams with 100% positive feedback from the four interns.

CASE STUDIES

Our belief is that buildings that positively impact the communities and environments in which they sit are more attractive to occupiers and investors and thereby more resilient. Our Responsible Investment Policy is founded on the principle that we can enhance the fund and asset performance of our clients' real estate portfolios through active ESG management.

Each of the case studies below demonstrates how integrating our strategic Responsible Investment pillars into our active asset management approach delivers resilience and returns for investors. The majority of the activity undertaken for our 'Promote Inclusive And Fair Business Practices' pillar was internal to Orchard Street in 2023 and we present this in a separate section on page 32.



TRANSITION TO NET ZERO AND BUILD CLIMATE RESILIENCE

Our aim:

Improve the resilience of portfolios through stock selection, refurbishment and property management



ENRICH BIODIVERSITY AND INCREASE CIRCULARITY

Our aim:

Increase biodiversity and reduce, reuse, and recycle materials to increase circularity



PROVIDE HIGH QUALITY BUILDINGS

Our aim:

Provide healthy, high quality buildings that positively impact occupiers and the local community

PARTNERING WITH OUR TENANTS TO IMPROVE SUSTAINABILITY

Kettering Retail Park



ED BALES

Associate, Head of Retail Asset Management

"Kettering Retail Park has given us a great opportunity to work with key national retailers on our RI Strategy, demonstrating the benefits of solar PV. Investing in long-term relationships with our occupiers and collaborating on successful refurbishments has sparked interest from other key tenants from across our portfolio."

Having already benefitted from the renewable energy installed by Orchard Street at their Bognor store, Tapi were keen to progress with a solar PV system at Kettering. We worked closely with Tapi to agree landlord works that supported their own sustainable fit-out criteria. Changes to the unit included the installation of LED lighting, more thermally efficient glazing of the front entrance, and transitioning from a fossil fueled based heating system to an electrified unit with heating and cooling provided by an air source heat pump (ASHP) based heating and cooling system. The EPC rating improved from a C59 to an A1 as a result of the combined landlord works and Tapi's fit-out.

Following the success of this project, we are looking to undertake a similar set of landlord works on another retail unit in the park.

A WORD FROM AN OCCUPIER

"We have enjoyed our working partnership with Orchard Street and have been impressed by their commitment to their occupiers. We were keen to secure a unit at Kettering Retail Park, due to its strong footfall and tenant line up. We worked closely with Orchard Street's team to input into the refurbishment of the unit, and have been pleased with the use of solar panels which Orchard Street installed prior to our occupation."

Tina Staples, Head of Property, Tapi

89 kWp
of solar PV installed

C59 to A1

improvement in EPC rating on refurbished Tapi unit



ENHANCING RETURNS WITH ESG INTEGRATION

Gildersome Spur, Leeds

Buildings like **Gildersome Spur**, our multi-let industrial estate in Leeds, show that when real estate investing includes robust and ambitious ESG integration, this increasingly drives superior financial performance. We significantly reduced void periods, set new headline rents and established full occupancy across the estate while also contributing to positive social and environmental outcomes.



ALEX HARDWICK

Associate, Head of Business
Space Asset Management

“Gildersome Spur has proven itself to be a high performing asset in our industrial portfolio, drawing strong interest from top tenants seeking prime warehouse space. Recent leases and multi-unit upgrades have resulted in full occupancy, and are testament of the appeal of modern, energy-efficient spaces that align with occupiers’ needs.”

We are reducing occupier energy consumption and carbon emissions by following our Project Sustainability Principles on refurbishments:

- Converting 24% of the estate floor area to EPC ratings of A+, A, or B.
- Installing 330kWp of on-site renewable energy.
- Key energy efficiency features of refurbishments include LED lighting, electric heating in office spaces, double-glazed rooflights, removing gas supplies where feasible, new and insulated roofs, solar PV and insulated roller shutter doors (specification varies by unit).
- Installing six new EV charging points.

We have worked with our property managers to implement an Asset Sustainability Action Plan for the estate since 2020, delivering environmental and social initiatives including:

- a bike repair station installed to support occupiers and visitors;
- common parts lighting converted to LED;
- wildflower area planted in 2022 and six new trees planted in late 2023 to contribute to food and habitat for local wildlife; and
- Emergency Services Grab Bag installed on-site.

We continue to engage with our occupiers to provide sustainable solutions for them.

A WORD FROM AN OCCUPIER

“Gildersome Spur provides modern, efficient space that lowers both our environmental impact and energy costs, while offering excellent access [to our customers] via the nearby M621, M62 and the national motorway network.”

**Nigel Fowler, Managing Director,
Duftons**



185,000 kWh

of solar generated (October 2022-September 2023)

D84 to C67

increased average in EPC ratings

9.2%

per annum rental value growth of units we refurbished (2019-2023), compared to 5% on unrefurbished units

77,000 sq ft

let to five occupiers over the last 12 months following multi-unit refurbishments

INNOVATIVE INVESTING: PIONEERING SOLUTIONS

10 Templeback, Bristol

We recognise that our assets need to constantly adapt to meet our occupiers' needs and remain high performing in every way. **10 Templeback, a prime multi-let office in Bristol**, is an excellent example of collaborating with our property managers via Asset Sustainability Action Plans to reduce running costs for our existing occupiers and attract new tenants by delivering high quality refurbished space. A premium rent was achieved on best in class refurbished office space within the building, where we prioritised re-use of materials including a former tenant fit-out to reduce embodied carbon emissions.

In 2021, we installed Demand Logic software to harness live operational building data to monitor and optimise building energy and comfort. Demand Logic identified areas for BMS optimisation including reducing out of hours consumption. It identified where the building plant (e.g. air handling units and variable refrigerant flow (VRF) heating/cooling units) was operating outside of their programmed set times and set points. Additionally, Demand Logic noted where some internal valves were operating concurrently and causing overworking of the plant and additional

consumption demand. This led to adjustments to the plant and BMS connection, reducing out of hours consumption and increasing the comfort levels for tenants.

Delivering high quality buildings relies on effective collaboration between building management teams and occupiers. At 10 Templeback:

- Our property managers launched an occupier education on effective waste disposal which resulted in a significant increase in recycling rates, from 36% to 56%. It also included advice on how to align energy demand with actual utilisation of the building to reduce unnecessarily consumption and reduce carbon emissions.
- A premium rent was achieved on best in class refurbished office space within the building, where we prioritised re-use of materials including a former tenant fit-out to reduce embodied carbon emissions.
- The building manager implements a full social programme, hosting various food stalls, local traders and charity groups.

Further upgrades for the reception area are planned to improve its usability as a breakout space and for social events.



ALEX HARDWICK

Associate, Head of Business
Space Asset Management

"At 10 Templeback, we pride ourselves on the innovative and forward thinking projects we have implemented to support our Responsible Investment Strategy. For example, retaining and upcycling furniture left in vacant space to offer a fully fitted solution has reduced void periods and achieved a record high rent, while also reducing our environmental impact. This, alongside many other initiatives, will attract high calibre tenants as we continue to meet the modern demands of occupiers."

