



VIQR PORTFOLIOS

ESG REPORT 2023

RELATING TO CALENDAR YEAR 2022

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EXECUTIVE SUMMARY

This is our first Environment, Social and Governance (ESG) report and it sets out our roadmap for sustainability. Valor recognises that implementation of a sustainability programme is an essential component of our future success. Such a programme must address risks and opportunities, and therefore it operates across asset, fund and corporate levels.

In order to align with frameworks, policies and certifications and to improve ESG performance, data quality and collection is a major priority for us. Our focus on data collection and quality allows us to better understand the existing impact of our buildings and, more importantly, identify areas for improvement. Data will be a fundamental building block of our net zero carbon (NZC) strategy. We are working with a third party advisor to establish the viability and necessary timelines to set out a NZC strategy.

We will also focus on developing, formalising and subsequently implementing a number of programmes and processes. Further information is summarised in the table.

| SCOPE | TOPIC | AIMS |
|--|---|---|
|  ASSET | Data | Collect and manage ESG performance data (energy, water, waste, renewable tariffs, environmental performance certificates, green building certificates, solar PVs). Through frequent data collection, identify opportunities to optimise building performance. |
| | Stakeholder Engagement | Improve relationships with stakeholder groups including tenants, supply chain partners, investors and the communities in which we operate. |
| | Green Leases | Offer ESG requirements in all standard lease contracts to promote ESG performance. Implement asset level improvement programmes, where feasible, to support wider commitments, including NZC. |
| | ESG Integrated Investment Process | Establish/formalise appropriate processes during acquisition, development, refurbishment, fit-out and operations to assess, incorporate, and/or better track sustainability opportunities and risks. |
|  VIQR FUNDS | ESG Strategy Roadmap | Provide a more detailed time-bound strategy for taking action. |
| | Materiality | Create a matrix that ranks and prioritises ESG issues that are important to QuadReal and Valor. |
| | NZC | Work towards developing a NZC strategy. |
| | GRESB Reporting | Submit to GRESB in 2023. |
| | SFDR and EU Taxonomy | Monitor compliance. |
| | Climate Change and Resilience | Consider short, medium and long term objectives to futureproof and address transition and physical climate related risks. |
| | Health, Safety and Wellbeing | Create healthy building spaces (assessing opportunities to use health and wellbeing certification schemes). Ensure suppliers act ethically and responsibly. |
|  CORPORATE | Principles of Responsible Investment (PRI) | Determine viability for membership and participation in the PRI scheme. |
| | Good Corporate Governance | Explore viability of ISO14001-alignment to underpin our ESG strategy for the VIQR portfolios. |
| | | Appoint an ESG Committee with a broad skill set to support in providing direction on ESG. |
| | | Upskill the workforce with regular ESG training. |
| | Employee Wellness | Increase market presence. |
| | | Better understand equality and diversity standing. |
| | | Give back to the communities that we live and operate in by volunteering and giving to charity. |
| | Understand existing social strengths and inform a social programme to boost employee engagement, motivation, recruitment and retention of talent, work-life balance, teamwork and leadership development. | |



ABOUT THIS REPORT

This is our first ESG report, covering the ESG activities of Valor Real Estate Partners LLP (‘Valor’), headquartered in London, for the calendar year ending 31st December 2022. This report applies to Valor and the QuadReal Property Group (‘QuadReal’) Joint Ventures.

The intent of this report is to help our investors and other interested stakeholders understand our current position, and share with them our ESG aspirations and the proposed objectives that sit behind our strategy to drive ESG forward within our business.

DATA REVIEW

This report has not been assured externally but has been drafted in consultation with our third party ESG consultants, EVORA Global Limited, and has been checked for accuracy and completeness by our Managing Partner.

MATERIALITY ASSESSMENT

The boundaries of this report are based on a market-based materiality analysis undertaken in 2023. Further information on the materiality assessment can be found in the Materiality Assessment section of this report.

CONTACT

We welcome feedback, which can be directed to: ESG@valorrep.com

ABOUT VALOR

Valor is a pan-European urban logistics specialist founded in 2016 and was one of Europe’s first specialist urban logistics investors. Since inception it has amassed a c.€3.0 billion portfolio comprising more than 175 infill urban assets, concentrated primarily in the most difficult to penetrate key gateway cities of London, Paris and Berlin.

Valor launched its first partnership with QuadReal in November 2020 with an initial €1 billion JV. In just over 12 months, the majority of the commitment had already been deployed, with the JV completing 27 investments totalling €1 billion gross asset value across three million square feet and approximately 50 buildings. The portfolio is well balanced across Europe’s most competitive urban logistics markets, with 14 investments in London, six in Paris, three in Berlin, two in Lyon and a single acquisition in Birmingham.

