PICTON / Occupier focused, Opportunity led.

Sustainable thinking,

responsible business

Picton Property Income Limited
Sustainability Data Performance Report 2023

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Our purpose

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

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

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

01/ Introduction

Occupier focused, Opportunity led

We are an award winning Real Estate Investment Trust ('REIT') investing in UK commercial property. Our diversified property portfolio consists of 49 assets and is valued at £766 million as at 31 March 2023.

By applying insight, agility and a personalised service, we provide attractive, well-located spaces to help our occupiers' businesses succeed and in turn enhance value for our shareholders. We have a long-term track record that includes ten consecutive years of outperformance and long-term upper quartile performance over three, five and ten years, and since launch in 2005.

£548m
Net assets
(2022: £657m)
(2021: £528m)

£21m
EPRA earnings
(2022: £21m)
(2021: £20m)

5.0%
EPRA net initial yield
(2022: 4.1%)
(2021: 4.8%)

49
Number of properties
(2022: 47)
(2021: 46)

£766m
Portfolio valuation
(2022: £849m)
(2021: £682m)

3.9p
EPRA earnings per share
(2022: 3.9p)
(2021: 3.7p)

9.5%
EPRA vacancy rate
(2022: 7.2%)
(2021: 8.8%)

91%
Occupancy
(2022: 93%)
(2021: 91%)

Industrial weighting

57%

South East	**41%**
Rest of UK	**16%**

Office weighting

32%

Central London	**13%**
Rest of UK	**10%**
South East	**9%**

Retail and Leisure weighting

11%

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

This year we have established a Climate Action Working Group focused on progressing our net zero carbon pathway.

Michael Morris
Chief Executive

Sustainable thinking: our responsible approach to business

We are continuing to make good progress against our sustainability priorities.

This year we have included our sustainability reporting within our Annual Report which better reflects the ever increasing integration between our operational and sustainability activities.

This Sustainability Data Performance Report sets out the progress we have made over the last year against our net zero carbon pathway as well as the Group's emissions data for the calendar year 2022, in accordance with EPRA's Sustainability Best Practices Recommendations. Our environmental data has again been assured this year by a third party and their statement is included at the end of this Report.

I am pleased to note that while our absolute GHG emissions are higher than the preceding year, which reflects our larger portfolio, we have succeeded in reducing our absolute Scope 1 and Scope 2 emissions by 24% compared to our 2019 baseline as well as a reduction of 22% in Scope 3 energy intensity.

This year we have established a Climate Action Working Group specifically to manage our net zero pathway progress and respond to the climate risks and issues identified within our TCFD reporting.

We are making good progress against our net zero pathway priorities. We have already started to decarbonise assets where possible by the removal of gas supplies. We have implemented on-site renewable installations across priority assets, and as part of our ongoing refurbishment programme across the portfolio. We remain committed to investing and upgrading our assets to further enhance our position.

We consider that it is important to be transparent on sustainability issues and particularly in our reporting. We have reported to GRESB since 2017. Last year we improved our GRESB score from 61 to 77, and from one green star to three. We will continue to seek to improve our reporting in line with best practice.

We have also been able to significantly improve the level of occupier data collection and will focus on improving this further going forwards. We believe that future collaboration with occupiers will be key to addressing climate change and in reducing emissions.

Michael Morris
Chief Executive

Our approach

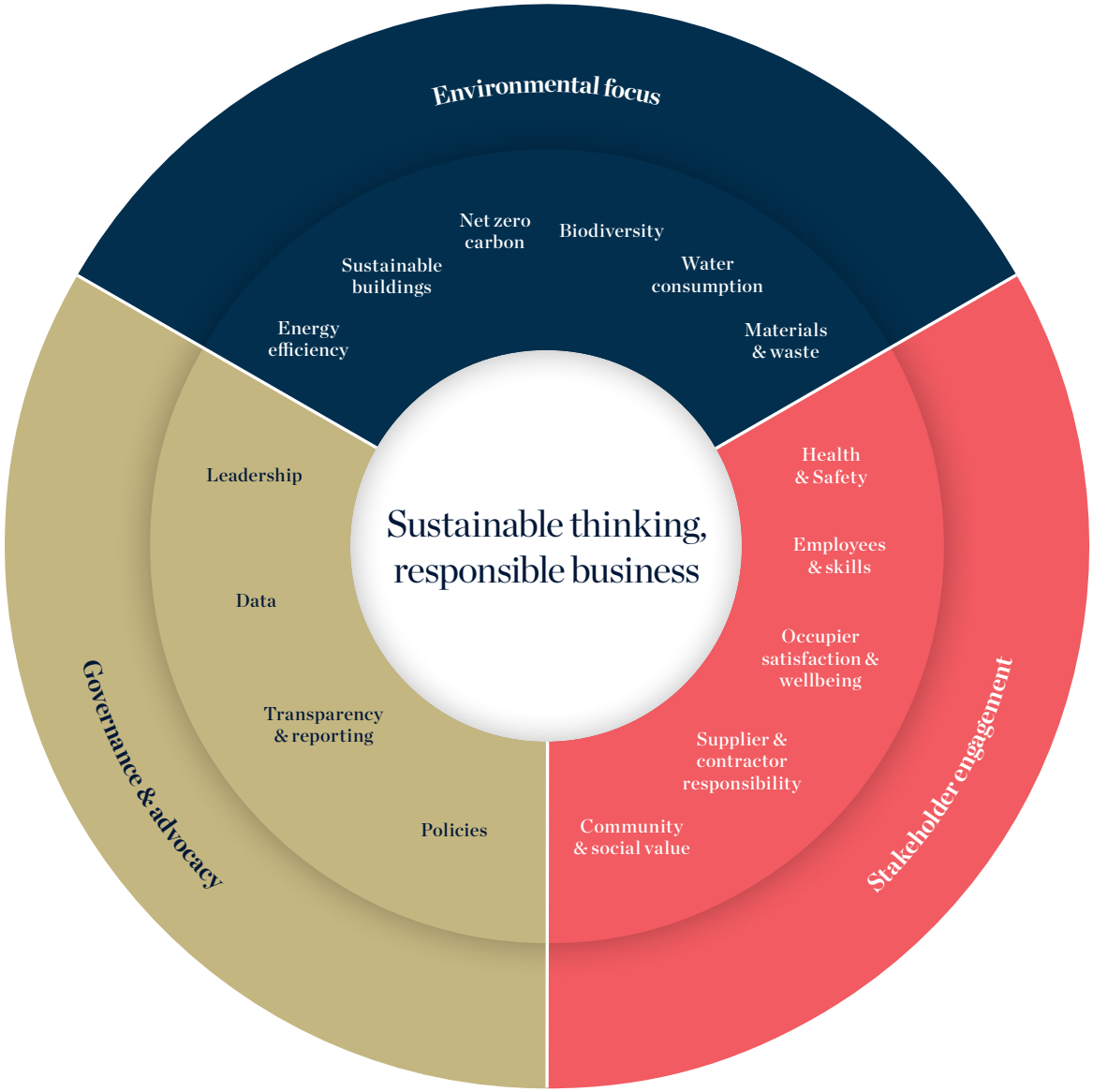
A responsible and ethical approach to business is essential for the benefit of all our stakeholders and understanding the long-term impact of our decisions will help us to manage risk and continue to generate value.

