SUSTAINABILITY REPORT 2024

WAREHOUSE REIT

THNKING INSIDE THE BOX

Building on the net zero commitments we made in 2022/23, we have further embedded sustainability into the way we do business. Our sustainability programme creates value by making our portfolio more resilient to the impact of climate change and means that our offer is better aligned to the needs of today's businesses. Improving our ESG performance is also important for many of our shareholders, so while we are pleased with the progress we have made this year, we recognise that there is more work to be done.

Improving EPC ratings has been a key focus for the year and is central to our commitment to create a resilient portfolio. At year end, 66.6% of our space was EPC A–C rated, up from 60.2% at the start of the year and we have more than doubled the percentage of A and B rated space to 26.5%. We typically refurbish our space at lease events and our refurbishment standards target a minimum B rating. This means we are not incurring capex sooner than necessary and are minimising inconvenience for our occupiers. At the same time, we regularly share insights on how our occupiers can drive energy efficiency, delivering ratings improvements outside of lease events. We are therefore confident of meeting the initial guidance relating to proposed MEES legislation.

To reduce our carbon footprint, last year we committed to reducing our scope 1 and 2 emissions by 4.2% annually. We recognise that these only account for a small percentage of our overall emissions compared to scope 3 where we are building our knowledge. This year, we achieved a 2.8% reduction in scope 1 and 2 emissions on a like-for-like basis, which is below our target due to higher gas consumption last summer on two units but also reflects the small pool of assets in the like-for-like calculation.

Reducing scope 3 emissions, primarily occupier energy consumption, will be more impactful. This is an area where we have far less control, and do not yet have full visibility, making it hard to benchmark performance. We have taken the first steps towards addressing that this year and have worked with Savills to estimate energy consumption across over 50% of our space (see page 42). At the same time, we are engaging closely with occupiers to secure their permission to collect unit-specific data. These projects have enabled us to report some scope 3 emission data for the first time. The more data we gather, the better placed we will be to set a target for scope 3 emissions and this is something we are working on in the current year.

OUR LONG-TERM ESG GOALS

01 Creating a resilient portfolio

- Reducing EPC risk
- Reducing climate-related risks in the portfolio
- Targeting green building certifications

02 Reducing our footprint

- Implementing our net zero carbon pathway for scope 1 and 2
- Disclosing scope 3 carbon emissions
- Increasing energy and resource efficiency
- Reducing waste and resource consumption

03 Supporting our occupiers

- Engaging with occupiers to understand their net zero carbon goals and support wellbeing
- Supporting occupiers' wellbeing and providing a safe environment for all building users
- Integrating sustainability criteria into lease clauses

04 Responsible business

- Implementing robust governance and oversight of ESG risks
- Being transparent in disclosure and participation in investor benchmarks and indices

Occupier engagement more generally is something we value highly. This year we conducted a wide-ranging, face-to-face occupier survey that has provided very granular information on occupier requirements as well as their ESG agendas. We did this in person to strengthen our relationships with our occupiers. Some of the insights from this are set out on page 40. In particular, we made great progress at Bradwell Abbey, where in response to occupier feedback from previous surveys, we launched a café and opened an office on the estate so that one of the Tilstone team is on hand daily to support our occupiers.

This year, we have widened the scope of our 'Responsible Business' commitment to include supporting communities local to our assets. The Tilstone team spent a day volunteering at the Milton Keynes City Discovery Centre, directly adjacent to our Bradwell Abbey estate. This is an important amenity for the local community. It preserves the historical site of the abbey, provides sensory areas for local children, including those with special needs and volunteers grow organic vegetables for local foodbanks. Across Warehouse REIT and Tilstone Partners our charitable donations totalled £10,600 with the most significant being to Bus Shelter, an organisation tackling homelessness in Milton Keynes.

We have also taken a number of steps to improve our disclosure. Recognising the key role that our Investment Advisor plays in delivering the Group's strategy, this year we have extended our employment disclosures to cover the Tilstone team, including diversity and training. We are working to extend the scope and quality of our disclosures across the ESG spectrum to better inform our shareholders and to improve our performance in sustainability benchmarks which remains a long-term priority for the Group. This year, we were pleased to have retained our EPRA sBPR Gold award for the third consecutive year.