18%

reduced energy consumption despite increased occupancy¹⁵

36% to 56%

increased recycling rate

C62 to B29

improved EPC rating

15. Comparing consumption of the periods October 2021- September 2022 with October 2022 – September 2023. Demand Logic actions were prioritised from September 2022

A WORD FROM AN OCCUPIER

Arm is committed to attracting the world's very best engineers, who have a passion for working on technologies that are building the future of computing. Bristol is a fantastic city brimming with engineering talent, and our new offices at 10 Templeback will provide a bright, fully fitted, and collaborative space in an ideal location as we continue to grow our team in the city.

Gary Campbell, Executive Vice President, Central Engineering, Arm

ATTRACTING DIVERSE TENANTS

Kingsway Retail Park, Derby

In a competitive market, attracting diverse tenants can prove challenging. However, by focusing on investment in the range of services provided and improving the quality of the space, at **Kingsway Retail Park**, we have enhanced the convenience offer for the local community with the addition of a food retailer and a gym.

Part of the investment programme for this asset has included an on-site renewable energy project on behalf of JD Sports, Iceland and Pure Gym to install three solar PV schemes with a total capacity of 216 kWp.



FERGUS EGAN
Partner, Head of Asset Management

A WORD FROM AN OCCUPIER

“Orchard Street’s practical and commercial approach to ESG improvements has enabled us to deliver on both our core purpose of providing accessible, flexible and affordable fitness, alongside supporting our wider ESG goals through the installation of on-site renewable energy, reducing our carbon emissions from this site.”

Steve Elrington, Head of Acquisitions, PureGym

“Over the past 12 months, we have rolled out a number of exciting asset management initiatives at Kingsway, including working collaboratively with our tenants to install rooftop PV solar panels, as we continue to invest in innovative solutions that will deliver meaningful ESG benefits and in turn preserve and enhance long term value for our clients.”



Five years
approximate payback period for each PV project

20%
of retail park now producing on-site renewable energy (by floor area)

190,164 kWh
per annum projected renewable energy generation to reduce occupiers’ carbon emissions

COLLABORATING FOR SUCCESS

Headley Park 10, Reading

After a number of units became vacant at Headley Park 10, we improved the environmental credentials of the units through a programme of refurbishment contributing to the reduction of void periods and helping to attract good quality occupiers. The EPC ratings of the refurbished units also improved from a range of B to E ratings to a range of A and B. Key low carbon features included the installation of solar PV, six new EV chargers, LED lighting on PIR sensors and new insulated roller shutter doors.

Following refurbished units 1 and 2 being placed under offer to an existing occupier, Sound Foundation, our team met with the occupier to discuss additional sustainability opportunities. The inclusion of solar PV was an attractive feature for Sound Foundation given the projected environmental benefits and operational cost savings which also led to an agreement to install solar PV on Sound Foundation's existing two units on the park.

The team at Headley Park 10 continue to improve the biodiversity value of the estate. Subsequently, 30 m² of biodiverse planting was introduced at the front of the estate with ox-eye daisy thriving alongside meadow buttercup, black medick, white champions and trimmings from tree pruning were used to create bug hotels. Another 55 m² of the site that was previously a closely clipped lawn has been left to grow wild. This will encourage the growth of flowering plants that supports pollinators and provides the perfect habitat for a wide range of animals. In autumn 2023, four new trees were planted onsite.

A WORD FROM AN OCCUPIER

"Through the Orchard Street solar panel installation on our warehouse units, we're making tangible progress towards our ESG targets, demonstrating our clear commitment to sustainability. As a group we are working towards B-Corp certification and ISO 14001 compliance this year, our solar initiative symbolises our dedication to a greener, responsible future."

Nathan Lambert, Director, Sound Foundation Ltd.



CHRIS BEEVOR
Asset Manager

"Headley Park 10 presented a great opportunity to improve the ESG credentials of several units, in conjunction with some of our existing occupiers. This enabled new solar PV systems to be installed on Units 1, 2, 5 and 6 with Power Purchase Agreements put in place with the Sound Foundation Ltd. The benefit of renewable energy to the occupier, as well as securing further income for our client meant all parties benefitted from this project."



Increased EPC ratings to

A and B

on refurbished assets in line with 2023 minimum energy efficiency standards

142 kWp

solar PV installed

26,766 kWh

renewable energy generated

Six

electric vehicle chargers installed



PROMOTE INCLUSIVE AND FAIR BUSINESS PRACTICES

OUR AIM: OPERATE ETHICALLY AND TRANSPARENTLY, PROMOTING DIVERSITY, INCLUSION AND FAIR WORKING CONDITIONS IN OUR OWN OPERATIONS AND SUPPLY CHAIN.

OUR 2023 HIGHLIGHTS



4/5

stars achieved on UN PRI Policy, Governance and Strategy module



37%

of female employees (including Partners)
[INREV Indicator ESG5.1 – Diversity, equity, inclusion (DEI)]



100%

of full-time employees received professional training
[INREV Indicator ESG5.5.3]



115

hours volunteered by Orchard Street staff



4/5

stars achieved on UN PRI Real Estate module



25%

of female members on the board of directors
[INREV Indicator ESG5.1.2 – Diversity, equity, inclusion (DEI)]



Over 470

hours of staff training were supported by Orchard Street with 100+ hours on ESG specific topics



4/5

stars achieved on UN PRI Confidence-Building Measures module



36%

of female members on other governing bodies
[INREV Indicator ESG5.1.2.2 – Diversity, equity, inclusion (DEI)]



4

internship placements provided

ENGAGING WITH EMPLOYEES

In 2023, our Equity, Diversity & Inclusion Committee (ED&I) spearheaded projects including updating our Maternity & Paternity Leave Policy and implementing an anonymous employee satisfaction survey. The outputs of the employee survey, administered by Great Place to Work, provide baseline views on a variety of key issues for our people and form an important starting point for the development of our Diversity and Inclusion Strategy in 2024.

To further enhance employee survey feedback, our ED&I Committee held small focus groups in late 2023. These sessions, run by a third-party consultant, provided a deeper review of employee satisfaction levels to help identify areas for improvement.

The survey itself had a strong 91% response rate and highlighted some real strengths of Orchard Street, including how 100% of employees believe that they are treated fairly regardless of their ethnicity or sexual orientation.

As expected, the survey also highlighted areas where we could do better including business-wide communication and leveraging technology to increase efficiency. Valuable insights were also gained around the differing views of female and male employees. In response to employee feedback, we have developed an action plan for 2024 which will feed into the development of our Diversity and Inclusion Strategy.



