2024 RESPONSIBLE INVESTMENT REPORT

BUILDING RESILIENCE, DRIVING IMPACT

OrchardStreet
INVESTMENT MANAGEMENT

ABOUT THIS REPORT

Orchard Street Investment Management (Orchard Street) is a leading commercial property investment manager, focused on the UK market. Acting on behalf of institutional clients worldwide, we advise on investing in, and the active management of, UK commercial property assets.

Our annual Responsible Investment (RI) Report demonstrates how we integrate Environmental, Social and Governance (ESG) factors throughout our asset management activities, and summarises the progress we have made over the past year towards our RI targets. A full update on our 2022-2025 targets can be found on pages 26 to 29.

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. As such, this report also delivers this requirement with progress reported on pages 10 to 15 and our carbon footprint on pages 38 to 39. Our TCFD-aligned disclosure is available on pages 40 to 45.

This 2024 report, and all associated data, covers the period from 1 October 2023 to 30 September 2024. In line with best practice and our Responsible Investment Policy, we undertake annual independent assurance of specific energy, water, waste and carbon emissions metrics and progress against targets. The full assurance statement can be found on page 46.

To ensure a best-practice approach to responsible investment, Orchard Street is a signatory, member, and supporter of the following frameworks, initiatives, and organisations:

PRI Principles for Responsible Investment
TCFD Task Force on Climate-Related Financial Disclosures
Sustainable Development Goals
Net Zero Asset Managers Initiative
BBP Better Buildings Partnership
Race to Zero
BBP Climate Commitment Signatory
INREV Member of INREV

A MESSAGE FROM OUR MANAGING PARTNER

REFLECTIONS ON OUR STRATEGY OVER THE YEAR

In a year of change and opportunity for the real estate sector, Orchard Street delivered strong performance for our clients and made meaningful progress as an Impact Manager.

One of our proudest achievements was being appointed Real Estate Impact Manager for a second Local Government Pension Scheme (LGPS) pool, demonstrating growing recognition of our expertise in delivering positive measurable impact outcomes. Our fund is one of only a handful of real estate strategies that has elected to adopt the Financial Conduct Authority's 'Sustainability Impact' label.

Our Impact strategies offer clients attractive financial returns within a formal, outcomes-driven impact framework. With a focus on decarbonising existing assets and targeted interventions that enhance health and community wellbeing, we are directly responding to some of the greatest challenges facing society today. These efforts are already translating into results, including the successful completion of our first refurbishment, meeting all Impact targets at the point of completion.

Across our AUM, last year we retrofitted 10 solar PV arrays, upgraded over 40 units to an EPC B or above, and improved our measurement and targeting of embodied carbon emissions. At the same time, we made strides in supporting our supply chain to develop the green transition skills required, an industry-wide challenge.

As we consider our investment landscape in the UK, against a global background of heightened risks and uncertainties, we are confident our approach is the right one for the future: taking direct action to remediate existing buildings - where 80% will still exist in 2050 - by decarbonising and improving the energy efficiency of buildings, enhancing the occupier experience, and bringing benefits to the wider community. Without our involvement these things would not happen and we feel privileged to be trusted to invest LGPS pension capital to achieve these outcomes.

Philip Gadsden
Managing Partner

"Our Impact strategies offer clients attractive financial returns within a formal, outcomes-driven impact framework. With a focus on decarbonising existing assets and targeted interventions that enhance health and community wellbeing, we are directly responding to some of the greatest challenges facing society today."

ABOUT ORCHARD STREET

AUM STATS AS AT 30 SEP 2024

TOTAL VALUE OF ASSETS UNDER MANAGEMENT (AUM):

£2.2bn
as direct real estate assets

£2.5bn
in total AUM[1]

£ INVESTED OVER THE LAST TEN YEARS:

£2.2bn
up to 30 September 2024

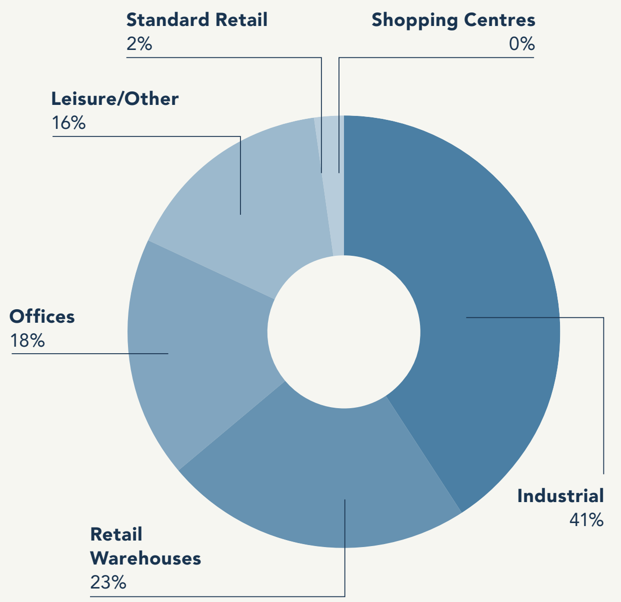
107
Number of assets

843
Number of tenancies

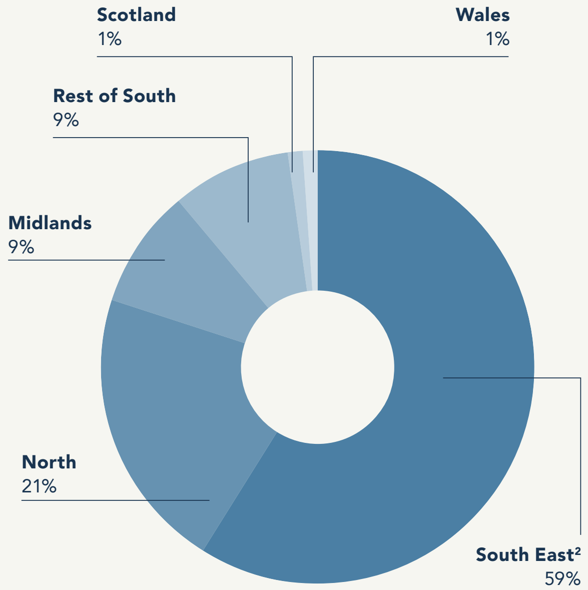
Since 2004, Orchard Street has specialised in representing institutional clients, providing quality asset management that continues to exceed the expectations of our clients and their beneficiaries.

Maintaining our collaborative approach to responsible investment across our whole portfolio has remained a key priority and we expect our positive record of investment performance to continue. We strive to provide healthy, high-quality buildings that support the net zero transition and positively affect the environment, occupiers, and the local community.

ASSETS BY VALUE BY SECTOR



ASSETS BY VALUE BY REGION



1. Total AUM figure includes cash and indirect equity assets
2. Including central London and Cambridge

2024 AWARDS

GREEN APPLE ENVIRONMENT AWARDS 2024
WINNER

EDIE NET ZERO AWARDS 2024
FINALIST

PROPERTY WEEK'S ESG EDGE AWARDS 2024
FINALIST

2024 HIGHLIGHTS

10
SOLAR PV ARRAYS INSTALLED

13%
EPC A/A+ RATED

59%
AUM GREEN CERTIFIED

28
EV RAPID CHARGERS INSTALLED

18,500 SQ M
GREEN SPACE IMPROVED

44
ASSET SUSTAINABILITY PLANS

2,160
OCCUPIER ESG ENGAGEMENT EVENTS

70%
OCCUPIER ENERGY DATA COVERAGE

70
ASSET COMMUNITY EVENTS

EMBEDDING RESPONSIBLE INVESTMENT THROUGHOUT THE ASSET LIFECYCLE

As responsible Investment Managers, we have an opportunity to help create more positive outcomes through the assets we own and manage. Successful delivery requires ESG risks and sustainability value drivers to be embedded into the day to day roles of the people and teams, including outsourced partners, that play a role in the delivery of our asset strategies.

1 Investment and capital raising

Understanding our clients' objectives is crucial as many investors now mandate minimum ESG requirements as a prerequisite for capital allocation. We proactively communicate our track record in responsible investing, highlighting alignment with global frameworks such as UN PRI, TCFD and the UN SDGs.

Real estate provides a tangible opportunity to deliver measurable social and environmental impact alongside financial returns. Our transparent capital raising approach showcases ESG factors as both risk mitigation and, more recently, as a value driver.

2 Acquisitions

Our acquisitions process is guided by a firm-wide Acquisitions Checklist which sets minimum ESG criteria across all mandates. We incorporate physical risks (e.g. flood exposure) and transition risks (e.g. operational energy use and CapEx requirements for regulatory EPC upgrades) into the modelling of asset risks and returns. This also includes the income from improvements such as on-site solar PV installation.

Requirements are tailored to each client's strategy, and where relevant, additional processes exist. For example, our Impact Fund includes a positive and negative screen in line with the Impact Management Platform principles.

3 Developments, refurbishments and fit-outs

We prioritise asset respositioning and apply circular economy principles to retrofit existing buildings. Our Project Sustainability Principles set minimum targets (e.g. BREEAM Very Good, EPC B) across projects, with aspirational goals (e.g. BREEAM Excellent, EPC A+) encouraged.

We incorporate the principles of the WELL standards, such as enhancing air quality and natural light to promote health and wellbeing. Consideration is also given to emerging topics and standards e.g. embodied carbon in line with the UK Net Zero Carbon Building Standard pilot. This approach delivers future-proofed, sustainable assets that align with evolving investor, regulatory, and occupier expectations.

4 Asset management

We take an active asset management approach, working closely with occupiers to improve sustainability performance and reduce investment risk. Every asset business plan includes ESG objectives. This is supported operationally by our Asset Sustainability Action Plans (ASAPs) with progress tracked by our Property Management teams and reviewed quarterly with our Asset Management team. ASAP goals vary by portfolio, targeting key priorities that align with our broader responsible investment strategy. We track performance via tools like GRESB, prioritise transparent reporting, and integrate resilience and inclusion throughout.

5 Disposal

ESG considerations are embedded in our disposal process to provide transparency for the buyer. Sales brochures promote sustainable features such as EPC and BREEAM ratings, end-of-trip facilities, EV charging, and solar PV, while ESG metrics are included in data rooms to inform responsible buyers. We may also enhance marketability through sustainability certifications such as BREEAM or WELL and have started to proactively share Paris-Aligned decarbonisation strategies, for office assets, where appropriate.

Our due diligence for potential buyers includes anti-money laundering checks aligned with UK AML Regulations and guidance from the Joint Money Laundering Steering Group. Property Managers support the sales process by providing EPCs, utility data, and refurbishment histories.

OUR APPROACH IS GUIDED AND SUPPORTED BY SEVERAL KEY DOCUMENTS:

- **Acquisitions Checklist** provides a framework for ensuring that investment critical information is considered and enables ESG and climate-related risks to be managed appropriately e.g. flood risk, heating fuel or EPC rating.
- **Project Sustainability Principles** provide holistic recommendations across all key areas of sustainability including energy and carbon, water, materials, circular economy, climate resilience, transport, nature and biodiversity, pollution control, health and wellbeing, community, supply chain management and certifications.
- **Investment Committee papers** must address renewable energy income and ESG opportunities for lettings, renewals, acquisitions, and capital expenditure. Our Investment Committee is ultimately responsible for ensuring that all ESG due diligence is completed in the same manner as for other key due diligence, e.g. commercial, accounting and legal.
- **Asset Sustainability Action Plans** guide ESG delivery at an asset and portfolio level and align to the material issues in our corporate RI Strategy. Specific goals include minimum energy data collection, biodiversity targets and occupier engagement through social initiatives.
- **Tenant Fit Out Guide** contains considerations for incoming occupiers to incorporate into their fit outs on topics such as energy efficiency, minimising waste, and wellbeing.
- **Property Management Sales Checklist** covers the provision of ESG-related data including EPC ratings, utility consumption data and details of refurbishment projects undertaken during our ownership.

REFLECTIONS FROM OUR HEAD OF RESPONSIBLE INVESTMENT

Collaboration is essential to the transition to a resilient, low-carbon economy. The four pillars of our responsible investment strategy reflect the interconnected nature of ESG factors: climate-resilient buildings cannot be delivered without also focusing on net zero and circularity. With one in five jobs set to experience a shift in skills demand during the net zero transition[1], we also see a clear opportunity to support the development of the green skills so urgently needed.

