
**LONDONMETRIC PROPERTY PLC
DIRECTORS' REMUNERATION POLICY**

ADOPTED AT GENERAL MEETING ON 18 DECEMBER 2023

Directors' Remuneration Policy

The current policy was approved by shareholders at the 2020 AGM, and the Committee was pleased that the vast majority of shareholders (95.4%) voted in favour of it. Last year, the Committee undertook a full review of the current remuneration policy which has applied without any material changes since our formation following the merger of London & Stamford Property and Metric Property Investments in 2013. This revised policy was set out in the FY23 Annual Report.

However, as announced on 11 July 2023, the proposal to adopt the revised policy, under resolution 3 of the Notice of AGM was withdrawn from the Company's AGM in July 2023, as a result of changing market conditions over the period since the shareholder consultation exercise and reservations of key shareholders and proxy voting agencies to some of the proposals. In line with the commitment made at that time, the Committee has consulted with a significant number of key shareholders and shareholding bodies in relation to the updated Policy that no longer seeks an enhanced remuneration package, such that it retains the current maximum incentive opportunity levels for annual bonus and LTIP respectively. The Policy also includes some more stringent best practice features which were originally proposed at the 2023 AGM. The feedback received from shareholders was positive such that the Committee is now seeking approval for the new Policy at a General Meeting of the Company on 18 December 2023.

This section outlines the new proposed 2023 Policy which, subject to shareholder approval, will take effect from 18 December 2023 following the General Meeting and will operate until the 2026 AGM when it is expected that policy approval will revert to the normal timeframe.

The Policy has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended and the provisions of the current Corporate Governance Code and the Listing Rules.

The Board delegated its responsibility to the Remuneration Committee to establish the Policy on the remuneration of the Executive Directors and the Chair. The Board has established the Policy on the remuneration of the other Non Executive Directors.

The Committee sets the Policy for Executive Directors and other senior executives, taking into account the Company's strategic objectives over both the short and the long term and the external market.

The Committee oversees the operation of employee pay practices, ensuring that incentives for employees support the culture and values of the Company.

In order to manage conflicts of interest, no Director or employee participates in discussions pertaining to their own remuneration. The Committee reviews the performance of its external advisers on an annual basis to ensure that the advice provided is independent of any support provided to management.

Overview of our Policy

The Group's Remuneration Policy is designed to align executive pay and incentives with the Company's goals and encourage and reward exceptional overall and individual performance. As well as motivating, remuneration plays a key role in retaining highly regarded individuals and needs to be competitive.

The principles which underpin the Remuneration Policy ensure that Executive Directors' remuneration:

- Is aligned to the business strategy and achievement of business goals;
- Is aligned with the interests of shareholders by encouraging high levels of share ownership;
- Attracts, motivates and retains high calibre individuals;
- Is competitive in relation to other comparable real estate companies;
- Is set in the context of pay and employment conditions of other employees; and
- Rewards superior performance through the variable elements of remuneration that are linked to performance.

2023 Policy

Details of the proposed policy changes and the associated rationale are set out in the table below.

Element	Summary of existing Policy	Proposed Changes
Base Salary	<ul style="list-style-type: none"> • An Executive Director's basic salary is set on appointment and reviewed annually with changes normally taking effect from 1 June or when there is a change in position or responsibility. • In general, salary increases for Executive Directors will be in line with the increase for employees. • When determining an appropriate level of salary, the Committee considers: <ul style="list-style-type: none"> o Pay increases to other employees; o Remuneration practices within comparable property companies; o Any change in scope, role and responsibilities; o The general performance of the Company and each individual; o The experience of the relevant Director; and o The economic environment. 	<ul style="list-style-type: none"> • No change <p>Implementation of Policy</p> <ul style="list-style-type: none"> • In accordance with Policy terms, to recognise the key business risk in relation to retaining an exceptional management team, increases to salary levels could be above those provided to the wider workforce. This approach would only be used where the Committee felt that it was warranted by sustained Company performance and that the incumbent's experience, role and responsibilities were not adequately represented by their remuneration package or that their pay was not positioned appropriately against peers.
Shareholding requirement	<ul style="list-style-type: none"> • A minimum shareholding requirement is in place for Executive Directors to build and maintain a value of shares over a five-year period equal to 700% of base salary for existing Executive Directors and 400% for newly appointed Executive Directors, with a condition that 50% of vested incentive shares (post-tax) will be retained until the requirement has been met. • A post-cessation shareholding requirement of 200% of salary is applicable for two years post-cessation. 	<ul style="list-style-type: none"> • No material changes • In line with standard practice, clarify that the post cessation requirement may be lower than 200% of salary if an Executive Director's actual holding is lower than 200% of salary on cessation.
Pension	<ul style="list-style-type: none"> • The maximum contribution for current Executive Directors is 15% of salary, reducing to 12.5% of salary in June 2021 and 10% of salary in June 2022. New Executive Directors will have a pension contribution in line with other employees. 	<ul style="list-style-type: none"> • No material change to Policy such that the Executive Director pension contribution rate will continue to be aligned with the wider workforce rate (currently 10% of salary).
Benefits	<ul style="list-style-type: none"> • Each Executive Director receives the following: <ul style="list-style-type: none"> o Maximum £20,000 car allowance o Private medical insurance o Life insurance o Permanent health insurance • Additional benefits which are available to other employees on broadly similar terms may therefore be offered. 	<ul style="list-style-type: none"> • No material changes • Update wording as follows to provide the Committee with flexibility in line with standard market practice: "The Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensures it is able to support the objective of attracting and retaining personnel. Accordingly, the Committee would expect to be able to adopt benefits such as relocation expenses, tax equalisation and support in meeting specific costs incurred by Executive Directors to ensure the Company and the individuals comply with their obligations in the reporting of remuneration."