DANA EISNER

Partner, Head of Capital Raising, Chair of the Equity, Diversity & Inclusion Committee

“Enabling opportunities for our people to provide feedback to the business is a key way in which we will evolve and grow stronger, together. In 2023, we worked with a third-party group, A Great Place to Work, to develop a staff satisfaction survey where employees were encouraged to give honest and frank feedback. This process was managed by our dedicated Equity, Diversity & Inclusion Committee. We were encouraged by the strong response rate of 91% from a sample of 23 staff. Our Equity, Diversity & Inclusion Committee are now focused on responding to the feedback from this effort and developing better ways of working together going forward alongside developing a new Diversity and Inclusion Strategy which will be launched in 2025.”





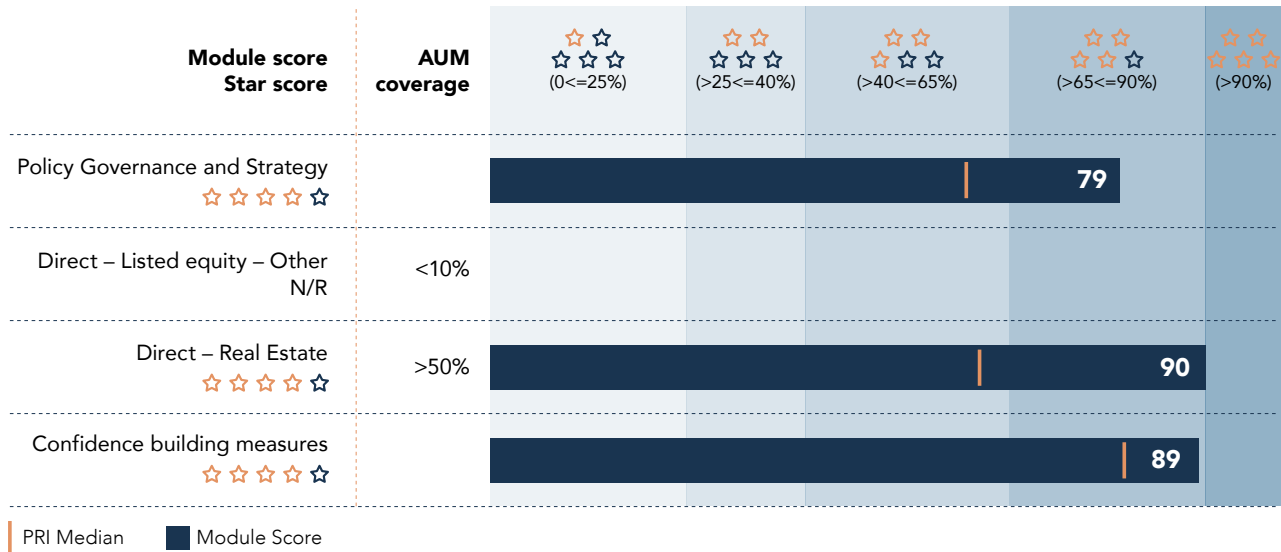
Strengthening our processes

Our Head of Compliance and Head of Responsibility & ESG jointly monitor emerging and evolving regulation related to responsible investment. We welcomed the November 2023 publication of the Financial Conduct Authority’s Policy Statement PS23/16 on Sustainability Disclosure Requirements (SDR) and investment labels. We will be actively working to implement sustainable product labels where appropriate and comply with all other aspects of the regulation including the anti-greenwashing rule. We look forward to the government publishing policies on other consultations including the long overdue Non-domestic Private Rented Sector Minimum Energy Efficiency Standards.

At Orchard Street, we implement a suite of policies and procedures, from bribery and anti-corruption to IT security and responsible procurement to support ethical and transparent operations and promote diverse, inclusive and fair working conditions across our value chain. Our voluntary Modern Slavery Statement is available on our website [here](#). Through these efforts we are contributing to SDG 16 by working to reduce corruption and bribery in all their forms.

The UN PRI is a globally renowned proponent of responsible investment. The annual UN PRI assessment scores signatories on their integration of ESG issues into investment and decision-making processes. In 2023, Orchard Street received its third UN PRI score (see results below). We received four out of five stars in both applicable assessment categories.

BENCHMARKING OUR APPROACH



Collaborating to inspire early careers in real estate

For the second year running, Orchard Street welcomed members of CBRE’s graduate scheme for a two week internship programme. We doubled the size of the programme from two to four interns, who joined our Asset Management, Investment Strategy and Analysis, and ESG teams for two weeks to gain valuable client-side experience in their chosen career paths. At the end of the placement each intern presented individual projects to Orchard Street, including the senior leadership team. Presentation topics included implementing a new commercialisation strategy for retail assets, the creation of a refurbishment and marketing strategy for an industrial unit, and the Carbon Risk Real Estate Monitor (CRREM).

Following the placement, the interns were invited by Orchard Street to provide feedback.100% of respondents agreed that Orchard Street was a friendly and welcoming place, and that they learnt valuable skills during their placement. We intend to continue to run this programme in collaboration with CBRE, building on the success of the last two years.

“Since implementing the RI Strategy, we’ve witnessed its significant positive impact on the Asset Management team. ESG provides exciting opportunities for asset managers to lead and grow within our business, innovating practical solutions to deliver tangible results. Our partnership with CBRE is a really innovative way for a small business such as ourselves to contribute to practical skills development for early-career individuals in real estate.”

Fergus Egan, Partner, Head of Asset Management

Supporting our communities

Since we first implemented a formal volunteering programme in 2020, we have found that volunteering days are great team building opportunities that make a meaningful contribution to society. In 2023, we returned to both the Children’s Book Project, and Stepney City Farm. In fact, we were so inspired by the work of the Children’s Book Project a charity working to redistribute new and used books to underserved children across the UK, that we have worked with property managers to implement book gifting initiatives in our portfolio.

CBRE graduates participating in the 2023 Orchard Street internship programme



THE INTERN PERSPECTIVE ON ORCHARD STREET

“The secondment was fantastic. The Asset Management team involved me in a plethora of different projects which each had their own ‘puzzle’ to solve and gave me the chance to connect with other industry professionals. Orchard Street were really good at letting me work independently where appropriate, and provided help and oversight whenever required. The entire team were incredibly welcoming and knowledgeable, and I can’t thank you all enough for the opportunity.”
2023 Intern



SARAH O’CONNELL

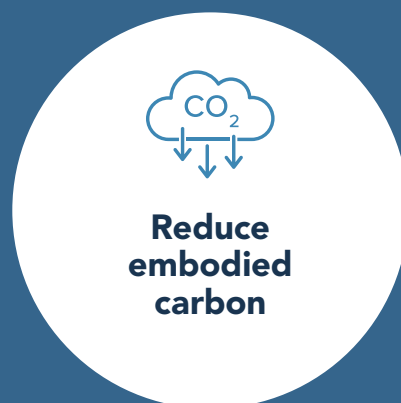
Associate Partner, OSSEIP Assistant Portfolio Manager (Member of the RI and Equity, Diversity & Inclusion Committee)

“As a member of the Responsible Investment (RI) Committee, I’m very pleased to see that the new RI Strategy has successfully engaged our entire organisation, fostering a deeper understanding of the ESG issues that drive value, opportunities and risks for our business and stakeholders. We’ve established a robust framework for the internal integration of the RI Strategy into our processes, including our investment proformas, Project Sustainability Principles and individual performance objectives. Our regular RI training sessions on a variety of subjects from CRREM modelling, biodiversity net gain and MEES legislation have provided a deeper understanding of the material sustainability issues facing our entire business.”