The stories in this report highlight the combined efforts of our asset management team, together with external property management and project teams. On pages 26-29, we share our progress in the second year of our three-year RI strategy. These targets have helped establish strong foundations and embed ESG considerations into our asset and property management activities, for example, improving our energy data capture from 33% to 70% and the introduction of biodiversity-focused minimum requirements into landscaping contracts.

We recognise there is still work to do. Later this year, we plan to formalise our approach to Diversity & Inclusion. Some targets may not be met as originally intended due, in part, to changes in our AUM, a trend we expect to continue into 2025. As such, we will carefully review how we close out this target period whilst continuing to report transparently.

Our Impact Fund pushes the boundaries of our existing RI strategy. During the year, we completed the first refurbishment projects at Euroway Trade Park, Aylesford. At practical completion, all Impact targets had been met.

With stakeholder collaboration and innovation underpinning its success, the Fund demonstrates that financial return and positive impact can go hand-in-hand.

2025 will be a pivotal year as our existing three-year target period concludes and we will reposition our strategy to better reflect our evolving business and the range of capital we manage. Since publishing our Net Zero Carbon Pathway in 2021, industry thinking around what it means to be a net zero business, and how to approach offsetting, has evolved and so we will also refresh our pathway accordingly.

Kathryn Barber
Head of Responsibility and ESG

1 UK's Department for Energy Security and Net Zero (2025)

STRATEGY OVERVIEW

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 high-quality buildings which positively impact the environment, occupiers, and local community.

In so doing, we seek to demonstrate that when real estate investing includes robust and ambitious ESG integration, it increasingly drives superior financial performance. Our Responsible Investment Policy outlines how we manage ESG as part of our fiduciary duty to deliver value for clients. The policy is reviewed annually and approved by the Managing Partner on behalf of the Management Board.

Our three-year responsible investment strategy, launched in 2022, is built around four strategic pillars and ambitious targets. Developed with expert guidance, the strategy focuses on ESG topics most material to our business and where we can drive the greatest impact. The following pages provide an update on progress towards our targets.

TRANSITION TO NET ZERO AND BUILD CLIMATE RESILIENCE

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

ENRICH BIODIVERSITY AND INCREASE CIRCULARITY

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

PROVIDE HIGH QUALITY BUILDINGS

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

PROMOTE INCLUSIVE AND FAIR BUSINESS PRACTICES

Operate ethically and transparently, promoting diversity, inclusion and fair working conditions in our own operations and supply chain.

Our Strategy is aligned to the following UN's Sustainable Development Goals:

TRANSITION TO NET ZERO & BUILD CLIMATE RESILIENCE

POWERING PROGRESS: THE PATH TO NET ZERO

Decarbonising existing assets is integral to our asset management approach – it ensures assets remain attractive to occupiers and resilient for investors.

Last year, we made further progress towards the commitment made in our **Net Zero Carbon Pathway** to install 4 MW of onsite solar capacity by 2025 with 10 solar arrays installed and commissioned. This brings our total installed capacity to 2.9 MW, across 54 arrays. These will provide cheaper, zero carbon electricity to over 50 occupiers. We were proud to be finalists for both Property Week's ESG Edge Outstanding Carbon Reduction Initiative and Edie's Renewable Energy Project of the Year awards due to the ambition demonstrated by solar programme.

Closely managing directly procured energy use to eliminate wastage and reduce our Scope 1 and 2 emissions has also been a focus area. We installed energy optimisation platforms across several assets which have helped to indentify unecessary energy use. Most notably, at St George's House, Wimbledon, energy savings were around 30% from 2,600 MWh to 1,900 MWh per year driven by improved metering and data analytics supported by an occupier awareness campaign. At Cornerhouse, Nottingham, a series of energy efficiency initiatives to increase natural air flow, replace lighting with LEDs and optimise set points for mechanical plant run times resulted in a 231 MWh reduction in energy use, and a 44% reduction in carbon emissions.

10
solar arrays installed in 2024

2.9 MW
onsite PV installed since 2019

-27%
annual reduction in gas use

REVITALISING ASSETS, REDUCING EMISSIONS

Over the past year, we completed 27 refurbishments across 311,000 sq. ft. In total, over 40 EPCs were improved to an EPC B or above during the year and 15% of the portfolio now rated EPC A or A+. This focused approach demonstrates our commitment to delivering measurable environmental and financial benefits to both clients and occupiers.

PALM COURT, RICHMOND

Office refurbishment which involved a complete repositioning of the building. The project achieved an EPC A rating and BREEAM Excellent. A whole life carbon assessment was carried out, with upfront embodied carbon emissions measured at 208 $kgCO_2/m^2$. Operational emissions will be reduced through the replacement of all mechanical and electrical systems and the use of low-impact refrigerants.

POYLE, HEATHROW

The redevelopment of an obsolete 1950s industrial estate into two best in class modern warehouse spaces totalling 82,000 sq ft. The scheme included a 290 KWp roof PV array, Air Source Heat Pumps, 18 EV charging points and showers to improve end-of-trip facilities. The scheme achieved EPC A+ ratings and BREEAM Excellent.

WIDFORD INDUSTRIAL ESTATE, CHELMSFORD

The refurbishment achieved an EPC A+ rating following a sustainability-led refurbishment. A 40 kWp solar PV array was installed with the roof, windows and doors replaced to improve thermal efficiency, and gas replaced with an air-source heat pump.

311K sqft
refurbished space completed

40
EPCs improved to B or above

15%
portfolio rated EPC A or A+

SUPPORTING THE EV TRANSITION

With nearly two million EVs sold in the UK in 2024, up 2.6% on 2023, the demand for accessible, reliable charging has never been greater. Electric Retail Hubs play a vital role in encouraging greater adoption of electric-powered vehicles on our roads and are therefore crucial to the UK's decarbonisation efforts.

Supporting this shift, we installed eight EV chargers at Slough Retail Park as part of the new GRIDSERVE Electric Retail Hub – the first rapid charging bays to open within our retail park portfolio. The project aligns with our broader responsible investment approach and demonstrates how active asset management can drive asset value. In the year to September 2024, we installed a total of 28 rapid charging bays across three retail park destinations with four sites in the pipeline for delivery 2025.

FERGUS EGAN

Partner & Head of Asset Management

"Partnering with GRIDSERVE enabled us to open the first rapid charging bays within our portfolio at Slough Retail Park. This broadens the scheme's offering, whilst encouraging more sustainable travel for those who visit or work at our asset. GRIDSERVE are investing directly in their own solar farms to power their charging network, providing EV drivers a reliable source of clean electricity."

"It is great to be able to offer reliable and easy electric vehicle charging to the visitors of the Slough Retail Park, where we are committed to delivering an excellent charging experience to all users."

REBECCA TREBBLE
Chief Customer Experience Officer, GRIDSERVE

1st
EV partnership with GRIDSERVE

28
rapid charging bays installed in 2024

100%
sites powered by renewable energy

UNDERSTANDING CLIMATE RESILIENCE

Enhanced climate due diligence to more accurately assess longer-term climate risk

Understanding the long-term impacts of climate change, particularly flood risk, is critical to protecting asset value and ensuring resilience over the investment lifecycle.

Standard flood risk analysis may overlook future climate scenarios or fail to consider site elevation or existing mitigation measures, such flood defences, leading to inaccurate risk evaluations by under or overstating the risk rating.

As part of our acquisition of Lombard Trading Estate, Charlton, we undertook enhanced climate due diligence, focusing on flood risk, given the site location within 500 metres of the River Thames.

To gain a more accurate understanding of the potential risk, we commissioned site-specific scenario analysis using advanced modelling tools, including topography data, and climate data from the IPCC's Representative Concentration Pathways (RCPs).

This enabled us to visualise sea-level rise and climate-adjusted flood depths to assess the combined effects of tidal, fluvial, and surface water risks.

The analysis included worst-case scenario modelling under RCP 8.5, a high emissions trajectory which now exceeds global warming projections and is considered unlikely.

Even under this extreme scenario, the site was deemed low risk due to its robust flood defences and those planned as part of the Thames Estuary 2100 strategy which is designed to mitigate significant tidal flooding through to the end of the century.

The evidence-based assessment provided the confidence to proceed with the acquisition, ensuring climate-related risks were fully considered.

OUR JOURNEY TO NET ZERO

Our Net Zero Carbon Pathway to 2040 covers our Scope 1, 2, and 3 emissions and is supported by 2025 and 2030 interim targets aligned with the net zero carbon hierarchy. This page provides an update on actions taken during the year with full details on our carbon footprint reported on pages 38-39.

Since our pathway was published in 2021, acceptable definitions of net zero and offsetting approaches, have evolved for example with the release of the Science-Based Targets initiative (SBTi) Corporate Net Zero Standard. As such, we will update our Net Zero Carbon Pathway in 2025.

2021

2030 – Net Zero Carbon Landlord Construction + Corporate

2040 – Net Zero Carbon Landlord + Occupier + Construction + Corporate

		2024 progress to date
Reduce embodied carbon	Refurbish and maintain assets in line with our Project Sustainability Principles, targeting 300 kgCO_2e/m^2 from 2025	• Four embodied carbon assessments (A1-A5) undertaken ranging from 155 kgCO_2e/m^2 (industrial) to 348 kgCO_2e/m^2 for office refurbishment
	Trial internal shadow price of carbon	• Feasability yet to commence
	Engage occupiers on sustainable fit-outs	• Tenant fit-out guidelines in place
Reduce operational carbon	Improve data accuracy and control of energy use through increased smart meter coverage and building optimisation software	• Building optimisation software procured for five assets and 78% landlord smart energy meter coverage
	Remove fossil fuels (gas boilers) and minimise energy use intensity through refurbishments	• Gas boilers removed across 14 units in 2024 and replaced with electric VRF system or air source heat pump
	Achieve 25% reduction in Scope 1, 2 and 3 carbon intensity (kgCO_2e/m^2) by 2025[1]	• Carbon intensity reduced by 22% compared to 2019 baseline-driven by 27% annual reduction occupier gas use
	Occupier engagement including roll out of green leases and increase collection of actual occupier energy data to 50% by 2025 and 80% by 2030	• 73% of leases signed since 2022 included green lease clauses and occupier data collection increased to 70%
	Reduce corporate emissions through low carbon business travel	• Corporate emissions continue to be tracked with a 98% reduction in car mileage
Maximise renewable energy	Increase onsite renewable energy targeting 4 MW of installed capacity by 2025 and 10 MW by 2030[1]	• 2.9 MW onsite capacity installed and commissioned since 2019; 0.6 MW installed in 2024
	Procure 100% 'high-quality' landlord renewable electricity and monitor off-site PPA market	• 96% landlord electricity on a REGO-backed tariff, with alternative options monitored through Managing Agents
	Influence occupiers to produce 'high-quality' renewable electricity	• Renewable electricity sourcing is included within occupier surveys
Offset residual carbon	Monitor and engage in the improvement of the UK offsetting market	• Reducing emissions is our priority and so offsetting does not form part of our strategy until 2030. • We will keep our approach under review to ensure it aligns with evolving best practice and client requirements
	Support clients by offering a high-quality offset programme aligned with best practice principles	

work to commence — good progress

1. Baseline year is 1 October 2018 – 30 September 2019

ENRICH BIODIVERSITY & INCREASE CIRCULARITY

MINIMISING WASTE. EMBEDDING CIRCULARITY.

Reducing waste and embedding circularity sit within the second pillar of our strategy. The built environment continues to be a significant contributor to waste – both through construction activity and the ongoing operation of assets – and so we are taking proactive steps to reduce waste generation, improve recycling performance, and engage occupiers in more sustainable practices.

Across one portfolio, an 18-month optimisation programme across 14 assets resulted in an average recycling rate of 70%, a notable increase from 52% prior to the initiative. Delivered in partnership with our Managing Agents, and our waste management providers, the programme included comprehensive waste audits, the introduction of new recycling streams, and an occupier engagement campaign focused on behavioural change. The initiative's success was recognised, earning a finalist spot at the 2024 National Recycling Awards for Partnership Excellence.

Increasing recycling at leisure assets remains challenging and so we have been exploring innovative technological solutions to address this. At The Cornerhouse, Nottingham, a 'Weighton' machine is being trialled to track waste by weight per bag, providing valuable insights to support further reduction and recycling. In Cardiff, The Brewery Quarter has partnered with Cardiff Trade Waste to implement more detailed bin weight analysis to identify actions to increase the proportion of waste recycled.

In line with our targets to minimise waste, we also take action to ensure that unwanted items are diverted from landfill wherever possible. At Northampton Riverside West, we facilitated the donation of two lorry loads of furniture, unwanted by a former occupier, to the British Heart Foundation, where it was refurbished and resold.

