Sustainability report 2023

The warehouse provider of choice

Sustainability report 2023

In recent years, we have spent considerable time and effort laying the groundwork for our approach to sustainability, understanding what is required to manage ESG matters effectively and building capabilities, strategies and measurement frameworks into our operations. This includes ensuring accountability and governance are in place, determining our risk exposures and mitigation plans, as well as understanding opportunities.

Through this work, we have been able to take a progressively more holistic approach to ESG issues, moving from achieving compliance to looking to create the most value through each action we take. This is just good business sense. Having a rigorous sustainability strategy is essential for protecting the Group's commercial interests, supporting our ability to attract high-quality occupiers and capitalise on the green premium for sustainable properties, for both rental levels and asset values.

One of our important workstreams this year was developing our net zero carbon pathway to 2030 for our Scope 1 and 2 emissions. We have committed to an annual reduction in Scope 1 and 2 emissions of 4.2% on a like for like basis. This has wide-ranging implications for us, helping to guide our actions across areas such as energy efficiency and supply on the assets we control, asset refurbishments, the sustainability credentials of our developments and the green clauses we incorporate into our leases. As part of this, the Tilstone team has been trained on our new standards for refurbishments and developments so these standards are reflected on our sites. More information on our pathway can be found on page 18 of the annual report.

Our EPC improvement programme is another major focus and the Group continued to drive rating improvements this year, through its ongoing capital expenditure on refurbishing and enhancing its assets. This work is critical to reducing the risks posed by increasingly stringent regulations, which in the coming years are proposed to require each asset to meet minimum EPC standards of C rating by 2027 and B rating by 2030.

We have also modelled our climate-related risks under different scenarios. This insight allows us to reduce the portfolio's exposure through capital expenditure, for example by improving drainage to prevent flooding, and support our evaluation of potential acquisitions and disposals. We know that having insight into climate risk and our response is important to our shareholders and we are therefore voluntarily reporting under the Task Force on Climate-related Financial Disclosures ("TCFD") – see pages 44 to 50 of the annual report. This is part of our commitment to transparent reporting and benchmarking.

As a priority, we will continue to progress our work on climate risk, understanding the impact on the portfolio and upskilling team members. We will also continue our engagement with occupiers, promoting information sharing and working with them to measure and report our Scope 3 emissions. We will continue on our journey towards GRESB participation.

Aimée Pitman
Chair of the Sustainability Committee

5 June 2023

Sustainability report 2023 continued

> Our vision is to be an industry-leading sustainable warehouse investor and, ultimately, the UK's warehouse provider of choice.

Aimée Pitman
Chair of the Sustainability Committee

Our sustainability strategy

Integrating environmental, social and governance ("ESG") risks and opportunities into how we do business is increasingly important across our stakeholder groups, in particular helping us attract and retain occupiers and appeal to a broader range of investors. To inform our approach, in 2020 we undertook a materiality assessment to identify the key risks and opportunities most important to our business and our stakeholders and this is set out on our website (**www.warehousereit.co.uk**).

To further structure our approach and deliver on our vision to be the warehouse provider of choice, we have established a clear framework which includes interim and long-term goals, as set out below:

Our vision

Our vision is to create environmental, social and economic value for our shareholders and wider stakeholders by integrating sustainability into the way we grow and manage our portfolio.

Creating a resilient portfolio

Creating a resilient portfolio reduces our risk exposure to current and future legislation, transitional and physical climate risks and changing occupier demand.

Read more on page 38 of the annual report

Reducing our footprint

Reducing our environmental footprint ensures our assets are aligned to a net zero carbon future, while reducing operating costs by minimising utilities consumption including water, energy and waste removal.

Read more on page 40 of the annual report

Supporting our occupiers

Supporting our occupiers strengthens our relationship with them, encourages sustainability knowledge sharing and helps drive the sustainability and broader ESG agenda across the sector.

Read more on page 42 of the annual report

Responsible business foundations

Being a responsible business is critical to managing our sustainability risks while also clearly communicating our ambitions and actions to our investors and wider stakeholders.

Read more on page 43 of the annual report

Sustainability report 2023 continued

Creating a resilient portfolio

Long-term goals

- Targeting green building certifications
- Reducing EPC risk
- Reducing climate-related risks in the portfolio
- Defining and implementing net zero carbon pathway

2023 highlights

- Undertook climate risk modelling to better understand our exposure to physical climate hazards
- Developed our net zero carbon pathway
- Continued the roll-out of an EPC improvement programme, with 92% of units now A-D rated across all countries

2024 targets

- All developments to target EPC B or above
- All developments >50,000 sq ft to target BREEAM Excellent/Very Good
- EPC improvement programme to ensure all in-scope properties have a valid EPC and target 25% reduction of D or E rated properties
- Build mitigation plans for assets identified as higher risk of climate change
- Regular Board ESG training on future legislation, occupier demands and climate risk

Our journey to net zero

During the 2022 calendar year, we engaged a third-party consultant to review Warehouse REIT's carbon footprint and formalise a pathway to net zero carbon. This involved setting our baseline performance, identifying key decarbonisation measures and quantifying their impact on the energy and carbon performance of the portfolio. Our pathway is aligned to the UK Green Building Council's ("UKGBC") Net Zero Carbon Framework and includes our Scope 1, 2 and building-related Scope 3 emissions.

Based on the analysis, we have committed to achieve net zero carbon for our Scope 1 and 2 emissions by the 2030 calendar year. In advance of setting long-term climate targets we target a 4.2% annual reduction in our Scope 1 and 2 emissions.

To achieve these targets, our pathway includes eight decarbonisation commitments:

Net zero pathway commitments

2030 net zero for GHG Scope 1 and 2 (UKGBC Net Zero Carbon Framework aligned)

Via the Environmental Refurbishment and Development Standards:

- develop refurbishment plan for each asset assigned capital expenditure, including building fabric, systems, controls and PV deployment;
- remove fossil fuels from landlord-controlled common parts;
- optimise deployment of PV panels on all new developments and major refurbishments; and
- use asset level scorecards to enable progress to be tracked and reported.