Sustainable thinking is integrated within all our business activities. We are committed to making a positive contribution to society, whilst minimising any negative impact on people, local communities and the environment.

Our sustainability policy guides our long-term sustainability priorities.

We have in place a sustainability framework based on our key material issues and continue to review these key priorities annually.

For more information visit our **Annual Report 2023**



Key highlights

Environmental focus

24% reduction in absolute Scope 1 and 2 emissions compared to 2019 baseline

22% reduction in Scope 3 energy intensity compared to 2019 baseline

Commenced decarbonisation of assets

Commenced on-site renewable installation

76%
Improved portfolio EPCs rated A-C

64
Green leases completed

Stakeholder engagement

Carried out occupier surveys at office and industrial properties

Hosted sustainability webinars for investors and occupiers

Continued roll out of new supplier clauses addressing modern slavery

Helped develop new Better Buildings Partnership training modules

Carried out annual employee engagement survey

Provided further sustainability training for the team

£27,000
charitable donations, supporting 23 charities

Governance and advocacy

Climate Action Working Group established to oversee progress on net zero

Completed assessment of climate-related risks to the business

Reported in line with Task Force on Climate-related Financial Disclosures

Maintained EPRA Gold awards for both Annual Report and Sustainability Report

Improved GRESB rating to three green star status

Third party assurance of GRESB submission data

Implemented new sustainability data management system

85%
Improved overall energy data coverage

Sustainable thinking, practical solutions

Climate change is one of the most significant issues to be addressed globally and requires urgent action.

It is recognised that commercial buildings are a key source of emissions and that as a responsible landlord we must seek to reduce the environmental impact of our buildings. We continually assess the environmental performance of our portfolio and seek to implement improvements where we can.

Net zero carbon pathway

Our 2040 commitment

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

We have committed to be net zero carbon for our operational and embodied emissions by 2040. By then, all operational emissions will be reduced as much as possible through energy efficiency measures and renewable energy, with any residual emissions offset.

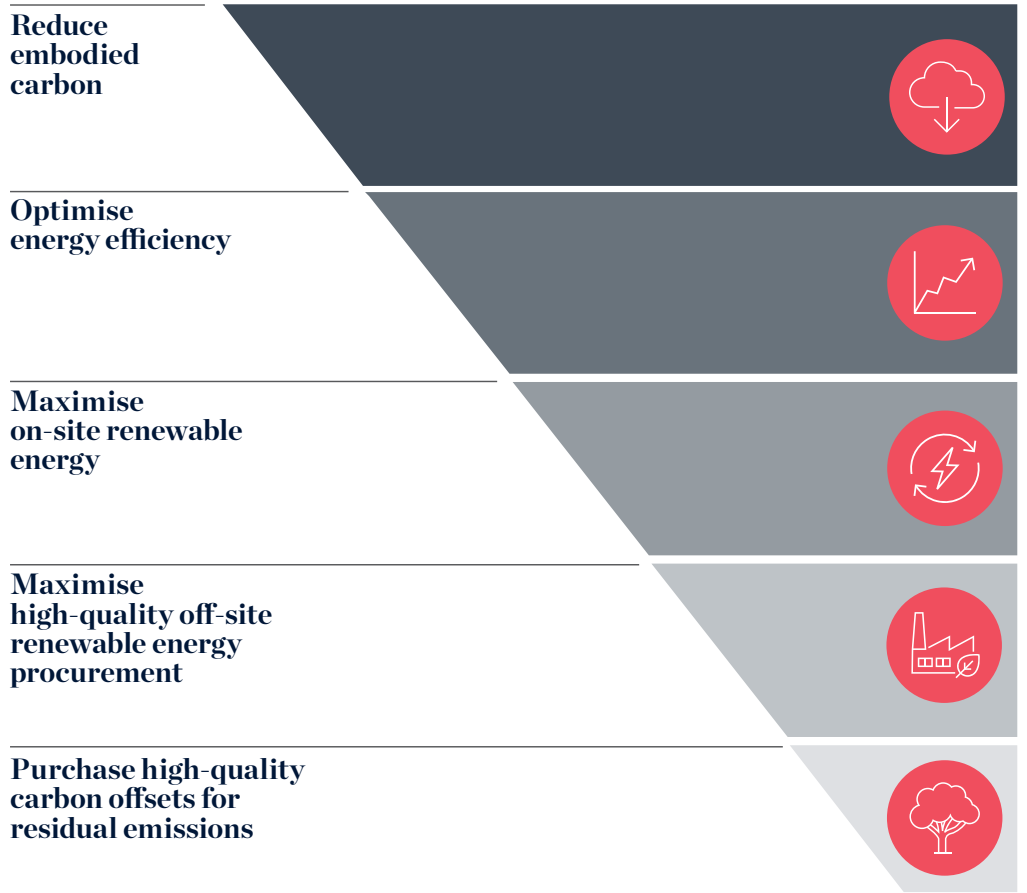
From 2040 onwards, all completed refurbishment projects will have reduced their embodied and operational carbon as much as possible, with any residual emissions offset upon practical completion.

