

Tritax Big Box REIT plc

Green Finance Framework

16th November 2020

CONTENTS

1	INTRODUCTION	1
2	UN SUSTAINABLE DEVELOPMENT GOALS	4
3	GREEN FINANCE FRAMEWORK	
	<i>A. USE OF PROCEEDS</i>	5
	<i>B. PROCESS FOR PROJECT EVALUATION & SELECTION</i>	6
	<i>C. MANAGEMENT OF PROCEEDS</i>	7
	<i>D. REPORTING & EXTERNAL REVIEW</i>	8
4	CASE STUDIES	10
5	DISCLAIMER	11

1. Introduction

Tritax Big Box REIT plc ("The Group") is the only REIT dedicated to investing in larger scale logistics real estate ("Big Boxes").

Our Big Boxes are strategically important to our tenants as they offer efficiency savings and are increasingly fulfilling e-commerce retail sales. Our tenants include some of the biggest names in retail, logistics, consumer products and automotive, such as Amazon, M&S, Unilever and L'Oreal.

The Group's vision for sustainability 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 £4.2bn portfolio, the Group has an extensive pipeline of new developments that are expected to be built as best-in-class sustainable buildings. Our developments are where we are able to have the biggest impact on the sustainability of our wider portfolio. All of the developments in our pipeline are expected to be BREEAM certified as either "Very Good" or "Excellent" and therefore be Eligible Green Projects under this Green Finance Framework.

Existing Portfolio (June 2020):

Investment portfolio size

33.4m sq ft

Existing portfolio that would qualify as Eligible Green Projects¹

27%

Investment in existing portfolio that would qualify as Eligible Green Projects

£20m

Development Pipeline (June 2020)

Land held or controlled with planning consent

5.8m sq ft

Planning consent achieved - estimated cost to completion

£337m

Projects with planning consent that would qualify as Eligible Green Projects

100%

SELECTED AWARDS



2019



Gold Leaf Member



2019



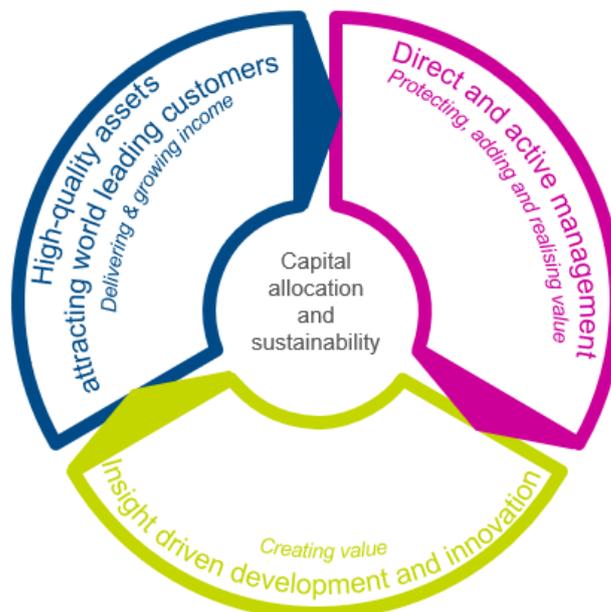
2019

1. Introduction (continued)

Our strategy is focused on high-quality UK logistics real estates and is comprised of three mutually reinforcing components:

- 1. Owning high-quality assets that attract world leading customers** - *Delivering high quality, resilient and growing income*
 - a) High-quality logistics assets attracting world-leading customers
 - b) Weighting towards defensive and high-growth sectors
 - c) Resilient portfolio delivering secure, long term and growing income
- 2. Directly and actively managing our assets** - *Protecting, adding and realising value*
 - a) Direct and active management of existing assets for physical and financial improvement (income resilience / value growth)
 - b) Acquiring assets with opportunities to add further value
 - c) Selling assets to crystallise value and recycle capital into higher returning opportunities
- 3. Using customer derived insights to drive development and innovation** - *Creating value*
 - a) Using insights from customers to identify long-term opportunities
 - b) Capital efficient development creating high-quality and environmentally friendly buildings
 - c) Significant majority pre-let opportunities to de-risk development

Underpinning our long-term success is a disciplined approach to capital allocation and an integrated and strategic approach to sustainability.



