VALOR

REAL ESTATE PARTNERS

VIQR PORTFOLIOS

ESG REPORT 2024

RELATING TO CALENDAR YEAR 2023

CONTENTS

EXECUTIVE SUMMARY

This is our second Environmental, Social and Governance (ESG) report providing a status update on each of the objectives outlined in our first ESG report. Through this progress update, we aim to underscore our commitment to further integrating ESG at Valor and our dedication to engaging transparently with our stakeholders. This report showcases our progress in 2023, while detailing our focus for 2024.

Improving ESG performance, data quality and coverage remained key priorities for us during 2023. By focusing on improving data coverage and quality, we are now able to report against the key performance metrics, aligned to the latest INREV guidelines[1].

The Environmental Performance section of this report, therefore, establishes a baseline for the VIQR portfolio, against which subsequent annual performance will be compared.

In the forthcoming years, we will continue to monitor our progress against the objectives set. The table below outlines our progress against each of the objectives we set out in our 2023 report.

SCOPE	TOPIC	OBJECTIVE	PROGRESS IN 2023	PRIORITY FOR 2024
ASSET	DATA	Collect and manage ESG performance data (energy, water, waste, renewable tariffs, environmental performance certificates, green building certificates, PV panels). Through frequent data collection, identify opportunities to optimise building performance.	Progress made in tenant engagement for ESG data sharing and acquisition. Use of dedicated ESG software to collate and manage data collection.	Use baseline data to help identify sustainability actions at an asset level for performance optimisation. Continue to improve data coverage through automation and wider tenant engagement.
	STAKEHOLDER ENGAGEMENT	Improve relationships with stakeholder groups including tenants, supply chain partners, investors and the communities in which we operate.	Tenant satisfaction survey issued to all tenants across the portfolio. Guidance issued to tenants on practical actions to reduce their environmental footprint.	Review the results of tenant satisfaction survey and identify opportunities for improvement. Issue further guidance to tenants regarding environmental performance.
	GREEN LEASES[2]	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.	Integrated new clauses into our tenancy lease agreement, targeting environmental performance improvement at an asset-level.	Continue to use updated clauses in all new leases or lease renewals across the portfolio. To report on the number of updated leases in place.
	ESG INTEGRATED INVESTMENT PROCESS	Establish and formalise appropriate processes during acquisition, development, refurbishment, fit-out and operations to assess, incorporate, and/or better track sustainability opportunities and risks.	Created a structured sustainability checklist to use during all due diligence processes for new acquisitions.	Continue to use the new sustainability checklist during all new due diligence processes for new acquisitions.
VIQR FUNDS	ESG STRATEGY ROADMAP	Provide a more detailed time-bound strategy for taking action.	Started to develop our ESG policies that will underpin our firm wide ESG strategy.	Complete and publicly share our ESG policies.
	MATERIALITY	Create a matrix that ranks and prioritises ESG issues that are important to QuadReal and Valor.	Completed our inaugural materiality assessment that underpins each of the objectives in this annual report and forthcoming ESG policies.	Further incorporation of actions and strategic priorities ensuing from the materiality assessment findings, into asset and portfolio-level actions.
	NET ZERO CARBON	Work towards developing a Net Zero Carbon (NZC) strategy.	Started to collect baseline data required for NZC target setting.	Use baseline data to calculate the feasibility of setting science-based, portfolio-level energy and decarbonisation pathways and targets.
	GRESB REPORTING	Submit to GRESB in 2023.	Completed our first annual submission to GRESB Performance and Management questionnaires. Roadmap developed for further improvements and score enhancements.	Participate in GRESB 2024, with target to improve score and peer position. Review suitability of participating in Development module for future submissions.
	SFDR AND EU TAXONOMY	Monitor compliance.	On-going evaluation of market and peers' product positioning against SFDR and Green Taxonomy. Qualification assessment completed (not required).	Continue to monitor market opportunity for product positioning aligned to the UK's Sustainability Disclosure Requirements (SDR) and the EU's Sustainable Finance Disclosure Regulation (SFDR) guidelines for increased investor appeal.
	CLIMATE CHANGE AND RESILIENCE	Consider short, medium and long term objectives to futureproof and address transition and physical climate related risks.	Improved data capture across the portfolio to help build a strategy for future action.	Identify high risk assets within the portfolio and strategies for minimizing exposure to climate-related risks, both physical and transition.
	HEALTH, SAFETY AND WELLBEING	Create healthy building spaces (assessing opportunities to use health and wellbeing certification schemes).	Achieving BREEAM Excellent for Canning Town asset. Ongoing BREEAM Good certification for Limeil.	Investigate opportunities for applying further green building, and health and wellbeing certifications to existing assets/refurbishments.
		Ensure suppliers act ethically and responsibly.	Enhanced our social policy documents to expand on guidance for suppliers.	Consider further expansion of policy documents and ongoing risk assessments in relation to third-party suppliers and advisors.

[1] European Association for Investors in Non-Listed Real Estate Vehicles
[2] In this context, 'Green Leases' refers to any clauses included in standard lease contracts relating to environmental, social and/or governance performance under a tenant's control.

SCOPE	TOPIC	OBJECTIVE	PROGRESS IN 2023	PRIORITY FOR 2024
CORPORATE	PRINCIPLES OF RESPONSIBLE INVESTMENT (PRI)	Determine viability for membership and participation in the PRI scheme.	Continued to review the practicality of submitting to PRI.	Continued monitoring of the practicality of a submission and potential development of a roadmap for aligning with PRI membership requirements in the forthcoming years.
	GOOD CORPORATE GOVERNANCE	Explore viability of ISO14001-alignment to underpin our ESG strategy for the VIQR portfolios.	Reviewed viability of adopting an ISO 14001-aliged environmental management system.	Continued monitoring of viability with potential development of a roadmap to expand and align existing environmental management processes with ISO 14001 requirements.
		Appoint an ESG Committee with a broad skill set to support in providing direction on ESG.	Successfully appointed an ESG committee to oversee and run the development and implementation of ESG at Valor. The committee contains various members from differing levels of seniority and areas of the business.	Hold ESG committee meetings at minimum once a quarter. Share and distribute relevant outcomes and actions of meetings to key stakeholders.
		Upskill the workforce with regular ESG training.	Hosted regular topic-specific ESG training sessions, aimed at a wide audience. Invited external experts to deliver CPD training across the business.	Continue to host regular ESG training events, aimed at stakeholders with a wider range of existing ESG knowledge.
		Increase market presence.	Communicated details on regular training programs, events, and conferences to all staff.	Continue to promote training programs, events and conferences to all members of staff. Actively encourage staff to attend external events.
	EMPLOYEE WELLNESS	Better understand equality and diversity standing.	Further development in monitoring workforce socio-economic diversity, ethnicity and other key reporting metrics.	Continue to encourage staff to share key DEI metrics to better enable the business to identify areas for and routes to increased workforce diversity.
		Give back to the communities that we live and operate in by volunteering and giving to charity.	Representation at a careers fair at Harris Academy, Greenwich. Provided support to the Academy of Real Assets and volunteered an employee to support their Youth Board. Supporting Year 12 students at a London school with mock job interviews to help develop employability skills.	Launch a company-wide volunteering day. Promote and share staff achievements and provide further support to charities and volunteering schemes.
		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.	Issued an employee satisfaction survey. Continued to monitor and track gender and diversity vacross the workforce Promote health, wellbeing and social engagement through participation in a variety of activities, including Valor Run Club and the annual JP Morgan Corporate Challenge.	Use the findings of the surveys to support the development of key social and bi-annual wellbeing policies. Conduct a bi-annual employee satisfaction survey. Continue further monitoring and tracking of gender and diversity, equity and inclusion related data across the workforce.