Element	Summary of existing Policy	Proposed Changes
Annual Bonus	<ul style="list-style-type: none"> • The annual bonus has a maximum opportunity of 165% and 140% of base salary for the CEO and other Executive Directors respectively. • Half of the award is payable for on-target performance and 25% for threshold. • Executive Directors who have met their minimum shareholding requirement have the option to receive the annual bonus paid in cash. For those who are yet to meet the minimum shareholding requirement, up to 100%, and at least 50%, of the annual bonus will be paid in deferred shares vesting over three years. • At least half of the bonus will be linked to the key property and financial metrics. Non financial targets are set to measure individual strategic performance and contribution to the achievement of portfolio management initiatives and other operational management objectives. • Malus and clawback provisions apply. 	<ul style="list-style-type: none"> • No change to the maximum annual bonus opportunity over the next 3 years • We believe that LondonMetric continues to be in a relatively unique position given the material shareholdings of our current Executive Directors (over 1400% of salary) and therefore a bonus deferral will only apply if the levels of shareholding of our Executive Directors falls below 700% of salary. • For any newly appointed Executive Directors who have not met the shareholding requirement (which is set significantly above typical market levels at 400% of salary), a minimum level of bonus deferral will be required (at least 50%) in order to generate further alignment with shareholders. • The Committee is comfortable with this approach given the scope of malus and clawback was made more robust in the existing policy and extended in 2020 to include corporate failure providing it with the remit to operate effectively as and when required. • Introduce the following wording in line with standard practice: "The Committee may amend the measures used each year in line with the Group's general business strategy as well as vary weightings from year to year. In exceptional circumstances where the Committee believes the original measures and/or targets are no longer appropriate, the Committee has discretion to amend performance measures and targets during the year as long as these are considered equally stretching as the original measures and/or targets." • To reassure shareholders, the following wording in relation to the nature of bonus metrics will be added "At least 60% of the bonus will be linked to key property and financial metrics and a further 15% (as a minimum) will be subject to other quantifiable metrics, so that at least 75% of the bonus metrics will be quantifiable. Non financial targets will be set to measure strategic and ESG performance and contribution to the achievement of portfolio management initiatives and other operational management objectives." <p>Implementation of Policy</p> <ul style="list-style-type: none"> • For FY24, the measures and weighting are: <ul style="list-style-type: none"> o 30% EPRA EPS o 30% Total Property Return ("TPR") o 30% Strategic objectives o 10% ESG objectives • The TPR threshold and maximum performance levels have been set at median and upper quartile performance respectively which better aligns with the TAR and TSR relative vesting scales in the LTIP.
LTIP	<ul style="list-style-type: none"> • The LTIP has a maximum opportunity of 200% and 165% of base salary for the CEO and other Executive Directors respectively. • Awards will vest over a three year period subject to continued employment and the satisfaction of performance conditions with an additional two year holding period. • The Committee may change the balance of the measures, or use different measures for subsequent awards as appropriate. • 25% of the award will vest for threshold performance and 100% of the award will vest for maximum performance. • Malus and clawback provisions apply. 	<ul style="list-style-type: none"> • No change to the maximum LTIP opportunity over the Policy period, which demonstrates appropriate restraint. The Committee notes that the FY24 LTIP awards were granted below the existing maximum opportunity (190% and 150% of salary) which also demonstrated sensible implementation of Policy. • The Committee notes that the LTIP maximum award level in the plan rules was increased to 225% of salary at the 2023 AGM, but in line with above this would not be utilised during the life of the proposed policy. • Introduce the following wording in line with standard practice: "The performance measures for the LTIP are set by the Committee and are based on a combination of measures, with at least 50% financial in nature." <p>Implementation of Policy</p> <ul style="list-style-type: none"> • For FY24, the measures and weighting are: <ul style="list-style-type: none"> o 37.5% TSR versus FTSE 350 Real Estate Super Sector Index (excluding agencies and operators) o 37.5% on relative Total Accounting Return ("TAR") against the same peer group as TSR o 25% on EPRA EPS growth • For FY24 and future awards, the Committee will remove the requirement for TSR to be positive in the relative TSR element. The Committee will retain the discretion, at vesting, to determine whether the absolute level of TSR return has been acceptable, and to adjust for this if appropriate, rather than being limited by a formulaic measure. This change is made as the underpin creates the possibility for perverse outcomes whereby management is not appropriately rewarded for delivering strong relative performance due to negative absolute returns (which may be outside management's control and is particularly relevant in the current uncertain and volatile market). The current approach is also misaligned with standard market practice.