In early 2022, Valor and QuadReal launched a second Joint Venture to invest a further €3 billion in urban logistics assets. The new vehicle’s value-add and development strategy will continue to focus on industrial assets in and close to major metropolitan areas, including ‘last mile’ logistics, as the fundamentals of the sector solidify around structural e-commerce acceleration and the long-term attrition of industrial stock.

QuadReal brings its extensive experience in the sector with a portfolio of 100 million square feet of industrial and logistics facilities across global markets. Valor will be responsible for sourcing investments and managing the portfolio, leveraging its significant experience acquiring, developing in-house and managing infill logistics assets.



NOTES FROM OUR MANAGING PARTNER

At Valor we believe that our business performance and ESG performance go hand in hand. One cannot thrive without the other. We need to ensure that we conduct business in a way that is financially, environmentally and socially sustainable in the short, medium and long term.

The extreme weather experienced in many regions in 2022 underlines the need for urgent action to tackle the climate emergency. The science is clear: we are at a pivotal moment and the next ten years will be crucial to protect the future of our planet. No one can tackle this global challenge alone – we need businesses, governments and society to work together.

We have increased our focus on ESG over the past year. We will monitor progress and report annually.

Our most recent ESG driven success projects have been focussed on five main areas:

- Aligning our French assets to comply with the new and emerging legislation of Le Decret Tertiaire;
- Identifying sustainable building improvements on refurbishments to improve EPC ratings wherever possible;
- Undertaking BREEAM feasibility studies on 53% of the development and refurbishment assets based on total development and refurbishment asset floor area coverage;
- Including data sharing clauses in new leases; and
- In December 2020, Valor secured its first impact loan from Acofi Gestion, with specific environmental criteria linking improvements made to its assets to step downs in margin. It is also a milestone for Acofi as the first real estate impact loan underwritten by a non-bank lender in France. The ESG criteria were devised collaboratively between Acofi and Valor and accredited by

EthiFinance, a financial analysis and consulting agency. The loan aligns with Valor’s sustainability objectives and supports the Company’s industrial infill strategy which combines improving asset quality to deliver environmentally sustainable buildings in urban locations whilst delivering outsized returns to investors.

Going forward, we have chosen to participate in GRESB which will help align our ESG strategy to best practice. Our belief is that a company cannot be sustainable by focusing solely on environmental concerns; we must also nurture the human side of our business by fostering among our employees, tenants and communities a culture of equality and inclusion.

This report highlights our continuing efforts to make a positive impact on society as a whole through our ESG programme.



**CHRISTIAN JAMISON,
MANAGING PARTNER,
VALOR**

“A COMPANY CANNOT BE SUSTAINABLE BY FOCUSING SOLELY ON ENVIRONMENTAL CONCERNS; WE MUST ALSO NURTURE THE HUMAN SIDE OF OUR BUSINESS.”

MATERIALITY ASSESSMENT

This report outlines our initial forward-looking perspective of our activities in the field of sustainability, and therefore highlights those issues that we view as most critical at present.

To determine the issues that are most appropriate to QuadReal and Valor, we conducted a materiality assessment. The process of the materiality assessment considers:

- The importance of ESG issues to QuadReal and Valor; and
- Stakeholders' expectations on QuadReal's and Valor's decisions relating to sustainability topics.

The results of the materiality assessment set the foundations for an effective and relevant ESG strategy by identifying topics that are important to Valor, our business strategy and our stakeholders.

As a result of our materiality assessment, based on 15 consolidated ESG issues, we have identified the topics that are most material to us. The breakdown of the material topics can be found in the graphic. Issues appearing on the top right quadrant are issues that Valor consider to be the most material to its stakeholders and operations. Despite the remaining topics falling outside the top right quadrant, we will continue to monitor and manage them closely as part of our ESG roadmap. The viability of our roadmap will be reviewed annually.

The next steps for us – as highlighted later in this report – indicate the immediate actions and commitments we are making to ESG. Valor will update on progress against these aspirations, as well as review the materiality assessment on a frequent basis, to ensure we continue to develop on our ESG starting position and focus our efforts in the right areas as both market and stakeholder opinions change.



RECENT ESG PROJECTS

Implementation of a structured strategy to address ESG is new to Valor. However at the asset level we have always considered how to make assets more sustainable. To provide an insight into the impactful work we have been doing across the QuadReal Joint Ventures over the last 12 months, we have provided three case studies.

As a number of Valor's initiatives demonstrate, future proofing can lead to a range of positive outcomes — not just in terms of making buildings more efficient and environmentally friendly, but also by adding value for local communities.



OSCAR HOUSE, BIRMINGHAM

In February 2023, we completed an extensive refurbishment of an industrial asset at Oscar House, Birmingham.

