# ESG ENVIRONMENTAL DUE DILIGENCE REPORT

| Asset Name | Date | Version |
| --- | --- | --- |
| [redacted] | [redacted] | [redacted] |

## Table of Contents

## 0. Key Findings

### *EPC Ratings*

Pre-destranding: 1×B, 8×C/D. Full implementation of the proposed decarbonisation measures is expected to uplift all nine units to EPC B.

### *ESG Risk*

No major ESG risks identified. Medium physical climate risks noted for drought stress, water scarcity, extratropical storm, and hail.

### *Roof & Asbestos*

Roof is in significant disrepair with active water ingress reported across multiple units. Asbestos-containing materials (ACMs) are present and will require specialist removal prior to works.

### *Power Supply*

Electrical supply to the site is currently insufficient for existing tenant demand, with capacity constraints identified across multiple units.

### *Destranding Strategy*

A fully costed decarbonisation strategy has been developed combining heat pump installation and rooftop solar PV. The strategy delivers an attractive unlevered IRR of 13.9%.

### *EV Charging Opportunity*

One tenant operates an EV logistics fleet. An additional opportunity exists to provide PV-powered EV charging infrastructure for the fleet as part of a lease extension negotiation.

Scenario: Decarbonisation Strategy (1)

TI

## 1. Asset Summary

### STRATEGIC MODEL

*Decarbonisation Strategy:* Focuses on heat decarbonisation and rooftop solar PV installation.
*Decarbonisation Strategy with EV Charging:* Adds EV charging infrastructure to the heat decarbonisation and solar PV measures.

**DECARBONISATION OF HEAT**

Remove gas boilers and install heat pumps (increased efficiency)

**OUTCOME**

Total consumption decreased from 1,005,946 kWh to 837,466 kWh

Total CapEx of the system is £380,000

**ENERGY GENERATION**

Install 1,940 solar panels and sign power purchase agreements with tenants

**OUTCOME**

0.66 MWp Peak Renewable Energy Generation

Total CapEx of the system is £395,000

**ELECTRIC MOBILITY**

Deploy public EV charging infrastructure using excess solar energy

**OUTCOME**

0.65 £/kWh Premium Charging Rate for Fast EV Charger

Total CapEx of the system is £113,000

### CAPEX & RETURNS

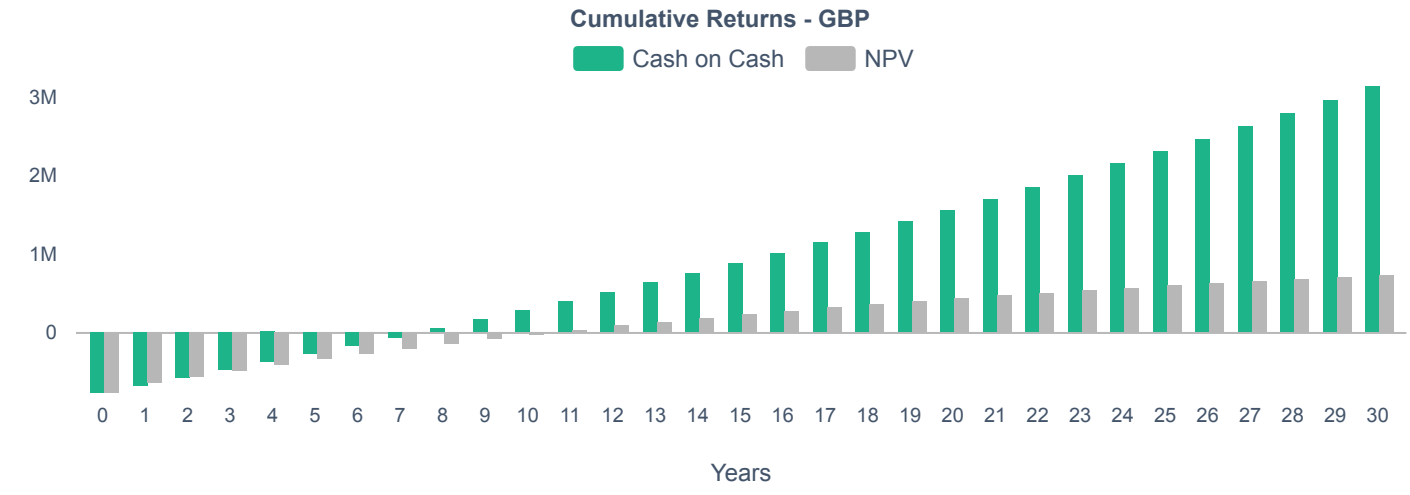
| Enery Price | Income |
|---|---|
| £0.18 / kWh | £93k / pa |
| £0.20 / kWh | £103k / pa |
| £0.22 / kWh | £113k / pa |

| | |
|---|---|
| **CAPEX** | £775,000 |

*inclusive of power uplifts and roof refurbishment*

| | |
|---|---|
| **IRR** | 13.9% |

*unlevered, pre-tax, includes annual operations & maintenance*



[redacted] Decarbonisation Strategy | ESG Environmental Due Diligence Report

| Asset Name | [redacted] |
|---|---|

## 2. Introduction

### Commissioning & Purpose

Terra Instinct has been engaged by [redacted] to undertake an asset-level decarbonisation study EDD for the [redacted] UK. The study aims to assess and analyse opportunities for integrating decarbonisation intervention strategies that deliver optimal financial and operational savings, while reducing reliance on fossil fuel-based systems and improving overall energy performance.

