

Tritax Big Box REIT plc

Green Finance
Allocation and Impact Report

December 2021



TRITAX BIG BOX

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Introduction

Tritax Big Box REIT plc (“The Group”) is the UK’s largest listed investor in high-quality logistics warehouses and we own the UK’s largest logistics-focused land platform.

The Group’s assets are strategically important to its tenants as they offer efficiency savings and are increasingly fulfilling e-commerce retail sales. Tenants include some of the world’s leading companies, such as Amazon, M&S, Unilever and L’Oreal, with a deliberate weighting towards either defensive, non-cyclical or high growth sectors.

The Group’s vision for sustainability and ESG is to demonstrate leadership in sustainable logistics, working in collaboration with its stakeholders, to create positive change and value in the long term.

In addition to its existing £4.9bn* portfolio, the Group has an extensive pipeline of new developments that are expected to be built as best in class sustainable buildings. Developments are selected which have the biggest impact on the sustainability of the wider portfolio. All future developments in the pipeline are expected to be BREEAM certified as either “Very Good” or “Excellent” and therefore be Eligible Green Projects under the Green Finance Framework.

The Group recognises the importance of sustainability for a wide range of stakeholders. The Group’s clear purpose and approach to sustainability enable us to enhance our assets and support our ability to deliver value beyond the financials.

There is a focus on creating sustainable value for the business, customers and the Group’s wider stakeholders through five key areas:

1. Investing and acquiring sustainable assets
2. Managing assets to drive sustainable performance
3. Developing and constructing sustainable assets
4. Facilitating and working with customers to achieve sustainable operations
5. Adding value by supporting local communities

* As at 30 June 2021



Tritax Amazon in Darlington

Sustainability approach

The Group's purpose is to provide sustainable logistics solutions, giving customers the space to succeed, whilst benefiting all stakeholders. Hard work is employed to identifying the priorities of all stakeholders, as well as the needs and expectations of the Group. This insight helps to create long term sustainable value for all.

ESG is integrated into investment, development and asset management activities. Identifying potential sustainability risks and opportunities helps the Group understand the actions that may be required to bring the assets in line with the Group's ESG Policy and Investment Principles.

The Group targets well-designed, efficient buildings and aims to acquire and develop assets with strong sustainability credentials, including a BREEAM Very Good rating or an EPC rating of B or above. Where this benchmark is not met, opportunities are identified to upgrade the assets to these standards or better.

The Group's sustainability strategy, based on the UN Sustainable Development Goals 7,8, 9, 11, 13 & 15 is focused on creating value across our four material themes:

- 1 Socio economic impact:**
To create a positive socio economic impact through the investment portfolio
- 2 Healthy and sustainable buildings:**
To ensure and demonstrate the sustainability of assets
- 3 Energy and carbon:**
To achieve net carbon zero across direct operations
- 4 Nature and wellbeing:**
To enhance biodiversity and wellbeing on land holdings and for wider stakeholders

Selected ESG awards and ratings



Tritax Big Box REIT plc's Green Bond

The Group's responsible approach to investment allows it to take the lead in developing sustainable logistics space for occupiers, communities, and the environment, embedding ESG into investment, asset management and development activities. This focus enables the Group to concentrate on investment to maximise the sustainability of the portfolio.

The Group published its Green Finance Framework in November 2020, which was drafted in alignment with the Green Bond Principles as administered by ICMA (2018 edition) and Green Loan Principles as administered by LMA (2020 edition). The Company sought a Second Party Opinion on the Green Finance Framework verifying that it was developed in line with the ICMA and Green Loan Principles from Sustainalytics. Both the Green Finance Framework and Second Party Opinion can be [found online](#).

This Green Finance Allocation and Impact Report is being released in relation to the Green Bond issued by the Group, due 2033. The Group is following best market practice and is communicating in a transparent manner on the following within this report:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

The Green Finance Framework defines eligible projects in line with the ESG strategy, meaning it will be able to ensure that it maintains the required investment to meet prescribed targets. For example, by requiring that any new acquisition, major refurbishment or development is BREEAM 'Very Good' or above, the Eligible Green Projects within the portfolio will grow in size, aiding the transition towards being net carbon neutral in operation.

