Task Force on Climate-related Financial Disclosures

Unaudited

In accordance with Listing Rule LR 9.8.6 (8), Industrials REIT discloses its alignment with the Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations.

This marks our second TCFD disclosure and is the culmination of in-depth risk identification and assessment with climate risk experts Carbon Intelligence. Below, we set out our progress against the four pillars of the TCFD framework.

1. **Governance:** How we ensure robust governance of climate-related risks and opportunities
2. **Risk management:** What the actual and potential impact of climate-related risks and opportunities are in our business, strategy and financial planning
3. **Strategy:** How we identify, assess and manage climate-related risks and opportunities
4. **Metrics and targets:** How we measure progress in reducing our greenhouse gas (GHG) emissions and address other climate-related risks and opportunities.

We continue to improve and align our internal processes and public disclosures with the TCFD's recommendations on climate-related financial disclosures.

Governance

Board Oversight

The Board of Industrials REIT has overall responsibility for climate-related risks and opportunities.

The Board monitors climate-related risks alongside other business-specific risks through its Audit and Risk Committee. This committee meets at least four times a year and reports to each Board meeting. The committee monitors and reviews climate risk using the Company's risk matrix and the risk management plan, where it has been considered a strategic and market risk for the business.

On behalf of the Board, the Social & Ethics Committee reviews and approves strategy and policy for climate and ESG. The committee also monitors implementation of this strategy and policy. This committee meets at least twice a year.

Further information on our risk matrix can be found in the Risk Management section on p. 52 to 55.

Management Role

At management level, the CEO has overall responsibility for Industrials REIT's response to climate-related risks and opportunities. On a day-to-day basis, the cross-functional ESG Steering Group is responsible for identifying, assessing and managing climate-related risks and opportunities. The Head of Debt and Special Projects chairs the group and members include the Managing Director, General Counsel and Company Secretary, Head of Investment, a Senior Finance Manager, the Head of Facilities Management and an Asset Manager. The group meets and reports to the Social and Ethics Committee of the Board on a quarterly basis.

At an investment level, both the CEO and Managing Director consider climate risks and opportunities during the underwriting of potential acquisitions.

Risk management

Identification, Assessment and Management

Industrials REIT considers climate change to be a principal risk which could impact multiple areas of the business and has incorporated this within the risk management framework. The top five climate-related risks identified as potentially material to the Group have been included in the Company's risk register. We regularly review risk registers to ensure that all relevant risks and changes to risks are up to date and that necessary mitigation plans have been put in place.

We identify and assess climate and other risks using our risk framework. Risks are classified as low, medium or high, based on the likelihood of occurrence and materiality of impact. Based on this, we decide whether to mitigate, transfer, accept or control climate-related risks. Any risk that could lead to a potentially material impact triggers a detailed review.

During the reporting period, workshops with our specialist sustainability consultant have taken place with stakeholders across the business to further understand the potential physical and transition risks of climate change. This is an evolving area of focus. At asset level, the relevant asset manager is responsible for reviewing climate-related risks. In addition to climate-related risk management, our ESG Policy guides the processes of investment decisions and ongoing asset management; it also informs procurement decisions, asset review forums and forward-looking business plans.

In addition to being a principal risk to Industrials REIT, climate change also presents certain opportunities. The Company plans to leverage the most significant climate-related opportunities.

Overall Risk Management

Evaluation of climate-related risks and opportunities is integrated into core areas of the Industrials REIT business. This includes safeguarding assets; operation of adequate and effective systems; internal and financial control processes; preparation of materially accurate financial reporting information and statements in compliance with all applicable legal and regulatory requirements and accounting standards; and oversight of the external audit appointments and internal audit function.

Further information on our risk management process can be found in the Risk Management section on p. 49

Strategy

Risks, Opportunities and Impact

In early 2022, Industrials REIT conducted a materiality assessment of climate risks and opportunities. First, we developed a comprehensive list of risks and opportunities based on an in-depth data review. We then engaged internal stakeholders across the Industrials REIT business to review these risks and opportunities and assess their potential impact.

This process yielded a long list of 33 material climate risks and opportunities. The risks included physical risks (both acute and chronic) as well as transition risks (legal, current and emerging regulation, technology, market, reputation and services).

To narrow down these risks and opportunities, we assessed their likelihood and impact on our business over three time frames: short (current financial year), medium (1-5 years) and long term (risks over the asset lifetime of 30+ years). These time frames correspond to our capital planning and the life of our main assets. Using multiple time frames also challenges our business to consider climate risk over the long term.

As a result of this process, we developed a list of the top six risks related to climate change and the top four opportunities. These can be found in the tables below.

Risk type	Description	Potential impact	Timeframe	How we monitor and manage this risk *
Transition: Policy and Regulations	The rise in regulations (e.g. new requirement of an EPC C rating by 2027) and increasing pressure to disclose further on environmental performance (e.g. SBT, TCFD, CDP) pose costs to our business and even risks to assets.	Meeting evolving regulatory requirements could lead to growing resourcing and operational costs. The rise of regulations poses a risk to assets potentially becoming stranded.	Short term: 2022	We are working towards improved EPC ratings and continuously monitor and review legal requirements, working with Auditors and Sponsors to fulfil growing expectations. We also seek legal advice on regulations regarding premium listing requirements.
Transition: Market	Environmental performance requirements of premium-listed companies could rise. Real or perceived poor climate performance could influence Industrials access to capital, ratings scores and negatively impact investor relations.	Concerns around Industrials' business model and pace of migration to a more sustainable business and products could negatively influence Industrials' ability to attract new investors or funding from equity and debt markets. As preference in ESG capital allocation increases, access to debt facilities might be hampered.	Long term: 2028-2050	Although we do not currently use green-badged financing, we actively consider all available opportunities in the market.
Transition: Reputation	Despite rising expectations for climate and ESG performance, Industrials may not successfully implement our ESG strategy. We may also fall behind our peers in ESG performance.	Failure to meet stakeholder expectations of our emissions reduction strategy and ESG performance could damage Industrials' ESG ratings and rankings. This could influence market valuation, decrease stock price and damage investor relations, ultimately impacting Industrials' reputation and credibility.	Medium term: 2023-2027	We are developing metrics to track and communicate our key performance and progress towards targets. We are also committed to implementing green solutions to facilitate low-carbon performance where it is feasible.
Transition: Reputation	If customers have significant carbon footprints, this could jeopardise Industrials' ability to meet our own performance targets.	Customer electricity consumption and GHG emissions could affect Industrials' performance and progress towards our targets. This could have a negative impact on our reputation.	Medium term: 2027-2035	We have recently conducted a customer engagement survey to understand our customer needs and will be looking to enhance our customer engagement programme over the course of 2023.
Physical: Acute	Increasing intensity and frequency of floods and storms in the UK could damage Industrials' estates, leading to asset loss and/or damage. Simultaneously, it could affect customers by damaging leased space and inventory, disrupting their business continuity.	Damaged or lost assets and operational disruptions could lead to financial losses from void units and write downs to asset value. Loss of rent could result due to customer business disruption.	Long term: 2028- 2050	We undertake an environmental survey and flood assessment at the point of acquisition and have insurance on our assets. Where perceived flood risks exist, we collaborate with local authorities to ensure that mitigating controls are in place.
Physical: Acute	A rise in extreme weather events may make insurance conditions less favourable.	Having a higher number of assets affected by these events could increase the costs of insurance premiums or render assets uninsurable.	Long term: 2028-2025	We undertake an environmental survey and flood assessment at the point of acquisition. Where perceived flood risks exist, we ensure that mitigating controls are in place.