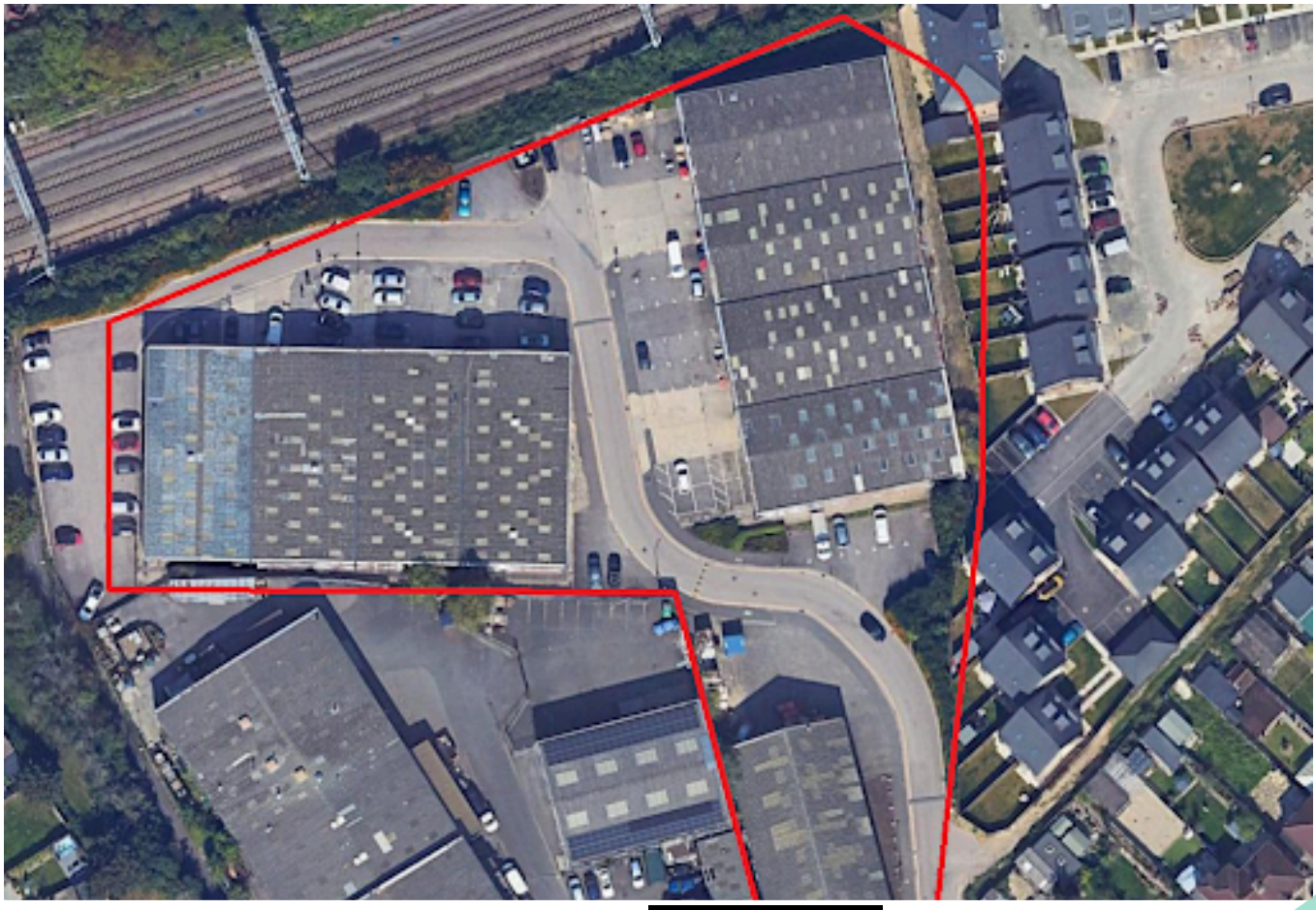
### Building Overview

[redacted] is a multi-let industrial asset comprising nine warehouse units arranged as two terraces of four units and one standalone building. Located off Stratton Road, it provides excellent connectivity for direct routes to London, South Wales and the M5. The estate features steel portal frame construction with cavity masonry and built-up cladding systems, with each terraced unit offering warehouse space and two-storey ancillary accommodation, while the standalone Unit 9 provides single-storey facilities with a front extension.

### Project Context

As part of a broader decarbonisation strategy, the report outlines a proposed replacement of the existing heating system with a modern heat pump solution and the installation of rooftop solar PVs to reduce reliance on grid electricity. It includes technical findings, system options, and associated cost estimates, with all assessments conducted on the assumption that the recommended power upgrade and roof refurbishment identified in the due diligence report will be implemented. The report evaluates two strategic scenarios: the first focuses solely on the core decarbonisation measures of heat pumps and solar generation, while the second explores additional opportunities to utilise excess solar generation through public EV charging infrastructure, creating new revenue streams while supporting local transport electrification. This comparative analysis enables stakeholders to assess the benefits and investment requirements of integrating electric mobility into the broader sustainability strategy.

## External Asset Model



Satellite Image of [redacted]

## 3. Decarbonisation of Heat

### 3.1. Overview

The existing systems at the [redacted] consist of a mixed heating infrastructure across nine units with no central plant, featuring individual direct-fired gas heaters and domestic hot water systems. Key characteristics include:

• Heating system comprises four direct-fired gas fan heaters distributed across Units 1 (Dance Academy), 3-4 (Gymnastics School), and 8 (Printing Press), providing localised warehouse heating.

• Domestic hot water is supplied via four individual combi boilers serving Units 1, 3-4, 6, and 8,

• No heating provision in Unit 2 ([redacted] following gas system decommissioning, and Unit 9 [redacted]) operates without any gas or heating infrastructure. Unit 7 ([redacted]) runs entirely on electric systems with 24/7 electric cookers.

• Electrical capacity constraints are evident across multiple units, with Unit 9 experiencing frequent power trips, Unit 7 requiring supply upgrades due to insufficient capacity, and Unit 6 operating on a basic supply of electricity.

These limitations, combined with widespread roof leaks affecting Units 1, 2, 3-4, 8, and 9, highlight the need for a modern, low-carbon heating solution. The following sections outline a proposed decarbonisation strategy focused on transitioning to high-efficiency heat pumps, improving distribution, and enhancing system resilience across all buildings.

### 3.2. Outline Design

1- Summary of the Design Strategy

Two air source heat pump systems (ASHP) are proposed to decarbonise the existing direct-fired gas heater setup across the [redacted]. The solution includes a 60 kW ASHP system for the eastern building (Unit 8) and a 180 kW ASHP system for the western units of the site, designed to replace the current direct-fired gas fan heaters. The systems will deliver improved energy efficiency and provide 240 kW total heating capacity. Domestic hot water will be provided through 15L under-sink direct electric water heaters, replacing the existing combi boilers.

2- Air Source Heat Pumps (ASHPs) – Primary Heating

The proposed system will include:

• 1 × ASHP (60 kW) with 1 × 60 kW indirect fan heater (East Building)

• 1 × ASHP (180 kW) with 3 × 60 kW indirect fan heaters (West Building)

• Units to be installed in available space identified at the rear of both building terraces

• Systems sized to meet the heating demands of the multi-let industrial units

• Enable decentralised, efficient heating with flexibility across demand profiles

3- System Integration & Distribution

To ensure effective delivery and integration across the site:

• New indirect fan heaters will replace existing direct-fired gas units

• 15L under-sink direct electric water heaters (two per Unit) will be installed across all nine units for hot water provision

The solution enables decarbonised heating while maintaining operational continuity for the various tenants

## 3. Decarbonisation of Heat

### 3.3. Scope of Works

| | Phase Title | Description |
|---|---|---|
| 1. | Decommissioning | Remove four existing direct-fired gas fan heaters from Units 1, 3-4, and 8.<br><br>Remove four existing combi boilers from Units 1, 3-4, 6, and 8.<br><br>Remove associated pipework, electricals, and redundant equipment. |
| 2. | Mechanical Works | Heat Pump System 1: Install 1 × 60 kW ASHP at rear of east building to serve Unit 8 with 1 × 60 kW indirect fan heater.<br><br>Heat Pump System 2: Install 1 × 180 kW ASHP at rear of west building to serve Units 1 and 3-4 with 3 × 60 kW indirect fan heaters.<br><br>Install 18 × 15L under-sink direct electric water heaters (two per unit across all nine units).<br><br>Install new distribution pipework connecting heat pumps to indirect fan heaters. |
| 3. | Electrical Works | Connect heat pumps and indirect fan heaters to existing electrical infrastructure.<br><br>Install new electrical connections for under-sink water heaters in all units.<br><br>Address existing power capacity constraints in Unit 7 and Unit 9. |
| 4. | Retained Infrastructure | Existing electrical distribution boards where adequate.<br><br>Existing ventilation systems where present and operational. |
| 5. | Site Logistics | Coordinate equipment delivery and positioning at the rear of both building terraces.<br><br>Ensure minimal disruption to multi-let tenant operations during installation. |
| 6. | Controls | Install new controls for heat pump systems and indirect fan heaters.<br><br>Provide individual temperature control for each indirect fan heater. |
| 7. | System Commissioning | Test and commission both heat pump systems.<br><br>Balance airflow from indirect fan heaters.<br><br>Commission all under-sink water heaters and confirm full system performance. |
| 8. | Documentation | Provide as-built drawings, O&M manuals, warranties, and commissioning reports. |

## 4. Energy Generation

### 4.1. Overview

An assessment of existing infrastructure and future energy needs has supported the proposal for a new solar PV system. This system is designed to maximise rooftop potential, reduce grid dependency, and support future electrification. Key points are outlined below:

• The proposed system would utilise 4,767 m² of roof space across 20 segments, installing 1,940 panels.

