

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Ordinary shares of £0.01 each in the capital of Urban Logistics REIT plc

Legal entity identifier: 213800P6ODJW2UFNDC37

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

The Company, as a real estate investment trust focused on 'last mile logistics', is committed to creating lasting value in its business. The directors of the Company (the "Board") are committed to addressing environmental challenges, achieving exemplary standards of governance and creating financial and wider value in the Company's business, for the shareholders of the Company ("Shareholders") and wider stakeholders.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Company's ESG targets set out within its annual report and financial statements for the the financial year ended 31 March 2023 are to:

- Reduce the environmental impact of its buildings;
- Achieve net zero in terms of scope 1 and scope 2 emissions;
- Engage with its tenants to plan scope 3 emissions targets;
- Increase on-site renewable energy;
- Make more space for nature on its sites;
- Promote transparency in its ESG disclosures.

No index has been designated as a reference benchmark for the purposes of meeting the environmental and/or social characteristics promoted by this financial product.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

How we manage sustainability at the Company

Our business model is focused on building a portfolio of high-quality assets and providing sustainable, efficient space and customer service to our tenants. Practically, sustainability has always played a core part of how the fund operates, making sure our assets are fit for the future and that we are serving our tenants' needs. Our Investment Adviser implements the ESG vision and strategy set out by the Board and take on the Board's requirements for management of environmental and social issues, in particular climate-related risks and opportunities. Our approach to sustainability reflects a cost-effective approach to managing the diversity of buildings and tenant requirements.

Our material impacts

Our targets and objectives have been established based on the following sustainability themes which we consider to be the most pressing to Urban Logistics, the key themes when considering risks to property value, and the needs of our tenants and other stakeholders:

- energy performance;
- climate change mitigation;
- climate adaptation;
- on-site energy generation; and
- promoting nature on our sites.

Reporting metrics included in the Company's annual report and financial statements include:

1. *Greenhouse gas reporting* – we report greenhouse gases (“GHG”) as Scope 1,2, and 3. Scope 1 and 2 relates to GHG emitted from utilities and fuels which are acquired by us, and which we have control over. We have implemented a 2024 net zero target in relation to these emissions. Scope 3 GHG is emitted by our tenants through the operation of our buildings, and we are working towards decarbonisation targets for these emissions in due course, in partnership with our tenants.
2. *Portfolio EPC percentage* – Given that a large portion of GHG emissions are emitted through the operations of our buildings, measuring and improving EPCs is a key metric in our sustainability agenda. We target all assets we own to have an EPC of B or above. We firmly believe we do more good from acquiring a poor-performing building and improving it than in

only acquiring buildings which already have a strong EPC performance. For this reason, our portfolio will always contain assets which have an EPC rating of B or below.

3. *Percentage of assets with renewable generation onsite.* – Our assets are often well placed to generate renewable energy onsite, and we have implemented a target of increasing renewable energy generation and use across the portfolio, and report annually on the result our portfolio will always contain assets which have an EPC rating of B or below.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The Company will promote environmental and social characteristics but will not commit to making sustainable investments.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The Company will promote environmental and social characteristics but will not commit to making sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Does this financial product consider principal adverse impacts on sustainability factors?

- Yes, _____
- No

The Company does not consider principal adverse impacts on sustainability factors as defined by the SFDR. The Company and Investment Adviser do identify and consider material ESG risks as part of its investment decision-making for investments made, as described elsewhere in these disclosures and the Company's pre-contractual disclosures, which it considers are appropriate.



What investment strategy does this financial product follow?

Investment Objective

The Investment Objective is to deliver total investment returns through both income, with regular dividends providing Shareholders with a sustainable income stream that will grow over the medium term, and targeted capital growth which the Company believes will enhance Shareholders' total return over the long term.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Investment Strategy

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Company intends to achieve the Investment Objective by investing in and growing a diversified portfolio of primary and secondary grade industrial and logistics properties within the UK, and by engaging in active asset management to leverage and enhance returns.

The Company invests in assets that comprise an interest in freehold or leasehold property (other than by way of security), which meet the following criteria:

- UK industrial or logistics properties (typically single let);
- modern (typically post-1980) constructions; and
- representing average lot value across the portfolio at acquisition of up to £15 million (increased by RPI from Admission).

The Company seeks to invest in strategically located, single let, last mile industrial and logistics properties that have good underlying features, including:

- the opportunity for rental growth and out-performance;
- strong tenant financial covenant;
- lease terms focusing on duration and rental growth; and
- positive geographical characteristics, including age and repair, location, building quality, site cover, transportation links, workforce availability, environmental performance and internal operational efficiencies.

