LONDONMETRIC PROPERTY PLC

Net Zero Pathway

July 2025

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Executive Summary

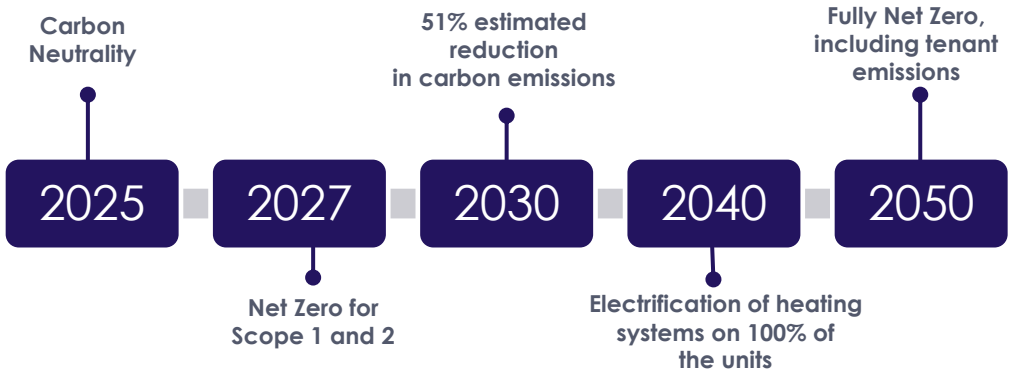
Reaching net zero by 2050.

LondonMetric Property Plc ('LondonMetric' or 'Company' is committed to playing its part in tackling climate change through the decarbonisation of its portfolio. In alignment with the UK Government's Net Zero by 2050 commitment and the Better Buildings Partnership (BBP) Climate Commitment, we have developed a science-based decarbonisation Net Zero Pathway ('Pathway').

Following our merger with LXI REIT in 2024, we conducted a comprehensive top-down assessment of our enlarged portfolio using 2023 as the baseline year. The analysis, led by Savills Earth, focused on Scope 1, 2, and 3 operational emissions related to building energy use. Using the Carbon Risk Real Estate Monitor (CRREM) and the UK Net Zero Carbon Buildings Standard (UKNZCBS) benchmarks, the emissions baseline was established at 98,512 tCO_2e, with a portfolio carbon intensity of 39 $kgCO_2e/m^2$.

Our Pathway, aligned with a 1.5°C trajectory, outlines a phased reduction in emissions across short-, medium-, and long-term horizons to achieve net zero by 2050 (including emissions from tenants) and key components include:

- Net Zero for landlord-controlled Scope 1 and 2 emissions by 2027
- Electrification of all fossil fuel heating systems by 2040
- Targeted interventions based on building archetype
- Deployment of rooftop solar PV installations
- Tenant engagement and collaboration
- Tracking embodied carbon from development activity (2027 onwards)



Key analysis undertaken included:

- Workshops to review goals and targets and examine existing decarbonisation initiatives
- A gap analysis to compare the proposed ambition against decarbonisation pathway requirements
- An archetype assessment to categorise the portfolio into subgroups, establishing decarbonisation pathways and outlining expected energy and carbon savings
- A tenant maturity matrix to identify priority assets for improvement.

Executive Summary

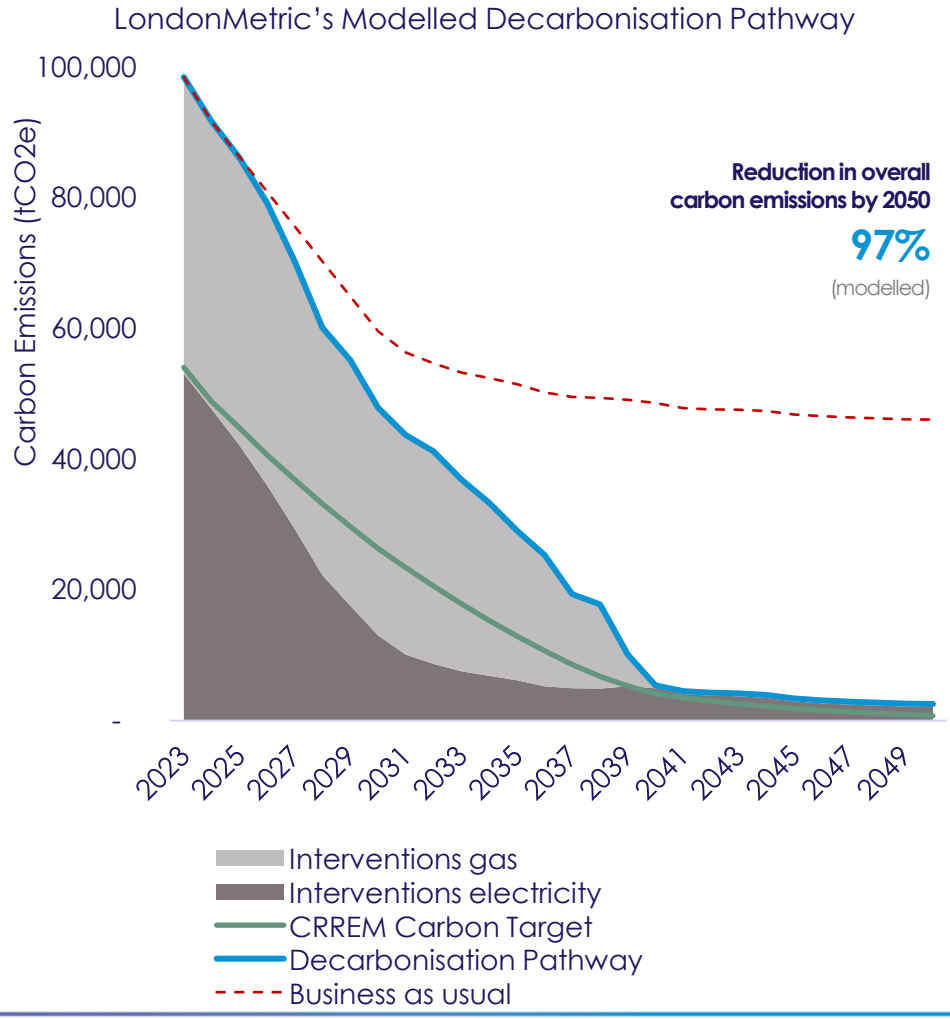
Continued

Our Pathway targets a 97% reduction in operational carbon emissions by 2050. The roadmap sets interim modelled targets, including a 51% reduction in emissions by 2030 and a 71% reduction by 2035, based on both active interventions and grid decarbonisation. The current Pathway falls just 2% short of the 2050 CRREM target, which we intend to bridge through the use of high-quality, verified carbon offsets in line with the Oxford Offsetting Principles.

This Pathway supports long-term value creation and shows strong alignment with key reporting frameworks, including SBTi Buildings Guidance, ISSB IFRS S2, and the UK Transition Plan Taskforce (TPT).

We recognise that a significant share of applicable emissions are outside our direct control (Scope 3), underlining the critical importance of working closely with our occupiers. We are actively engaging with our top tenants, 85% of whom already have Scope 1 and 2 targets (our Scope 3), to align their ambitions with ours and unlock joint opportunities for impact.

Through this data-driven and collaborative approach, we believe our Net Zero strategy positions LondonMetric well for the future.



Carbon intensity
39 $kgCO_2/m^2$
baseline

Reduce emissions by
51%
by 2030

Fully Net Zero by
2050
(modelled)

Introduction

This report outlines a strategic approach for LondonMetric to achieve net zero across its portfolio.

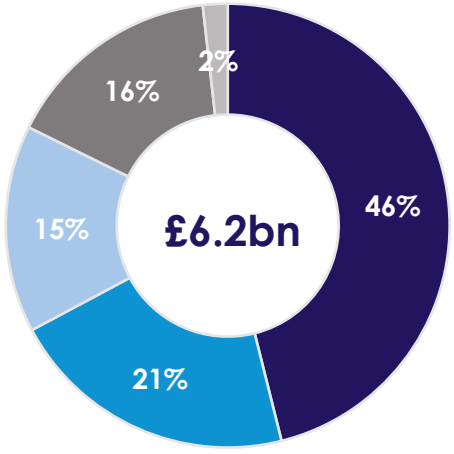
LondonMetric is a UK Real Estate Investment Trust (REIT) with a portfolio valued at approximately £6.2 billion as of March 2025. We understand the importance of addressing climate change and recognise the critical role of real estate in the UK's transition to a low-carbon economy. LondonMetric has formally committed to achieving net zero across its portfolio by 2050.

Our Pathway outlines a science-based strategy to decarbonise our existing assets, aligning with the BBP Net Zero Carbon Framework and utilising benchmarks from CRREM and the UKNZCBS. It follows the BBP definition of net zero[1] and follows the energy hierarchy, prioritising energy efficiency, electrification, and renewable energy generation, with carbon offsetting reserved only for residual emissions that cannot be feasibly eliminated. A detailed methodology can be found in Appendix A.