ABOUT THIS REPORT

This is our second ESG report, covering the ESG activities and updates of Valor Real Estate Partners LLP ('Valor') headquartered in London, for the calendar year ending 31st December 2023.
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 the progress we have made on our initial ESG objectives, our current position and disclose our environmental performance, aligned to INREV guidance. This report shall be used as an updated benchmark to review and update progress on in subsequent years.

ENVIRONMENTAL PERFORMANCE REVIEW

This report has been completed in consultation with our third-party ESG consultants, EVORA Global Limited, and has been assured externally by third party assurance provider S&P Global Inc., as well as being checked for accuracy and completeness by our Managing Partner.

CONTACT

We welcome feedback, which can be directed to:
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ABOUT VALOR

Valor is a pan-European urban logistics specialists. Founded in 2016 as one of Europe's first specialist urban logistics investors, since inception we have amassed a €3.3 billion portfolio over c.12m SF, concentrated in the most difficult to penetrate key gateway cities of London, Paris and Berlin.

Together with QuadReal, Valor launched in early 2022 a second Joint Venture to invest an additional €3 billion in urban logistics assets located primarily in UK, France, Netherlands and Germany. The new vehicle's value-add and development strategy will continue the 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.

Alongside the initial €1 billion JV in November 2020, the portfolio now covers over 4m SF. The 36 investments are well balanced across Europe's most competitive urban logistics markets.

QuadReal brings its extensive experience in the sector with $73.8bn AUM across global markets. Valor will be responsible for sourcing and managing the portfolio, leveraging its significant experience acquiring, developing in-house and managing infill logistics assets.

NOTES FROM OUR MANAGING PARTNER

Reflecting on our achievements and progress made throughout 2023, Valor's commitment to further integrating ESG principles into our business operations remains steadfast as we transition into 2024. Last year marked a significant step forward in our ESG journey, setting the stage for continuous improvement and future opportunities.

As we navigate today's ever changing markets the importance of reinforcing our ESG efforts cannot be overstated. This annual report is an important component in these efforts, providing transparency on our annual objectives, celebrating our successes, whilst also acknowledging areas for growth and improvement.

OUR KEY HIGHLIGHTS OF 2023 HAVE BEEN:

- Successful submission of our inaugural GRESB report for all operational assets within the VIQR portfolio, enabling us to conduct a thorough gap analysis for future improvements.
- Publishing our inaugural Annual ESG report, setting the stage for accountability and improvement.
- Implementation of a robust data collection strategy, leveraging the capabilities of third-party data sourcing platforms to streamline our data management practices.
- Utilization of the ESG data management platform, 'SIERA', to record and monitor key performance characteristics at an asset-level.
- Integration of green clauses within new lease agreements, to enable key stakeholders to bolster our ESG performance.
- Completion of our first INREV-aligned Environmental performance report, aligning our efforts with industry-leading standards.
- Establishment of an ESG committee, tasked with overseeing the development and execution of ESG initiatives across Valor.
- Invited external experts to deliver CPD training which was made available to the entire business.
- Formalised and improved our End of Year employee reviews by implementing self-evaluations, peer reviews, and manager reviews using our Human Resource Information System, Bob.

Looking ahead, Valor remains dedicated to advancing each of these objectives and providing transparent updates on our progress. Through continued collaboration and commitment, we aim to propel Valor towards a future defined by sustainability, responsibility, and enduring success.

CHRISTIAN JAMISON
Managing Partner, Valor

RECENT ESG PROJECTS

We are constantly working on making our assets more sustainable. Below, we share three case studies from the past year, providing a flavour of our on-going efforts across the QuadReal Joint Ventures.

These examples also highlight how improving environmental performance at an asset level also yields tangible financial returns.

CASE STUDY 1

In 2023 we incorporated multiple sustainable initiatives into our new build scheme, 5A Canning Town, London, as detailed below. This Net Zero Carbon scheme was awarded an EPC A and BREEAM Excellent.

- Installation of low u-value materials and passive design measures, coupled with the deployment of PV and ASHP which has led to a reduction in regulated emissions by 81% compared to the Part L 2013 baseline.
- Assessment into the operational energy consumption using CIBSE TM22 and 54. This assessment showed that lighting is the highest energy consumer at the asset. Steps have been taken to improve performance by installing LED lighting, with the potential to use a Digital Addressable Lighting Interface.
- Installation of energy sub-meters for enhanced performance monitoring.
- Installation of electric vehicle charging points across 37.5% of onsite parking areas, exceeding the 2021 London Plan requirement of 20%.
- Installation of 12 long term cycle spaces onsite with a green roof to the cycle shelters.
- Installation of low-flow white goods and sanitaryware fittings, coupled with pulsed water meters, leak detection systems and solenoid valves to detect and reduce impact of water leaks both within the building and between the building and the site boundary.
- Completion of a thermographic site walkover to identify and repair any continuity errors in the insulation since the building was designed to limit the amount of thermal bridging issues which may occur and induce heat loss within the structure.

5A CANNING TOWN

ON-SITE BIKE STORAGE TO PROMOTE SUSTAINABLE TRAVEL

CASE STUDY 2

LEE CONSERVANCY ROAD BEFORE AND AFTER

Last year we undertook a major refurbishment of a 1990's warehouse on Lee Conservancy Road in Hackney. We chose to refurbish an existing building rather than demolish and rebuild as we saw this as an opportunity to bring an asset lacking in energy saving credentials up to modern standards, without releasing unnecessary embodied carbon and creating excess waste material by way of a complete redevelopment.

The asset is targeting an EPC rating of 'A' in 2024, following the implementation of the below environmental initiatives.

- Complete lighting upgrades to high-efficiency LEDs across the entire warehouse.
- Installation of PV panels on the roof of the warehouse.
- Installation of electric vehicle charging stations across several parking spaces. 30% of parking spaces are EV, exceeding the 2021 London Plan requirement of 20%.
- Heating system upgrades to deliver efficiency improvements.
- Responsible sourcing of materials during the refurbishment works, minimising waste and maximising recycling.

CASE STUDY 3

TRAPPES BEFORE AND AFTER

A complete renovation of the warehouse located at 10 Avenue des Frères Lumières in Trappes was completed in 2023. The above photos show the building before and after the works. A key deliverable throughout the renovation was the enhancement of building performance and energy efficiency, by identifying and implementing a range of efficiency measures, as detailed below.

- Maximisation of natural lighting to reduce use of artificial lighting through the installation of additional windows and use of white paint in interior walls.
- Installation of electric vehicle charging ports to support uptake of low carbon transportation.
- Installation of high-efficiency LED lighting throughout the warehouse to further reduce energy consumption.
- Whole-building fabric insulation refits and upgrades to improve energy and indoor environmental performance.
- Upgrade to a more energy-efficient heating system, reducing energy demand.
- Encouraged recycling and waste reduction through raising awareness with our GC.
- Implementation of a BMS to control the building's energy consumption.

ESG STRATEGY

In 2023 we begun formalising our ESG strategy approach by creating an ESG policy document. This policy will establish a common set of ESG priorities, which the VIQR fund will adopt when developing and embedding ESG-related objectives, targets and strategies. The priorities will aim to improve environmental, social and governance standards, each qualified by a commitment.

In turn, these commitments will help to drive further sustainable practices and behaviours across Valor's business operations. As this policy is being developed in 2024, progress will be provided in the next ESG Annual Report.

DISCLOSURE

Valor remains committed to driving improvement in ESG performance across all our operations. In 2023 we set specific objectives based on material issues, identified in our materiality assessment.

To demonstrate our commitment to addressing the material issues identified across our stakeholder groups, this report serves to disclose our performance against each one during 2023.

The following table outlines the key industry engagement channels, through which we disclose our ESG performance.