* Carbon Intelligence has not reviewed these controls at the time of publication.

Task Force on Climate-related Financial Disclosures continued

Unaudited

We continue to review and expand our climate-related risk controls. In addition to those described in the table above, other controls include:

- **Products and services:** We are developing and evaluating more sustainable solutions to improve the energy efficiency of our buildings and reduce the impact of our estates on the environment. Read more about the environmental performance of our space on page 74 to 76. Typical solutions include the incorporation of LED lighting to reduce energy usage, investigation of rooftop PV and provision of EV charging points. We also seek to improve the fabric of our buildings to enable us to offer better insulated and flexible space, while also enhancing the building's lifespan.
- **Operations:** We continue to embed ESG considerations into our day-to-day business to ensure that we stay abreast of rising stakeholder expectations and reputational risks. Examples include consideration of ESG factors upon acquisition of new buildings and incorporation of ESG targets into our personal KPIs.
- **Supply chain:** Climate-related risks and opportunities in our investment value chain are increasingly considered as part of day-to-day operations as we align our business with like-minded service providers.
- **Asset management:** Climate considerations have been integrated into a number of asset management processes. In addition, our ESG Policy establishes processes of integrating climate considerations across our investment processes including origination, due diligence, approval, reporting and engagement.

Opportunities

We also assessed the potential opportunities for Industrials REIT that may result from climate change. Since Industrials REIT has more than 1,500 occupiers, we could leverage our scale to help these small to medium-sized enterprises reduce their emissions. This would also help our assets retain value and be more resilient over the longer term, as well as meet growing requirements from investors, insurance providers and regulators.

Our top four opportunities related to climate change can be found in the table below.

Opportunity Type	Description	Potential Impact	Timeframe
Resilience	Industrials could generate our own electricity with on-site solar panels.	On-site solar panels could increase Industrials' energy security, reduce the cost of energy and generate additional revenue. It could also meet customer demand for low-emissions and low-cost tenancy while helping to reduce Industrials' Scope 3 emissions.	Medium term: 2023-2027
Resource Efficiency	Industrials could benefit from energy efficiency projects on assets.	Energy efficiency projects could lower GHG emissions and bring financial gain, while proving attractive to tenants.	Short term: 2022
Markets	By becoming a low-carbon business, Industrials could take advantage of green finance and preferential borrowing conditions.	Doing so would expand our access to green financing opportunities. We could also receive preferential borrowing conditions linked to sustainability performance: interest rates, sustainability-linked bonds and green-badged loans.	Medium term: 2023-2027
Products & Services	Industrials could advance our offering of low-emission products and services.	Industrials has the potential to offer supporting products and services to help customers decarbonise and achieve their ESG goals. New offerings could include refurbishment, retrofitting, EV charging infrastructure or renewable energy.	Medium term: 2023-2027

Resilience

To enhance our approach to climate-related risk and opportunity and further comply with the disclosure recommendations of the TCFD, we will consider undertaking more in-depth analysis on the impact of climate change on our business activities, e.g. scenario analysis. As a result, we will gain a better understanding of how our business and assets may be impacted, allowing us to implement further mitigation measures to enhance our resilience.

Metrics and targets

Industrials REIT reports Scope 1 and 2 emissions in accordance with the Greenhouse Gas Protocol. We also report our Scope 3 emissions, following a gap analysis to identify applicable emissions categories and reporting requirements. Our emissions for the reporting year are reported on page 75. The emissions data collated during the course of the year will form the baseline for future reporting.

As we continue to integrate ESG deeper into our business, we intend to set Science Based Targets. These will help us to prioritise activities and deliver maximum impact in the short and medium term. We are committed to improving our data collection through customer engagement and awareness programmes.

We are committed to reducing our carbon footprint. In light of the UK government goal for all commercial leased buildings to reach an EPC rating of at least a C by 2027, we are conducting a study to identify the specific measures and targets which will further enhance the energy efficiency of our buildings. Average EPC rating for our MLI portfolio is included as an operational KPI for Industrials in March 2022. More information can be found on page 37. We continue to work on other environmental issues such as biodiversity and waste and water efficiency. In addition, our new developments will target a BREEAM "Very Good" rating. We also aim to incorporate other proven environmental measures in areas where we can bring about meaningful impact. We report in line with EPRA Sustainability Best Practices Recommendations for sustainability reporting; the EPRA tables can be found on pages 78 to 83. Our SECR report is located on pages 74 to 76.

Our approach to sustainability

Key statistics:

67%
total electricity consumption across the portfolio came from renewable sources

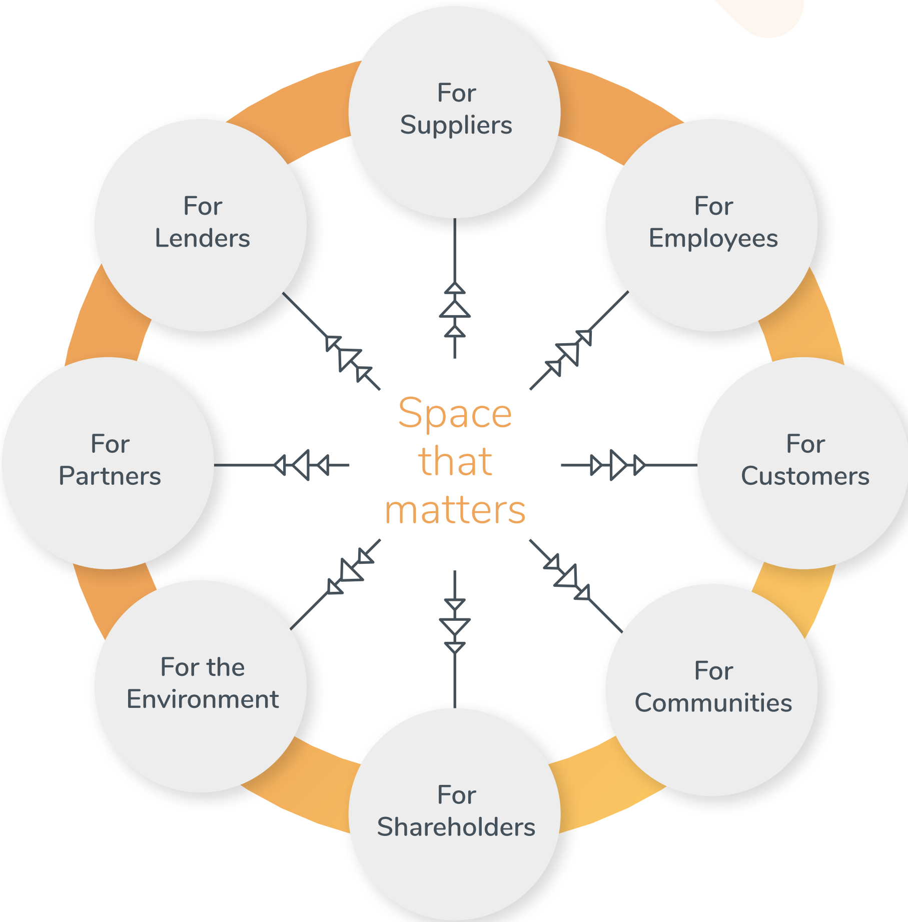
Scope 3 emissions make up
99%
of our total footprint

Ability to influence positive change on over
1,500
businesses and
104
local communities

Space that matters

Our focus shapes our ESG activities

The pandemic has accelerated a number of emerging trends around the way we live and work, and brought increased focus on ESG and climate change. It has highlighted the need for us to operate more sustainably in order to reduce our impact on the planet, to live and operate in an increasingly populous society and deliver value to all our stakeholders beyond just a financial return. Our ESG strategy and policy seeks to address these challenges, while also taking advantage of the opportunities they present.