Our target covers all our UK standing investments. Development activity (onlyc.7% of total emissions) and a single non-core asset in Germany are currently out of scope but will be reviewed by 2027.

As a commercial landlord with predominantly Full Repair and Insuring ('FRI') leases, most tenant emissions fall outside our direct control; therefore, collaboration with our occupiers will be key to delivering this pathway.

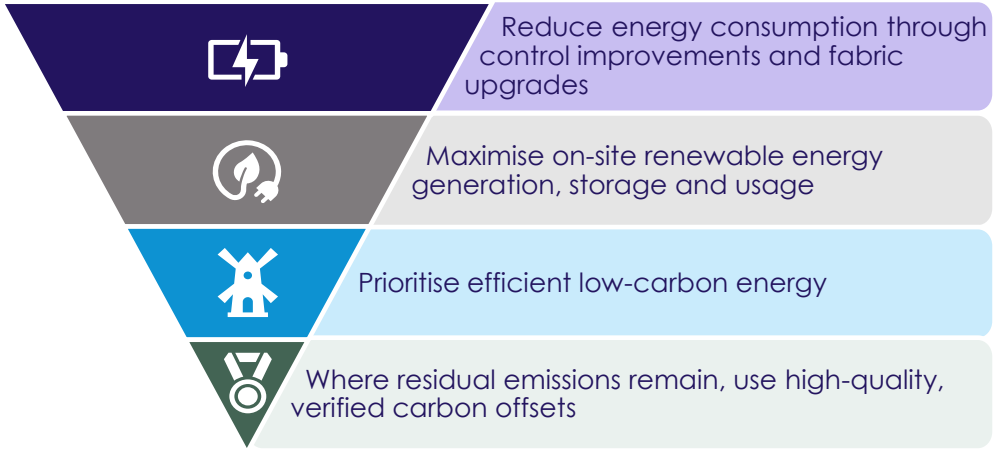
As a company with a dynamic and evolving portfolio, this pathway will be periodically updated to reflect material acquisitions, disposals, and refurbishments.



Portfolio Weightings[2]

- Logistics
- Entertainment and Leisure
- Healthcare and Education
- Convenience
- Other

Energy hierarchy towards a net zero building



1. Net Zero is met when the carbon emissions emitted as a result of all activities associated with the development, ownership and servicing of a building are zero or negative.
2. Weighing as of 31st March 2025

Scope and Boundaries

The boundary of our carbon footprint focuses on our largest sources of emissions, areas we can control or can influence

Our assessment follows the Greenhouse Gas Protocol and adopts an operational control approach, meaning we include 100% of emissions from assets where we have day-to-day control, including assets held in joint ventures.

In setting the scope of our Pathway, we focused on material emissions from our portfolio. The analysis is focused on building-related GHG Scopes 1, 2 and 3 emissions linked to our asset's building energy.

Our Net Zero target covers:

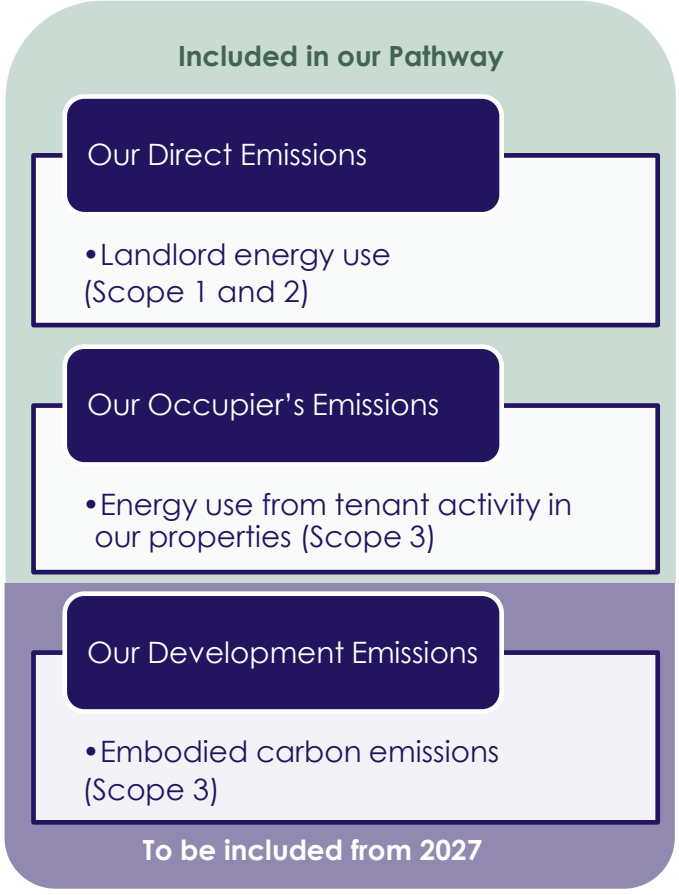
- **Scope 1 and 2 emissions** from landlord-controlled areas, including heating, lighting, and void units, representing less than 1% of our carbon footprint
- **Scope 3 emissions (Category 13)** from tenant energy use in our leased assets, which represent the 92% of our footprint

The following emissions were excluded from this Pathway:

- **Corporate upstream Scope 3 emissions** (e.g., business travel, commuting, office procurement): Given that, at the date of the analysis, the company had fewer than 50 employees and that corporate emissions are de minimis compared to our occupier emissions, these have been excluded from the Pathway.
- **Embodied carbon emissions from developments and major refurbishments:** These account for ~7% of our emissions and will be brought into scope with formal targets by 2027, aligned with industry standards.
- **Fugitive emissions** (e.g., refrigerants): excluded due to immateriality.

We will continue to monitor all our emission sources and reassess materiality in future pathway updates. A GHG inventory is provided in Appendix B.

LondonMetric Emissions Boundary



Developing our pathway

Our Net Zero analysis was structured across a series of workstreams designed to reflect both the operational realities of our portfolio and best practice in climate planning

Carbon Baseline

Using 2023 as a baseline, the energy consumption data for each asset was reviewed to ensure data accuracy, and emissions were allocated based on control (landlord or tenant). Existing asset environmental attributes, such as solar PV, were factored in.

The analysis identified the top-emitting assets, with Industrial and Logistics ('I&L') manufacturing and theme parks being among the most energy-intensive assets

Tenant Maturity

A tenant maturity matrix tool was developed to assess key occupiers' readiness to achieve net zero. The list included top tenants by rent roll and higher emitting tenants.

The analysis showed that 17 out of the 20 occupiers have firm Scope 1 and 2 targets, targeting significant reductions between 2035 and 2050. This will inform our tenant engagement to implement interventions.

Archetype Analysis

Archetypes were defined for each asset class based on use of the building. Due to diverse tenant activities, some archetypes, such as I&L, are further divided into sub categories. Units were further categorised into typologies, based on building age and EPC.

This categorisation formed the basis of the archetype decarbonisation, ensuring only relevant interventions were modelled.

Pathway Modelling and Intervention Mapping

Sixteen interventions, ranging from lighting upgrades to heating system electrification, were modelled and staggered across short, medium, and long-term horizons.

Implementation timelines were aligned with lease events and building lifecycle triggers.

Investment Strategy

We evaluated the indicative capital implications of the proposed interventions to ensure the strategy is actionable over time.

While investment figures are internal, the modelling supports phased, cost-effective delivery.

Portfolio Archetype analysis

Our portfolio's thematic focus on Logistics, Entertainment, Convenience and Healthcare requires a tailored approach for each asset class