62%
waste recycling across all managed assets

100%
landfill diversion for operational managed waste

1 AWARD RECOGNITION
industry recognition: Shortlisted for the National Recycling Awards in Partnership Excellence – Commercial, alongside MAPP and SWRnewstar.

LOW CARBON REFURBISHMENT EUROWAY TRADE PARK, AYLESFORD

Accelerating the transition to net zero by decarbonising existing buildings is central to our Net Zero Carbon Pathway. With the construction industry responsible for 62% of the UK's total waste, refurbishing and repositioning, rather than demolishing and rebuilding existing buildings helps to keep materials in use and extend the useful life of assets.

Our recent refurbishment at Euroway Trade Park, Aylesford, demonstrates this approach in action. The project involved low embodied carbon upgrades across three industrial units, including the installation of three 47 kWp solar PV arrays, six EV charging hubs, and improving the EPC ratings from D–C to A+.

Embodied carbon targets were established from the outset with modelling undertaken in the early stages to establish the baseline and inform the design. Through collaborative efforts of the project team to review the specification and identify opportunities to reduce the embodied carbon of the project, we achieved an average embodied carbon intensity (A1-A5) of 155 $kgCO_2$/m² (inclusive of solar PV). Whilst we found that collecting actual embodied carbon information was challenging, the refurbishments still outperformed our initial targets.

The first refurbished unit let ahead of business plan and set a new headline rent for the area, demonstrating occupier demand sustainable, well-located space.

OLLIE SZTYBER
Principal Energy & Sustainability Consultant, Twin & Earth

"Measuring as built embodied carbon is still in its infancy and not yet standard practice, especially for smaller projects like Aylesford. Additionally, many products lack readily available embodied carbon data, making accurate assessment challenging.

To address this, we worked collaboratively with the contractor at Aylesford to collect the required information and developed a pro-forma template for future projects that enables tracking throughout construction as well as reducing reliance on benchmark data, producing a more accurate final assessment."

155 kg CO_2/m²
average embodied carbon of refurbished units

142 kWp
solar PV installed

NURTURING SUSTAINABLE PLACES

There is growing recognition of our dependence on nature. As such, nature and biodiversity have increased as a priority for both Orchard Street and the sector more broadly. Preserving and enhancing the natural environment around our assets to improve biodiversity, especially in urban settings, is integral to creating healthy environments.

A portfolio wide review was undertaken to determine asset specific biodiversity improvements which could be implemented onsite such as wildflower planting and invertebrate features. The key focus of this programme has been on mature tree planting with over 25 native trees planted across our assets in 2024. In total, 36 sites were reviewed and enhanced through targeted actions to improve the natural environment.

THE ARENA, STOCKLEY PARK, UXBRIDGE

As part of our commitment to enrich biodiversity and create a more welcoming space for visitors, we improved over 2,500 m² of green space at The Arena, Stockley Park. This included the creation of a wildflower meadow and the planting of four native trees, 400 bulbs, 40 native shrubs and 160 herbaceous plants specifically targeting pollinators. We created eight log ecosystems from local timber, maintained a 'Bee Bank' for pollinators, introduced drought-tolerant plants to reduce water consumption, and installed four Woodcrete bird boxes to attract diverse species. In addition to the creation of the new habitats, by dedicating land to wild and native plants, we've reduced herbicide use by over 50%, treating only hard standing areas.

HERON SQUARE, RICHMOND

Following a review by an ecological landscaper, Heron Square at Richmond Riverside was enhanced to improve visual appeal and biodiversity. Low-value box hedges and several dead trees were replaced with six new trees and pollinator-friendly native shrubs, greatly improving habitat value for local wildlife.

SPRINGKERSE RETAIL PARK, STIRLING

Extensive planting was introduced across the car park, including 458 nectar-rich shrubs such as Heather, Lavender, and Hebe which are rich in nectar and attract pollinators. Three diseased ash trees were removed and replaced with Rowan trees, further supporting biodiversity and site resilience.

Two
Green Apple Awards received for biodiversity initiatives

18,500 m²
external green space improved

36
sites reviewed for biodiversity enhancements

AREAS OF SUCCESS & LEARNINGS

As we make progress towards our responsible investment targets, we have encountered four overlapping themes which have each provided valuable learnings. These insights have helped improve our understanding of the challenges to meeting our targets, enabling us to evolve our approach and deliver more sustainable outcomes.

DATA QUALITY: CRITICAL ENABLER TO REDUCING CARBON EMISSIONS

Improving the quality and granularity of energy and carbon data, particularly at the unit level, remains a challenge. Positively, our target to improve coverage of actual occupier energy data has reduced our reliance on CIBSE benchmarks. This, combined with improved meter mapping, has improved data accuracy, our Net Zero Carbon Pathway reporting, and CRREM transition risk analysis.

For larger refurbishment projects, embodied carbon assessments were introduced at the design stage. However, these were not always updated at completion with as-built information, therefore limiting our understanding of actual procurement choices. Where appropriate, we now instruct conduct embodied carbon assessments at both design and practical completion (PC) to enable tracking over time.

WIDER INFRASTRUCTURE: OVERCOMING PRACTICAL CONSTRAINTS

Our target to install 4 MW of onsite solar capacity by September 2025 was always stretching, however, we did not expect one of the most significant barriers to be the limitations of the wider electricity grid. At multiple sites, from Leeds to Portsmouth, local District Network Operators (DNOs) could not support electricity export limiting the size of the solar array that could be installed.

Elsewhere, roof structures required reinforcement to bear the weight of solar installations increasing the embodied carbon and financial cost that, in some cases, made solar PV installation unviable.

The longer-term value created by retrofitting solar PV remains clear and so, working within current infrastructure limitations, we are increasing our focus on working with occupiers in situ to retrofit solar PV arrays.

GREEN SKILLS: UPSKILLING AND RAISING MINIMUM REQUIREMENTS

The transition to a low-carbon economy is as much about people as it is about buildings. Initially, we committed to support apprenticeship schemes at our larger (£5 million+) refurbishments projects. However, as most of our projects were below this threshold, it meant we were missing opportunities for impact.

As such, we have adapted our approach to integrate T Level student support and college engagement through smaller-scale activities such as site tours and employer-aligned skills development.

Ensuring green spaces offer biodiversity value is another area where we have seen a growth in knowledge. Initially, we introduced minimim requirements for landscaping companies and we are now seeing an improvement in their ability to deliver higher-quality ecological outcomes. While more diverse planting may appear costly to maintain, our experience has shown that this can be cost-neutral. Shifting from aesthetic, seasonal planting to longer-lasting, perennial species can offset increased shrub pruning costs.

OCCUPIER ENGAGEMENT: BUILDING STRONGER RELATIONSHIPS THROUGH ASSET MANAGEMENT

Successfully engaging occupiers on sustainability is increasing critical to delivery of our targets. Across 2023-2024, we surveyed our occupiers for the first time to understand sentiment with their feedback providing a useful baseline to work from.

To increase buy-in, we are moving towards occupier-specific engagement strategies. This includes targeted EV installations that align with tenant demand and enhanced communication of the benefits of green clauses in lease agreements. Surveys will be developed into a bi-annual process to monitor progress and shape service delivery.

PROVIDE HIGH QUALITY BUILDINGS

BUILDINGS BETTER FOR OCCUPIERS AND COMMUNITIES

With around 90% of our time spent indoors, high quality, healthy buildings can help to improve occupants' wellbeing and support the communities around them.

Last year, our office refurbishments at Palm Court, Richmond Riverside, and 4 Hardman Square, Manchester, demonstrated our wellbeing principles in action with wellbeing and occupant experience being key priorities that guided the transformation of these schemes. We also commenced recertification of Bauhaus, Manchester, as a WELL Gold.

Working with our occupiers is crucial to many of goals set out in our responsible investment strategy. As such, building our understanding of occupiers' own ESG aspirations was a focus during 2024. Day to day occupier engagement is driven by our Property Management teams, with a cumulative total of 2,160 occupier engagement activities on ESG topics.

For the first time, occupier surveys were also undertaken across 86% of our AUM with the aim to understand occupier sentiment including opportunities for alignment on ESG topics. For example, across one fund, 65% of respondents were interested in improving the sustainability of their site with several expressing interest in installing solar PV panels on their unit. The energy consumed by occupiers in our spaces accounted for 82% of our carbon footprint in 2024, evidencing the importance of occupier engagement in meeting our targets.

To further demonstrate occupier demand for low carbon space, we found that 23% of our occupiers (by ERV) have a verified science-based target, a best practice emissions reduction targets, aligned with climate science.

Asset Sustainability Action Plans continue to guide ESG delivery at an asset and fund level, aligning to the material issues in our strategy. In total, 44 Action Plans exist across the portfolio with progress reviewed quarterly by our Property Management and Asset Management teams.

44
assets with Asset Sustainability Action Plans

2,160
cumulative occupier engagements on ESG topics

86%
occupiers surveyed on ESG topics

BRIDGING DATA GAPS & MAXIMISING SOCIAL IMPACT

The approach to asset refurbishment for our Impact Fund challenges us and our project teams, to think differently. Partnering with companies who share our commitment to creating a positive environmental and social impact is crucial to delivery. At Euroway Trade Park, Aylesford, this partnership approach ensured social value was embedded from the outset and, as a result, we achieved all applicable Impact targets.

Green skill development supported with **five apprentices, one trainee surveyor** (equating to 1.35 FTE) and **T-level student** engagement with North Kent College.

Donation of unused material and wheelchair access installed at a local hospice, reflecting a wider commitment to community support.

First UK industrial asset to receive **AirScore Design and Operation Gold certification** (for the office area).

Local economies were prioritised, with **48% of the contract value spent locally** – well above our 25% target. This focus on local suppliers supported jobs, reduced delivery times, and kept the project on track.

"This project has taught us the true value of ESG, beyond just ticking boxes. It gave everyone a great sense of fulfilment and, going forward, we'll make it standard practice to donate leftover materials from all projects, not just when there's a scorecard."

ANDREW PRATT
Director, Havering Building Specialists Ltd

"Social value measurement can be complex, particularly for smaller companies where this is a new area. To support delivery at Euroway Trade Park, we developed a tailored metrics sheet outlining clear expectations and timelines. This structured approach led to significantly improved outcomes, which the contractor intends to adopt in future projects."

ANDY GAWIN WARBY
Partner, Envoy Partnership

DRIVING POSITIVE IMPACT IN OUR COMMUNITIES

We believe our assets should do more than serve their core function – they should also enrich the communities around them. Across our portfolio, we are creating welcoming, inclusive environments that bring people together and give back to the local community.

From bake sales and charity clothing drives, to school visits and space donations, our assets provide meaningful opportunities for human connection. In 2024, over 70 community-focused events took place across our managed assets, highlighting the diverse ways our spaces can support local engagement and social wellbeing.

SUPPORTING LOCAL CREATIVITY

The Arena, Stockley Park, is a vibrant amenity hub providing a retail and leisure offering. Here, unused space has been temporarily donated to the West London Society of Art (WLSOA), a non-profit organisation run by a diverse network of creatives. Over a nine-month period, the space is being used for free art studios and exhibitions, supporting over 22 local artists to create new work and grow their practice. WLSOA is curating a programme of inclusive events, opening up access to art for the West London community and helping build a vibrant local creative scene.

CONNECTIONS THROUGH SPORT

Gildersome Spur, Leeds, is one of Yorkshire's largest industrial estates, spanning 25 acres. As part of our commitment to strengthening community ties, we were proud to sponsor the Under-8s team at Gildersome Spur FC – a local grassroots football club promoting healthy, active lifestyles.
Our sponsorship helps cover the costs of kits, training, and transport, ensuring that all children have the opportunity to participate. Through sport, these young players build confidence, learn teamwork, and gain a strong sense of belonging.

CHRISTMAS GIVING CAMPAIGN

Our annual Christmas Giving Tree initiative brought together 13 offices across our portfolio to support children living in refuge homes. Over 400 gifts were donated by occupiers and staff, providing toys and essential items for children who have escaped domestic violence and often had to leave all their possessions behind.

CREATING LEARNING OPPORTUNITIES

The refurbishment of the 16,600 sq ft Grade II listed Palm Court, Richmond, created an opportunity to deliver wider social benefits through apprenticeships and educational engagement. As part of the project, the contractor hosted a site visit for 12 students from Harrow, Richmond and Uxbridge College (HRUC), offering insight into the practical aspects of the refurbishment to complement their classroom learning. In addition, eight apprenticeships were supported through the project, contributing over 2,000 hours of on-site experience.