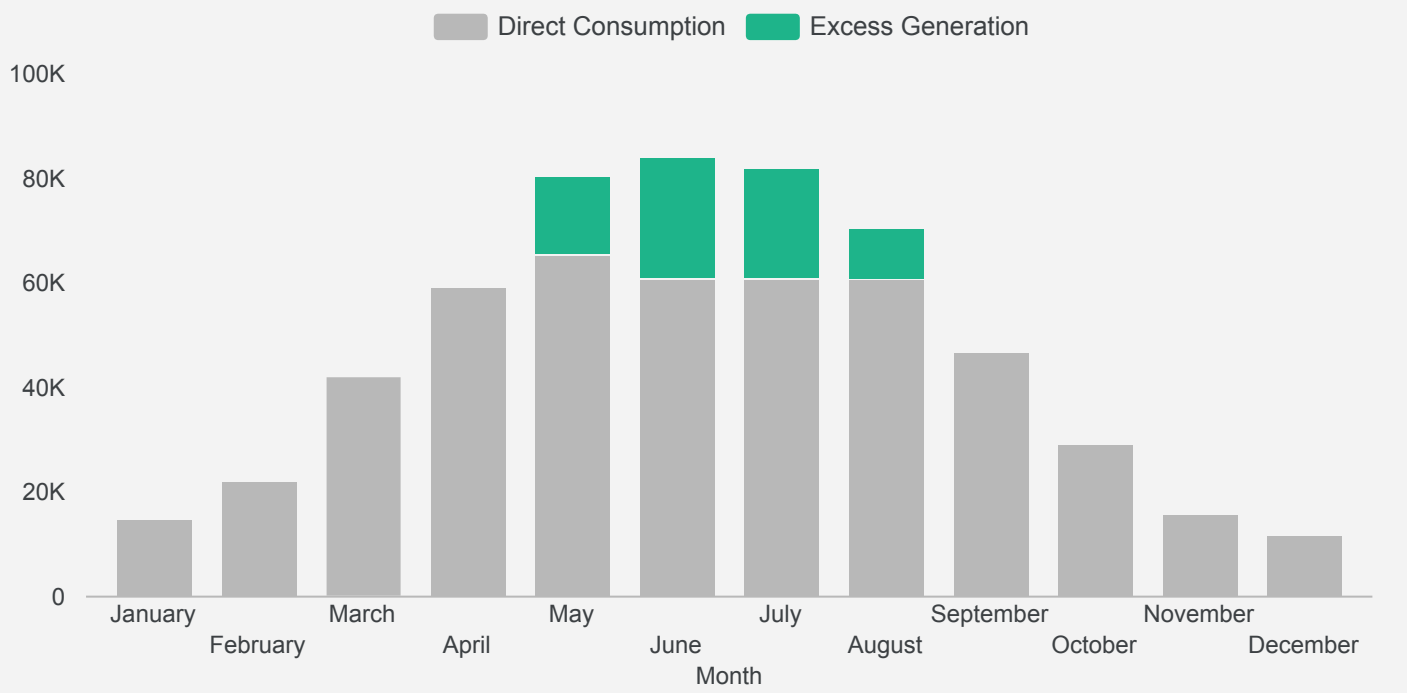
• Total capacity is estimated at 660 kWp, with expected annual generation of ~0.55 GWh (P90), based on an 85% performance ratio and 0.5% degradation.

• Existing site demand is approximately 725,146 kWh/year, with a further 112,320 kWh/year expected from the proposed heat pump.

• Combined future demand is ~0.84 GWh/year.

Solar generation from May to August exceeds on-site use, resulting in export potential during summer months, while generation during winter is fully utilised on-site with no excess exported.

### 4.2. Solar Generation (kWh)



## 5. Electric Vehicle Charging

### 5.1. Overview

An analysis was conducted to evaluate the deployment of Electric Vehicle (EV) charging infrastructure at [redacted], aimed at maximising the utilisation of the annual excess solar generation. The assessment examines the strategic integration of public charging provision to serve local demand, offering a comprehensive solution that transforms surplus renewable capacity into a new revenue stream. This approach creates value from excess solar generation whilst supporting the broader transition to sustainable mobility.

### 5.2. Public EV Charging Infrastructure

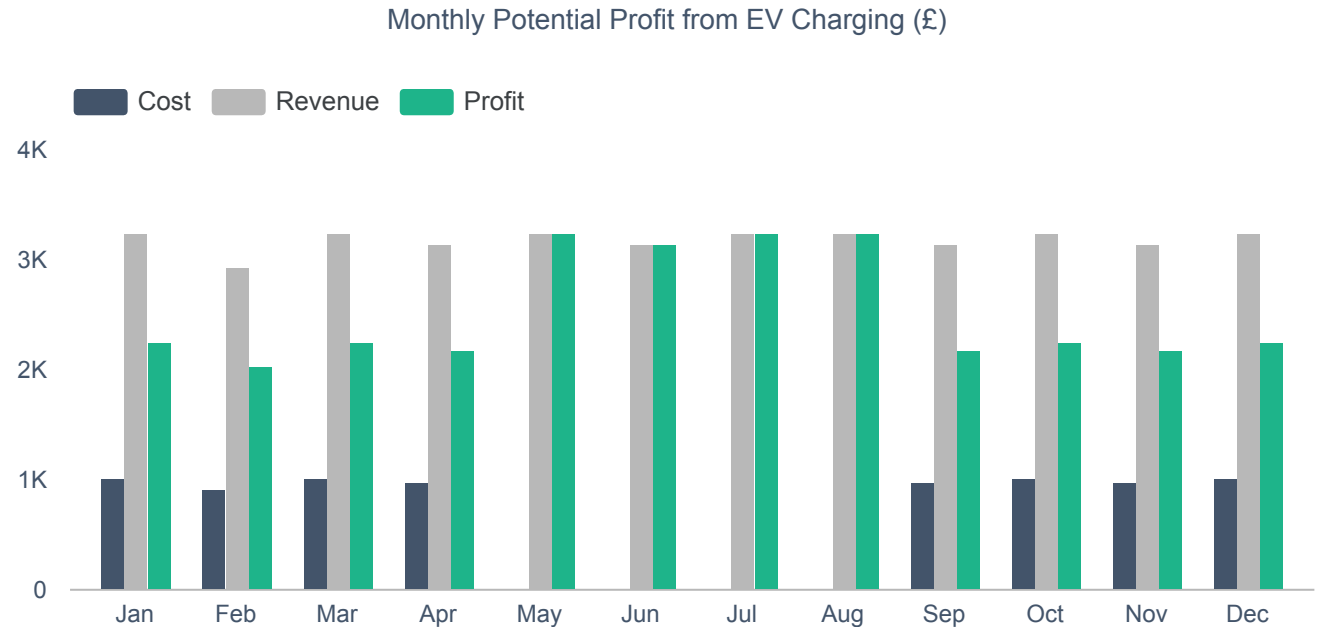
This scenario proposes the installation of public rapid charging infrastructure to serve staff, customers, and the general public, creating a new revenue stream while utilising excess solar generation during summer months.