1. Introduction (continued)

We recognise 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.

Our sustainability strategy is focused on creating value for our business, our customers and our wider stakeholders through five key areas:

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

Green Finance Framework

The Group has developed this Green Finance Framework, which is 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 Group intends to follow best market practice and will communicate in a transparent manner on:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

EU Taxonomy

The Group commits to continually evolve its approach to sustainability and intends to review periodically this Green Finance Framework to ensure alignment with market expectations, voluntary standards such as the Green Bond Principles and Green Loan Principles as well as anticipated regulatory developments such as the EU Taxonomy and EU Green Bond Standard. The Group's Green Finance Framework may therefore be periodically amended and/or updated to reflect changes in market practice.

Current Portfolio Sustainability Statistics (June 2020)

BREEAM certifications by rating for Forward Funded Developments Rated 'Very Good' or above

100%

Sustainable Development

Renewable energy for direct operations

100%

Renewable Operations

EPC grades A-C (by Investment portfolio floor area)

87%

Efficient Energy Management

2. UN Sustainable Development Goals



Our purpose is to provide sustainable logistics solutions, giving our customers the space to succeed, whilst benefiting all our stakeholders. We work hard to identify the priorities of our stakeholders, as well as their needs and expectations of the Group. This insight helps us to create long term sustainable value for all.

Our sustainability strategy, based on the UN Sustainable Development Goals 6, 7, 9, 11, 12, 13 & 15 is focused on creating value across our four Big Goals for 2030:

- ▶ **Socio-Economic Impact:** To create a positive socio-economic impact through our investment
- ▶ **Healthy and Sustainable Buildings:** To ensure and demonstrate the sustainability of our assets
- ▶ **Energy and Carbon:** To achieve net carbon zero across our direct operations
- ▶ **Nature and Wellbeing:** To enhance biodiversity and wellbeing on our land and for our stakeholders

Our responsible approach to investment allows us to take the lead in developing sustainable logistics space for occupiers, communities and the environment, embedding ESG into our investment, asset management and development activities. This focus enables us to concentrate our investment in order to maximise the sustainability of our portfolio.

Through this methodology, we will identify the green projects that help us deliver on our Big Goals for 2030 as well as delivering a consistent long-term return for all stakeholders involved in the business. It is this concerted engagement with multiple stakeholders that will benefit the communities we operate in by providing

jobs and investment, as well as health and wellbeing for customers and communities alike. In addition, our innovative approach to carbon neutral operations will ensure that we enhance our surrounding environment as well as the communities it supports and mitigate the risks of climate change for the Group.

How green finance will help us to achieve our Big Goals for 2030

By providing us with a framework that defines eligible projects in line with our goals, we will be able to ensure that we maintain the required investment to meet our targets. For example, by requiring that any new acquisition, major refurbishment or development is BREEAM 'Very Good' or above, we will not only get access to the large pool of capital allocated to green projects but also take steps towards being net carbon neutral in operation. Similarly, by achieving a biodiversity net gain¹ on our projects of 15% we will contribute to enhancing biodiversity and regulating climate impacts on our portfolio.

The way we think about sustainability has changed. For us, it must be 'business as usual'. This means ensuring that every decision taken by each of us at the Group is environmentally and socially intelligent, as well as making sound financial sense. This is central to achieving our Big Goals for 2030.

- Introduction
- UN Sustainable Development Goals
- Use of Proceeds
- Process for Project Evaluation & Selection
- Management of Proceeds
- Reporting & External Review
- Case Studies

3. Green Finance Framework

A. Use of Proceeds

An amount equivalent to the net proceeds of each Green Finance Transaction (“GFT”) will be used to acquire, finance or refinance, in whole or in part, new or existing Eligible Green Projects (“EGPs”) that meet the Eligibility Criteria below.

We anticipate that the majority of our expenditure will be allocated to the Green Buildings category.