Integrating sustainability into the refurbishment was a priority for us, with key initiatives built in as follows:

- Refurbished an existing building rather than a new build.
- Replaced the rooflights to increase natural light into the building to minimise electricity usage.
- Installed LED dimmable lights in the office areas, controlled via PIR/daylight sensors.
- Installed ASHP as VRF for the office areas and omitted the use of fossil fuels from the site with the exception of the capped gas for future tenant use.
- Prioritised fabric energy efficiency and air tightness to reduce energy demand as far as possible.
- Installed four EV charging points to futureproof advances in vehicle type.
- Installed a cycle shelter to encourage reduced reliance on cars.
- Identified sustainable building improvements that resulted in an improvement of EPC rating from a D to an A.
- Included a green clause in the lease, mandating the sharing of the tenant's environmental performance information on a regular basis.



LIMEIL-BRÉVANNES, PARIS

Valor and GEFEC designed this project in order to meet the economic aspirations of the area and to satisfy the growing demand for business premises from SMEs in the inner suburbs of Paris. The development will further expand Valor's footprint, where land availability for urban logistics infrastructure is severely limited.

Valor wishes to provide a quality workplace that perfectly meets the needs of a future tenant by creating a pleasant environment through the thoughtful design of the offices, with particular attention to the landscaping, as well as the establishment of numerous green spaces on site.

Reclaiming brownfield sites is at the heart of our ESG strategy, allowing us to improve the environmental footprint for our developed buildings while contributing to the enhancement of the cities in which we operate. We are targeting a BREEAM New Construction 'Good' rating and plan to:

- Install EV chargers, cycle racks, lockers, LED lights and low flow toilets/taps/showers.
- Ensure that 95% of the offices have a view of the outdoors.
- Undertake a thermal comfort analysis, including climate change scenarios.
- Install meters and sub-meters for all floors and tenant spaces and connect them all to BMS in the future. We will do the same for water, except only install submeters where consumption is over 10% of the total building consumption.
- Automate exterior lighting and limit it to hours between 7am and 11pm.
- Assess the viability of installation of renewables.
- Install a leak detection system and solenoid valves in each toilet block.
- Install rainwater capture or drip irrigation for the landscaping to reduce water consumption.
- Implement a responsible sourcing charter and the use of responsibly sourced wood.
- Undertake a physical climate risk analysis and noise impact study.
- Implement our Ecologist's recommendations, provide training and awareness raising on biodiversity and develop a biodiversity monitoring plan.



JENKINS LANE, BARKING

Valor are in the process of developing a last mile logistics project due for completion in 2024.

The estate comprises four brand new Grade A speculatively developed warehouses of steel portal frame construction. Each of the warehouses are detached with extensive secure yards and separate staff car parking.

The warehouses will be highly energy efficient and targeting both an EPC A and BREEAM 'Excellent' rating.

The units will include ESG credentials such as:

- EV charging stations.
- PIR controlled LED lighting.
- PV roof panels.
- Water saving technologies.
- Thermally efficient cladding panels.
- High air tightness to envelope/fabric to prevent temperature loss.
- Rooflights installed to reduce use of artificial lighting.
- Encouraging use of sustainable transport.
- Green roofs to cycle shelters.
- All materials responsibly sourced and waste generated kept to a minimum and recycled where possible.
- Encouraging tenants to use neighbouring green spaces.



FUTURE ESG PROGRAMME

Valor is committed to increasing the emphasis we put on ESG at asset, fund and corporate levels to generate greater impact for our employees, tenants and wider communities.

We have set out specific objectives based on the material issues identified in our materiality assessment, which Valor will start to address and implement from 2023.

In our next ESG report in 2024, we will outline annual progress we have made against our objectives throughout 2023. Each subcategory (right) provides more detail on the specific objectives we have proposed.

ESG STRATEGY

In 2023, we will be strengthening the formal structure of our ESG strategy, laying out a detailed time-bound roadmap for taking action and meeting key deliverables that have long-term sustainable outcomes over the next one to two years.

DISCLOSURE

We are committed to disclosing our sustainability performance to our interested stakeholders of the VIQR portfolios. The table below summarises the key avenues for disclosure we believe are fundamental to advancing our ESG credentials.

| OBJECTIVE | FURTHER DETAIL |
|--|--|
| <p>Report annually to the Global Real Estate Sustainability Benchmark (GRESB).</p>  | <p>We will report to GRESB annually, which we recognise as the market based leader in ESG performance data and peer benchmarking.</p> <p>In 2023 we will complete our first submission to GRESB. This will be for our operational assets only. We aim to use this assessment to identify areas for improvement based on gaps identified.</p> <p>As we are a value add fund, we naturally have a number of developments and/or major refurbishments which fall out of the typical operational asset scope. We will investigate completing the Development module in future submissions to further inform ESG strategy developments.</p> <p>We will report on our 2023 GRESB results in our 2024 ESG report.</p> <p>Valor is based in the UK and due to investment raising approaches has no mandatory requirement to observe SFDR at present. However, in order to promote transparency to a broad spectrum of stakeholders, we are currently seeking advice on how to best position our existing and future funds.</p> |
| <p>Review the Sustainable Finance Disclosure Regulations (SFDR) and the EU Taxonomy, and consider the industry-wide approach to these issues, enhancing Valor's disclosure where possible.</p>  | <p>Valor is based in the UK and, due to investment raising approaches, has no mandatory requirement to observe SFDR at present.</p> <p>We are also not currently obliged to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU (EU Taxonomy KPIs). Despite this, we acknowledge the increased attention given to this subject matter. At this point in time, we are reviewing responses from the wider real estate industry and will adopt appropriate practices in the future.</p> <p>In addition, we will monitor our compliance with other pieces of legislation, notably the UK's upcoming Sustainable Disclosure Requirements (SDR).</p> <p>Third-party support on these topics is being used to aid our compliance.</p> |
| <p>Look into the viability of becoming a Principles for Responsible Investment (PRI) signatory.</p>  | <p>The PRI is the world's leading proponent of responsible investment.</p> <p>We will explore what the PRI requires to be a signatory to determine if/when this disclosure is practical for Valor as we move forward on our ESG journey.</p> |

