

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”)

1.0 GOVERNANCE

Describe the Board's oversight of climate-related risks and opportunities

The Board takes ultimate responsibility for ESG performance and climate-related risks and opportunities, including the implementation of the ESG Policy by the Manager, and compliance with ESG expectations with key stakeholders. The ESG Committee is the governing body responsible for oversight of ESG activities. The Committee is chaired by Heather Hancock and all independent Directors are members. Heather brings many years of high-level experience in strategy, governance and leadership.

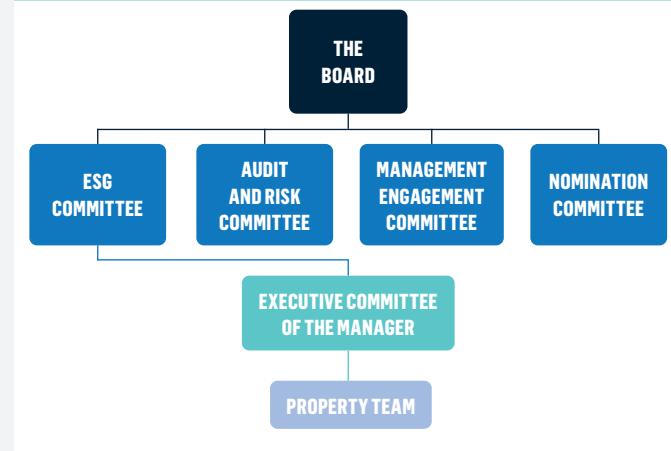
The ESG Committee advises on and recommends to the Board its ESG policy and ensures this remains up-to-date with the Board's strategic ESG objective – to achieve high governance standards. The ESG Committee also report climate related risks into the Audit and Risk Committee, who have responsibility for risk management, as described in section 3. The ESG Committee receives briefings on emerging technologies relevant to the UL portfolio. The ESG Committee considers climate-related risks and opportunities with the Board when: reviewing and guiding strategy, major plans of action as well as monitoring implementation and performance. The ESG Committee scrutinises performance across the full suite of ESG commitments that Urban Logistics places on the Manager, as well as relevant obligations and governance requirements falling directly on the Company. Climate-related risks and opportunities are addressed during each full Board meeting, as well as ESG Committee meetings. Further information on Board and ESG schedules can be found on page 67.

Describe management's role in assessing and managing climate-related risks and opportunities

The Board and Senior Leadership team work closely to monitor and manage climate-related risks and opportunities. The Executive Committee of the Investment Manager is responsible for monitoring climate-related matters. We integrate climate risks and opportunities into the operations of the assets, including addressing the Board's ESG priorities and targets. These are set out through our annual sustainability targets, which are incorporated into asset manager responsibilities. The Executive Committee of the Investment Manager is overseen by the ESG Committee and all of the Manager's employees are given responsibility for environmental management and performance through the ESG performance criteria in the annual review process. The ESG Committee advise the Audit Committee on specific risks relating to ESG, which are then considered within the Company's risk register.



GOVERNANCE STRUCTURE OF ESG RISKS AND OPPORTUNITIES



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

2.0 STRATEGY

Describe the climate-related risks and opportunities the organisation has identified over the short medium and long term

The Board considers climate-related risks throughout their strategic decision-making processes. As part of our business strategy, we have undertaken a climate resilience assessment in collaboration with CBRE, to identify the short, medium and long term physical risks to our portfolio. For the management of climate-related risks and opportunities, the time horizons selected fall into three time frames and consider both the weight average unexpired lease term (WAULT) and useful life of an asset:

Short term → **2023 – 2025**

Medium term → **2026 – 2030**

Long term → **2031 – 2050**

In selecting the time horizons, we gave consideration to the fact that climate-related issues often manifest themselves over the medium and longer terms. The time horizons are based on the profile of risks associated with real estate asset lifecycles, in line with the Climate Change Act 2008.

