

Rexford Industrial Green Bond Framework



August 2021

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1. Overview

Rexford Industrial Realty, Inc. is a self-administered and self-managed full-service REIT focused on owning and operating industrial properties in Southern California infill markets. We were formed as a Maryland corporation on January 18, 2013, and Rexford Industrial Realty, L.P. (the “Operating Partnership”), of which we are the sole general partner, was formed as a Maryland limited partnership on January 18, 2013. Through our controlling interest in our Operating Partnership and its subsidiaries, we acquire, own, improve, develop, lease and manage industrial real estate principally located in Southern California infill markets, and, from time to time, acquire or provide mortgage debt secured by industrial property. We are organized and conduct our operations to qualify as a REIT under the Internal Revenue Code of 1986 (the “Code”), as amended, and generally are not subject to federal taxes on our income to the extent we distribute our income to our shareholders and maintain our qualification as a REIT.

As of June 30, 2021, our consolidated portfolio consisted of 266 properties with approximately 33.0 million rentable square feet. In addition, we currently manage an additional 20 properties with approximately 1.0 million rentable square feet.

Rexford is committed to creating value for our customers, shareholders, employees and our broader communities, and our work generates significant economic, environmental and social benefits. We recycle and improve existing buildings, which optimizes environmental impact, contributes toward urban renewal, business growth and the creation of essential, sustainable jobs.

2. Rexford’s Commitment to Sustainability

Rexford is dedicated to delivering sustainable asset solutions. As a fiduciary investment manager, Rexford has both the responsibility and opportunity to contribute to the sustainability of the environment, the well-being of people and to positively influence our operating partners, occupiers, supply chain and industry. Our interconnected strategic priorities for long-term success – Value Add Property Repositioning, Recycling, and Renovation, Community Welfare, and a Culture of Mutual Respect and Excellence – integrate ESG factors into every decision we make.

VALUE-ADD PROPERTY REPOSITIONING, RECYCLING AND RENOVATION

Our property-level work and recycling of industrial buildings drive dramatic environmental, social and community benefits, in part driven by the substantial reductions in carbon footprint achieved through our value-creation strategies.

Our target infill Southern California industrial property market represents the nation’s largest first- and last-mile center for product distribution serving the largest regional population and consumption zone in the United States.

Rexford’s value-add programs range from repositioning and transformation of vintage industrial property to lighter renovation and modernization, in each case, to deliver products positioned to out-compete due to superior functionality and reduced carbon impact.

Our pallet of value creation is vast, with more than 1 billion square feet of industrial space within the 1.8 billion square foot infill Southern California market constructed prior to 1980. By repositioning, recycling and renovating these properties, we transform legacy, inefficient energy systems – from lighting, HVAC (heating, ventilation, and air conditioning) and roofs to water management and landscaping systems – to meet or exceed California energy efficiency regulations, which represent some of the most stringent

environmental regulations in the nation. These improvements provide tenants with the functionality they need and the safe working conditions they and their communities deserve.

Further, by increasing the capacity and efficiency of our properties located in infill locations in close proximity to our tenants' end-customers and to the nation's largest port complex, we minimize the distance goods have to travel for distribution. Our approach delivers substantial value to our customer-tenants while reducing the negative environmental and social impacts from truck usage and highway congestion.

UNDERSTANDING THE VALUE WE CREATE

Rexford is all about creating value. We thought it may prove instructive to value our environmental and social impacts in a manner similar to how we track our financial performance. After all, these efforts are connected – our value-creation at the property level drives compelling environmental and social benefits – both of which we seek to maximize over time. Quantifying our social and environmental impacts enables benchmarking and a path forward towards continual improvement. Consequently, through an extensive cost-benefit economic analysis, we have quantified the value of the direct and indirect benefits to society and to the environment by calculating the net-present-value (“NPV”) social and environmental contribution resulting from our value-add industrial property focus within infill Southern California.



**Environmental
and Social**
contribution from our business strategy
yield an NPV of approximately
\$2.1 billion
and will grow over time as we continue
to execute on our value-add strategy.

REDUCING EMISSIONS THROUGH OUR STRATEGIC INFILL SOUTHERN CALIFORNIA FOCUS

Our concentration solely in the Southern California infill market uniquely positions Rexford to support our tenants in minimizing greenhouse gas emissions. Our strategic proximity to customers, ports and air freight terminals as well as energy efficiency improvements in high performance warehouses reduces trucking miles by nearly 53 million miles annually – which in turn reduces local carbon emissions and air pollution.