The approach to sustainability is driven by a new focus so that it must be embedded across all of the Group's business activity. This means ensuring that every decision taken within the Group is environmentally and socially intelligent, as well as making sound financial sense. This is central to achieving the Group ESG objectives.

Key features of the Green Bond due 2033

Notional amount: £250 million

Settlement date: 27 November 2020








Maturity date: 27 November 2033

Coupon (semi-annual): 1.50%

ISIN: XS2263535853

Use of proceeds

An amount equivalent to the net proceeds of each Green Finance transaction are used to acquire, finance or refinance, in whole or in part, new or existing Eligible Green Projects that meet the Eligibility Criteria below.

| Green eligibility criteria | | |
|----------------------------|--|--|
| Categories | Description | SDGs |
| Green buildings | <ul style="list-style-type: none"> New developments, acquisitions or existing properties that meet at least one of following: <ul style="list-style-type: none"> Minimum BREEAM (in Use and Construction) Very Good, DGNB Gold or equivalent; Other equivalent internationally and/or nationally recognised certifications that are within the top 15% of existing national stock, including EPCs; or Target embodied carbon intensity of 300 kg CO₂e/m² |    |
| Renewable energy | <ul style="list-style-type: none"> New or existing investment in, or expenditure on, acquisition, development, construction and/or installation of on- and off-site renewable energy generation projects operating at life cycle emissions lower than 100gCO₂/kWh including solar, wind, biogas (sourced from sustainable feedstock) and geothermal projects |   |
| Energy efficiency | <ul style="list-style-type: none"> Refurbishments and/or renovations that result in either: <ul style="list-style-type: none"> At least a 30% improvement in energy efficiency; or Two letter grade improvement in EPC Investments in energy storage technology Investments in renewable heat technology, including using biogas that is sourced from sustainable feedstock and operating at life cycle emissions lower than 100gCO₂/kWh, as well as heat pumps with low-GWP refrigerant(s) |   |

Process for project evaluation and selection

The Green Finance Committee is responsible for evaluating and selecting the eligible green projects and acts on the behalf of the Group to ensure that selected assets or projects comply with the criteria in the Use of Proceeds.

The Committee met three times in 2021 to review the eligible green projects, listed on page 6, and oversee the production of the Green Finance Impact and Allocation Report as per their responsibilities detailed below.

Green Finance Committee:

- Meets quarterly, and ad hoc as required, and comprises Sustainability Lead, Chief Financial Officer and a member of Asset Management team of Manager.
- Responsibilities include to:
 1. Regularly review Green Portfolio of the Company in order to confirm that the assets and projects included in the Green Portfolio meet the criteria set out in the Framework. Confirming the eligibility of the assets and projects will require the unanimous agreement of the Committee;
 2. To approve the Annual Green Finance Report ahead of circulation to investors;
 3. Monitor evolution of the capital markets in terms of disclosure and reporting in order to be in line with market best practices;
 4. Review the framework to reflect any changes with regards to the company's sustainability strategy, change in market standards and criteria selection; and
 5. Report to the Company's Investment Committee, Board of Directors and the CSR Committee as appropriate.

Green finance allocation and impact

Since the green bond was issued in November 2020, Tritax Big Box REIT plc has fully allocated the proceeds, in line with what was set out in the Green Finance Framework, and allocated these to five green eligible projects as at 1 December 2021 as set out below.

| | |
|---|-------------------------|
| Total proceeds | £250 million |
| Total allocated against eligible projects | £250 million (A) |
| Balance of unallocated proceeds | £nil |

| | |
|--|--------------|
| Total allocated against refinanced projects | £250 million |
| Total allocated against newly finance projects | £nil |
| Total allocated | £250 million |

