SUSTAINABILITY

> Delivering sustainable buildings sits at the heart of our strategy so we are confident of making good progress on our net zero commitments.
>
> **Sally Ann Forsyth**
> Chair of the Sustainability Committee

I became the Board's sustainability lead in May 2022 and in that time have seen the enormous strides the Company has taken to progress its sustainability agenda. The highlight this year is our commitment to be net zero carbon by 2040 for scopes 1 and 2 and by 2045 for scope 3. This is an ambitious goal, particularly as our focus on laboratories means our occupiers typically have higher energy requirements, but delivering sustainable buildings sits at the heart of our strategy so we are confident of making good progress.

Our business model is primarily focused on converting existing buildings to life science use. This typically means retaining the substructure and superstructure of buildings, thereby avoiding the upfront embodied carbon emissions which contribute an estimated 50% of a building's GHG emissions over its lifetime. Examples of that are at Cambourne and RSY where we have or are looking to repurpose existing space.

OTP is our only significant development project, and here we have undertaken an assessment of the embodied carbon emissions in one of our buildings which we are learning from to make future development and refurbishment more sustainable.

ESG is also central to our overall aim of 'creating space for science' which with all its possible applications from green technology to medical advances has the capacity to improve the welfare of millions of people. Given their life science focus, we are fortunate that many of our occupiers have their own sustainability goals and are keen to work with us to achieve them. Data sharing is often the starting point and here we have made good progress; we now collect energy consumption data for 91% of investment assets (by sq ft), including occupier procured energy covering over 140,000 sq ft. We are actively engaging with our occupiers; this year we have prioritised the single-let units and have held one-to-one sustainability meetings with 45% of those.

Our approach to Sustainability

Environmental

- Progressing our net zero pathway
- Achieving best-in-class building certifications
- Sustainable development and repurposing
- Supporting biodiversity

Social

- Providing healthy buildings
- Partnering with our occupiers on their sustainability objectives
- Providing collaborative space
- Encouraging active travel
- Supporting local charitable organisations

Governance

- Maintaining best practice governance
- Addressing ESG related risks and opportunities
- Transparent disclosure and participation in industry benchmarks

The urgency to make real progress on sustainability initiatives is increasing. 2023 was the warmest year on record and the built environment is responsible for 40% of greenhouse gas emissions globally, so in our sector, the need to act is particularly acute. We have seen the volume of ESG-related legislation grow including the work the International Sustainability Standards Board ("ISSB") has done to harmonise sustainability reporting standards and the EU's Corporate Sustainability Reporting Directive ("CSRD"). Noteworthy for 2024 is the forthcoming Taskforce for Nature-related Financial Disclosure ("TNFD").

The direction of travel is clear, and as Chair of the Sustainability Committee, ensuring we continue to align with best practice is a priority. To this end, the Investment Adviser has created a separate ESG risk register and established an ESG Taskforce (see page 52) to help inform on forthcoming issues, risks and opportunities and to shape decision making and long-term strategy.

We set ESG targets on an annual basis with progress against those targets regularly monitored by the ESG Taskforce.

You can find more information about our strategy, how it is evolving and the progress we are making towards our targets on the following pages.

Disclosure frameworks we are currently aligned to are set out below:

Framework	Status	Pages
Taskforce on Climate-related Financial Disclosures ("TCFD")	Voluntary disclosure (not mandatory for closed-ended investment companies)	46 to 53
Streamlined Energy & Carbon Reporting ("SECR")	Mandatory disclosure	54 to 59
The Companies (Directors' Report) and LLPs (Energy and Carbon Report) Regulations 2018	Mandatory disclosure	54 to 59
EPRA – European Real Estate Association	Voluntary disclosure (not mandatory reporting, best practice adopted)	54 to 59

SUSTAINABILITY CONTINUED

Sustainability highlights

Highlights of our sustainability performance for 2023 are set out below with a full update on pages 44 to 45.

Environmental

324.5 tonnes CO_2e scope 1 & 2 emissions LFL (2022: 206.6 tonnes CO_2e)

15% increase in LFL energy intensity

8 buildings (including on-site developments) with full or interim BREEAM Excellent or Very Good certifications

87% A-C EPC by area (2022: 83%)

127,000KW generated from on-site photo voltaic ("PV") panels

91% of investment asset energy consumption data collected (2022: 57%)

100% of landlord controlled waste diverted from landfill (2022: 100%)

Social

Face-to-face ESG engagement with 45% of single let occupiers by sq ft

OTPortal app developed, enabling regular communication with occupiers

£10,000 donated to charities local to our assets or provided through match funding

Governance

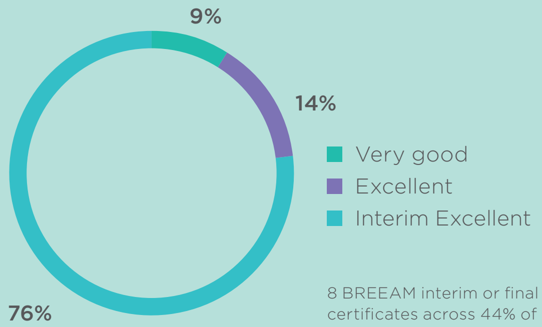
Net zero carbon commitment: 2040 for scopes 1 & 2 and 2045 for scope 3

Maintaining Board gender diversity **50%** female representation, including the Chair

ESG and climate-related risk framework implemented

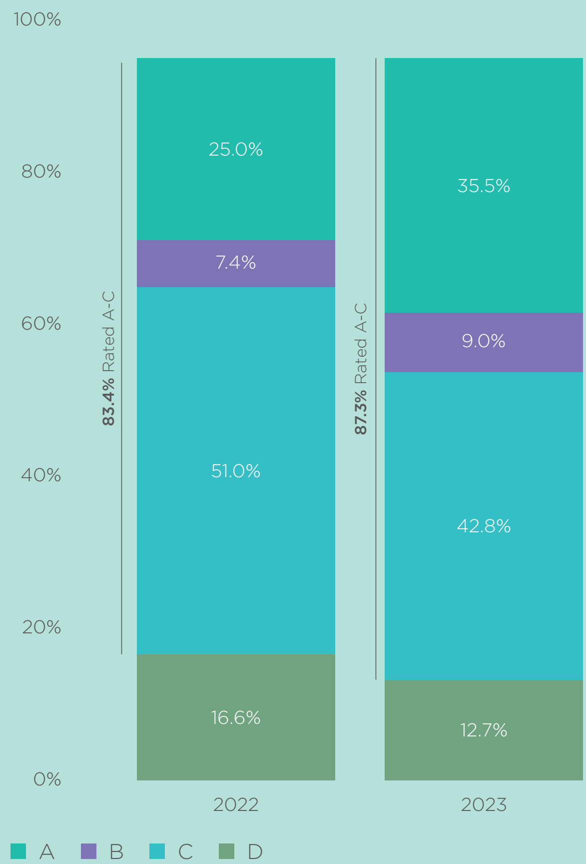
Awarded sBPR Silver Award and sBPR Most Improved Award by EPRA for 2022