In addition to the portfolio level assessment, a more detailed asset level assessment has been undertaken to consider individual vulnerability of the assets to future changes in climate. The methodology applied through the assessment is outlined in the Risk Management section of this report.

For the purposes of identifying and assessing climate-related risks, we adopted the following terminology:

- Risk has been defined as the potential for adverse consequences of a climate-related hazard on the lives, livelihoods, health and wellbeing, ecosystems, assets, services and infrastructure. It results from the interaction between vulnerability of an affected system, its exposure over time, the climate-related hazard, and the likelihood of its occurrence.
- Hazard has been defined as the potential occurrence of a natural or human-induced event that may cause the loss of life, injury, damage loss of property, infrastructure, livelihoods, services ecosystems, or environmental resources.
- Vulnerability has been defined as the propensity of an asset to be damaged or undergo a period of downtime have been adversely affected by a climate event. This is based on the risk definition defined in the International Panel of Climate Change (IPCC) report¹.



Climate-Related Risks Identified

The assessment of risk was based on the probability of the climate hazard occurring and the vulnerability of the asset to the climate event. The assessment determined that flood risk is considered most material risk to the Urban Logistics portfolio. Sea level rising, precipitation stress, drought stress and heat stress are considered a lower risk to the business in the medium term, although present a long-term risk.

1. IPCC (2014) Technical Summary. See Figure TS.1 IPCC (2014) Technical Summary. See Figure TS.1

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

2.0 STRATEGY CONTINUED



Describe the climate-related risks and opportunities the organisation has identified over the short medium and long term continued

Table 2: Portfolio Level Short, Medium and Long-Term Climate Hazards

CHRONIC/ACUTE	CLIMATE HAZARD	SHORT TERM RISK	MEDIUM TERM RISK	LONG TERM RISK
Acute	Flood Risk	13 units are at risk	9 units are at risk	165 units are at risk
Chronic	Sea Level Rise	N/A	N/A	187 units are at risk
Chronic	Drought Stress	N/A	N/A	187 units are at risk
Chronic	Heat Stress	N/A	N/A	187 units are at risk
Chronic	Precipitation Stress	N/A	N/A	187 units are at risk

1. All short-term flooding risk is covered by appropriate insurance

Note: physical risk is done at unit level. Some assets will contain more than one unit.

Stranding Risk

Further analysis was undertaken to assess stranding risk across the short, medium and long term. The analysis considers two hazards which are deemed most relevant to the Urban Logistics portfolio. These hazards are detailed below and Table 3 highlights the results of the analysis.

1. CRREM Stranding

- The CRREM analysis considers the CRREM 1.5°C (version 1) pathway for alignment and a time horizon to 2050. Risk associated with this portfolio transition risk assessment is therefore stranding risk, defined by CRREM as the risk of owning or managing an asset 'that will not meet future energy efficiency standards and whose energy upgrade will not be financially viable... the market participant may face a situation where properties do not meet future market expectations and therefore will be exposed to write-downs'.

2. EPC Minimum Standards (MEES)

- Short term risk has been defined as any unit with an EPC F or G rating, as the existing MEES regulations establish a minimum standard of EPC E or above by April 2023 for all lettings.
- Medium term risk has been defined as any unit at risk from the UK Government's proposed minimum EPC requirement of EPC B by 2030. This includes units with an EPC C or lower as well as EPC B ratings that have a numerical score above 35 and an expiry date before 2030. The B ratings which have a score of 35 and above expiring before 2030 are included in this category as EPC numerical scores tend to increase by approximately 15 points on reassessment at their ten-year expiry. This occurs as a result of building regulations energy performance standards increasing in the ten-year period since the last assessment. As a result, these B rated EPCs may fall to C rating on reassessment before the compliance deadline.