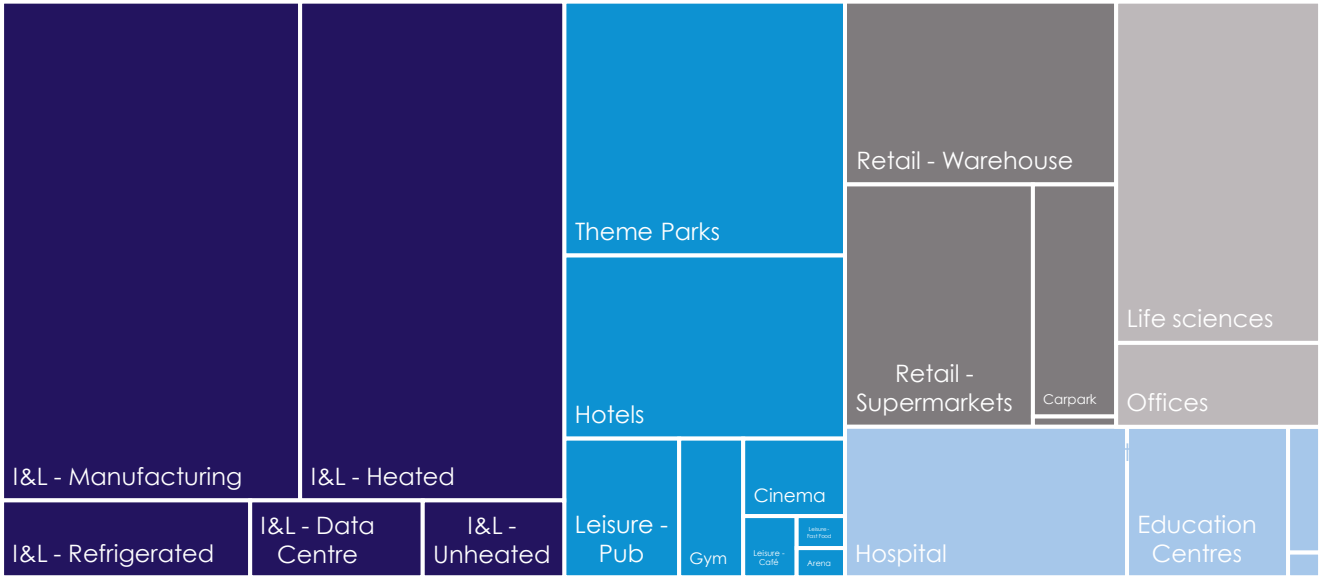
Our 774-unit portfolio encompasses a diverse range of uses. To inform the decarbonisation strategy, all assets were categorised into archetypes based on use and tenant activity.

Given our weighting toward Industrial and Logistics ("I&L") (representing over half of all units), we developed sub-archetypes to reflect variations in use, including manufacturing, heated and unheated storage, refrigeration, and data centres.

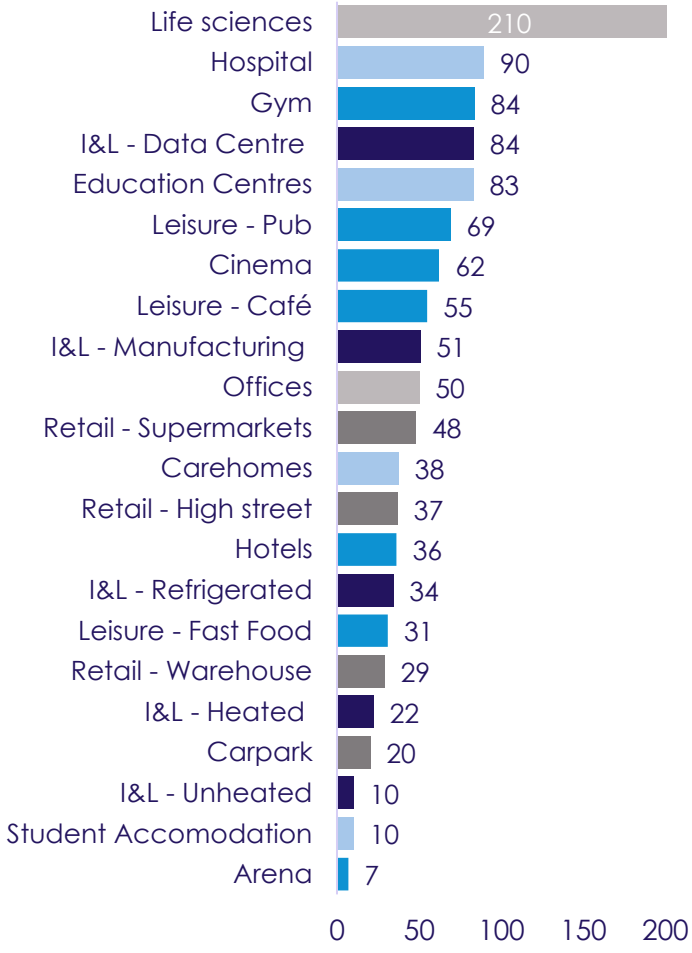
In parallel, we grouped buildings by age and EPC rating to assess retrofit needs. This typology analysis enables targeted, proportionate interventions based on both asset use and energy efficiency.

Emissions are not evenly distributed. While some archetypes have a large area (e.g. unheated I&L), others, such as life sciences, data centres and theme parks, have higher carbon intensity.

Baseline Archetype Absolute Carbon Emissions Area Map ($KgCO_2e$)

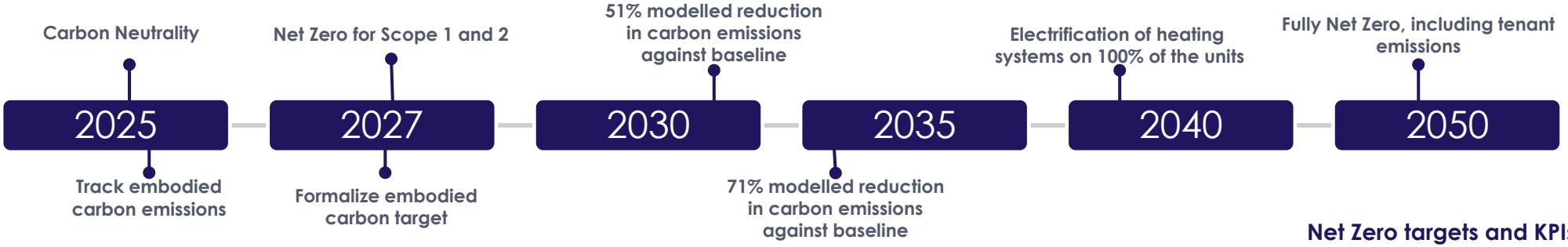


Baseline Archetype Carbon Intensity ($KgCO2e/m^2$)



Net Zero Targets and Strategic Milestones

Our targets strike a balance between ambition and practicality, supported by detailed modelling and the ambitions of our tenants



LondonMetric's Pathway outlines clear targets aligned with CRREM 1.5°C trajectories and industry best practice. We are aiming to reduce emissions by **71% by 2035** and achieve **full Net Zero, including tenant emissions, by 2050**.

Our roadmap reflects the operational realities of our portfolio, recognising that most emissions fall outside our direct control, while setting credible, science-aligned interim goals.

Emissions reductions are expected to come through a combination of:

- Asset-level interventions (e.g. electrification, solar, efficiency upgrades)
- Grid decarbonisation
- Tenant engagement and data collaboration

Any residual emissions in 2050 will be addressed through **high-integrity, verified offsets**, aligned with the Oxford Offsetting Principles, as outline in Appendix C.

Net Zero targets and KPIs

Scope	Topic	Target	Reporting metric
Our Direct Emissions	Net Zero for Scope 1 and 2	100% electrification and optimisation of landlord supplies by 2027	% of landlord supplies electrified and/or optimised / residual tCO_2e
	Renewable Energy Procurement	100% annually for landlord supplies	% of total landlord kWh from REGO or on-site solar
Our Occupier Emissions / entire portfolio	Monitor portfolio carbon emissions	Over 80% coverage annually	$tCO_2e/m2$ / % sq ft
	Reduction in portfolio carbon emissions	51% reduction by 2030 and 71% reduction by 2035	Reduction in $tCO_2e/m2$
	On-site solar	min 3 installations annually	no. of installs / total kWp capacity
	Electrification of heating systems	100% by 2040	no. of installs / % of buildings with fossil fuel free heating
	Asset Management	>70% of relevant lettings to demonstrate sustainability improvement	% of relevant lettings
Our Development Emissions	Embodied carbon	Set approach for reducing emissions by 2027	n/a

Phased Delivery Approach

A phased approach aligning interventions with refurbishment cycles and lease events as part of standard business activities

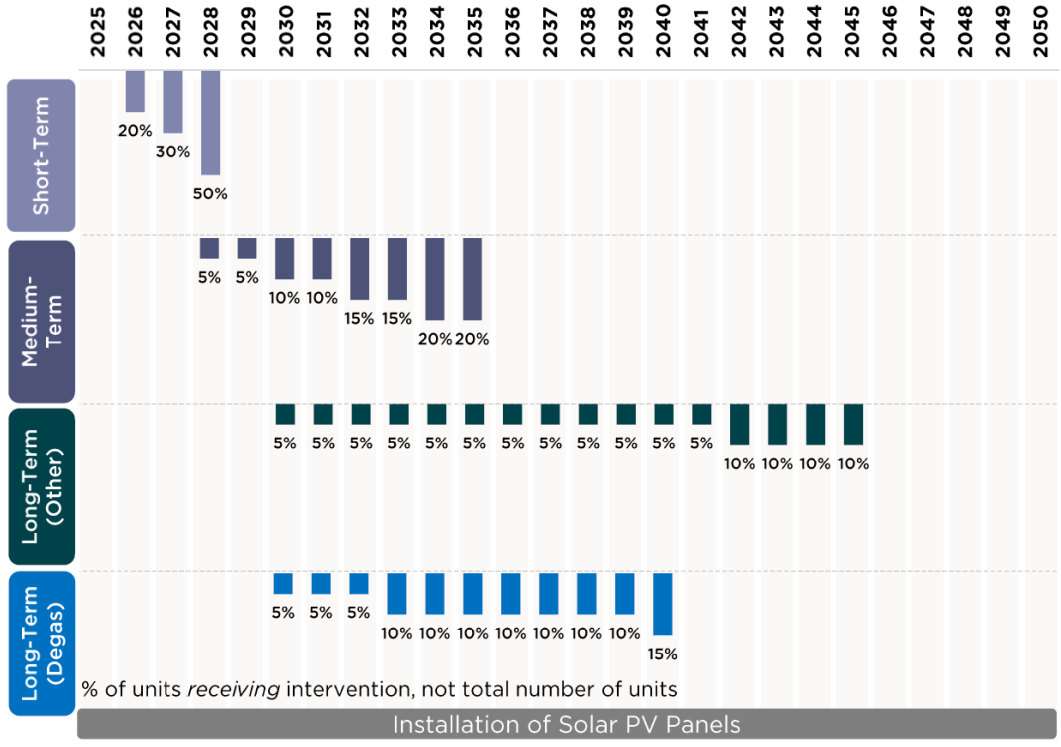
Our roadmap is divided into three phases, based on complexity, disruption, and alignment with asset management plans:

- **Short-Term (2026–2028):** Focused on low-disruption activities such as LED lighting upgrades, smart controls, and tenant engagement. These interventions are quick to deploy and deliver early carbon savings.
- **Medium-Term (2028–2035):** Involves more comprehensive upgrades, such as heating ventilation improvements, rooftop solar installations, and equipment replacements. These are coordinated with lease events and major refurbishments.
- **Long-term (2030–2045):** Targets high-impact but more disruptive measures, such as electrification of heating and hot water systems, degasification, and upgrades to building fabric. These are planned in conjunction with asset repositioning or tenant turnover.

All interventions are focused on reducing energy demand, electrifying systems, and supporting a transition to low-carbon operations across the portfolio.

This phased approach enables us to strike a balance between ambition and operational reality. Interventions are deployed strategically across archetypes and typologies, ensuring that higher-emitting and lower-performing assets are prioritised, while also accounting for tenant maturity and lease structure. Implementation timelines are reviewed regularly to reflect changes in portfolio composition, tenant cooperation, and technology availability.

Decarbonisation interventions – phased delivery timeline



See Appendix A for detailed methodology and assumptions made on the pathway and interventions modelling

Interventions overview

Our decarbonisation strategy is built on 16 targeted measures that reduce energy demand, eliminate fossil fuel use, and support tenant transition

Short-term

Controls Improvements

Upgrading building management systems, timers, and sensors to better control heating, cooling, and lighting use, reducing energy waste.

Lighting Upgrades

Replacing existing lighting with high-efficiency LED systems, often combined with automated controls to reduce unnecessary usage.

Tenant Engagement

Providing tailored guidance and support to occupiers to encourage energy-saving behaviours, data sharing, and coordinated upgrades.

Medium-term

Demand Controlled ventilation

Introducing ventilation systems that adjust automatically based on occupancy levels or air quality, reducing unnecessary fan use.

Equipment upgrades – heating +cooling

Replacing inefficient boilers or HVAC systems with higher-efficiency electric alternatives (e.g., VRF systems or air-source heat pumps).

Medium-term

Small Power Opportunities

Providing tailored guidance and support to occupiers to encourage energy-saving behaviours, data sharing, and coordinated upgrades.

Ventilation Upgrades

Enhancing ventilation systems to improve energy performance, such as replacing fans, installing heat recovery units, or optimising airflows.

Lift Upgrades

Modernising lift systems to reduce standby consumption and use regenerative braking where appropriate.

Entrance Enhancements

Installing draught lobbies, automatic doors, or insulation upgrades at entrances to reduce heat loss and improve thermal efficiency.

Operational Improvements

For industrial assets: reducing process loads by improving operational efficiency, shifting to electric machinery, or optimising shift patterns.

Long-term

Fabric Upgrades

Improving the thermal envelope of buildings through better insulation, glazing, or air-tightness measures to reduce heating/cooling demand.

Heating Degasification

Removing gas boilers and switching to electric heating systems (e.g., heat pumps), enabling full electrification.

Hot Water Degasification

Replacing gas-fired water heaters with electric systems, such as point-of-use electric units or heat pump water heaters.

Kitchen Degasification

Replacing gas cooking appliances in commercial kitchens with electric alternatives to eliminate fossil fuel use.

Equipment Upgrades – Specialist

Upgrading high-energy tenant-specific systems (e.g., refrigeration, industrial ovens, specialist HVAC) to more efficient or electric versions..

Rooftop Solar PV

Installing rooftop solar panels on suitable buildings to generate on-site renewable electricity and reduce reliance on grid power. The implementation of this intervention spread across short, medium and long term.

Landlord and Development Related Emissions

Together, these represent less than 10% of our portfolio carbon emissions

Our Direct Emissions

This accounts for emissions directly controlled by LondonMetric and includes gas used for heating and electricity consumption, also referred to as Scope 1 and 2.

For our portfolio, this primarily relates to external car park lighting and heating provided to tenants. A small percentage of emissions from energy use at our Head office, typically accounted under Scope 3, Category 8 Upstream leased assets, has also been accounted for under Scope 1 and 2, in line with our commitment to manage the emissions we control.

We aim to achieve net zero in our Scope 1 and 2 emissions by 2027, through the implementation of energy efficiency upgrades and the replacement of fossil fuel heating. In the meantime, we aim to achieve carbon neutrality by sourcing renewable energy, with the remainder of our emissions being offset through our own solar generation and verified carbon credits, in line with LondonMetric's Carbon Offset Strategy outlined in Appendix C.

Across our managed supplies, key interventions will be:

Our Development Emissions

This is part of our Scope 3 emissions resulting from the embodied carbon in our development. This includes direct and forward-funded developments.

Our portfolio focus is on standing assets, and only a very with a small portion of our activities derive from developments. We will aim to establish a baseline and formalise a target for our embodied carbon emissions by 2027, aligned with industry standards. In the meantime, we will monitor and track embodied carbon from major refurbishments and developments.

Although we don't have a specific target, we strive to meet high environmental standards aligned with the industry's best practices:

- Minimum EPC B for refurbishments and A for new developments
- Monitoring embodied carbon, where feasible
- Achieving a BREEAM rating of Very Good or above for large developments

We work with our contractors to ensure all developments minimise resource use by setting requirements to:

- Minimise air and water pollution and waste arising from the site during construction activities
- Minimise energy use on site, and carbon footprint using renewable fuels / low carbon power
- Use reclaimed, recycled and locally-sourced materials in preference to virgin materials, to minimise the use of raw materials

Our Occupier Emissions

Tenant emissions account for 92% of our carbon footprint and are not directly within our control - close collaboration and engagement with our occupiers will be crucial in delivering our net zero targets

The most significant source of emissions from the LondonMetric portfolio is **tenant-controlled energy use,** which accounts for approximately **92% of our footprint**. As a landlord operating predominantly under FRI lease structures, these emissions fall outside our direct control, highlighting the importance of a collaborative approach towards achieving our Net Zero 2050 target.

To support our net zero ambition, we assessed the carbon maturity of our key occupiers. The **Tenant Maturity Matrix** helps us identify how ready tenants are to engage on carbon reduction initiatives. The matrix included our top 20 tenants by emissions and rent roll. We evaluated public sustainability disclosures, SBTi commitments, and operational behaviour. The results showed:

- **85% of tenants have Scope 1 and 2 targets**, many aligned with SBTi
- Most are targeting meaningful reductions between **2035 and 2050**
- A small group has **no published targets**

Currently, we utilise our annual Occupier Surveys to assess key ESG considerations and understand our occupiers' appetite for interventions. We also frequently engage with the sustainability teams of our largest occupiers to align on decarbonisation goals. The insights from the matrix will further inform our **engagement strategy**, allowing us to:

- Align building interventions with occupier timelines, supporting asset-level electrification
- Encourage data sharing and behavioural change
- Identify where targeted support or incentives may be needed, using lease events to enable interventions

LMP's Net Zero Tenant Engagement Framework	
Prioritise Tenants with Strong Commitments	Focus on tenants with firm commitments and specified dates for achieving sustainability targets. These tenants are likely to be more proactive in their sustainability efforts, making them ideal partners for long-term engagement and collaboration.
Support Tenants with Loose Commitments	Engage with tenants who have loose commitments but no specified dates. Providing support and resources to these tenants can help them firm up their sustainability plans and move towards more concrete commitments.
Encourage Tenants with No Commitments	Identify tenants with no commitments and encourage them to start their sustainability journey. Demonstrating the benefits of sustainability can motivate these tenants to set and achieve their targets.

The following pages provide an overview of our key sectors, outlining their emissions characteristics, the interventions applied, and how we are engaging tenants to support their transition.