Element	Summary of existing Policy	Proposed Changes
NED fees	<ul style="list-style-type: none"> Non Executive Directors are paid an annual fee and additional fees for the Chair of Committees and for the Senior Independent Director. The Company retains the flexibility to pay fees for the membership of Committees. The Chair does not receive any additional fees for membership of Committees. The fees for Non Executive Directors and the Chair are broadly set at a competitive level against the comparator group. 	<ul style="list-style-type: none"> No material changes Introduce the following wording in line with standard practice: "Fees for a Chair / membership of a new Committee will be in line with the Policy." and "The Board is responsible for setting the remuneration of the Non Executive Directors (specifically the Chair and the Executive Directors). The Remuneration Committee is responsible for setting the Main Board Chair's fees."

In addition to the changes highlighted in this table, the Committee has proposed some amendments to the current policy which include some best practice features and wording to ensure there is an appropriate level of flexibility. These are set out in the policy table that follows.

Executive Directors' Remuneration Policy Table

The policy table below sets out the key elements of the remuneration package for Executive Directors.

Base salary

Purpose and link to strategy	<p>Provide a competitive level of fixed pay to attract and retain Executive Directors of the required calibre to deliver the Group's strategy.</p> <p>Level of pay reflects individuals' skills, seniority and experience and complexity of the role.</p>
Operation	<p>An Executive Director's basic salary is set on appointment and reviewed annually with changes normally taking effect from 1 June or when there is a change in position or responsibility.</p> <p>When determining an appropriate level of salary, the Committee considers:</p> <ul style="list-style-type: none"> Pay increases to other employees Remuneration practices within comparable real estate companies Any change in scope, role and responsibilities The general performance of the Company and each individual The experience of the relevant Director The economic environment <p>Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rise for employees until the target positioning is achieved.</p>
Maximum opportunity	<p>The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to the Group and validated against other real estate companies, so that they are competitive against the market.</p> <p>The Committee intends to review the comparator group each year and will add or remove companies as it considers appropriate.</p> <p>In general, salary increases for Executive Directors will be in line with the increase for employees. However, larger increases may be offered if there is a material change in the scope and responsibilities of the role, including significant changes in Group size and/or complexity or if it is necessary to remain competitive to retain a Director.</p> <p>The Company will set out in the section headed Implementation of Remuneration Policy of the Annual Report on Remuneration, in the following financial year, the salaries for that year for each of the Executive Directors.</p>
Performance measures	<p>The Directors are subject to an annual performance assessment, the outcome of which is taken account of in setting base salaries.</p>
Changes to previous policy	<p>No changes.</p>

Pension

Purpose and link to strategy	Provide a competitive post-retirement benefit to attract and retain individuals.
Operation	The Company provides a pension contribution allowance in line with practice relative to its comparators to enable the Company to recruit and retain Executive Directors with the experience and expertise to deliver the Group's strategy. This allowance will be a non-consolidated allowance and will not impact any incentive calculations.
Maximum opportunity	The maximum pension contribution rate is 10% of salary for Executive Directors, aligned to the wider workforce. Where there is any increase to the pension contribution rate received by the wider workforce, the Executive Directors will be entitled to receive the same contribution level at the discretion of the Remuneration Committee which, for the avoidance of doubt, could be more than 10% of salary. No element other than base salary is pensionable.
Performance measures	None.
Changes to previous policy	No material change to Policy such that the Executive Director pension contribution rate will continue to be aligned with the wider workforce rate (currently 10% of salary).

Benefits

Purpose and link to strategy	Provide a comprehensive and competitive benefit package to aid recruitment and the retention of high quality Executive Directors.
Operation	Each Executive Director receives the following: <ul style="list-style-type: none"> • Car allowance • Private medical insurance • Life insurance • Permanent health insurance The Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensures it is able to support the objective of attracting and retaining personnel. Accordingly, the Committee would expect to be able to adopt benefits such as relocation expenses, tax equalisation and support in meeting specific costs incurred by Executive Directors to ensure the Company and the individuals comply with their obligations in the reporting of remuneration. Additional benefits which are available to other employees on broadly similar terms may be offered.
Maximum opportunity	Car allowance is £20,000 per annum for each Executive Director. Other benefits are provided at the market rate and therefore the cost will vary from year to year based on the cost from third party providers.
Performance measures	None.
Changes to previous policy	Non-material changes provide the Committee with flexibility in line with standard market practice.

Annual bonus

Purpose and link to strategy	Incentivise the achievement of annual financial targets consistent with the Group's business plan for the relevant financial year as well as the delivery of non financial targets.
Operation	Annual performance measures, targets and their weightings are set by the Committee at the start of the financial year, linked to the Group's long term strategy. Executive Directors who have met their minimum shareholding requirement have the option to receive the annual bonus paid in cash. For those who are yet to meet the minimum shareholding requirement, up to 100%, and at least 50%, of the annual bonus will be paid in deferred shares vesting over three years. Dividend equivalents will be payable on deferred shares. The annual bonus contains malus and clawback provisions.
Maximum opportunity	The maximum bonus for the Chief Executive is 165% of salary and 140% of salary for other Executive Directors. Target bonus is 82.5% of salary for the CEO and 70% of salary for the other Executive Directors, representing 50% of the maximum opportunity. The threshold for the bonus is 25% of the maximum opportunity.