ACQUISITIONS

As the QuadReal Joint Ventures are a value-add fund, the majority of the buildings that we acquire tend to be old building stock that we renovate or redevelop to increase operational efficiencies and overall asset quality. We are an active manager/ developer of real estate, so we see poorly performing ESG assets as an opportunity to improve the stock in the market and the impact our industry has on the environment. Disregarding those assets and leaving them in disrepair just exacerbates the problem.

This presents an ideal opportunity to address ESG. Currently, ESG screens in due diligence are undertaken; for instance, we will look at rating systems e.g., MEES risk in the UK, and general building measures. We look towards strengthening our process in the upcoming months to a formalised methodology that considers material issues and includes a potential refurbishment programme to enhance an asset's ESG contribution where applicable. Reviewing new acquisitions against a sustainability checklist will play a crucial role in helping us assess the required future changes to an asset to reach our sustainability aspirations. It will also allow us to align with key reporting metrics such as NZC or GRESB in the future, as we will be able to carefully consider and assess assets that enter our portfolios against a broader range of risks and opportunities.

We are obtaining advice from a third-party to develop this to best practice.

OBJECTIVE

Create an acquisition due diligence checklist to screen new acquisitions for ESG and physical/transitional climate related risks.





DEVELOPMENT AND REFURBISHMENTS

Developing and refurbishing assets is fundamental to what we do as a business. At present, each development or refurbishment is dealt with on an individual basis and sustainability considerations are largely informed by the planning requirement of that particular area. However, even where green building certification is not mandated by the planning authority, we typically assess whether it is financially viable to apply BREEAM certification or its principles. Where reasonably practicable and economic, we will align with BREEAM or other appropriate certifications for new developments and major refurbishments from 2023. Documented 'minimum standards and guidelines for developments and refurbishments' are currently in production.

Tenants have the responsibility of fitting out their own units once leased. As part of our future ESG strategy, we will provide information to our tenants on sustainable fit outs.