OBJECTIVE	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Disclose and produce an annual Valor ESG report updating stakeholders on objective performance 	In 2023 we published our inaugural annual ESG report outlining each of the objectives and commitments we are working towards at Valor. We aim to use this report as our main method for communicating our ESG progress to key stakeholders, ensuring we remain accountable for our commitment to effectively manage the ESG performance of all investments.	Publish our second ESG Annual Report, setting out the progress made on each of the objectives, whilst establishing new targets for 2024.
Report annually to the Global Real Estate Sustainability Benchmark (GRESB)	In 2023 VIQR submitted its first GRESB submission for all operational assets. From the results released, we undertook a GRESB gap analysis, with our third-party consultants EVORA Global, to identify further opportunities for improvement. As we prepare for our second GRESB submission this year, we are focusing on key opportunities to improve our performance across the Management and Performance sections of the questionnaire.	Participate in GRESB 2024, with target to improve score and peer position, based on the findings of the 2023 GRESB gap-analysis. Although participation in the GRESB Development module is not planned for 2024, we will continue to review suitability of participating in future submissions.
Review the Sustainable Finance Disclsoure Regulations (SFDR) and the EU Taxonomy and consider industry-wide approach to these issues, enhancing Valor's disclosure where possible,	Valor remains exempt from publishing non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU (EU Taxonomy KPIs). However, we will continue to review the wider real estate industry and best practices in this area, including the UK Government's Sustainable Disclosure Requirements (SDR) to ensure we remain compliant with evolving regulatory requirements.	Continue to monitor relevance and applicability of the Sustainable Finance Disclsoure Regulations (SFDR) and the UK Government's Sustainable Disclosure Requirements (SDR) to the VIQR fund.
Look into the viability of becoming a Principles for Responsible Investment (PRI) signatory.	We continue to review the practicality of submitting to PRI and how becoming a signatory could benefit and support our ESG strategy and development.	Continued monitoring of the practicality of a submission and potential development of a roadmap for aligning with PRI membership requirements in the forthcoming years.

ACQUISITIONS

As the QuadReal Joint Ventures are value add funds, the majority of the real estate portfolio comprises assets with significant opportunities to improve environmental and financial performance. As an active manager and developer of real estate, improving asset environmental performance provides us with an opportunity to deliver a direct positive environmental impact on the market stock. Disregarding those assets and leaving them to fall further into disrepair fails to address the unsustainable nature of many older industrial buildings.

In 2023, we created a structured sustainability checklist, which has been embedded into the due diligence process for new acquisitions. The new checklist plays a crucial role in helping us to align asset performance with our sustainability strategy, while also improving our ability to meet external industry and stakeholder ESG performance benchmarks, such as those established under GRESB.

The checklist has been created to capture a wide range of performance data, such as, building measures, flood risk assessments and ecology surveys. This helps to manage and minimise exposure to environmental, sustainability and legal risks, such as, rising compliance costs, current and future environmental-related fiscal and legal compliance while ultimately increasing financial and physical resilience of all new investments.

OBJECTIVE	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Create an acquisition due diligence checklist to screen new acquisitions for ESG and physical/transitional climate related risks.	We created a structured sustainability checklist for use in the due diligence processes during new acquisitions. The new checklists help to align asset performance with our sustainability goals.	Continue to use the new sustainability checklist during all new due diligence processes for new acquisitions. Continue to monitor the effectiveness of the checklist and make further improvements where, or if, necessary.

DEVELOPMENT AND REFURBISHMENT

Developing and refurbishing assets is core to Valor's business strategy. In 2023, the ESG opportunities and risks of all developments and refurbishments were closely managed.

This was partly realised through on-going assessment of opportunities to obtain, or align with, BREEAM certification; especially, where no specific requirements were mandated by the local planning authorities. Where there was a clear financial and operational benefit to asset performance, we would align with BREEAM, or other appropriate green building certification schemes, for new developments and major refurbishments.

To ensure a consistent approach to managing ESG performance is adopted across all refurbishment and development projects, we are developing a set of minimum standards and guidelines, which each development and refurbishment will adopt through all stages of the project lifecycle.

Ultimately, our tenants are responsible for fitting out units upon leasing. However, we are actively working with our tenants to help to provide them with guidance on how to effectively manage the fit-out process in an environmentally and socially responsible manner. This will be further enhanced through a sustainable fit-out guide due for completion in 2024, which will be distributed to any new or existing tenants.

OBJECTIVE	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Create a development and refurbishment brief to track and implement for new projects through all stages of the development and refurbishment lifecycle.	We continued to develop a standardised approach to managing developments and refurbishments through the creation of minimum standards and guidance, applicable to all new projects.	Finalise and implement formal minimum standards and guidelines document for all new developments and refurbishments.
Create a sustainable fit out guide to distribute to any new or existing tenants to guide the fit out of their units.	We set up a streamlined and discounted Licence to Alter template with our UK solicitors. This can be utilised by tenants at a significant saving compared to a standard Licence, where they are undertaking works at their property which improve environmental performance. We continued to make progress with the development of a sustainable fit-out guide that will be shared with all new or existing tenants to help provide guidance on how to implement sustainable initiatives and improve the quality of their space. A climate risk memo was distributed to all tenants in the VIQR portfolios with ideas and tips on how to reduce the carbon impact of their operations.	Work towards finalising the sustainable fit-out guide to be shared with all new and existing tenants. This guide will be used to share sustainable initiatives and recommendations that Valor believe will improve the environmental performance and quality of their space.

OPERATIONS: ENERGY, WATER AND WASTE

Our focus in 2023 was to understand and benchmark the operational performance of our operational assets, through the implementation of ESG data management and stakeholder engagement processes.

By engaging with a specialist external ESG consultancy, we have successfully begun monitoring the ESG performance of all assets within the VIQR portfolio using a dedicated management platform, SIERA. This functions as a dedicated ESG data store, supporting asset management and improving data quality, evaluation and governance. This has provided us with a central information point for managing all ESG-related data across the portfolio; such as, green building certifications, energy and carbon data and performance, as well as the ability to monitor and measure actual environmental performance.

In 2023, we made considerable progress to increase tenant data coverage, through the use of automated utility data collection, and through concerted engagement with tenants. Increasing both coverage and completeness of tenant data will remain a priority for the year ahead, as it is vital for the development of the portfolio's net zero carbon targets and strategy, as well as improving our performance in external reporting frameworks: particularly, GRESB.

However, monitoring energy consumption alone will not deliver the improvements in energy and carbon performance required. As a responsible landlord, we recognise our role in supporting and encouraging tenants to reduce consumption on site.

Tenant engagement is the core vehicle, through which we can realise tangible action. In 2023, we engaged with tenants across the VIQR portfolio, to suggest ways that they could reduce their environmental footprint through practical actions, such as switching to a green energy tariff, transitioning to electric forklifts and charging them at night, and cleaning rooflights to reduce the need for artificial lighting.

In addition, we continue to support tenants with carbon reduction initiatives, such as installing roof-mounted PVs and monitoring and encouraging the uptake of certified renewable energy contracts across the portfolio tenancy.

A tenant satisfaction survey was also issued to all tenants across the VIQR portfolios, part of which focused on sustainability initiatives, such as green leases. We are proactively trying to strengthen the communication we have with our tenants to help improve cooperation and operation of their buildings.

Managing transition climate risk across the VIQR portfolio is an essential part of our governance process. In particular, throughout 2023 we have continued to focus on key areas of asset performance and compliance, including;

- The UK Government's Minimum Energy Efficiency Standard.
- Ensuring all assets hold valid energy performance certificates.
- Working with tenants to identify, implement, and monitor asset-level sustainability action plans.
- Recording all green building certifications on a dedicated ESG data management platform.