We have defined our portfolio's baseline carbon footprint, using 2019 as the most representative recent year, to map the emissions' reductions required to meet our 2040 target. As with similar property companies, the majority of our emissions relate to the energy consumption of our occupiers.

Net zero governance

This year we have established a Climate Action Working Group, with members of the team across the business, to ensure we are progressing key actions and priorities on our pathway to net zero commitment, and reviewing and setting interim targets.

We have also embedded net zero carbon criteria into our acquisition due diligence process.



Our net zero carbon progress

Measuring and reducing embodied carbon

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

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

This year, our refurbishment activity across the portfolio has been carried out to improve and enhance the buildings' sustainability credentials through making alterations to structure, mechanical and electrical maintenance or landscaping.

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

Read more on our GHG emissions on pages **17–21**

Net zero carbon progress

	Aims	Progress	Metrics
Embodied carbon	Minimise the embodied carbon cost of developments, major refurbishments and occupier fit-outs	No whole life carbon assessments were required during the year, as individual asset refurbishment activity did not exceed £1.5 million	Target embodied performance of less than 300kgCO_2e/m² for major renovations
Operational carbon	Ensure operational carbon performance and efficiency across the portfolio is improved	We have worked on improving our data accuracy and coverage and carried out five energy audits across a representative sample of asset types	24% reduction in operational carbon emissions for Scope 1 and 2, relative to our 2019 baseline 40% reduction in energy intensity of all Scopes, relative to our 2019 baseline
On-site generation	Maximise amount of on-site renewable generation	We have commenced solar panel installation on industrial asset refurbishments and have commissioned feasibility studies across key identified assets	Five operational solar array systems totalling 0.176 MWp with a further three schemes under construction totalling 0.238 MWp. Considering a further six schemes which would provide a capacity of 7.625 MWp
Renewables procurement	Procure high-quality renewable energy	No existing energy contracts were due for renewal during the period	100% of our purchased electricity is from REGO backed renewable sources (Renewable Energy Guarantees of Origin)
Offsetting	Acquire high-quality offsets to neutralise residual emissions	While not yet under consideration, we will develop our strategy for high-quality offsets post net zero carbon target year of 2040	
Third party verification	Maintain credibility and transparency of our net zero carbon pathway	Annual independent third party assurance of energy data	Certification of energy, water, and waste data by third-party assurance

24%

Reduction in Scope 1 and 2 emissions since 2019

67%

Scope 3 occupier energy data collection

Reducing operational carbon

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

- Developing an occupier engagement plan to ensure actions take place in a timely manner and effective cost-sharing mechanisms are introduced
- Continuing to include green lease clauses within our leases, with 64 completed this year
- Increasing overall data collection coverage to 85% and implementing a new data management system
- Carrying out a complete audit of all electricity, gas and water meters or sub-meters under our control to ensure that they are all functioning properly and recording consumption accurately. We plan to replace a small number of meters in 2023, which are now obsolete

Maximising renewable opportunities

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

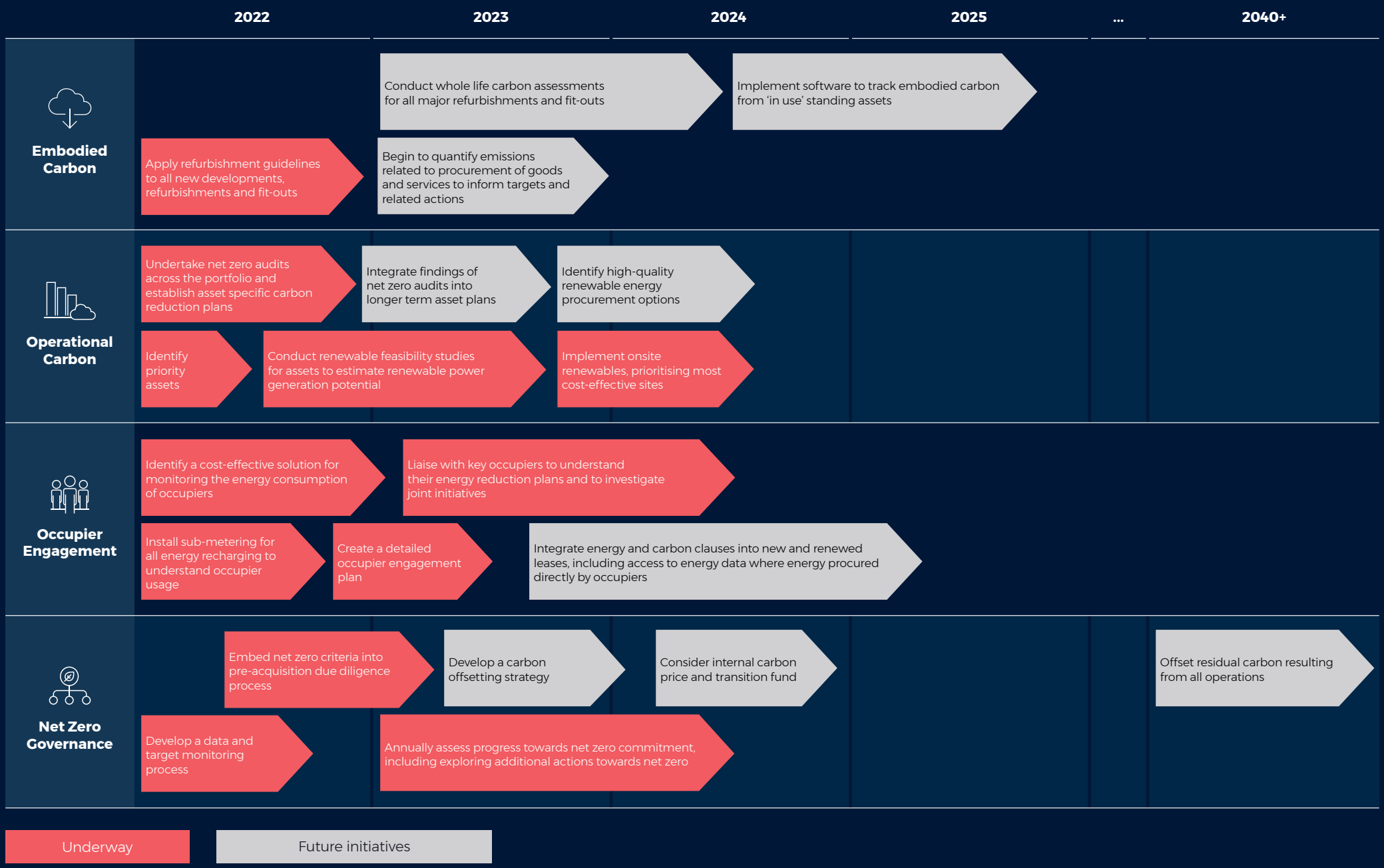
This year we have installed three schemes and undertaken six renewable energy feasibility studies to identify asset-specific opportunities across the portfolio.