ESG – identifying and managing risk and exploiting opportunities

Over the last 12 months we have continued to enhance the way ESG is incorporated within our business activities both internally and externally. There has been a strong emphasis on the social, wellness and diversity aspects. We have worked hard on our culture, developed a hybrid working model and are in the process of enhancing our workplace model to ensure our people have the tools and environment to innovate and excel. The enhanced ESG governance model, established in early 2021 by our ESG Steering Committee has helped increase awareness of ESG issues within our business processes and we are continually looking to improve this.

Environmental initiatives and carbon emissions

ESG is constantly evolving and therefore prioritising our efforts is extremely important. Over the course of the year, our carbon emissions have risen due to the growth in the size of the portfolio, and greater occupancy and energy usage, as a result of the relaxation of pandemic restrictions. We are committed to the reduction thereof and a detailed study has been undertaken on how best to improve our building efficiency by, for example, the installation of LED lighting and solar panels. Read more on our EPC upgrade assessment on pages 70 to 71. The implementation of the Industrials Hive platform will assist in enhancing the quality and analysis of our emissions data, going forward.

We worked with Carbon Intelligence, our sustainability partner, to help us better understand our carbon footprint and to identify key impact areas for our business. The findings of the emissions assessment for the period ended 31 March 2021 are illustrated below. The largest part of our carbon footprint comes from our customers' energy emissions (83%). This is reported as Scope 3 emissions as it falls outside of our direct control due to the nature of our business. We have continued to move our landlord supplies to green energy but these utilities represent only part of the total portfolio's usage.

Customer engagement

A customer engagement survey was sent to over 1,500 customers in March 2022, to understand our customers' requirements and better address their needs. The number of responses was encouraging. A big focus for the next few years will be to engage with our customers on key ESG issues to encourage the procurement of renewable energy and find smart ways to reduce overall usage as well as improve data collection.

"Making The Power of Space work for our stakeholders, sustainably."

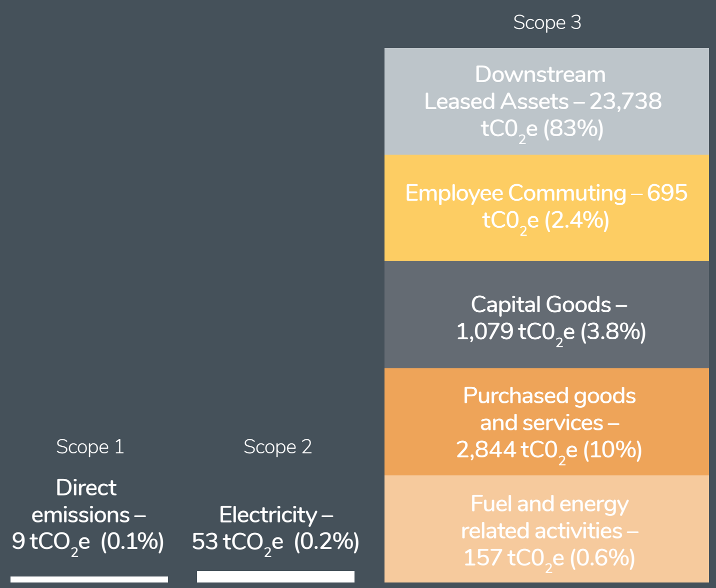
TCFD

We undertook a formal assessment of how climate change is likely to affect our business in the short to long term using the TCFD framework, the findings of which are set out more fully in the TCFD disclosure section. We will be looking to better manage these risks and embrace the opportunities in our day-to-day operations, over the coming year.

Read about our TCFD disclosure on p. 60 to 63

Read about our Risk Management on p. 49 to 55

Industrials REIT total emissions



Preliminary modelling shows that Industrials REIT Scope 3 emissions make up over 99% of its total footprint. Scope 1 emissions from onsite fuels account for 0.1% and Scope 2 emissions (from electricity consumed on site) account for the other 0.2% of the total footprint and both are considered de minimis.

Scope 3 consists of predominately purchased goods and services, capital goods and downstream leased assets. This is the first year of reporting Scope 3 emissions; therefore, there is a high proportion of estimated data. Figures may change as quality improves.

Our approach to sustainability continued

Understanding our stakeholders

We listen to our stakeholders.

We enhanced our materiality assessment survey this year to include our external stakeholders for the first time. The survey covered environmental, social and governance issues, with a focus on external issues. Our people remain our number one priority, being the engine that drives our business, where staff surveys have been conducted to assess employee satisfaction and canvass opinion.

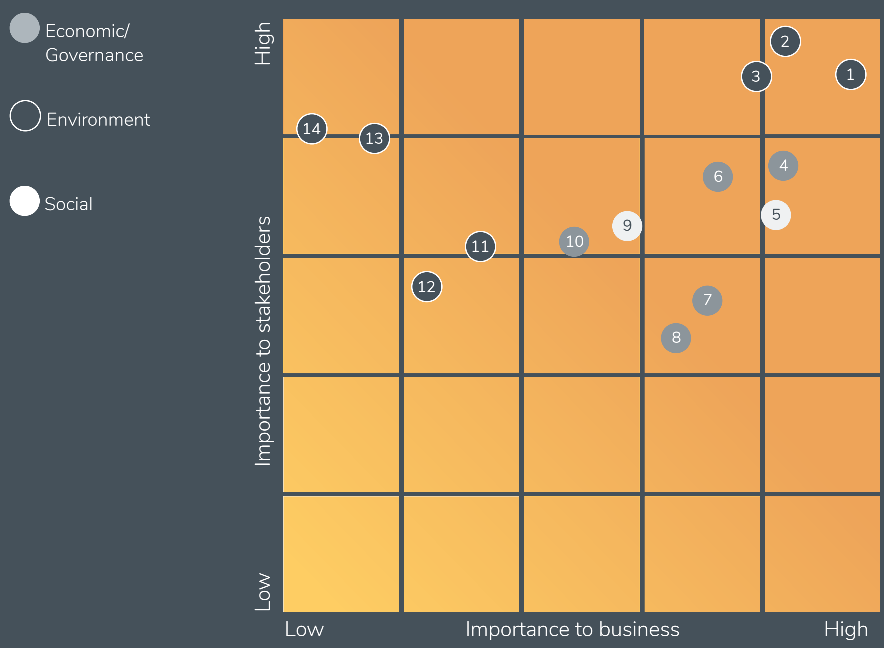
We approached our major stakeholder groups to complete the survey namely our people, customers, lenders, key suppliers and key investors and were encouraged by the strong response we received. We also incorporated a number of ESG-related questions into our customer satisfaction survey this year which helped supplement the materiality analysis. The overarching finding was the marked shift in thinking of all stakeholders to the importance of carbon emission reductions and climate-related issues.

Collaboration is key for society to make a meaningful impact on our environmental and social obligations and it was therefore encouraging to confirm that our larger partners demonstrated a willingness to work with us on these issues. Our customers demonstrated strong interest in exploring ways to reduce energy usage/costs, improve recycling and incorporate electric vehicle ("EV") charging points on our estates. The survey also confirmed that there is more we can do to engage with our customers on this topic to help bring greater understanding of ESG issues.

Read more about Our stakeholder engagement on p. 57

Materiality matrix

Stakeholder responses informed where the issues were plotted on the y-axis. The x-axis was guided by the SASB risk matrix, with scores based on our 2020 materiality assessment and industry averages.