BREEAM



8 BREEAM interim or final certificates across 44% of the total portfolio area

EPC ratings by area



EPRA BPR GOLD

EPRA sBPR SILVER

EPRA sBPR MOST IMPROVED AWARD

Sustainability timeline

2021	Rolling Stock Yard, Lumen House, Merrifield and Cambourne purchased
2022	Oxford Technology Park and Herbrand Street purchased Sustainability Committee formed and Sally Ann Forsyth appointed Chair ESG stakeholder mapping and engagement Climate change scenario analysis and voluntary TCFD disclosure
2023	Completed first embodied carbon assessment at OTP Disposal of Lumen House Integrated climate and ESG risks into corporate risk register Group sustainability strategy and policy approved
2024	Launch net zero carbon pathway (see pages 42 to 43) Deliver first fully electric laboratory at Cambourne Conduct embodied carbon assessment for Cambourne repurposing project
2025+	Publish formal Net Zero Transition Plan Publish and report against TNFD
2030+	50% reduction in scope 1 and 2 emissions in line with the Company’s Net Zero Pathway
2040	Target to achieve net zero for scope 1 & 2 carbon emissions
2045	Target to achieve net zero for scope 3 carbon emissions NHS commitment to be net zero across its supply chain
2050	UK Government net zero target

SUSTAINABILITY CONTINUED

Net zero pathway ("pathway")

Pathway ambitions

We recognise that we have a clear responsibility to support the transition to a net zero carbon economy. For a building, net zero carbon is achieved when all the carbon emissions associated with it, from production and operation through to deconstruction and end of life are zero or negative. The Group has an ambition to be net zero carbon across our scope 1, 2 and 3 emissions on the following basis and this commitment has been approved by the Board:

- to be net zero in scopes 1 and 2 carbon emissions by 2040; and
- to be net zero in scope 3 emissions by 2045.

These targets are ahead of the UK Government's target of 2050 and are aligned with industry best practice. Reductions will be achieved through a combination of energy efficiency, electrification and renewable energy. The Pathway has considered the Group's material carbon emissions associated with the energy consumption set out below.

Pathway scope

	Scope 1 Landlord gas fuelled heating supplies[1]	Scope 2 Landlord electricity supplies[1]	Scope 3 Occupier controlled energy usage[2]
Existing portfolio (electricity & heat)	Yes	Yes	Yes Occupier controlled energy usage[2]
Developments & repurposing (embodied carbon)	N/A	N/A	Yes Embodied carbon of construction materials[2]
Overview of aims	• Reduce usage • Phase out gas fuelled supplies • Improve data capture	• Reduce usage • Repurpose in line with sustainability standards • Purchase renewable backed electricity for all supplies • Maximise on-site renewable energy generation	• Encourage occupiers to reduce usage and adopt renewable energy sources • Phase out gas fuelled supplies • Repurpose and develop in line with Sustainability Standards • Maximise on-site renewable generation

1. Includes some occupier energy usage due to absence of sub metering.
2. Approach to other scope 3 emissions categories will be investigated further in 2024.

Pathway approach

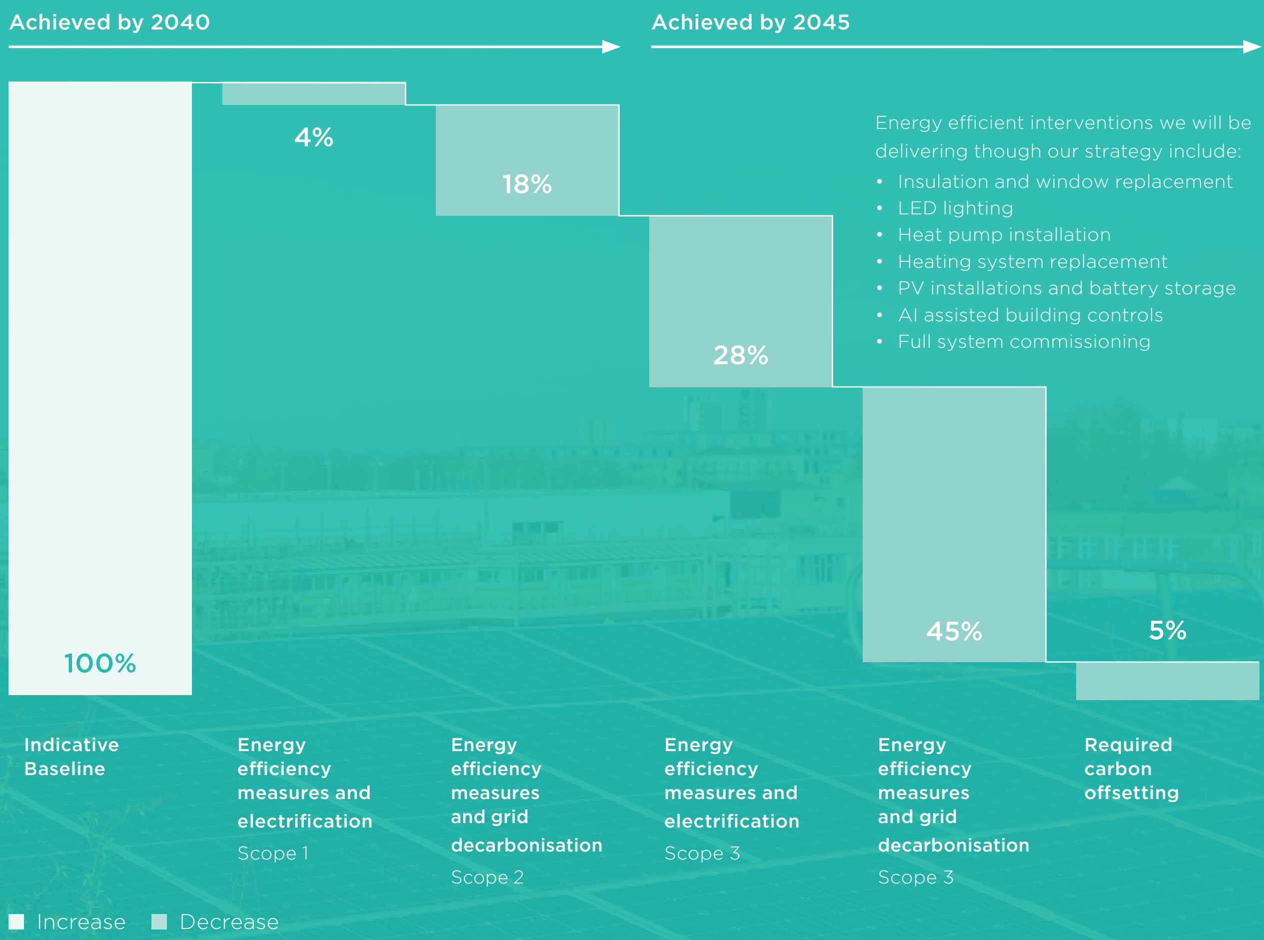
During 2023 we collated robust data for all the Group's scope 1 & 2 (direct) carbon emissions. We have increased our coverage of occupier energy use to 91% of the investment portfolio, providing real visibility over our scope 3 emissions. This data has enabled us to use 2023 as our baseline year for operational carbon.