I&L Logistics – Heated

Heated Industrial and Logistics units represent a substantial portion of the portfolio's emissions and area. Heated units are high-intensity due to gas use

Asset Class Summary	
No. assets	163
% of Portfolio Emissions	17.7%
Baseline Emissions Intensity	22.2 $kgCO_2e/m^2$
Target Emissions Intensity	0.3 $kgCO_2e/m^2$

Gas fired heating is key concern for this asset class. Tenant maturity and engagement varies as larger national logistics occupiers typical have well established decarbonisation pathways. Intervention focus areas include:

Short-Term:

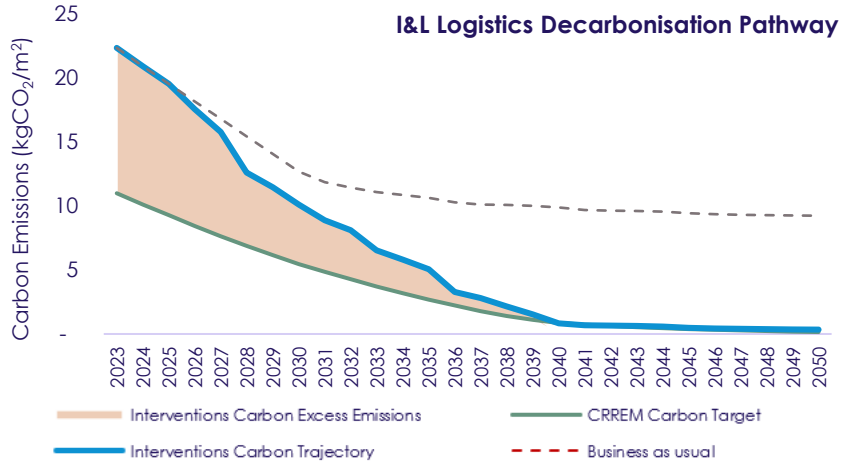
- Lighting upgrades (LED + controls)
- Tenant engagement to improve heating setpoints and behavioural efficiency
- Monitoring/data acquisition (where absent)

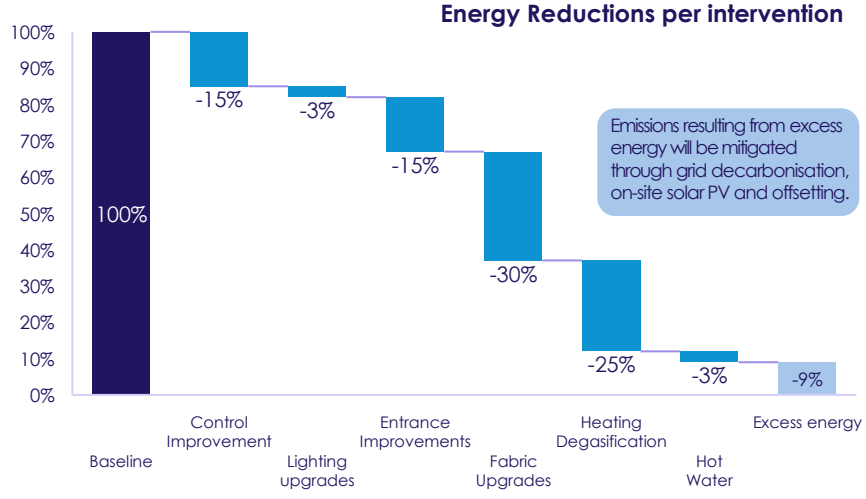
Medium-Term :

- Ventilation and HVAC upgrades

Long-Term :

- Heating system electrification (e.g., replacement of tenant gas boilers with electric heating)
- Hot water degasification (where applicable)
- Potential building fabric upgrades during refurbishments
- Rooftop solar PV (subject to structural feasibility and tenant cooperation)





I&L Logistics – Manufacturing

Manufacturing units are among the highest emitters, due to tenant-controlled process loads and high electricity consumption. Most emissions are unregulated and outside the landlord's control

Asset Class Summary	
No. assets	84
% of Portfolio Emissions	20.9%
Baseline Emissions Intensity	50.7 $kgCO_2e/m^2$
Target Emissions Intensity	1.5 $kgCO_2e/m^2$

Engagement focuses on tenants' internal operations, where manufacturing processes are significant contributors to assets emissions. Landlord influence is limited to shared systems or enabling works. Opportunities arise during equipment lifecycle upgrades or ESG-aligned refurbishments.

Short-Term :

- LED lighting upgrades
- Monitoring and engagement to understand process energy use
- Basic control improvements where applicable

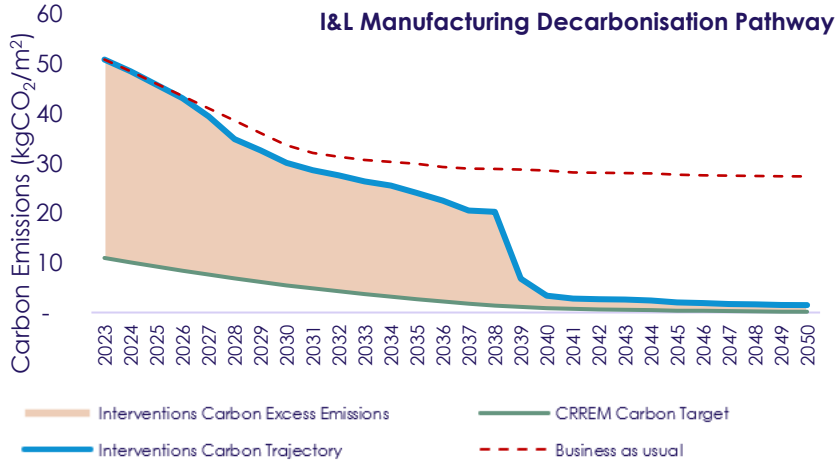
Medium-Term :

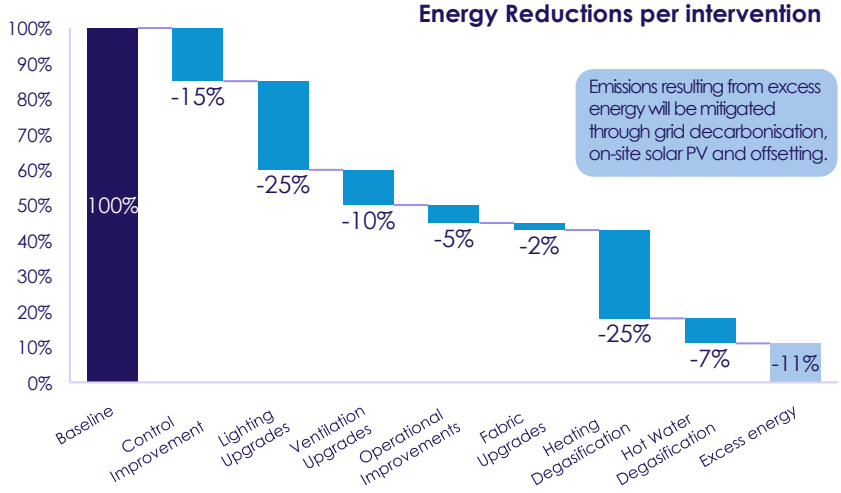
- Support for process electrification
- PV installations on large-format units

Long-Term :

- Building fabric improvements (roof, glazing) during refurbishments
- Asset-specific efficiency strategies and coordination with tenant investments

See Appendix A for assumptions made on manufacturing assets





Retail - Supermarkets

Retail supermarkets have moderate to high emissions intensity, primarily driven using refrigeration, lighting, and extended operating hours- their energy demand is consistently high due to operational requirements

Asset Class Summary	
No. assets	69
% of Portfolio Emissions	6%
Baseline Emissions Intensity	48.1 $kgCO_2e/m^2$
Target Emissions Intensity	1 $kgCO_2e/m^2$

Most supermarket tenants have defined ESG strategies and carbon targets, enabling productive engagement. Collaboration focuses on facilitating electrification, PV access, and efficiency upgrades during store refurbishments or lease renewals. Intervention Focus Areas:

Short-Term:

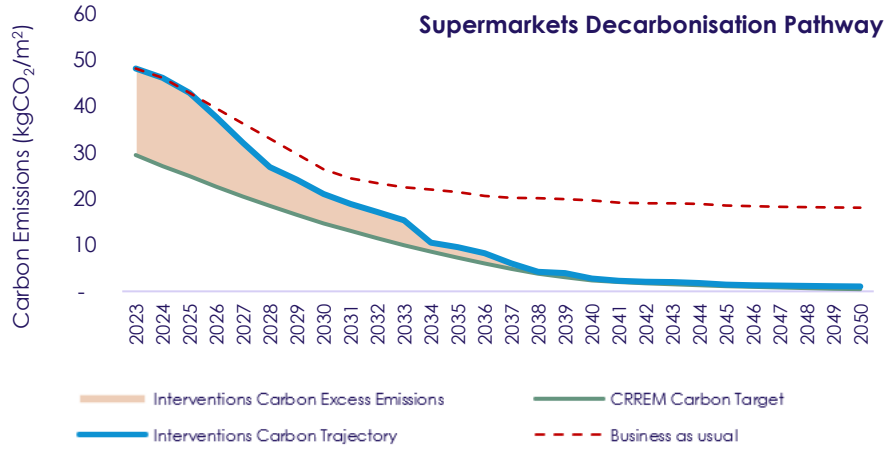
- LED lighting upgrades and motion sensors
- Tenant engagement to improve operational efficiency
- Energy data monitoring and access agreements