Maximising off-site renewable procurement

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

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

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


2022
2023
2024
2025
...
2040+
Embodied Carbon
Conduct whole life carbon assessments for all major refurbishments and fit-outs
Implement software to track embodied carbon from 'in use' standing assets
Apply refurbishment guidelines to all new developments, refurbishments and fit-outs
Begin to quantify emissions related to procurement of goods and services to inform targets and related actions
Operational Carbon
Undertake net zero audits across the portfolio and establish asset specific carbon reduction plans
Integrate findings of net zero audits into longer term asset plans
Identify high-quality renewable energy procurement options
Identify priority assets
Conduct renewable feasibility studies for assets to estimate renewable power generation potential
Implement onsite renewables, prioritising most cost-effective sites
Occupier Engagement
Identify a cost-effective solution for monitoring the energy consumption of occupiers
Liaise with key occupiers to understand their energy reduction plans and to investigate joint initiatives
Install sub-metering for all energy recharging to understand occupier usage
Create a detailed occupier engagement plan
Integrate energy and carbon clauses into new and renewed leases, including access to energy data where energy procured directly by occupiers
Net Zero Governance
Embed net zero criteria into pre-acquisition due diligence process
Develop a carbon offsetting strategy
Consider internal carbon price and transition fund
Offset residual carbon resulting from all operations
Develop a data and target monitoring process
Annually assess progress towards net zero commitment, including exploring additional actions towards net zero
Underway
Future initiatives

Transparency and reporting

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

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

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

We have been reporting to GRESB since 2017. Our score for 2022 increased from 61 to 77, and from one green star to three. We improved our score in many areas, including improved data coverage and assurance and were ranked second in our peer group. We were also ahead of the GRESB average for the first time.

We have maintained our GRESB Public Disclosure score at 91 which is at the highest possible A grade rating. We were ranked second in our peer group for disclosure methods, disclosure of sustainability implementation and disclosure of stakeholder engagement practices.

We have continued to report in line with the EPRA Sustainability Best Practices Recommendations and received a Gold award for our 2022 Sustainability Report.

GRESB

★ ★ ★ ☆ ☆ 2022

02/ Data

EPRA Commentary

Reporting period

The following tables cover the year from 1 January 2022 to 31 December 2022. We report on a calendar year basis to allow a greater time to focus on occupier data collection. A table showing the last five years of consumption is included to show how different metrics have been added year-on-year.

Read more on page **17**

Organisational boundaries/coverage

There was a total of 49 properties within the portfolio during 2022. We adopt an operational control approach and report on 100% of our assets. This includes occupier data where possible, which is reported separately if the occupier directly pays the energy costs. We believe it is crucial to obtain a holistic view of a property's entire energy consumption, so we therefore believe building coverage should include all sites where we have obtained data.

At 27 of our assets, we had a landlord controlled energy supply during the reporting year, these figures include sites where there were void units or external supplies. The total possible number of buildings where we could obtain data remains a constant (49 properties) apart from on like-for-like data where we have excluded sites that do not have two full reporting years' worth of data. Each table has a footnote on building coverage throughout the Report.

During 2022 we acquired two assets, both of which have been reported under landlord control. Where there is a landlord controlled supply, this energy data has been reported under Scope 1 and 2, while occupier data is separated out from landlord purchased energy and is reported under Scope 3 emissions throughout the Report.

Normalisation

We have used kWh/m²/year to normalise data where applicable and use net lettable area across our sites. We believe that using floor area is the most consistent metric for our portfolio and allows for accurate like-for-like comparisons. This is the most consistent normalisation metric across the whole portfolio. Meters have been assigned to specific spaces within a building, such as whole site, common area, external or a specific floor or unit. This has allowed for a more accurate intensity metric to be calculated. This methodology has been applied backdated to 2019 to allow for an accurate comparison with our baseline year. If a meter has been assigned to an external space, then no area has been used for these supplies when calculating an aggregated intensity calculations for the portfolio. Normalisation metrics have been clearly stated in tables throughout the Report.