100% of directly procured electricity from renewable sources

Engage with occupiers to reduce energy consumption, collect and monitor energy usage across the portfolio

Target 100% of all new leases and amended leases to include green clauses

Conduct energy-related due diligence for new acquisitions

For new developments, target a BREEAM rating of 'Excellent', achieving a minimum rating of 'Very Good'

Monitor and report progress on annual basis

Sustainability report 2023 continued

Creating a resilient portfolio continued

Assessing our climate-related risks

In recent years, there has been a significant legislative push for companies to mitigate against climate-related risks and transition to a low-carbon economy. Most notably, in the UK, the Companies Regulations 2022 place requirements on large private companies to incorporate Task Force on Climate-related Financial Disclosures ("TCFD") in their annual reports.

The Group reports annually in line with the TCFD despite no obligation to do so, with this year's disclosure available on page 44 of the annual report. We commissioned an independent third party to conduct a physical climate hazard scenario analysis across three time horizons which found that 61% of our assets have low exposure to physical climate hazards even under the most severe climate scenarios, with 11% of assets that may be at high risk from at least one physical climate hazard by 2050 under an intermediate emissions scenario.

We have extended our existing risk register to include climate-related risks, set a formal process for reviewing climate-related legislation and regulation and improved our internal knowledge of climate risk management. See our TCFD response on page 49 of the annual report for further details.

Improving the EPC performance of our portfolio

An EPC rating is a regulatory requirement demonstrating the energy efficiency of a building. Currently, all non-domestic rented buildings should be a minimum E rating but MEES (Minimum Energy Efficiency Standard) legislation is expected to become more stringent by 2030, requiring a minimum 'B' rating. In addition, environmental credentials are increasingly important to our occupiers so improving the EPC ratings of our portfolio is essential.

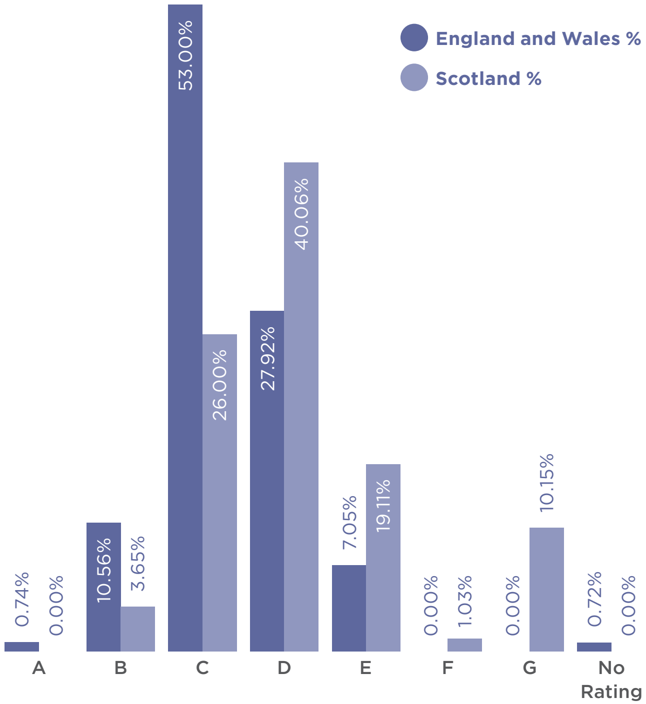
We continued our portfolio-wide EPC improvement programme in the year ending 31 March 2023, with 64% of our units in England and Wales (by sq ft) holding an EPC rating of A to C (2022: 51%). In England and Wales, we no longer have any units with an EPC below E.

In Scotland, where the EPC rating system is different, 70% of our units (by sq ft) have an EPC rating of A to D as of 31 March 2023, a 5% increase from 65% in the previous year. EPC ratings cannot be compared between Scotland and England and Wales due to differences in the methodologies applied.

The improvement to the portfolio's EPC ratings in the year ending 31 March 2023 reflects the benefits of our investment activity where we have acquired higher-rated assets and disposed of poorer-quality buildings, as well as LED lighting replacements and upgraded heating systems.

Looking forward to the year ending 31 March 2024, we have set several targets to drive energy efficiency improvements: zero properties are to have an expired EPC or <2 years to expiry[1], a 25% reduction in D and E-rated properties.

EPC Rating by floor area 1 April 2023



1. This does not include units exempt from having an EPC or units where different Scottish requirements apply.

Sustainability report 2023 continued

Reducing our footprint

Long-term goals

- Increasing energy and resource efficiency (landlord and occupier)
- Reducing waste and resource consumption
- 2030 net zero carbon for Scope 1 and 2 carbon emissions
- Disclose Scope 3 carbon emissions

2023 highlights

- All landlord utilities converted to green tariffs (except those under tender)
- 18 EV chargers installed to date
- Applied our Environmental Refurbishment Development Standards to assets

2024 targets

- All new utility contracts to be renewables based
- All landlord-sourced utilities to be on renewable tariffs
- All developments to have a sustainability plan
- All refurbishments to align with TPL ESG Refurbishment Standards
- Occupier/unit scorecard to be developed
- Developments >50,000 sq ft to be BREEAM Excellent/Very Good
- 4.2% reduction in Scope 1 and 2 emissions

Environmental Refurbishment and Development Standards

Wherever possible, we seek to deliver sustainability improvements through refurbishing existing assets. To establish a consistent, effective and value-for-money approach, in the year ended 31 March 2022 we developed the Environmental Refurbishment and Development Standards for our design teams, ensuring all projects are delivered to a high performing standard.

The standards set requirements including:

- **Internal fit-out** – LED lighting throughout, office heating via air source heat pumps and point-of-use water heaters that provide the immediate production of hot water. Other considerations include aerated taps and dual flush toilets to reduce water use as well as carbon neutral carpeting;
- **Renewable energy** – consider the installation of photovoltaic panels when refurbishing assets of more than 30,000 sq ft;
- **Sustainable drainage** – to increase natural surface water drainage, we consider the use of block paving and permeable tarmac in parking areas;
- **EV charging** – all refurbishments above 10,000 sq ft must include the installation of a dual EV charging post, with additional posts depending on the refurbishment size; and
- **Ecology and trees** – we look to install bird, bat and hedgehog boxes as well as log piles and native tree species to support wildlife and improve air quality.