- Long term risk has been defined as any unit with an EPC B and a numerical score of 35 and above, expiring during or after 2031.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

2.0 STRATEGY CONTINUED



Describe the climate-related risks and opportunities the organisation has identified over the short medium and long term continued

Table 3: Portfolio Level Stranded Risk Assessment

HAZARD	SHORT TERM RISK	MEDIUM TERM RISK	LONG TERM RISK
CRREM Stranding	37 assets are at risk based on actual performance data and a further 38 assets based on performance estimated using the PCAF methodology.	2 assets are at risk based on actual performance data and a further 0 asset based on performance estimated using the PCAF methodology.	34 assets are at risk based on actual performance data and a further 11 assets based on performance estimated using the PCAF methodology.
EPC Minimum Standards	0 assets are at risk based on F & G bands	92 assets are at risk based on ratings band C and below, or that are band B with a score of 35+ and which expire in or before 2030	20 assets are at risk based on having band B EPC with ratings of 35+ or more which expire in or after 2031

We recognise that although many of the risks identified may not materialise whilst an asset is part of the Urban Logistics portfolio, various markets' understanding of how climate risk can affect asset value is increasing and regulatory pressures, as well as landlord and occupier demands are evolving. As a result, markets are experiencing a shift in the requirements towards more sustainable, climate-resilient buildings. We recognise our strategy, to develop poorly performing buildings and improve them in line with, or better than, emerging regulations provides an opportunity to deliver high quality assets in line with market demands.

Climate-Related Opportunities Identified

When the opportunity to acquire assets arise, we always consider a property's current and potential ability to align with our strategy to own and operate efficiently. For example, we review the possibility for solar PV and quantity of outdoor space for EV charging stations. Our climate-related risk assessments have also identified a greater range of opportunities for Urban Logistics.

- Real Estate Market
 - Assets which are well-located, but inefficient and lack green credentials present an opportunity to active asset managers who understand how to improve them to meet market demands. Real estate owners who have not invested to mitigate in the climate related risk will see reductions in property values, creating opportunities for experienced and active asset managers like us, to acquire assets at an attractive cost.
 - 'Green' buildings typically attract capital and rental growth, with the potential to lead to increased revenue through access to assets in new geographies. Research conducted by CBRE in 2023 identified that occupiers would consider paying a premium for buildings which hold a green building certification, have superior resilience to the effects of climate change and on-site renewable energy generation.
 - Increased market valuation through resilience planning (e.g. land and buildings).
- Resource Efficiency
 - Design for waste prevention, minimization, reuse and recycling
 - Develop a waste management program which encourages prevention, minimization and the reusing of waste, before recycling
 - Transitions towards more energy and water efficient buildings
 - Reduced occupational costs
 - Lower compliance costs

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

2.0 STRATEGY CONTINUED

Describe the climate-related risks and opportunities the organisation has identified over the short medium and long term continued

Climate-Related Opportunities Identified continued

- Energy
 - Transitioning to low carbon sources of energy
 - Utilising supportive policy incentives
 - Increased energy security and resilience
 - Insulation and air tightness to avoid unnecessary energy consumption
 - Utilising new technologies which are better for the environment
 - Intelligent management systems providing stronger transparency of asset performance
 - Shift toward decentralised energy generation

- Capital Markets
 - Improving existing shareholder relationships and developing new ones
 - Potential to attract new sources of investment through sustainable and ESG investors
 - Green finance opportunities can help to align investments with climate change mitigation and reduce debt costs
- Resilience
 - Participation in renewable energy programs and adoption of energy efficiency measures
 - Improving efficiency and adaptive capacity of fixed assets
- Occupier Health and Wellbeing
 - Avoidance of nitrogen oxides, Sulphur oxides and particulate air pollution through reduced use of diesel, petrol and gas
 - Increased health and fitness from great use of active transport such as cycling, running and walking
 - Increased wellbeing from increased exposure to nature where planting, bat/bird box installation and rewilding has occurred

Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning

The Board oversees our business strategy and financial planning, recognising climate change is a critical risk. The portfolio-wide risk and opportunity assessments summarised in this report will inform our financial planning in the next reporting period. We understand the importance of repeating these assessments periodically at regular intervals to ensure risk identification remains current and can be integrated with our planning processes.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