The Pathway itself is generated by analysing the current lease terms and opportunities for repurposing on an asset-by-asset basis. This approach means the Group's decarbonisation solution is aligned to its long-term strategy.

The diagram shows our high-level pathway to net zero and the mechanisms we will use to achieve our goal. Our pathway is expected to deliver a reduction in absolute, operational carbon emissions of over 90%.

Our interim target for scopes 1 & 2 is a reduction in carbon emissions of 50% by 2030.

Indicative net zero pathway – operational carbon emissions



Energy efficient interventions we will be delivering though our strategy include:

- Insulation and window replacement
- LED lighting
- Heat pump installation
- Heating system replacement
- PV installations and battery storage
- AI assisted building controls
- Full system commissioning

Development is also a key driver of carbon emissions and repurposing buildings for life science use poses a unique challenge, as labs can consume around five times more energy than the equivalent offices floor area. Therefore, the design, build and operation of lab spaces needs careful consideration to ensure space is both configured appropriately for the occupier and that the impact on the environment is minimised. These factors mean that the Group's carbon emission profile could potentially fluctuate depending on the timing of development and repurposing across the business.

Our OTP development in Oxford is a flagship asset for the Group, but because we acquired it once the development plans were fixed and delivery was underway, we have been unable to materially influence the choice of construction materials or techniques and the embodied carbon from this development is therefore out of scope for the Pathway.

However, the core strategy is to repurpose existing buildings and no other major developments are currently forecast and any future developments would be in scope. This year we conducted an embodied carbon assessment on the IQ at OTP and now have a much better understanding of how material choices and building techniques drive embodied carbon which we will apply to future projects.

More generally, our focus across the portfolio will be on improving our understanding of energy usage on an asset basis; by tracking emissions against targets on an annual basis and at a granular level we gain insights which will help us to minimise carbon emissions for our occupiers, supporting them on their journeys to net zero.

SUSTAINABILITY CONTINUED

Sustainability strategy

Our sustainability strategy comprises high-level objectives at the corporate level and is supported by more granular initiatives and targets for our assets, as well as the minimum standards we need to meet for developments and acquisitions. A key achievement of our programme this year has been to agree a net zero carbon pathway and to embed that in the Group's business plan but progress has been slower in some areas and these will be a focus for this year.

Environment

Reducing our impact on the environment, reducing carbon emissions and waste, and enhancing biodiversity.

Focus area	2023 Achievements	Targets for 2024	Status
Progressing net zero	• Net zero pathway commitments set and approved by the Board (see pages 42 to 43) • 2023 established as baseline year • 100% of scope 1 & 2 carbon emissions reported • 91% of investment asset energy consumption data captured (2022: 57%) including 75% of occupier procured energy (2022: n/a) • 383 tCO_2e absolute scope 1 & 2 carbon emissions, a 72% increase on prior year due to increased occupancy at RSY and OTP buildings completing	• Progress towards net zero by 2040 for direct (scope 1 & 2) carbon emissions (CO_2e) • Progress towards net zero by 2045 for indirect (scope 3) carbon emissions (CO_2e)	=
	• 52% of landlord procured energy Renewable Energy Guarantees of Origin ("REGO") backed	• 100% of landlord renewable energy procured	∨
	• PV feasibility study undertaken at OTP and energy audit undertaken at Cambourne including renewables options. PV on two sites currently	• Identify and progress opportunities for on-site renewables across portfolio	=
Achieving best-in-class building certifications	• Interim BREEAM 'Excellent' in design for buildings 3, 5, 6, 7 and the IQ (4A and 4B) at OTP. See BREEAM table on page 56	• Achieve BREEAM Excellent rating for ground-up construction projects and Very Good rating for repurposing projects	=
	• 87% of properties now EPC A-C rated (2022: 83%). 100% excluding Herbrand Street which is listed. See EPC ratings table on page 56	• Target minimum EPC rating B across the portfolio	∧
Sustainable development & repurposing	• Cambourne repurposing adopted sustainability standards on a comply or explain basis. Supplier appointment requirements included Considerate Contractor registration and Modern Slavery Act alignment • Embodied carbon calculated for the IQ at OTP • 100% of non-hazardous waste diverted from landfill	• Track and report on adherence to sustainable standards for repurposing and development • Zero non-hazardous waste to landfill	=
Supporting biodiversity	• Landscaping plan implemented at OTP, including dry and wet meadow areas, native shrubs and over 140 trees	• Biodiversity net gain on all developments • Biodiversity strategy for all assets	∨

In setting our sustainability strategy, we have aligned our approach to the following of the UN's Sustainability Development Goals where we can have the biggest impact:

Key: ∧ Ahead of target = On target ∨ Behind target

Social

Providing buildings that enhance wellbeing, encourage collaboration and enable a healthy workforce for our occupiers.

Focus area	2023 Achievements	Targets for 2024	Status
Providing healthy buildings	• The Fitwel healthy building checklist used for the Cambourne repurposing project	• Developments to achieve Fitwel certification with a minimum 2-star rating • Repurposing projects and existing portfolio to be assessed against Fitwel criteria	∨
Partnering with our occupiers on their sustainability objectives	• ESG stakeholder engagement with our staff, occupiers, investors and Board to identify areas of importance • One-to-one engagement with 45% of single unit occupiers	• Opportunity to collaborate on ESG matters offered to all occupiers by the end of 2024	=
Providing collaborative space	• Collaborative space delivered at the reception of RSY • Plans for collaborative space progressing at the IQ at OTP • OTPortal app developed and launched in 2024	• All multi-tenanted assets to have collaborative space on-site by 2025	=
Encouraging active travel	• Undertaken occupier travel survey at RSY • Progressing sustainable travel initiatives at OTP	• Green and active travel plans in place across portfolio including cycling facilities	=
Supporting local charitable organisations	• £9,000 donated to charities close to our assets including Science Oxford, Wintercomfort in Cambridge and Refugee Action • Additional £1,000 donated, matching Investment Adviser's employees' fundraising	• Annual corporate charitable plan	=

Governance

Setting the highest standards of corporate governance.

Focus area	2023 Achievements	Targets for 2024	Status
Maintaining best practice governance and oversight of ESG risks	• Sustainability Committee operational in 2023, see page 96. ESG Taskforce established • Separate ESG and climate-related risk register developed and framework established • Anti-corruption and whistleblowing policies approved by Board • Provided additional disclosure on Board and Investment Adviser employment	• Evolve best practice governance in line with GRESB, the Global Real Estate Sustainability Benchmark and TCFD recommendations demonstrating incremental improvement each year	=
	• 100% of new leases include energy data collection and collaboration on building performance; 87% include preservation of EPC rating	• 100% of leases contain green clauses aligned to principles	∧
Transparent disclosure and participation in industry benchmarks	• Awarded EPRA sBPR silver award and EPRA sBPR most improved award for the 2022 Annual Report	• Achieve Gold standard EPRA sBPR reporting for year ending 2023	∨
	• 2023 MCSI rating of 'B'	• Achieve incremental rating improvement for indices	∨

TCFD

A summary of the Group's climate-related financial disclosures is set out below. This aligns to the TCFD's four pillars – Governance, Strategy, Risk Management and Metrics and Targets and to the 11 specific TCFD recommendations. Progress against each recommendation is set out below.