OBJECTIVE	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Liaise with tenants to request their data (energy, water and waste) for all operational assets within the portfolios.	We have implemented a more automated tenant data collection programme through a verified, third-party utility database, to increase the quantity and quality of tenant data received for all operational assets in the United Kingdom. Letters of Authority have been sent out to each of the tenants who are happy to share consumption data via verified, third-party data platforms.	We will continue to work collaboratively with our tenants to collect consumption data through authorised, third-party data collection platforms, backed by signed Letters of Authority. This will improve the quality and coverage of environmental performance data across the portfolio, essential for the development of robust science-based energy and carbon reduction targets for the VIQR portfolios.
As a minimum, undertake annual data collection and analysis process.	We developed an annual data collection strategy, to obtain utility consumption data across all operational assets.	Increase the frequency of the annual utility data collection process to at least bi-annually.
Onboard assets to a data management platform for all utilities.	We have successfully onboarded all assets within the VIQR portfolio onto a dedicated third-party ESG data management platform, which we shall use to monitor asset-level environmental performance.	To utilise the full capability of the data platform to help monitor and track asset consumption and performance.
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.	As utility procurement is currently at the discretion of our tenants, we have focussed on engaging with tenants, to share information on any renewable energy procurement contracts they may have. A 'Climate Change Memo' was also issued to tenants, providing guidance on how to improve environmental performance through practical actions, such as, replacing inefficient lights with LEDs, only heating areas that are needed and promoting the uptake of certified renewable energy tariffs.	Increase the uptake of green energy tariffs through further rollout of Green Lease clauses. Establish recurring annual process for issuing 'Climate Change Memos' to all tenants.
Review the feasibility of rollout of additional solar PVs on viable roof space.	We continued to identify opportunities for installing PV systems across the portfolio. In 2023, we successfully installed PV panels at the following assets: • Units 3 & 4 Gemini Business Park, Beckton • Lee Conservancy Road, Hackney • 5A Canning Town • East Circular, Barking	Continue to identify and monitor opportunities to install PV panels on viable roof spaces.
Undertake an energy label and green building certification review where appropriate, to identify any potential areas for improvement.	We continued to obtain mandatory energy performance certificates across the portfolio and monitored any changes to minimum requirements. 100% of new build assets in 2023 achieved a GBC. Through proactive monitoring of certificate expiry dates and legislative changes, we were able to take timely mitigative action on any up-coming renewals.	To identify key assets with the potential to obtain new green building certifications in the next 1 to 2 years. To renew all expiring green building certifications, where viable and applicable.

STAKEHOLDER ENGAGEMENT

We aim to foster strong relationships with our tenants and recognise that this will help ensure maximum cooperation between parties to benefit all involved. Whilst we are actively working towards creating a formal tenant engagement programme to include ESG specific issues, in 2023 we progressed with two key elements that will underpin our future tenant engagement programme; completing a tenant satisfaction survey and implementing green lease clauses.

TENANT SATISFACTION SURVEY

To help to further strengthen communication and relations, last year a satisfaction survey was issued to all tenants across the portfolio.

In addition to seeking feedback on satisfaction with approaches to communication, engagement and property management, the survey sought feedback on ESG-related topics to help to increase awareness of, and improve, sustainability performance. Tenant feedback is an essential part of managing effective tenant and stakeholder relationships, and the results will help to build and improve collaboration year-on-year.

Given that operational control of our assets is passed entirely to the tenants, the importance of a healthy and structured tenant engagement program cannot be understated, and we believe a tenant satisfaction survey is a promising first step towards creating one.

GREEN LEASE CLAUSES

To further influence sustainable action through the portfolio's tenants, we have, alongside our legal advisors, developed green lease clauses which we aim to incorporate into all new leases or lease renewals.

We are working towards expanding the inclusion of these clauses to our other European lease agreements.

OBJECTIVE	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Define a formal tenant engagement programme that includes ESG specific issues, including post-occupancy evaluation.	We continued to develop our 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. The work we have completed on the tenant satisfaction survey and green lease clauses also supports our tenant engagement programme. A Property Manager and Asset Manager has been assigned to each asset, with regular site visits on at least a quarterly basis. Included in the 'Climate Change Memo' sent to all tenants, was a request to all tenants to share their energy and water usage and waste creation at their building.	Create a formal tenant engagement programme, incorporating the tenant satisfaction survey.
Issue tenant satisfaction surveys every three years, as a minimum, considering metrics such as overall satisfaction, satisfaction with communication, property management (aligned to GRESB guidance).	The first tenant satisfaction survey was issued to all tenants within the portfolio, comprising 27 individual questions. This survey will now form part of an annual engagement process with our tenants.	Review responses received in the 2023 survey, to support a more structured tenant engagement programme, promoting survey participation and response rates, while improving overall satisfaction. Monitor and report on satisfaction scores in the 2025 annual report.
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/renegotiated.	We have created a bespoke lease template which incorporates several environmentally focused lease clauses. These were negotiated in nearly 100% of new leases in 2023. Along with sharing environmental performance data, the updated clauses promote effective waste management, and ensure compliance with the requirements of regional environmental law, permits and regulations. We have been working towards integrating these clauses into our other European lease agreements.	Continue to use updated clauses in all new leases or lease renewals across the portfolio. Track and disclose the number of leases with green-lease terms in the next annual ESG report. Continue to work on integrating these clauses into all European lease agreements.

SUSTAINABILITY ACTION PLANS

A Sustainability Action Plan (SAP) is an action plan of sustainability requirements and initiatives at an asset level. In 2023, we introduced an ESG tracker designed to centralise asset information across our diverse portfolios and regions. The information is used to identify opportunities to improve asset performance, along with any projected cost savings, such as installation of LED lighting.

As well as capturing these opportunities, the tracker helps to identify and manage potential stranding risks caused by poorly performing assets with low certificate ratings.

We are now looking to develop the tracker into a more granular tool for creating and managing SAPs for individual assets and serve as a centralized depository for portfolio wide sustainability initiatives The purpose of each SAP will be to:

- Centralise all asset level information in one document.
- Provide clarity on an asset's sustainability plan.
- Enable us to quickly identify gaps or where the asset is susceptible.
- Support tenant discussions on potentially beneficial initiatives.
- Track capital costs and support asset-level business planning.
- Improve asset-level management of energy performance certificate renewals and / or green building certificates.
- Feed into the planned net zero carbon strategy and pathway.

OBJECTIVE	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Develop an asset level SAP template that will be applied to each asset in the portfolios.	In 2023 we introduced our ESG tracker designed to centralise asset information across our portfolios to enable us to better track asset exposure to stranding risks, identify energy saving opportunities and monitor capital expenditures.	Continue to use the ESG tracker to monitor asset performance at the fund level. Develop asset-specific Sustainability Action Plans from the ESG tracker.

NET ZERO CARBON TRANSITION

Ensuring the VIQR portfolio is aligned with a science-based net zero carbon pathway remains a key priority for us and is our central strategy to decarbonise our portfolios. QuadReal's Joint Ventures plan to have net zero carbon strategy in place by 2025 with a target to reach net zero carbon by 2050. Therefore, we will explore the feasibility of aligning our portfolios with these targets.

Recent progress made in improving environmental data coverage and completeness across the portfolio is key to understanding our assets and how they are performing against industry standard benchmarks.

Furthermore, the greater the data quality, the more accurate our net zero energy and carbon target setting will be. With increasingly robust and reliable data available this year, we will then begin to develop a decarbonisation strategy.

OBJECTIVE	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Explore decarbonisation of our portfolios by 2050.	As part of creating a portfolio decarbonisation pathway, we have focused on increasing data coverage and quality across the portfolio, as this is essential for a coherent and robust decarbonisation strategy.	Continue increasing data coverage and quality to support the development of portfolio-level decarbonisation pathways and targets.