Key Characteristics

- Single 240 kW rapid charger capable of full charge delivery in 30-40 minutes
- Conservative rollout approach starting with one unit to assess actual demand
- Premium pricing at £0.65 per kWh for public users
- Scalable deployment based on utilisation rates

Technical Specifications & Results

- Daily EV demand: 160 kWh
- Total capital investment: £113,000
- Seasonal operation: 100% solar-powered in summer, grid-dependent in winter



## 6. Energy Efficiency

1- LED Lighting Upgrade:

- Replace all existing lighting with LED fittings
- Install PIR sensors in warehouse and circulation areas for automatic occupancy-based control
- Deploy absence detection sensors in office spaces to prevent unnecessary switch-offs during desk work
- Implement DALI-enabled controls to dim lighting during periods of peak sunlight and reduce operational expenditure (OPEX)

2- Heating System Modernisation:

- Replace ageing convector heaters and non-operational heat pump with VRF system or high-efficiency air source heat pumps
- Install programmable thermostatic controls with WiFi/Bluetooth capability for remote management
- Integrate all heating zones into centralised system to eliminate inefficient standalone units
- Enable time-based scheduling to optimise heating patterns around occupancy

3- Energy Monitoring Infrastructure and HVAC Controls

- Install functional HVAC control systems for indirect heaters and provide local tenant control via manual timeclock-based operation
- Install sub-metering across all building areas and major systems
- Enable real-time energy monitoring to identify consumption patterns and inefficiencies
- Facilitate accurate tenant billing based on actual usage where applicable
- Track performance metrics to validate energy savings post-implementation
- Consider installation of unit-level metering systems to enable tenant recharging for heat pump usage and potential monetisation of solar PV electricity sales (estimated £12,000 investment)

## 7. Site Observations

### 7.1. Feedback from Survey

During our site visit and review of existing documentation, several key observations were made that differ from previous assessments and inform our proposed design:

**Site Observation 1: Heating Equipment**

Direct-fired gas fan heaters were observed in Units 1, 3-4 and Unit 8, providing space heating for the warehouse areas. Combi boilers for domestic hot water were noted in Units 1, 3-4, 6 and Unit 8. Unit 2 has decommissioned all gas systems and operates without heating, while Unit 9 has no gas or heating provision. Unit 7 operates entirely on electric systems with 24/7 electric cookers.

**Site Observation 2: Electrical Constraints**

The electrical supply infrastructure was observed to have capacity limitations across multiple units. Unit 9 experiences frequent power trips, Unit 7 has insufficient power capacity and is seeking supply upgrades, and Unit 6 was noted to have a basic supply of electricity. Unit 8 was identified as having very high energy consumption alongside Unit 7.

**Site Observation 3: Roof Condition**

Widespread roof degradation was observed across the estate, with confirmed water ingress affecting Units 1, 2, 3-4, 8, and 9. The roof leaks were noted as active issues impacting multiple tenancies. The asbestos sheet roofing appears to have reached end-of-life condition requiring comprehensive remediation to address water ingress and associated building performance issues.

Gas Fan Heater

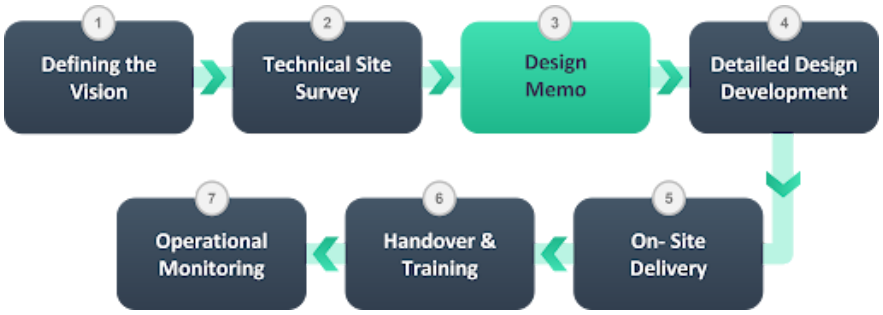
Combi Boiler

Electrical Equipment

## 8. Next Steps

### 8.1. Customer Journey Flow Chart

| | Phase Title | Description | |
|---|---|---|---|
| 1. | Defining the Vision | Transition nine units away from fossil fuel heating as part of broader decarbonisation strategy | ✓ |
| 2. | Technical Site Survey | Undertake asset level survey to determine existing conditions and opportunities to enhance asset efficiency and decarbonisation intervention strategies | ✓ |
| 3. | Design memo | Capture survey findings and proposed intervention strategies within report. Comment on engineering scope and financial considerations | ✓ |
| 4. | Detailed Design Development | Commission detailed design to develop engineering design package, including MEP Specification, schematics and layout drawings | |
| 5. | On-Site Delivery | Decommission and demolish existing systems, deliver enabling works package and install new building engineering systems | |
| 6. | Handover & Training | Final testing, documentation, and client onboarding for the new systems | |
| 7. | Operational Monitoring | Monitor new system to ensure comfort, efficiency, and compliance | |




### 8.2. Design Actions

| Category | Action |
|---|---|
| Design Development | Finalise detailed design for the heat pump systems. |
| Structural Coordination | Confirm roof structural capacity for ASHP installation and crane placement. |
| Site Logistics | Confirm rooftop access, crane requirements, and space for staging equipment. |
| Cost Planning | Refine cost estimate and confirm scope exclusions/inclusions with client. |
| Tender Preparation | Develop tender pack and contractor selection timeline. |

## 9. Budget CAPEX

### 9.1. Material CapEx

| | Description | CAPEX (£) |
|---|---|---|
| 1. | Heat Pumps & Thermal Stores | 160,000 |
| 2. | Mechanical & Electrical Materials | 75,000 |
| 3. | Solar Panels and Racking | 250,000 |
| **Total (£)** | | 485,000 |

### 9.2. Labour CapEx

| | Description | CAPEX (£) |
|---|---|---|
| 1. | Heat Pump Installation & Controls | 145,000 |
| 2. | Solar PV Installation | 145,000 |
| **Total (£)** | | 290,000 |

### 9.3. EV & BESS CapEx

| | Description | CAPEX (£) |
|---|---|---|
| 1. | EV Charger | 40,000 |
| 2. | Battery Energy Storage System | 38,000 |
| 3. | Installation Costs (BESS and EV) | 35,000 |
| **Total (£)** | | 113,000 |

| | |
|---|---|
| **Total CapEx (Excl. EV Charger) (£)** ▲ | 775,000 |
| **Total CapEx (Incl. EV Charger) (£)** | 888,000 |

***Note:** CapEx budget costs do not include DNO costs.*

## 10. Annex- Existing Conditions Table

### 10.1. Asset Facts

| Characteristics | Description |
|---|---|
| Asset Name | [redacted] |
| Location | [redacted] |
| Building Type | Industrial Site |
| Total Area | 4,976 m² |
| No. of Storeys | Single storey with internal two storey ancillary areas |
| Year Built | Constructed circa mid-1970s |
| Tenants | Multiple commercial tenants (confidential) |
| Regulations & Certifications | Unit 1 – C75 – Valid until 3rd June 2025<br>Unit 2 – D80 – Valid until 25th March 2031<br>Unit 3 & 4 – D79 – Valid until 9th March 2035<br>Unit 5 – B41 – Valid until 30th November 2033<br>Unit 6 – D79 – Valid until 5th November 2030<br>Unit 7 – D77 – Valid until 5th November 2030<br>Unit 8 – C73 – Valid until 16th February 2032<br>Unit 9 – D95 – Valid until 13th May 2035 |

### 10.2. Thermal & Electrical Field Demand

| Type | Details |
|---|---|
| Estimated Heating Load | 112,320 kWh/year – based on heat pump consumption for cascade heat pump system |
| Peak Measured Load | Not available |
| Electrical Demand (existing) | 725,146 kWh/year |
| Electrical Supply Required (kVA) | TBC in detailed design phase |