REDUCING OPERATIONAL CARBON + EMBODIED CARBON

Our core business model of repositioning existing properties mitigates climate change on two fronts. We not only reduce property operational energy and water use – we do so in a way that yields lower embodied carbon as compared to new construction. Embodied carbon is the sum of all carbon emissions produced during material sourcing, material production and building construction. Any new material, even if it contains recycled content, represents increased embodied carbon. Embodied carbon contributes a significant portion of the global building sector's total emissions. In 2019, the World Green Building Council issued a call to decrease embodied carbon worldwide by at least 40% by 2030. At Rexford, doing our part is how we do business.

BUILDING GREEN

We are committed to climate-smart energy and water use, and, as a property owner, we are laser-focused on creating high efficiency solutions for our tenants. As such, we install efficient heating and cooling units, LED lighting and cool roofs to conserve energy and water. We implement water management measures to reduce usage including stormwater management systems, the installation of landscapes designed with drip irrigation and California-native plants that require very little water. Title 24 governs energy efficiency

in our buildings. We have committed to pursuing LEED® Certification for 100% of our redevelopment projects to provide our tenants with the assurance of energy efficiency, reduced carbon emissions and healthier spaces for their teams.

ON-SITE RENEWABLE ENERGY

In 2020, we laid the foundation for a renewable energy initiative: leasing rooftops on our properties for solar panel installation. At this time, the energy will go into the grid. We are assessing how we can use on-site solar to reduce carbon emissions associated with our buildings and will continue to evaluate more properties to further unlock the value of our rooftops for renewable energy. We expect completion of solar installations in 2022 to generate 9.3 megawatts of power – enough to power 2,3000 California homes.



WATER-SAVING MEASURES



EFFICIENT HEATING AND COOLING UNITS



LED LIGHTING



DROUGHT-RESISTANT LANDSCAPING

TENANT ENGAGEMENT IN ENERGY MANAGEMENT

We not only respond quickly to tenant needs – we proactively assist our tenants’ energy saving efforts by:

- Choosing energy and water-efficient designs and equipment for our properties including LED lighting and motion activated systems.
- Engaging a third-party consultant to benchmark energy use across our existing portfolio using Energy Star Portfolio Manager that helps our tenants strategically trim their energy consumption and operating expenses in the future.
- Leveraging our status as a Green Lease Leader by developing mutually beneficial lease arrangements that incorporate strategies to maximize rooftop solar potential and other sustainable features.

In 2020, we earned Green Lease Leader status for the second year in a row. The Green Lease Leaders program shines a spotlight on innovative landlord and tenant companies that add energy efficiency and sustainability clauses to their leases.

EXPLORING THE PATH TO NET-ZERO EMISSIONS

Achieving net-zero greenhouse gas (GHG) emissions means that a company has first taken appropriate steps to significantly reduce the emissions it generates and has matched any remaining emissions with high-quality carbon offsets. Rexford is engaged in a technical and economic feasibility analysis to establish a path forward that maximizes our ability to reduce carbon emissions. We will keep our stakeholders updated as we map our path forward.

ENVIRONMENTAL IMPACT MANAGEMENT

For Rexford, mitigating negative impacts created in the past is part of how we benefit our community and environment today. We tackle environmental contamination issues, understanding potential costs with a clear path towards satisfaction of governing agency requirements, which in turn, creates healthier, more productive environments for workers and the community. We approach remediation and mitigation methodically, proactively creating site-specific remediation plans as a condition of our investment which results in essential value creation, improved health and welfare, for tenants and the broader community.

COMMUNITY WELFARE

Our business drives holistic, positive change in the regions and communities that we invest and operate within. By repositioning and renovating industrial property, we convert often under-utilized, blighted or unsafe urban infill properties into modern, highly functional industrial buildings. These investments transform communities by enabling thriving businesses to drive quality job creation, skills training and higher wages as well as improving overall neighborhood safety, health and community welfare.

CULTURE OF RESPECT AND EXCELLENCE

Mutual respect is the foundation of our culture that enables us to benefit from the diverse backgrounds and perspectives brought forth by our people. Our highly-focused business strategy cultivates a deep level of collaboration where diversity and inclusion make us great. We drive learning and advancement, promoting an entrepreneurial sense of shared ownership in Rexford's success.