CLIMATE CHANGE AND RESILIENCE

The recommendations of the Taskforce for Climate-Related Financial Disclosures (TCFD)[3] continue to play a central role in the identification and management of physical and transition climate risk across the real estate sector.

While Valor has no legal obligation to align with the TCFD requirements, we understand the potential risks posed by climate change on our portfolios, and, therefore, the importance of effectively minimising any associated investment risk to our portfolios.

Ensuring our assets are sufficiently resilient and prepared for both a changing climate and the global transition to a low carbon economy, therefore forms an essential part of our climate governance strategy.

To ensure we are best placed to manage this effectively our priorities for the coming year are:

- To evaluate fund-level exposure to climate-related risks and their associated financial impact, as recommended by the TCFD.
- Effectively manage climate related risks to improve portfolio resilience and financial performance.

We intend to consider the recommendations of the TCFD, and other applicable frameworks, to help improve transparency of our performance in this area, despite not currently being obligated.

[3] Now managed under the International Financial Reporting Standards (IFRS) S2 framework

HEALTH, SAFETY AND WELLBEING

We recognise that our buildings have human impacts both inside and outside their walls and that health and wellbeing is an equally important aspect of good ESG performance. We remain committed to further exploring how we can put the S into the spotlight to construct healthy building spaces.

As a logistics centric portfolio, having excellent health and safety practices lies at the centre of the work we do. We again had zero reportable incidents on our development sites throughout 2023 which remains a testament to the good quality contractors we employ at our sites.

Our relationship with suppliers is instrumental to our success. We need to know who we are doing business with, and who is acting on our behalf. Therefore, we will continue to:

- 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	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Develop an asset level health and wellbeing framework.	We have begun working with our third-party consultants to develop and launch a health and wellbeing framework.	Develop and launch an asset-level health and wellbeing framework over the next 1 to 2 years.
Create a supplier Code of Conduct.	We have started to look at developing a supplier Code of Conduct, to ensure all our suppliers align with Valor's motives and standards.	Create a supplier's code of conduct and issue to all suppliers in the next 1 to 2 years.
Assess opportunities to use health and wellbeing certification schemes.	We started to consider the feasibility of applying for health and wellbeing certifications across the portfolio.	Continue reviewing potential health and wellbeing certification schemes. Where applicable and viable, identify assets to undertake health and wellbeing schemes, such as Fitwell.

CORPORATE GOVERNANCE

In 2023, we formed an ESG Committee to oversee and run the development and implementation of ESG strategies at Valor. Comprising members representing differing levels of seniority, from across the business, with two nominated Heads of ESG, the committee meets at least once a quarter. The members and positions of the committee are:

- Christian Jamison, **CEO**
- Matthew Phillips, Partner; **Head of Finance & Operations**
- Brad Stitchberry, Partner; **Head of Asset Management**
- Max Freeman, **Head of Construction**
- Will Outram, **Asset Manager and Head of ESG UK**
- Alex Massot-Bordenave, **Asset Manager and Head of ESG France**
- Clare Forster, **HR Manager**

As a committee, we are actively exploring the viability of aligning existing environmental management systems across the VIQR portfolios with the ISO 14001 standard.

In 2023, a key focus for us was to increase training opportunities available to our workforce. Internally, we regularly shared various training programs, events, and conferences with our staff. Where any events align with an individual's role or professional growth, the company commits to reimbursing all associated fees.

We regularly invite external experts to deliver CPD training which we make available to the entire business. Example speakers in 2023 included:

- Hollis: Explaining and analysing the underlying costs associated with EPC and ESG enhancements during underwriting and asset future proofing, with a particular focus on integrating PV and EV prospects.
- Birketts LLP: Exploring MEES regulations and sustainable green lease agreements.
- Andine Group : Presentation and case studies on environmental regulations.
- Andine Group: Review of green certifications and implications.

OBJECTIVE	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Over the coming years, we will explore the viability of ISO14001-alignment for the VIQR portfolios.	We actively reviewed the viability of adopting an ISO 14001-aligned environmental management system.	Continued monitoring of viability with potential development of a roadmap to expand and align existing environmental management processes with ISO 14001 requirements.
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.	We have successfully appointed an ESG committee to oversee and run the development and implementation of our ESG strategy at Valor. The committee comprises various members from differing levels of seniority and areas of the business, and meets on a quarterly basis as a minimum.	Continue to hold ESG Committee meetings at least quarterly. Share and distribute relevant outcomes and actions of meetings to relevant stakeholders.
Conduct ESG training for relevant staff at least once per year to disseminate knowledge across the business on relevant topics.	We host regular ESG training, targeting different specialist areas. Since embedding ESG into decision making applies across the whole workforce, we offered these sessions to all employees.	Continue to host regular ESG training events, accessible to all staff.
Actively encourage employees to attend wider industry ESG-related trainings, events and conferences.	We continued to share details on regular training programs, events, and conferences to all staff, reimbursing all associated fees where the training supports employee development within their role.	Continue to promote training programs, events and conferences to all members of staff. Actively encourage staff to attend external events and reimburse any associated fees of external training events, where applicable and relevant.

EMPLOYEES

Our ambition is only as strong as the foundations we are built on, and our colleagues have been fundamental to our success to date. Engagement is crucial to achieving a culture where employees can flourish and fully contribute towards realising Valor's purpose, ambition, strategy, and, ultimately, long-term success. As of 31 December 2023, we employed 48 full-time employees across the UK, France and Germany.

DIVERSITY, INCLUSION, ACCESSIBILITY AND EQUALITY

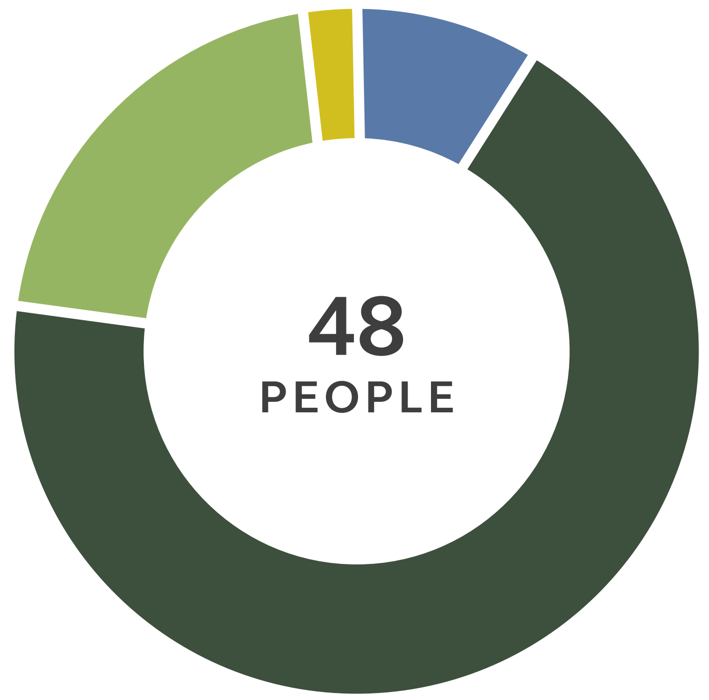
At Valor, diversity, inclusion, accessibility and equality is important to us. Our employee breakdown as of 31st December 2023 was 27% female and 73% male, with an age distribution of:

18-25: **4 EMPLOYEES**

26 - 35: **33 EMPLOYEES**

36 - 45: **10 EMPLOYEES**

46 -55: **1 EMPLOYEE**



Although we recognise that we still face challenges with increasing gender and ethnic diversity in the workforce, since September 2023, we successfully achieved a 50:50 gender ratio of all internal hires, with further female members of staff being shortlisted as candidates for additional roles across the business. In 2023, we 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 believe this has been key to improving the socio-economic diversity of new staff members, and we will continue to prioritise direct hiring, over third-party recruitment agencies.