COMMUNITY IMPACT THROUGH OUR PEOPLE AND SUPPLY CHAIN

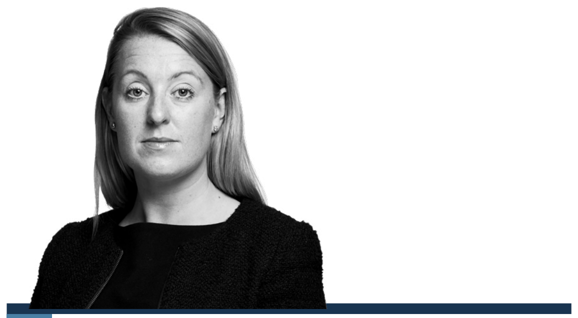
TRANSPARENCY IN OUR SUPPLY CHAIN

Following engagement with our service partners in 2024, 98% of our contracts pay the Real Living Wage to those working across our sites, with the remaining two contracts scheduled to be brought in line in early 2025. As part of our commitment to ethical operations, we continue to uphold strict modern slavery and responsible procurement guidelines, ensuring transparency, fairness, and respect for human rights throughout our supply chain.

MAKING A DIFFERENCE THROUGH OUR PEOPLE

Throughout the year, the Orchard Street team dedicated 60 hours to volunteering, with 10 employees participating in various activities. These included company-organised gardening by Bankside Open Spaces Trust (BOST), a charity supporting looking after green spaces in SE1. Volunteering also included career and dissertation support, regular phone calls to the elderly, and visits for local primary school children.

Volunteering allows our team to bond and socialise outside the office while participating in activities that benefit our communities. Volunteering with local, grass-roots charities provides the opportunity for our people to hear first-hand the valuable support that these organisations provide to our communities.



SARAH O'CONNELL
Assistant Portfolio Manager of the Orchard Street Social & Environmental ImImpact Partnership

"Volunteering is an excellent opportunity to make a meaningful contribution to local communities through the charities that we support.

These initiatives are also important to energise our teams, boost morale, and reinforce the sense of purpose that underpins our RI strategy."

PROMOTE INCLUSIVE & FAIR BUSINESS PRACTICES

We recognise that by promoting fair pay, ethical practices, and inclusive opportunities, we can help to create a more resilient and responsible value chain – delivering better outcomes for people, communities, and our clients.

INSPIRING OUR PEOPLE

In late 2023, our Equity, Diversity & Inclusion (ED&I) Committee led our first employee survey, delivered by Great Place to Work, providing valuable baseline insights across key workplace themes. These findings laid the groundwork for the development of our formal Diversity & Inclusion Strategy, set for launch later in 2025.

In response to employee feedback, we introduced "Town Hall" sessions to enhance open communication across the business. Additionally, all employees completed a Myers-Briggs Type Indicator (MBTI) assessment to improve their personal and professional effectiveness and build stronger team collaboration.

GENDER BALANCE

As of September 2024, women made up 35% of our overall team (including Partners) and 17% of our Partners. Our Management Board comprises members representing the executive members of Orchard Street and a majority representing MLC Asset Management (MLC). Due to changes at MLC, our female representation on the Board fell from 20% to 0%.[1]

Our gender-pay gap is internally assessed twice a year and reported to the Board. While our company's size (17 employees excluding Partners as of September 2024) means we do not publish these figures, our analysis shows a gender pay gap below the 19% benchmark reported by Property Week analysis and we continue to monitor this closely.[2]

1. INREV Indicators ESG5.1, ESG5.1.2, and ESG5.1.2.2.
2. https://www.propertyweek.com/insight/mind-the-gap-the-gender-pay-divide-persists

INSPIRING THE REAL ESTATE PROFESSIONALS OF TOMORROW

We continued our partnership with CBRE, initially established in 2022, as an innovative approach for a small business like ours to support skills development for early-career professionals in real estate. Having doubled the number of interns placed between 2022 and 2023, this year we welcomed four graduates into our Strategy, ESG and Asset Management teams.

Each participant took part in a two-week work placement programme to gain valuable client-side experience in their desired career paths. At the end of the placement, each intern presented individual projects to Orchard Street, including the senior leadership team.

REFLECTIONS FROM ONE OF OUR INTERNS

"The OSIM team were very welcoming and supportive which made for a fantastic internship experience. It was great to see some sites and learn about the Asset Management side of the business. The experience certainly helped me see the bigger picture and how different market participants interact (investors, asset managers, brokers etc.), which is difficult to see sometimes on the advisory side of the business."

2024 Secondee

EMBEDDING GOOD GOVERNANCE

EXTERNAL BENCHMARKING

Voluntarily responding to frameworks, such as UN PRI (Principles for Responsible Investment) and GRESB, which assess our responsible investment approach, helps to hold us to account.

In 2024, our fourth year of reporting to UN PRI, we are pleased to have increased our score across all three applicable modules and achieved the maximum five-star ratings on two of the modules and a four-star rating on the third module (see results below). The UN PRI is a globally renowned proponent of responsible investment – the annual assessment scores signatories on their integration of ESG issues into investment and decision-making processes.

Our Impact Fund completed its first GRESB submission. Given the timing of the purchase of our first asset (five weeks before the end of the reporting year), we responded to the 'Management' component only and received a score of 28/30 which is above both the GRESB and peer group average. Our strong performance reflects our own corporate policies and ESG integration.

COMPLIANCE

Our Head of Compliance and Head of Responsibility & ESG jointly monitor emerging and evolving regulation related to responsible investment. A key development over the year was our adoption of the FCA's 'Sustainability Impact' label for our Social and Environmental Impact Partnership under the new Sustainability Disclosure Requirements (SDR).

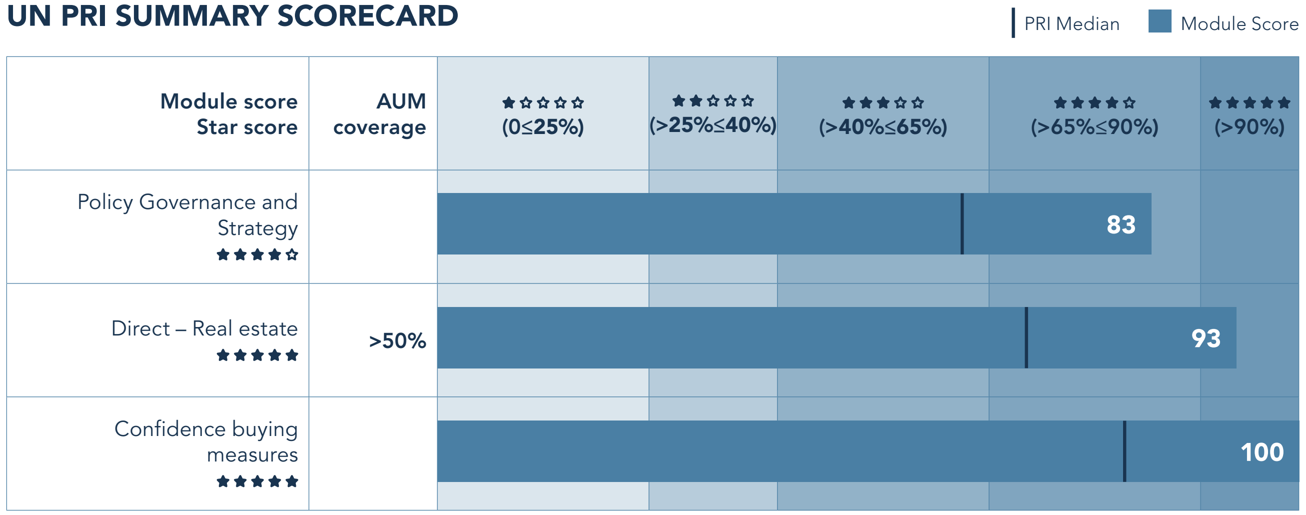
As one of only a handful of real estate strategies that has elected to adopt the label since the SDR's regime came into force in 2024, the label recognises the Fund's commitment to delivering measurable environmental and social outcomes, aligned with the UK's drive for greater transparency and impact in sustainable investing. This adoption underscores Orchard Street's leadership in real estate transition strategies.

Our Policies and Procedures set expectations and ensure compliance. These range 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.

GRESB REAL ESTATE

Sustainability Impact

UN PRI SUMMARY SCORECARD



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

RI STRATEGY TARGET PERFORMANCE UPDATE

Our three-year responsible investment strategy (2022-25) set out 19 ambitious targets across four strategic pillars including the 2025 milestones from our 2021 **Net Zero Carbon Pathway**. We aim to report transparently on our progress, as set out on the following pages. In line with our Responsible Investment Policy, we assure the outcome of our targets. Targets assured this year are marked (A), with our ISAE 3000 Assurance statement on pages 46 to 49.

Our targets align with eight **UNSDGs** where we can make the greatest contribution within our sphere of influence.

Transition to net zero and build climate resilience

RI TARGET	2024 PROGRESS	Status	SDG Alignment	
50% of actual occupier energy data (by floor area) to be collected by 2025[(A)]	70% data collection (2023: 33%). There has been a big push on data collection through our Managing Agents. This has resulted in a doubling of the year-on-year actual data collected meaning that we have achieved our target one year early. Improved data quality means we are less reliant on estimated benchmark data which is important to accurately understand asset energy consumption and associated transition risk.	●●●	13 CLIMATE ACTION	Target: 13.2
Reduce Scope 1, 2 and 3 carbon intensity tCO_2e/m^2 by 25% compared to 2018/19 baseline (location-based)[(A)]	22% reduction against baseline (2023: 7% reduction). The reduction was was most notably driven by a 27% year-on-year reduction in occupier gas use, which accounted for 33% of our overall carbon footprint in 2024. See pages 38 to 39 for a more complete breakdown of our carbon footprint.	➡	13 CLIMATE ACTION	Target: 13.2
50% by value of assets under management to be green certified by September 2025 (EPC B or above, NABERS, BREEAM, etc)[(A)]	59% AUM green certified (2023: 54%). Our asset refurbishment programme has led to over 40 units and 260,000 sq ft space improved to an EPC B or above last year (see page 11).	●●●	11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Target: 11.6 Target: 12.2
Install 4 MW of renewable energy generation capacity from October 2019 to September 2025[(A)]	2.9 MW installed capacity (2023: 2.3 MW[1]). A further 10 arrays were installed and commissioned in 2024 (see page 10).	➡	7 AFFORDABLE AND CLEAN ENERGY	Target: 7.2
Achieve 90% automated meter reading (AMR) "smartdata coverage of landlord-controlled energy consumption by September 2023[(A)]	78% landlord smart meter coverage (2023: 83%). Despite upgrading several meters in 2024 to meet the 80% target, the sale of key office assets negatively impacted target performance meaning that smaller energy consuming supplies, which had not yet been upgraded, had a greater overall impact on 2024 performance.	○○○	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Target: 12.2
Achieve an average water intensity on our multi-let office portfolio of better than 450 litres/m2 NLA by Sep 2025[(A)]	470 litres/m^2 (2023: 477 litres/m^2) Of the 15 assets in scope, seven performed better than the benchmark with eight exceeding it. Technical water audits identified limited improvement opportunities – primarily because these sites are offices with more amenity offering e.g. business lounges, coffee bars, showers, landscaping etc.	➡	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Target: 12.2
Establish a Climate Change Resilience Strategy in line with Better Buildings Partnership Climate Commitment[2]	Strategy in place with TCFD-aligned climate risk disclosure on pages 40 to 45 and 95% AUM subscribed to MSCI's Climate Value at Risk tool. As part of our RI strategy refresh in 2025, we will update our approach to assessing climate risk and resilience.	●●●	17 PARTNERSHIPS FOR THE GOALS	Target: 17.16 Target: 17.17