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 “Very Good” or higher; ▶ New developments constructed in line with UK Green Building Council’s (UKGBC) Net Zero Carbon Building Framework; ▶ EPC “B” or higher; ▶ Achieve or aim to achieve embodied carbon intensity of 300 kg CO₂e/m²; or ▶ Other equivalent internationally and/or nationally recognized certifications that are within the top 15% of existing national stock 	  
Renewable Energy	<ul style="list-style-type: none"> ▶ New or existing investments in, or expenditures 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 	 

- Introduction
- UN Sustainable Development Goals
- Use of Proceeds
- Process for Project Evaluation & Selection
- Management of Proceeds
- Reporting & External Review
- Case Studies

3. Green Finance Framework

B. Process for Project Evaluation & Selection

The Group is operated by an external manager, Tritax Management LLP (the “Manager”), with oversight by the Board of Tritax Big Box REIT plc (the “Board”). The relationship between the Manager and the Group is governed by an Investment Management Agreement which details the various investment, property management and administrative services performed by the Manager on behalf of the Company.

The Manager has set up a Green Finance Committee (“GFC”), as a sub-committee of its CSR Committee, to act on behalf of the Group to oversee the project evaluation and selection process to ensure that selected assets or projects comply with the criteria in the Uses of Proceeds shown in Section 3.

The Manager

Responsible for day-to-day running of the Group including final decisions on investments and divestments, financial management, asset management and investor relations

CSR Committee:

- Meets monthly and is comprised of various members of the Manager and Chaired by the COO of the Manager.
- Responsible for oversight of CSR and sustainability matters.
- Makes recommendations to the Manager and the Board regarding progress on integrating ESG factors into business strategy and decision-making.
- Provides oversight of the Manager’s policies in terms of performance, communication and engagement on ESG issues.

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.

- Introduction
- UN Sustainable Development Goals
- Use of Proceeds
- Process for Project Evaluation & Selection**
- Management of Proceeds
- Reporting & External Review
- Case Studies

3. Green Finance Framework

C. Management of Proceeds

Management of Proceeds

The Group will always ensure that it owns properties in relation to which there is an excess of spend on EGPs over the amount of drawn borrowings from GFTs. A list of EGPs is maintained by the Finance team and the Finance team is ultimately responsible for keeping this list up to date. The net proceeds of any GFTs will be managed on a portfolio basis by the Treasury function of the Manager. An amount equivalent to each GFTs net proceeds will be used to finance EGPs.

Lookback Period

Net proceeds will be drawn from the GFTs to finance only the qualifying expenditure on EGPs or to refinance expenditure on green projects which has previously been funded from other sources. The Green Portfolio may include investments in projects or assets made 36 months before the relevant GFT.

Unallocated Proceeds

Any unallocated proceeds from GFTs will be managed by the Group's Finance function in ways that comply with the Group's Finance policy. Pending allocation to EGPs, unallocated proceeds may be temporarily invested in cash and/or cash equivalents and/or liquid marketable liquidity instruments and/or via the temporary repayment of debt under the Group's revolving credit facilities.

Disposals

The Group may dispose of buildings that were financed by the GFTs. When this occurs, the Group will use its best efforts to substitute any EGPs that are no longer eligible, or which have been disposed of as soon as is practicable once an appropriate substitution option has been identified.

3. Green Finance Framework

D. Reporting & External Review

The Group intends to publish an Annual Green Finance Report that will detail the allocation of net proceeds of GFTs and associated impact metrics until the full allocation of net proceeds. Any material developments, such as modification of the Framework or other material development, will also be reported in a timely manner.

Allocation Reporting

We intend to include in our annual reporting:

- ▶ The amount raised and outstanding for each type of green finance instrument and amounts allocated to date for each instrument;
- ▶ The percentage split of net proceeds used for financing versus refinancing;
- ▶ The total amount included in the Green Portfolio at the time of reporting, along with a breakdown per project category as set out in Section 3 of this Framework;
- ▶ A statement of the remaining balance of unallocated funds;
- ▶ For each project category:
 - ▶ Development Projects: Descriptions, practical completion date, ownership proportion, aggregate of the overall category valuation and cost to come;
 - ▶ Acquisitions: Descriptions, ownership proportion, and total cost;
 - ▶ Existing Green Buildings: Descriptions, ownership proportion, and latest overall valuation; and
 - ▶ Other Green Projects: Descriptions and the overall value of the category and examples.