3. Rationale for Issuance

Through the issuance of our Green Bonds, we aim to finance a low-carbon and sustainable future through expenditures that contribute to the sustainability of the environment, the well-being of people and positively influence our operating partners, occupiers, supply chain and industry.

4. Alignment with the Green Bond Principles

The Green Bond Principles, 2021 ("GBP"), as administered by the International Capital Market Association ("ICMA"), are voluntary process guidelines for best practices when issuing Green Bonds. The GBP recommend transparency, disclosure and promote integrity in the Green Bond Market.

The Rexford Green Bond Framework is aligned with the four core components of the GBP.

- (i) Use of Proceeds
- (ii) Process for Project Evaluation and Selection
- (iii) Management of Proceeds
- (iv) Reporting

4.1 Eligible Projects

We intend to allocate an amount equal to the net proceeds from the sale of any Green Bond issuances to finance or refinance, in whole or in part, one or more new or existing Eligible Projects. "Eligible Projects" include expenditures made by us or any of our subsidiaries beginning with the issuance date of any Green Bonds, or in the 24 months prior to any such issuance.

“Eligibility Criteria” are outlined below:

GBP Category	Eligible Projects and Examples	SDG Alignment
Green Buildings	Expenditures related to real estate projects that have received or are expected to receive third-party sustainable certifications or verification, such as Energy Star 75+, LEED ¹ Certified or higher, Net Zero certifications, or equivalent certification. Expenditures may include design, development, construction, materials, equipment and certification costs.	SDG 11
Energy Efficiency	Expenditures related to design, construction, operation, and maintenance of energy-efficient (30% more efficient) including efficient LED lighting, HVAC, cool roofing, water conservation systems and energy management systems.	SDG 13
Renewable Energy	Expenditures related to investments including on-site or off-site renewable energy investments such as wind, solar and battery storage systems.	SDG 7 SDG 13

The examples of projects noted above are for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by Rexford or any of its subsidiaries or affiliates. We will not knowingly allocate proceeds from the issuance of our Green Bonds to greenhouse gas intensive projects inconsistent with the delivery of a low carbon economy or activities involving the exploitation of human rights. We will allocate projects as soon as practicable.

4.2 Process of Project Evaluation and Selection

We regularly analyze the environmental and social impacts of our businesses and assess how we can mitigate impacts on communities in which we operate. Selected members of Finance, Accounting, Property Management, Development and Construction, Acquisitions, Leasing, Investor Relations and the Sustainability Department will review and select projects that align with our Green Bond framework. Final allocation will be reviewed and approved by the CFO.

4.3 Management of Proceeds

The Sustainability, Accounting and Finance department will track actual amounts of net proceeds from the sale of any Green Bonds spent on Eligible Expenditures. Pending the allocation of the net proceeds of a Green Bond to Eligible Green Projects, all or a portion of the net proceeds may be used for the payment of outstanding indebtedness or other capital management activities. Any payment of principal and interest on any Green Bonds will be made from our general corporate account and will not be linked to the performance of any Eligible Project.

¹ <https://www.usgbc.org/help/what-leed>

4.4 Reporting

4.4.1 Allocation Reporting

Annually, until all the proceeds have been fully allocated, and on a timely basis in case of material developments, we will publish a Green Bond Report, on our investor reporting website <https://www.rexfordindustrial.com/esg>. The report will include (i) the amount of net proceeds allocated to each Eligible Green Project either individually or by category, subject to confidentiality considerations; (ii) expected impact metrics, where feasible; (iii) a selection of brief project descriptions; and (iv) the outstanding amount of net proceeds to be allocated to Eligible Green Projects at the end of the reporting period.

4.4.2 Impact Reporting

Examples of expected impact metrics may include, where feasible:

Project Category	KPI
Green Buildings	<ul style="list-style-type: none"> Green building certifications
Energy Efficiency	<ul style="list-style-type: none"> Energy savings (MWh) Emissions (including metric tons of CO2e) reduced
Renewable Energy	<ul style="list-style-type: none"> Renewable energy capacity sourced and developed (MW)

5. External Review

We expect that our Green Bond Report will be accompanied by (i) assertions by management that an amount equal to the net proceeds of an offering of bonds was allocated to Eligible Projects, and (ii) an attestation report from an independent accountant in respect of the independent accountant’s examination of management’s assertion conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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