1. Restated
2. Target achievement assured in 2023 Responsible Investment Report
(A) Target progress assured

Status key: ●●● Achieved ➔ In Progress ○○○ Not Achieved

RI STRATEGY TARGET PERFORMANCE UPDATE

	RI TARGET	2024 PROGRESS	Status	SDG Alignment	
Enrich biodiversity and increase circularity	Measure embodied carbon on six refurbishment or development projects by September 2025	Four embodied carbon assessments complete to date – Palm Court, 4 Hardman Square, Point Poyle and Euroway Trade Park – with three assessments ongoing.	➔	12 Responsible Consumption and Production; 13 Climate Action	Target: 12.2 Target: 13.2
	Recycle or compost 70% of landlord managed operational waste(A)	64% recycling rate for operational landlord managed waste (2023: 62%) – increasing waste segregation remains challenging at leisure schemes with The Arena, Stockley Park, and The Old Brewery Quarter most materially impacting performance. See page 16 for initiatives underway to improve recycling.	➔	11 Sustainable Cities and Communities; 12 Responsible Consumption and Production	Target: 11.6 Target: 12.2
	Send less than 1% of landlord managed operational waste to landfill or incineration (with no energy recovery)	0% waste to landfill maintained (2023: <1%).	●●●	11 Sustainable Cities and Communities; 12 Responsible Consumption and Production	Target: 11.6 Target: 12.2
	Establish a quantified target to increase biodiversity value, including scope and baseline, by September 2023[2]	25 trees planted in 2023-24 with nearly 200,000 sq ft green space improved and two Green Apple Awards received for biodiverse enhancements at The Arena, Stockley Park, and Richmond Riverside (see page 18).	●●●	15 Life on Land	Target: 15.9
	Review construction waste for refurbishments and developments in 2023 and 2024. Set a quantified target for construction waste to be measured in the period October 2024-September 2025	BREEAM thresholds (Wst 01 credit) adopted as the benchmark for assessing construction waste. Where waste information has been forthcoming, waste is in line with average BREEAM expectations averaging 1 tonnes per 100m² with >92% recycling.	➔	11 Sustainable Cities and Communities; 12 Responsible Consumption and Production	Target: 11.6 Target: 12.2
Provide high quality buildings	Develop operational wellbeing plans for major refurbishments and developments with capital expenditure over £5 million starting on-site between January 2023 and September 2025	Wellbeing principles created with wellbeing and amenity offering central to 4 Hardman Square and Palm Court refurbishments.	➔	3 Good Health and Well-Being	Target: 3.8
	Undertake occupier experience surveys on a sample of assets and respond to findings by September 2025	Occupier surveys across 86% AUM in 2024 with opportunity to use results to engage occupiers in other RI initiatives e.g. solar PV installation (see page 20).	●●●	3 Good Health and Well-Being	Target: 3.8
	Undertake community engagement exercise on a sample of retail and office assets and use findings to inform community initiatives by September 2025	Over 70 separate charity and occupier events across the portfolio in 2024 (see page 22).	●●●	3 Good Health and Well-Being; 8 Decent Work and Economic Growth	Target: 3.8 Target: 8.6
	Support an average of 1 apprenticeship start per refurbishment or development project over £5 million and starting on-site between January 2023 and September 2025	Apprentices, work placements and student tours to promote green skills evidenced across 4 Hardman Square, Palm Court and Euroway Trade Park refurbishments in 2024 (see pages 21 to 22).	➔	8 Decent Work and Economic Growth	Target: 8.6
Promote inclusive and fair business practices	Implement an employee satisfaction survey in 2023[2]	Employee survey delivered in 2023 with a 91% response rate.	●●●	10 Reduced Inequalities	Target: 10.3
	Provide at least four work experience or internship opportunities (including those offered in partnership with suppliers) at Orchard Street by September 2025	Eight two-week secondment opportunities provided to date through partnership with CBRE[2]	●●●	8 Decent Work and Economic Growth	Target: 8.6
	Develop and implement a diversity and inclusion strategy by September 2025	Strategy to be delivered in 2025 with insight from our employee survey will be used by our D&I Committee to support strategy development.	➔	10 Reduced Inequalities	Target: 10.3

2. Target achievement assured in 2023 Responsible Investment Report
(A) Target progress assured

GOVERNANCE & ENGAGEMENT

REPORTING FRAMEWORKS

Aligning to best practice reporting methodologies helps to ensure that we report useful information in a transparent, comparable way. Reporting frameworks we use include:

- **Task Force on Climate-related Financial Disclosures (TCFD) –** we have been an official supporter of the TCFD since 2020 and make an annual TCFD disclosure, which can be viewed on pages 40 to 45. We intend to transition our reporting to the IFRS S2 Standards in 2025.
- **UN Sustainable Development Goals (SDGs)** – we support the outcomes of the SDGs and have identified Goals 11 (Sustainable Cities and Communities) and 17 (Partnerships) of the Sustainable Development Goals as where we can make the most significant impact. The four strategic pillars of our Responsible Investment Strategy also aligns with an additional eight SDGs, as reported on pages 26 to 29.
- **UN Principles for Responsible Investment (PRI),** as a signatory of PRI since 2018, we publicly support responsible investment and the need for a more sustainable financial system. Our 2024 performance is reported on page 25.
- **European Association for Investors in Non-Listed Real Estate Vehicles (INREV)** – 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.

MEMBERSHIPS & INDUSTRY ENGAGEMENT

We seek to collaborate with membership bodies, associations and organisations that align with our responsible investment approach. Active memberships include:

- **Better Buildings Partnership (BBP),** a collation of the UK's leading property owners and investment managers to improve the sustainability of existing commercial building stock.
- **Net Zero Asset Managers initiative (NZAMI),** supporting 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. Annual disclosures are made via our UN PRI response.
- **Accessible Retail Ltd (AR),** a trade body which represents the property interests of the retail warehouse and retail park sector of the retail industry.

We engage directly with policymakers, primarily through the BBP, and are also active members of the Investment Property Forum ESG Committee. During the year, we directly engaged with a senior government body on impact investing, decarbonisation and the UN SDGs. Previously, we participated in the Energy Efficiency Taskforce roundtable on commercial property led by Department for Business, Energy and Industry (BEIS), now, Department for Energy Security and Net Zero.

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.

With Orchard Street's support, our people are members of various bodies including the Investment Property Forum (IPF), Royal Institute of Chartered Surveyors (RICS), Society of Property Researchers, the Chartered Alternative Investment Analyst Association (CAIA), and the Association of Chartered Certified Accountants (ACCA).

OCCUPIERS

On a regular basis, 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 work with occupiers to identify opportunities to enhance the sustainability performance of buildings and increase overall levels of satisfaction. We include green lease clauses in all lease negotiations and renewals.

We utilise various forms of communication with our occupiers. Regular awareness campaigns and newsletters undertaken by our property managers have been key tools of successful engagement.

We also engage with the landlord of our head office building through emails, meetings, requests for operational data for reporting, and surveys.

SUPPLIERS

We engage on ESG topics with a range of suppliers including property managers, valuers, solicitors, leasing and investment agents, construction contractors and Project Design Teams. Our property managers engage with 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.

EMPLOYEES

Our aim is to create a place of work which supports healthy and productive ways of work alongside nurturing a culture of diversity and inclusion. We support employees and partners to be active members and participants of a variety of bodies and associations and engage with employees in multiple ways including:

- Nearly 100 hours of staff training on ESG topics, arranged by Orchard Street, supporting a culture of growth and development.
- To ensure we continue to support our people, mental health support was added to our private medical cover during the year.
- 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 the delivery of our RI Strategy.
- We also undertook an employee survey to identify workstation ergonomic preferences and purchased new equipment to support the productivity and wellbeing of our people.

INVESTORS

We are committed to transparent and regular contact with current and prospective investor clients and investment consultants. Through these engagements we provide regular updates on the integration of ESG into portfolio investment strategies, including running educational sessions on responsible investment and impact investing.

We actively welcome conversations on the ESG opportunities and challenges faced by investors and gather opinions and feedback through surveys, ESG meetings, quarterly fund reports and our annual RI Report.

We apply exclusions based on our clients' own exclusion policies to ensure that we are in compliance with these, where they exist.

2024 BASIS OF REPORTING

REPORTING SCOPE AND BOUNDARIES

This reporting methodology sets out the calculation methodologies that underpin our data reporting. It applies to the data reported within the Responsible Investment Report including select INREV sustainability metrics, carbon footprint reporting and Orchard Street's target progress.

We report our emissions in line with the Greenhouse Gas (GHG) Protocol which provides best practice guidance for corporate accounting and reporting of greenhouse gas emissions. In addition, we disclose market-based emissions under the Scope 2 dual reporting approach and report our Scope 3 emissions in line with the GHG Protocol's Corporate Value Chain Standard.

All data relates to our responsible investment reporting year which runs from the 1st October to the 30th September. This is aligned with Orchard Street's previous financial reporting period at the time our Net Zero Carbon Pathway was established in 2021, following best practice guidance. In 2022, our financial year changed to July-June, however, we have retained the October to September reporting period for sustainability reporting due to the alignment of baseline data.

The information and data in this report is calculated using the operational control approach and is in line with the GHG Protocol definition. As of 30th September 2024, this comprised 107 assets covering offices, industrial, leisure/other facilities, retail warehouses, standard retail units, shopping centres and our head office (108 assets in total) covering 980,669 m². All assets are located in the UK.

INDEPENDENT ASSURANCE

Limited third-party assurance of several key performance indicators and target progress for 2024, along with the associated data behind that performance, has been carried out by JLL according to the ISAE3000 International Standard on Assurance Engagements 3000 (Revised). The statement is attached to the end of this report. Data points have been marked as Assured (A) where applicable.

REPORTING METHODOLOGY

Electricity, gas, water, waste, and solar PV generation is reported by our Managing Agents on a quarterly basis to Accenture, our ESG Data Manager. Utility data is reported based on absolute consumption measured in kWh (energy), m³ (water) and tonnes (waste). Total greenhouse gas (GHG) emissions from each relevant emission source are then calculated by applying the relevant emission factor and reported as tonnes of carbon dioxide equivalents (tCO_2e).

ENERGY CONSUMPTION (LANDLORD AND TENANT)

Landlord-obtained utilities consumption relates to all consumption that the landlord purchases and/or controls, including common areas and shared services, spaces where the landlord has the authority to introduce and implement any or all of the operating and/or environmental policies. Where units and spaces become vacant, the associated utilities consumption falls under our operational control until the unit is re-let.

Occupier-obtained utilities relates to consumption from demised units where the occupier is either directly responsible for energy procurement or recharged and consumption can be allocated to a specific unit(s). Where we have been unable to map consumption to an occupier unit, the supply has been deemed landlord, and CIBSE benchmarks are used to estimate occupier consumption. Where possible, we work with our occupiers to include actual consumption and are pleased to have increased our actual occupier data to 70% in 2024.

ESTIMATIONS AND EXTRAPOLATIONS

A data quality hierarchy is followed based on the reliability and accuracy of the data source. Estimations are applied where energy consumption data is not available to cover whole building energy consumption for the full reporting year.

Estimated data is calculated on a pro-rated basis by extrapolating the average daily consumption of existing data, which allows for any data gaps for full months to be estimated. Where only partial water data is received, this is extrapolated to cover the full reporting period.

Where no data is available at an asset or unit, for example where the occupier procures their energy directly and does not share this, asset appropriate CIBSE benchmarks are used.

The reported waste data includes estimations where only volume (i.e. bin lifts) is provided with industry benchmarks used to convert volumes to weight. The levels of coverage, based on if the utility is present and if the data is available, is provided for each indicator within the table on pages 34-37.

LIKE-FOR-LIKE REPORTING

Absolute data includes all data captured within the reporting period. Like-for-like analysis includes only assets which have been held consistently for two years and have not undergone significant refurbishment (defined as over 50% of the floor area). Reporting performance in this way can help to normalise for portfolio changes.

INTENSITY CALCULATIONS

We calculate intensity indicators using floor area (m²) for whole buildings, including areas demised to occupiers. To calculate the usage (kWh/m²) we divide the whole building consumption by the whole building area.

CARBON EMISSIONS REPORTING

Scope 1 – includes direct emissions from gas boilers and fugitive emissions from refrigerant losses.

Scope 2 – indirect emissions from purchased electricity.

Scope 3 – indirect emissions from our value chain resulting from assets which we do not control. The GHG Protocol's Corporate Value Chain Standard identifies 15 broad categories of Scope 3 emissions; we calculate and report on seven Scope 3 categories which are relevant to our business see pages 39.

Where possible, actual consumption or weight-based data for a given activity is used with the associated carbon conversation factor applied to calculate the emissions e.g. energy consumption or volume of materials procured.

Where actual data is not available, a spend-based approach is used to quantify the emissions associated with spend for the specific procurement e.g. purchased goods and services and then Quantis emission factors are used.