During the year ended 31 March 2023, we completed training with all team members involved in refurbishment and development projects and in the second half, started to integrate these new standards across refurbishment projects.

Our ambition this year is to conduct a photovoltaic panels feasibility study on our portfolio to assist the drive towards renewable power.

Improving energy efficiency

Landlord-obtained electricity consumption on a like-for-like basis decreased by 7% and fuels consumption decreased by 51% compared to the year ended March 2022, resulting in a 20% decrease in the energy intensity of our like-for-like portfolio.

We drive this reduction through our EPC improvement programme, landlord green tariffs and wider energy saving initiatives. Improvements have been achieved through LED lighting upgrades, efficient mechanical ventilation and heat recovery, fabric improvement insulations, efficient air conditioning and electrification of hot water and heat across our assets.

Sustainability report 2023 continued

Reducing our footprint continued

Improving energy efficiency continued

We have now converted all our landlord-paid utilities to green tariffs, except those under tender, with plans to make all tariffs green in the year ending 31 March 2024.

Occupier engagement is an important part of our approach given that most of our assets are owner-operated and controlled. Working to enhance our data collection practices is a priority and we are engaging with them to ensure we install features and report our ESG performance in line with their own stakeholders' requirements.

Reducing resource consumption

We are working towards adopting circular economy principles throughout the life cycle of a building. Our Environmental Refurbishment and Development Standards provides guidelines on reducing the proportion of waste sent to landfill and we are looking to develop a guidance handbook for occupiers. To support occupiers to improve their consumption practices, we have added criteria within lease renewals that promote responsible consumption (see page 29 of the annual report).

Embedding green clauses into new leases

During the year ended 31 March 2023, we embedded green clauses into all new leases to ensure the effective management and improvement of the portfolio's environmental performance. The clauses seek to achieve five principles:

1. **Co-operation and data sharing**: this will improve our insight into occupiers' environmental data and therefore our Scope 3 emissions as well as our ability to carry out works to improve the building's environmental performance
2. **Building management**: we want to collaborate with our occupiers to identify and implement appropriate environmental performance strategies
3. **Occupier alterations**: this will protect the building from alterations that could adversely impact its performance
4. **Compliance with regulation and permits**: this will safeguard against non-compliance with legislation and the landlord's reasonable regulations
5. **EPC maintenance and improvement**: this will ensure co-operation from occupiers to support our large-scale EPC improvement programme

Carisbrook, Isle of Wight

The refurbishment of Unit 3 – a 36,000 sq ft factory in Carisbrook, Isle of Wight – included a c.£200,000 investment to strip back the asset to its core, upgrade the lighting and install electric heating and hot water. The works resulted in an EPC upgrade from an E to a B. Following this, the Group obtained planning consent for the unit's use as a warehouse and has let the building to a major occupier on a ten-year lease.

Sustainability report 2023 continued

Supporting our occupiers

Long-term goals

- Engagement to understand occupier net zero carbon goals and support wellbeing
- Support occupiers' wellbeing and provide a safe environment for all building users
- Integrating sustainability criteria into lease clauses

2023 highlights

- Rolled out an occupier engagement survey to understand the key drivers behind their environmental initiatives
- Green clauses embedded into all new leases
- Continued our pro-active approach to asset management and occupier engagement

2024 targets

- Launch portfolio-wide occupier engagement, target 20% response rate, to identify:
  - occupier ESG agenda;
  - energy data sharing appetite; and
  - energy efficient knowledge and WHR ESG priorities.
- Implement plan from 2023 occupier survey results
- Inclusion of green clause principles in all new leases

Engaging occupiers

We engage occupiers on a whole spectrum of sustainability aspects from health and wellbeing to energy and carbon and sustainable connectivity. As we progress our own net zero carbon pathway, we will place an increased focus on their environmental data. Occupier emissions account for the majority of our Scope 3 emissions, so collecting and monitoring their emissions and collaborating on decarbonisation measures will be essential for reducing our own carbon footprint.

Following on from last year's occupier survey, we rolled out our annual questionnaire to gain insight into occupiers' outlook on their industry, key challenges and space requirements. Importantly, we sought to understand the environmental initiatives that they have implemented as well as the key drivers for doing so.

The responses covered a range of business sizes from micro (less than ten employees) to larger companies with over 250 employees. Unsurprisingly, some of the biggest challenges facing occupiers emerged as rising supply costs and labour supply. Regarding environmental initiatives, of the occupiers who responded, LED lighting was the mostly widely adopted environmental measure, followed by EV chargers and other transport initiatives such as cycle racks and carpooling.

The themes that emerged as the main drivers behind adoption of environmental initiatives were regulation and compliance, cost saving, business reputation, wider business strategy/ethos and improving the working environment. These results will help shape our agenda for the next financial year.

Responsible business foundations are essential to the Group's success and underpin our sustainability strategy.

Roman Way

At Roman Way, we carried out the refurbishment of two units, 3 and 19, which were originally re-assessed at EPC E rating. Following MEES recommendations, we undertook improvement works, including:

- installation of extractor fans within restroom facilities;
- LED lighting upgrades;
- new double-glazed doors for each unit; and
- removing the heating from the warehouse, Unit 19.

As a result of these upgrades, we achieved an EPC C for Unit 19 and secured an occupier, and an EPC B for Unit 3.

Sustainability report 2023 continued

Responsible business foundations

Long-term goals
- Robust governance and oversight of ESG risks
- Transparent disclosure and participation in investor benchmarks and indices

2023 highlights
- Gold award achieved from the EPRA sBPR for the second year
- Gap analysis and improvement plan created to support our journey towards GRESB participation in 2024
- Stand-alone climate risk register created to ensure these risks receive due attention

2024 targets
- Identify data solution for ESG management
- Retain EPRA sBPR Gold award
- Progress on reporting alignment with TCFD recommendations for 2024
- ESOS phase 3 compliance
- Implement recommendations to align with GRESB benchmark

Governing responsibly
The Sustainability Committee, which was formed two years ago, consists of three Non-Executive Directors, who meet a minimum of three times a year, providing a forum to address critical issues and opportunities. For detailed information on the role of the committee, see page 92 of the Sustainability Committee report in the annual report.