For the like-for-like analysis, we removed any acquired or disposed sites which do not cover the full 2022 and 2023 reporting periods and any sites that underwent a major refurbishment to ensure reliable comparisons. We currently have been unable to remove vacant units from our like-for-like comparisons but note that this will have a minimal impact on comparisons. It is estimated that less than 2% of our landlord controlled consumption is through vacant units.

Methodology

We collect all of our landlord controlled energy data via automatic meter readings, and following improvements in occupier data collection, we have increased our overall data coverage across the portfolio to 85% (from 75% in 2021). The aim is to reach 100% coverage of our portfolio and we continue to work with our occupiers and data providers to achieve this.

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

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

An operational control approach has been adopted and all our properties are included. Figures presented are absolute for utility and waste consumption and relate only to landlord obtained utilities and waste removal. Occupier-obtained consumption is included where possible. We have calculated and reported our emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and used emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2022. We continue to report on a calendar year basis to ensure there is sufficient time to collect occupier consumption data.

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

We have continued to voluntarily report on Scope 3 vehicle emissions. Vehicle emissions were calculated using our vehicle expenses reports and the vehicle emission factors from the UK Government GHG Conversion Factors for Company Reporting 2022.

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

Third party assurance

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

Disclosure on own offices

Our main office is located in Stanford Building, London, one of our own assets. Energy and water consumption is obtained from the portfolio data and is reported separately.

EPRA Disclosures

Environmental performance measures		
Elec-Abs	Total electricity consumption	See page 18
Elec-LfL	Like-for-like electricity consumption	See page 19
Fuels-Abs	Total fuel consumption	See page 18
Fuels-LfL	Like-for-like fuel consumption	See page 19
Energy-Int	Energy intensity	See page 18
GHG-Dir-Abs	Total direct greenhouse gas emissions (Scope 1)	See page 20
GHG-Indir-Abs	Total indirect greenhouse gas emissions (Scope 2)	See page 20
GHG-Dir-LfL	Like-for-like direct greenhouse gas emissions	See page 21
GHG-Indir-LfL	Like-for-like indirect greenhouse gas emissions	See page 21
GHG-Int	Greenhouse gas intensity	See pages 20 and 21
DH&C-Abs	Total district heating and cooling consumption	See page 18 – there are no district heating and cooling systems in the portfolio
DH&C-LfL	Like-for-like district heating and cooling consumption	See page 19 – there are no district heating and cooling systems in the portfolio
Water-Abs	Total water consumption	See page 22
Water-LfL	Like-for-like water consumption	See page 22
Water-Int	Water intensity	See page 22
Waste-Abs	Total weight of waste by disposal route	See page 23
Waste-LfL	Like-for-like weight of waste by disposal route	See page 23
Cert-Tot	Type and number of certified assets	See page 24

Social performance measures		
Diversity-Emp	Employee gender diversity	See page 73 of the 2023 Annual Report
Diversity-Pay	Gender pay ratio	As the Company has only 11 employees it is not covered by the requirement to disclose gender pay gap information. As there is no overlap in job roles such a comparison would not be fair or meaningful.
Emp-Training	Employee training and development	See page 73 of the 2023 Annual Report
Emp-Dev	Employee performance appraisals	100% of employees receive an annual performance appraisal – see page 73 of the 2023 Annual Report
Emp-Turnover	New hires and turnover	See page 73 of the 2023 Annual Report
H&S-Emp	Employee health and safety	See page 72 of the 2023 Annual Report
H&S-Asset	Asset health and safety assessments	See page 26 and page 72 of the 2023 Annual Report
H&S-Comp	Asset health and safety compliance	See page 26 and page 72 of the 2023 Annual Report
Comty-Eng	Community engagement programmes	See page 74 of the 2023 Annual Report

Governance performance measures		
Gov-Board	Composition of highest governance body	The composition of the Board is set out in the Governance section on page 96 the 2023 Annual Report
Gov-Selec	Process for selection of highest governance body	The Nomination Committee Report on pages 97 to 99 of the 2023 Annual Report describes the selection process
Gov-Col	Process for management of conflicts of interest	See page 87 of the 2023 Annual Report

GRESB and EPRA Data

Five-year GHG emissions summary

		2018		2019		2020		2021		**2022**			
Emission source	GHG scope	Absolute GHG emissions (tCO_2e)	GHG intensity (tCO_2e/m^2)	Absolute GHG emissions (tCO_2e)	GHG intensity (tCO_2e/m^2)	Absolute GHG emissions (tCO_2e)	GHG intensity (tCO_2e/m^2)	Absolute GHG emissions (tCO_2e)	GHG intensity (tCO_2e/m^2)	**Absolute GHG emissions (tCO_2e)**	**GHG intensity (tCO_2e/m^2)**	% Change absolute GHG	% Change GHG intensity
Combustion of fuel and operation of facilities	1	1,242	0.007	1,166	0.024	940	0.020	1,020	0.019	**989**	**0.017**	-3%	-12%
Electricity, heat, steam and cooling purchased for own use	2	2,679	0.014	2,293	0.042	1,499	0.031	1,448	0.028	**1,629**	**0.019**	13%	-31%
Head office	2	10	N/A	9	N/A	8	N/A	5	0.018	**8**	**0.026**	64%	50%
Total Scope 1 and 2	1 and 2	3,931	N/A	3,468	0.056	2,447	0.043	2,473	0.044	**2,626**	**0.027**	6%	-38%
Business travel	3	8	N/A	4	N/A	1	N/A	2	N/A	**3**	**N/A**	30%	N/A
Occupier data (electricity and fuel consumption)	3	5,425	0.034	3,672	0.033	3,892	0.027	10,455	0.039	**9,664**	**0.033**	-8%	-16%
Landlord water and treatment	3	55	0.001	53	0.000	12	0.000	6	0.000	**21**	**0.000**	228%	102%
Landlord waste	3	26	0.000	13	0.000	7	0.000	8	0.000	**16**	**0.000**	102%	89%
Total Scope 3	3	5,514	N/A	3,741	N/A	3,912	0.019	10,471	0.032	**9,704**	**0.026**	-7%	-19%
Total	All	9,445	N/A	7,209	N/A	6,358	N/A	12,944	N/A	**12,330**	**N/A**	-5%	N/A

The above 2022 figures have been updated from those published in the 2023 Annual Report as a result of the completion of data assurance.