Compliance Statement

Although the Group is exempt from the TCFD disclosure requirement as Listing Rule 9.8.6R(8) explicitly excludes closed-ended investment companies, the Group fully supports the recommendations and voluntarily discloses its alignment.

Pillar	TCFD recommendation	Compliance
Governance	a. Describe the Board's oversight of climate-related risks and opportunities	Consistent
	b. Describe management's role in assessing and managing climate-related risks and opportunities	Consistent
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	Consistent
	b. Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning	Developing: Climate-related risks and opportunities have been identified and materiality assessed and incorporated within business plan. Developing a quantitative approach over the medium-term.
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Consistent
Risk Management	a. Describe the organisation's processes for identifying and assessing climate-related risks	Consistent
	b. Describe the organisation's processes for managing climate-related risks	Consistent
	c. Describe how processes for identifying and managing climate-related risks are integrated into the organisation's overall risk management	Consistent
Metrics and Targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Consistent, and developing further metrics including energy intensity measures over the medium-term.
	b. Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas ("GHG") emissions, and the related risks	Consistent regarding scopes 1 & 2. Improving visibility over scope 3 emissions with visibility over 91% of investment assets energy data.
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Consistent

Governance

Describe the Board's oversight of climate-related risks and opportunities

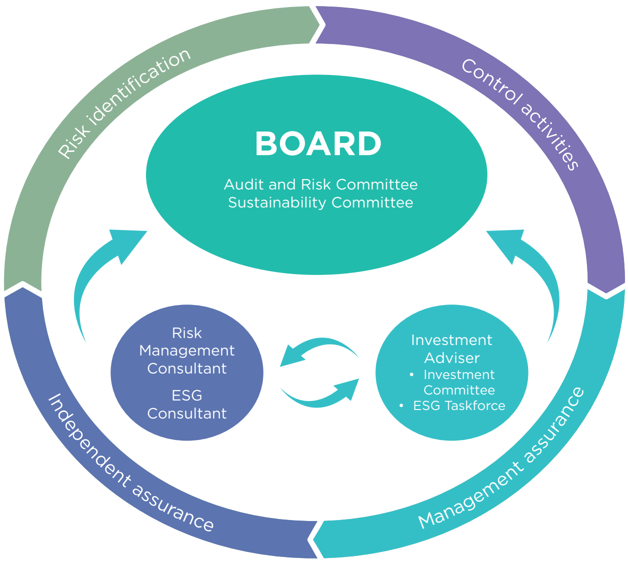
The Board, which is advised by Ironstone, the Investment Adviser, is responsible for setting the strategic direction of the Group, which includes delivery of the sustainability strategy. The Board has full oversight of climate-related risks and opportunities via the Audit and Risk Committee and the Sustainability Committee, as all Board Directors are members of both committees. At each Sustainability Committee the Investment Adviser provides the ESG risk register for review and comment, with attention drawn to any changes in risk rating, new or emerging risks. The Sustainability Committee recommends to AuditR Ltd ("AuditR") (the Group's independent risk management consultant) any key risks to be included in the corporate risk register which is subsequently presented to the Audit and Risk Committee by AuditR.

The Sustainability Committee is chaired by Sally Ann Forsyth and meets biannually to monitor progress against sustainability strategy targets, including climate-related risk mitigation.

The Investment Adviser provides quarterly updates at Board meetings on progress against the sustainability strategy goals and updates on ESG considerations more broadly to enable the Board to fully consider climate-related risks and opportunities in their decision making.

The Investment Adviser's Investment Committee meets to review and appraise investment advisory decisions for the Group including acquiring and disposing of assets.

Governance of climate-related risks and opportunities



Roles in governing climate-related risks and opportunities

The Board – Sets the sustainability strategy of the Group, monitors and has oversight of performance against targets

Audit and Risk Committee – Monitors and reviews risks and opportunities of the Group, including those that are key climate-related

Investment Adviser Investment Committee – Ensures expenditure is in line with the sustainability standards and targets

Investment Adviser – Responsible for preparing and implementing the sustainability strategy, including identifying, assessing and managing climate-related risk mitigation

Sustainability Committee – Monitors and reviews climate-related risks and opportunities, makes recommendations to the Audit and Risk Committee for additions/deletions to the corporate risk register via AuditR

Risk Management Consultant – AuditR prepares, provides expertise and manages the Group's Risk Management Framework

ESG Taskforce – A group of internal (Ironstone) and external expertise reviewing emerging climate-related risks and providing expert industry advice

ESG Consultant – Square Gain provides support on operational aspects of ESG, the regulatory landscape, and climate-related risks and opportunities

TCFD CONTINUED

Governance continued

Describe management's role in assessing and managing climate-related risks and opportunities

The Investment Adviser prepares and integrates the sustainability strategy within the day-to-day management of the Group's assets. The Investment Adviser works with the independent risk management consultant, AuditR, and the independent ESG Consultant, Square Gain, to undertake regular assessments of the Group's climate-related risks and opportunities. These assessments are undertaken alongside broader ESG topics and results in an updated ESG risk register including controls and mitigations which is provided to the Sustainability Committee for review biannually.

In 2023, the Investment Adviser introduced sustainability standards for acquisitions, development and repurposing. In line with which, the Investment Adviser undertakes environmental due diligence focused on the asset's vulnerability and resilience to key climate-related risks including flooding, subsidence, overheating and Minimum Energy Efficiency Standards ("MEES") compliance.

For detail on the climate scenario analysis see below.

The Investment Adviser has established an ESG Taskforce, which comprises the Head of ESG, Director of Asset Management, Head of Investor Relations and Corporate Affairs and Square Gain. They meet monthly to prepare, manage and prioritise the sustainability strategy including climate-related risks at asset level. The ESG Taskforce is also consulted as appropriate on material investment decisions.

The Investment Adviser has been closely involved in the climate change scenario analysis set out below with the output discussed at the Investment Adviser risk review meeting and integrated into both the ESG risk register and the corporate risk register.

For full details of our Risk Management Framework see page 63.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term

Over the last year, under the stewardship of our Board, we continue to implement our sustainability strategy, to update, manage and mitigate the climate-related risks and opportunities across our portfolio. As part of our business strategy, a climate change scenario analysis was undertaken in 2022 and reviewed in 2023 to identify the short, medium and long-term physical risks to the business. The time horizons adopted were based on real estate lifecycles; as buildings have long design lifespans, climate-related issues often manifest themselves over the medium and longer term, therefore the following applies:

- short-term is considered up to 2025, aligned with the current period;
- medium-term is from 2025 to 2030, aligned with the period used for the Group's planning, forecasting and performance analysis; and
- long-term is from 2030 to 2050, beyond the current forecasting period, informing the longer-term investment plan.