Top 14 material issues

01 GHG emissions
02 Energy efficiency of operations
03 Setting emissions reduction targets
04 ESG/reputation
05 Customer health and wellbeing
06 ESG/return on investment
07 Creation of jobs
08 Local supplier sourcing
09 Supplier screening (ethics)
10 Local community engagement

11 Water
12 Biodiversity
13 Waste reduction
14 Customer waste reduction

Key comments from stakeholders

"This is a hugely important topic, but one that is still evolving, so each step needs to be considered carefully. I think being slow to act on this topic will see any business begin to fall behind the market."

Lending partner

"Energy cost reductions are high priority due to high charges."

Customer

"ESG performance is critical to the company's long-term value and should be considered as a top priority."

Lending partner

"As a landlord, providing energy efficient space is the most important thing we can do. This is our core product and is the place where we can make the greatest difference."

Non-Executive

"Tackling global climate change is now imperative to the future of the planet. All businesses, people, countries and continents must play their part."

Professional services provider

"It is very important but as a long-term investor we are happy to see steady improvements year on year rather than try to accelerate to unrealistic targets which potentially damage returns in the short run."

Investor

Our approach to sustainability continued

Our sustainability strategy

Our ESG strategy and policy have been developed in line with Industrials' overarching vision to provide space that matters to our customers, employees and their communities. The strategy strives to take a proactive stance on managing future climate risk and opportunities to ensure that Industrials is able to achieve its vision, while supporting the transition to a lower carbon and sustainable future through market leadership and engagement

Read about our strategy on p. 32 to 35

01

Direction

Industrials is committed to putting in place stretching targets across all three areas of ESG. These targets will provide focus and a detailed plan to prioritise resources over the near to longer term.

ESG in action

- We undertook an EPC upgrade assessment to better understand the likely cost and revenue implications of compliance with future EPC regulations in line with tightening legislation. We will be looking to embed the findings into our Capex programme.
- We reported our MLI portfolio's average EPC rating as a business KPI for the first time.

Read about EPC upgrade assessment on p. 70

Focus for 2023

- Industrials REIT intends to establish Near-Term Science-Based Targets, to be validated by the Science Based Targets Initiative (SBTi) within 24 months.
- Further refine our ESG strategy keeping it relevant and focused on material issues, taking account of stakeholder concerns and aspirations.

02

Governance

The Board of Industrials REIT has overall responsibility, with the Social and Ethics Committee reviewing and approving ESG strategy and policy. The ESG Steering Group are accountable for the delivery and communication of Industrials' ambitions.

ESG in action

- Strategy is owned at Board level and managed via the ESG steering group with board-level representation.

Read about our Governance on p. 89

- Risks and opportunities are articulated in the risk register in line with the TCFD recommendations.

Read about our Risk Management on p. 49 and Climate-related risks on p.52

- ESG-linked remuneration

Read our Remuneration Committee Report on p. 100 to 115

Focus for 2023

- Continue to analyse and improve pathways for managing climate change across the portfolio.
- Continue to integrate sustainability criteria into lease clauses.

03

Data

Data plays a crucial role, with the Industrials Hive platform forming a crucial link to enable engagement and carbon reduction across the business. Industrials are committed to continually improving the quality and breath of our data to track progress and continually improve our strategy.

ESG in action

- We have identified our carbon footprint (Scope 1, 2 and 3) emissions, and established our annual reporting programme.

Read about carbon footprint emissions on p. 65 and greenhouse gas emissions on p. 75 to 76

Focus for 2023

- Continue to use Industrials Hive to improve our data capture, measurement and reporting, ensuring greater visibility and access to data for our stakeholders.
- Continue to model our key identified risks and opportunities, and the financial impact thereof.

Industrial's ESG Strategy has been drawn up following a detailed programme of works assessing Industrial's current, and aspirational ESG rankings against the 6 dimensions of Carbon Intelligence's strategic framework developed in partnership with the World Business Council for Sustainable Development.

04

Engagement

Empowering our people, our customers and communities will enable us to drive longer-term change. We do this through continued engagement to ensure we deliver on what matters most.

ESG in action

- Employee satisfaction surveys

Read about Investing in our People on p. 72 and our s172 Stakeholder Engagement on p. 56

- Enhanced materiality assessment with internal and external stakeholders Read about this on page 66.
- Customer engagement survey Read more on page 65.

Focus for 2023

- Investigate pathways to strengthen engagement with customers and local communities.
- Enhance learning and awareness of key ESG issues amongst our people and customers, empowering them to operate more sustainably.

05

Performance

The Group will develop a programme of works to drive down consumption and carbon across the portfolio in line with Science Based Targets, reducing both physical and reputational climate risk.

ESG in action

- Implemented ESG acquisition criteria to ensure we are building a resilient portfolio

Read about Transactions: acquisitions on p. 42

- Implemented an EPC review to establish anticipated costs to enhance portfolio in line with future MEES ratings, and identify a roadmap to achieve this.

Read about EPC upgrade assessment on p. 70

Focus for 2023

- Embed EPC review findings into our asset expenditure programmes to improve energy efficiency of buildings in a sustainable manner.
- Keep up to date with the evolution of renewable technology, evaluating mature technologies appropriateness for our business.
- Ensure new development is undertaken sustainably.

06

Reporting

In order to demonstrate leadership, disclosure and transparency, Industrials will aim to continuously enhance its annual reporting disclosure, considering recommendations from GRI Standards and TCFD as guidance.

ESG in action

- Annual reporting of ESG in line with:

  SECR and TCFD disclosure requirements.

Read about TCFD disclosure on p. 60

Read about SECR disclosure on p. 74

- Most Improved award for disclosure in line with EPRA Sustainability Best Practices Recommendations and Bronze award from EPRA for sustainability reporting.

Focus for 2023

- Further enhance annual reporting disclosures, in line with TCFD and including the setting of targets.

Space that matters: unlocking energy efficiencies

EPC upgrade assessment

What

We have undertaken a desktop project to understand the likely cost to Industrials REIT of compliance with future Energy Performance Certificate (EPC) regulations in the UK. The project looks at what improvement works would be required to maintain compliance and the likely cost of implementing them across the Industrials REIT portfolio.

Why

Across the UK all commercial buildings are required to have an EPC when they are constructed, sold or let which gives tenants, owners or prospective buyers information on how energy efficient the property is. An EPC assessment is a complex calculation which is based upon several factors, including:

- the type of construction;
- whether different parts of the building are used for different purposes;
- the heating, cooling, ventilation and hot water systems used; and
- the lighting used throughout the property.

EPC Certificates provide a score which translates into a grade from A-G, with A being the most efficient and G being the least efficient. At present, a commercial EPC Certificate lasts for ten years from the assessment date.

At present, landlords in the UK cannot complete a new letting of a building with an EPC rating of less than an E. In addition, from April 2023, to obtain a new EPC assessment, landlords will be obliged to carry out improvement works on any buildings with an EPC rating of less than an E, meaning that the requirement to improve buildings will extend to buildings already let rather than just at the point of letting.

However, the Government is currently in consultation on several additional measures aimed at improving the energy performance of the UK's commercial building stock. These include a phased implementation of requirements which preclude the letting of a unit with an EPC of less than a C from April 2025 to 2027, and a subsequent phased tightening of this requirement to no less than a B from April 2028 to April 2030.

Furthermore, as part of its package of future measures, the Government intends to alter legislation so that a building must always have an up-to-date EPC during the whole time that it is let. This would cover cases of lease renewal where current guidance suggests that an EPC is not necessary where an existing tenant is renewing its lease.

Considering this tightening legislation, it is important for Industrials REIT to understand the likely cost and revenue implications of compliance with future EPC regulations, specifically in relation to upgrading the existing portfolio to a minimum level of a C by 2027 and a B by 2030.