TRANSITIONING TO NET ZERO

Read our full Task Force for Climate-related Financial Disclosure (TCFD) disclosure and reporting in the **Environmental Data Annex**.

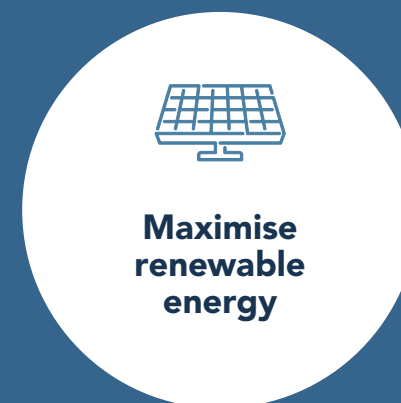
Our aim: Improve the resilience of portfolios through stock selection, refurbishment and property management.



Avoid emissions by refurbishing and selecting low carbon materials



Reduce operational energy consumption as far as possible



Maximise on-site renewables and renewable energy procurement



Offset unavoidable emissions using verified schemes

Our net zero carbon pathway (ESG2.1), launched in 2021, is supported by 2025 and 2030 targets aligned with the net zero carbon hierarchy. Targets for 2035 and 2040 will be set in 2030 to ensure they are sufficiently ambitious and reflect current best practice. As signatories of the Building Better Partnership's Climate Commitment and the Net Zero Asset Managers Initiative (NZAMI), we are required to report annually against our net zero carbon pathway (a detailed progress report is included within the [Environmental Data Annex](#)). Our pathway covers Scope 1, 2 and 3 emissions, with the full details on scope and boundaries, including our 2030 targets, available in our net zero carbon pathway report. We are reporting our progress against the 2025 targets in our net zero carbon pathway for the first time, and these KPIs have been assured by an independent third-party (see page 52).

2023 PROGRESS

We have undertaken embodied carbon assessments on one major refurbishment (Palm Court, Richmond Riverside, see page 39) and Poyle Point, Heathrow. Embodied carbon assessments have also been specified at Euroway Trade Park, Aylesford and at 4 Hardman Square, Manchester. Going forward, we will work with our contractors to increase the amount of actual data and rely less on estimation

7% reduction in Scope 1, 2 and 3 location-based carbon intensity (tCO₂e/m²) compared to 2018/19 baseline

33% of actual occupier energy data
(by floor area) collected

83% of landlord controlled energy consumption with automated meter reading (AMRs)

54% of assets under management by value are green certified (EPC B or above, NABERS, BREEAM, etc)

Over half way towards 2025 target
with **2.1 MW** of capacity installed and
commissioned in 2023

Offsetting does not form part of our net zero carbon pathway until our first net zero target date in 2030



2030

Net zero by 2030 for all operational landlord emissions, corporate emissions and embodied carbon from refurbishments and landlord fit-outs

2040

Net zero by 2040 for occupier operational building energy-related emissions and embodied carbon from occupier fit-outs, including FRI assets

OUR 2025
TARGETS¹³

Measure embodied carbon on six refurbishment or development projects by September 2025

Reduce Scope 1, 2 and 3 carbon intensity (tCO₂e/m²) by **25%** compared to 2018/19 baseline¹⁶

50% of actual occupier energy data (by floor area) to be collected¹⁶

50% of assets under management by value to be green certified by September 2025¹⁷

Install **4 MW** of renewable energy generation capacity from October 2019 to September 2025

After pursuing all elements of our net zero carbon pathway, we will procure high quality offsets from 2030 for the residual carbon emissions that we cannot eliminate. Our offsetting approach will be established ahead of our first net zero target date in 2030 and we will work with clients to support their individual offsetting requirements

16. Measured between October 2024 and September 2025

17. Green certified includes NABERS UK, BREEAM, EPC B or above and equivalent standards



COMMUNICATIONS PARK

Hounslow

As a 1930's industrial estate, Communications Park had reached the end of its economic and operational life with redevelopment the only way to deliver the energy performance demanded by responsible occupiers and investors.

With the construction work completed in 2020, Communications Park is now a 64,000 ft² multi-let industrial estate and has achieved a BREEAM Excellent sustainability rating, with an EPC A+ rating across all units.

Low carbon features of the scheme include air source heat pump systems for heating and cooling, triple glazed windows, and roof top solar solar PV panels. With sustainability at its heart the site also offers occupants health and wellbeing benefits with outdoor green space, and fruit trees and sedum roofs on top of bin stores to absorb CO₂ from the atmosphere.

In 2023, the solar panels on-site generated 47% of the electricity consumed by occupiers, reducing their reliance on the grid, generating 139,000 kWh of electricity and saving 29 tonnes of carbon; with 73,000 kWh exported to the grid. The site is operating well and currently outperforming its current CRREM 1.5°C pathway, with energy use intensity and GHG emissions performing 31% and 84% better respectively.

The best-in-class nature of this development has been beneficial in securing new occupiers, with 65% of the site let within 6 months of completion. The affordable on-site renewable energy and lower carbon emissions are an attractive proposition for occupiers and sets this site above our peers in this busy industrial space near to Heathrow.

EPC A+

for all units

84%

better performing than CRREM 1.5°C GHG pathway

BREEAM Excellent

rating achieved

47%

on-site solar PV generation as a proportion of the total site demand/use

PALM COURT

Richmond upon Thames

We are committed to preserving the heritage status of buildings across our portfolio whilst identifying opportunities to improve sustainability credentials. In 2023, we began a major refurbishment of Palm Court, a self-contained office building of c.24,000 sq ft, with the aim of significantly improving the asset's sustainability credentials and increasing the net lettable area. The design phase of the refurbishment followed the BREEAM Refurbishment and Fit-out Standard, targeting a BREEAM Excellent rating on completion in 2024.

Reducing the whole life carbon of this project was at the center of decision making, maximising retention and reuse of materials, as well as following Low Energy Transformation Initiative (LETI) guidance where possible to reduce the embodied carbon of the refurbishment scheme.

To achieve this, a material efficiency study was conducted to develop strategies aimed at maximising retention of the existing building materials, with the final design including the retention of the majority of the existing structure, cladding and the addition of secondary glazing in lieu of full window replacement.

An upfront embodied carbon assessment was undertaken to assess the proposed development's whole life carbon. The embodied carbon for the proposed development is 186 kgCO₂e/m² (A1-A5), 69% less than the LETI Climate Emergency¹⁸ design target for new offices.