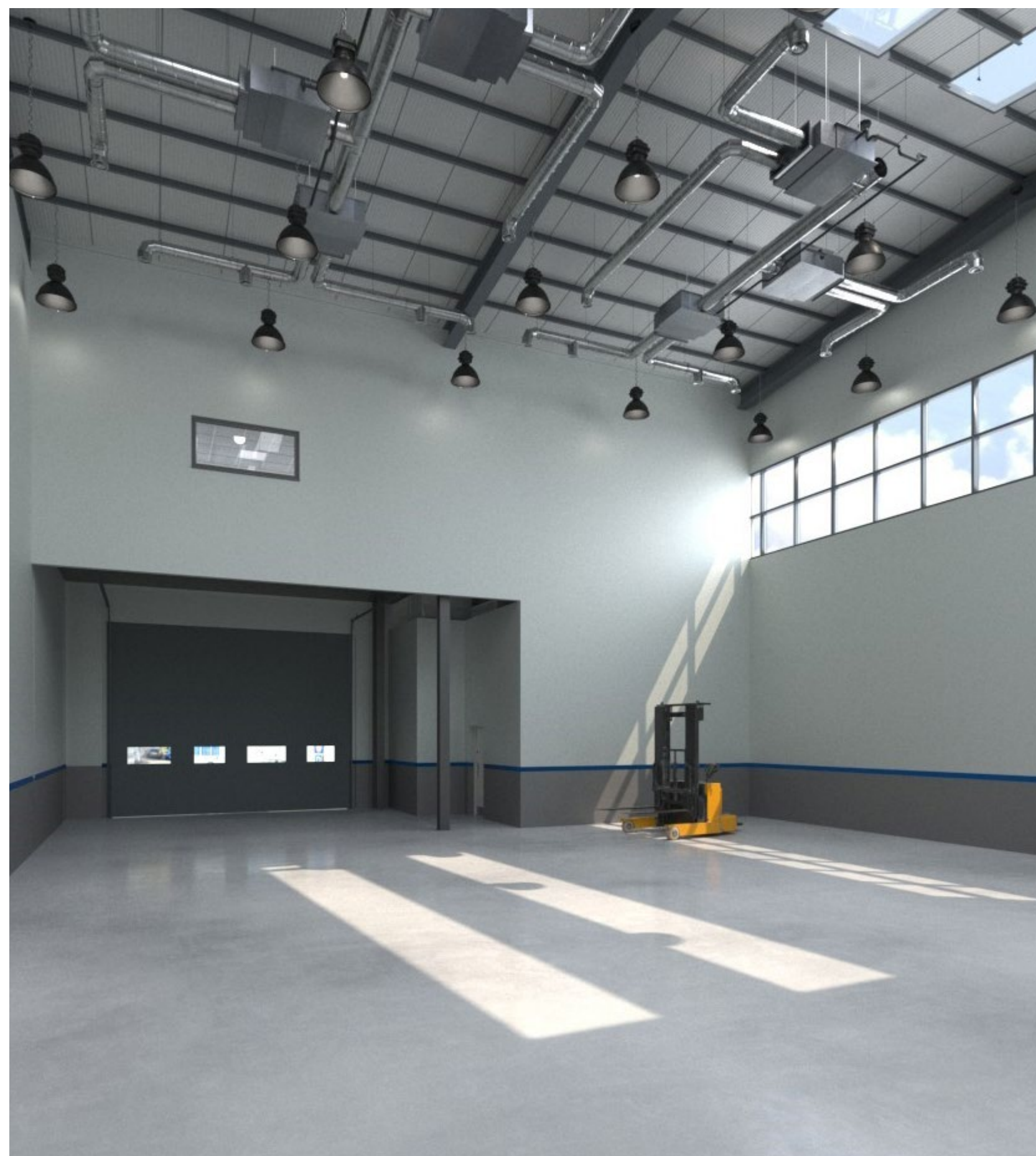
| OBJECTIVE | FURTHER DETAIL |
|--|--|
| <p>Create a development and refurbishment brief to track and implement for new projects through all stages of the development and refurbishment lifecycle.</p> | <p>We are keen to standardise our process to ensure project teams working on our development and refurbishment projects are maximising sustainability improvements wherever possible and are able to track and monitor this accordingly through to practical completion.</p> |
| <p>Create a sustainable fit out guide to distribute to any new or existing tenants to guide the fit out of their units.</p> | <p>Providing tenants with additional guidance on the who, how, why and when will help to provide inspiration for tenants when they are making those important decisions and looking for recommendations on sustainability initiatives to improve the quality of their space.</p> |



OPERATIONS

For our assets that are in operation, our focus areas will centre around data management and stakeholder engagement as outlined in the table below.

ENERGY, WATER AND WASTE



| OBJECTIVE | FURTHER DETAIL |
|---|---|
| Liaise with tenants to request their data (energy, water and waste) for all operational assets within the portfolios. | Together with our third party ESG consultants, EVORA Global Limited and CBRE Sustainability, we have started to create a data collection strategy to request the data from our tenants to maximise our data coverage for the 2023 GRESB submission. |
| As a minimum, undertake annual data collection and analysis process. | <p>We will continue to establish a more structured tenant data collection programme with Property Managers to increase the quantity of tenant data received.</p> <p>We will explore the options of undertaking a quarterly or six-monthly data collection process with our tenants, looking at gaps and variances (once sufficient data is available) within the data to better understand the trends in consumption usage.</p> <p>This approach will also help inform progress against future NZC commitments.</p> |
| Onboard assets to a data management platform for all utilities. | Valor will explore data management platforms to centralise data storage and aid better data tracking, rather than relying on spreadsheets/email correspondence. |
| Determine and track if tenants are on a green tariff. If not already, work with tenants to see if they would consider moving to a green tariff. | <p>At present we do not track this metric as the decision lies solely with the tenant.</p> <p>We will liaise with our tenants to determine the current position across our tenant base and encourage a switch to help reduce the carbon footprint of our portfolios.</p> |
| Review the feasibility of rollout of additional solar PVs on viable roof space. | <p>It is our responsibility as a landlord to help our occupants decrease their energy, fuel use and emissions. We are supporting this by investing in carbon-cutting solutions. We have already installed or will be installing solar PVs on the roof at five of our assets including:</p> <ul style="list-style-type: none"> ▪ Barking, New England – installing as part of ongoing redevelopment ▪ 5A Canning Town ▪ Jenkins Lane, Beckton – due to install once we commence development ▪ Lydden Rd, Wandsworth – due to install once we commence redevelopment ▪ Units 29&30 Gemini Business Park, Beckton |
| Undertake an energy label and green building certification review where appropriate to identify any potential areas for improvement. | We obtain mandatory energy labels for our assets and monitor against any minimum standard requirements (e.g. MEES). We will continue to monitor energy certificate expiries and legislative changes. We will engage with our tenants to progress improvement opportunities to track areas for improvement, which we will record in our asset level Sustainability Action Plans (see Sustainability Action Plans section). |