Looking forward, we are earmarking a small amount of capital to finance projects that improve the climate resilience of our portfolio or enable us to assess the feasibility of ESG-related initiatives. Returns from such projects may be harder to measure or delivered over a longer time frame. An example of how we are employing these funds is to finance a solar PV (photo voltaic) feasibility study to understand where we have an opportunity to increase our on-site renewable energy provision through the installation of PV panels.

We have made good progress embedding ESG into our business. The team are actively looking for opportunities to decarbonise our portfolio and make it more resilient and we are delivering on those wherever we can. Wider economic challenges mean that our focus is sharply upon initiatives that deliver value for shareholders but at the same time we recognise that we serve a broad spectrum of stakeholders and we will continue to deliver for them over the coming year.

Aimée Pitman
Chair of the Sustainability Committee

01

2024 target	Progress
EPC improvement programme to ensure all in-scope properties have a valid EPC and target 25% reduction of D and E rated properties	Achieved a 25.7% reduction in D and E rated properties which are subject to MEES requirements vs FY23 baseline 66.6% of the portfolio is now EPC A–C rated (FY23: 60.2%) and 26.5% is A–B rated (FY23: 10.4%) Fully compliant with existing EPC regulations and on track to meet proposed regulations
Build mitigation plans for assets identified as at higher risk of climate change	We commissioned third-party consultants to undertake enhanced flood risk assessments of six assets that were identified as being high risk through our climate change scenario analysis. This assessment showed only one asset to be at high risk from one of six possible flooding types and we are evaluating mitigation options (see TCFD section, pages 43 to 50)
All developments over 50,000 sq ft to target BREEAM Excellent / Very Good	We have one development, Radway Green[1] near Crewe where we are targeting a minimum BREEAM Very Good rating for New Construction
All developments to target EPC B or above	Radway Green is targeting an EPC A rating
Regular Board ESG training on future legislation, occupier demands and climate risk	The Board received a comprehensive update on the ESG regulatory landscape from our legal advisors Osborne Clarke and on the impact of climate change from JLL's sustainability team

1 Intention to sell all or part of the asset was announced in November 2023.

CASE STUDY

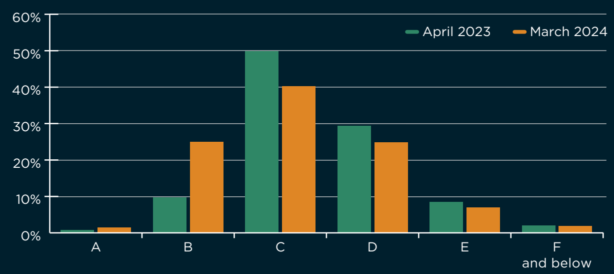
Delivering EPC improvements

Our approach

Delivering EPC improvements is an integral part of our asset management approach (see page 15). We refurbish buildings at lease events in line with our Environmental Refurbishment and Development Standards which formally target a minimum EPC B. This aligns to proposed MEES requirements of a minimum EPC B rating by 2030.

Energy efficiency initiatives include upgrading lighting to LEDs, disconnecting gas, replacing boilers and radiators with electric panel heaters and introducing air source heat pumps for the office space. Annual capex is typically 0.75% of GAV of which c.20% is allocated to EPC improvement-related initiatives.

EPC performance



Progress and performance

96%
of refurbished units achieved an EPC B rating on reassessment

26%
A–B rated as at March 2024

67%
A–C rated as at March 2024

02

2024 target	Progress
4.2% reduction in scope 1 and 2 emissions on a like-for-like basis	2.8% reduction achieved which is below our target due to higher gas consumption on two units last summer, but reflects the small like-for-like pool of just seven assets. Further progress to be delivered through refurbishment in line with our standards
Increase visibility over scope 3 emissions[1]	Occupier energy usage is our primary source of scope 3 emissions. This year we have worked with Savills to report occupier electricity usage on an anonymous basis, and now have coverage of 52.1% of the portfolio In addition we have identified a solution to enable us to track unit specific usage which is being rolled out; coverage is currently 11.4% giving a combined coverage of 53.8% (note there is overlap between the approaches)
All new utility contracts to be renewables based	100% of landlord procured electricity contracts are REGO backed tariffs at year end
All refurbishments to align with Tilstone Environmental Refurbishment and Development Standards	Refurbishments covering 182,000 sq ft were delivered this year with progress tracked through occupier scorecards LED lighting was fitted at all, 78% had gas removed / disconnected or there was no connection and eight new EV charging points were installed bringing the total to 43 across the portfolio Environmental Refurbishment and Development standards formally updated to target a minimum EPC B rating and to upgrade meters to half hourly where possible
All developments to have a sustainability plan	Radway Green[2] is our only development; sustainability is fully embedded in its design which targets a Very Good rating