This project obtained the maximum available BREEAM credits for materials used and retained during the fit-out process. In addition, the energy efficiency of the proposed fit-out scored highly as well as the expected health and wellbeing of occupants with improvements in air quality, acoustic design, and thermal comfort.

69%

less embodied carbon than the LETI Climate Emergency target for new offices

BREEAM Excellent

targeted rating

B+

targeted EPC rating



18. The London Energy Transformation Initiative (LETI)'s Embodied Carbon Primer provides embodied carbon targets for four asset types



25%

better performing than typical practice offices in the UK (REEB Benchmark 2023)

30%

lower emissions than required by the CRREM 1.5°C GHG pathway

Refurbishment works carried out whilst building remained operational

TIME CENTRAL

Newcastle

To reduce transitional and regulatory risks and plan for energy efficiency improvements whilst the asset is operational, Orchard Street instructed the creation of a net zero planned preventative maintenance programme (PPM) for Time Central. The PPM investigated potential changes needed to align the site with the proposed Minimum Energy Efficiency Standard (MEES) 'stepped' threshold of EPC B by 2030, and to the Carbon Risk Real Estate Monitor (CRREM) decarbonisation pathway for offices.

Over recent years, all lighting in common areas has been upgraded to energy efficient LED. We have also installed end of trip facilities in the basement and amenity areas to provide four showers and a disabled WC and shower, drying facilities and additional bike racks. More water efficient features such as sensor taps are being installed as standard.

As a result of the net zero PPM the fourth floor offices were the first to have fossil fuel heating systems removed with the replacement of the existing gas fired fan coil units with an electric-sourced VRF system.

Due to the energy efficiency measures taken on site, the building's energy consumption has reduced by 24% since 2019. The building is now operating within the CRREM 1.5°C pathways, with energy use intensity 17% lower than that required by the 1.5°C pathway, and carbon emissions 30% lower than the GHG pathway. The building is also signed up to a fully renewable tariff, bringing the site's market-based electricity emissions to zero tCO₂e.

In 2023, we installed an intelligent building operating system and additional submetering, allowing the facilities team to develop a deeper understanding of the demands of the building to deliver efficiencies in the operational regime of the Heating, Ventilation and Air Conditioning (HVAC) systems, ultimately reducing carbon emissions of the asset.



SUSTAINABLE IMPACT – ORCHARD STREET'S SOCIAL AND ENVIRONMENTAL IMPACT PARTNERSHIP

Orchard Street's Social and Environmental Impact Partnership (the Fund), is targeting value-add real estate investment opportunities with the potential to generate measurable social and environmental impact. The forecast by the UK Green Building Council (UKGBC) that 80% of buildings in 2050 already exist now, has been a key driver in the Fund's strategy, which is intended to align with Article 8 of SFDR. The Fund is also preparing to adopt a Sustainability Impact label under the UK Sustainability Disclosure Requirements and investment labels (UK SDR) from 31 July 2024.

Specifically, it will focus on the three impact areas of:

- Decarbonising existing buildings, accelerating the route to net zero through refurbishment;
- Investing in local communities, using a proprietary place-based needs model to identify and respond to local social issues; and
- Making buildings healthier for those that live and work in them, for example through improving air quality, providing access to green space and wellness amenities.

Over £80m has been committed at first close, with Brunel Pension Partnership, one of the UK's Local Government Pension Scheme pools, acting as the Fund's cornerstone investor.

Three impact areas:



**Decarbonising
buildings**

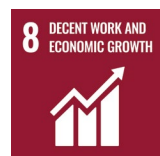


**Improving
health**



**Investing
in communities**

Our impact framework is aligned to five UN SDGs where we can make the greatest contribution within our sphere of influence¹⁹



This capital also includes co-investment committed by Orchard Street's partners and members of Orchard Street's senior team, demonstrating the Firm's personal and professional alignment of interests in creating investment opportunities that make an environmental and social difference.

As a sector agnostic strategy, the Fund will invest into its pipeline of UK wide opportunities that meet its stringent impact criteria. Orchard Street has also taken a market leading approach by linking 30% of its performance fees to the achievement of the Fund's specific impact objectives, thereby aligning itself directly not only to financial outcomes but also to important environmental and social goals.

Orchard Street has ensured that the Fund is guided by leaders in sustainability reporting and governance. These advisers include JLL Upstream Sustainability Services, who advised on the development of the fund; Accenture will manage the ESG performance data for the Fund's assets; and BlueMark, a leading global impact assurance specialist, will provide ongoing independent assurance of the Fund's impact objectives and reporting.

PLACE-BASED NEEDS

analysis to target business plans to local needs

ISAE 3000 ASSURANCE

independent assurance of impact targets and annual impact report

30%

of performance fee linked to achievement of impact targets

POSITIVE SCREENING

of acquisitions aligned to the Five Dimensions of the Impact Investment Project

¹⁹ The UN has not endorsed the Orchard Street Social and Environmental Impact Partnership. The Fund Impact Framework is aligned to SDG targets 3.9, 8.3, 8.5, 8.6, 11.6, 13.2, 17.16 & 17.17.

IMPACTFUL INVESTMENTS

Euroway Trade Park, Aylesford

In August 2023, we were proud to announce the first acquisition on behalf of The Fund, Euroway Trade Park, an 89,000 sq ft multi-let industrial estate in Aylesford. As part of The Fund’s ongoing commitment to transform existing, high carbon emitting buildings, we will improve the ESG credentials of the asset whilst generating strong financial returns as a result of repositioning the estate to a best-in class industrial asset.

This first acquisition represents an excellent opportunity to generate strong financial returns alongside a significant positive social and environmental impact on behalf of investors. The business plan for this asset will deliver a programme of phased low-embodied carbon refurbishments which seek to achieve the following:

- Removal of fossil fuels;
- Electrifying units to improve EPCs to A and A+ ratings from the current C and E ratings. 24% of the estate will be improved to this level within the first 12 months of ownership;
- CRREM emissions and energy use intensity alignment targets;
- On-site renewable energy production through solar PV installations;
- Improved air quality and thermal efficiency of the asset’s offices;
- Enhanced on-site biodiversity by 10%; and
- Local apprenticeship programmes at each stage of the refurbishment, providing green construction skills training.



HARRY BUXTON
Associate Partner, Investment

“Whilst we are focused on reducing our environmental impact we also want to meet local community’s needs. With significant capital to deploy, we are engaging with communities and offering meaningful opportunities for their long-term benefit. We are particularly looking forward to welcoming local apprentices and collaborating with tenants to create job and development opportunities.”



BARNEY ROWE
Partner, OSSEIP Portfolio Manager





“We strongly believe that assets which offer high quality space and boast strong sustainability credentials will command the best rents and values. This well located, multi-let asset provides us with numerous opportunities to reposition the estate into a best-in-class industrial property.”