Our sustainability strategy was strengthened this year to further support our suite of policies that enforce the highest standards of ethical behaviour regarding whistleblowing, anti-money laundering, anti-bribery and corruption and health and safety. Our new Business Code of Conduct applies to all employees and contractors working on behalf of the Investment Advisor and sets expectations regarding bribery and corruption, harassment and discrimination, diversity, sustainability and governance, data and conflicts of interest.

Our Supplier Code of Conduct, published in May 2022, outlines the standards that we expect within our supply chain, encompassing the suppliers, partners and contractors we work with. When selecting third parties to work with, we operate a checklist to ensure that we are working with those that share and uphold the same values and responsible business foundations as us.

Enhancing our disclosures
We report our ESG performance in line with the European Public Real Estate Association ("EPRA") Sustainability Best Practices Recommendations ("sBPR") being awarded an EPRA Gold award for the second year (see page 51 of the annual report for this year's EPRA disclosure).

Despite no obligation to do so, we have also been reporting our climate disclosures in line with the Task Force on Climate-related Financial Disclosures ("TCFD") for three years, enhancing the breadth of our response year-on-year.

Recognising GRESB's value as a widely acknowledged ESG benchmarking tool for real estate, in 2022, with the help of JLL, we completed a gap analysis to identify a series of actions to put in place this year to align our business methods further with the GRESB benchmark.

Sustainability report 2023 continued

2022 TCFD disclosure

In line with the recommendations of TCFD dated June 2017, this report complies with nine of the eleven TCFD recommendations and recommended disclosures and partially compliant with recommendation 2b. The Group is developing our quantitative approach to assessing the impact of climate related risks and opportunities on the organisation's business, strategy and financial planning. Furthermore, we have not yet reported our Scope 3 emissions under TCFD Recommended Disclosure – Metrics and Targets b), due to limited data availability.

Pillar	Recommended disclosure	Consistency note
Governance	Board oversight	Consistent
	Management role	Consistent
Strategy	Identified climate-related risks and opportunities	Consistent
	Impact of climate-related risks and opportunities	Developing quantitative approach to impact of risks and opportunities
	Resilience of the Group's strategy	Consistent
Risk management	Process for identifying and assessing climate-related risks	Consistent
	Process for managing climate-related risks	Consistent
	How the processes are integrated into risk management	Consistent
Metrics and targets	Climate-related metrics	Consistent
	Scope 1, 2 and 3 GHG emissions	Developing approach to disclose scope 3
	Climate-related targets	Consistent

Introduction

As part of our vision to be an industry-leading sustainable warehouse investor, we are dedicated to pro-actively managing climate-related risks and publicly reporting climate-related financial information to our stakeholders. Here we disclose the climate-related risks we have identified to the business and set out our overarching risk management approach in line with the recommendations of the TCFD. We are exempt from the amendments to the Listing Rules published by the FCA in 2022 and therefore make our disclosures on a voluntary basis in order to demonstrate our dedication to this highly important topic.

Sustainability report 2023 continued

2022 TCFD disclosure continued

1. Governance

1a. The Board's oversight of climate-related risks and opportunities

The Board is ultimately responsible for the Group's approach to risk management and internal control process, including setting the Group's risk appetite, identifying principal risks and determining mitigating controls via regular risk reviews. The Board has fundamental responsibility over wider sustainability matters, including the Group's sustainability strategy. Climate change has been identified as a principal risk to the business in the corporate risk register and is a key component of our sustainability strategy.

The Audit and Risk Committee provides additional oversight of the Group's risk management framework and is involved in identifying, assessing and managing risks. The committee meets twice a year to review the effectiveness of the overall risk management strategy and reviews the impact and related business mitigation strategies of principal risks across the risk register, including the climate-related principal risk.

The Sustainability Committee, chaired by Board member Aimée Pitman, is responsible for developing and implementing the Group's responsible business agenda, sustainability strategy and external ESG reporting. Following the climate risk scenario modelling undertaken this year, the Sustainability Committee will review the Group's climate-related risks and mitigation strategies via the newly formed additional ESG risk register and recommend any required updates to the Audit and Risk Committee. This ESG risk register enables the Sustainability Committee to review climate related risks at a more granular level. The Audit and Risk Committee reviews and monitors the risk management framework.

The Chair of the Sustainability Committee reports to the Board on a quarterly basis and the Sustainability Committee makes recommendations to the Board, as appropriate, to ensure that any material climate-driven macroeconomic, financial and regulatory market changes are escalated and integrated into strategic decision-making. The Sustainability Committee is also responsible for setting and overseeing performance towards climate-related targets and long-term goals, available on page 92 of the annual report. The implementation roadmap and actions towards achieving these goals are then overseen by the Investment Advisor.

1b. Management's role in assessing and managing climate-related risks and opportunities

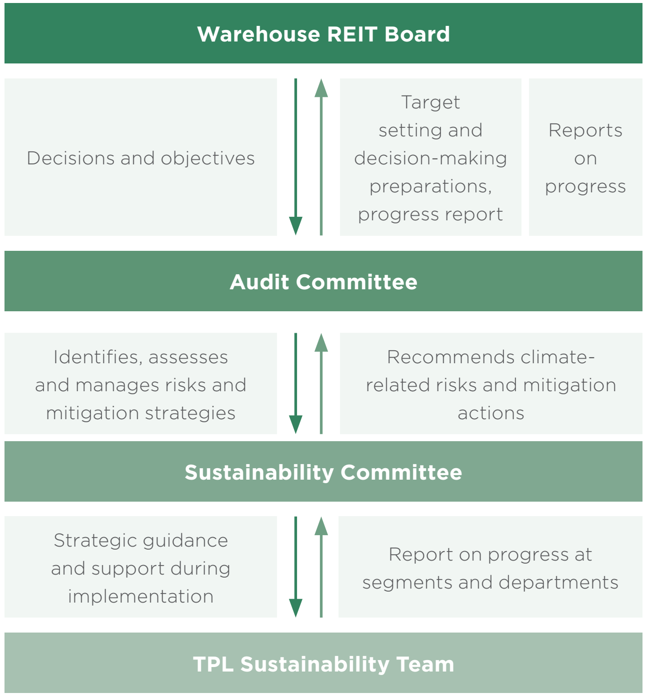
The Investment Advisor supports the Board and Audit and Risk Committee in identifying and evaluating risks and is responsible for forming and implementing the Group's risk management strategy. The Investment Advisor is also responsible for co-ordinating with stakeholders and engaging with occupiers to identify risk and implement mitigating controls at the asset level. The Investment Advisor sits on the Sustainability Committee, alongside Board members, enabling the communication of climate-related risks between operational, management and Board levels.