STAKEHOLDER ENGAGEMENT

| OBJECTIVE | FURTHER DETAIL |
|---|--|
| <p>Define a formal tenant engagement programme that includes ESG specific issues, including post-occupancy evaluation.</p> | <p>We are creating a formal tenant engagement programme to better facilitate communication and provide a path for tenant indicators, needs, concerns and suggestions to be integrated into operational and ESG decision-making.</p> |
| <p>Issue tenant satisfaction surveys every three years as a minimum, considering metrics such as overall satisfaction, satisfaction with communication and property management (aligned to GRESB requirements).</p> | <p>We gather feedback informally via Property Managers. However, by undertaking regular tenant satisfaction surveys we would be able to formally understand critical issues within the portfolios and increase tenant satisfaction, which may ultimately contribute to improving retention rates and enhancing productivity.</p> |
| <p>Create a green lease template with a comprehensive set of recommended clauses for Asset Managers to include in all new tenant contracts and when old leases are being renewed/re-negotiated.</p> | <p>At present only data sharing clauses on very recent new leases have been used. We are ready to explore the potential of including additional green clauses in our contracts where appropriate/feasible.</p> |





“THE NET ZERO TRANSITION IS A MAJOR FOCUS AREA FOR US AND WE ARE FULLY COMMITTED TO TAKING THE NEXT STEPS IN DECARBONISING OUR PORTFOLIO.”

SUSTAINABILITY ACTION PLANS

A Sustainability Action Plan (SAP) is an action plan of sustainability requirements and initiatives at an asset level.

We currently track CAPEX at an asset level at acquisition and in our business plans.

To help centralise sustainability initiatives and drive asset performance improvement we will develop a template SAP to roll out across our portfolios.

The SAP will:

- Help to provide clarity on an asset’s sustainability plan;
- Enable us to quickly identify the gaps;
- Spark discussions on where certain initiatives may well be of benefit;
- Determine when things are up for renewal;
- Support asset business planning and our anticipated NZC programme.

OBJECTIVE

Develop an asset level SAP template that will be applied to each asset in the portfolios.

NET ZERO CARBON TRANSITION

As mentioned previously in this report, the net zero transition is a major focus area for us and we are fully committed to taking the next steps in decarbonising our portfolios.

QuadReal’s Joint Ventures plan to have an NZC strategy in place by 2025 and to be net zero by 2050. Therefore, we will explore the feasibility of aligning our portfolios with these targets.

We are working with a third-party advisor to progress our net zero ambitions. We will report on our progress in the development of our NZC strategy in the 2024 ESG report.

OBJECTIVE

Explore decarbonisation of our portfolios by 2050.



CLIMATE CHANGE AND RESILIENCE

Regulations and a desire to understand and manage climate risks are driving real estate asset managers to the Task Force on Climate-related Financial Disclosures (TCFD) reporting.

Valor is not, at present, obligated to report aligned to TCFD requirements. However, we understand the impact of climate change and want to do our part in addressing this issue to better manage the investment risk from climate across our portfolios. Making sure we are prepared for the effects of more extreme weather and recognising the need to transition to a low carbon economy is essential to remain resilient to the impacts of climate change.

Our intentions going forward are to:

- Understand the fund-level exposure to climate-related issues as outlined by the TCFD.
- Identify financial risks and opportunities resulting from their exposure to climate related issues.
- Appropriately manage climate related risks to improve our resilience to future climate change.

We intend to work constructively with the TCFD, and others, to develop good practices and standards for transparency despite not currently being obligated.

HEALTH, SAFETY AND WELLBEING

We recognise that our buildings have human impacts both inside and outside their walls and that the importance of health and wellbeing should be just as much at the forefront as the E of ESG. We want to further explore how we can put the S into the spotlight to construct healthy building spaces.

As a logistics portfolio, having excellent health and safety practices lies at the centre of the work we do. We had zero reportable incidents on our development sites throughout 2022 which is a testament to the good quality contractors we employ at our sites.

Our relationships with suppliers are instrumental to our success. We need to know who we are doing business with, and who is acting on our behalf, so we:

- Choose suppliers based on principles that make sure we act ethically and responsibly;
- Choose suppliers with specialist knowledge within the industrial sector and that we have had past positive experiences with; and
- Undertake due diligence on suppliers before and after we sign a contract covering financial health, anticorruption and bribery, and whether they meet our standards on areas such as quality management.

We are reviewing how we can create a more distinct supplier selection process and a supplier Code of Conduct.

OBJECTIVE

Develop an asset level health and wellbeing framework.

Create a supplier Code of Conduct.

Assess opportunities to use health and wellbeing certification schemes



“WE ACTIVELY ENCOURAGE EMPLOYEES TO ATTEND WIDER INDUSTRY ESG-RELATED TRAININGS, EVENTS AND CONFERENCES.”