Performance measures	<p>Performance is assessed against target financial and non financial measures depending on the annual priorities of the business. The Committee may amend the measures used each year in line with the Group’s general business strategy as well as vary weightings from year to year.</p> <p>At least 60% of the bonus will be linked to key property and financial metrics and a further 15% (as a minimum) will be subject to other quantifiable metrics, so that at least 75% of the bonus metrics will be quantifiable. Non financial targets will be set to measure strategic and ESG performance and contribution to the achievement of portfolio management initiatives and other operational management objectives.</p> <p>The Committee will set challenging annual targets that are appropriately stretching, but achievable. The Committee is of the opinion that due to the commercial sensitivity of annual targets, they will be disclosed retrospectively.</p> <p>In exceptional circumstances where the Committee believes the original measures and/or targets are no longer appropriate, the Committee has discretion to amend performance measures and targets during the year as long as these are considered equally stretching as the original measures and/or targets.</p> <p>The Committee retains discretion to make downward or upward adjustments to the amount of bonus payable resulting from the application of the performance measures if it believes that the outcomes are not a fair and accurate reflection of business performance.</p>
Changes to previous policy	See Policy change table on pages 8 to 10.
Long term incentives	
Purpose and link to strategy	Incentivise and reward the delivery of long term Group performance and sustained growth in line with business strategy, thereby building a shareholding in the Group and aligning Executive Directors’ interests with shareholders.
Operation	<p>The LTIP rules were approved by the shareholders at the 2023 AGM and have been updated to reflect corporate governance best practice.</p> <p>Awards are granted annually to Executive Directors in the form of a conditional share award or nil cost option.</p> <p>Details of the performance conditions for grants made in the year will typically be set out in the Annual Report on Remuneration on a prospective basis. If the Committee decides that any metric is commercially sensitive for future grants, details will be disclosed retrospectively in the Annual Report on Remuneration.</p> <p>Awards will normally vest at the end of a three year period subject to:</p> <ul style="list-style-type: none"> • The Executive Director’s continued employment at the date of vesting • Satisfaction of the performance conditions <p>Vested awards will be subject to a further two year holding period during which Executive Directors cannot dispose of shares other than for tax purposes.</p> <p>The Committee may award dividend equivalents on awards that vest. The LTIP contains malus and clawback provisions.</p>
Maximum opportunity	<p>Annual awards with a maximum value of up to 200% of salary for the Chief Executive and 165% of salary for other Executive Directors.</p> <p>25% of the award will vest for threshold performance. 100% of the award will vest for maximum performance. There is straight line vesting between these points.</p>
Performance measures	<p>The performance measures for the LTIP are set by the Committee and are based on a combination of metrics, with at least 50% being financial in nature. The performance period is three years.</p> <p>The Committee may change the balance of the measures or use different measures for awards as appropriate.</p> <p>No material change will be made to the type of performance conditions without prior shareholder consultation.</p> <p>In exceptional circumstances the Committee retains the discretion to:</p> <ul style="list-style-type: none"> • Vary, substitute or waive the performance conditions applying to LTIP Awards if it considers it appropriate and the new performance conditions are deemed reasonable and are not materially less difficult to satisfy than the original conditions • Make downward or upward adjustments to the amount vesting under the LTIP award resulting from the application of the performance measures if it believes that the outcomes are not a fair and accurate reflection of business performance
Changes to previous policy	See Policy change table on pages 8 to 10.

Performance measures and targets

The table below sets out the performance measures chosen in respect of the annual bonus and LTIP in respect of the financial year ending 31 March 2024.

Annual Bonus

Performance measures and weightings	<ul style="list-style-type: none"> • 30% Growth in EPRA EPS • 30% growth in Total Property Return (“TPR”) • 30% Strategic objectives • 10% ESG objectives
Performance targets	<p>The relative TPR measurement will be based on a conventional performance schedule with threshold and maximum performance levels at median and upper quartile of the MSCI index. Equal weighting will be given to one and three year performance against the all property benchmark and to one and three year performance against the reweighted property benchmark.</p> <p>The Board deems all other annual bonus targets to be commercially sensitive.</p> <p>Full details of the FY24 targets and their achievement will be disclosed retrospectively in the FY24 Directors’ Remuneration Report.</p>
Why measures were chosen	<p>Incentivise the achievement of annual financial targets consistent with the Group’s business plan with particular focus on TPR and EPRA EPS.</p> <p>The introduction of the strategic objectives in the annual bonus replaces the current personal objectives. This will directly measure management’s performance against the strategic imperatives set annually by the Board. For the avoidance of doubt, many of these strategic objectives will be financial in nature such that at least 75% of the annual bonus will be subject to quantifiable metrics.</p> <p>Linking the Executive Directors’ annual bonus to ESG objectives is reflective of broader investor views and ensures the Executive Directors are incentivised to deliver the Company’s ESG strategy.</p>
How targets are set	<p>The performance targets are calibrated by the Committee considering the Company’s business plan, strategic and operational objectives and market conditions.</p> <p>Setting the TPR threshold and maximum performance levels at median and upper quartile respectively aligns with the TAR and TSR relative vesting scales in the LTIP.</p> <p>The Committee will aim to set quantifiable targets where possible against ESG measures but recognises the challenge as an investment company, rather than a pure operator, of capturing quality carbon and related data.</p>