Through the climate change scenario analysis and our broader risk management process we assessed both the physical climate risks posed by climate change, and also the risks that arise as we transition towards a net zero carbon economy. This year, the Group introduced a separate ESG register which includes the consideration and mitigation of both physical and transitional climate-related risks and we will continue to evolve our approach to measuring the impact of these.

The methodology applied to the climate change scenario analysis is set out below.

Climate change scenario analysis methodology

To take account of the diverse range of climate futures, we incorporate three of the Intergovernmental Panel on Climate Change's representative concentration pathways ("RCPs") measuring average global warming:

- RCP 2.6: 0.9-2.3°C
- RCP 4.5: 1.7-3.2°C
- RCP 6.0: 2.0-3.7°C

The pathways describe different climate futures, all of which are considered possible depending on the volume of GHGs emitted in the years to come. Using location data for each site, our analysis demonstrates how the severity of a broad range of climate impacts will change over time, at different levels of global warming, which depend on how rapidly GHG emissions are reduced.

A broader range of risks are constantly monitored by the Group. For the purpose of reporting the Group uses the impact and likelihood thresholds of our Risk Management Framework to define climate-related risks and opportunities (see pages 49 to 51). The potential impact of climate change is one of our principal risks, as we seek to reduce both our impact on the environment and the impact that climate change has on our business. Refer to page 72 in the risk section.

Climate-related risks and opportunities

Ref	Risk	Time horizon and risk description	Impact on strategy and planning	Impact on financial planning	Residual exposure
Acute Physical Risk (P)					
P1	Flooding	• Medium to long-term • Damage due to surface water and/or river discharge	• Flood risk modelling undertaken on all assets	• Cost of flood risk assessments • Cost of repairing/ maintaining buildings • Increased insurance costs • Loss of value of impacted buildings	Medium
P2	Extreme weather events	• Short-term – Damage from storm, extreme heat, wind • Medium and long-term – Subsidence, damage to structure of building	• Climate change scenario analysis undertaken • Introduced refurbishment and acquisition protocols which take account of climate risk factors • Comprehensive repair and maintenance programmes	• Increased insurance costs • Cost of cooling facilities • Increased cost of repair and maintenance	Low
Transition Risk (T)					
T1	Market – occupier demand	• Short to medium-term – Demand for sustainable space could result in a 'brown discount' on valuation or structural voids – Occupiers require additional amenities to support wellbeing	• Targeting minimum BREEAM Very Good rating and EPC B • Assessing opportunities for Fitwel certification • Comprehensive programme of occupier engagement to understand their needs	• Cost of delivering more sustainable buildings (low carbon materials, low carbon plant and equipment) • Cost of building certifications • Cost of delivering amenity space and renewable energy solutions	Medium
T2	Policy & legal – regulatory compliance	• Short to medium-term – Increasing volume of disclosure requirements – Complexity of data collection • Elevated risk of incorrect disclosures	• External advisers engaged to support on disclosure requirements and advise on regulatory landscape • Improving the robustness of our data through automated systems • Occupier engagement to support data collection • Acquisition and asset management protocols incorporating climate considerations	• Cost of external advice • Cost of improved data systems	Medium

TCFD CONTINUED

Strategy continued

Climate-related risks and opportunities continued

Ref	Risk	Time horizon and risk description	Impact on strategy and planning	Impact on financial planning	Residual exposure
Transition Risk (T) continued					
T3	Market – stranded assets	• Medium to long-term – Buildings become unlettable and cost of upgrades are not financially viable – Insufficient electrical capacity	• Acquisition and asset management protocols include climate risk analysis to identify how we can enhance climate resilience of our buildings • External advisers engaged to advise on regulatory landscape • Regular power usage audits undertaken and monitored	• Cost of more regular upgrades and improvements • Cost of external advice and third-party analysis • Occupier engagement to understand a building's performance	Medium
T4	Market – cost of decarbonisation plans	• Short-term – Cost of low carbon materials and processes rises, lack of green skills • Long-term – Cost of carbon offsets increases	• Business model focused on repurposing, incorporating sustainability considerations • Net zero pathway reduces carbon emissions prior to commitment date, minimising cost of offsetting	• Higher capital expenditure to deliver business plan • Loss of value for assets where business plan not delivered	Medium
T5	Market – cost of capital	• Medium-term – Higher cost of finance for less sustainable assets – Inability to access financing	• Business model focused on repurposing, incorporating sustainability considerations	• Higher cost of finance/inability to access financing	Medium

Rolling Stock Yard, London Knowledge Quarter

Ref	Opportunity	Time horizon and risk description	Impact on strategy and planning	Impact on financial planning
Opportunities (O)				
O1	Market – occupier demand	• Short to medium-term – Occupier demand for sustainable space could result in a "green" rental premium'	• Business model focused on repurposing, incorporating sustainability considerations	• Potential to drive rental growth
O2	Market – stranded assets	• Short to medium-term – opportunity to acquire discounted 'brown' assets and re-purpose	• Acquisition targeting	• Potential to deliver enhanced returns
O3	Market – cost of capital	• Long-term – Access to green finance	• Continue to explore green financing opportunities	• Lower cost of finance
O4	Energy source	• Short to medium-term – Increasing on-site renewables	• Renewables feasibility studies • Collaboration with occupiers • Regularly review EV charging provision	• Potential for additional income streams • Initial capital outlay

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

The Group believes climate change is a critical risk for real estate and has approved targets to achieve net zero carbon for scope 1, 2 and 3 emissions. Our adopted sustainability standards include guidance for acquisitions, ground-up construction and repurposing works which focuses on using energy more efficiently, making our assets more resilient and reducing operating costs for our customers. Pages 44 to 45 sets out the progress made on our sustainability strategy in more detail in addition to our metrics and targets.

A key part of our strategy is engagement with occupiers, and with the market trending towards more sustainable spaces, it is important we understand their evolving needs and aspirations so occupier engagement is key to our approach.

This year, the Group has also taken steps to improve the quality of asset energy data reported which now covers 91% of the investment asset area, an increase of 34% compared to last year.

This year the Group has taken several steps towards supporting the net zero pathway, completing a PV feasibility study at two of our sites and is looking to increase capacity for renewable energy generation across our sites in the short-term.

The Group has committed to a robust plan for transitioning to a low carbon economy, which is aligned with our plan to decarbonise assets when repurposing and refurbishing. As detailed in our sustainability standards, our approach incorporates electrification, energy efficiency and renewable energy.

The operational and financial impacts and additional considerations the Group is reviewing due to climate-related risks are set out on page 72.

Reflecting the importance it attributes to climate-related issues, the Board undertakes at least annual training on climate-related matters to better assess their impact on strategy. The ESG Taskforce updates the Sustainability Committee on market trends and asset-specific climate-related issues. The Group closely monitors UK climate-related regulation so the financial and operational impacts are identified early and incorporated into the business plan.

TCFD CONTINUED

Strategy continued

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower (above pre-industrial levels) scenario

The Group's sustainability strategy takes into consideration different climate-related scenarios, including a 2°C or lower scenario, and uses RCP 2.6, RCP 4.5 and RCP 6.0, to ensure our individual assets and business operations have resilience in each of these scenarios.