## 11. Annex- Site Context

### 11.1. Site Coverage

| | |
|---|---|
| Buildings | Approximately 40% |
| Hardstanding | Approximately 50% (tarmac access roads, tarmac and concrete forecourts) |
| Landscaping | Approximately 10% (grass and trees along northern and central eastern boundaries) |

### 11.2. Surrounding Land Uses

| | |
|---|---|
| East | Residential properties with gardens (adjacent to >250m); light industrial units (c.120–250m) |
| North | Railway line (adjacent); waste management and industrial uses beyond (c.40–160m) |
| South | Further trading estate units (adjacent); residential properties (c.20m); light industrial (20m to >250m) |
| West | Residential properties with gardens (adjacent to >250m) |

### 11.1 Site History

From the earliest available map (1886) the site comprised tree-lined fields in presumed agricultural use. By the 1950s the southern part of the site was developed as a tractor service depot, later labelled as a depot until the 1970s. The depot was cleared and the site redeveloped to its current configuration between 1978 and 1987. Significant potentially contaminative land uses identified within 250m of the site include: railway lines and sidings (adjacent, 1886–present); a former slaughterhouse (c.90m SW, pre-1886 to c.2000); a former manure/bone works and abattoir (c.150m SE, 1900–1993); a former coach building and repair works (adjacent east, 1923–2012); a garage with possible former fuel station (20m south, 1957–present); a former builders yard (adjacent west, 1957–1970s); and an oil depot (c.50m NE, 1974–present).

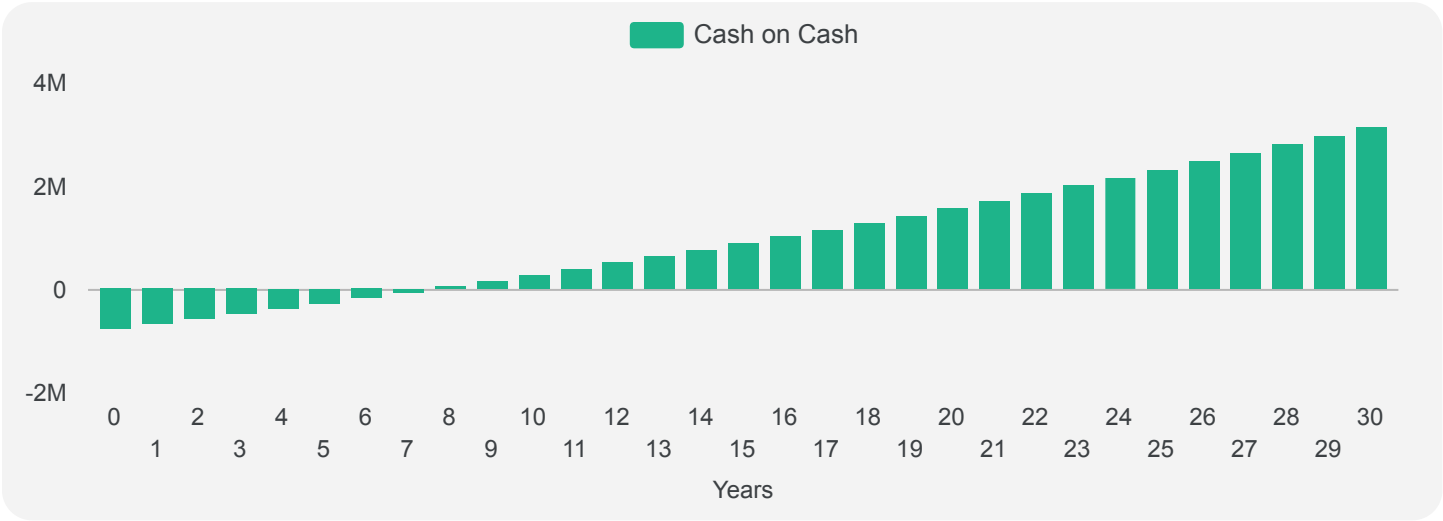
## 12. Annex- M&E Existing Conditions Table

### 12.1. Existing M&E Systems

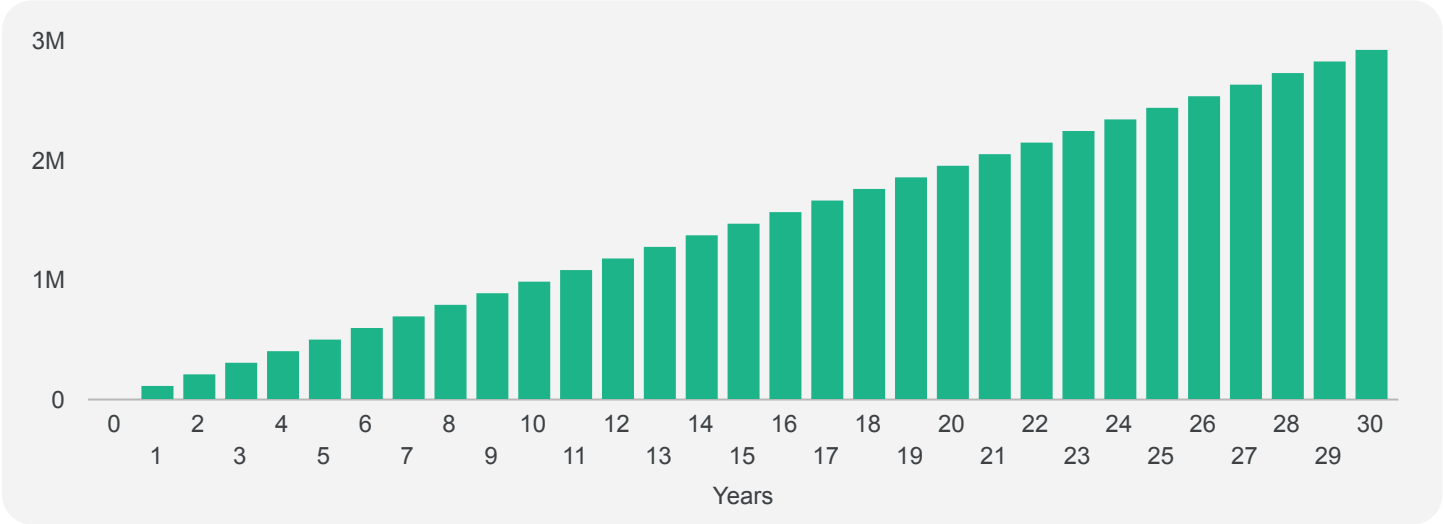
| System | Details |
|---|---|
| Heating | Individual heating systems across nine units provide heating for the asset as follows:<br>• Unit 1 served by one direct-fired gas fan heater with a combi boiler<br>• Unit 2 ([redacted]) - no heating system (gas decommissioned)<br>• Units 3-4 ([redacted]) served by two direct-fired gas fan heaters with combi boiler<br>• Unit 5 - no information available<br>• Unit 6 served by combi boiler for domestic hot water<br>• Unit 7 ([redacted] - all electric systems with 24/7 electric cookers<br>• Unit 8 ([redacted]) served by one direct-fired gas fan heater with combi boiler<br>• Unit 9 ([redacted]) - no heating or gas provision |
| Cooling (CHW) | No cooling identified across the units |
| Hot Water (DHW) | Hot water provision varies across units as follows:<br>• Units 1, 3-4, 6 and 8 served by combi boilers |
| Air Handling Units (AHUs) | No centralised AHUs across the units |
| VRV / Air Conditioing | No air conditioning systems identified |
| BMS System | No BMS system across the units |
| Electrical System | 125 AMPs in Unit 1 / 3 Phase |
| Renewables | None currently installed |