LTIP

Performance measures and weightings	<ul style="list-style-type: none"> • 37.5% Total Shareholder Return (“TSR”) versus FTSE 350 Real Estate Super Sector Index (excluding agencies and operators) • 37.5% on relative Total Accounting Return (“TAR”) against the same peer group as TSR • 25% on EPRA EPS growth
Performance targets	<p>The relative TSR and TAR target at threshold level is performance equal to the Index and maximum performance is equal to the upper quartile, with straight line vesting in between.</p> <p>For FY24 and future awards, the Committee will remove the requirement for TSR to be positive in the relative TSR element. The Committee will retain the discretion, at vesting, to determine whether the absolute level of TSR return has been acceptable, and to adjust for this if appropriate, rather than being limited by a formulaic measure.</p> <p>In relation to EPS, vesting will be based on the EPS achieved in the year ending 31 March 2026. Threshold vesting will be achieved for EPS growth equal to CPIH and maximum vesting for EPS growth of CPIH + 4.5%. CPIH will be capped at 4.5%. Straight-line vesting in between threshold and maximum performance.</p>
Why measures were chosen	<p>The relative TSR and TAR measures have been selected to reward senior executives for the generation of strong and sustainable long-term growth and the delivery of long term sustainable value for the benefit of shareholders.</p> <p>EPS has been selected as it remains the Company’s primary measure of profitability.</p> <p>Each measure is consistent with the objective to generate reliable, repetitive and growing income-led total returns.</p>
How targets are set	<p>The relative TSR and TAR targets have been set, in line with standard practice, such that threshold vesting is achieved for performance in line with an appropriate index, with full vesting for upper quartile.</p> <p>The current formulaic positive TSR underpin has been updated as it creates the possibility for perverse outcomes in which management is not appropriately rewarded for delivering strong relative performance due to negative absolute returns (which may be outside management’s control and is particularly</p>

relevant in the current uncertain and volatile market). The current approach is also misaligned with standard market practice.

The Group's three year financial forecast was taken into account when setting the EPS targets along with consideration of strategic goals and priorities, proposed investment and development plans, gearing levels, previous years' results and the Company's portfolio lease structure. The CPIH cap is consistent with the approach taken for in-flight LTIP awards.

Shareholding guidelines

Minimum shareholding requirement

In line with the Group's remuneration principles, the Remuneration Policy places significant importance on aligning the long term interests of shareholders with those of management by encouraging the Executive Directors to build up over a five year period and then subsequently hold a shareholding equivalent to a percentage of base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements.

In addition, Executive Directors will be required to retain at least 50% of the post tax amount of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained. The following table sets out the minimum shareholding requirements.

Role	Shareholding requirement (% of salary)
Chief Executive	700%
Other Executive Directors	700%
Newly appointed Executive Directors	400%

The Committee has set the requirement at 400% of salary for the Policy period for newly appointed Executive Directors to reflect the practical level that could be achieved if all incentives were earned over the Policy period and paid in shares.

Post cessation shareholding requirement

There is a post cessation shareholding requirement for the Executive Directors, who must retain shares equivalent in value to the minimum of 200% of salary and their actual shareholding on cessation for two years post cessation of employment.

This requirement provides further long term alignment with shareholders and ensures a focus on successful succession planning.

Difference in policy for directors and for other employees

The table illustrates the cascade of pay structures throughout the business for the Chief Executive, Finance Director and the Senior Leadership Team for the year to 31 March 2023. The Committee believes this demonstrates a fair and transparent progression of remuneration throughout the Company which is in line with one of its core pay principles that variable performance based pay increases with seniority.

Element of pay	Participation/ FY23 Annual Bonus Entitlement		
	Chief Executive	Finance Director	Senior Leadership Team
LTIP award	190% of salary	150% of salary	40% to 150% of salary
Annual bonus	130% of salary	107% of salary	56% to 107% of salary
Pension	10% to 12.5% of salary	10% to 12.5% of salary	10% to 12.5% of salary

The following differences exist between the Company's Policy for the remuneration of Executive Directors as set out in the Policy table above and its approach to the payment of employees generally:

- All employees are eligible for a performance based annual bonus. A lower level of maximum annual bonus opportunity applies to employees when compared to the Executive Directors.
- Executive Directors participate in the LTIP. Currently 20 other employees are invited to participate in the LTIP at the Remuneration Committee's discretion.

In general, these differences arise from the development of remuneration arrangements that are market competitive for the various levels of seniority.

Non Executive Directors' Remuneration Policy Table

Fees and benefits

Purpose and link to strategy	To attract and retain suitably qualified Non Executive Directors by ensuring fees are competitive. Non Executive Directors are not eligible to receive benefits other than travel, hospitality related or other incidental benefits linked to the performance of their duties as a Director.
Operation	<p>The Board is responsible for setting the remuneration of the Non Executive Directors (specifically the Chair and the Executive Directors). The Remuneration Committee is responsible for setting the Main Board Chair's fees.</p> <p>Non Executive Directors are paid an annual fee and additional fees for the Chair of Committees and for the Senior Independent Director. The Company retains the flexibility to pay fees for the membership of Committees. The Chair does not receive any additional fees for membership of Committees.</p> <p>Fees for a Chair/membership of a new Committee will be in line with this Policy.</p> <p>Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors.</p> <p>Non Executive Directors and the Chair do not participate in any variable remuneration arrangements or other benefits arrangements.</p>
Maximum opportunity	<p>The fees for Non Executive Directors and the Chair are broadly set at a competitive level against the comparator group.</p> <p>In general, the level of fee increase for the Non Executive Directors and the Chair will be set taking account of any change in responsibility. The aggregate fee for Non Executive Directors and the Chair will not exceed £1 million.</p> <p>The Company will pay reasonable expenses incurred by the Non Executive Directors and Chair and may settle any tax incurred in relation to these.</p>