2.0 STRATEGY CONTINUED

Describe the climate-related risks and opportunities the organisation has identified over the short medium and long term continued

Table 4: Climate-Related Physical Risks

CHRONIC/ ACUTE	CLIMATE HAZARD	TIME HORIZON	POTENTIAL RISKS TO URBAN LOGISTICS PORTFOLIO	FINANCIAL IMPACTS	PLANNING & STRATEGY RECOMMENDATIONS
Acute	Flood risk, heavy rainfall events	Short- to medium term	<ul style="list-style-type: none"> Damage to building structures and cost of business interruption reflected in increased insurance costs 	<ul style="list-style-type: none"> Higher insurance premium than currently in place for sites at short-term risk Higher maintenance and repair costs Impact on asset value 	<ul style="list-style-type: none"> Flood risk is assessed with the Environmental Due Diligence reports for acquisitions. For new developments, flood mitigation measures are incorporated into site design. All short-term flood risk is covered by insurance.
Acute	Sea level rise	Long term	<ul style="list-style-type: none"> Building damage, and potential inhabitation of assets 	<ul style="list-style-type: none"> Higher insurance premium Increased risk of assets stranding 	<ul style="list-style-type: none"> A risk assessment and financial appraisal are undertaken for all assets.
Chronic	Fire weather and drought stress	Long term	<ul style="list-style-type: none"> Damage to external areas and reduced air quality locally Cost of business interruption 	<ul style="list-style-type: none"> Higher insurance premium Higher maintenance and repair costs Impact on asset value 	<ul style="list-style-type: none"> Drought risk mitigation measures are incorporated into site design.
Chronic	Heat stress	Long term	<ul style="list-style-type: none"> Increased investment in retrofit measures to reduce overheating risk in buildings Reduced thermal comfort of staff with the potential to impact wellbeing 	<ul style="list-style-type: none"> Retrofit costs and increased operating costs to ensure thermal comfort and building performance Upgrading existing cooling equipment 	<ul style="list-style-type: none"> Developments are designed to maximise adaptation to extreme heat. For example, building orientation, shading and suitable ventilation. Care is taken when refurbishing to increase shading externally and reflect heat and use reflective paint.
Chronic	Precipitation stress (heavy rainfall)	Long term	<ul style="list-style-type: none"> Damage to building structures and cost of business interruption reflected in increased insurance costs 	<ul style="list-style-type: none"> Higher insurance premium Higher maintenance and repair costs Impact on asset value 	<ul style="list-style-type: none"> For new developments, precipitation stress mitigation measures are incorporated into site design. A risk assessment and financial appraisal are undertaken for all assets.

The majority of Urban Logistics assets are considered to have a low physical risk. We have long been aware of the physical risk of flooding within the UK, and as such, this is considered within our asset plans. However, we recognise the need for longer-term forecasting and will aim to further embed the physical climate risk assessment into our strategy. At present, we understand there are no regulations around physical risks, and it is understood none are due to emerge.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

2.0 STRATEGY CONTINUED

Describe the climate-related risks and opportunities the organisation has identified over the short medium and long term continued