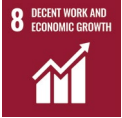








TRACKING OUR UN SDG PROGRESS

Demonstrating our progress against the UN SDGs where we can make the greatest contribution within our sphere of influence.

	SDG	KEY SDG TARGET	HOW WE WILL TRACK OUR PROGRESS	2023 PROGRESS UPDATE	INREV INDICATOR
PRIMARY		11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality, municipal and other waste management	<ul style="list-style-type: none"> Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment, see Environmental Data Annex Landlord operational waste recycled (% by weight), see Environmental Data Annex Landlord operational waste sent to landfill (% by weight), see Environmental Data Annex Major development and refurbishment construction waste sent to landfill (volume and tonnes) 	<ul style="list-style-type: none"> In total we have obtained 107 updated EPC ratings and 2 BREEAM ratings. Further details can be found in the Environmental Data Annex 54% by value of assets under management green certified (EPC B or above, NABERS, BREEAM, etc) 32 assets have landlord managed operational waste data 62% of landlord managed operational waste recycled or composted 62% landlord operational waste recycled (% by weight), compared to 61% reported last year Volume and tonnes of construction waste sent to landfill from major development & refurbishments will be reported in 2024 where available. 	ESG 3.6
		17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries	<ul style="list-style-type: none"> UN PRI Rating, page 34 Qualitative description of the industry partnerships, research and industry education that we contribute to each year, page 9 	<ul style="list-style-type: none"> We are proud to report on our annual UN PRI assessment 4 star score, highlighting the integration of ESG issues into our investment and decision-making processes Orchard Street have partnered and collaborated with an array of multi-stakeholder partnerships on a number of initiatives aligned to the material issues of our RI Strategy. We do this to support the acceleration of the transition of our industry to a sustainable future. See pages 9 and 50-51 	
		17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships			
SECONDARY		3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	<ul style="list-style-type: none"> Employee satisfaction survey results, page 33 Types of resource dedicated to supporting our employees, pages 32-35 Provision of employee private healthcare No. of volunteering hours 	<ul style="list-style-type: none"> Our dedicated Equity, Diversity and Inclusion Committee spearheaded new projects including updating our maternity leave policy and implementing an anonymous employee satisfaction survey, administered by Great Place to Work All employees have access to private healthcare insurance 115 hours volunteered by Orchard Street staff 	
		3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	<ul style="list-style-type: none"> Landlord operational waste recycled (% by weight), see Environmental Data Annex Landlord operational waste sent to landfill (% by weight), see Environmental Data Annex Major development and refurbishment construction waste sent to landfill (volume and tonnes) 	<ul style="list-style-type: none"> In total we have obtained 107 updated EPC ratings and 2 BREEAM ratings. Further details can be found in the Environmental Data Annex 54% by value of assets under management green certified (EPC B or above, NABERS, BREEAM, etc) 32 assets have landlord managed operational waste data 62% of landlord managed operational waste recycled or composted 62% landlord operational waste recycled (% by weight), compared to 61% reported last year Volume and tonnes of construction waste sent to landfill from major development & refurbishments will be reported in 2024 where available. 	ESG 3.6
		7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	<ul style="list-style-type: none"> MW of renewable energy generation capacity installed. Total amount invested in renewable energy Average building energy intensity (kWh/m²), see Environmental Data Annex 	<ul style="list-style-type: none"> 1,278 kW of renewable energy generation capacity installed 225 kWh/m² average building energy intensity 	ESG 3.2
		7.3 By 2030, double the global rate of improvement in energy efficiency			

TRACKING OUR UN SDG PROGRESS

	SDG	KEY SDG TARGET	HOW WE WILL TRACK OUR PROGRESS	2023 PROGRESS UPDATE	INREV INDICATOR
SECONDARY		8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	<ul style="list-style-type: none"> Apprenticeships supported (programmes and processes to ensure the availability of a skilled workforce), page 35 Work experience and internship opportunities provided (programmes and processes to ensure the availability of a skilled workforce), page 35 	<ul style="list-style-type: none"> For the second year running, Orchard Street welcomed four members (doubling from two) of CBRE's graduate scheme for a two week internship programme 	
		10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	<ul style="list-style-type: none"> Total # of employees and proportion of females, page 32. Employee satisfaction survey see page 33 	<ul style="list-style-type: none"> 37% of female employees (including Partners), compared to 37% reported last year 25% of female members on the board of directors, compared to 25% reported last year 36% of female members on other governing bodies The Equity, Diversity and Inclusion Committee has arranged small focus groups in late 2023 with a third party consultant to get under the skin of areas of particular concern and what could be done to improve these, as the next step of developing our diversity and inclusion strategy 	ESG 5.1 ESG 5.1.2 ESG 5.1.2.2
		12.2 By 2030, achieve the sustainable management and efficient use of natural resources	<ul style="list-style-type: none"> Landlord operational waste recycled (% by weight), see Environmental Data Annex Landlord operational waste sent to landfill (% by weight), see Environmental Data Annex Major development and refurbishment construction waste sent to landfill (volume and tonnes) Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment, see Environmental Data Annex Average water intensity of portfolio (litres/m²), see Data Annex 	<ul style="list-style-type: none"> 32 assets have landlord managed operational waste data 62% of landlord managed operational waste recycled or composted 62% landlord operational waste recycled (% by weight) Volume and tonnes of construction waste sent to landfill from major development & refurbishments will be reported in 2024 where available In total we have obtained 107 updated EPC ratings and 2 BREEAM ratings. Further details can be found in the Environmental Data Annex 477 average water intensity of multi-let office portfolio (litres/m²) 	ESG 3.5 ESG 3.6
		13.2 Integrate climate change measures into national policies, strategies and planning	<ul style="list-style-type: none"> Scopes 1, 2 and 3 carbon intensity reduction (kgCO₂e/m²), see Environmental Data Annex Coverage of occupier energy data collected by floor area (%), see Environmental Data Annex Average water intensity of portfolio (litres/m² NLA), see Environmental Data Annex TCFD disclosure (risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure), see Environmental Data Annex 	<ul style="list-style-type: none"> 7% reduction in Scope 1, 2 and 3 location-based carbon intensity (tCO₂e/m²) compared to 2018/19 baseline 33% of actual occupier energy data by floor area 477 average water intensity on our multi-let office portfolio (litres/m² NLA) For commentary on TCFD see the Environmental Data Annex 7% reduction in scope 1,2 & 3 carbon intensity (location based) v our 2018/19 baseline (tCO₂e/m²) 	ESG3.3.12
		15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	<ul style="list-style-type: none"> Biodiversity value assessments undertaken 	<ul style="list-style-type: none"> Biodiversity value assessed on 69 assets, compared to 12 reported last year 	
		15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts			
		16.5 Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> % of employees trained on anti-money laundering (2023: 100%) % of new, long-term, material suppliers subject to anti-money laundering review (2023: 100%) 	<ul style="list-style-type: none"> 100% of employees trained on anti-money laundering 100% of new, long-term, material suppliers subject to anti-money laundering review 	



STAKEHOLDER ENGAGEMENT

POLICYMAKERS

We engage directly with policymakers as part of our responsible investment approach mainly via the Better Buildings Partnership (BBP). We also engage with policymakers as a member of the **Investment Property Forum** ESG Committee, developing responses to consultations and participating in a cross-industry group of a number of real estate organisations. We provide a full list of the organisations that we are aware conduct political engagement and that we are a member or supporter of on pages 8-9. We rely on these organisations to disclose any political engagement or lobbying activities that they undertake, most publish responses to political consultations on their websites.