Non Executive Directors' fees

The fees for Non Executive Directors and the Chair are broadly set at a competitive level against the comparator group and increases take account of any change in responsibility. The aggregate fee for Non Executive Directors and the Chair will not exceed £1 million.

The base fee for Non Executive Directors has been increased by 3% to £54,350 from 1 June 2023. The new Chair's letter of appointment set his fees for the period to 31 March 2024.

Chair (from 11 July 2023)	£200,000
Base Non Executive Director fee	£54,350
Senior Independent Director additional fee	£5,000
Additional fee for Audit/Remuneration Committee Chair	£10,000
Additional fee for Audit/Remuneration Committee membership	£5,000

Recruitment remuneration arrangements

The Company's principle is that the remuneration of any new executive recruit will be assessed in line with the same principles as for the existing Executive Directors, as set out in the Remuneration Policy table.

The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role.

In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short term or long term incentive payments as well as giving consideration for the appropriateness of any performance measures associated with an award.

Where an existing employee is promoted to the Board, the Policy would apply from the date of promotion but there would be no retrospective application of the Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Annual Report on Remuneration for the relevant financial year.

New Non Executive Directors will be appointed through letters of appointment and fees set at a competitive market level and in line with the other existing Non Executive Directors. Letters of appointment are normally for an initial term of three years and are subject to a notice period of three months by either party.

Remuneration element	Recruitment Policy
Salary, Benefits and Pension	These will be set in line with the policy for existing Executive Directors.
Annual Bonus	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 165% of salary (175% of salary in exceptional circumstances).
LTIP	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 200% of salary.
Maximum Variable Remuneration	The maximum variable remuneration which may be granted in normal circumstances is 365% of salary (375% of salary in exceptional circumstances). This excludes in both cases the value of any buyouts.
"Buyout" of incentives forfeited on cessation of employment	<p>Where the Committee determines that the individual circumstance of recruitment justifies the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director's previous employment (the lapsed value) will be calculated taking into account the following:</p> <ul style="list-style-type: none"> • The proportion of the performance period completed on the date of the Executive Director's cessation of employment • The performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied • Any other terms and conditions having a material effect on their value <p>The Committee may then grant up to the same value as the lapsed value under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.</p>
Relocation Policies	In instances where the new Executive Director is required to relocate or spend significant time away from their normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences and schooling.
Internal appointment to the Board	Where an existing employee is promoted to the Board, the Policy would apply from the date of promotion but there would be no retrospective application of the Policy in relation to subsisting incentive awards or remuneration arrangements.

Service contracts and payment for loss of office

The service contracts for the Executive Directors were reviewed and revised following the merger in 2013 of London & Stamford and Metric Property. Service contracts are terminable by either party with notice of 12 months. The Committee considers this appropriate for all existing and newly appointed Directors. The Executive Directors are subject to annual re-election at the Company's AGM.

The Non Executive Directors do not have service contracts but are appointed under letters of appointment.

Each Non Executive is subject to an initial three year term followed by annual re-election at the Company's AGM.

The following definition of leavers will apply to both the annual bonus and the LTIP. A good leaver reason is defined as cessation in the following circumstances:

- Death
- Ill-health
- Injury or disability
- Redundancy
- Retirement
- Employing company ceasing to be a Group company
- Transfer of employment to a company which is not a Group company
- At the discretion of the Committee

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

Remuneration element	Treatment on cessation of employment
General	The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make additional payments where such payments are made in good faith to discharge an existing legal obligation, or by way of damages for breach of such an obligation or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.
Salary, Benefits and Pension	These will be paid over the notice period. The Company has discretion to make a lump sum payment in lieu.
Cash bonus	<p>Good leaver: performance conditions will be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year.</p> <p>Other reason: no bonus payable for year of cessation.</p> <p>Discretion: the Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> • To determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders • To determine whether to pro-rate the bonus to time. The Committee's normal policy is that it will pro-rate bonus for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders
Deferred share awards	<p>Good leaver: all subsisting deferred share awards will vest.</p> <p>Other reason: lapse of any unvested deferred share awards.</p> <p>Discretion: the Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> • To determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders • To vest deferred shares at the end of the original deferral period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation • To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will determine whether or not to pro-rate based on the circumstances of the Executive Director's departure
LTIP	<p>Good leaver: pro-rated to time and performance in respect of each unvested LTIP award.</p> <p>Other reason: lapse of any unvested LTIP awards.</p> <p>Discretion: the Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> • To determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders • To measure performance over the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation • To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will pro-rate awards for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders
LTIP award in a holding period	Where cessation of employment occurs during any holding period, the holding period will normally continue to apply to vested LTIP award shares as normal. However, the Committee retains discretion to allow the shares to be released when cessation of employment occurs in certain exceptional circumstances
Buy-out awards	Where cessation of employment occurs in relation to a new Executive Director who has been granted a buy-out award, the treatment would be in line with the terms of the buy-out award. The Committee has discretion in line with the terms of the buy-out award.