How

We completed a sample set of 136 EPC assessments on existing units to establish what improvements would be required to secure an EPC rating of at least a B. The sample set covered approximately 5% of our total portfolio by floor area and 10% by unit count, meaning that it represented typically smaller units which are normally disproportionately expensive to maintain/improve. The average current rating of those units assessed was 93, reflecting an EPC score of D, which is broadly reflective of the average EPC rating within our total portfolio which currently stands at 83 points and a D grade.

The assessments were limited to the following set of practical improvement works, many of which we already regularly undertake when refurbishing MLI buildings:

1. installation of solar panels;
2. installation of LED lighting;
3. removal of old and inefficient heating equipment;
4. installation of air source heat pumps in offices; and
5. installation of additional roof insulation.

The works would be either implemented as individual items or combinations of the items from the list above.

Despite the limited set of works options, every building assessed would achieve a rating of no less than a B through implementation of one or more of these work items, with some units even achieving a rating of A+ reflecting a rating of net zero carbon emissions. Overall, the average unit would improve from a score of 93 to a score of 36, reflecting an improvement from a relatively poor Grade D to a relatively good Grade B.

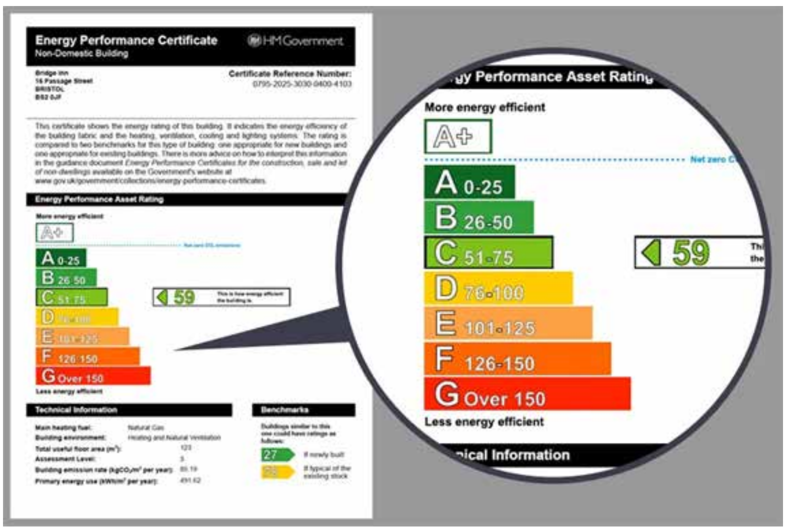
Sample: Current EPC Rating

Grade	Count	Average Score
C	31	67
D	58	88
E	44	116
F	3	145
Total/Average	136	94

Sample: Post works EPC Rating

Grade	Count	Average Score
A+	7	(17)
A	10	13
B	119	41
C or higher	0	N/A
Total/Average	136	36

Having completed this exercise, we priced up the likely cost of completing the works required to deliver the EPC improvements. Given the units within our portfolio are all relatively uniform (being purpose-built MLI of standard construction), the cost of the works identified is relatively consistent. In addition, given the high frequency with which we complete these types of work, the costs were well-known and likely to be accurate. The individual items ranged from around £2 per sq ft for new lighting up to c. £9 per sq ft for new solar panels on the roof.



Conclusions

It is important to note that this is a preliminary and high-level desktop appraisal of the impact of compliance with proposed EPC regulations in 2030. These regulations are still in consultation, and hence they, and the methodology behind calculating EPCs, are likely to be subject to change in the future. In addition, the method used is an extrapolation from a sample and is hence not a detailed appraisal of each unit in the portfolio, while the indicative costs used are estimates. Therefore, it is intended to give an indicative view of the likely cost of compliance and may be subject to change in future as more detailed analysis is completed and greater clarity on future regulations is given.

Having taken these limitations into consideration, based upon the analysis undertaken, we have derived the following conclusions:

- Across the sample taken, the estimated spend to meet an EPC of B or better was £2.3 million across 380,000 sq ft of space assessed, reflecting an investment of £6 per sq ft or 7% of average asset value;
- Some improvement measures were more cost effective than others, with new LED lighting delivering an average improvement of 50 EPC points for a low average cost of £2.17 per sq ft;
- Solar panels alone delivered an average EPC improvement of 40 points across a sample of 9 units, at an average cost of £9 per sq ft;
- Across the 26 examples where new LED lighting and solar panels were installed, the average EPC improved by 65 points, equivalent to the total gain required to move the average EPC rating across our whole portfolio to a B or better;
- Solar panels are expensive and can be complicated to install, but we believe that these factors are outweighed by the potential revenue benefits available from selling green energy to customers. As a result, it is reasonable to assume that an investment in solar panels across the portfolio would be profitable, or cost neutral at worst;
- If it is assumed that solar installations are cost neutral, the average cost of the remaining package of works required to improve the EPCs to B grade or higher was approximately £2.70 per sq ft.
- If you apply the same pro rata investment of £2.70 per sq ft across the whole portfolio, this would result in an investment between now and 2030 of c. £21.6 million, reflecting c. 7.5p per share.
- However, for the past three years, we have been installing LED lighting in all vacant units as part of our basic refurbishment specification and have installed solar panels on three estates. In most instances, enhancement works have resulted in material uplifts in rent which have more than justified the investment, as customers have been willing to pay a premium rent for higher-quality refurbished space with lower running costs. Therefore, any upgrade costs are likely to be offset by the premium rental levels achieved.

Most importantly, it is encouraging that all units assessed were capable of being upgraded to meet future EPC targets at an acceptable economic cost, and that some can even be improved to net zero levels. This clearly illustrates how sustainable MLI assets are, with limited physical and design obsolescence giving them long lives with low levels of capital expenditure. These characteristics also materially reduce the lifetime carbon emissions of MLI properties, which in the future is likely to become a key barometer for building sustainability as greater scrutiny is placed upon the emissions generated during the development phase and hence more onus is placed upon the refurbishment of existing building stock. Moving forward, as we look to set a Science Based Target, we will be incorporating the findings from this piece of work within our roadmap, ensuring it remains at the core of both compliance and target setting.

Space that matters: Driving energy efficiency through EPC improvement:

In December 2021, Industrials instructed a minor works scheme to four units totalling just over 44,500 sq ft at St Peter's Industrial Estate, located in Huntingdon, Cambridgeshire. The scheme consisted of a full roof overclad as well as extensive external redecorations to all elevations.

As the terrace included one of our largest vacant units at just over 13,000 sq ft, we commissioned a full internal refurbishment of the space. Environmental performance was central to our refurbishment specification, to actively seek ways to enhance the EPC rating from a current grade of D.

A MEES (Minimum Energy Efficiency Standards) report was prepared which identified a number of improvements that would enhance energy efficiency by integrating cost effective and low disruption improvement works.

An improvement from D-83 to B-49 was modelled by simply ensuring that all spaces within the unit had a minimum spec of LED lighting (120 lumens per watt+). This was incorporated as additional detail into our specification.

The unit was let immediately upon completion of works, on a new 10 year lease at a rent reflecting a 26% uplift on the previous passing rent.

Our people

Investing in our people

The Power of Space

Creating space that matters, is also about creating the space our people need to strive and succeed on a long term sustainable basis.

The wellbeing of our people has always been a pillar of our culture and drives many of our social initiatives. The importance of providing a caring, supportive and inclusive environment to our staff has increased during the pandemic, and we have continued to build on the investments made in that area over the past two years.