EMPLOYEES

Curating a culture where employees are empowered to give feedback is crucial to a healthy and productive place of work. Examples of activities to engage and support our people in the last year include:

- Our Equity, Diversity and Inclusion Committee spearheaded projects including updating our Maternity & Paternity Leave Policy and implementing an employee satisfaction survey.
- We continue to include ESG objectives and provide six monthly reviews in performance appraisals to ensure employees remain on track to achieve career goals and are engaged in delivery of our RI Strategy.
- Over 470 hours of staff training were supported by Orchard Street with over 100 hours on ESG specific topics, fostering a culture of growth and development.

We also undertook an employee survey to identify workstation ergonomic preferences and purchased new equipment to support the productivity and wellbeing of our people.

SUPPLIERS

We engage on ESG with a range of suppliers including property managers, valuers, solicitors, leasing and investment agents, construction contractors and Project Design Teams. We rely on our property managers to engage engage with downstream service providers such as site cleaning teams, security providers and building concierge providers etc. Key processes by which we engage suppliers include our service provider selection process, Responsible Procurement Charter, Managing Agent Standard, Project Sustainability Principles, and six weekly ESG specific meetings with property managers.

INVESTORS

We are in regular contact with our current and prospective investor clients and investment consultants to provide regular updates on the integration of ESG into portfolio investment strategies, including running educational sessions on RI and Impact Investing. Our dedicated teams are on hand to discuss any client ESG objectives, opportunities or challenges as they arise. We have various methods of engagement to gather feedback and keep our investors up to date, including investor surveys, ESG specific meetings and presentations, quarterly and annual fund reports, and our annual RI Report.

OCCUPIERS

We include green lease clauses in all lease negotiations and successfully included green lease clauses in all new leases, including lease renewals, in 2023. We engage with all occupiers via our managing agents to obtain actual utility consumption data and are trialling digital collection options to reduce the burden on occupiers. Our asset managers discuss opportunities to enhance the sustainability performance of buildings with occupiers during general tenant meetings and lease renewal/re-gear negotiations. The retail team has a specific green fit-out guide for occupiers and we are looking to expand this to cover all sectors.

We engage with occupiers on ESG via multiple avenues. Regular awareness campaigns and newsletters undertaken by our property managers have been key tools of successful engagement in 2023. These include communications to advertise social events to meet other occupiers, and arranging for book drives for tenants to make book donations to one of our charity partners, The Children's Book Project. In 2024 we plan to implement further occupier surveys.

Orchard Street regularly engages with the landlord of our head office building through emails, meetings, requests for operational data for reporting, and surveys. In particular we have been working with them to improve building recycling and environmental impacts.

INDUSTRY AND PEERS

We seek to collaborate with membership bodies, associations and organisations that align to our values and the objectives of our RI Strategy. We do this to support the acceleration of the transition of our industry to a sustainable future. Examples of recent collaboration include:

- **Financial Conduct Authority (FCA)** Submission: In 2022 Orchard Street co-authored a joint submission by **Association of Real Estate Funds (AREF)**, **British Property Federation (BPF)**, **Commercial Real Estate Finance Council Europe (CREFC Europe)**, **European Association for Investors in Non-Listed Real Estate (INREV)**, **Investment Property Forum (IPF)**, **Pensions for Purpose (PfP)**, **Social Market Foundation (SMF)**, and **The Good Economy (TGE)** to the FCA. The aim is to provide consistent and transparent reporting and disclosures across the EU and UK, as well as internationally for real estate portfolios, covering all real estate asset classes.
- **Department for Business, Energy and Industry (BEIS)**, now, Department for Energy Security and Net Zero: Orchard Street participated in the UK Government Energy Efficiency Taskforce roundtable on commercial property. The discussion focused on energy efficiency in the commercial buildings sector and informed the action plan for the Energy Efficiency Taskforce. The event was hosted in partnership with the **Better Buildings Partnership (BBP)** and **McKinsey**.
- **Urban Land Institute (ULI)**: In 2023, Orchard Street's Social and Environmental Impact Partnership engaged with the ULI to review the ULI C Change Transition Risk Assessment Guidelines and how they might be incorporated into our decision making processes.
- **Aon Investment Consultants**: Orchard Street took part in the Climate Risk Roundtable, focusing on the shift from understanding climate risk to reducing climate impact. The roundtable considered the role of insurance in supporting real estate companies to reduce operational emissions as well as embodied carbon.



INDEPENDENT ASSURANCE STATEMENT

To the Stakeholders of Orchard Street Investment Management LLP

Orchard Street Investment Management LLP (“Orchard Street”) engaged JLL to provide Independent Assurance of Portfolio Environmental Data relevant to its 2023 Responsible Investment Report (the “Report”) for the Reporting Period 1st October 2022 – 30th September 2023.

Subject Matter Information	Renewable energy generation (kWh) Landlord energy data (kWh) Occupier energy data (kWh) Landlord water data (m³) Landlord waste data (tonnes) Scope 1, 2 and 3 GHG emissions (tCO ₂ e) ESG Targets as listed in Table 1
Reporting Period	1 st October 2022 – 30th September 2023
Reporting Criteria	Orchard Street’s Reporting Methodology as summarised in the 2023 Environmental Data Annex
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 and targets which are subject to Assurance.

Table 1:

KPIs	Reported Value
Renewable energy generation (generated and consumed on-site)	1,204,955 kWh
Landlord energy data (actual and estimated)	27,370,665 kWh
Occupier energy data (actual and estimated)	220,544,517 kWh
Landlord water data (actual)	107,812 m³
Landlord waste data (actual and estimated) <ul style="list-style-type: none"> Landfill Recycling Combustion Anaerobic digestion 	2,002 tonnes <ul style="list-style-type: none"> 0 tonnes 1,016 tonnes 755 tonnes 231 tonnes
Greenhouse gas emissions (actual and estimated) <ul style="list-style-type: none"> Scope 1 emissions Scope 2 location-based emissions Scope 2 market-based emissions Scope 3 emissions 	<ul style="list-style-type: none"> 2,321 tCO₂e 3,214 tCO₂e 149 tCO₂e 59,626 tCO₂e