The following table outlines the policy for the treatment of incentives in the event of a change of control:

Change of control

Remuneration element	Change of control	Discretion
Annual bonus (cash)	Pro-rated to time and performance to the date of the change of control.	The Committee has discretion regarding whether to pro-rate the bonus to time. The Committee's normal policy is that it will pro-rate the bonus for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.
Annual bonus (deferred shares)	Subsisting deferred share awards will vest on a change of control.	The Committee has discretion regarding whether to pro-rate the award to time. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will make this determination depending on the circumstances of the change of control.
LTIP	The number of shares subject to subsisting LTIP awards will vest on a change of control, pro-rated to time and performance.	The Committee has discretion regarding whether to pro-rate the LTIP awards to time. The Committee's normal policy is that it will pro-rate the LTIP awards for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.
Buy-out awards	The treatment would be in line with the terms of the buy-out award.	The Committee has discretion in line with the terms of the buy-out award.

Malus and clawback

The following definition of malus and clawback will apply to both the annual bonus (including any deferred shares) and the LTIP.

Malus is the adjustment of the annual bonus awards or unvested LTIP awards because of the occurrence of one or more circumstances listed. The adjustment may result in the value being reduced to nil.

Clawback is the recovery of payments made under the annual bonus or vested LTIP awards as a result of the occurrence of one or more circumstances listed.

Clawback may apply to all or part of a participant's payment under the annual bonus or LTIP award and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses.

The circumstances in which malus and clawback could apply are as follows:

- Discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company
- The assessment of any performance condition or condition in respect of an annual bonus payment or LTIP award was based on error, or inaccurate or misleading information
- The discovery that any information used to determine the annual bonus payment or LTIP award was based on error, or inaccurate or misleading information
- Action or conduct of a participant which amounts to fraud or gross misconduct
- Events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant
- Where, as a result of an appropriate review of accountability, the Remuneration Committee determines that the Executive Director has caused wholly or in part a corporate failure of the Company

The following table outlines the time periods during which these recovery provisions may apply for each element of remuneration:

Remuneration element	Malus	Clawback
Annual bonus (cash)	Up to the date of the cash payment	Two years post the date of any cash payment
Annual bonus (deferred shares)	To the end of the three year vesting period	n/a
LTIP	To the end of the three year vesting period	Two years post vesting

Other directorships

Executive Directors are permitted to accept external, non executive appointments with the prior approval of the Board where such appointments are not considered to have an adverse impact on their role within the Group. Fees earned may be retained by the Director. In November 2022, Andrew Jones was appointed as a Non Executive Director of Instavolt Limited and earned fees of £13,333 during the year to 31 March 2023.

Employee considerations

Chief Executive		Wider workforce	
+4.2%	-5.7%	+4.2%	-5.1%
Salary increase from June 2023	Bonus movement in 2023	Average salary increase from June 2023	Average bonus movement in 2023
1484%	10%	100%	63%
Of salary held in Company shares	Pension contribution from 1 June 2022 in line with workforce	Of employees received a bonus in 2023	Of employees participate in the LTIP in 2023

The Company applies the same principles to the remuneration of all employees as it applies to the Executive Directors, namely that:

- The remuneration is competitive in relation to other comparable real estate companies;
- The incentive elements reward superior performance through the variable elements of remuneration that are linked to the same performance targets as for the Executive Directors that are aligned to the business strategy; and
- The remuneration encourages employees to become shareholders.

The Committee considers employee views carefully and Andrew Livingston is the designated workforce Non Executive Director responsible for gathering employee views, ensuring that key points raised by employees are discussed at Committee and Board meetings and feeding back to employees how their views have been considered in the decision making process.

Andrew fed back results of the latest employee survey to the Committee and Board in March, noting that 94% of staff continued to be very proud to be part of the LondonMetric team. Further details are provided on page 68 of the FY23 Annual Report.

