TAX STRATEGY

1. Introduction

This document is published in accordance with Paragraph 16, Part 2, Schedule 19 of Finance Act 2016 and applies from the date of publication until it is superseded.

During the year the Company acquired LMP Bude Limited (formerly CT Property Trust) and merged with LXi Limited (formerly REIT Plc) under a Scheme of Arrangement under Part 26 of the Companies Act 2006. In common with LondonMetric Property Plc ("the Company") both entities were UK REITs and this tax strategy presents the strategic tax objectives of the Company and its subsidiaries (the enlarged "Group") in respect of the financial year ending 31 March 2024.

This document is not an operational manual with detailed instructions on execution. The processes and controls which support the delivery of the strategic tax objectives are regularly reviewed and documented.

1.1 Scope

The tax strategy and strategic objectives are intended to apply to the Group but not specifically to the Group's joint venture arrangements.

As a UK REIT, the Group is exempt from corporation tax on net rental income and UK property gains, but it is required to distribute 90% of its rental profits as Property Income Distributions (PIDs) to the Company's shareholders. PIDs are taxed as rental income in the hands of shareholders according to their tax status. Corporation tax is charged on net rental income and property gains on non-UK property.

This tax strategy applies to:

- REIT compliance;
- Corporate income taxes;
- Indirect taxes (VAT, SDLT);
- Employment taxes (PAYE/NIC/CIS);
- Other relevant tax matters.

1.2 Ownership and approval

This tax strategy is prepared and revised by the Finance Director in conjunction with the finance team and approved by the Board. Overall execution of the strategy is within the remit of the Board, with operational responsibility delegated to the Finance Director.

The strategy applies to all Company staff that have a responsibility for tax. It is reviewed and updated on a regular basis and at least annually, considering changes to Group structure and operations.

2. Tax strategy and strategic objectives

2.1 Strategic principles

The Group is a UK REIT and invests in property assets to deliver sustainable, progressive earnings and long term capital value for its shareholders. It operates predominantly in the UK. The Group manages its assets with a view to long-term rental growth and capital appreciation. Tax is a consequence of the activities the Group undertakes.

2.2 Tax strategy and attitude to tax risk and planning

The Group's tax strategy is compliance oriented; its strategy is to account for tax on an accurate and timely basis and meet all REIT compliance and reporting obligations.

The Company operates in a low-risk manner — aggressive tax planning is not part of its strategy. Its responsible approach seeks to minimise the level of tax risk and to structure affairs based on sound commercial principles.

The Company maintains an open dialogue with HMRC with a view to identifying and resolving issues as they arise. Finance team members communicate on a regular basis through a combination of email, telephone, and face to face meetings where possible with HMRC. Clarification may be sought from HMRC by way of formal clearances if tax treatment is uncertain. This collaborative approach is a fundamental part of the Company's tax strategy.

The Group is considered a large business by HMRC and has a dedicated Customer Compliance Manager, currently David Hannant. The Group was re-designated a "Low Risk" business by HMRC in January 2023 following its periodic review and its objective is to maintain this status.

3. Governance and resources

The tax strategy is delivered through the Company's tax operating model and the staff employed in the business that have responsibility for tax compliance. The tax operating model is underpinned by accounting routines and mitigating controls to ensure that the Group remains tax compliant.

3.1 Roles and responsibilities

The Finance Director has overall responsibility for the execution of the strategy and is the Senior Accounting Officer of the Group. However, on a day to day basis, preparation of information and returns and payments of tax are dealt with by the senior members of the finance team who are qualified accountants with many years of relevant experience. There is a clear separation of preparation and review of tax returns to reduce risk of error.

3.2 Risk identification and management

The tax risk identification and management processes are documented in the Risk Register and Internal Control Evaluation Questionnaire. When considering tax risk, the Board takes into account the views of stakeholders including investors, employees and partners as well as HMRC.

The Board meets at least six times annually and reviews the principal risks facing the Company at each of its meetings. An updated risk dashboard is considered at each meeting.

The Board has delegated responsibility for detailed assurance of the risk management process to the Audit Committee. The Audit Committee carries out a detailed review of the Group's Risk Register and internal control framework at least once a year and reports its findings to the Board. At each review, tax risks are considered and amended as appropriate.

Items to be reported to the Board by the Finance Director include the following:

- Significant tax risks,
- Changes in legislation which are likely to have a significant impact on the Group, and
- Significant transactions which support the commercial activity and have a significant tax impact. Generally, these will relate to acquisitions, developments, and disposals.

Where there is already a formal reporting process to the Board by the Investment and Asset Directors, input on tax matters will be given by the Finance Director and senior finance team.

3.3 Training

The members of the finance team responsible for accounting for tax are encouraged to undertake relevant training and attend tax seminars to keep up to date with the latest legislation.

3.4 Professional advisers

Where necessary, appropriate professional advice is sought in respect of significant tax issues or queries regarding day to day tax compliance and the items noted in 3.2 above.

3.5 Change management

Changes to tax legislation which affect the Group are discussed with the Group's tax advisors on an ongoing basis. These are then considered in the risks review noted in 3.2 above.

3.6 Document retention

Records and documents used to review REIT compliance, tax returns and other relevant tax calculations or positions are retained for at least the period required by the Finance Act (generally 6 years from the end of the accounting period).

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