The Investment Advisor is responsible for day-to-day operational activities and the application of the risk management strategy, including climate risk management. The Investment Advisor, with support from the Property Manager, is responsible for collecting and reporting environmental and climate-related data, enabling Board committees and the Investment Advisor to monitor performance against strategic long-term goals and targets.

The Investment Advisor is well briefed on the Group's sustainability and climate-related ambitions and reports significant risks at the property level to Board committees on an ad-hoc basis, ensuring that there is clear communication between occupiers and the Board.

A detailed overview of our governance structure can be found below.

Overview of roles and responsibilities



Sustainability report 2023 continued

2022 TCFD disclosure continued

2. Strategy

2a. Climate-related risks and opportunities identified over the short, medium and long term

We recognise that climate-related risks materialise over the medium to longer term and that the assets we acquire and occupy now will still be here far in the future. Without appropriate risk management, these risks could have severe financial and reputational implications. As such, we conducted climate risk scenario modelling to assess the exposure of our portfolio to physical climate-related risks across the three Intergovernmental Panel on Climate Change ("IPCC") climate scenarios – RCP 2.6, RCP 4.5 and RCP 8.5 – over the short term (present day), medium term (2050) and long term (2080). The time horizons align with the 2050 net zero carbon deadline set by the UK Climate Change Act as well as the associated risks and capture a range of climate-related risks that are expected to materialise in the near and long term.

The climate risk scenario modelling covered a total of five climate-related hazards, covering coastal flooding, river flooding, flash (surface water) flooding, subsidence and coastal erosion and assessed the likelihood of these hazards impacting a total of 803 units within our portfolio across three climate scenarios and time horizons. The assessment was based on trusted climate and natural hazard databases, such as JBA Floodability Index, British Geological Survey and National Coastal Erosion Risk Mapping.

The exposure level to each hazard was ranked across low, moderate and high-risk likelihood bands, based on a simplified classification of the results generated by each risk model, which had individual likelihood ratings. The assessment also revealed the number of assets exposed to each risk level and provided hazard exposure profiles of our top ten largest estates. This provided a clear overview of the impact likelihood that modelled hazards pose to the portfolio, enabling us to make strategic decisions on where to focus mitigation actions and harness opportunities.

The assessment found that 61% of units have a very good resilience to physical climate hazards, continuing to have low exposure to all physical climate hazards even under the most severe climate scenarios. For the units at risk from physical climate hazards, flooding is the most likely risk; 5% of assets exposed to high risk under best-case scenario by mid-century with up to 6% of modelled units found to be at a moderate to high risk in a late century scenario. Up to 11% of assets are exposed to a subsidence hazard in a severe, late century scenario, whereas our portfolio is not exposed to coastal erosion. As expected, the likelihood of flooding and subsidence increases across emission scenarios and time horizons.

Following this, we are planning on enhancing our climate risk assessment by assessing the possible business and portfolio impacts of the likely climate hazards as well as further asset-level climate risk assessments to assess and assign adaptation solutions necessary for mitigating onsite risk, starting with assets identified to have the highest exposure. Overall, the business plans to integrate the findings of the climate risk scenario modelling within the risk management approach under the climate change principal risk.

In addition, we recognise that transition risks are expected to be the most impactful in the short term and likely across scenarios associated with significant policy action and market shifts towards decarbonisation. Transition risks that we have identified which should all be considered relevant for the current time horizon (up to c.2028) include:

- regulatory risks regarding the costs for compliance, as well as costs arising from breach of environmental regulation such as the MEES regulations;
- increasing costs of supplies or disruption to supplies for maintenance and development;
- increasing cost of utilities;
- properties not meeting occupier requirements relating to energy efficiency or logistics;
- impact on property values/rents if assets are not developed or maintained to appropriate modern standards;
- impact on investor interest and our reputation compared to our peers; and
- inability to access funding through green bonds or similar.

Additionally, we have identified opportunities in our sustainability strategy that are climate mitigation actions and improve our resilience. These include improving our energy and carbon data management and investment in low-carbon solutions to increase energy and resource efficiency, with the aim of achieving long-term savings, green building certifications and our net zero carbon ambitions. We believe these initiatives improve our reputation and attract premium occupiers.

Sustainability report 2023 continued

2022 TCFD disclosure continued

2. Strategy continued

2b. Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Climate-related risks and building resilience are embedded into our business strategy under the creating a resilient portfolio pillar and as an independent principal risk in our risk register. Energy, water and carbon efficiency opportunities are also identified within our sustainability strategy under the reducing our footprint, supporting our occupiers and responsible business foundation pillars. To enable us to mitigate climate risks and harness opportunities, we have included a sustainability budget in our financial modelling processes, informing our investment strategy across the whole property life cycle.

Throughout the acquisition process our investments are informed by energy-related due diligence, ensuring that potential acquisitions align with our net zero carbon pathway and preliminary climate risk assessments assessing flood risk. We are planning on integrating a broader range of climate-related risks into our acquisitions protocol. Our overall investment strategy of recycling and upgrading assets by improving their energy efficiency and building fabric also helps extend the life expectancies of our buildings and reduce our carbon emissions.

Throughout the operational life cycle of assets, we engage with occupiers to understand their ESG needs and aspirations, reduce their energy consumption and collect and monitor energy consumption across the portfolio. We also maintain 100% of electricity procured from renewable sources and ensure all new and amended leases include green clauses in line with our net zero carbon pathway and climate risk management efforts.