CORPORATE GOVERNANCE

To manage ESG for Valor, we have appointed two representatives responsible for coordinating ESG across the business.

To further strengthen our corporate governance we will seek to meet the following objectives over the next twelve months:

| OBJECTIVE |
|---|
| Over the coming years, we will explore the viability of ISO14001-alignment for the VIQR portfolios. |
| Appoint an ESG committee for the development and implementation of ESG at Valor containing members from differing levels of seniority, in tandem with the two appointed ESG representatives. This Committee is to meet on a quarterly basis as a minimum. |
| Conduct ESG training for relevant staff at least once per year to disseminate knowledge across the business on relevant topics. |
| Actively encourage employees to attend wider industry ESG-related trainings, events and conferences. |

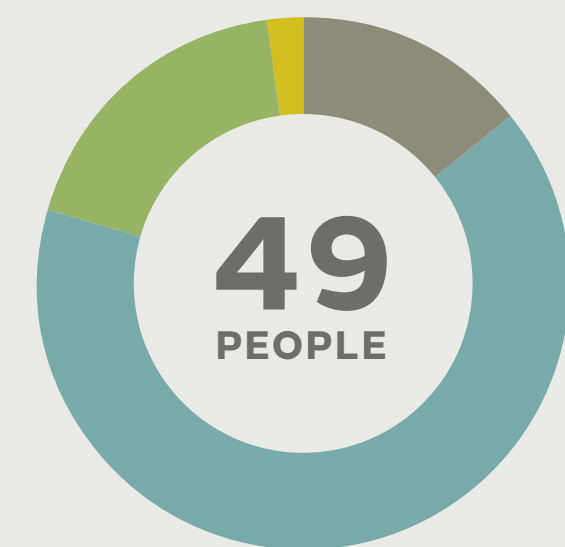
EMPLOYEES

Our ambition is only as strong as the foundations we are built on, and our colleagues have been fundamental to our accomplishments to date. Engaging with them is crucial to achieving a culture where they can flourish and fully contribute towards realising our purpose, ambition, strategy and long-term success. As at 31 December 2022, we employed 49 full-time employees across the UK, France and Germany.

DIVERSITY, INCLUSION, ACCESSIBILITY AND EQUALITY

At Valor, diversity, inclusion, accessibility and equality is important to us. Our employee breakdown as of 31st December 2022 was 20% female and 80% male, with an age distribution of:

- 18-26: 7 employees
- 27-35: 32 employees
- 36-45: 9 employees
- 46-55: 1 employee



We are expanding our metrics to monitor diversity and socioeconomic background in our headcount as part of our HR onboarding process.

We recognise that we still face significant challenges in trying to address gender and ethnic imbalance both within our own organisation, as well as in the wider real estate industry more generally. Therefore, to encourage people from different age ranges, diversities and socioeconomic backgrounds, we have started to diversify our recruitment strategy by using recruitment companies less and promoting our roles on LinkedIn to reach a broader range of candidates. We have already noticed a difference in the range of candidates applying.

OBJECTIVE

Continue to monitor gender diversity in our headcount

Monitor diversity and socioeconomic background in our headcount.

The continued health and wellbeing of our staff is pivotal to the success of our business. Our End of Year Review process provides the opportunity for staff to deliver constructive feedback to senior management confidentially on improvements that could be made to current project/workstream processes and the business as a whole. We are investigating how we can formalise our process to better prompt thought through a programme that assesses Valor's specific health and wellbeing needs and enables us to set appropriate goals and identify the actions that are required for us to meet them.

To support employee health and wellbeing, in 2022 Valor held a two-day companywide event at the Four Seasons Hotel in Hampshire. This is an annual event to promote team building and provide an active forum for staff from different departments and levels to get to know each other outside of the normal office setting.

We also run virtual fitness challenges via 'GoJoe' – a social fitness app that can be used to support staff wellbeing through encouraging exercise and movement and building a stronger workplace community. The app uses teams and activities, as well as content from Olympians, experts and personal trainers, to connect and motivate everyone, regardless of fitness level. In April the Valor Spring Challenge will commence with all Valor colleagues invited to take part.



“VALOR, AS A SOCIALLY RESPONSIBLE ORGANISATION, RECOGNISES THE BENEFIT THAT CHARITIES BRING TO SOCIETY.”

CHARITY AND VOLUNTEERING

Valor, as a socially responsible organisation, recognises the benefit that charities bring to society.

We provide financial support to the Academy of Real Assets, and we have one staff member on their Youth Board. The charity works with local partners such as schools, community groups and Premier League Football Club Foundations to educate school leavers about careers in real estate, and has enabled us to have a positive impact on disadvantaged students. We also consider the Academy of Real Assets to be a means to improve diversity across the real estate sector over the long term.

We are planning our first Valor community day in 2023 and actively encourage fundraising for our charities e.g. London Marathon.