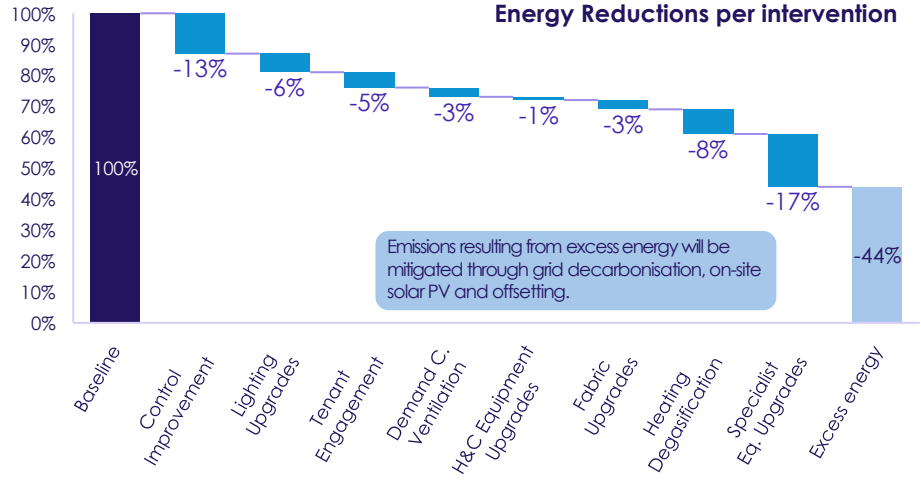
Medium-Term:

- Rooftop solar PV installations where feasible
- Ventilation and HVAC improvements in landlord areas
- Support for refrigeration efficiency enhancements

Long-Term:

- Electrification of any shared heating systems
- Structural improvements (e.g. glazing, insulation) during refurbishments
- Enable tenant-led refrigeration electrification and degasification





Hospitals

Hospitals have high energy intensity due to continuous operation, specialist ventilation, and heating needs. Emissions are controlled by the tenant under long-term leases and require unique decarbonisation interventions

Asset Class Summary	
No. assets	13
% of Portfolio Emissions	5.5%
Baseline Emissions Intensity	89.6kgCO_2e/m²
Target Emissions Intensity	2 kgCO_2e/m²

Cooperation is essential but must consider medical regulations and operational continuity. Engagement focuses on shared areas or long-term investment planning. Key opportunities align with lease renewals or asset repositioning.

Short-Term:

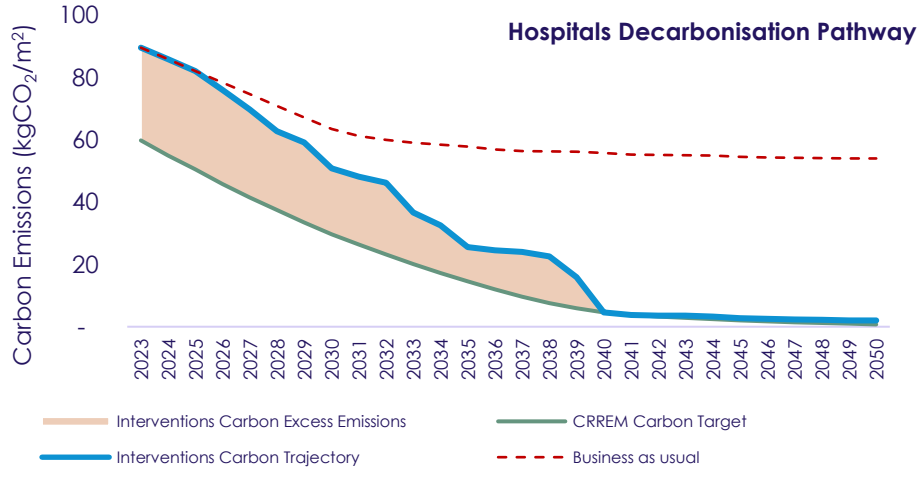
- Lighting upgrades and smart controls
- Establishing data access and energy benchmarking
- Early engagement with tenants on energy goals

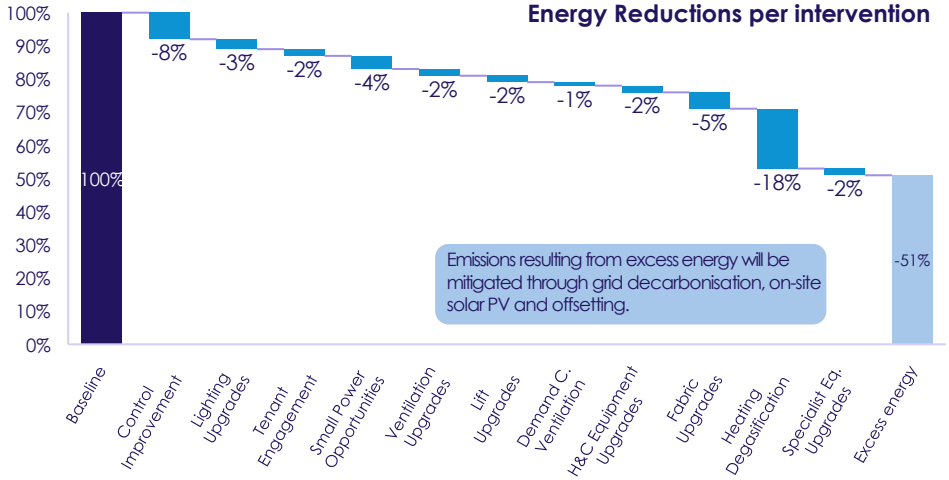
Medium-Term:

- Ventilation and HVAC improvements in shared areas
- Solar PV where structurally viable
- Support for medical equipment efficiency

Long-Term:

- Support for electrification of tenant heating systems
- Fabric improvements during major refurbishments
- Low-carbon heat integration, subject to feasibility





Hotels

Hotels have moderate to high emissions intensity, primarily driven by heating, cooling, and hot water demand. These services are typically tenant-operated, making decarbonisation reliant on occupier cooperation

Asset Class Summary	
No. units	83
% of Portfolio Emissions	6.9%
Baseline Emissions Intensity	36.3 $kgCO_2e/m^2$
Target Emissions Intensity	0.7 $kgCO_2e/m^2$

Hospitality tenants vary in ESG readiness. Engagement will prioritise alignment with brand sustainability targets and capital improvement cycles. Key moments include lease events and major refurbishments.

Short-Term:

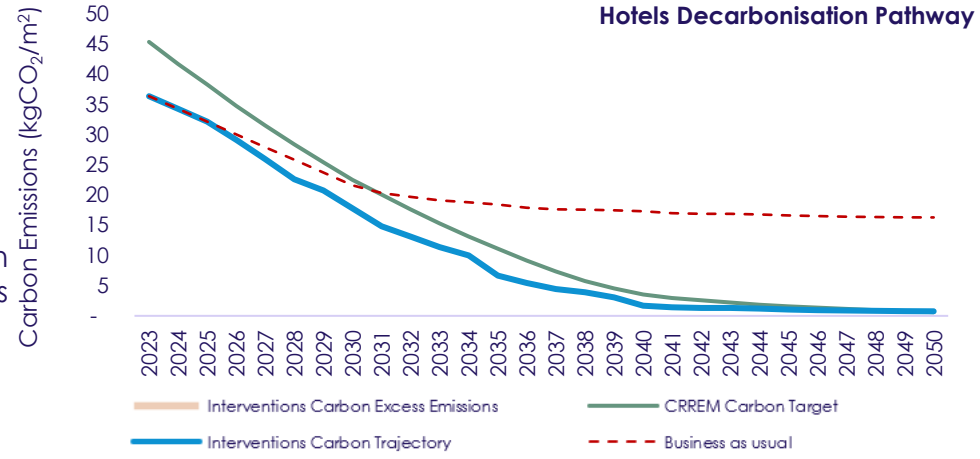
- LED lighting, motion sensors, and room-level controls
- Identify shared systems for potential upgrades
- Engagement on hot water and heating strategy