RENEWABLE ENERGY

In line with GHG Protocol Scope 2 dual reporting methodology, location-based emissions are reported using conversion factors as published by the UK Government. Market-based emission factors are derived from contractual agreements with our energy suppliers which reflect the supplier's fuel mix; onsite renewable generation and 100% renewable tariffs have an emissions factor of zero.

During the reporting year, landlord-obtained electricity came from 96% Renewable Energy Guarantees of Origin (REGO) backed renewable sources. Where supplier specific tariffs were not forthcoming, RE:DISS factors are applied, as required by the GHG Protocol Scope 2 Guidance.

We do not procure any green gas for our assets under management. Where solar photovoltaics (PVs) are installed, but metering is not complete, we have assumed that generation is used onsite.

TARGET CALCULATIONS

Building Certifications

A green certified asset is defined as an asset where either the value-weighted average of the property's Energy Performance Certificates (EPC) is B or above (based on the score rather than the letter rating) or the asset has a green building certificate such as BREEAM, NABERS UK or equivalent. Only EPCs and certificates awarded before or during the reporting year and that are still valid are included in the calculation. As at 30 September 2024, 4.9% total House ERV was excluded from the EPC calculations – this included 2.8% ERV where EPC ratings were not applicable i.e. assets undergoing refurbishment or leases which do not require an EPC such as substations and ATMs and 2.1% ERV (equating to 28 units) where EPCs had expired and not yet renewed. Cash and indirect investments are excluded from portfolio calculations.

ENVIRONMENTAL PERFORMANCE

TOTAL PORTFOLIO

			Total portfolio						
			ASBOLUTE PERFORMANCE			LIKE-FOR-LIFE PERFORMANCE			INREV CODE
Topic		Unit	2023	2024	YoY change (%)	2023	2024	YoY change (%)	
Fuels (Gas)	For landlord shared services- operational	kWh/yr	8,331,570	4,542,251	-45%	4,172,033	3,650,294	-13%	ESG4.1,
	Total tenant-obtained fuels- non operational		112,253,876	81,665,766	-27%	98,588,106	75,100,388	-24%	ESG4.1.1.1,
	Total fuel		120,585,445	86,208,018	-29%	102,760,139	78,750,681	-23%	ESG4.1.2
	Estimated – consumption	%	78%	73%	-6%	91%	80%	-12%	
Electricity	For landlord shared services (landlord controlled)	kWh/yr	16,446,103	9,162,775	-44%	9,868,040	7,458,930	-24%	ESG4.1.8,
	Total tenant-obtained electricity		116,586,546	121,837,506	5%	103,112,411	113,646,441	10%	ESG4.1.9,
	Total electricity		133,032,650	131,000,281	-2%	112,980,451	121,105,371	7%	ESG4.1.11
	% estimated	%	57%	50%	-12%	57%	49%	-15%	
Landlord and Tenant Energy Consumption	Actual energy consumption (landlord controlled)	kWh/yr	24,067,962	13,305,390	-45%	13,850,443	10,979,387	-21%	ESG3.1
	Estimated energy consumption (landlord controlled)		709,711	399,636	-44%	189,630	129,837	-32%	ESG3.1.3
	Actual energy consumption (tenant controlled)		59,432,903	75,126,275	26%	55,592,704	72,804,938	31%	ESG3.1.1
	Estimated energy consumption (tenant controlled)		169,407,520	128,376,997	-24%	146,107,812	115,941,891	-21%	ESG3.1.3.1
	Total energy consumption (landlord and tenant)		253,618,095	217,208,299	-14%	215,740,590	199,856,052	-7%	
	Total % estimated – total supply in terms of kWh, not by coverage	%	170,117,231	128,776,634	-24%	146,297,443	116,071,727	-21%	
Energy Intensity	Total energy intensity	kWh/m²/yr	391	328	-16%	429	391	-9%	ESG3.1.6
	Estimated	tCO_2e/yr	152	115	-24%	168	133	-21%	ESG3.1.7.7
Scope 1	Total scope 1 emissions	tCO_2e/yr	1,897	955[A]	-50%	1,000	792	-21%	ESG3.3,
	Actual scope 1 emissions		1,547	827	-47%	841	672	-20%	ESG3.3.1,
	Estimated scope 1 emissions		350	129	-63%	159	120	-25%	ESG3.3.6
Scope 2	Total scope 2 emissions – location based	tCO_2e/yr	3,406	1,897[A]	-44%	2,043	1,544	-24%	ESG3.3.2
	Total scope 2 emissions – market based		84	227[A]	171%	68	214	213%	ESG3.3.2.1
	Actual scope 2 emissions – location based		3,329	1,825	-45%	2,013	1,519	-25%	ESG3.3.3
	Actual scope 2 emissions – market based		79	204	158%	66	191	191%	ESG3.3.7
	Estimated scope 2 emissions – location based		77	72	-6%	30	26	-16%	ESG3.3.7.1
	Estimated scope 2 emissions – market based		4	23	411%	3	23	761%	
Scope 3	Total scope 3 emissions	tCO_2e/yr	61,234	45,837[A]	-25%	50,628	41,501	-18%	ESG3.3.4,
	Actual scope 3 emissions		28,044	20,744	-26%	22,299	18,846	-15%	ESG3.3.5,
	Estimated scope 3 emissions		33,190	25,093	-24%	28,329	22,654	-20%	ESG3.3.8, ESG4.6.2
Operational Carbon (Scope 1 + Scope 2) and Intensities	Total operational (Scope 1 and 2 only) carbon – location based	tCO_2e/yr	5,303	2,852	-46%	3,043	2,336	-23%	ESG3.3.10
	Operational carbon intensity – location based		0.012	0.007	-46%	0.009	0.007	-23%	ESG3.3.12
	Operational carbon intensity – market based		0.005	0.003	-40%	0.003	0.003	-6%	ESG3.3.12.1
Water Consumption	Actual water consumption (landlord controlled)	m³/yr	115,921	115,904[A]	0%	95,709	109,669	15%	ESG3.5
	Estimated water consumption (landlord controlled)		12,471	2,935	-76%	7,909	2,066	-74%	
	Total water consumption		128,393	118,838	–	103,618	111,734	8%	
Total Landlord Waste Generated	Total waste generated (actual and estimated)	Tonnes	2,002	2,320	16%	978	1,606	-14%	ESG3.6
	Proportion of waste recycled (inc anaerobic digestion)	%	63%	64%	2%	64%	64%	21%	
	Proportion of waste sent to landfill		5%	0%	-100%	6%	0%	-100%	
	Proportion of waste sent for incineration with energy recovery		32%	36%	13%	30%	36%	13%	

(A) Performance assured

ENVIRONMENTAL PERFORMANCE

RENEWABLES

Topic		Unit	2023	2024	INREV
Renewable Energy	Renewable energy generated on-site	kWh/yr	1,251,374	1,932,250[A]	ESG3.2
	Renewable energy generated on-site and exported		654,293	91,797	ESG3.2.1
	Renewable energy generated off-site and landlord purchased		16,153,309	8,251,511	ESG3.2.3
	Landlord purchased REGO-backed renewable electricity	%	99%	96%	

OFFICES

Topic		Unit	2023 (Absolute)	2024 (Absolute)	INREV
Landlord and Tenant Energy Consumption	Actual energy consumption (landlord controlled)	kWh/yr	19,787,193	9,430,213	ESG3.1
	Estimated energy consumption (landlord controlled)		303,722	26,068	ESG3.1.3
	Actual energy consumption (tenant controlled)		4,483,542	4,525,606	ESG3.1.1
	Estimated energy consumption (tenant controlled)		10,946,573	9,655,220	ESG3.1.3.1
Energy Intensity	Total energy intensity	kWh/m²/yr	201	133	ESG3.1.6
Water Consumption	Actual water consumption (landlord controlled)	m³/yr	59,011	50,120	ESG3.5
	Estimated water consumption (landlord controlled)		9,264	1,231	
Total weight of waste	Total waste generated	Tonnes	901	706	ESG3.6
Proportion waste generated via disposal and diversion route	Recycled (inc anaerobic digestion)	%	66%	70%	

RETAIL

Topic		Unit	2023 (Absolute)	2024 (Absolute)	INREV
Landlord and Tenant Energy Consumption	Actual energy consumption (landlord controlled)	kWh/yr	2,033,867	1,677,957	ESG3.1
	Estimated energy consumption (landlord controlled)		164,591	302	ESG3.1.3
	Actual energy consumption (tenant controlled)		651,268	797,558	ESG3.1.1
	Estimated energy consumption (tenant controlled)		8,208,374	7,050,414	ESG3.1.3.1
Energy Intensity	Total energy intensity	kWh/m²/yr	154	132	ESG3.1.6
Water Consumption	Actual water consumption (landlord controlled)	m³/yr	3,650	5,377	ESG3.5
	Estimated water consumption (landlord controlled)		2,046	230	
Total weight of waste	Total waste generated	Tonnes	67	166	ESG3.6
Proportion waste generated via disposal and diversion route	Recycled (inc anaerobic digestion)	%	59%	78%	

LEISURE

Topic		Unit	2023 (Absolute)	2024 (Absolute)	INREV
Landlord and Tenant Energy Consumption	Actual energy consumption (landlord controlled)	kWh/yr	519,303	461,138	ESG3.1
	Estimated energy consumption (landlord controlled)		137,107	251,983	ESG3.1.3
	Actual energy consumption (tenant controlled)		20,250,203	19,897,356	ESG3.1.1
	Estimated energy consumption (tenant controlled)		27,877,580	23,176,956	ESG3.1.3.1
Energy Intensity	Total energy intensity	kWh/m²/yr	312	280	ESG3.1.6
Water Consumption	Actual water consumption (landlord controlled)	m³/yr	50,932	53,674	ESG3.5
	Estimated water consumption (landlord controlled)		38	260	
Total weight of waste	Total waste generated	Tonnes	1,495	1,322	ESG3.6
Proportion waste generated via disposal and diversion route	Recycled (inc anaerobic digestion)	%	64%	59%	

INDUSTRIAL AND LOGISTICS

Topic		Unit	2023 (Absolute)	2024 (Absolute)	INREV
Landlord and Tenant Energy Consumption	Actual energy consumption (landlord controlled)	kWh/yr	582,407	848,493	ESG3.1
	Estimated energy consumption (landlord controlled)		29,064	102,629	ESG3.1.3
	Actual energy consumption (tenant controlled)		14,122,130	33,095,811	ESG3.1.1
	Estimated energy consumption (tenant controlled)		92,723,910	61,565,888	ESG3.1.3.1
Energy Intensity	Total energy intensity	kWh/m²/yr	246	219	ESG3.1.6
Water Consumption	Actual water consumption (landlord controlled)	m³/year	2,393	5,199	ESG3.5
	Estimated water consumption (landlord controlled)		112	507	
Total weight of waste	Total waste generated	Tonnes	127	-	ESG3.6
Proportion waste generated via disposal and diversion route	Recycled (inc anaerobic digestion)	%	41%	0%	

RETAIL WAREHOUSE (OTHER)

Topic		Unit	2023 (Absolute)	2024 (Absolute)	INREV
Landlord and Tenant Energy Consumption	Actual energy consumption (landlord controlled)	kWh/yr	1,145,192	887,589	ESG3.1
	Estimated energy consumption (landlord controlled)		75,227	18,654	ESG3.1.3
	Actual energy consumption (tenant controlled)		19,925,760	16,809,944	ESG3.1.1
	Estimated energy consumption (tenant controlled)		29,651,083	26,928,519	ESG3.1.3.1
Energy Intensity	Total energy intensity	kWh/m²/yr	194	171	ESG3.1.6
Water Consumption	Actual water consumption (landlord controlled)	m³/yr	1,030	1,451	ESG3.5
	Estimated water consumption (landlord controlled)		75	11	
Total weight of waste	Total waste generated	Tonnes	221	126	ESG3.6
Proportion waste generated via disposal and diversion route	Recycled (inc anaerobic digestion)	%	37%	17%	

BUILDING CERTIFICATIONS

Topic		Unit	2023	2024	INREV
Energy Performance Certificates (EPC) – % portfolio certified by value (£)	A+ to B	%	36	50	ESG3.7
	C to E		198	45	ESG3.8
	F to G		–	0.1	
	Weighted average EPC score by ERV	EPC score	53	50	
Green Certified Assets	Green certified assets by value	£ million	1,389	1,306	
	Proportion of green certified assets	%	54	59	

OUR 2024 CARBON FOOTPRINT

Our Net Zero Carbon Pathway commits us to reach net zero by 2040 supported by interim 2030 targets for landlord emissions and embodied carbon. As signatories of the BBP's Climate Commitment and the NZAMI, we are required to report annually against our Net Zero Carbon Pathway. This breakdown of our carbon emissions provides further granularity to the progress reported on pages 10-15.