ESG Targets	Outcome
Achieve an average water intensity on our multi-let office portfolio of better than 450 litres/m² NLA (excludes offices held for less than 3 years at 1 October 2025, those sold before 30 September 2025 and those with occupancy below 75% in 2025)	Progress to date: 477 litres/m²
50% of actual occupier energy data (by floor area) to be collected by 2025	Progress to date: 33%
Recycle or compost at least 70% of landlord managed operational waste (measured in the period October 2024 – September 2025)	Progress to date: 62%
Send less than 1% of landlord managed operational waste to landfill or incineration, this excludes incineration for waste to energy (measured in the period October 2024 - September 2025)	Achieved
Achieve 90% automated meter reading (AMR) “smart” data coverage of landlord-controlled energy consumption by September 2023	Progress to date: 83%
Establish a quantified target to increase biodiversity value, including scope and baseline, by 30 September 2023	Achieved
Implement an employee satisfaction survey in 2023 (due by December)	Achieved
Establish a Climate Change Resilience Strategy in line with the Better Buildings Partnership Climate Commitment	Achieved
50% by value of assets under management to be green certified by September 2025 (EPC B or above, NABERS, BREEAM, etc)	Achieved: 54%
Install 4 MW of renewable energy generation capacity from October 2019 to September 2025)	Progress to date: 2 MW
Reduce Scope 1, 2 and 3 carbon intensity (tCO ₂ e/m²) by 25% compared to 2018/19 baseline	Progress to date: 7% reduction
Provide at least four work experience or internship opportunities (including those offered in partnership with suppliers) at Orchard Street between October 2022 and September 2025	Achieved: 4

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



INDEPENDENT ASSURANCE STATEMENT

ASSURANCE APPROACH

We have performed the following procedures:

- Interviewed Head of ESG at Orchard Street to discuss methodology for the targets.
- Reviewed progress against targets by requesting relevant documentation and evidence.
- Interviewed Orchard Street's appointed data management and reporting team at Accenture about data management processes.
- Reviewed the processes involved in data collection, management and reporting in adherence to the Reporting Criteria, detailed in Orchard Street's Basis of Reporting.
- Performed analytical review and considered risks of misstatement of the Subject Matter Information.
- Tested a sample of datapoints against evidence across all indicators listed in the Subject Matter Information.
- Established a Query Log to track and resolve methodology, data, and evidence queries.
- Tested and re-calculated GHG emissions for a sample of emission categories in line with the Greenhouse Gas Protocol.

LIMITATIONS AND CONSTRAINTS

Inherent limitations exist in all assurance engagements and due to the limited nature. 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 Orchard Street 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.

JLL is a consultant to Orchard Street and provides support on their environmental, social and governance programme. The Assurance Team has not been involved in the delivery of these other services for Orchard Street and we do not consider that there is any conflict of interest between these other services and this verification engagement. JLL implement and maintain a system of information barriers in line with our internal procedures.

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20th June 2024

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GLOSSARY

Better Buildings Partnership

The Better Buildings Partnership (BBP) is a collaboration of property owners, developers, and investors in the UK committed to enhancing the sustainability and environmental performance of commercial buildings.

BREEAM

BREEAM, which stands for Building Research Establishment Environmental Assessment Method, is one of the world's leading sustainability assessment methods for infrastructure and buildings. It evaluates and rates the environmental performance of a building across various categories such as energy, water usage, materials, and ecology.

Climate resilience

Climate resilience denotes the capacity to foresee, make arrangements for, and effectively address adverse events, patterns, or disruptions associated with the climate.

Circular economy

Promotes the elimination of waste, encourages the reuse of materials, and focuses on regenerating natural systems. The principles of a circular economy involve strategies such as designing products for long-term use, adaptability, standardisation, and other sustainable practices.

Carbon Risk Real Estate Monitor

The CRREM aims at developing a tool that allows investors and property owners to assess the exposition of their assets to stranding risks based on energy and emission data and the analysis of regulatory requirements.

Embodied carbon

Embodied carbon refers to the total greenhouse gas emissions associated with the production, transportation, and assembly of building materials and components.

EPC

EPC stands for Energy Performance Certificate, which is a document that assesses the energy efficiency of a building. It rates the property on a scale from A (most efficient) to G (least efficient) and provides recommendations to improve energy efficiency.

Green lease

A green lease is a rental agreement for a property that incorporates environmentally responsible provisions. These clauses typically outline commitments from both landlords and tenants to adopt practices aimed at reducing the environmental impact of the leased space.

Heating, Ventilation, and Air Conditioning

Heating, Ventilation, and Air Conditioning (HVAC) refers to the system responsible for regulating indoor temperature, air quality, and humidity in buildings, homes, and various environments.

INREV

INREV, the European Association for Investors in Non-Listed Real Estate Vehicles, is a leading industry body focused on promoting and advancing the non-listed real estate investment sector in Europe. INREV aims to enhance transparency, professionalism, and best practices in this sector through the development of guidelines, standards, and market insights, contributing to the growth and sustainability of non-listed real estate investment vehicles.

International Sustainability Standards Board Sustainability Disclosure Standards

The International Sustainability Standards Board (ISSB) was a proposed entity by the International Financial Reporting Standards (IFRS) Foundation aimed at setting global sustainability disclosure standards for corporations.

Net Zero Asset Managers Initiative

The Net Zero Asset Managers Initiative is a collaboration among asset management firms committed to achieving net-zero greenhouse gas emissions by 2050 or sooner within their investment portfolios.

Net zero carbon

Involves reducing greenhouse gas emissions as much as possible and offsetting the remaining emissions through actions like carbon removal or investing in projects that absorb or mitigate an equivalent amount of carbon dioxide from the atmosphere. Essentially, achieving net zero carbon means the overall carbon footprint is minimised to the point where any remaining emissions are offset, resulting in no additional contribution to global warming.

Power Purchase Agreement

A Power Purchase Agreement (PPA) is a contract between an electricity generator and a buyer, commonly a business or utility, outlining the terms for purchasing electricity over a specified period.

Preventative maintenance programme

A preventative maintenance program is a structured approach to proactively maintain equipment, machinery, or systems to prevent breakdowns and minimize the risk of unexpected failures.

Taskforce on climate-related financial disclosures

A structured system designed to assist publicly traded companies and various organisations in enhancing the communication of climate-related risks and opportunities within their established reporting mechanisms. In the United Kingdom, it is compulsory for publicly listed companies to integrate this framework into their annual report and accounts, ensuring disclosure in accordance with its guidelines.

Whole life carbon

Whole life carbon refers to the total amount of carbon emissions produced over the entire lifespan of a product, building, or infrastructure project.

UN PRI

The United Nations-supported Principles for Responsible Investment (UN PRI) is an initiative that encourages and supports the integration of environmental, social, and governance (ESG) factors into investment decision-making and ownership practices.

United Nation's Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a set of 17 global objectives aimed at addressing various pressing challenges to achieve a more sustainable and equitable world by 2030. These goals cover a wide spectrum of issues, and serve as a universal call to action for countries, businesses, and communities to work collaboratively towards a more prosperous, just, and environmentally conscious future for all.

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