Absolute direct and indirect energy consumption of standing investment portfolio

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

Elec-Abs	**Total energy consumption electricity from occupied buildings**		2020	2021	**2022**	Change YoY
	Total landlord purchased grid electricity	kWh	6,429,055	6,819,927	**8,609,924**	26%
	Proportion of landlord procured grid electricity from renewable sources	%	100%	100%	**100%**	0%
	Total occupier purchased grid electricity	kWh	9,269,682	33,117,209	**32,832,267**	-1%
	Proportion of occupier procured grid electricity from renewable sources	%	0%	14%	**9%**	-5%
	Self-generated renewable electricity	kWh	33,789	41,578	**59,007**	42%
	Electricity consumed within head office	kWh	34,752	22,866	**41,105**	80%

Fuels-Abs	**Total energy consumption from fuels from occupied buildings**		2020	2021	**2022**	Change YoY
	Total landlord purchased grid fuel	kWh	5,109,661	5,570,486	**5,417,355**	-3%
	Total occupier purchased grid fuel	kWh	9,411,661	18,688,656	**18,159,588**	-3%
	Fuel consumed within head office	kWh	0	0	**0**	N/A

DH&C-Abs	**Total energy from district heating and cooling from occupied buildings**	2020	2021	**2022**	Change YoY
	Total district heating and cooling purchased and consumed	N/A	N/A	**N/A**	N/A

Total Energy-Abs	**Total energy consumption from occupied buildings**		2020	2021	**2022**	Change YoY
	Total building energy (electricity and fuel) consumption	kWh	30,254,810	64,219,143	**65,060,239**	1%
	Total landlord building energy (electricity and fuel) consumption	kWh	11,573,467	12,413,278	**14,068,385**	13%
	Total occupier building energy (electricity and fuel) consumption	kWh	18,681,343	51,805,865	**50,991854**	-2%

Energy-Int	**Building energy intensity of controlled buildings**		2020	2021	**2022**	Change YoY
	Landlord total building use intensity (electricity and fuel)	kWh/m²/year	205.55	220.81	**145.72**	-34%
	Landlord electricity building use intensity	kWh/m²/year	131.13	139.10	**101.72**	-27%
	Landlord fuel building use intensity	kWh/m²/year	97.31	106.08	**92.54**	-13%

Elec-Abs/Total Energy-Abs/Energy-Int – Data covers 39 out of 49 properties. All data for head office has been excluded and reported separately.
Fuels-Abs – Data covers 30 out of 49 properties.

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

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

Elec-LfL			2021	**2022**	Change YoY
	Total landlord purchased grid electricity	kWh	6,819,927	**7,347,937**	8%
	Proportion of landlord purchased grid electricity from renewable sources	%	100%	**100%**	0%
	Total occupier purchased grid electricity	kWh	21,379,305	**22,242,872**	4%
	Self-generated renewable electricity	kWh	41,578	**48,273**	16%

Fuels-LfL	**Total energy consumption from fuels from occupied buildings**		2021	**2022**	Change YoY
	Total landlord purchased grid fuel	kWh	5,566,864	**5,338,831**	-4%
	Total occupier purchased grid fuel	kWh	14,824,055	**16,704,033**	13%

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

Total Energy-LfL	**Total energy consumption from occupied buildings**		2021	**2022**	Change YoY
	Total building energy (electricity and fuel) consumption	kWh	48,590,152	**51,633,673**	6%
	Total landlord purchased energy (electricity and fuel) consumption	kWh	12,386,791	**12,686,768**	2%
	Total occupier purchased energy (electricity and fuel) consumption	kWh	36,203,360	**38,946,905**	8%

Elec-LfL – It is important to note that of the 49 properties, 45 were eligible for LfL comparisons as four assets were either bought part way through 2021 or in 2022. Data covers 35 out of 45 properties.
Fuels-LfL – It is important to note that of the 49 properties, 45 were eligible for LfL comparisons as four assets were either bought part way through 2021 or in 2022. Data covers 21 out of 45 properties.
Total Energy-LfL – It is important to note that of the 49 properties, 45 were eligible for LfL comparisons as four assets were either bought part way through 2021 or in 2022. Data covers 35 out of 45 properties.

GHG

Absolute direct and indirect greenhouse gas emissions of standing investment portfolio