We have developed our employee engagement programme, with a wide range of staff surveys and workgroups seeking employees' views and feedback on a variety of subjects, from culture and values and hybrid working to sustainability. We want to give our employees an opportunity to be part of the conversation and we are committed to listen. We believe that this is a driver of productivity and efficiency, and that, with each individual bringing unique skills and perspective, tapping into this diverse pool of thinking does not only improve employees' satisfaction but is also a great driver of innovation.

With the support and contribution of our people, we launched a new hybrid working model, and are proud to report on the opening of our new London office. Feedback received has confirmed that the workplace is an important place for our people to connect socially and we intend to increase social engagements over the coming year.

Read about our hybrid working model on p. 58

Read about Enhancements to our office space on p. 31

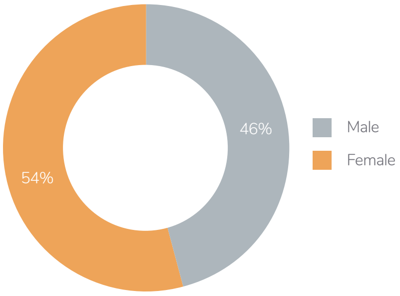
We also launched bi-annual engagement sessions with Patsy Watson, our designated Non-Executive Director for employee engagement. We are looking forward to continuing with this programme.

With over 63% of our employee population as at 31 March 2022 recruited in the previous 24 months, being able to attract and retain talent is critical to our success and growth. We offer a competitive remuneration and benefits package and strive to be a great place to work. Wellbeing, equal opportunities, training and development and investment in ESG principles are also all key elements to this success.

Equality and diversity

Our Equal Opportunities Policy is available on our website. We have already achieved an equal balance in our gender diversity statistics across our employee population, and are committed to promoting diversity and equal opportunities in employment, via our blind hiring process, partnerships with recruitment agencies and continuous training of our people. We understand that diversity of backgrounds promotes diversity of thought and will contribute to our long-term sustainable success.

Breakdown of female vs. male employees as at 31 March 2022:



Training and development

We continue to evaluate training needs in line with business objectives. We take both a company-wide and department specific approach to training, with an emphasis on both technical and soft skills. We are currently sponsoring several employees to study towards the Assessment of Professional Competence to enable them to become qualified Charted Surveyors ("MRICS"). We have also provided assertiveness and confidence skills training, as well as time and priority management training to certain staff over the reporting period. We encourage all employees to make full use of the training opportunities we provide, and to come forward with details of any specific training programme they would like to undertake.

Health and wellbeing

We subscribe to an employee assistance programme so employees can seek free confidential advice at times when they may require additional support. We promote wellbeing through a number of additional benefits, including private medical insurance and travel insurance for all employees, a cycle to work scheme and various policies supporting families and a healthy work-life balance. We have recently updated or launched many of these policies, including new policies on hybrid working, flexible working, adoption leave, maternity and paternity leave and parental leave.

Supporting the local community

We actively encourage our staff to engage and support local communities. We offer four half-days per calendar year of paid time off to each employee for them to volunteer their time and knowledge for a charitable initiative of their choice. We also operate a matched-giving policy and will match every pound raised by our people for registered charities of their choice. During the reporting period, we are proud to have supported Dementia UK as our charity partner. This year, our People have voted again and have chosen to support The Wellspring, a charity local to our Stockport office.

Read about the charities we support on p. 73

Investing in our communities

The Wellspring charity

For our new financial year, we welcomed our new and exciting charity partner, The Wellspring.

The Wellspring supports the people of Stockport who are homeless or at risk of losing their home. They provide the resources, understanding, and care that their users need inside the community that we all share. Professional staff and dedicated volunteers at The Wellspring are there to understand the complex and individual challenges of every service user and help them make positive changes to their lives.

The current strategy of the charity is built around the lives of people they help every day. This means responding to a combination of issues surrounding housing, physical & mental health, domestic violence, substance misuse, debt, unemployment, illiteracy, and social exclusion. It is often simple pieces of advice and support, interventions at the right time, giving professional guidance, and most of all positive engagement that can make a difference. The charity provides educational courses, computer courses, art classes, and other activities such as football, walking groups and gardening courses. Alongside this, they provide health services, including a drop-in service from a GP, and referrals to other specialist support services.

The Wellspring offers the hope that things can, and do, change.

The Wellspring is local to our Stockport office, and we are looking forward to getting involved, volunteering, raising vital funds and raising awareness of the incredible work they do and their impact on the local community.

Dementia UK: our charity partner for the year ended March 2022

Industrials REIT supported Dementia UK from April 2021 until March 2022. A total of £18,588 was contributed to the charity through a combination of fundraising initiatives and donations from the Company. This amount will help Dementia UK increase the number of specialist dementia nurses across the UK, so fewer people have to face dementia alone.

Dementia UK is the specialist dementia nurse charity. Its nurses, known as Admiral Nurses, provide life-changing support for families living with all forms of dementia – including Alzheimer's disease. For families affected by dementia, they can be a lifeline.

Throughout the year, we have worked closely with our Corporate Partnerships Executive at Dementia UK, Maria Shirlin, who has continuously provided us with information about upcoming fundraising events as well as unique and simple ideas for raising money. The fundraising initiatives undertaken throughout the year included a Halloween Bake Sale, raising a total of £800 across both the London and Stockport offices. In December, we also created our 12 Days of Christmas campaign where we invited some of our key trading partners to make a donation to Dementia UK and be featured on our Company LinkedIn page. We raised a fantastic £2,450 from our trading partners and we also matched this donation.

Although this year remained tough in terms of taking on bigger fundraising challenges due to COVID-19 restrictions, we are pleased we have still been able to support Dementia UK by raising vital funds and awareness for families facing dementia.

Streamlined energy and carbon reporting

Unaudited

Environmental performance and strategy

Industrials REIT is a United Kingdom ("UK") Real Estate Investment Trust, which is listed both on the Premium Segment of the Main Market of the London Stock Exchange ("LSE") and the Johannesburg Stock Exchange ("JSE").

This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting. During the reporting period 1st April 2021 to 31st March 2022, our measured Scope 1 and 2 emissions (location-based) totalled 195 tonnes CO_2e.

This report for the financial year ending 31 March 2022 marks our second Streamlined Energy and Carbon Reporting ("SECR") submission and summarises our environmental performance which includes our consumption of fuels, electricity and water, waste generation and business travel. These impacts have been calculated from both landlord-obtained and tenant-obtained consumption.

Industrials has worked hard to improve the quantity and quality of environmental data during the reporting period. The increase in metres from 137 to 332 in the past year means that the data on which the emissions are calculated now represents a larger proportion of our MLI portfolio's total floor area. Further sustainability-related information can be found in our EPRA report on page 77.

As at 31 March 2022, the Group operates across the UK and holds an interest in a care homes portfolio in Germany through a joint venture. As management intends to dispose of this joint venture by March 2023, and focus solely on the MLI portfolio in the UK, consumption data from the joint venture has been excluded.

The table below shows the number of properties and the floor area of our portfolio. Consumption data for environmental performance is reported on the UK MLI portfolio, which is owned 100% by the Group. By value, the UK MLI portfolio makes up 95.3% of the Group's total portfolio and 97.5% of the total floor area of our portfolio. During the reporting period, the floor space of UK MLI increased by 29% (1.7 million sq ft) due to new acquisitions. In addition, the UK MLI portfolio now includes five assets which were previously classified as UK urban logistics in 2021. To provide a more comprehensive view of our environmental performance, consumption data reported below also includes our corporate leased offices: our head office in Great Portland Street, London and our regional office in Stockport. Together, these two offices cover 4,758 sq ft.