UNDERSTANDING OUR FOOTPRINT

The following visuals reflect Orchard Street's carbon footprint including a breakdown of our Scope 1, 2 and 3 emissions. Overall, there was a downward trajectory across most emission sources in the year to September 2024, resulting in a reduction of 27%. Orchard Street's corporate emissions – from our own office, employee commuting, business travel, and purchased goods and services – account for less than 0.01% of our carbon footprint and totalled 833 tCO_2e last year. Most of our emissions are attributable to the energy used in the assets that we manage on behalf of our clients.

- Our Scope 1 and 2 emissions i.e. electricity and gas we directly procure across our AUM, decreased by 46% to 2,852 tCO_2e. Alongside energy efficiency actions, the reduction was driven by improved meter mapping as well as portfolio churn.
- In 2024, our Scope 3 emissions made up 94% of our carbon footprint. Scope 3 emissions cover activities which fall outside our direct control and are emitted through our upstream supply chain and downstream through occupiers' energy use in our buildings. Overall, these emissions reduced by 25% which was most notably driven by a 66% reduction in embodied carbon associated with our refurbishment activities (Capital Goods) and a 27% reduction in gas use within our spaces (Downstream Leased Assets).

PROGRESS AGAINST TARGETS

Reduce Scope 1, 2, and 3 carbon intensity by 25% by 2025 ($kgCO_2e/m^2$), compared to 2019 baseline:

- 22% reduction delivered to September 2024, a significant reduction on last year.
- Reduction most notability driven by a 27% year-on-year reduction in occupier gas use. This accounted for 33% of our total carbon footprint in 2024.

Reduce Scope 1 and 2 carbon intensity by 60% by 2030 ($kgCO_2e/m^2$), compared to 2019 baseline:

- Achieved 68% reduction in (location-based) emissions compared to our 2019 baseline, meeting this target six years early.
- We have moved to location-based reporting for this target as this is more reflective of genuine emissions reductions, rather than energy procurement choices. Whilst our Scope 2 market-based emissions have increased since 2023 as we increased the quality criteria required for our market-based reporting, using RE:DISS factors where supplier specific tariff information was not forthcoming, they have decreased by 72% since 2022.

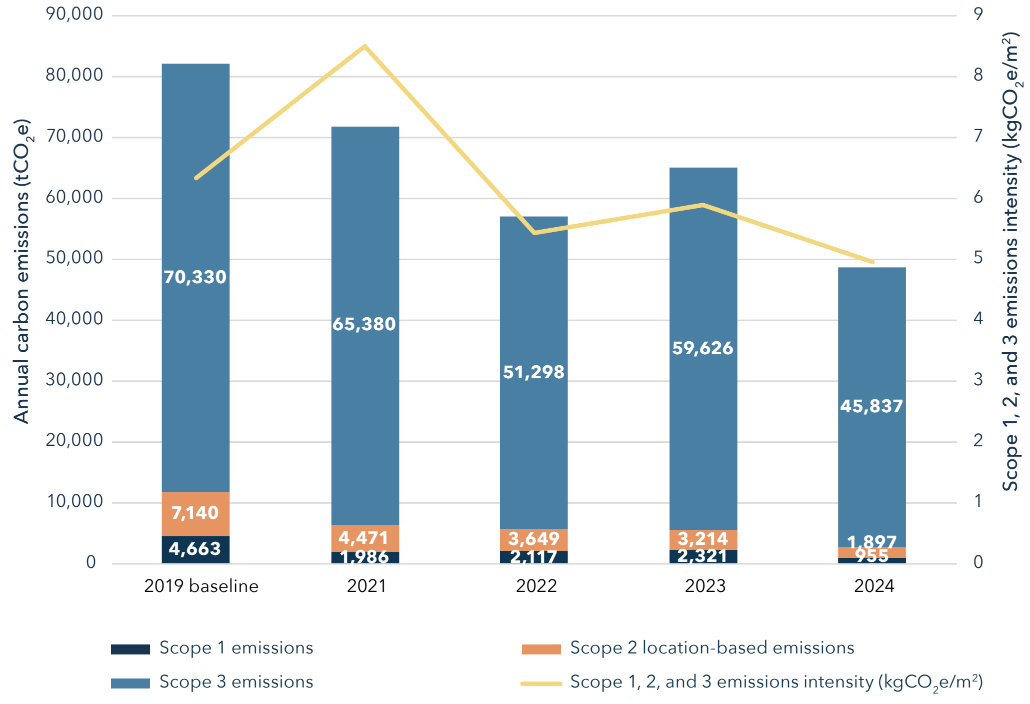
Reduce Scope 3 carbon intensity by 30% by 2030 ($kgCO_2e/m^2$), compared to 2019 baseline:

- Scope 3 emissions have reduced by 14% since 2019, however progress does fluctuate annually driven by the level of refurbishment activity as well as data quality.

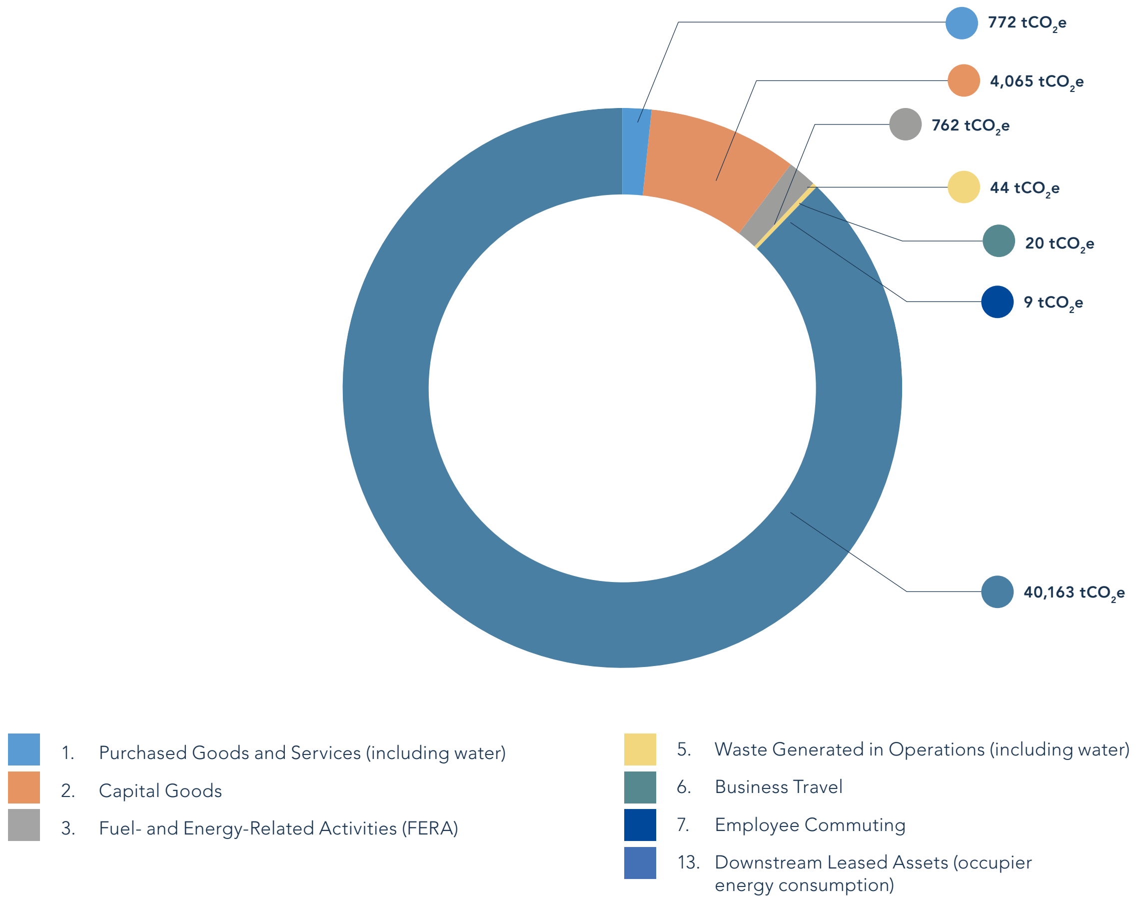
ANNUAL CARBON FOOTPRINT

	2024 emissions ($kgCO_2e$)	2023 emissions ($kgCO_2e$)	% Change
Scope 1 and 2 emissions (location-based)	2,852,232	5,302,668	**-46%**
Scope 3 emissions	45,837,217	61,233,760	**-25%**
Scope 1, 2, and 3 carbon emissions (location-based)	48,689,449	66,536,428	**-27%**

ANNUAL CARBON EMISSIONS



SCOPE 3 EMISSIONS BY CATEGORY



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

At Orchard Street, our aim is to ensure that our business is climate resilient. We continued to implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) during 2024 and this represents our fifth disclosure on the topic.[1] As a small entity, we are not required to follow these recommendations but choose to do so as our Board and senior management understand that climate-related risks are critical and urgent for our business, investors, occupiers and other stakeholders.

Now that the TCFD has been incorporated into the IFRS Sustainability Standards, we will gradually expand our disclosure to include the additional considerations of IFRS S1 and S2, especially as the UK Government has announced that its forthcoming Sustainability Reporting Standards (SRS) will closely align with these standards.

We are also a signatory of the Better Buildings Partnership's (BBP) Climate Commitment which pledges to deliver net-zero buildings before 2050. We actively contribute to BBP's working groups and co-authored the BBP's recent climate resilience guidance, which requires a TCFD statement.

GOVERNANCE

Responsibility for climate-related risks and opportunities lies ultimately with our Board, with day-to-day management delegated to our Managing Partner, Philip Gadsden. He is supported in this by three committees, each with distinct responsibilities for climate-related risk: the Investment Committee, the Responsible Investment Committee and the Audit and Risk Committee. Their climate-related responsibilities are outlined in the chart below.

LLP BOARD
Overall responsibility for climate-related issues.
Meets quarterly and includes three Partners.

INVESTMENT COMMITTEE
Ensures that climate-related risks and opportunities are considered at every stage of property lifecycle, including pre-acquisition.
Meets weekly.
Chair: Philip Gadsden, Managing Partner

AUDIT, RISK AND COMPLIANCE COMMITTEE
Assists the Management Board in discharging its oversight and governance responsibilities for financial, risk, audit, and compliance matters including climate risk.
Meets six-monthly.
Chair: Philip Gadsden, Managing Partner

RESPONSIBLE INVESTMENT COMMITTEE
Identifies and assesses climate-related risks, implements controls, updates the climate risk register annually and assigns climate risk ownership across the business. Meets monthly.
Chair: Barney Rowe, Partner

Since Orchard Street is a company of fewer than 30 people, these three committees include both Partners and management personnel from across the business.

As a Board Member and Managing Partner, Philip Gadsden is also Chair of Orchard Street's Investment Committee and a member of the Audit Risk and Compliance Committee. He is advised directly by the Responsible Investment Committee.

The Chair of the Responsible Investment Committee, Barney Rowe, is also a member of the Management Board and the Investment Committee and, as a Board Member, attends the Audit Risk and Compliance Committee. Other members of the Responsible Investment Committee include the Head of Responsible Investment & ESG and the Assistant Portfolio Manager of our Environmental & Social Impact Fund. In 2024, the Head of Asset Management also joined the Responsible Investment Committee.

STRATEGY

Consideration of climate-related risks and opportunities is integrated into our risk management and business planning process. We consider these over three time horizons: short, medium, and long-term. Since climate-related risks and opportunities are expected to become more evident in the medium to long-term, we used three climate scenarios to the year 2100 and created a central assessment for each category of climate-related risk and opportunity, considering likely business impact and timeframe.

SCENARIO ANALYSIS

In 2023, we adopted the MSCI Climate Value-at-Risk (CVaR) tool for 95% of assets under management by value (as at 30 September 2024). This allowed us to assess both physical and transition climate-related risks in our investment portfolios through to 2100.