1 Target added in the year.

2 Intention to sell all or part of the asset was announced in November 2023.

CASE STUDY

Progressing net zero

Widnes case study

This year, we refurbished Foundry Point, a single-let asset in Widnes. In line with our standards and to progress our decarbonisation plans, we removed the gas connection, installed more energy efficient heating in the offices, added two new EV chargers and LED lighting was fitted throughout.

Nearly 100% of the waste was recycled and items left by Amazon, the previous occupier, including lockers and medical aprons were donated to special needs schools and nursing homes.

Outcomes

The unit achieved an EPC B rating and has since been re-let at a premium of 50.2% to the previous passing rent and 1.6% ahead of ERV.

The new occupier is a manufacturer of special purpose engineering equipment, and part of a large, multi-national business.

2.8%
reduction in scope 1 and 2 emissions

54%
visibility of occupier energy usage

03

2024 target	Progress
Launch portfolio-wide occupier engagement survey, targeting 20% response rate	Comprehensive occupier survey conducted, with responses covering over 19% of our portfolio by rent. Topics ranged from space requirements to ESG priorities, including: • ESG approach and priorities • Appetite to share utility data • Preferred occupier amenities
Implementing plan from 2023 occupier survey	Responding to occupier feedback from our FY23 survey, we launched a new site office and opened a new café / delicatessen at Bradwell Abbey. Following this successful pilot, we will look for opportunities to improve the amenity provision elsewhere Re-tendered landlord electricity supplier delivering cost savings for occupiers Four new EV charging points installed bringing the total to 43 across the portfolio
Inclusion of green clause principles in all new leases	All new leases incorporate green clauses; 60% include absolute provisions on: • Sharing environmental data • Maintaining the EPC rating
Defibrillators installed at large, multi-let assets[1]	Defibrillators have been installed at Bradwell Abbey in Milton Keynes, Tramway Industrial Estate in Banbury and Queenslie Industrial Estate in Glasgow Further installations planned for the coming year

1 Target added in the year.

CASE STUDY

Supporting our occupiers

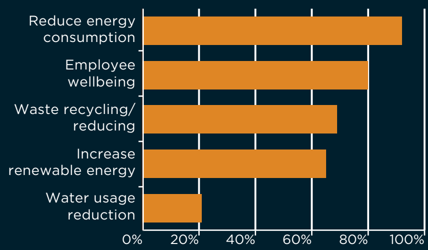
Occupier survey

Our survey covered the top 25 occupiers as well as two of our largest multi-let assets. Around two-thirds of respondants have an active ESG strategy in place with our larger occupiers focused on renewable energy use and decarbonising transport to achieve their net zero commitments.

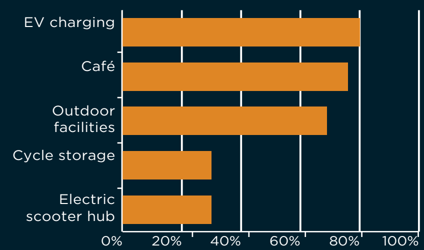
Occupiers were surveyed on their ESG priorities with over 90% of those responding identifying reducing energy consumption as a priority; rising energy costs were cited as a key operational challenge.

Employee wellbeing is increasingly important for many of our occupiers, regardless of size. Building on the success of our new café at Bradwell Abbey, we will look to roll out site-specific amenities this year including more EV charging facilities.