Combined portfolio	Number of properties	Increase since prior year	Area in sq ft (incl. long leaseholds)	Area in sq m	Increase in floorspace since PY
UK MLI	104	18%	8,131,427	755,876	29%
Joint venture	4	–	208,066	19,330	–
Total	**108**	**18%**	**8,339,493**	**775,206**	**29%**

Greenhouse gas emissions

During the reporting period, we acquired further assets, leading to a 29% increase in MLI floor area. Together with the lifting of COVID-19 restrictions and return to work, this inevitably led to a considerable rise in GHG emissions over the past year. A breakdown of our GHG emissions (Scope 1, 2 and 3) for the reporting year ending 31 March 2022 is provided below, followed by an overview of the Company's absolute energy consumption. Our emissions intensity calculation is based on floor area relative to the Scope 1, 2 and 3 emissions.

Greenhouse gas emissions		12 months up to 31 March 2021	12 months up to 31 March 2022
		Based on 88 assets and leased office space	Based on 104 assets and leased office space
Scope 1	Landlord fuel consumption (kWh)	46,793 kWh	1,251,070 kWh
	Greenhouse gas emissions (tCO_2e)	9 tCO_2e	47 tCO_2e
Scope 2 (market-based)	Landlord electricity consumption (kWh)	210,675 kWh	778,162 kWh
	Greenhouse gas emissions (tCO_2e)	49 tCO_2e	0
Scope 2 (location-based)	Landlord electricity consumption (kWh)	228,562 kWh	778,162 kWh
	Greenhouse gas emissions (tCO_2e)	53 tCO_2e	165 tCO_2e
	Total Scope 1 & 2 emissions (market-based) (tCO_2e)	**58 tCO_2e**	**29 tCO_2e**
	Total Scope 1 & 2 emissions (location-based) (tCO_2e)	**62 tCO_2e**	**213 tCO_2e**
	Scope 1 & 2 (market-based) emissions intensity ($tCO_2/m^2/yr$)*	**0.002 tCO_2e/m^2yr**	**0.001 tCO_2e/m^2yr**
	Scope 1 & 2 (location-based) emissions intensity ($tCO_2/m^2/yr$)*	**0.002 tCO_2e/m^2yr**	**0.005 tCO_2e/m^2yr**
Scope 3	Tenant fuel consumption (kWh)	5,063,208 kWh	4,931,030 kWh
	Tenant electricity consumption (kWh)	3,341,795 kWh	7,830,007 kWh
	Water consumption (m^3)	16,665 m^3**	21,566 m^3**
	Water diverted from landfill (tonnes)	13 tonnes	63 tonnes
	Water sent to landfill (tonnes)	0	**0**
	Business travel (tonnes)	4 tonnes	13 tonnes
	Total Scope 3 emissions (tCO_2e)	1,641 tCO_2e	2,664 tCO_2e
	Scope 3 emissions intensity ($tCO_2e/m^2/yr$)*	**0.02 tCO_2e/m^2yr**	**0.004 tCO_2e/m^2yr**
	Gross Scope 1, 2 and 3 emissions (market-based) (tCO_2e)	**1,690 tCO_2e**	**2,162 tCO_2e**
	Gross Scope 1, 2 and 3 emissions (location-based) (tCO_2e)	**1,694 tCO_2e**	**2,859 tCO_2e**

* Scope 1 & 2 (market-based) emissions intensity (tCO_2e/m^2/year) against total landlord floor area
**Currently, we only report disposal route data for the offices we lease. Where we have cost data associated with waste disposal from the MLI Portfolio, we have reported associated emissions of 66 tCO2e although we can not yet state the waste type or disposal route.

Streamlined energy and carbon reporting continued

Unaudited

Performance

Industrials REIT is committed to improving energy efficiency and reducing GHG emissions in our portfolio. Our ESG strategy includes reduction targets for Scope 1 and 2 emissions and our next step is to develop a Science Based Target. This will commit Industrials to reducing GHG emissions in line with a 1.5 degree future.

We continue to implement energy efficiency projects across our business, such as LED lighting upgrades, so that all assets achieve an EPC rating of at least a C by 2027. For further information, please see our EPC improvement case study on page 71.

We are also increasing our share of energy from renewable sources. During the reporting period, 67% of total electricity consumption across the portfolio came from renewable sources, thereby reducing our footprint under market-based reporting. Our on-site generation is still limited but we feel there is an opportunity to increase this. To date, five sites have on-site solar panels. We used 1,016 MW of solar electricity generated on-site during the reporting period, thereby avoiding 215 tonnes of CO_2e emissions ("tCO_2e").

For the 12 months ending 31 March 2022, energy consumption across landlord and tenant controlled sites totalled 14,818 MWh, while energy intensity was 0.004 kWh/**m²**. This was based on available data coverage (19% for electricity and 13% for gas). During the same period, there was a significant increase in GHG emissions. This is largely due to the 29% growth of our MLI portfolio, together with the return to work after the lifting of COVID-19 restrictions. During the reporting period, our Scope 1, 2 and 3 emissions (location-based) totalled 3,088 tCO_2e. Scope 3 emissions account for 93% of this and derive from water consumption, waste production, as well as tenant fuel and electricity consumption. Our Scope 1, 2 and 3 emissions intensity (location-based) amounted to 0.004 tCO_2e/**m²**.

The table below shows the breakdown of energy consumption across our portfolio.

Absolute energy consumption		Year ended 31 March 2021	Year ended 31 March 2022
Fuels	Landlord	46,793 kWh	262,760 kWh
	Tenant	5,063,208 kWh	4,931,030 kWh
Total Fuels		5,110,001 kWh	5,193,790 kWh
Electricity	Landlord	228,562 kWh	778,162 kWh
	Landlord generated		1,016,074 kWh
	Tenant	3,341,795 kWh	7,830,007 kWh
Total Electricity		3,570,356 kWh	9,624,243 kWh
Total Energy Consumption		8,680,358 kWh	14,818,033 kWh

Methodology

We measure and report our organisational greenhouse gas emissions using the Greenhouse Gas Protocol. Consumption data is collated by our sustainability consultant, Carbon Intelligence, then converted into carbon dioxide equivalent (CO_2e) using the UK Government 2021 Conversion Factors for Company Reporting to calculate emissions from corresponding activity data. We follow the approach of the European Public Real Estate Association ("EPRA") towards floor area in calculating emissions intensity. This report includes data for our absolute greenhouse gas ("GHG") emissions and energy use, as well as our water consumption, waste generation and business travel for the financial year ending 31 March 2022.

In accordance with the GHG Protocol's guidance, we report Scope 2 emissions using both location-based and market-based methods. The Scope 2 market-based figure reflects emissions from electricity purchased by Industrials REIT (landlord obtained). When following the market-based method, we use a supplier-specific emissions factor, where available. If unavailable, the location-based grid emissions factor is used. In addition, we voluntarily disclose a selection of our Scope 3 emissions deemed material, namely water and waste emissions, as well as tenant consumption emissions and business travel.

Reporting boundaries and limitations

The sources of GHG emissions within our operational boundary are:

- Scope 1: Natural gas combustion within boilers, gas oil combustion within generators, fuel combustion within owned and leased vehicles
- Scope 2: Purchased electricity for Industrials' use
- Scope 3: Water, natural gas and electricity consumption, waste generation from tenants, and our business travel.

This data not only helps us identify opportunities for emissions reductions; it also serves as a valuable basis for our plans to set a Science Based Target.

As part of the Group's strategy, we focus efforts on improving emissions reporting for continuing operations. Non-MLI properties earmarked for sale have not been included in emissions reporting. As of 31 March 2022, this relates to the Germany Care Homes portfolio held via a joint venture.