Table 5: Climate-Related Transition Risks

TYPE OF RISK	CLIMATE RISK	POTENTIAL RISKS TO URBAN LOGISTICS PORTFOLIO	POTENTIAL FINANCIAL IMPACTS
Policy & Legal	Asset performance compliance	<ul style="list-style-type: none"> The emerging legislative changes from the Minimum Energy Efficiency Standards (MEES) presents stranding and letting risks. Regulations on embodied carbon limits could lead to increased costs associated with the procurement of low-carbon materials for developments and refurbishments. 	<ul style="list-style-type: none"> Increased costs to ensure compliance with additional risk to further costs for non-compliance
Policy & Legal	Biodiversity requirements	<ul style="list-style-type: none"> Under the Environment Act 2021, new mandatory requirements are expected to be introduced in 2023 which will require a need to demonstrate 10% biodiversity net gain for all land development projects requiring planning permission in England. In Wales, current regulation requires that development must provide a net benefit for biodiversity. In Scotland, the Planning Act (2019) requires that planned development secures positive effects for biodiversity. 	<ul style="list-style-type: none"> Increased development costs
Policy & Legal	Reporting compliance	<ul style="list-style-type: none"> Reporting requirements for UK businesses are evolving and becoming stricter. Any non-compliant disclosures or incorrect submissions risk enforcement action/fines. 	<ul style="list-style-type: none"> Increased costs to ensure compliance with additional risk to further costs for non-compliance
Market Policy & Legal	Occupier behaviour	<ul style="list-style-type: none"> Demands from stakeholder groups for net zero operations are growing and regulations around energy efficiency are tightening. Occupiers account for 95% of total emissions. This presents a risk to any future long-term net zero ambitions. 	<ul style="list-style-type: none"> Increased capital expenditure to align with regulatory requirements and market demands
Market	Decarbonisation of logistics sector	<ul style="list-style-type: none"> High transition costs to logistics occupiers increasing pressure on cost of occupation. Transition to zero emissions vehicles and associated infrastructure, safety, cost and reputational challenges. Increased localisation of production and distribution of goods to reduce transport emissions. 	<ul style="list-style-type: none"> Reduced revenue Reduced rental growth

Urban Logistics have set a number of targets to increase climate-related opportunities and reduce the impact of climate-related risks. These targets are detailed in the Table 6 of this report and have been embedded in financial planning.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

2.0 STRATEGY CONTINUED

Describe the climate-related risks and opportunities the organisation has identified over the short medium and long term continued

Table 6: Urban Logistics Targets

TARGETS	PERIOD	METRIC	ADDITIONAL INFORMATION
Reduce the environmental impact of Urban Logistics buildings	2021 - 2028	EPC coverage: 100% B or better	For all assets – existing and new developments.
Achieve net zero in terms of Scope 1 and Scope 2 emissions	2021 - 2024	Net zero Scope 1 and 2	Ensure that all energy procured is zero carbon, where possible. Across the Urban Logistics portfolio, occupiers have operational control and the landlords operational emissions are negligible in comparison. Urban Logistics intend to develop a longer-term Scope 3 decarbonisation target in the coming years.
Engage with tenants on decarbonizing operations in all buildings	2022 - 2024	Develop a systematic programme to engage tenants to decarbonise	Develop engagement plans which will promote and support tenant decarbonisation in our estate. This is central to reducing our overall carbon footprint, as well as to improve the EPCs of buildings. Include green clauses in all new leases, supporting our aim of providing consistent sustainability standards across an estate with a diverse range of buildings and tenant needs.
Increase on-site renewable energy	2022 - 2024	Increase solar PV capacity	Increase our PV capacity. Our buildings can provide a platform for renewable energy, and we already have PV cells fitted to a number of our buildings, including our new developments. To support our objective of increasing renewable generation of energy, we will aim to fit PV cells to 10% of our buildings by floor area by 2024.
Make more space for nature on sites	2022 - 2024	Trees planted, biodiverse areas protected, grass areas introduced	Develop a plan for further enhancing the biodiversity of the sites we operate. This is not only good for nature, but we know that it will promote wellbeing for the tenants who occupy our estates.
Promote transparency on ESG disclosures	2022	GRESB score, EPRA sBPR ratings	Achieve a GRESB score above 55, and a Gold rating on EPRA sBPRs. Review resilience and climate risk management within our operations, in line with the recommendations of the TCFD.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

2.0 STRATEGY CONTINUED

Describe the climate-related risks and opportunities the organisation has identified over the short medium and long term continued

Urban Logistics considers the above strategy and targets will reduce the impacts of climate-related risks on their portfolio and assist in protecting the future value of their assets and the environment. Given the growing importance of understanding the impacts climate change has on Urban Logistics business strategy, we have utilised industry tools and frameworks to assess the potential risks that climate change may pose on the business. It has assessed potential investment risks using the Carbon Risk Real Estate Monitor (CRREM) (version 1) tool and undertaken a physical climate risk analysis in line with the recommendations of the Taskforce for Climate-Related Financial Disclosures (TCFD).

Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios including a 2 degrees or lower scenarios

Urban Logistics strategy provides a strong level of resilience to real estate risks from climate change and subsequent regulations. Our investment in solar PV, electric vehicle charging and regulatory compliant energy efficient buildings, in what is a typically carbon intensive sector, has meant the assets within our portfolio are high quality stock and naturally attract high quality tenants.

We assessed the impact of physical climate risks across the Urban Logistics portfolio to 2050, using three scenarios in accordance with the IPCC's Representative Concentration Pathways (RCPs). The scenarios used were as follows;

1. RCP8.5: a worst-case scenario, where net zero targets are not met and consistent with a future with no policy changes to reduce emissions and characterised by increasing GHG concentrations and a temperature increase of around 4°C relative to the pre-industrial period (1850-1900). Temperatures are projected to increase by 4-5°C by 2100;
2. RCP4.5: an intermediate emissions scenario consistent with relatively ambitious emissions reduction and aligns with the commitments made by countries as part of their nationally determined contributions (NDCs) at Conference of the Parties (COP26). However, that likely overshoots the Paris Agreement temperature target of 1.5°C/2°C relative to the pre-industrial period (1850-1900). This is an intermediate scenario (RCP4.5) which reflects 3°C of warming by 2100; and
3. RCP2.6: a moderate scenario that sees emissions peak early on in the 21st century and then decline after. This scenario assumes a warming of less than 2°C by the end of the century. This is a moderate emissions scenario where temperatures increase by 1.5-2°C by 2100.

These scenarios provide comprehensive coverage across all potential future scenarios which enables us to better comprehend the full spectrum of physical climate-related risks and the impacts which may occur. This approach also supports the recommendations of the TCFD, that more than one scenario should be considered, one of which should be aligned with the Paris Agreement. Additionally, the scenarios are based on internationally recognised datasets and consider the potential physical risks of a changing climate and transition to a net zero economy.

Our transition risks have been assessed in accordance CRREM 1.5°C scenario, aligned with warming of less than 1.5°C by the end of the 2100. Although this transition risk assessment tool also offers a 2°C scenario for use, a 1.5°C scenario will identify the greatest risks and allow for a conservative degree of planning in this regard, ensuring maximum resilience of the portfolio to transition risk. Detail of the analytical methods, outputs and sensitivities is provided in the 3.0 Risk Management section of this report.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

3.0 RISK MANAGEMENT

Describe the organisation's processes for identifying and assessing climate-related risks

The ESG Committee advise the Audit Committee on specific risks relating to ESG, as outlined in the Governance section above. All risks identified are recorded on the risk register, documenting both size and scope. Risks are categorised as either (1) operational, (2) strategic or (3) ESG. All risks are rated based on probability and impact in order to form a risk hierarchy. The process is carried out independently by each director then pooled to formulate an agreed view.

To identify risks during acquisitions, we commission an Environmental Due Diligence Report. We also commission EPC Plus reports for all acquisitions below an EPC B.

Additionally, in 2023 we carried out climate-related risk assessments across our entire portfolio, in collaboration with CBRE. The assessment covered physical, transition and stranding risk across the short, medium, and long term. We have recognised that no significant changes to the NDCs were recorded at COP 27 in November 2022 and the Government's March 2023 "Green Day" publications contextualised and evidenced existing policy rather than expanding on it. As such further updates to Government policy in the short term (one to two years) are viewed as probable.