GHG-Dir-Abs, GHG-Indir-Abs	**Scope 1**		2020	2021	**2022**	Change YoY
	GHG emissions from fuels combusted on-site (location-based)	tCO_2e	940	1,020	**989**	-3%
	GHG emissions from refrigerant gases	tCO_2e	0	0	**0**	N/A
	GHG emissions from fuels combusted on-site in head office (location-based)	tCO_2e	0	0	**0**	N/A
	Total Scope 1 emissions	tCO_2e	940	1,020	**989**	-3%
	Scope 2		2020	2021	**2022**	Change YoY
	GHG from purchased electricity (location-based)	tCO_2e	1,499	1,448	**1,629**	14%
	GHG emissions from purchased electricity (market-based)	tCO_2e	0	0	**0**	N/A
	GHG emissions from purchased electricity consumed in head office (location-based)	tCO_2e	5	5	**8**	64%
	Total Scope 2 emissions	tCO_2e	1,504	1,453	**1,637**	14%
	Scope 3		2020	2021	**2022**	Change YoY
	GHG emissions from occupier fuels combusted on-site (location-based)	tCO_2e	1,731	3,423	**3,315**	-3%
	GHG emissions from occupier purchased electricity (location-based)	tCO_2e	2,161	7,032	**6,349**	-10%
	GHG from landlord business travel	tCO_2e	1	2	**3**	30%
	GHG emissions from landlord municipal water supply and treatment	tCO_2e	12	6	**21**	228%
	GHG emissions from landlord waste treatment and disposal	tCO_2e	7	8	**16**	102%
	GHG emissions from head office municipal water supply and treatment	tCO_2e	0.016	0.016	**0.019**	24%
	Total Scope 3 emissions	tCO_2e	3,912	10,471	**9,704**	-7%
	Total energy consumption from occupied buildings		2020	2021	**2022**	Change YoY
	Total GHG emission from energy (location-based)	tCO_2e	6,355	12,944	**12,330**	-5%
	Building energy intensity of controlled buildings		2020	2021	**2022**	Change YoY
	Scope 1 Intensity	$tCO_2e/m^2/year$	0.018	0.019	**0.017**	-12%
	Scope 2 Intensity	$tCO_2e/m^2/year$	0.031	0.028	**0.019**	-31%
	Scope 3 Intensity (occupier fuel and electricity)	$tCO_2e/m^2/year$	0.027	0.039	**0.033**	-16%

GHG Dir-Abs – Data covers 39 out of 49 properties.
GHG Dir Abs-LfL – It is important to note that of the 49 properties, 45 were eligible for LfL comparisons as four assets were either bought part way through 2021 or in 2022. Data covers 35 out of 45 properties.

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

GHG-Dir-LfL, GHG-Indir-LfL	**Scope 1**		2021	**2022**	Change YoY
	GHG emissions from fuels combusted on-site	tCO_2e	1,020	**975**	-4%
	GHG emissions from refrigerant gases	tCO_2e	0	**0**	N/A
	GHG emissions from fuels combusted on-site in head office (location-based)	tCO_2e	0	**0**	N/A
	Total Scope 1 emissions	tCO_2e	1,020	**975**	-4%
	Scope 2		2021	**2022**	Change YoY
	GHG from purchased electricity (location-based)	tCO_2e	1,448	**1,421**	-2%
	GHG emissions from purchased electricity (market-based)	tCO_2e	0	**0**	N/A
	GHG emissions from purchased electricity consumed in head office (location-based)	tCO_2e	5	**8**	64%
	Total Scope 2 emissions	tCO_2e	1,453	**1,429**	-2%
	Scope 3		2021	**2022**	Change YoY
	GHG emissions from occupier fuels combusted on-site (location-based)	tCO_2e	2,715	**3,049**	12%
	GHG emissions from occupier purchased electricity (location-based)	tCO_2e	4,539	**4,301**	-5%
	GHG emissions from landlord municipal water supply and treatment	tCO_2e	6	**10**	60%
	GHG emissions from landlord waste treatment and disposal	tCO_2e	8	**16**	102%
	GHG emissions from head office municipal water supply and treatment	tCO_2e	0.016	**0.019**	24%
	Total Scope 3 emissions	tCO_2e	7,269	**7,377**	1%
	Total energy consumption from occupied buildings		2021	**2022**	Change YoY
	Total GHG emission from energy (location-based)	tCO_2e	9,741	**9,780**	0%
	Building energy intensity of controlled buildings		2021	**2022**	Change YoY
	Scope 1 Intensity	$tCO_2e/m^2/year$	0.0160	**0.0176**	10%
	Scope 2 Intensity	$tCO_2e/m^2/year$	0.0240	**0.0283**	18%
	Scope 3 Intensity (occupier fuel and electricity)	$tCO_2e/m^2/year$	0.0267	**0.0250**	-6%

Water

Absolute water consumption of standing investment portfolio

Water-Abs	**Total water consumption from occupied buildings**		2020	2021	**2022**	Change YoY
	Total landlord municipal water	m^3	11,453	15,140	**49,730**	228%
	Total occupier municipal water	m^3	152,974	122,218	**23,098**	-81%

Water-Int	**Building water intensity of standing investment portfolio**		2020	2021	**2022**	Change YoY
	Landlord water building use intensity	m^3/m^2/year	0.2254	0.2980	**0.6540**	119%
	Occupier water building use intensity	m^3/m^2/year	–	0.8923	**0.2042**	-77%

Water-LfL	**Total water consumption from occupied buildings**		2020	2021	**2022**	Change YoY
	Total landlord municipal water	m^3	N/A	15,140	**24,241**	60%
	Total occupier municipal water	m^3	N/A	11,902	**17,869**	50%

Water-Abs/Water-Int – Data covers 30 out of 49 properties.
Water-LfL – It is important to note that of the 49 properties, 45 were eligible for LfL comparisons as four assets were either bought part way through 2021 or in 2022. Data covers 19 out of 45 properties.

Waste

Absolute waste consumption of standing investment portfolio

Waste-Abs	Total waste consumed from landlord controlled buildings		2020	2021	**2022**	% by disposal route	% Change YoY
	Total waste collected	tonnes	251	373	**754**	N/A	102%
	Total hazardous waste	tonnes	0	0	**0**	0%	N/A
	Total non-hazardous waste	tonnes	251	373	**754**	100%	102%
	Total waste landfill	tonnes	3	0	**0**	0%	N/A
	Total waste incineration	tonnes	0	1	**0**	0%	-100%
	Total waste reused	tonnes	0	0	**0**	0%	N/A
	Total waste to energy	tonnes	55	104	**126**	17%	21%
	Total waste recycled	tonnes	193	268	**628**	83%	134%
	Total waste other	tonnes	0	0	**1**	0%	N/A

Waste-LfL	Total waste consumed from landlord controlled buildings		2021	**2022**	% by disposal route	% Change YoY
	Total waste collected	tonnes	372	**744**	N/A	100%
	Total hazardous waste	tonnes	0	**0**	0%	N/A
	Total non-hazardous waste	tonnes	372	**744**	100%	100%
	Total waste landfill	tonnes	0	**0**	0%	N/A
	Total waste incineration	tonnes	0	**0**	0%	N/A
	Total waste reused	tonnes	0	**0**	0%	N/A
	Total waste to energy	tonnes	104	**118**	16%	14%
	Total waste recycled	tonnes	268	**625**	84%	133%
	Total waste other	tonnes	0	**0**	0%	N/A

Waste-Abs – Data covers 16 out of 49 properties.
Waste-LfL – It is important to note that of the 49 properties, 45 were eligible for LfL comparisons as four assets were either bought part way through 2021 or in 2022. Data covers 15 out of 45 properties.