OBJECTIVE

Consider providing employees with an allotted number of volunteering hours within the working day each year to encourage mentoring and volunteering opportunities.

Encourage staff to give to charity.



ESG PERFORMANCE MEASURES

Valor works actively to access relevant data for the properties that we own and manage. Having access to data for all assets within the QuadReal Joint Ventures is essential to Valor, as this information provides the foundation for our reporting and the effective technical management of our buildings. Valor constantly strives to access all relevant data as comprehensively as possible, and is committed to liaising with tenants frequently to gather it.

Within the QuadReal Joint Ventures, the 'operational control' of all assets is entirely passed to the tenant (e.g. FRI leases). There are no assets where the landlord, i.e., Valor, are in operational control within this report. It is important to highlight that not all tenants are legally obligated to provide environmental data to the landlord under their current leases, which inevitably causes significant challenges in obtaining QuadReal Joint Ventures' tenant data. Consequently, only partial environmental performance data from the tenants has been provided.

Valor is reliant on tenants supplying data to complete submissions. We will continue to collect and chase our tenants on their energy performance data as we work towards our first GRESB submission for operational assets in July 2023. Moving forward, for all new tenant contracts and when old leases with tenants are being renewed/renewed, we will endeavour to include a green clause on mandatory data sharing to support us in increasing data coverage across the portfolios.

Appendix A provides examples of the reporting tables that we will seek to populate in next year's ESG report. In these tables, we aim to capture absolute and like-for-like performance for energy, greenhouse gases (GHGs), water and waste usage across the portfolios and the coverage of assets within the reporting boundaries set.

Valor has total visibility from our tenants on Energy Performance Certificates (EPCs) and Green Building Certificates (GBCs). In the EPC and GBC tables, we have broken down the percentage of floor area that has EPC and GBC coverage. All assets within the QuadReal Joint Ventures have been scoped in, regardless of refurbishment and development status to provide a complete overview of total fund coverage.



ENERGY PERFORMANCE CERTIFICATE (EPC) COVERAGE

| RATING | PORTFOLIOS BY FLOOR AREA |
|-------------------------------|--------------------------|
| A | 3.0% |
| B | 13.1% |
| C | 17.0% |
| D | 5.3% |
| E | 2.5% |
| F | 0.0% |
| G | 0.2% |
| Expired EPC / EPC unavailable | 58.9% |
| Total | 100% |
| Coverage | 41% |

| LETTER RATING | % OF BENCHMARK SCORE |
|---------------|----------------------|
| A | 0 – 49 |
| B | 50 – 74 |
| C | 75 – 99 |
| D | 100 – 129 |
| E | 130 – 159 |
| F | 160 – 199 |
| G | 200 + |

- EPCs are reviewed at the unit level due to individual units within the overall asset having separate EPCs.
- EPC coverage is calculated as at 31st December 2022 by the VIQR portfolios' floor area.
- The coverage includes all assets in the fund, regardless of refurbishment and development status.
- For the units that are categorised as a major refurbishment or development, currently 1.2% of EPCs are certified as D, 2.0% are certified as an E, 0.6% are certified as a G and the remaining 96.2% of units currently have an expired EPC or no EPC. Following the completion of the refurbishment/development of these units Valor will certify these units, thereby increasing the total coverage of EPCs across the portfolios as well as increasing the percentage of units with a higher EPC rating.
- German EPCs do not have a letter rating system used in certification, rather they are given an energy intensity measure and a comparable benchmark figure. An inhouse conversion process has been applied to these outputs to give an indicative A-G rating. With this approach it has been possible to plot all EPCs on the same scale and provide an indication of the EPC distribution.



“WHERE UNITS ARE BEING REFURBISHED AND DEVELOPED, VALOR ARE CURRENTLY UNDERTAKING FEASIBILITY STUDIES FOR FUTURE BREEAM ASSESSMENTS POST COMPLETION OF THE REFURBISHMENT.”

GREEN BUILDING CERTIFICATE (GBC) COVERAGE

| RATING | PORTFOLIOS BY FLOOR AREA |
|-------------------------------|--------------------------|
| BREEM In Use Excellent | 1.5% |
| Ongoing Feasibility Study | 27.1% |
| No Green Building Certificate | 71.4% |
| Coverage | 1.5% |

- BREEM in Use GBCs are reviewed at the unit level due to individual units within the overall asset having separate GBCs.
- GBC coverage is calculated as at 31st December 2022 by the VIQR portfolios' floor area.
- Unit 29 and 30 of Gemini Business Park has been certified across the portfolios.
- The coverage above includes all assets in the fund, regardless of refurbishment and development status.
- Where units are being refurbished and developed, Valor are currently undertaking feasibility studies for future BREEAM assessments post completion of the refurbishment. The % breakdown of ongoing feasibility studies for the portfolios has been added but do not constitute as a GBC and therefore is not added to the total coverage percentage.