Key ESG priorities



Most requested occupier amenities



04

2024 targets	Progress
Retain EPRA sBPR Gold award	Gold award maintained for the third year
Progress alignment with TCFD recommendations	Voluntary TCFD disclosure for the fourth year; quantification of EPC retrofit cost included for the first time (see page 46) Undertook comprehensive flood risk assessments on assets identified as high risk following climate change scenario analysis (see pages 44 to 45) Formalised governance on climate change risk
Implement recommendations to align with GRESB benchmark	Commitment to be net zero in scope 1 and 2 emissions by 2030 and progressing plans to set a scope 3 target Provided additional disclosure on Tilstone employees (see page 146) ESG formally integrated within annual performance targets for all Tilstone employees Green lease clauses included within all new leases
ESOS phase 3 compliance	ESOS report prepared for June 2024 submission
Supporting local communities[1]	£10,600 charitable donations across Warehouse REIT and Tilstone Partners to organisations local to our sites, including Bus Shelter, a Milton Keynes homeless charity Joint social responsibility plan established for REIT and Tilstone including Company volunteering and match funding Supporting young talent through Pathways to Property

1 Target added in the year.

Volunteering at Bradwell Abbey

In October, the Tilstone team spent a day volunteering for the Milton Keynes City Discovery Centre, a local charity adjacent to our Bradwell Abbey asset. The centre is a key amenity for the community; it preserves the heritage of the Abbey, hosts educational visits and sensory gardens have been established in the grounds for use by local charities, including Make Well, who work with neurodiverse children and adults. The area is maintained by volunteers who grow organic vegetables in the garden to supply to local food banks.

Supporting young talent

This year we joined Pathways to Property, a project led by the Reading Real Estate Foundation at the Henley Business School, which aims to widen access to the real estate profession. In March, two of the Tilstone Team supported their Insight Day, which was an opportunity for young people in the area to present their work to real estate professionals.

NET ZERO AMBITIONS

Last year we set a commitment to be net zero in greenhouse gas scope 1 and 2 emissions by 2030. We also launched a series of commitments to support emission reduction across the wider portfolio, including occupier emissions.

This framework is set out on our website; key interventions include adopting our Environmental Refurbishment and Development Standards, procuring 100% of our electricity from renewable sources and engaging with occupiers.

Measuring and reducing scope 3 emissions

Before we set a target to be net zero on our scope 3 emissions, we need to establish a baseline from which we can measure performance.

This year, for the first time we are reporting some scope 3 emission data. We now collect occupier electricity data from 33 of our estates covering 53.8% of the portfolio by sq ft. The majority of this is on an anonymous basis, but we are working with our occupiers to collect unit-specific data which will enable us to provide more targeted advice to our occupiers on how to reduce their own carbon footprint.

The occupier electricity data we have collated and associated GHG emissions are set out in the table.

Occupier emissions	2023/24
Sq ft covered (% of total)	4.2m (53.8%)
Annual consumption (MWh)	9,766
Building energy intensity, kWh/m²/year	25.0
GHG emissions (tCO_2e)	2,022

FUNDS EARMARKED FOR ESG PROJECTS

We are earmarking £100,000 to finance investment which improves the climate resiliance of our portfolio or enables us to assess the feasibility of ESG-related initiatives. Returns from such projects may be harder to measure or delivered over a longer timeframe.

One example is a PV feasibility study we are undertaking that will assess the potential for installing PV panels on buildings shortlisted by the Tilstone team. Other examples include biodiversity benchmarking and the installation of EV chargers.

FUTURE COMMITMENTS

The following are specific commitments for FY25 and sit alongside our business as usual interventions which we are delivering in support of our long-term goals.

01 Creating a resilient portfolio

- £100,000 earmarked to cover ESG-related investment
- Further 25% reduction in EPC D and E rated properties subject to MEES regulations (vs FY23 our position)
- Deliver mitigation plans for assets identified as higher risk through climate change scenario analysis

02 Reducing our footprint

- Progress ambition to achieve net zero on scope 1 and 2 by 2030
- Increase visibility over occupier energy usage by at least another 10%
- Target PV on a minimum of 10% of the portfolio by 2030
- Ensure 100% of directly procured electricity from renewable contracts

03 Supporting our occupiers

- Perform annual occupier survey
- Respond to feedback from FY24 survey:
  - Increase EV charging provision
  - Site-specific amenities at key multi-let assets
  - Share insights to improve energy efficiency and reduce costs

04 Responsible business

- Improve performance in sustainability benchmarks
- Progress community programme
- Deliver investment Advisor ESG-training
- Develop approach to biodiversity

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