To further monitor and disclose on the socio-economic diversity of our workforce, we actively encourage employees to share key information in our internal human resources platform, Bob. Looking ahead, we will develop an internal policy to ensure all employees can provide this information for increased transparency.

OBJECTIVE	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Continue to monitor gender diversity in our headcount.	As of 31st December 2023 our statistics were as followed: Total Employees: • 27% Female • 73% Male Total Hires: • 50% Female • 50% Male	Continue to monitor the gender diversity of our workforce. Continue to recruit new staff directly through platforms, such as LinkedIn, to improve the socio-economic diversity of applicants.
Monitor diversity and socioeconomic background in our headcount.	As of 31st December 2023 our statistics were as followed: Age Distribution: • 18-25: 4 employees • 26 - 35: 33 employees • 36 - 45: 10 employees • 46 -55: 1 employee We are continuously working to improve our monitoring of socio- economic backgrounds, ethnicity and other reporting metrics.	Continue to encourage staff to share key DEI metrics to better enable the business to identify areas for and routes to increased workforce diversity.

EMPLOYEE HEALTH AND WELLBEING

The continued health and wellbeing of our staff is pivotal to the success of our business. Our End Of Year process has been formalised and improved by implementing self-evaluations, peer reviews, and manager reviews using our HRIS, Bob. This made the review cycle much more streamlined and centralised the reviews in one place which ensured senior management had a channel in which they can deliver feedback to staff. We also used Bob to roll out an Employee Engagement Survey in December 2023, of which feedback sessions have been arranged with C-suite staff. We are currently drawing up policies as a result of the feedback from the survey to increase employee satisfaction.

We will run the 'GoJoe challenge' again this year, as it was well received in 2023. We have also started the Valor Run Club which has had a great take up of participants over the last 6-9 months.

In April 2024 the Valor Spring Challenge will commence with all Valor colleagues invited to take part.

CHARITY AND VOLUNTEERING

At Valor, we are fortunate to have many employees that actively volunteer and regularly get involved with charities via raising money and awareness through running events or sporting activities. To further encourage employees to get involved with charities and volunteering, in 2024 we plan to roll out an official, company wide 'Volunteering Day'.

As a firm, in 2023, we continued to partake and get involved in each of the events we showcased in last year's ESG report, such as supporting the Academy of Real Assets, allocating one employee on their Youth Board and partaking in the JPMorgan Corporate Challenge Run.

We also began sponsoring Cobham Football Club Under 13s to provide the team with a new and updated football kit. We own property and operate within this area, so this presents an opportunity for us to give back to the local community and support families in the area.

Members of the Valor team also represented the business at a careers fair at Harris Academy, Greenwich and at a mock interview day. This was an opportunity for members of the Asset Management and Development teams to meet with students from Year 10-Sixth Form to discuss career opportunities in real estate. The majority of students were not aware of the breadth of careers within this sector and it was an enlightening afternoon for both the students and Valor team. The mock interview day helped build valuable skills for those attending as they plan their future career paths.

OBJECTIVE	2023 OBJECTIVE UPDATE	2024 OBJECTIVE
Consider providing employees with an allotted number of volunteering hours within the working day each year to encourage mentoring and volunteering opportunities.	We developed a company-wide volunteering day initiative for launching in 2024.	Run our first company-wide volunteer day and report on employee participation.
Encourage staff to give to charity.	As this is something our employees do already, to further support staff engagement with charities and volunteering schemes, we have begun to showcase individual activities internally.	Continue to internally promote and share staff achievements and support to charities and volunteering schemes.

MOCK INTERVIEW DAY

COBHAM FC UNDER 13S WEARING THEIR VALOR SPONSORED FOOTBALL KIT

APPENDIX A

ENVIRONMENTAL PERFORMANCE MEASURES

The following section provides a summary of VIQR's energy, water, waste and carbon performance between 1st January 2023 and 31st December 2023, inclusive. Data has been prepared and presented according to the latest INREV Sustainability Reporting Guidelines.

All other sustainability information such as green building certifications and energy performance certificates are also presented for the same period of time. As permitted by the INREV Sustainability Reporting Guidelines, environmental data has been developed and presented in line with the Global Real Estate Sustainability Benchmark (GRESB).

REPORTING BOUNDARY

In accordance with the GHG Protocol's reporting guidance , all assets in VIQR's reporting boundary are wholly operated by its tenants, and, therefore, all associated emissions are categorised as Scope 3, Downstream Leased Assets. Therefore, tenant engagement and collaboration has been key to collecting the required information.

In 2023, 16 assets were reported as operational and have therefore been included in the analysis below. 15 assets were reported as either under refurbishment or development at least 50% of the reporting period and are therefore excluded from the reporting boundary for 2023.

[1] https://ghgprotocol.org/corporate-standard
[2] Wissous was purchased late December 2023 and is therefore not included.

ASSET NAME	INCLUDED IN 2023 DATA	COMMENT
30 Lydden Road	YES	Operational for 365 Days in Reporting Period
55 Kimber Road	YES	Operational for 365 Days in Reporting Period
Ahrensfelde	YES	Operational for 365 Days in Reporting Period
Berlin Marzahner Str.	YES	Operational for 365 Days in Reporting Period
Bermondsey	YES	Operational for 365 Days in Reporting Period
Canning Town Pirin Court	YES	Operational for 365 Days in Reporting Period
Corbas 2	YES	Operational for 365 Days in Reporting Period
Crawley, Manor Royal	YES	Operational for 365 Days in Reporting Period
Gemini Business Park	YES	Operational for 365 Days in Reporting Period
Greenford, Tera 40	YES	Operational for 184 Days in Reporting Period
Neuenhagen	YES	Operational for 365 Days in Reporting Period
Oscar House	YES	Operational for 365 Days in Reporting Period
Sartrouville	YES	Operational for 365 Days in Reporting Period
Tottenham, Hotspur	YES	Operational for 365 Days in Reporting Period
Trappes N&D	YES	Operational for 365 Days in Reporting Period
Vickers Drive, Weybridge	YES	Operational for 365 Days in Reporting Period
5A North Crescent Canning Town	NO	Under Refurbishment / Development in Reporting Year
Berlin, Buchholzer	NO	Under Refurbishment / Development in Reporting Year
Bow St Andrews Way	NO	Under Refurbishment / Development in Reporting Year
Charlton	NO	Under Refurbishment / Development in Reporting Year
Chassieu	NO	Under Refurbishment / Development in Reporting Year
Garges	NO	Under Refurbishment / Development in Reporting Year
Hackney, Lee Conservancy	NO	Under Refurbishment / Development in Reporting Year
Jenkins Lane	NO	Under Refurbishment / Development in Reporting Year
Kingsbridge Road Industrial Estate	NO	Under Refurbishment / Development in Reporting Year
La Courneuve Blériot	NO	Under Refurbishment / Development in Reporting Year
Limeil 2	NO	Under Refurbishment / Development in Reporting Year
Mitcham Industrial Estate	NO	Under Refurbishment / Development in Reporting Year
New England Barking	NO	Under Refurbishment / Development in Reporting Year
Trappes 1	NO	Under Refurbishment / Development in Reporting Year
Wandsworth Lydden Rd	NO	Under Refurbishment / Development in Reporting Year
Wissous	NO	Under Refurbishment / Development in Reporting Year

METHODOLOGY

INREV Alignment

VIQR's environmental performance has been evaluated against the most material performance indicators, identified from the latest INREV Sustainability Reporting Guidelines. In 2023, the INREV Sustainability Reporting Guidelines were updated, to which this 2024 report has been aligned where practicable.

Actual and Like-for-Like Data

Actual energy and water consumption and carbon emissions comprises both absolute and uplifted data, and are aggregated at a sector level, aligned to GRESB sector definitions.