We have also developed Environmental Refurbishment and Development Standards covering several sustainability topics including ecology, EV charging, sustainable drainage, onsite renewable energy (solar PV panels), sustainable travel and resource and energy efficient internal fit-outs for all large-scale refurbishments and new developments. The standards help us manage flood, subsidence and erosion risk, as well as transition risks associated with decarbonisation. We are also targeting a BREEAM rating of Excellent where possible, with a minimum rating of Very Good to minimise the embodied carbon emissions associated with our developments and refurbishments. Additionally, while EPC ratings have been integrated into our business already, we are accelerating the process of improving ratings and making sure all buildings have been rated whilst considering the MEES proposed regulations for 2027 and 2030 where all non-domestic rented buildings must hold a 'C' and 'B' EPC rating respectively.

Having conducted physical climate risk scenario modelling, we understand the exposure of our assets to selected climate risks in the UK across the IPCC's RCP 2.6, RCP 4.5 and RCP 8.5 climate scenarios. Throughout our risk review processes, we have also identified transition risks associated with climate change and have developed risk mitigation measures in terms of minimum certification standards, compliance and decarbonisation. While resilience is inherently integrated into our business strategy, we are currently in the process of integrating the results of the recently conducted climate risk assessment into our risk management framework and decision-making, further improving our understanding of the business impacts of physical climate-related risks and mitigation actions to improve our resilience.

Sustainability report 2023 continued

2022 TCFD disclosure continued

2. Strategy continued

2c. Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The climate scenarios RCP 2.6, RCP 4.5 and RCP 8.5 were selected for our assessment, as they cover a range of possible emissions scenarios.

The RCP 2.6 climate scenario represents a pathway where greenhouse gas emissions are greatly reduced by immediate policy action and market forces, to decarbonise and meet the Paris Agreement. RCP 4.5 is a more moderate climate scenario where emissions peak in 2040 followed by significant decarbonisation policy and market action. The RCP 8.5 scenario is characterised by a large increase in GHG emissions contributing to high temperature rises, significant changes in weather patterns and severe physical risks.

Our resilience to scenarios associated with transition risks is secured by our net zero carbon pathway and related activities described in TCFD Recommended Disclosure – Strategy b). Our resilience against risks associated with the RCP 8.5 climate scenario is currently secured by our Environmental Refurbishment and Development Standards and our pro-active approach to assessing risks.

We are planning on furthering our resilience with additional climate-related KPIs and risk management measures, such as regular legislation and regulation reviews and climate risk upskilling.

Climate scenarios:

Scenario	Average temperature rise	Transition	Impact
Scenario 1 **Low emissions scenario: RCP 2.6**	1.2 – 1.6°C by 2100	Low emissions scenario where there is immediate policy action to meet the Paris Agreement. Transition risks dominate.	**Economic:** Immediate globally co-ordinated decarbonisation efforts to achieve net zero by 2050, associated with significant costs to meet these demands. **Environmental:** Low physical risk.
Scenario 2 **Moderate emissions scenario: RCP 4.5**	1.6 – 3.2°C by 2100	Moderate emissions scenario where there is significant policy action in 2040. Transition risks dominate, but physical risks are still present.	**Economic:** Delayed transition requiring more substantial regulatory and market pressures to decarbonise in the medium term. **Environmental:** Less physical risk, although up to 3.2°C warming still presents substantial physical climate risks.
Scenario 3 **High emissions scenario: RCP 8.5**	3.2 – 5.4°C by 2100	High emissions, business-as-usual scenario where policy action is negligible and global warming rises drastically. Physical risks dominate.	**Economic:** Permanently stunted GDP growth and severe economic and social shifts. **Environmental:** Chronic changes to weather patterns and ecosystems causing severe impacts on a global scale.

Sustainability report 2023 continued

2022 TCFD disclosure continued

3. Risk management

3a. Describe the organisation's processes for identifying and assessing climate-related risks

Our risk framework includes four actions to identify, assess and manage risks to the business: identify, evaluate and mitigate and monitor. Our primary tool within the risk framework is the risk register used to record our key corporate risks, including climate-related risks and opportunities, and communicate these to the Board. Principal risks on the risk register are scored on probability and impact and are assessed based on the severity of financial, environmental and brand impacts, pertaining to the underlying value of the assets and the returns for shareholders. These are reviewed throughout the year by the Investment Advisor, with the Audit and Risk Committee reviewing the risk register at each meeting and conducting an overall review of the risk management process annually.

The Investment Advisor also assists in the implementation and measurement of climate-related activities at the operational level, and monitors the business's and portfolio's compliance with those activities. A third-party consultant supports the Investment Advisor with the identification and assessment of risks. The Investment Advisor also reviews emerging and existing regulation requirements, including in relation to climate-related risks.

The Sustainability Committee has more specific responsibilities for overseeing the newly formed separate ESG risk register and makes recommendations to the Audit and Risk Committee regarding inclusion in the Group's risk management practices.

Moving forward, we aim to further integrate the findings of our climate risk scenario modelling into our risk management framework under the climate related risks and use this to enhance mitigation strategies. The Group has also committed to annually reporting against TCFD and regularly conducting climate risk assessments in line with TCFD best practice recommendations, ensuring climate-related risks are consistently integrated into our risk management framework.

3b. Describe the organisation's processes for managing climate-related risks

To manage climate-related risks, the impact of climate change on our portfolio has been recognised as a principal risk in our risk register and risk management process. We also recognise compliance risks associated with climate change in our risk register. This ensures that climate-related risks and opportunities are actively monitored and mitigated by the Board and committees. The risk management process, as well as additional insights gained from third-party consultants, such as the climate risk scenario modelling we conducted this year, help us prioritise climate-related risks and control measures.

Processes for managing climate-related risks and opportunities at a portfolio and asset level are described in TCFD Recommended Disclosure – Strategy b).

3c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

All principal risks captured in our corporate risk register, including climate change, are a priority. The corporate risk register lists the material impacts of principal risks, related risk mitigation activities and changes in risk profile. Additionally, each risk is given a probability and impact score based on the impact on asset values and shareholder returns. The corporate risk register is regularly reviewed by the Board, Audit and Risk Committee and Investment Advisor, with the Board having overarching responsibility for determining the most material risks. In the review process, the Audit and Risk Committee reviews corporate risks and risks that the Board considers to be principal. By capturing climate change as a principal risk, it has been fully integrated into our risk management framework.