Based on this analysis, our vulnerability to all physical climate risks is low up to 2030. In the RCP 6.0 post-2050 scenario, the risks assessed as material are from flooding and building inoperability due to overheating. However, these risks do not take account of existing mitigation or adaptation measures at a site level.

We manage, minimise and mitigate our climate risks and ensure resilience through implementing a range of measures; this includes flood risk assessments on acquisition, as well as targeting BREEAM certifications, and EPC A or B ratings.

In addition, when acquiring new buildings, we will undertake an environmental assessment and climate risk analysis as part of the due diligence process. This helps to ensure that we can enhance the asset's climate resilience when works are undertaken to refurbish and repurpose the asset to life science use.

New leases include clauses designed to assist with delivering our climate change ambitions, for example requiring any building alterations to be of a type and quality that does not adversely impact the EPC rating and the provision of energy consumption data to enable measurement of the portfolio's decarbonisation towards our net zero pathway targets.

Risk management

Describe the organisation's processes for identifying and assessing climate-related risks

We have an ESG risk register, with the significant climate-related risks being included in our corporate risk register. The climate-related risks are reviewed and assessed in line with all other types of risks, applying the same principals and terminology and identifying and implementing mitigations accordingly.

Our risk assessment process for prioritising climate-related risks incorporates an assessment of existing and emerging regulatory requirements, and the potential materiality of the impact on operations. This considers both the acute and chronic physical risks, and the transition risks as we move to a net zero carbon and climate resilient economy (in line with TCFD recommendations). Our assessment has shown that our portfolio is resilient and that these risks are adequately mitigated at the present time.

Prior to each Sustainability Committee, the ESG Taskforce (supported by AuditR and Square Gain) reviews the ESG risk register, updating it as appropriate and discussing any emerging climate-related risks. The Sustainability Committee, reviews the climate-related risks and any proposed changes to the corporate risk register are recommended to the Audit and Risk Committee.

For full details of the Risk Management Framework and consideration of emerging risks see pages 63 to 65 and for detailed description of the roles and responsibilities of the Sustainability Committee see page 96.

Describe the organisation's processes for managing climate-related risks

The Investment Adviser regularly reviews and updates the corporate risk register, which is reported to each Audit and Risk Committee meeting, highlighting any emerging risks, and any changes to existing risks; the controls in place; and our exposure to that risk. The Audit and Risk Committee reviews the risk register, with particular focus on the principal risks and any emerging risks (including climate-related risks), and provides updates to the Board.

The Audit and Risk Committee also monitors our risk management processes and approves relevant disclosures. It is responsible for monitoring financial reporting and external audit plans and outputs, as well as providing assurance to the Board in relation to financial, operational and compliance controls, all of which are designed to manage our exposure to risk.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

We have established the climate-related risk identification, assessment and management into our core risk management framework. For full details of our Risk Management Framework see page 63.

Metrics and targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The metrics used by the Group to assess climate-related risks and opportunities are aligned with TCFD recommendations and detailed in the sustainability strategy and risk management process. Metrics on climate-related risks associated with water, energy, land use and waste management, are included and considered to be the most appropriate for the Group at present. These metrics are reviewed on an annual basis to ensure they are consistent with sector-wide disclosure. As data develops, the Group is committed to providing historical data to aid trend analysis; further details on our metrics and targets can be seen in the table below and in the EPRA sBPR report on pages 54 to 59.

Disclose Scope 1, Scope 2 and Scope 3 GHG emissions, and related risks

In prior years, the Group has focused on measuring scope 1 and 2 GHG emissions; these are consistent with cross-industry climate-related metric categories and the GHG Protocol (see the EPRA sBPR report on pages 54 to 59). This year, given the significant contribution of occupier emissions to our scope 3 performance, we have also focused on improving our visibility over occupier energy usage.

We have engaged with occupiers over 2023 and are making significant progress to collect, collate and measure robust scope 3 data, and to develop plans to enhance energy efficiency and achieve carbon savings. These activities also support our occupiers' own sustainability ambitions.

Currently, the Group is responsible for the majority of its occupiers' energy procurement; 79% of the landlord-procured energy was consumed by occupiers, with the remainder being used in common areas and voids.

The most significant opportunity to minimise carbon and improve energy efficiency across the portfolio, is at the time when buildings are repurposed to laboratory space. These key intervention points have been mapped on every asset and form the basis for our decarbonisation pathway as we transition to net zero emissions by 2040 for scope 1 and 2 GHG emissions, and by 2045 for scope 3 GHG emissions. See pages 42 to 43 for further detail on our net zero carbon pathway.

Disclose the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

The Group uses a suite of targets to manage climate-related risks and opportunities. For reporting purposes we have set out the Group's targets in the table below. See the full report on progress against our sustainability strategy on pages 44 to 45 for further details.

Environmental

Risk/ opportunity	Metric	Page	Key target
P2, T3, T4, O2	• % repurposing projects to meet internal sustainability standards	See Achievements, p44	100% comply or explain
T2	• Absolute scope 1 & 2 carbon emissions and scope 3 emissions	See EPRA sBPR, p57	Net zero by 2040 for scope 1 & 2 2045 for scope 3
T2	• Energy intensity	See EPRA sBPR, p57	Target to be set this year
T1, O2	• Portfolio EPC performance	See Highlights, p40	B rating for all buildings
T1, O2	• Number of assets with Excellent or Very Good BREEAM certifications	See Highlights, p40	Minimum BREEAM Excellent for ground-up construction projects and Very Good for refurbishments
O4	• Number of assets with on-site renewables	See EPRA sBPR, p56	Identify and progress opportunities for on-site renewables across portfolio, targeting OTP for 2024
O4	• % electricity purchased from renewable sources	See EPRA sBPR, p56	100%

EPRA sBPR REPORTING

To maintain a high level of ESG related transparency and disclosure, the Group reports against relevant ESG indicators in accordance with the third edition of the European Public Real Estate Association ("EPRA") Sustainability Best Practice Recommendations ("sBPR") and the Streamlined Energy and Carbon Reporting ("SECR") requirements. Greenhouse gas ("GHG") emissions are calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard and the corresponding scope 1, scope 2 and scope 3 guidance.

For the progress on implementing the Group's sustainability strategy and the detailed management approach of different material sustainability topics, please refer to the sustainability section of this Annual Report, starting on page 38.

The Group's EPRA sBPR response has been split into the following four sections:

- Reporting methodology
- Environmental performance measures
- Social performance measures
- Governance performance measures

Reporting methodology

Organisational and operational boundaries

As at 31 December 2023, the Group's total investment in real estate represented five assets (the Group's organisational boundary) which excludes the assets under development at OTP. The Group's EPRA sBPR reporting boundary is based on the principle of operational control, meaning that assets are included where the Group has the operational control, via its property managers. The Group has operational control over some of the units at four assets but the remaining units and the fifth asset are single occupancy assets with no utilities purchased by the landlord. Unless otherwise stated, all absolute performance measures relating to electricity, fuels and associated GHG emissions relate to space where the Group procures utilities including common areas, shared services and lettable areas (including vacant units).