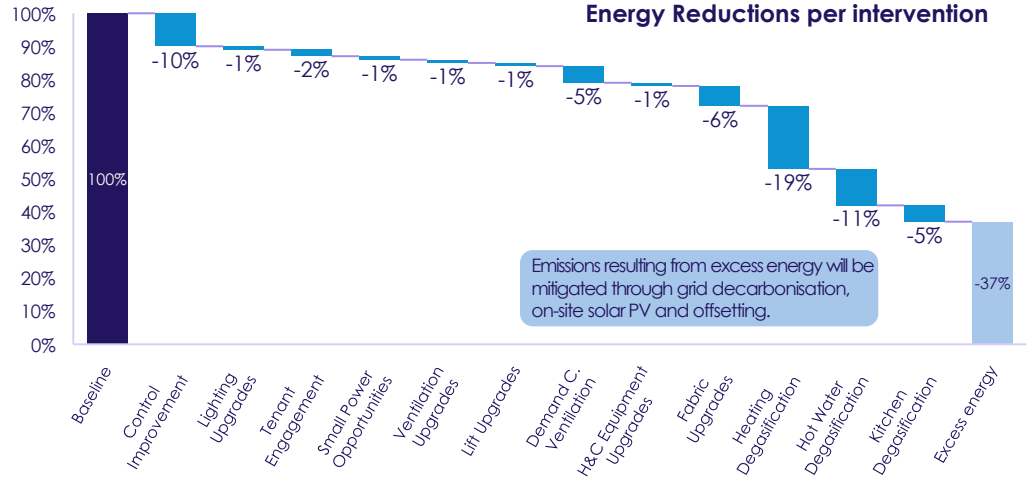
Medium-Term:

- Solar PV where rooftop area is suitable
- HVAC upgrades and ventilation improvements
- Pilot heat pump installations

Long-Term:

- Full electrification of heating and hot water
- Kitchen degasification
- Major fabric upgrades during refurbishments





Next Steps & Looking ahead

Key action for the next 12 months detailed below, and complete future action plan summarised on the right

Integrating Net Zero into Business Strategy

- Align emission reduction targets with LondonMetric's long-term business goals and value creation.
- Embed targets into asset management plans and investment decisions.
- Apply net zero criteria during acquisitions and refurbishments.

Scope 1 and 2 Emissions Implementation Plan

Although Scope 1 and 2 emissions are a small part of the portfolio, reducing them remains a priority. A tailored action plan will be developed for each property.

New Developments

Major developments and refurbishments will include embodied carbon assessments to reduce carbon impact from the outset.

Bottom-Up Assessments

Identify cost-effective carbon reduction measures through detailed assessments, focusing on high-impact assets such as arenas, data centres, life sciences facilities, and theme parks.

Tenant Engagement

Work closely with tenants, investors, and suppliers to build shared ownership of Net Zero goals.

- Encourage energy-efficient behaviour through incentives and support.
- Collaborate with tenants to gather energy data and explore joint initiatives.
- Use lease events as key opportunities to negotiate data access, efficiency improvements, and solar installations

Appendix A: Methodology - Summary

A robust analysis, aligned to industry standards

LondonMetric instructed Savills UK net zero specialists to conduct the assessment. The assessment began with a comprehensive review of LondonMetric data. This included energy data, asset information, annual sustainability reports, and previous decarbonisation analyses carried out in 2023 on the LXI portfolio. Data was also shared during the workshops: one focused on reviewing LondonMetric 's goals and targets, while the other examined existing decarbonisation initiatives planned for the assets.

The International Sustainability Standards Board (ISSB), the Transition Plan Taskforce (TPT), and the Science Based Target initiatives (SBTi) decarbonisation pathway requirements were also reviewed. A gap analysis was conducted comparing the proposed scope against these requirements, identifying criteria alignment and/or misalignment.

The most robust source of data for establishing the baseline for built assets will come from a review of metered energy consumption. Using existing energy data, the business-as-usual carbon baseline was assessed. The CRREM carbon factor estimates for 2023-2050 were used to convert the operational energy use into carbon emissions. This accounts for the projected climate change and the decarbonisation of the National Grid.

The assessment was conducted at the unit level rather than the asset level to account for variations in tenant activities within a single asset, enabling a more detailed review.

An archetype assessment was carried out to categorise most of the portfolio into different groups. Decarbonisation pathways were established and extrapolated across the entire portfolio to determine the portfolio Net Zero Pathway. This outlined the expected energy and carbon savings along with CapEx and OpEx financial implications.

For assets which have unique tenants or have high carbon emissions, asset specific assessments will be required to define Net Zero pathways, some of which have already been undertaken. This applies to asset types such as arenas, theme parks, and I&L data centres. These assets will require a bottom-up assessment as will be highlighted further in this report. While their emissions are included in the overall portfolio pathway, no decarbonisation interventions have been applied to them. It is recommended that future iterations of this analysis incorporate tailored decarbonisation pathways for these assets to ensure a comprehensive and inclusive strategy. Importantly, they represent further carbon reduction potential that could be unlocked through targeted assessment and investment.

Known acquisitions or disposals in 2023 and 2024 were included in this analysis.

Where energy consumption data was unavailable, particularly for newly acquired units, energy consumption was estimated using the average EUI of units with similar uses. This applies to approximately 6% of the units for both electricity and gas. This approach enables the development of a robust and representative baseline, while addressing gaps in data availability across the portfolio.

Key assumptions made when during modelling have been summarised in the following slide.

Methodology – Assumptions on analysis

Assumptions were made during the analysis to support the study's progress - the following sections outline these specific assumptions

Carbon Factors

The CRREM UK carbon factors for electricity and gas were employed to calculate the carbon emissions of the assets within the portfolio from now until 2050. These carbon factors are specific values that represent the amount of carbon dioxide (CO_2) emissions produced per unit of energy consumed. Using these factors, we can accurately estimate the carbon footprint of each asset based on its energy consumption. CRREM provides a consistent and robust framework for emissions estimation, ensuring that the calculations are aligned with the latest standards and regulations. This framework considers the projected changes in carbon intensity of electricity and gas over time, reflecting the anticipated decarbonisation of the energy grid.

Acquisitions and Disposals

LXI properties were included in the analysis from 2023, even if purchased in 2024, to ensure alignment with the broader dataset. Conversely, for all other portfolio assets, inclusion was strictly based on the year of acquisition. This means that assets bought or sold in 2024 were excluded from the 2023 analysis. Sequential percentage reductions were applied across the portfolio, with total portfolio areas adjusted over time to account for changes resulting from asset sales or acquisitions.

Manufacturing Assets

To adopt a conservative approach to decarbonising manufacturing assets, energy reduction percentages were not applied to total energy usage, as most of it is tied to tenant operations that are not easily reducible. The energy was split into regulated and unregulated categories. Regulated energy includes what is necessary to maintain the building (like heating, cooling, and lighting), while unregulated energy relates to tenant operations. Reductions were only applied to regulated energy based on average consumption from LMP's I&L Heated assets for each typology. An I&L manufacturing asset adds operational energy from tenants, which is not regulated. A 5% reduction was applied to unregulated energy to reflect expected operational improvements by 2050, assuming all process loads are electric due to a lack of specific data on fuel sources. Assets with gas-powered process loads will require individual assessments for suitable decarbonisation measures.

Photovoltaic Installations

Several assumptions were made when calculating photovoltaic (PV) energy generation. LondonMetric provided a list of 33 units with PV installations, including their peak power sizes. The electricity generated was estimated in kWh/m² using an azimuth of 0° and a slope of 15° for different regions. Annual electricity generation was calculated based on the area of each asset, enhancing the accuracy of predictions regarding solar potential across the UK. To account for yearly variations, 80% of the generated energy was considered valid. When PV generation exceeded energy consumption, a minimum net consumption of 5 kWh/m² was assumed. Only Industrial & Logistics (I&L) assets, retail warehouses, and retail supermarkets were considered for PV installations, excluding assets that already had them. The selected groups for PV installations included:

- All I&L (excluding unheated subsectors), retail warehouses, and retail supermarkets built post-2000 and larger than 50,000 sqft.
- 50% of I&L (excluding unheated subsectors), retail warehouses, and retail supermarkets built pre-2000 and larger than 50,000 sqft. The system size for each asset was derived from existing PV installations.

An analysis determined that an average roof PV coverage of 17% should be applied to all assets receiving PV installations. It was assumed that the Gross Internal Area (GIA) equates to the roof area. The same assumptions for annual energy generation were applied to PV interventions. The energy output was capped to ensure a minimum net consumption of 5 kWh/m², acknowledging that PV systems may not fully offset energy use.

Asset Exclusions

Several assets were excluded from the analysis for the following reasons: External carpark, German assets, power station, non-building related units such as advertising boards, land, solar lease, and EV charging pod.