Sustainability report 2023 continued

2022 TCFD disclosure continued

4. Metrics and targets

4a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

We publicly report on our environmental performance in line with EPRA sBPR for sustainability reporting. Our EPRA tables are available on pages 52 to 53. We use a range of metrics to assess our resource consumption, energy and carbon emissions and determine our exposure to climate-related risks and opportunities. These include:

- scope 1 and 2 carbon emissions in tCO_2e;
- energy consumption in kWh in absolute and like-for-like terms;
- energy intensities for Scope 1 and 2 emissions in $kgCO_2e/m^2/year$;
- water consumption in m^3, including building water intensity in $m^3/m^2/year$; and
- EPC ratings and building certifications as a holistic indicator of the portfolio's performance.

4b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks

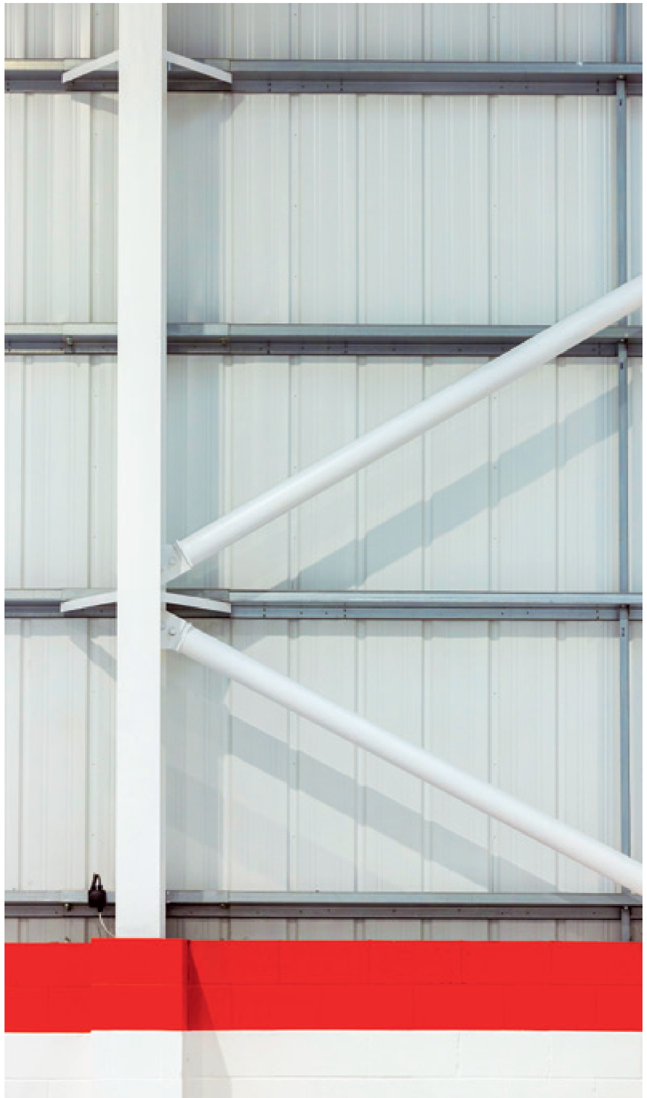
We report our Scope 1 and 2 GHG emissions data in our EPRA disclosure available on pages 51 to 53. These have been calculated and reported in alignment with the GHG Protocol Corporate Accounting and Reporting Standard. We have yet to disclose our Scope 3 emissions and set related targets due to limited data availability, but plan to improve our data collection to enable disclosure in the coming years in line with our net zero carbon pathway.

4c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

As a business we have set the target of reaching net zero carbon for our Scope 1 and 2 emissions by 2030. To help achieve these targets, we developed our net zero carbon pathway in 2022. Under our sustainability strategy we have also set long-term goals for creating a resilient portfolio, targeting green building certifications, reducing EPC risk and reducing climate-related impacts at the portfolio level. These are supported by short-term targets for 2024, which include:

- all developments to target EPC B;
- all developments >50,000 sq ft to target BREEAM Excellent/Very Good;
- roll out EPC improvement programme to ensure all properties in scope have a valid EPC and reduction of D and E rated units;
- apply new Environmental Refurbishment and Development Standards to all new refurbishments;
- assess potential for on-site renewables across the portfolio;
- undertake energy efficiency audits as part of Phase 3 ESOS compliance;
- all new utility contracts and landlord-paid utilities to be on renewable tariffs; and
- continue to roll out EV charging installation.

Having conducted a physical climate risk assessment and developed our net zero carbon pathway this year, we are currently in the process of setting additional decarbonisation and climate-related metrics and targets.



Sustainability report 2023 continued

EPRA sBPR

1. Overarching recommendations

Organisational boundaries

Our EPRA sBPR reporting covers the Group's assets for which we exercise operational control. This totalled 30 out of 76 estates across the United Kingdom as at 31 March 2023. The remaining properties are single or multiple occupancy assets with no utilities purchased by the landlord. The actions of our Investment Advisor, who oversees all management and administrative duties, are not covered by this report because it is a separate legal entity from the Group.

Coverage

All absolute performance measures relating to electricity, fuels and associated GHG emissions apply to assets for which we as landlord procure utilities for the common areas, shared services, occupier areas as well as vacant properties, unless indicated otherwise. At 31 March 2023, these account for 30 estates within our portfolio, with 97% coverage, based on 29 assets with available consumption data.

Like-for-like performance indicators include properties within this scope for which we collected data for two consecutive years and excludes properties sold, acquired or under development during 2021/22. Our like-for-like portfolio includes 19 assets with 94% data coverage for these properties, based on 18 assets with available consumption data.

Boundaries

Electricity and fuel consumption which we purchase as landlords for common areas, shared services and occupier areas is what comprises the energy and associated GHG emissions data. Utilities purchased directly by the occupier fall outside of our operational control and are excluded from this data.

Estimation of landlord-obtained utility consumption

Where possible, the data is collected from invoices and/or meter readings. If invoices were not available at the time of publication, consumption estimates were made. These estimates are based on the most recent invoices for the corresponding time period. On this basis, for the year ending 31 March 2023, the following proportion of data was estimated: electricity 42%, gas 14% and water 40%.