The Group's scope 3 carbon emissions for landlord procured occupier consumption and occupier procured consumption are reported on page 57.

Coverage

EPRA sBPR coverage in this report represents 63% of the investment assets by floor area (sq ft).

Merrifield, 46% of Cambourne, and 47% of OTP investment assets by floor area are let as single occupancy assets with no operational control, therefore the Group has no authority to introduce or implement its operating policies and procedures.

The Group reports on these assets, where possible, via occupier procured scope 3 reporting in the table on page 57. Coverage of the occupier controlled units is 75%. Therefore, the Group has 91% coverage of the total organisational boundary.

The Group does not have any partially owned entities.

Like-for-like performance indicators include properties within this scope for which the Group collected data for two consecutive years and excludes units sold, or under development during 2022 and 2023. The Group's like-for-like portfolio includes two assets, the multi-let units at Cambourne and RSY, together 63% of the EPRA reporting boundary.

Disclosure on own offices

The Group is externally managed and does not occupy any offices for its business activities, nor does it own or lease any vehicles. The Investment Adviser oversees all the management and administrative duties, are not covered by this report because it is a separate legal entity from the Group.

Segmental analysis

Segmental analysis is not applicable by geography or property type as the five assets owned by the Group as of 31 December 2023 are all located in the United Kingdom within the same climatic zone and are all life science real estate within the offices sector. For this reason, additional analysis by geography and property type is not applicable.

Reporting period

Performance measures of absolute and intensity metrics are reported for the year ending 31 December 2023. Performance measures for like-for-like metrics are reported where sufficient data for the prior year ended 31 December 2022 is available. OTP and Herbrand were acquired in 2022, and Lumen House was sold in 2023, therefore data for two consecutive years is not available and they are excluded from the like-for-like metrics.

Data estimation

The Group aims to report as complete and accurate data as feasible and practicable. All actual data is based on invoices and meter readings; estimations have been applied where invoices were not available at the time of publication. Where data was only partially available within the reporting period, the Group has adopted the following approach for data estimation:

1. estimate consumption/generation data based on the most recent three months of available actual data; or
2. estimate consumption/generation data based on available actual data from the same period in the previous reporting year.

Following this rule of data estimation, the proportions of estimated data for energy and water for 2023 were 1.5%, and 4% with less than 1% of waste data estimated.

Employee related Social Performance Measures are normalised using full-time equivalent numbers of employees.

GHG emissions calculation

Scope 1, 2 and 3 GHG emissions were calculated using the UK Government GHG Conversion Factors for Company Reporting for the respective reporting periods. The Group reports scope 2 and available scope 3 GHG emissions using location and market-based methods. Location-based emissions reflect the average emissions intensity for energy production in a defined local or national region.

Market-based scope 2 and 3 GHG emissions were calculated using the European residual mixes factors (version 2022), which are default emission factors representing the untracked or unclaimed energy and emissions, and the zero emissions factor for both REGO backed electricity supplies and on-site renewable energy generation from PV. The proportion from renewable sources is based on renewable energy purchases plus renewable electricity generated from on-site PVs and directly consumed. PVs are installed at two of the Group's five assets (Cambourne and Rolling Stock Yard).

The intensity ratios for energy, water and GHG emissions are expressed as landlord procured utility per floor area m^2. All assets within the EPRA reporting boundaries, which were owned and managed during the full 2023 reporting year, were included in the calculation of intensity.

Data verification and assurance

All underlying data for the environmental measures was provided by Savills UK Sustainability Team and externally checked by Square Gain. All social performance measures were externally checked by Square Gain.

Occupier procured utilities are provided by the occupiers and have not been third-party verified. Subsequent calculations have been provided by Square Gain.

Materiality

In accordance with the Group's materiality assessment, the following performance measures are excluded from reporting: DH&C-Abs and DH&C-LfL as no district heating or cooling is procured across the portfolio.

Social performance measures have been included for the Investment Adviser, a separate legal entity which handles all administrative duties related to the asset management of the Group. Emp-Training, Emp-Dev, Emp-Turnover and H&S-Emp have been excluded for the Group reporting as it has no employees.

Environmental performance measures

In 2023, the Group procured 9,267MWh of energy for use across the landlord controlled utilities of its assets, of which 58% were electricity consumption and 42% were gas consumption. The Company is responsible for the majority of its occupiers' energy procurement and 79% of the landlord-procured energy was consumed by occupiers. During the reporting year, 127 MWh of electricity was also generated from the solar PV panels installed and consumed on-site. The year on year like-for like figures demonstrate an increase of 16% for total landlord procured energy. Analysis suggest that this is due to increased occupation of Rolling Stock Yard, and Cambourne phase 1 and 2 as occupiers reduced working from home post-covid.

Reported total water consumption of the portfolio in 2023 was 2,974m^3. Water consumption data was available for three units where we have operational control and does not fully reflect the actual consumption of the landlord controlled units. No obvious trend can be observed in water consumption across the portfolio, with the reduction of 13% on a like-for-like basis attributed to natural fluctuation, primarily at Rolling Stock Yard.

Total scopes 1 & 2 (location based) GHG emissions for the reporting year was 383 tonnes CO_2e, split 28% scope 1 and 72% scope 2. Renewable electricity accounted for 59% of the total electricity purchased and generated during the year, resulting in a scope 2 (market based) GHG emissions of 79 tonnes CO_2e.

Procured and generated renewable energy increased by 43% as REGO backed tariffs have been secured on new contracts in 2023. REGO-backed tariffs are in place for 63% of investment assets by floor area.

In 2023, total managed and reported waste was 95 tonnes. All waste was diverted from landfill, of which 50% was reused or recycled and 50% incinerated with energy recovery. On a like-for-like basis the total weight of waste has reduced, by 15%.

All of the Group's assets are in full compliance with the latest MEES requirements. 87% of the total portfolio floor area has an EPC rating of A to C. Rolling Stock Yard has a BREEAM Excellent certificate; Building 2 at OTP is rated BREEAM Very Good and Buildings 1, 3 and 4 (which are completed) and 5, 6 and 7 (which are developments) have Interim BREEAM Excellent certificates.