Appendix B: GHG Inventory Boundary

Scope & Category		GHG Category Description	BBP Requirement	LondonMetric Boundary	Rationale and emissions covered
Scope 1	**1.1**	**Direct fuel combustion (e.g. gas boilers)**	**Mandatory**	**Included**	**This category relates to emissions from energy purchased by LondonMetric. This includes heating provided to tenants and in landlord-controlled areas, as well as usage in units that were vacant during the reporting period.**
	1.2	Company-owned vehicles	Voluntary	Excluded	Not applicable to LondonMetric as the company does not have company-owned vehicles
	1.3	Fugitive emissions (e.g. refrigerant leaks)	Mandatory	Excluded	Excluded due to minimal landlord-operated HVAC systems and limited office portfolio; emissions are de minimis.
Scope 2	**2.1**	**Purchased electricity (landlord areas)**	**Mandatory**	**Included**	**This category relates to emissions from energy purchased by LondonMetric. This includes electricity from its HQ, landlord-controlled areas, and usage in units that were vacant during the reporting period.**
Scope 3	**3.1**	Purchased goods & services (office supplies) and water use	Voluntary	Excluded	Excluded due to LondonMetric's limited corporate operations and headcount; procurement emissions (e.g. office supplies, IT) are immaterial relative to the portfolio's operational emissions.
	3.1	Purchased goods & services (M&E & property management service etc)	Mandatory	Excluded	M&E & property management services are in scope, but also minimal due to LondonMetric Full Insurance and Repair operating model and limited number of multi-let properties.
	3.2	**Capital goods (embodied carbon from construction/refurb)**	**Mandatory**	**Excluded (to be included from 2027)**	**This category pertains to emissions from LondonMetric developments and large refurbishments completed during the reporting year. It includes emissions from building lifecycle stages A1-A3 (manufacture of construction products), A4 (transporting materials/ products to construction sites). and A5 (construction site energy use).**
	3.3	**Fuel & energy-related activities not in Scope 1 or 2**	**Mandatory**	**Included**	**This category relates to emissions from the extraction, production, and transportation of fuels and energy purchased by LondonMetric in the reporting year, not already accounted for in Scope 1 or Scope 2.**
	3.4	Upstream transportation and distribution	Excluded	Excluded	This category relates to emissions from LondonMetric developments and large refurbishments completed in the reporting year. It includes emissions from lifecycle stage A4 (transporting materials/ products to construction sites), however these are reported under Category 3.3.
	3.5	Waste generated in operations	Mandatory	Excluded	Excluded as landlord waste is immaterial and not accurately measured across the limited retail park portfolio.
	3.6	Business travel	Voluntary	Excluded	Excluded due to LondonMetric's limited corporate operations and headcount; business travel emissions are immaterial relative to the portfolio's operational emissions.
	3.7	Employee commuting	Voluntary	Excluded	Excluded due to LondonMetric's limited corporate operations and headcount; employee commuting emissions are immaterial relative to the portfolio's operational emissions.
	3.8	Upstream leased assets	Excluded	Excluded	Not applicable to LondonMetric, as the company's only leased asset its his Head office, which energy emissions are reported under Scope 1 and 2
	3.9	Downstream transportation and distribution	Excluded	Excluded	Not applicable to LondonMetric, as the company does not sell products
	3.1	Processing of sold products	Excluded	Excluded	Not applicable to LondonMetric, as the company does not sell products
	3.11	Use of sold products	Excluded	Excluded	Not applicable to LondonMetric, as the company does not sell products
	3.12	End-of-life treatment of sold products	Excluded	Excluded	Not applicable to LondonMetric, as the company does not sell products
	3.13	**Downstream leased assets (tenant energy use in FRI leases)**	**Mandatory**	**Included**	**This category relates to emissions resulting from the procurement of gas and electricity by occupiers in assets that LondonMetric owns. Waste and water use by occupiers is excluded as out of scope under the BBP framework and is often not measured by tenants, which limits visibility.**
	3.14	Franchises	Excluded	Excluded	Not applicable to LondonMetric, as the company does not have any franchises
	3.15	Investments	Excluded	Excluded	Not applicable to LondonMetric as emissions related to joint ventures and investments have been accounted for in the categories above

Appendix C: LondonMetric Carbon Offsetting Strategy

As part of our Net Zero Pathway, LondonMetric recognises that carbon offsetting plays a limited but necessary role in addressing residual emissions that cannot be eliminated through operational efficiency, renewable energy procurement, and design interventions. Our offsetting approach is grounded in the following principles and reflects leading guidance from the Oxford Offsetting Principles and the UK Green Building Council (UKGBC).

1. Principles of Offsetting

- Prioritise Carbon Reduction First

Offsetting is a last-resort measure, used only after all technically and economically feasible emissions reductions have been achieved across Scope 1, 2, and, where possible, Scope 3.

- Only Offset Residual Emissions

We will only offset emissions that remain after implementing carbon reduction interventions, particularly those from tenant energy use and embodied carbon in development, as well as where further improvements are not practical or economically viable.

- Support High-Integrity Offsets

All offsets will be certified to recognised independent standards, such as but not limited to:

- Gold Standard
- Verified Carbon Standard (VCS)
- UK Woodland Carbon Code (for UK-based nature projects)
- Peatland Code (where applicable)

2. Project Type and Location

- Small scale (most suitable for Scope 1 and 2)

We will focus on supporting high-quality renewable energy projects worldwide that displace fossil fuel generation and accelerate the global clean energy transition. This includes investments in wind, solar, and other renewable infrastructure. All projects will be prioritised based on their contribution to the Sustainable Development Goals, co-benefits, and effectiveness in reducing emissions.

- Large scale (most suitable for developments and tenant emissions):

Focus on nature-based solutions with substantial co-benefits, such as afforestation, peatland restoration, and biodiversity restoration. Preference will be given to UK-based projects where co-benefits (flood mitigation, biodiversity, local economy) can be realised and transparently monitored.

- Long term:

Over the long term, we aim to transition from temporary storage credits to permanent removal as technology matures and becomes more scalable.

3. Additionality, Permanence, and Verification

All offsetting projects must:

- Demonstrate additionality, meaning the carbon savings wouldn't occur without our investment.
- Ensure permanence, with robust mechanisms to address leakage and reversal risks.
- Be independently verified and monitored, with transparent reporting.

4. Governance and Transparency

Our internal Responsible Business Working Group will oversee decisions related to offsetting.

We will publicly disclose the volume, type, cost, and certification status of all offsets used, and differentiate between emissions reductions and offsets in our annual Responsible Business Report.

We commit to an annual review of our offsetting strategy in line with scientific guidance and evolving best practice,

Appendix D: Acronyms and Glossary

BBP: Better Buildings Partnership – a collaboration of leading property owners committed to improving the sustainability of existing commercial buildings

Carbon Offset: A credit representing a reduction or removal of emissions elsewhere to compensate for emissions produced.

CRREM: Carbon Risk Real Estate Monitor

Embodied Carbon (Upfront): Greenhouse gas emissions arising from the extraction, manufacturing, transportation, and installation of construction materials and products up to the practical completion of a building project. . As defined by UKGBC, this includes lifecycle stages A1–A5: raw material supply (A1), transport to manufacturer (A2), manufacturing (A3), transport to site (A4), and construction/installation processes (A5). This excludes emissions from use, maintenance, or end-of-life stages.

Energy Hierarchy: A framework prioritising actions to reduce energy demand and decarbonise energy use (e.g., Be Lean, Be Clean, Be Green).

EPC : Energy Performance Certificate

ESG: Environmental, Social and Governance

EUI: Energy Use Intensity

GHG: Greenhouse Gas

Green Lease Clause: Lease clauses encouraging or mandating sustainable management practices between landlord and tenant

ISSB: Internal Sustainability Standards Board

MEES: Minimum Energy Efficiency Standards

Net Zero (Net Zero Carbon): is met when the carbon emissions emitted as a result of all activities associated with the development, ownership and servicing of a building are zero or negative.

Operational Emissions: Emissions associated with the day-to-day energy use of buildings, typically Scope 1 and 2, and part of Scope 3 (e.g. tenant energy use).

PPA: Power Purchase Agreement

PV: Photovoltaic (solar panels)

kWh: Kilowatt hour

REIT : Real Estate Investment Trust

Scope 1, 2, 3 Emissions: Classification of emissions by the GHG Protocol – Scope 1: direct emissions; Scope 2: indirect energy; Scope 3: value chain.

Science-Based Target: A greenhouse gas reduction target aligned with limiting global temperature rise to 1.5°C or well below 2°C.

SBTi: Science Based Targets initiative

SFDR: Sustainable Finance Disclosure Regulation – EU regulation requiring financial market participants to disclose sustainability risks

SECR: Streamlined Energy and Carbon Reporting – UK framework requiring large companies to report energy use and emissions

tCO_2e: Tonnes of Carbon Dioxide Equivalent

TCFD : Task Force on Climate-related Financial Disclosures

UKGBC: UK Green Building Council

UKNZCBS: UK Net Zero Carbon Buildings Standard

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