## 13. Annex- Financial Assessment

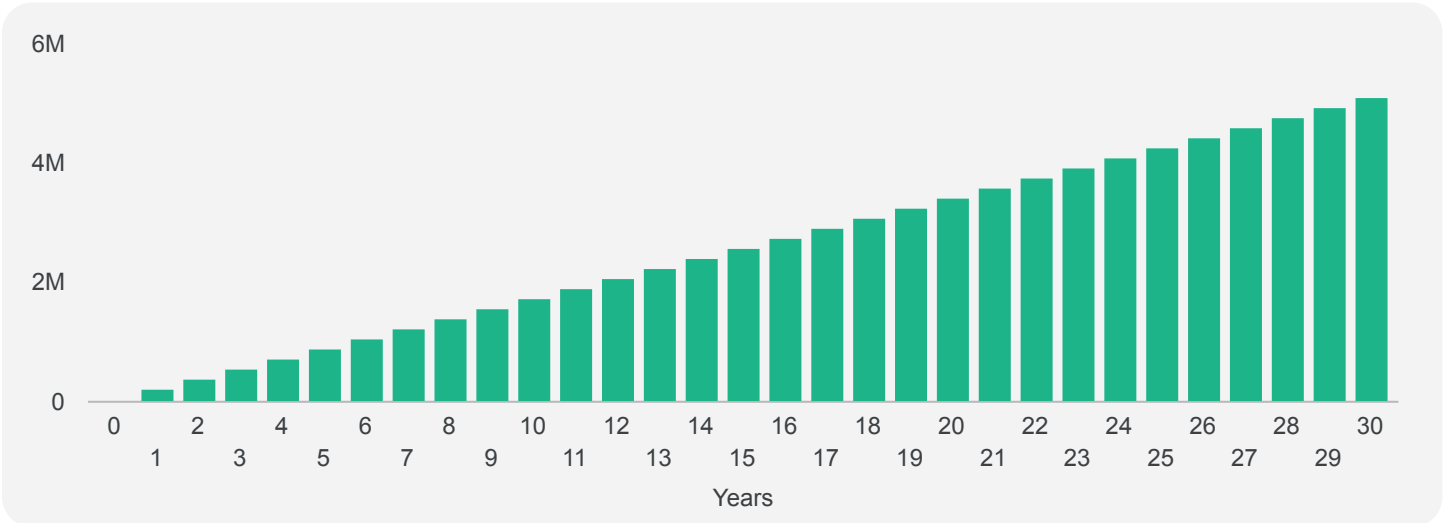
### Cumulative Returns - GBP



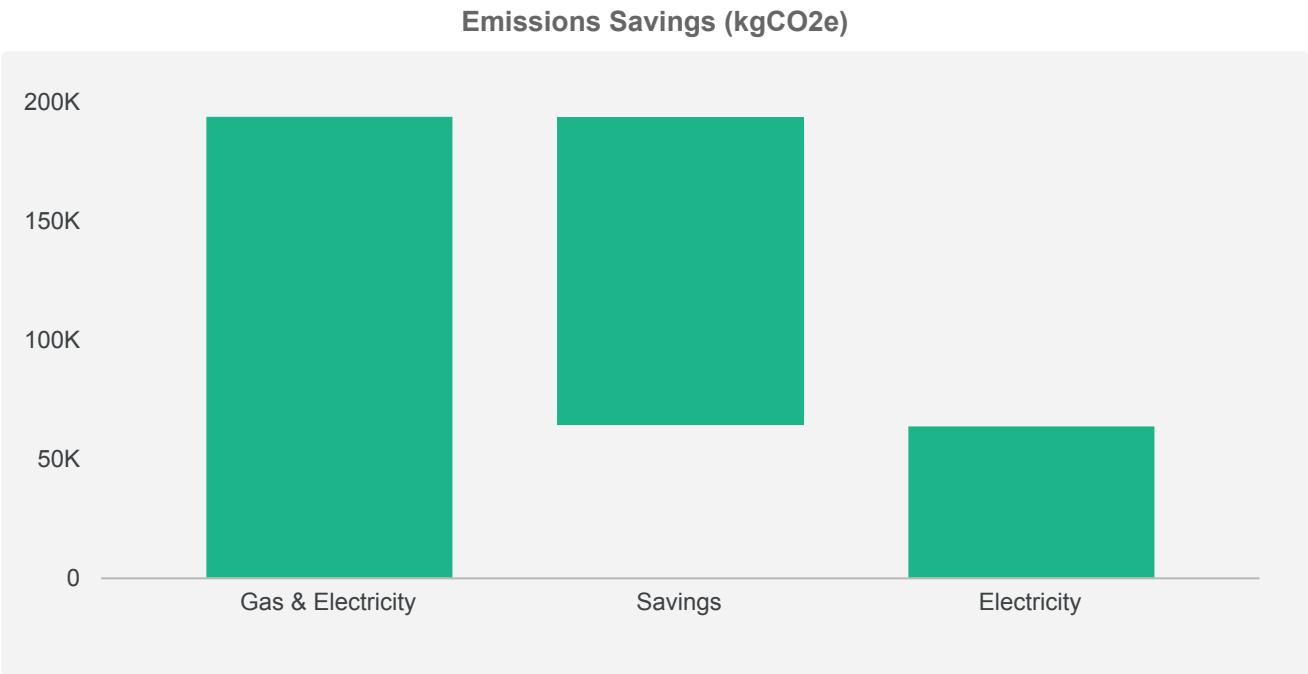

### Cumulative Tenants Savings (£)




### Cumulative Energy Savings (kWh)



## 14. Annex - Carbon & Energy Assessment



## 15. Annex - Regulatory Review

### 15.1 Planning Review

The planning decision notice for the current development was not available for review. Minor planning applications on record include: S/03/0622 – change of use from warehouse to family entertainment centre (Units 1, 2 and 3), 2003; and S/09/0007 – change of use from industrial warehouse to gymnastics club (Unit 4), 2009.

### 15.2 Regulatory Responses

**Local Authority**

A response was received from the Contaminated Land Officer confirming: the property has not been determined as statutory contaminated land under Part 2A of the Environmental Protection Act 1990 (though earmarked as low priority for inspection); no pollution incidents or enforcements recorded over the last 5 years; no PPC permits in force; no information on ground conditions; no landfills or infilled ground known on-site or in the immediate vicinity.

**Environment Agency**

A review of EA data sources identified no significant issues. The site is not within a groundwater source protection zone. No groundwater abstractions are recorded within 1km.

**Regulatory Data**

(Envirocheck) The Envirocheck regulatory report confirmed no significant regulatory constraints at the site or within the relevant search radii that would materially affect the acquisition.

### 15.3 Radon

The site is located in an area where radon levels are below the Action Level. Health & Safety Executive guidance recommends radon monitoring for workplaces in affected areas. No specific action is required at this site.

### 15.4 Energy Performance

Energy performance certificates are in place for all units (Gov.UK Energy Performance of Buildings Register, certified 2020–2025, valid 10 years). Current ratings range from B to D. The site is currently compliant with the MEES regulations (minimum EPC E). The UK Government has proposed an increase in MEES for commercial property to EPC B by 2030 (where cost effective), with an interim milestone of EPC C by 2027. Without intervention, Units 2, 3, 4, 6, 7 and 9 will not meet the proposed 2027 EPC C rating. Only Unit 5 will meet the 2030 EPC B requirement. Implementation of the proposed heat pump and solar PV measures is expected to uplift all units to EPC B

## 16. Annex - Site Operations

**16.1. Asbestos**
The site buildings were constructed from the late 1970s; asbestos containing materials (ACMs) may have been used in construction. Asbestos management surveys have been provided by the Vendor for Units 1–9 (various dates, 2007–2016). These identified asbestos cement roof sheets, presumed asbestos in gaskets to boiler/heater units and electric fuses, and ACMs in bitumen undercoat to floors at Unit 7. Toilet cisterns at Unit 9 were strongly presumed to contain amosite asbestos. During the site inspection, presumed corrugated asbestos cement roof sheeting was observed discarded adjacent to Units 8 and 9. Suspected asbestos cement debris was noted in gravel pathways behind the terraces. The roofing of the units appeared to comprise corrugated asbestos cement sheeting in poor condition with several broken areas.