Building certifications

Cert-Tot	Building certifications		% of portfolio 2020	% of portfolio 2021	**% of portfolio 2022**	% Change YoY
	Energy Performance Certification (EPC)	A	0.3%	0.5%	**0.9%**	74%
		B	9.8%	15.7%	**25.9%**	64%
		C	38.5%	36.2%	**35.7%**	-1%
		D	43.7%	40.7%	**29.3%**	-28%
		E	7.5%	6.6%	**8.0%**	22%
		F	0.3%	0.3%	**0.0%**	-100%
		G	0.0%	0.0%	**0.2%**	N/A
		Uncertified (Managed)	0.0%	0.0%	**0.0%**	N/A
	BREEAM	m^2	3.7%	3.1%	**3.0%**	-5%

Cert-Tot – Data covers all 49 properties.
The above EPC table is by number, however in the Annual Report EPCs are reported by Estimated Rental Value.

Business travel

Transport type	Total distance 2021 (km)	**Total distance 2022 (km)**	Percentage change
Car	9,004	**9,048**	0.5%
Air	1,110	**2,147**	93%
Train	3,857	**11,367**	195%
All transport	13,972	**22,562**	61%

Transport type	Total tCO_2e emissions 2021	**Total tCO_2e emissions 2022**	Percentage change
Car	1.52	**1.58**	4%
Air	0.27	**0.53**	96%
Train	0.14	**0.40**	186%
All transport	1.93	**2.51**	30%

Health and safety

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

Over the period from April 2022 to March 2023 all required asset health and safety assessments were completed and there were no reported health and safety incidents (fire and medical illness). In addition, our property managers provide a monthly health and safety report detailing compliance with Critical Documents (legal requirements) and Secondary Documents (best practice), along with a full list of required document compliance, actions and incidents. If, for any reason, we are unable to undertake a Critical Document action, we ensure the relevant item is safely removed from use until the action has been completed.

As at 31 March 2023 we were 99% compliant with Critical Documents and 99% compliant with Secondary Documents.

Data Assurance

To the stakeholders of Picton

Independent assurance statement by JLL Sustainability Consulting, ('JLL') to the stakeholders of Picton Property Income Limited ('Picton') concerning the data and associated GHG emissions used in its 2023 GRESB Submission and presented in its EPRA tables for the period 1 January 2022 to 31 December 2022.

Scope of work

Picton engaged JLL to provide independent assurance of energy (electricity and gas), water and waste data and GHG emissions relevant to its 2023 GRESB submission and EPRA tables. The engagement was Type 2 moderate assurance in accordance with the AA1000AS v3 standard which consisted of:

A. Evaluation of Picton's adherence to the AA1000 AccountAbility Principles (AA1000AP 2018) of inclusivity, materiality, responsiveness and impact;

B. Evaluation of the reliability of the specified sustainability performance information and associated data collection and management processes and systems.

Responsibility

The management of Picton is responsible for the completion of the GRESB submission and EPRA tables and all statements and figures contained therein. JLL's responsibility was to complete the assurance process based on the data provided by Picton's data management team, prepare this assurance statement and to provide a report on its findings for the management of Picton.

Level of assurance and limitations

JLL provided a moderate level of assurance which included desktop review, management and property level data verification and evidence gathering from internal sources and third parties. The verification did not include financial data, technical descriptions of or information relating to buildings or other information not related to sustainability.

The scope of our data testing was limited to the 2022 calendar year. We tested a sample of 588 landlord and tenant data points from a total of 49 data sources (e.g. meters or waste disposal routes) from properties within Picton's portfolio that underpin the environmental data reported in its GRESB submission and EPRA tables.

The scope of AA1000 Assurance is limited based on the amount of interaction and information provided. Material from Picton and its data management team, were provided as part of the evidence. These included data reporting templates, consumption invoices, training material, and policy documents. Publicly available information was also accessed via the corporate website.

A: Evaluation of Picton's adherence to the AA1000 AccountAbility Principles (AA1000AP 2018) of inclusivity, materiality, responsiveness and impact:

Based on the scope of work described above, nothing has come to JLL's attention to suggest that Picton did not adhere to the majority of the criteria under the principles of inclusivity, materiality, responsiveness and impact for 2022.

B: Evaluation of the reliability of the specified sustainability performance information and associated data collection and management processes and systems:

Based on the scope of the work described above, nothing has come to JLL's attention that causes it to believe that the specified energy (electricity and gas), water and waste performance information and associated GHG emissions are not fairly stated for Picton.

Independence of assurance

Due to our expertise and experience with non-financial information, sustainability management and social and environmental issues, we have the competencies required to conduct this independent assurance engagement. We are bound by the JLL Code of Business Ethics and are independent as defined by AA1000AS v3.

JLL Sustainability Services

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Glossary

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

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

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

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

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

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

GHG – greenhouse gas.

GHG absolute – total GHG emissions.

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

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

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

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

Kg/CO_2/m² – Kilogrammes of CO_2 per square metre – a measure of emissions intensity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

How to get in touch

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Website

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

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

PICTON / Occupier focused, Opportunity led.

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