Using MSCI outputs, we tested our risks against three scenarios chosen because they reflect plausible trajectories, including a Paris-Aligned scenario:

- A 1.5°C scenario: reach net-zero by 2050 but with higher costs due to disorderly policies introduced across sectors and a quicker phase out of fossil fuels. Based on REMIND[2] 1.5°C Disorderly rise SSP2: Divergent Net Zero;
- A 2°C scenario: Delayed transition which assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2 °C and negative emissions are limited. Based on REMIND 2°C Disorderly rise SSP2: Delayed Transition; and
- A 3°C scenario: Nationally Determined Contributions (NDCs) including all pledged policies, even if not yet implemented. Based on REMIND 3°C Current Policies.
- Physical and Transition Risks

Our risk assessment followed the physical risk categories used by MSCI CVaR and the transition risks aligned to the TCFD categories; both are summarised in Table 1 (page 42). As an investment manager, we have judged that - with a single leased head office and the ability to work from other locations - the material physical risks to our business exist within our portfolios under management rather than within our own operations.

1. This disclosure was developed using information from MSCI Real Estate and other data sources which are subject to stringent copyright protections. Although OSIM and other information providers, including without limitation, MSCI Real Estate and its affiliates (the "MSCI Real Estate Parties"), obtain information (the "Information") from sources they consider reliable, none of the MSCI Real Estate Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. OISM n any of the MSCI Real Estate Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

2. REMIND (Regional Model of Investments and Development) is a modelling framework that generates projections of future world economies based on energy sector forecasts and the resulting implications for our world climate.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Content continues

KEY

Time horizons	Risk impact rating
Short-term: 0-2 years	Low (green)
Medium-term: 3-5 years	Medium (yellow)
Long-term: 6-10 years	High (orange)

TABLE 1: CLIMATE-RELATED RISKS

Risk type	Potential financial impacts	Scenario risk impact				Example controls to mitigate risk
		Time frame	1.5°C	2°C	3°C	
Transition – Policy	• Reduced rental income. • Increased capital expenditure required to meet new standards.	Short term	Medium	Medium	Low	• Instigated Investment Committee approval process and twice-yearly Asset Business Planning includes policy considerations (e.g. capex required to achieve EPC B)
Transition – Legal	• Higher professional fees and insurance costs. • Potential regulatory breach/fine	Medium term	Medium	Medium	Low	• Monitor of regulatory landscape, seeking professional advice where required. Quarterly reporting to Board and publish external reports annually
Transition – Market	• Reduced revenues if assets no longer attractive to occupiers or investors	Short term	Medium	Medium	Low	• Asset Lifecyle process, including Investment Committee governance, incorporates actions to mitigate risk of obsolescence (see pages 6 to 7)
Transition – Reputation	• Reduced revenues if unable to retain clients due to greenwashing allegations or lack of climate transition plan	Short term	Medium	Medium	Low	• Disclose sustainability performance and climate risk transparently. Actively participate in industry engagement
Physical – Chronic extreme temperate	• Increased operational costs for heating and cooling	Long term	Low	Low	Low	• Continue to monitor portfolio risk through scenario analysis and pre-acquisition process
Physical – Chronic Coastal Flooding	• Increased due diligence costs and potential illiquidity of high-risk assets	Long term	Low	Low	Medium	• Include flood risk assessment in pre-acquisition due diligence (see page 13)
Physical – Acute Fluvial Flooding	• Increased insurance costs and potential valuation impact	Medium term	Low	Low	Medium	• Engage regularly with insurance brokers and incorporate climate resilience measures into Project Sustainability Principles for refurbishment works
Physical – Acute Tropical Cyclones (includes wind and rain	• Increased remedial and insurance costs and possible revenue loss (includes wind and rain)	Long term	Low	Low	Low	• Continue to screen and monitor assets for weather-related damage by Property Managers

TRANSITION OPPORTUNITIES

The transition to a net-zero carbon economy can also yield business opportunities. We have identified four transition opportunities for our business: resource efficiency, energy sources, products and services as well as markets (Table 2). We actively pursue all four opportunities to increase our climate resilience.

KEY

Time horizons	Risk impact rating
Short-term: 0-2 years	High (green)
Medium-term: 3-5 years	Medium (yellow)
Long-term: 6-10 years	Low (orange)

TABLE 2: CLIMATE-RELATED OPPORTUNITIES

Opportunity type	Potential financial impacts	Scenario opportunity impact				Example actions taken to maximise opportunity
		Time frame	1.5°C	2°C	3°C	
Resource Efficiency	• Reduced operating costs through improved efficiency, in particular energy, making assets more attractive.	Short term	Medium	Medium	Low	• Quarterly reviews of asset energy performance and adoption of 'PropTech' solutions to optimise energy use (see page 10)
Energy Sourcing	• Increased revenue from rents and new income streams contributes to more resilient assets	Short to long term	High	High	High	• Investment in onsite solar PV and EV charging (page 12)
Products and Services	• Increased revenues from capital targeting robust decarbonisation strategies	Short to medium term	High	High	Medium	• Two decarbonisation "impact" strategies launched
Markets	• Increased revenues from business growth and more resilient portfolio	Medium term	Medium	Medium	Low	• Increasing the proportion of portfolio AUM which are green certified (2024: 59%)

CLIMATE-RESILIENCE OF STRATEGY

Climate-related risks and opportunities are integrated into the governance and processes of our business, as outlined above. Our Net Zero Carbon Pathway is aligned to the BBP's Climate Commitment, as well as the Net Zero Asset Managers Initiative (NZAMI). 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:

- **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.

With both our decarbonisation strategy and climate risk mitigation firmly underway, we are now focused on practical and building level, adaptation measures.

Given the insights generated from our scenario analysis, we believe that our strategy does not materially need to change under the 1.5°C, 2°C or 3°C warming scenarios that we have assessed.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Content continues

RISK MANAGEMENT

Our Climate Risk Register is reviewed annually by the Responsible Investment Committee. The Committee assesses the materiality of our physical and transition risks based on current expectations of climate trajectories and global action.

Our Responsible Investment Policy defines our approach to climate-related risk management. The policy details how we identify, assess and manage risks and opportunities in line with our fiduciary duty to deliver client value while fulfilling our responsibilities as both landlord and developer. This policy is reviewed and approved by the Board every year.

Risks are assessed at every stage of the property lifecycle, including pre-acquisition, while climate matters that arise in due diligence are included in the asset business planning process following acquisition. Targets for building climate resilience and transitioning to net zero are incorporated into asset management decision-making, (see pages 6 to 7).

METRICS AND TARGETS

We use industry frameworks, notably INREV, to report our performance and seek external assurance of select data points. See pages 34 to 39 for a full breakdown of our performance, including a breakdown of our Scope 1, 2, and 3 carbon emissions.

MEASURING CLIMATE RESILIENCE

Adopting MSCI's Climate Value-at-Risk tool and Carbon Risk Real Estate Monitor (CRREM V2) gives us insight into the exposure of our assets to stranding risks based on energy and emissions data. Table 3 (opposite) shows the metrics used to track climate-related risks and opportunities across our portfolios under management.

LOOK FORWARD

Over the next year, we will further develop our approach to climate resilience by:

- Update our scenario modelling and approach to quantifying climate-related financial impacts; and
- Expanding our disclosure to include the additional considerations of IFRS S1 and S2.

TABLE 3: METRICS AND TARGETS – CLIMATE RESILIENCE

	Metrics	2022	2023	2024
Physical risk screening	% of AUM subject to MSCI Climate Value at Risk (CVaR) screening	0%	95%	95%
Asset stranding	% of AUM analysed using CRREM	100%	100%	100%
Green building certifications	% of assets by ERV where value weighted average is EPC B or above	39%	44%	50%
	% of assets by ERV that are green certified	41%	54%	59%
On-site renewable capacity	MW of renewable energy capacity installed and commissioned during year	0.3 MW	1.3 MW	0.6 MW
	Financial investment in solar PV generation	N/A	£827,000	£489,000
EV charging	No. of EV charging bays installed during year	48	57	59
Remuneration	% of Asset Managers with climate-related performance objectives	100%	100%	100%

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 2024 Responsible Investment Report (the "Report") for the Reporting Period 1st October 2023 – 30th September 2024.

Subject Matter Information	Renewable energy generation (kWh) Landlord energy data (kWh) Occupier energy data (kWh) Landlord water data (m^3) Landlord waste data (tonnes) Scope 1, 2 and 3 GHG emissions (tCO_2e) ESG Targets as listed in Table 1
Reporting Period	1st October 2023 – 30th September 2024
Reporting Criteria	Orchard Street's Reporting Methodology as summarised in the 2024 Responsible Investment Report
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 (KPIs) and ESG Targets which are subject to Assurance.

Table 1:

KPIS	PERFORMANCE
Renewable energy generation (generated and consumed on-site)	1,932,250 kWh
Landlord energy data (actual and estimated)	13,707,687 kWh
Occupier energy data (actual and estimated)	203,503,273 kWh
Landlord water data (actual)	118,838 m^3
Landlord waste data • Anaerobic digestion • Recycling • Combustion • Composting	2,320 tonnes • 242 tonnes • 1,186 tonnes • 838 tonnes • 54 tonnes
Greenhouse gas emissions • Scope 1 emissions • Scope 2 location-based emissions • Scope 2 market-based emissions • Scope 3 emissions	 • 955 tCO_2e • 1,897 tCO_2e • 227 tCO_2e • 45,837 tCO_2e

ESG TARGETS	PERFORMANCE
Achieve an average water intensity on our multi-let office portfolio of better than 450 litres/m^2 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: 471 litres/m^2
50% of actual occupier energy data (by floor area) to be collected by 2025	Achieved: 70%
Recycle or compost at least 70% of landlord managed operational waste (measured in the period October 2024 – September 2025)	Progress to date: 64%
Achieve 90% automated meter reading (AMR) "smartdata coverage of landlord-controlled energy consumption by September 2023	Not met: 78%
Install 4 MW of renewable energy generation capacity from October 2019 to September 2025)	Progress to date: 2.9 MW
Reduce Scope 1, 2 and 3 carbon intensity (tCO_2e/m^2) by 25% compared to 2018/19 baseline	Progress to date: 22% reduction

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:

- Reviewed and discussed data collection, management and reporting processes with Kathryn Barber, Head of Responsible Investment and ESG at Orchard Street, and Accenture, Orchard Street's appointed consultants.
- Reviewed Orchard Street's Basis of Reporting as the methodology underpinning the Subject Matter Information and reviewed data and processes in alignment with this Reporting Criteria.
- Performed analytical review of the underlying utility data and considered risks of misstatement of the Subject Matter Information.
- Tested a sample of utility data points against evidence across indicators listed in the Subject Matter Information.
- Established a query log to track and resolve methodology, data and evidence queries.
- Conducted year-on-year testing for the total utility consumption indicators.
- Tested emissions factors and recalculated GHG emissions across a sample of scopes and material categories.
- Reviewed progress against targets by requesting appropriate documentation and recalculating the relevant metrics.
- Reviewed the aggregation and presentation of data in the disclosure.

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. This in combination with the implementation of additional processes and controls, is at least as demanding as the International Standard on Quality Management 1 (ISQM1) and the relevant sections of the IESBA Code.

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. To maintain impartiality, JLL implement a system of information barriers (electronic separation) which is established and monitored as required.

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GLOSSARY

A1–A5
The life cycle of a building is split into modules. From A1–A5 they relate to the materials production, transport and construction stages of a building.

AIR SOURCE HEAT PUMP
An Air Source Heat Pump (ASHP) is a renewable energy system that transfers heat from the outside air to provide heating and hot water for a building.

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.

CONSUMER PRICES INDEX
The Consumer Prices Index (CPI) is a measure of the total cost of goods and services bought by consumers over a period of time.

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.

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.

MYERS-BRIGGS TYPE INDICATOR
The Myers-Briggs Type Indicator (MBTI) is a self-report assessment to help identify a person's personality type, strengths, and preferences.

BIODIVERSITY NET GAIN
Biodiversity Net Gain (BNG) is an approach to development, land and marine management that leaves biodiversity in a measurably better state than before the development took place.

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.

REAL LIVING WAGE
The Real Living Wage is based on the cost of living and is voluntarily paid by over 15,000 UK employers who believe we all need a wage that meets our everyday needs.

SEDUM ROOFING
Sedum roof is a roof with vegetation that is more or less self-perpetuating and that can further develop and maintain itself.

SCIENCE-BASED TARGETS
Best practice emissions reduction targets, that are based in climate-science, and meet the level of decarbonisation reuired to limit global warming to 1.5°C. Targets are formally verified by the Science-based Targets Initiative (SBTi).

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.

ZERO CARBON ELECTRICITY
Electrical energy produced from resources that generate no carbon emissions.

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