**16.2. Bulk Storage & Hazardous Materials**
No above ground or underground storage tanks were observed. Significant hazardous material storage noted includes: 3 x 1,000L IBCs of AdBlue at Unit 5 (no secondary containment); COSHH cabinet with cleaning chemicals at Unit 7; isopropyl alcohol, blanket rejuvenator and gear oil at Unit 8.

**16.3. Waste Management Tenants**
generate general and recyclable waste (non-hazardous controlled waste). Waste is segregated where possible and removed by licensed contractors. Significant waste streams include: rapeseed oil recycling and scrap metal at Unit 7; waste inks and solvents at Unit 8; PVC swarf and construction debris at Unit 9. No tenants hold a waste carriers licence at the site.

### 16.3. Site Infrastructure

| | | |
|---|---|---|
| 1. | Alternative Power | No back-up power or emergency generators on-site. |
| 2. | Drainage | No detailed drainage plans provided. Connections to public foul and surface water sewer assumed – to be confirmed. |
| 3. | Lifts | No lifts present on site. |
| 4. | Oil Interceptors | No oil interceptors identified. Tenants confirm none are present within the drainage system. |
| 5. | Sprinklers | Units are not fitted with sprinkler systems. |
| 6. | Trade Effluent | Vehicle washing undertaken at Units 5 and 7 without confirmed drainage treatment. Trade effluent consent not held. See recommendations. |
| 7. | Water Supply | [redacted]) |

## 17. Annex - Sustainability Baseline

The table below provides asset level baseline information and assesses the current performance of the property against a set of generic sustainability criteria. The screening has been completed using information obtained from: the site inspection, vendor provided documentation, and information from selected public databases.

| | Sustainability Aspect ▲ | Current Status | Notes |
|---|---|---|---|
| 1. | Biodiversity Enhancement | None observed | Opportunity via landscaping on northern boundary |
| 2. | Cycle Parking | Present at Unit 4 | Expand provision across estate |
| 3. | Disabled Access / Facilities | None observed | DDA compliance to be confirmed by TDD |
| 4. | EV Charging | None observed | EV charger opportunity at Unit 5 |
| 5. | Energy Efficiency Measures | LED lighting (majority of units) | Partial – remaining units to be assessed |
| 6. | Green Building Certification | None | Not currently certified |
| 7. | H&S Risk Assessment (Landlord) | None observed | Risk management gap – recommend rectification |
| 8. | Renewable Energy | None observed | Solar PV feasibility confirmed (660 kWp potential) |
| 9. | Waste Recycling | ~50% reused/recycled | Tenant-led; no landlord programme observed |
| 10. | Water Efficiency | None observed | Drought/scarcity risk flagged – action within 5 yrs |

The estate presents a low sustainability baseline at the point of acquisition. This is typical for existing multi-let industrial assets of this vintage. The proposed decarbonisation programme will materially improve the sustainability profile and underpin GRESB reporting requirements.

## 18. Annex - Environmental Setting

### 18.1. Topography

| | | |
|---|---|---|
| 1. | Off Site | The surrounding area generally slopes down to the north, towards the railway line. |
| 2. | On Site | The site is situated at approximately 103m AOD and slopes down to the north east to approximately 102m AOD. A retaining wall forms the southern boundary with the site to the south approximately 2m higher. |

### 18.2. Geology

| | | |
|---|---|---|
| 1. | Bedrock | Ampthill and Kimmeridge Clay Formation (mudstone) – BGS Sheet 252 |
| 2. | Borehole Records | No BGS records at the site. A nearby record (400m SE) found Made Ground to 0.4m over reworked Kimmeridge Clay |
| 3. | Made Ground | Potential Made Ground associated with former depot use in southern part of site |

### 18.3. Hydrogeology

| | | |
|---|---|---|
| 1. | Aquifer Classification | Unproductive Strata / Unproductive Aquifer (may have productive aquifer beneath) |
| 2. | Groundwater Abstractions | None recorded within 1km |
| 3. | Groundwater Sensitivity | Low |
| 4. | Source Protection Zone | Not within a groundwater source protection zone |

### 18.4. Hydrology

| | | |
|---|---|---|
| 1. | Nearest Surface Water | River Cole, c.250m south east |
| 2. | Surface Water Abstractions | None recorded within 1km |
| 3. | Surface Water Sensitivity | Low |

### 18.5. Ecology

| | | |
|---|---|---|
| 1. | Ecological Sensitivity | Very Low |
| 2. | Ecologically Sensitive Areas | None identified within 1km |
| 3. | Sensitive Receptors | Residential properties adjacent to the east and c.25m west |

## 19. Annex - Natural Hazard & Physical Climate Risk

Physical climate and natural hazard risk screening has been undertaken using Munich Re location-specific data, aligned to TCFD and ISSB disclosure frameworks. Risks are assessed under multiple Representative Concentration Pathways (RCP 2.6, 4.5, 7.0, 8.5) for the current period and the 2030 timeframe, which is most relevant to the expected hold period.

### 19.1. Site Infrastructure

| | Climate Hazard ▲ | Current Risk | 2030 Risk | Action |
|---|---|---|---|---|
| 1. | Drought Stress | Medium | Medium | Water efficiency measures within 5 years |
| 2. | Extratropical Storm | Medium | Medium | Best practice resilience measures (short term) |
| 3. | Fire Weather | Very Low | Very Low | No action required |
| 4. | Flooding – Rivers & Sea | Very Low | Very Low | No action required |
| 5. | Hail | Medium | Medium | Best practice resilience measures (short term) |
| 6. | Heat Stress | Very Low | Very Low | No action required |
| 7. | Surface Water Flooding | Low (localised) | Low | Monitor drainage S. of Unit 5 |
| 8. | Water Scarcity | Medium | Medium | Water efficiency measures within 5 years |

### 19.2. Current Flood Risk

| | | |
|---|---|---|
| 1. | Flood Risk – Rivers & Sea | Very low risk (< 0.1% annual chance). Flood defences taken into account. |
| 2. | Flood Risk – Surface Water | Majority of site very low risk (< 0.1% annual chance). A small area south of Unit 5 is mapped at low to medium risk (0.1%–3.3% annual chance). |
| 3. | Historical Flood Events | No flooding events reported by tenants. |

### 19.3 Projected Climate Risk 2030

Future climate risk has been assessed for the 2030 timeframe under RCP 2.6, 4.5, 7.0 and 8.5 scenarios. The risk profile does not materially worsen from current conditions within the expected hold period. Medium-rated drought stress and water scarcity risks warrant water efficiency measures within a 5-year timeframe.