Like-for-like data is determined by each utility at an asset level, whereby only assets held for the entire two-year reporting period and with a minimum of 9 months' actual data completeness in both reporting years qualify.

As this is the second year such data has been requested from VIQR's tenants, the energy, carbon emissions and water data tables below, therefore, reference absolute and like-for-like consumption and intensities separately.

Sector Intensities

Sector intensities are calculated by dividing the total consumption of all assets in the respective sector, against the combined floor area. This is the industry standard for reporting energy utilisation and resource consumption.

Estimations

Where we have not been able to obtain asset data for a period of the reporting year (completeness) and / or part of an its floor area (coverage), estimations have been undertaken, using either historical consumption where suitable, or sector and location-specific industry benchmarks.

The proportion of estimated data is defined as the floor area of all assets in a sector, for which either proxy or benchmarked data has been used to estimate in the absence of actual data; both for completeness (time) and coverage (area).

The INREV Overarching Recommendation for companies to report on the environmental impact of their own offices is not relevant/material and not presented in this report.

Actual and Total Coverage

Actual data coverage is calculated for each environmental data point and determined by the proportion of the total floor area within the sector, for which we have received source data.

Total coverage is reported as 100% across all metrics since all missing data is estimated for missing time (completeness) and area (coverage).

ACTUAL AND TOTAL ENERGY CONSUMPTION

The table below shows the actual (reported) and total (reported and estimated) energy consumption of all assets in scope for 2023, aggregated by asset sector.

Absolute Energy Consumption

	ACTUAL ELECTRICITY CONSUMPTION (kWh)		TOTAL ELECTRICITY CONSUMPTION (kWh)			ACTUAL FUEL/THERMALS CONSUMPTION (kWh)		TOTAL FUEL/THERMALS CONSUMPTION (kWh)			INTENSITY (kWh/m^2)		
	2022	2023	2022	2023	% CHANGE	2022	2023	2022	2023	% CHANGE	2022	2023	% CHANGE
Industrial: Industrial Park	1,298,888	5,194,252	5,074,987	7,018,893	38%	116,806	1,399,385	5,075,291	4,251,774	-16%	131	145	11%
Actual Data Coverage (%)*	25%	87%				47%	87%						
Industrial: Non-Refrigerated Warehouse	3,321,973	3,803,232	6,509,983	5,673,306	-13%	3,145,538	2,532,757	5,283,843	3,981,795	-25%	95	78	-18%
Actual Data Coverage (%)*	50%	70%				23%	13%						

	2022	2023	% CHANGE
Total Energy Consumption (kWh)	21,944,105	20,925,768	-5%
Proportion Of Total Energy From Renewable Sources (%)1	0%	0%	0%
Total Estimated Energy Consumption (%)	64%	38%	-40%
Actual Data Coverage (%)*	49%	77%	28%

[1]As no information was provided by tenants on energy tariffs· actual procurement of renewable energy may differ·

**Actual coverage is based on floor area for which data was reported by tenants· excluding estimations· Total coverage is 100% as total consumption values comprise actual and estimated data·*

In absolute terms, there has been a slight decrease in overall energy consumption across the portfolio, between 2022 and 2023 of 5%. However, the Industrial Park sector reported a significant increase in total electricity consumption of +38% year-on-year. This is partly due to the asset, Canning Town Pirin Court, which was purchased over halfway through 2022, therefore, resulting in a 200% total energy increase between 2022 and 2023.

Notably, the proportion of estimated data between 2022 and 2023 has significantly reduced by 40%, while actual data coverage has significantly increased by 28%. This is reflective of the implementation of an improved data collection strategy in 2023.

LIKE-FOR-LIKE ENERGY CONSUMPTION

The table below shows the like-for-like energy consumption of all assets in scope held between 2022 and 2023, aggregated by asset sector.

SECTOR	TOTAL L4L ELECTRICITY CONSUMPTION (kWh)			TOTAL L4L FUEL/THERMALS CONSUMPTION (kWh)			L4L INTENSITY (kWh/m²)		
	2022	2023	% CHANGE	2022	2023	% CHANGE	2022	2023	% CHANGE
Industrial: Industrial Park	737,219	550,168	-25%	-	-	-	23	17	-25.4%
Industrial: Non-Refrigerated Warehouse	2,840,645	2,754,906	-3%	2,377,074	2,446,763	3%	169	168	-0.3%
Total Like-for-Like Energy Consumption (kWh)	5,954,938	5,751,837	-3%						
Like-for-Like Energy Data Coverage (%)	31.0%	31.0%	-						

With the exception of like-for-like electricity consumption reported by Industrial Park assets, overall like-for-like energy consumption has marginally decreased by 3% year-on-year, across the portfolio.

Assets in the Industrial Park sector reported a like-for-like decrease of 25% in electricity consumption, between 2022 and 2023, to which the asset contributing the greatest proportion, was Berlin Marzahner Strasse. This was due to a decrease in building occupancy, following the end of sub-leased units to tenants, not relet before the end of 2023.

The Non-Refrigerated Warehouse portfolio performed consistently year-on-year, in terms of like-for-like energy intensity, with only a 0.3% variance between 2022 and 2023.

ACTUAL AND TOTAL CARBON EMISSIONS

The table below shows the actual (reported) and total (reported and estimated) carbon emissions (as total carbon equivalent) of all assets in scope for 2023, aggregated by asset sector. As all assets are tenant controlled, there are no Scope 1 or Scope 2 emissions to report.

	ACTUAL SCOPE 3 EMISSIONS (tCO_2e)		TOTAL SCOPE 3 EMISSIONS (tCO_2e)			TOTAL CARBON EMISSIONS INTENSITY ($kgCO_2e/m^2$)		
	2022	2023	2022	2023	% CHANGE	2022	2023	% CHANGE
Industrial: Industrial Park	277	1,302	1,815	2,153	19%	23.4	27.7	19%
Actual Data Coverage (%)*	47%	87%						
Industrial: Non-Refrigerated Warehouse	1434	1358	2010	1508	-25%	16.2	12.2	-25%
Actual Data Coverage (%)*	51%	70%						

	2022	2023	% CHANGE
Total Carbon Emissions (tCO2e)	3,825	3,661.04	-4%
Total Estimated Carbon Emissions (%)	55%	27%	-28%
Actual Data Coverage (%)*	49%	77%	28%

**Actual emissions coverage is based on floor area for which data was reported by tenants, excluding estimations. Total coverage is 100% as total emission values are derived from actual and estimated data.*

Reflecting the trends in actual and total energy consumption, in absolute terms, there has been a slight decrease in overall carbon emissions across the portfolio, between 2022 and 2023 of 4%.

As mentioned previously, the exception to this trend is the Industrial Park sector, which shows a significant increase in total carbon emissions of 19% year-on-year. This is partly due to the asset, Canning Town Pirin Court, which was purchased over halfway through 2022, therefore, resulting in a 200% total energy increase between 2022 and 2023.

As with energy, the proportion of estimated carbon emissions data between 2022 and 2023 has significantly reduced, while actual data coverage has significantly improved.

LIKE-FOR-LIKE CARBON EMISSIONS

The table below shows the like-for-like carbon emissions (as total carbon equivalent) of all assets in scope held between 2022 and 2023, aggregated by asset sector. As all assets are tenant controlled, there are no Scope 1 or Scope 2 emissions to report.

SECTOR	TOTAL L4L EMISSIONS (tCO_2e)			TOTAL L4L INTENSITY ($kgCO_2e/m^2$)		
	2022	2023	% CHANGE	2022	2023	% CHANGE
Industrial: Industrial Park	143	114	-20.1%	4.41	3.52	-20.1%
Industrial: Non-Refrigerated Warehouse	1,161	1,113	-4.1%	37.56	36.01	-4.1%
Total Like-for-Like Carbon Emissions (tCO2e)	1,303	1,227	-6%			
Like-for-Like Carbon Data Coverage (%)	31%	31%	0%			

Again, aligned to the trends described previously for like-for-like energy consumption, with the exception of like-for-like emissions reported by Industrial Park assets, overall, like-for-like carbon emissions have slightly decreased by 6% year-on-year, across the portfolio.