For the purposes of identifying and assessing physical climate-related risks, we used sector and UK-specific pathways to assess alignment, and risk has been considered for both energy use and carbon emissions, with high priority assets identified which represent significant absolute emissions and also have high normalized emissions (per m²) – also referred to as Energy Use Intensity (EUI). We also adopted the three scenarios in accordance with the IPCC's Representative Concentration Pathways (RCPs), as stated in the Strategy section above.

For the purposes of identifying transitional climate-related risks, we adopted the following methodology:

- Our Net-Zero target date for Scope 1 & 2 emissions (2024).
- The year 2030 as short- and medium-term time horizons for the analysis.
- A decarbonisation scenario in line with 1.5°C of warming by 2100, as this represents a conservative estimate of transition risk – a more ambitious decarbonization scenario will mean higher risks associated with the shift to a low-carbon economy.

Describe the organisation's processes for managing climate-related risks

The Audit Committee formally considers and assesses the risks that may be relevant to Urban Logistics on a regular basis. Each year, the risk register is reviewed by external auditors.

We recognise transitioning our portfolio in line with UK climate legislation represents a significant transition risk to the business, as detailed above. We are aware of the financial investments required to ensure all properties within the portfolio meet the minimum standards required by current and emerging legislation. As a result, Urban Logistics have been primarily focused on climate-related risks as presented through legislation and compliance, specifically exposure to the updates to the Minimum Energy Efficiency Standards ("MEES") anticipated in 2023, and related costs to reduce emissions and improve energy efficiency.



In order to minimise the impact of these climate-related transition risks, the transition risk assessment detailed above used energy consumption and carbon emission information for Urban Logistics assets. This assesses the alignment of the portfolio with the decarbonisation pathways outlined by the CRREM tool, funded by EU Horizons and the Laudes Foundation. The assessment has been based on data gathered for the REIT's 2022 GRESB submission, with data covering the 2021-2022 financial year.

With the assistance of CBRE, we have been able to identify the most significant physical risk to our portfolio – flood risk. We ensure all short-term flood risk is covered by appropriate insurance, with cover for escape of water from the normal confines of any natural or artificial water course, lake, reservoir, canal, drain or dam, as well as rail water run off whether resulting from storm or not and inundation from the sea.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

3.0 RISK MANAGEMENT CONTINUED

Describe the organisation's processes for managing climate-related risks continued

As outlined in the Strategy section above, we adopt an active asset management approach which enables us to recognise risks in changing behaviours. We meet with tenants on a quarterly basis (at a minimum) to discuss asset level matters and hear any issues or concerns. These meetings are a fundamental part of an asset managers role as they provide the opportunity to identify and resolve any landlord/tenant issues and assess how best the entity can facilitate the success of a tenants' operations. Tenant retention is of paramount importance to the entity, which is ensured by keeping in constant dialogue with tenant and having vision over the asset. This level of tenant engagement paired with a CRREM (Carbon Risk Real Estate Monitor) (version 1) analysis helps Urban Logistics to efficiently identify any assets at risk of stranding. Urban Logistics are developing a fully costed asset management plan across all buildings currently less than an EPC B rating and tracking EPCs to ensure they are well positioned against the upcoming MEES legislation.

We recognise that our current approach to risk management is heavily qualitative. Future disclosures will aim to include a quantitative approach to the characterisation of material financial impact of transition risk and opportunity.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Urban Logistics operate a risk register, as outlined above, which ensures climate-related risks are integrated into our risk management processes. The assessment of climate-related risks are also embedded within our investment and asset management strategies for acquisitions and major capital expenditures. The Audit Committee conducts periodic reviews for new risks which may impact our business and strategy and to ensure our risk management process is robust and comprehensive to support ongoing operations.