Analysis – normalisation

Our calculations for energy and emissions intensity indicators are calculated using floor area (m^2) for whole estates. As our utilities consumption data in certain buildings is limited to common spaces exclusively while in others it includes shared services, outside space and occupier areas where there are no sub-meters, we are aware of mismatches this causes between the numerator and denominator. We are working to better track our consumption as it relates to the space and organisational boundaries at a unit level.

Analysis – segmental analysis (by property type, geography)

The property classification utilised in our financial reporting guides our segmental analysis, classifying our investment portfolio as urban warehouse assets. As all assets are located in the United Kingdom, further segmental analysis by geography is not applicable.

Reporting period

While we report on absolute performance measures and intensity metrics for the most recent reporting year (ending 31 March 2023), the like-for-like performance measures are reported for the last two consecutive years (ending 31 March 2022 and 2023).

Disclosure on own offices

Our Investment Advisor has their own office, and their consumption and employee-related performance measures are outside the scope of our organisational boundaries and are therefore excluded.

Data verification and assurance

Before being entered into the Company reporting database, all generated data is checked for consistency and coherence. A third party does not currently conduct external verification or assurance.

Sustainability report 2023 continued

EPRA sBPR continued

1. Overarching recommendations continued

Materiality

In this report we focus on EPRA sBPR measures that are material to our business. Therefore, in accordance with our materiality assessment, we have excluded the following performance measures from our reporting: DH&C-Abs and DH&C-LfL as no district heating or cooling is procured across our portfolio.

Diversity-Emp, Diversity-Pay, Emp-Training, Emp-Dev, Emp-Turnover and H&S-Emp have been excluded as Warehouse REIT plc has no direct employees. The Investment Advisor handles all administrative duties related to the asset management of the portfolio; however, it is a separate legal identity and therefore falls outside the scope of this report.

Waste-Abs and Waste-LfL have been excluded as we have no control over operational waste, which is generated solely by our occupiers. The EPRA sBPR does not apply to waste created by our development operations. Nonetheless, as part of our sustainability strategy, we have set a long-term goal of reducing waste from developments.

Narrative on performance

During the year ended 31 March 2023, absolute landlord-obtained electricity consumption was 2,155 MWh and fuel consumption (natural gas) for the same time period was 791 MWh, equating to an energy intensity (electricity and gas) of 11.17 kWh per m^2 across all included properties.

Landlord-obtained electricity consumption on a like-for-like basis increased by 8% and fuels consumption decreased by 29% compared to the year ended March 2022, resulting in a 0.4% decrease in the energy intensity of our like-for-like portfolio.

The total absolute Scope 1 and 2 emissions from building energy consumption were 604 tonnes of CO2e, resulting in a 2.29 kg/CO_2e/m^2/year intensity. For this reporting period, green tariffs for electricity supply accounted for 99.97% of the reported consumption. Like-for-like Scope 1 decreased by 29% and while Scope 2 increased by 8%.

Absolute water consumption for the year ended 31 March 2023 was 14,052 m^3, representing a water intensity of 0.13 m^3 per m^2. Like-for-like water consumption fell by 92%.

Consumption data from previous reporting periods has been updated as we received more accurate figures from invoices and meter readings that were received after publication of our last report.

Our analysis of Energy Performance Certificates is available on page 7. For the year ended 31 March 2023 there were no properties in our portfolio with green building certification (BREEAM, LEED or similar).

2. Environmental performance measures

EPRA code	Performance measure	Unit	Scope	Absolute 2021/22	Absolute 2022/23	Like-for-like 2021/22	Like-for-like 2022/23	Like-for-like change (%)
Elec-Abs, Elec-LfL	Total electricity consumption	kWh	Total landlord-obtained electricity	2,509,462	2,155,013	1,190,279	1,286,494	8
Fuels-Abs, Fuels-LfL	Fuel consumption	kWh	Total landlord-obtained fuels	1,172,754	791,033	350,768	249,143	-29
Energy-Int	Building energy intensity	kWh/m^2/year	Building energy intensity	17.96	11.17	8.74	8.71	-0.4
GHG-Dir-Abs	Total direct GHG emissions	tCO_2e	Direct – Scope 1	214	145	64	46	-29
GHG-Indir-Abs	Total indirect GHG emissions	tCO_2e	Indirect – Scope 2 (location-based)	533	459	253	274	8
GHG-Int	GHG emissions intensity from building energy consumption	$kgCO_2e/m^2$/year	Scopes 1 & 2 GHG emissions	3.64	2.29	1.80	1.81	1
Water-Abs, Water-LfL	Water consumption (mains supply)	m^3	Total landlord-obtained water	39,143	14,052	35,294	2,654	-92
Water-Int	Building water intensity	m^3/m^2/year	Building water intensity	0.61	0.13	0.25	0.02	-92

Sustainability report 2023 continued

EPRA sBPR continued

3. Social and governance performance measures

Health and safety

The health and safety assessment of the assets conducted by our managing agents on an annual basis covers:

- general hazards and risk assessment;
- fire safety;
- water hygiene;
- progress on existing hazards identified; and
- any specific risks related to a particular site.

Community engagement

By meeting health and safety requirements, conducting impact assessments and undertaking wider consultations required as part of the planning approval process for new developments, we ensure that key decisions relating to the portfolio consider our impact on local communities. As there were no new developments for the year ended 31 March 2023, the performance measure Comty-Eng is not applicable. For more information refer to the stakeholder engagement section on page 14.

Governance

Governance performance measures relate to the Board. On page 73 we outline the full background information including the Board profile, the nomination procedures and the process for managing potential conflicts of interest.

EPRA code	Performance metric	Unit of measure	FY2023
H&S-Asset	Asset health and safety assessment	%	100%
H&S-Comp		%	100%
Comty-Eng	Community engagement, impact assessments and development programmes	%	N/A
Gov-Board	Composition of the highest governance body	Number of non-executive Board members	6
		Number of independent non-executive Board members	4
		Average tenure on the governance body (years)	5
		Number of independent/non-executive Board members with competencies relating to environmental and social topics	2
Gov-Select	Nominating and selecting the highest governance body	Please see the Nomination Committee report on pages 83	
Gov-Col	Process for managing conflicts of interest	Please see the corporate governance statement on page 79	

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