Green portfolio

| | |
|--|--------------|
| Total green portfolio eligible for funding | £475 million |
|--|--------------|

Below provides the details of the Eligible Green Projects within our Green Portfolio approved by the Green Finance Committee for the purposes of the allocation of proceeds. Included within the allocated amounts are costs that relate directly to land, infrastructure, construction and other directly attributable legal and professional fees.

| Project name | Project description | Date of practical completion | Floor area (sq ft) | Amount allocated | Eligible green criteria | Impact |
|---------------------|---|------------------------------|--------------------|------------------|-------------------------------------|---|
| Amazon, Littlebrook | A prime development in Littlebrook , Dartford | 31/07/2021 | 2,316,251 | 30 | Green buildings Renewable energy | BREEAM Excellent EPC A 3.5 MW solar PV 2,960 MWh generation p.a. 628 TCO2e avoided p.a. |
| Ikea, Littlebrook | A prime development in Littlebrook , Dartford | 07/10/2021 | 451,813 | 5 | Green buildings | BREEAM Excellent EPC A |
| Amazon, Durham | A prime development in Durham | 24/08/2020 | 1,992,061 | 127 | Green buildings | BREEAM Very Good EPC A |
| Co-Op, Biggleswade | A prime development in Biggleswade | 03/02/2021 | 661,201 | 80 | Green buildings | BREEAM Very Good EPC A |
| DPD, Bicester | A bespoke net zero carbon development in Bicester | 07/04/2021 | 58,996 | 8 | Green buildings | BREEAM Very Good EPC A |
| | | | | 250 | | |

(A) The total allocated against eligible projects has been subject to independent assurance by PricewaterhouseCoopers LLP. Their assurance report is available online at https://www.tritaxbigbox.co.uk/media/r1igs3dm/tritax-allocation-of-bond-proceeds-isae3000-assurance-report_21-12-21.pdf