## 20. Annex - Environmental Risk Assesment

### 20.1 Potential Sources of Contamination

*On Site:*
• Source 1: Potential residual contamination from former depot in southern part of site (c.1950s–1970s) and associated Made Ground
• Source 2: Known presence of asbestos containing materials within the building fabric
• Source 3: Potential contamination from current multi-let light industrial and commercial use since the late 1970s

*Off Site:*
• Source 4: Potential migration of contamination from former and current off-site local land uses within 250m, including railway lines/sidings, former works buildings, garage with possible fuel station, builders yard, and oil depot

### 20.2. Risk Summary

| | Source ▲ | Receptor | Consequence | Likelihood | Risk |
|---|---|---|---|---|---|
| 1. | Source 1 – Former depot | Local residents | Medium | Unlikely | Low |
| 2. | Source 1 – Former depot | Site users / maintenance workers | Mild | Unlikely | Very Low |
| 3. | Source 1 – Former depot | Groundwater | Mild | Unlikely | Very Low |
| 4. | Source 2 – Asbestos ACMs | Site users / maintenance workers | Severe | Low likelihood | Moderate |
| 5. | Source 3 – Current industrial use | Local residents | Mild | Low likelihood | Low |
| 6. | Source 3 – Current industrial use | Site users / groundwater | Mild | Unlikely | Very Low |
| 7. | Source 4 – Off-site uses | Site users / maintenance workers | Medium | Unlikely | Low |

### 20.3 Interpretation

The level of environmental risk associated with the site is assessed to be acceptably low for the current use. No further environmental investigation or assessment is considered necessary prior to acquisition. The moderate risk associated with asbestos ACMs reflects the severity of potential exposure consequences and the current state of asbestos management records; this risk can be managed via the recommendations in this report

## 21. Annex - CRREM Pathways Assessment

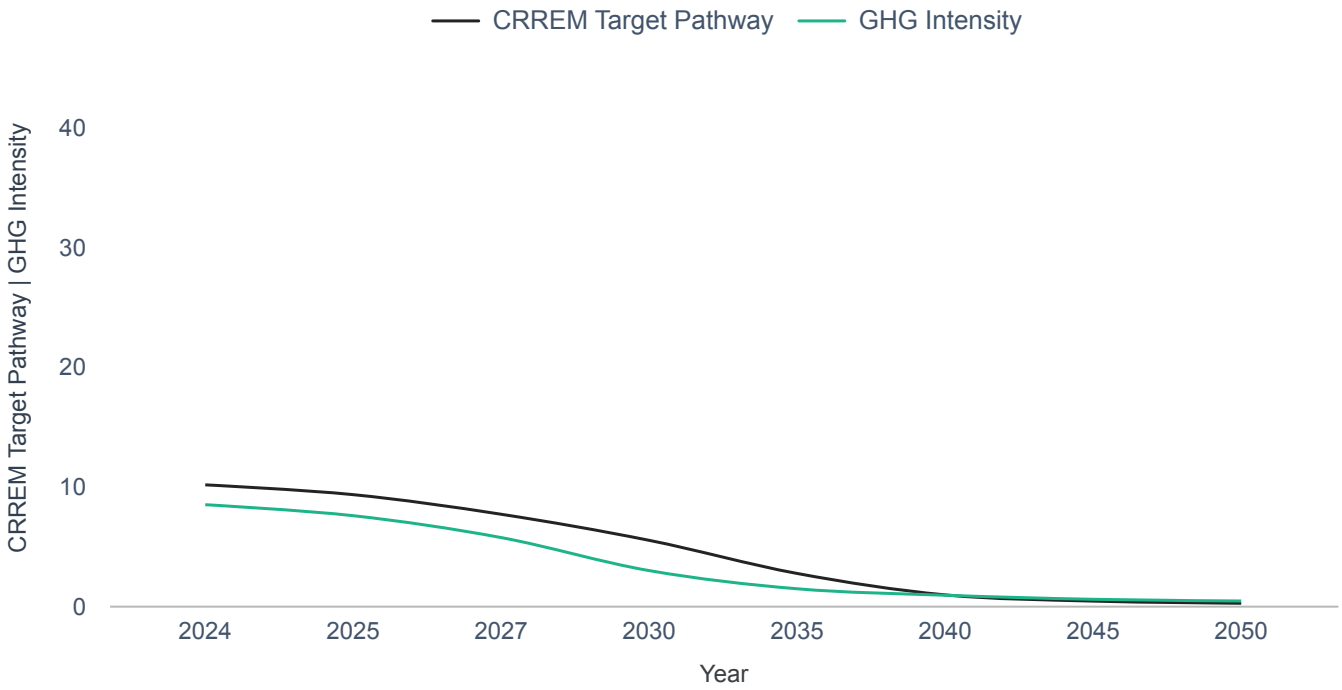
### Overview

This CRREM pathway assessment evaluates the current baseline performance of [redacted] alongside three distinct decarbonisation measures to determine optimal strategies for achieving alignment with the 1.5°C pathway for UK industrial warehouses through 2050. The analysis addresses stranding risk, whereby buildings exceeding science-based carbon intensity thresholds face reduced access to green financing, diminished asset valuations, and potential regulatory exposure. Each measure represents a discrete intervention strategy, ranging from maintaining current operations to implementing comprehensive electrification and renewable energy measures. The assessment calculates annual carbon intensity ($kgCO_2e/m^2/yr$) for each measure, comparing performance against the CRREM pathway that declines from 10.10 $kgCO_2e/m^2$ in 2024 to near-zero by 2040.

### Introduction

The Combined Heat and Solar measure implements an integrated decarbonisation strategy combining both heat pump installation and rooftop solar PV deployment across the estate. This comprehensive approach includes replacing all gas-fired heating systems with Air Source Heat Pumps alongside the installation of solar PVs, creating operational synergies where electrified heating loads increase on-site renewable energy utilisation. The scenario represents full electrification of building energy systems with substantial renewable generation.

**Annual GHG Intensity Trend and CRREM Alignment Pathway (kgCO2e/m2/yr)**




### Key Insight

The Combined Heat and Solar measure achieves immediate CRREM pathway alignment through integrated heat electrification and renewable generation, delivering 75% emissions reduction versus baseline. Carbon intensity of 7.52 $kgCO_2e/m^2$ in 2025 provides a comfortable buffer 19% below the 9.28 $kgCO_2e/m^2$ pathway target, eliminating stranding risk and enabling access to green financing mechanisms. With works assumed complete by 2028, the asset is projected to achieve net zero carbon intensity approximately 12 years ahead of the 2040 CRREM pathway target, significantly eliminating stranding risk and positioning the asset well ahead of regulatory requirements.

## 22. Exclusions & Assumptions

| Exclusions |
| --- |
| Our offer excludes the following services: |
| • Acoustic modelling and advice |
| • Fire Engineering |
| • Below ground drainage (by Structural Engineer) |
| • Roof drainage (by Architect) |
| • Transport or Urban Design advice |
| • Civil Engineering advice |
| • We have not allowed for a whole life carbon assessment of the building, as we understand the design and construction element of the UKGBC NZC definition is not required |
| • We have not allowed for post occupation evaluations, but we are able to interrogate energy usage 6 months post completion of the project – on a one-time basis |

| Assumptions |
| --- |
| Our offer is based on the following assumptions: |
| • Fee proposal is based on the reference material from the client. If the project scope, size, complexity, or budget changes significantly, we may seek to review our fee. |
| • We assume Cost Management will be handled by others (e.g., Quantity Surveyor) and that CAD drawings/models will be provided in electronic format by others. |
| • We use 3D software and BIM techniques where beneficial, especially for complex projects, but assume no formal BIM requirements (e.g., BIM Level 2). |
| • Our fee covers MEP service specifications for FF&E, ICT, and AV systems but excludes design/specification of FF&E, ICT, and active ICT systems. |
| • Deliverables will be in MCSFT and PDF formats. |