We report the data available for our leased office space and our MLI portfolio (which accounts for 97.5% of our total portfolio by floor area). At present, we are unable to obtain data for 100% of our UK MLI portfolio; however, we aim to report data for 100% of our portfolio in the next financial year, increasing the coverage of data associated with this floor area over time through tenant engagement initiatives.

Assumptions and estimations

In instances where data is missing, we have made estimations. These are calculated by extrapolating from available data for the reporting period. Details of all estimates can be found in our reporting evidence pack.

For assets acquired during the reporting period, we report data starting from when we took ownership of the asset. This ensures that we report only emissions generated under our ownership.

EPRA sustainability best practices recommendations reporting

Unaudited

As a member of the European Public Real Estate Association ("EPRA"), Industrials REIT aims to report the Company's sustainability performance comprehensively and transparently. We follow the EPRA Sustainability Best Practices Recommendations (sBPR, 3rd version, 2017), since these recommendations are designed to improve sustainability reporting in the European real estate sector and are widely used in the industry.

Following our first report last year, we are working to enhance Industrials' sustainability reporting. We continue to improve the quantity and quality of the data we report while EPRA's sBPR recommendations help us to improve the quality of our reporting. The recommendations also facilitate comparison of our performance with that of our peers.

We conduct regular materiality analyses to ensure that our ESG strategy and reporting address the most material issues. During our most recent assessment, GHG emissions and energy efficiency were deemed the two most critical ESG priorities for our business by every stakeholder group, including investors, customers, suppliers and professional service providers, lenders, employees and non-executives. These findings further confirmed our priorities for our ESG strategy and reporting for 2023 and beyond.

Overarching recommendations

This year we have made a concerted effort to implement all of the overarching recommendations into our reporting, as can be seen in the table below.

Overarching recommendations	How we integrate these recommendations
Operational boundaries	Our approach to operational boundaries is based on financial control of our portfolio and leased management office space.
Coverage	We are currently able to report electricity data for 19% of our portfolio, natural gas data for 13%, and water for 39%. We aim to increase this to 100% overtime through engaging with tenants and improving our data collection processes.
Estimation of landlord-obtained utility consumption	9%. Data is estimated in line with the GHG Protocol requirements.
Third party assurance	We have not yet sought third-party assurance. We are committed to credible and transparent reporting in line with our peers and listings regulations, so this will remain under careful review.
Boundaries	We report on all landlord data and available tenant data where we manage and/or recharge.
Normalisation	We use kWh per square metre to measure intensity.
Segmental analysis	This report covers 104 properties classified as multi-let industrial (MLI) estates. Although our MLI portfolio is spread across the UK, it is relatively uniform in terms of building age, materials and design, while geographic distribution of assets is reasonably similar in terms of climate exposure. There are circa 1,500 tenants, primarily small and medium size enterprises which engage in a wide range of businesses to serve the needs of customers in their local communities or across the country. As part of developing our approach to environmental reporting, we will provide a deeper segmental analysis of our MLI portfolio in the next reporting period. For more information, please see Our Portfolio on page 10. Further information on MLI can be found on page 4.
Disclosure on own offices	Our corporate head office in Great Portland Street, London and our regional office in Stockport are included in consumption data on page 76.
Narrative on performance	We provide an overview of each topic in this report as well as signposting further sources of information.
Location of EPRA Sustainability Performance Measures	EPRA Sustainability Performance Measures are included in the tables on the following pages.
Reporting period	Financial year ending 31 March 2022
Materiality	Industrials REIT conducted a materiality assessment in early 2022 to identify and prioritise ESG issues. The methodology and results can be found on page 66.

EPRA sustainability best practices recommendations reporting continued

Unaudited

Performance measures

During 2021/22, we continued to integrate climate and other sustainability considerations into the Industrials REIT business. We are proud of the progress we have made, as evidenced in ESG in Action on page 64. We document how we will continue to advance our ESG ambitions in Focus for 2023 on page 68 to 69.

We are also working to enhance the data that we collect and report, with a particular focus on environmental data. As a result, we have been able to report against 23 of the 28 Performance Measures in this report. All data and text in this report relate to our performance during the 12 months ending 31 March 2022.

Environmental performance

Reducing our environmental impacts is a key focus for Industrials REIT. During the reporting period, our main focus areas were to improve our environmental data, especially on greenhouse gas (GHG) emissions and energy efficiency across our portfolio; to identify our key climate-related risks and opportunities (see TCFD Disclosure on page 60) and to understand how to improve our average EPC rating (see Average EPC Case Study on page 71).

We are committed to improving our data collection through customer engagement. The storage and management of this data will be improved with our Industrials Hive platform. The environmental data on which our emissions are calculated comes from electricity, natural gas, and water consumption. It is recovered on 19%, 13% and 39% of the total floor area of our portfolio respectively and provides a deeper analysis of tenant data.

In addition, we continue to work on other environmental issues, such as biodiversity, reducing waste and improving the efficiency with which we use water. Below is a breakdown of environmental data, followed by more in-depth analysis by topic.

EPRA code	Environmental performance measures	Performance	% Change vs PY
Elec-Abs	Total electricity consumption	9,624,243 kWh	170%
Elec-Lfl	Like-for-like total electricity consumption	*	*
DH&C-Abs	Total district heating and cooling consumption	None	None
DH&C-Lfl	Like-for-like total district heating and cooling consumption	None	None
Fuels-Abs	Total fuel consumption	5,193,790kWh	2%
Fuels-Lfl	Like-for-like total fuel consumption	*	*
Energy-Int	Building energy intensity	20 kWh/m2	-83%
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	47 tonnes CO_2e	450%
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	2,829 tonnes CO_2e	67%
GHG-Int	GHG emissions intensity from building energy consumption	See breakdown below	152%
Water-Abs	Total water consumption	21,566 m^3	29%
Water-Lfl	Like-for-like total water consumption	*	*
Water-Int	Building water intensity	0.07 m^3/m^2/year	68%
Waste-Abs	Total weight of waste by disposal route	See breakdown below	N/A
Waste-Lfl	Like-for-like total weight of waste by disposal route	*	*
Cert-Tot	Type and number of sustainably certified assets	See breakdown below	

* Like-for-like calculations are not possible due to fluctuations in Industrials' portfolio size and ongoing refurbishment programmes at each of the estates.

Energy and GHG emissions

During the past year, we have calculated our initial Scope 3 footprint to better understand the scale and sources of these emissions. We also completed a Scope 3 gap analysis. Now that we have a deeper understanding of our contribution to climate change, Industrials intends to set a Science Based Target for emissions reductions. This was identified by stakeholders as the third highest priority for our business in our recent materiality assessment.

Another target is to achieve an EPC rating of at least C by 2027 in line with government requirements (see our EPC upgrade assessment case study on page 71). We therefore continue with our programme to install LED lighting and will investigate the feasibility of rolling out solar panels across the portfolio. Nevertheless, our GHG emissions rose significantly during the past year, much of it due to the 29% increase in our floor area that resulted largely from the significant number of acquisitions during the same period.

With greater mapping of the portfolio -of metres to floor area - combined with a maturing data programme, our data has improved since prior year, both in terms of quantity and quality. As a result, the energy use intensity figure dropped during the reporting period.

In addition to our contribution to mitigate the effects of climate change, we must also address how climate change affects our business. As we continue to implement the recommendations of the Task Force on Climate-related Financial Disclosures, we conducted an in-depth assessment of the risks and opportunities presented by climate change (see TCFD Disclosure on pages 61 to 62).

Please see the next page for a further breakdown of our environmental information.