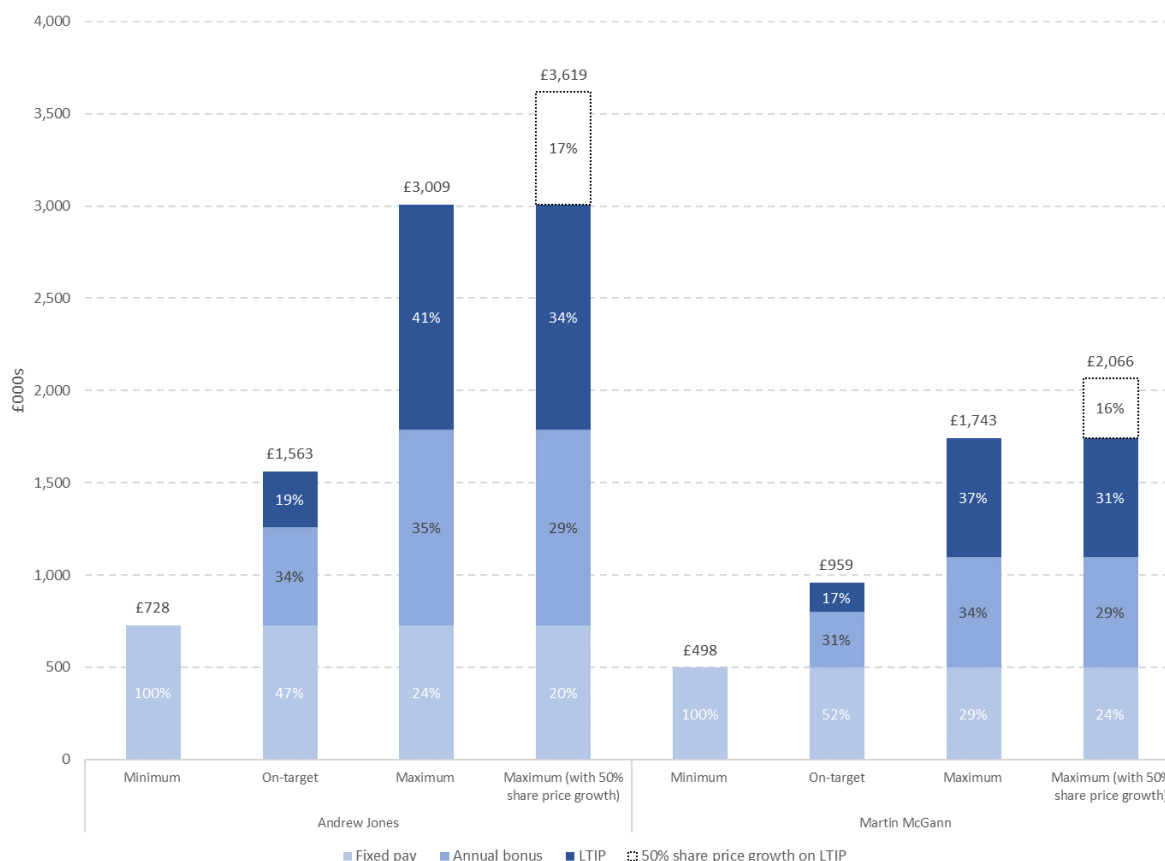
In addition, the Remuneration Committee Chair attended the annual meeting held by the designated workforce NED with a group of employees and welcomed questions on the principles and components of executive pay. He explained how executive pay was determined with reference to peer group comparison and alignment to the wider workforce, and outlined important decision areas during the year given the continued very high levels of inflation and volatile property markets.

Illustration of application of Proposed Remuneration Policy

The charts below show the application of the Remuneration Policy in its first year and provide an indication of the potential remuneration for each element of remuneration for each of the two current Executive Directors under various scenarios.

The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual bonus (including deferred bonus); and (iii) LTIP. The remuneration illustrations are based on the implementation of Policy in FY24 where the maximum annual bonus opportunities are 165% of salary for the Chief Executive and 140% of salary for the Finance Director and LTIP awards at below the maximum opportunity of 190% and 150% of salary respectively for the Chief Executive and Finance Director. Potential dividend equivalents earned on vested shares have not been included and the other assumptions used in determining the remuneration illustrations are set out in the table below.

Scenario	Fixed	Annual Bonus (including Deferred Bonus)	LTIP
Minimum	• Base salary: Salary paid in FY24	Nil	Nil
Target	• Pension: 10% of base salary	50% of maximum (in line with target payout)	25% vesting (in line with threshold vesting)
Maximum	• Benefits: In line with those paid in year ending March 2023	100% of maximum	100% vesting
Maximum with LTIP share price growth of 50% over three years		100% of maximum	100% vesting with 50% share price growth



Statement of consideration of shareholder views

As you will be aware, as announced on 11 July 2023, the proposal to adopt a revised policy, under resolution 3 of the Notice of AGM (the “Previous Proposed Policy”), was withdrawn from our July 2023 AGM. This was as a result of changing market conditions from when we consulted with our shareholders on the terms of the Previously Proposed Policy in December 2022 and a number of our key shareholders and proxy voting agencies having reservations with the Previously Proposed Policy. The Committee reflected on the Previously Proposed Policy and as set out in the 2023 Policy, determined not to seek approval for an enhanced remuneration package. The Committee then carried out a further consultation seeking to engage with our largest shareholders representing over 67% of issued share capital as well as proxy voting agencies, on the 2023 Policy.

The Committee was pleased that the vast majority of shareholders who provided feedback were supportive of the proposals. A handful of shareholders requested that the Committee introduce a guardrail in relation to annual bonus performance targets that any changes in exceptional circumstances would be no less challenging. The Committee has updated the 2023 Policy to reflect this which aligns with the corresponding policy for LTIP awards. Otherwise, the 2023 Policy remains unchanged with respect to the version consulted on.

In line with the UK corporate governance code, the Committee will also be issuing a public statement on the actions it has taken to consult with shareholders since the withdrawal of the resolution in respect of the proposed Policy at the 2023 AGM. The statement will be made before 12 January 2024 (within 6 months of the AGM).

The Committee remains committed to ongoing dialogue with the Company’s shareholder base to ensure the views of all stakeholders are taken into account in order to ensure the correct decisions are made for the Company.