3. Green Finance Framework

D. Reporting & External Review (continued)

Impact Reporting

We are committed to transparent monitoring and disclosure of ESG targets and asset performance for the wider business and investment community, through Fund reporting and participating in the GRESB survey. In addition, the Group is aligned with the EPRA sustainability best practice reporting guidelines and is a participant in the Dow Jones Sustainability Index.

Our aim is to demonstrate continuous improvement in our ESG management through regular reporting on our performance. Measures that we report on in the Annual Green Finance Report may include but are not limited to:

Uses of Proceeds Category	Impact Metric
Green Buildings	<ul style="list-style-type: none"> • Building certification (scheme and rating) • Energy consumption (kWh) • Carbon emissions (kg CO₂e) and/or intensity (kg CO₂e/m²)
Renewable Energy	<ul style="list-style-type: none"> • On-site renewable electricity generated (kWh) • Annual GHG emissions reduced/avoided (kg CO₂ eq pa)
Energy Efficiency	<ul style="list-style-type: none"> • Energy consumption (kWh) • Annual energy savings (MWh pa) • Annual GHG emissions reduced/avoided (kg CO₂ eq pa)

External Review

Second Party Opinion

The second party opinion (SPO) provider Sustainalytics has reviewed the Green Finance Framework and certified its alignment with ICMA's Green Bond Principles 2018 and the LMA's Green Loan Principles 2020.

External Assurance

At least annually, until the net proceeds of GFTs are fully allocated, we shall make available a report from an independent third-party assurer to verify the use of proceeds.

Furthermore, we will continue to ask an independent external auditor to provide limited assurance on the relevant information contained in our Annual Report and Sustainability Report.

These reports will be available at trifaxbigbox.co.uk/about-us/#responsible-business.

- Introduction
- UN Sustainable Development Goals
- Use of Proceeds
- Process for Project Evaluation & Selection
- Management of Proceeds
- Reporting & External Review
- Case Studies

4. Case Studies

Littlebrook



Description: New c. 114 acre prime development in Littlebrook, Dartford

- Size: 2.3m sq ft
- Status: under construction, target PC summer 2021
- Tenant: pre-let to Amazon
- Lease term: 20 years

Categories of Eligibility:

- Green Buildings
- Renewable Energy

Green Credentials:

- BREEAM 'Excellent'
- Flood defences to 2100 standards and site raise
- 3.5MW roof mounted PV
- 40 EV charging points
- On-site recycling of concrete and clay import under CL: AiRE definition
- Segregation of material and site waste management

Amazon, Durham



Description: A prime development in Durham

- Size: 2.0m sq ft
- Status: completed August 2020
- Tenant: pre-let to Amazon
- Lease term: 20 years

Categories of Eligibility:

- Green Buildings
- Renewable Energy

Green Credentials:

- EPC A
- Solar PV capabilities on completion
- New community green space created for benefit of adjacent housing
- Creation of new badger habitat
- Local transport provision
- ~2,000 new jobs created

Co-op, Thurrock



Description: Solar PV installation at Co-op Thurrock

Categories of Eligibility:

- Renewable energy

Green Credentials:

- 3MW energy generation capacity
- 7,500kg CO₂e carbon emissions avoided per annum

Important Legal Notice

This document may contain forward-looking statements that may or may not prove accurate. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Tritax Big Box REIT plc (the "Company") as of the date of the statement. All written or oral forward-looking statements attributable to the Company are qualified by this caution. The Company does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in the Company's expectations.

No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein. Accordingly none of the Company, Tritax Management LLP, any of their subsidiary undertakings, or any other person, or any of such person's respective directors, officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

By accepting this document, you acknowledge that you will be solely responsible for your own assessment of the Company, the market and market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company and its business. The past business and financial performance of the Company is not to be relied on as an indication of its future performance.

This document does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any shares in the Company or any other securities.