Case Study: Amazon, Littlebrook

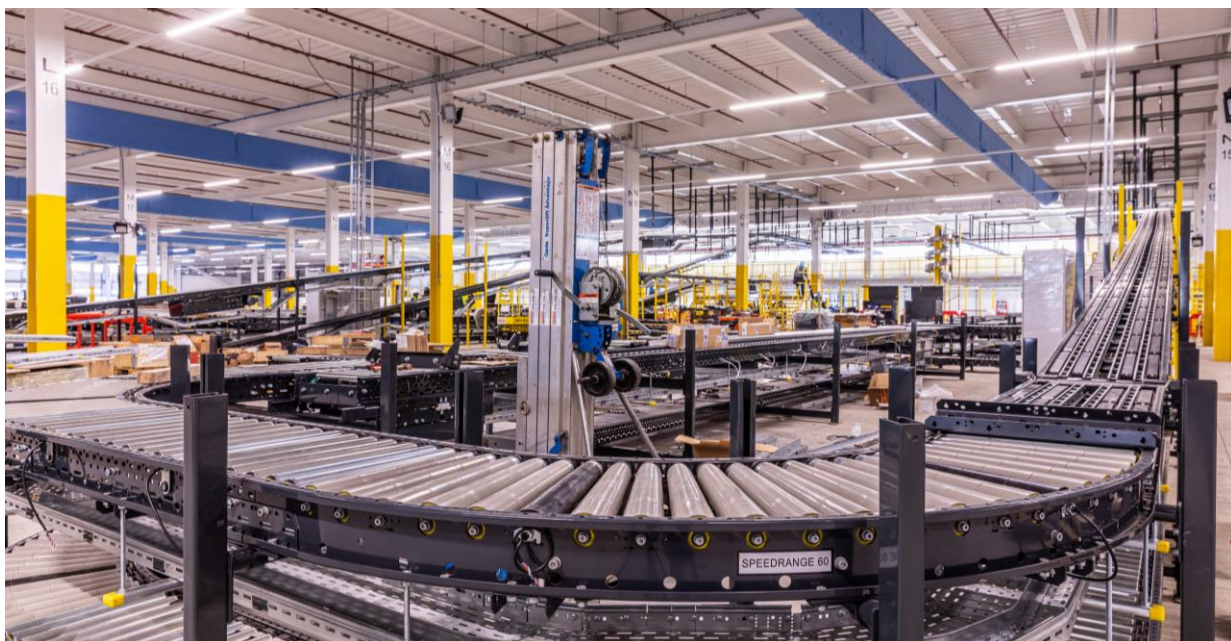
Littlebrook green criteria

- ✓ BREEAM Excellent
- ✓ EPC A
- ✓ 3.5 MW solar PV
- ✓ £250,000 social impact commitment with Dartford Football Club
- ✓ £13m social value created
- ✓ 661 construction jobs created
- ✓ 99.8% of construction waste recycled or re-used
- ✓ Flood defences to Thames 2100 standard
- ✓ Green roof with pollinating species to support the onsite apiary

The Group worked in partnership with Amazon to deliver a highly sustainable, state-of-the-art 2.3m sq ft Big Box logistics facility, one of only a few four-storey structural mezzanine floored buildings in Europe. Amazon has fitted out the building with 'state of the art' robotics. Strategically located inside the M25, this is true Big Box in a last mile location providing direct access to service Europe's biggest city.

During demolition, 99.8% of the materials from the former power station were reused and recycled, saving the equivalent of over 2m tonnes of CO2. With an EPC rating A, BREEAM Excellent certification, this facility will benefit from a 3.5MW solar PV scheme. The green energy generated will be used in the operation of the facility's automation/lighting/heating and when not fully utilised sold back to the grid, creating a net benefit.

A project partnering with the local University Technical College is running a programme of events to highlight careers in construction. A virtual work placement scheme was held during the autumn half-term break in 2021 with 15 students aged 15-17 and in 2021 a 'whole-school event' was planned in January 2022 looking at cross syllabus technical challenges related to construction and development, including a look into renewable energy and low carbon approaches.





Case Study: DPD Bicester

Bicester green criteria

- ✓ BREEAM Very Good
- ✓ EPC A
- ✓ 517 m² solar panels on roof
- ✓ Net zero carbon
- ✓ +500 tonnes of carbon saved
- ✓ 224 jobs created
- ✓ £13m GVA through construction and operational employment

Completed in April 2021, the 58,996 sq ft newly developed logistics hub at Symmetry Park, Bicester is DPD's first 'net zero carbon in construction' building, as regulated by the UK Green Building Council (UKGBC). The new facility will see the firm relocate its existing staff from the current DPD operation in Bicester, and once fully operational, the distribution centre could create up to 250 new jobs.

Low energy and zero carbon design principles were incorporated into the scheme from the start resulting in a projected 40% reduction in carbon emissions in the building's operation, 10% reduction in heating and cooling demand and 5% reduction in energy demand.

The building design incorporates air source heat pumps for heating and cooling, 517 m² of solar panels (25% of useable roof area), while the design and building materials used help deliver a 70% improvement in airtightness.

The site also boasts 30 electric vehicle (EV) charging points with ducts provided to the service yard and car park for future installation of further van and HGV charging points.



Third Party Assurance

ISAE 3000 (revised) Independent Assurance Report

Tritax Big Box REIT plc commissioned PwC LLP to provide independent limited assurance in accordance with ISAE 3000 (revised) over the use of proceeds, marked with the symbol **A**, as set out on page 6 of this Green Finance Allocation and Impact Report, dated 21 December 2021. The assurance report should be read in conjunction with the Group's Green Finance Framework, dated 16 Nov 2020 and available at: <https://www.tritaxbigbox.co.uk/media/bu2bn0bk/tritax-big-box-green-finance-framework.pdf>

The PwC's independent limited assurance report, dated 21 December 2021, is available online at https://www.tritaxbigbox.co.uk/media/r1igs3dm/tritax-allocation-of-bond-proceeds-isae3000-assurance-report_21-12-21.pdf

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