We are also able to manage risk through the various reporting frameworks we adopt.; GRESB, EPRA Best Practice Recommendations in Sustainability Reporting, MSCI ESG Benchmarking, Taskforce on Climate Related Financial Disclosure (TCFD) and other relevant standards such as the European Union's Sustainable Finance Disclosure Regulation (SFDR). Environmental compliance obligations are also identified through the advice of the Company's legal and ESG advisors.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

4.0 METRICS AND TARGETS



Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management continued

We aim to promote transparency on ESG disclosures and inform all our stakeholders about climate-related performance and reporting. In line with TCFD recommendations, we employ a holistic set of metrics in order to assess climate related risks and opportunities. These metrics are outlined in Table 7 below.

We also report to GRESB, MSCI, and in line with EPRA Sustainability Best Practices Recommendations, which includes GHG, Energy, Certifications, and training metrics. Our full EPRA disclosures can be found in our Sustainability Report and Annual Report.

In an attempt to manage the full scope of our emissions, we also measure our tenants water usage, waste and energy usage through our annual GRESB submission. However, these are not publicly reported.

Table 7: Urban Logistics Metrics and Targets

METRIC CATEGORY	METRIC	HISTORICAL PERFORMANCE	CURRENT (2022) PERFORMANCE	TARGET SET	REPORTED IN	INVESTMENT DECISION AND MONITORING
GHG Emissions	Absolute Scope 1 GHG emissions	Available	Available	Net Zero by 2024	2023 Annual Report Page 37	Monitoring
	Absolute Scope 2 GHG emissions	Available	Available	Net Zero by 2024	2023 Annual Report Page 37	Monitoring
	Absolute Scope 3 GHG emissions	Available	Available	No	2023 Annual Report Page 38	Monitoring
Transition Risks	EPCs of existing portfolio A-B Grade	Available	Available	EPC coverage 100% B or better	2023 Annual Report Page 32	Investment due diligence

The Board has considered implementing an internal carbon price and understand this is a mechanism for driving positive changes to our business. At present, Urban Logistics have not agreed on an internal carbon price and continue to keep this under review.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) CONTINUED

4.0 METRICS AND TARGETS CONTINUED

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management continued

Table 7: Urban Logistics Metrics and Targets continued

METRIC CATEGORY	METRIC	HISTORICAL PERFORMANCE	CURRENT (2022) PERFORMANCE	TARGET SET	REPORTED IN	INVESTMENT DECISION AND MONITORING
Climate-Related Opportunities	% of assets with on-site renewables generation	Available	Available	Yes	2023 Annual Report Page 38	Monitoring
	GRESB Rating (most recent)	Available	Available	Yes	2023 Annual Report Page 33	Monitoring
	% of assets by number with Urban Logistics minimum EPC rating	Available	Available	Yes	2023 Annual Report Page 129	Monitoring
	% of assets by number with Urban Logistics minimum Green Building Certifications	Available	Available	Yes	2023 Annual Report Page 128	Monitoring
Climate-Related Risks	Water consumption	Available	Available	No	2023 Annual Report Page 127	Monitoring
	Waste	Available	Available	N/A	2023 Annual Report Page 126	Monitoring
	Energy intensity	Available	Available	N/A	2023 Annual Report Page 126	Monitoring

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

Urban Logistics has collated Scope 1, 2 and 3 emissions, including the estimation of the complete portfolio footprint. Details can be found in the 2023 Annual Report. Greenhouse gas emissions have been calculated using UK government conversion factors from BEIS and the Corporate Greenhouse Gas Protocol location-based methodology.

We recognise that Scope 3 emissions from the operations of our tenants is our largest emission source, accounting for over 95% of our carbon impacts. We view the lack of direct control over these emissions as the primary challenge in how we manage climate risks. For this reason, we have engaged with all tenants to support their decarbonisation activities and gather data, which will inform our Scope 3 GHG targets in the coming years. While our Scope 1 and 2 emissions are not a significant proportion of their footprint, we believe our aim to be operational net zero (Scopes 1 and 2) by 2024 to be a significant commitment.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Urban Logistics have committed to a set of targets to manage the climate-related risks and seize the opportunities identified in this report. Details of our targets can be found in our 2023 Sustainability Report, as well as the Annual Report.