Notably, the reported like-for-like emissions intensity of the Industrial Park portfolio compared to the Non-Refrigerated Warehouse portfolio is significantly lower. This is due to the fact that the gas consumption data completeness of assets in the Industrial Park portfolio over the two year period is insufficient to provide like-for-like gas consumption data. As a result, the intensities reported for the Non-Refrigerated Warehouse portfolio are higher than the Industrial Park portfolio, as the former includes both electricity and gas consumption, while the latter just electricity.

As the data collection strategy and coverage continues to improve in 2024, data completeness should be sufficiently robust to report like-for-like energy and carbon data across the two sectors in the portfolio in future reporting cycles.

ACTUAL AND TOTAL WATER CONSUMPTION

The table below shows the actual (reported) and total (reported and estimated) water consumption of all assets in scope for 2023, aggregated by asset sector.

	ACTUAL WATER CONSUMPTION (m^3)		TOTAL WATER CONSUMPTION (m^3)			TOTAL WATER INTENSITY (m^3/m^2)		
	2022	2023	2022	2023	% CHANGE	2022	2023	% CHANGE
Industrial: Industrial Park	4,773	5,083	16,373	17,108	4%	0.21	0.22	4%
Actual Data Coverage (%)*	87%	87%						
Industrial: Non-Refrigerated Warehouse	9,791	11,127	21,577	16,115	-25%	0.17	0.13	-25%
Actual Data Coverage (%)*	49%	61%						

*Actual coverage is based on floor area for which data was reported by tenants, excluding estimations. Total coverage is 100% as total consumption values comprise actual and estimated data.

	2022	2023	% CHANGE
Total Water Consumptions (m3)	37,950	33,223.16	-12%
Total Estimated Water Consumption (%)	62%	51%	-10%
Actual Data Coverage (%)	64%	71%	7%

Similar trends to those described previously for actual and total energy consumption can be seen in the above water consumption data for the 2022 and 2023 period.

Assets in the Non-Refrigerated Warehouse sector show a significant decrease in total water consumption of 25% between 2022 and 2023, along with an increase in data coverage of 12%. This would suggest that assets in this sector may be more water-efficient than the benchmark average, since a higher proportion of 2023 data is based on actual, rather than estimated, data.

Similar to the trends in emissions and energy consumption, increases in both actual and total water consumption between 2022 and 2023 have been reported by the Industrial Park portfolio. Again, this is partly due to the asset, Canning Town Pirin Court, which was purchased over halfway through 2022, therefore, resulting in a 200% total water increase (based on 100% estimated data) between 2022 and 2023.

LIKE-FOR-LIKE WATER CONSUMPTION

The table below shows the like-for-like water consumption of all assets in scope held between 2022 and 2023, aggregated by asset sector.

SECTOR	TOTAL L4L WATER CONSUMPTION (m^3)			TOTAL L4L WATER INTENSITY (m^3/m^2)		
	2022	2023	% CHANGE	2022	2023	% CHANGE
Industrial: Industrial Park	3,199	3,563	11%	0.05	0.06	11%
Industrial: Non-Refrigerated Warehouse	5,384	5,805	8%	0.63	0.68	8%
Total Like-for-Like Water Consumption (m3)	8,583	9,368	9%			
Like-for-Like Water Data Coverage (%)	36%	36%	0%			

Overall, there has been a like-for-like increase in energy water consumption across the whole portfolio of 9% between 2022 and 2023. The sector reporting the higher like-for-like increase in water consumption is the Industrial Park portfolio, at 11%.

However, the above data is based on only three assets, which have sufficiently complete water consumption data to provide a like-for-like comparison between 2022 and 2023. As water data coverage improves further over subsequent reporting years, associated improvements in like-for-like data coverage should support a more meaningful analysis of overall portfolio performance.

ACTUAL WASTE PERFORMANCE

The table below shows the absolute waste tonnage reported by all assets in scope during 2023, categorised by waste destination and aggregated by asset sector.

SECTOR	WASTE DESTINATION	TOTAL ABSOLUTE WASTE (TONNES)		
		2022	2023	% CHANGE
Industrial: Industrial Park	Recycled	1.9	2.3	22%
	Incineration with energy recovery	2.9	3.5	22%
	Anaerobic Digestion	0.0	0.0	0%
	Landfill	0.0	0.0	0%
	Data Coverage (%)	1%	1%	0%
Industrial: Non-Refrigerated Warehouse	Recycled	11.1	37.2	235%
	Incineration with energy recovery	79.7	99.9	25%
	Anaerobic Digestion	0.0	0.0	0%
	Landfill	0.0	0.0	0%
	Data Coverage (%)	13%	21%	9%
Total Waste Tonnage		95.5	142.9	50%
Total Data Coverage (%)		8%	14%	5%

As can be seen above, there has been a significant increase in actual reported waste tonnage between 2022 and 2023, primarily driven by assets in the Non-Refrigerated Warehouse sector. This is primarily due to the availability of waste data in 2023 for the asset, Vickers Drive, Weybridge, not available in 2022.

Opportunity to provide meaningful analysis of the waste performance across the portfolio between reporting periods is limited, due to the low levels of actual data availability. The Industrial Park portfolio comprises just one asset in 2023, while the Non-Refrigerated Warehouse four.

Nevertheless, there has been a 5% improvement in waste data coverage between reporting years. Although obtaining operational waste data remains a challenge for the real estate sector, with further focus on tenant engagement and data sharing over the coming years, there should be an increase in both the completeness and coverage of such data across the portfolio.

ENERGY PERFORMANCE CERTIFICATE (EPC) COVERAGE

Valor have total visibility from our tenants on Energy Performance Certificates (EPCs) and Green Building Certificates (GBCs). In the EPC and GBC tables below, we have broken down the percentage of floor area that has EPC and GBC coverage for assets that are not under major refurbishment or development.

RATING	PORTFOLIOS BY FLOOR AREA (%)
A	14%
B	41%
C	18%
D	15%
E	7%
F	0%
G	0%
No EPC	5%
Exempt	0%
COVERAGE	**100%**

- EPCs are reviewed at the unit level due to individual units within the overall asset having separate EPCs.
- EPC coverage is calculated as of 31st December 2023 by the VIQR portfolios' floor area.
- The coverage above includes only assets within the fund that are not under major refurbishment or development.
- 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.
- Compared to 2022, there has been a significant improvement in EPC rating and, by implication, the associated energy efficiency of the portfolio in 2023. In 2022, the majority of the portfolio floor area had a 'C' rating, while in 2023, the majority has a 'B' rating. Additionally, last year 59% of the portfolio had no EPC, while this is just 5% in 2023.

GREEN BUILDING CERTIFICATES (GBCS) COVERAGE

RATING	PORTFOLIOS BY FLOOR AREA
BREEAM-in-Use | Excellent	31.6%
Ongoing Feasibility Study	0.0%
No Green Building Certificate	68.4%
COVERAGE	**31.6%**

- BREEAM-in-Use certificates are reviewed at the unit level due to individual units within the overall asset holding separate certifications.
- GBC coverage is calculated as of 31st December 2023 by the VIQR portfolios' floor area.
- The coverage above includes all assets in the fund, regardless of refurbishment and development status.
- VIQR obtained 100% coverage for all new Development projects within the portfolio.
- Although no further feasibility studies were commissioned in 2023, further assets are being reviewed for BREEAM-in-Use certification in the year ahead, including Limeil.