EPRA sBPR REPORTING CONTINUED

Environmental performance measures continued

EPRA indicator	Certificate	2022		2023	
		Number of certificates	% of Organisational boundary by floor area	Number of certificates	% of Organisational boundary floor area
Building certifications					
Cert-Tot	**BREEAM Certificates within Organisational Boundary**				
	BREEAM Excellent	1	11.0%	1	10.0%
	BREEAM Interim Excellent	1	6.7%	3	25.7%
	BREEAM Very Good	1	6.8%	1	6.5%
	Total with Certification	**3**	**24.6%**	**5**	**42.2%**
	BREEAM Certificates – Development projects (outside Organisational Boundary)				
	BREEAM Interim Excellent	—	—	3	n/a
	EPC ratings within Organisational Boundary				
	EPC A	3	25.0%	14	35.5%
	EPC B	1	7.4%	2	9.0%
	EPC C	7	51.0%	6	42.8%
	EPC D	2	16.6%	1	12.7%
	EPC E or below	—	—	—	—
	Total	**13**	**100.0%**	**23**	**100.0%**

EPRA Code	Measure	Managed portfolio			Like-for-like		
		2022	2023	% change	2022	2023	% change
Energy consumption, MWh							
Elec-Abs, Elec-LfL	Landlord procured electricity	3,882	5,371	38%	2,962	3,550	20%
	Landlord procured, controlled by occupier	3,272	4,037	23%	2,436	2,499	3%
	Total on-site renewable electricity generation	155	127	(18)%	155	127	(18)%
	Proportion of procured and generated electricity from renewable sources	16%	59%	43%	20%	76%	55%
	Occupier procured electricity	n/a	2,761	n/a	n/a	n/a	n/a
DH&C-Abs, DH&C-LfL	Landlord controlled areas	None of our assets are connected to or benefit from district heating and cooling.					
Fuels-Abs, Fuels-LfL	Landlord procured fuels	2,824	3,896	38%	2,492	2,758	11%
	Landlord procured, controlled by occupier	2,249	3,311	47%	1,918	2,173	13%
	Occupier procured fuels	n/a	2,432	n/a	n/a	n/a	n/a
Total energy*	**Total landlord procured**	**6,705**	**9,267**	**38%**	**5,454**	**6,308**	**16%**
	Landlord procured, controlled by occupier	5,522	7,348	33%	4,353	4,672	7%

EPRA Code	Measure	Managed portfolio			Like-for-like		
		2022	2023	% change	2022	2023	% change
Total energy[1]	Landlord procured and generated	6,860	9,394	37%	5,608	6,435	15%
	Proportion estimated	0.3%	1.5%	1.2%	0.3%	0.0%	(0.3)%
	Disclosure coverage / EPRA reporting boundary	100%	100%	—	64%	53%	(11)%
Energy intensity MWh/m²							
Energy-Int	Landlord procured and generated	0.34	0.36	6%	0.34	0.39	15%
	Occupier procured	n/a	0.28	n/a	n/a	n/a	n/a
Greenhouse gas emissions, tCO_2e							
GHG-Dir-Abs, GHG-Dir-LfL	Total direct GHG emissions, scope 1	105	107	2%	105	107	2%
GHG-Indir-Abs, GHG-Indir-LfL	Total indirect GHG emissions, scope 2 – location based	118	276	134%	102	218	114%
	Total indirect GHG emissions, scope 2 – market based	89	79	(11)%	60	1	(98)%
	Total indirect GHG emissions scope 3 (landlord procured occupier consumption)	1,043	1,442	38%	821	915	11%
Total direct and indirect	**Scope 1 and 2 (location based)[1]**	**223**	**383**	**72%**	**207**	**325**	**57%**
GHG-Int[2]	GHG emissions intensity, scope 1 and 2, tonnes CO_2e/m^2	0.01	0.01	10%	0.01	0.02	57%
Water consumption, m³							
Water-Abs, Water-LfL	Total landlord procured	3,430	2,974	(13)%	3,430	2,974	(13)%
	Proportion estimated	12%	4%	(8)%	12%	4%	(8)%
	Disclosure coverage / EPRA reporting boundary	54%	45%	(9)%	54%	45%	(9)%
Water-Int	Water intensity, landlord procured, m^3/m^2	0.24	0.21	(13)%	0.24	0.21	(13)%
Landlord waste management, tonnes and proportion of waste disposal route, %							
Waste-Abs, Waste-LfL	Recycled or re-used	75	48	(36)%	14	12	(12)%
	Incineration with energy recovery	86	47	(45)%	22	18	(16)%
	Sent to landfill	—	—	—	—	—	—
	TOTAL	**161**	**95**	**(41)%**	**36**	**30.4**	**(15)%**
	Proportion estimated	51%	0.4%	(51)%	11.5%	0.0%	(12)%
	Disclosure coverage / EPRA reporting boundary	90%	75%	16%	64%	53%	(11)%
	Recycled or re-used	46%	50%	4%	38%	39%	1%
	Incineration with energy recovery	54%	50%	(4)%	62%	61%	(1)%

1. Scope 2 location based emissions used for reporting total emissions and GHG emissions intensity.
2. Only assets with full year data are considered for the calculation of GHG emissions intensity.

EPRA sBPR REPORTING CONTINUED

Social performance measures

The Group reports on all applicable EPRA sBPR social performance metrics. Being an externally managed company with no employees, disclosure is focused on the Board. There are some limits to the measures that can be reported regarding the Board. Social performance measures for the Investment Adviser are included, where indicated below, as whilst a separate legal entity, they handle all administrative duties related to the asset management of the portfolio.

EPRA Code	Measure	2023	2022
Diversity-Emp	Board gender diversity %	Female 50% Male 50%	Female 50% Male 50%
	Investment Adviser gender diversity %	Female 64% Male 36%	Not reported in 2022
Diversity-Pay	Board salary ratio of men to women, reported by median basic salary	(2.7)%	
	Investment Adviser ratio of men to women, reported by median basic salary	46.1%	
Investment Adviser			
Emp-Training	Employee training and development, average hours/year/employee	12	Not reported in 2022
Emp-Dev	Proportion of employees with performance appraisals	100%	
Emp-Turnover	New hires and rate of new employee hire	1 and 8%	
	Total number of employee turnover and rate	1 and 8%	
H&S-Emp	Absentee rate (per days scheduled)	0.1%	
	Injury rate (per 100 hours worked)	–	
	Lost day rate	–	
	Number of work related fatalities	–	
Health and safety metrics (Group)			
H&S-Asset	Proportion of asset health and safety assessments	100%	100%
H&S-Comp	Asset health and safety compliance, number of incidents unresolved within the required timeframe	–	–
Comty-Eng	Community engagement, impact assessments and development programmes, proportion of assets	–	–

Oxford Technology Park, Oxford

Governance performance measures

Governance performance measures relate to the Board. For full background information on the Group's governance performance measures, including a profile of the Board, a description of nomination procedures, and processes for managing potential conflicts of interest, please see pages 78 to 87.

Non-Executive Director Sally Ann Forsyth has significant experience relating to developing and implementing strategies to improve social and environmental impacts in the life science industry.

Richard Howell leads the ESG strategy at Primary Health Properties PLC including the development of a net zero carbon strategy focusing on five key steps to achieve this across the group's operational, development and asset management activities by 2030 and to help its occupiers achieve net zero carbon by 2040.

Michael Taylor as Director of the British Heart Foundation has significant experience relating to developing and implementing strategies to improve social and environmental impacts of funders in the life science sector.

EPRA Code	Measure	2023	2022
Composition of the highest governance body			
Gov-Board	Number of executive Board members	4	4
	Number of non-executive Board members	4	4
	Average tenure on the governance body (months)	25	13
	Number of non-executive Board members with competencies relating to ESG topics	3	1
Gov-Select	Process for nominating and selecting the highest governance body	See corporate governance section, pages 78 to 87	
Gov-Col	Process for managing conflicts of interest	See corporate governance section, pages 78 to 87	

Rolling Stock Yard, London Knowledge Quarter