The properties are located in established logistics regions, such as the Midlands' "Golden Triangle", and in locations where the Company sees medium and long-term potential.

The Company may acquire properties directly or through holdings in SPVs and properties may be held through limited partnerships, trusts or other vehicles with third party co-investors.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

ESG focused due diligence is performed on each investment, and the outcome informs the investment decision made by the Company. In particular:

- For any asset with an EPC below a B, a report is commissioned to produce a costed plan to improve the EPC to a B or above
- For all assets an environmental survey is performed
- Tenant ESG practices are also reviewed, including whether the tenant has a net zero goal in place
- For all new developments, a community consultation is performed, in line with BREEAM certification processes

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

● **What is the policy to assess good governance practices of the investee companies?**

Not applicable. The Company is a REIT and does not invest in investee companies.

What is the asset allocation planned for this financial product?

The Company invests in and grows a diversified portfolio of primary and secondary grade industrial and logistics properties within the UK, and by engaging in active asset management to leverage and enhance returns.

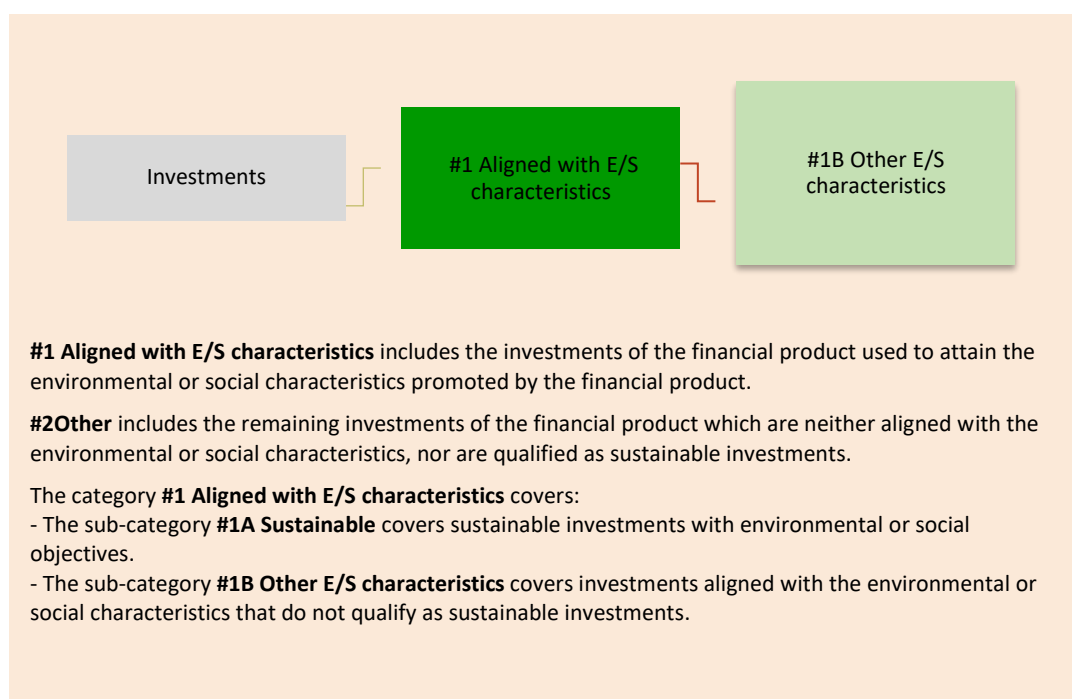
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As at 31 March 2023, the Company's portfolio comprised 130 assets covering 9.7 million sq. ft. with a valuation of £1,107 million (including forward-funded developments).



Asset allocation describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Company may enter derivative contracts for efficient portfolio management. In particular, the Company may engage in interest rate hedging or similar instruments to mitigate the risk of interest rate increases.



- **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not applicable. The Company will promote environmental and social characteristics but will not commit to making sustainable investments.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable. The Company will promote environmental and social characteristics but will not commit to making sustainable investments.



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable. The Company will promote environmental and social characteristics but will not commit to making sustainable investments.



- **What is the minimum share of socially sustainable investments?**

Not applicable. The Company will promote environmental and social characteristics but will not commit to making sustainable investments with a social objective.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Not Applicable

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes? [

Not applicable. No index was designated as a reference benchmark for the purpose of meeting the environmental and/or social characteristics promoted by this financial product.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:
<https://www.urbanlogisticsreit.com/investors/disclosures/>