LONDONMETRIC PROPERTY PLC

Responsible **business**

Sustainability performance June 2018

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Key achievements in the year

Our Responsible Business activities have delivered further improvements and have increased our GRESB score which we continue to view as our most applicable sustainability benchmark.

Awards

GRESB Green Star and maintained EPRA sBPR Gold award

Targets 2016 to 2018

94% of targets achieved or progressed

See pages 14-15

New targets set for 2019

See pages 16-17

EPC rating of 'E' or above on assets for MEES purposes

100%

See page 4 for further details

BREEAM Very Good certification on completed developments

0.5m sq ft

Annual carbon footprint

-53% absolute

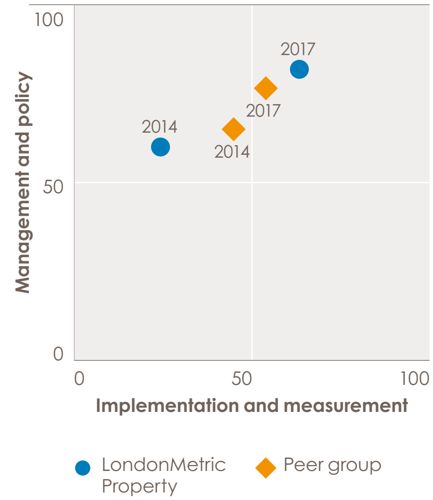
-17% like for like

Global Real Estate Sustainability Benchmark (GRESB)

- Achieved 69% score in the 2017 survey and maintained our green star status. This is up from 34% in 2014, 50% in 2015 and 66% in 2016
- In 2017, we achieved further improvements particularly around management and monitoring
- Further actions undertaken to maintain status in the upcoming 2018 survey, particularly on stakeholder engagement and construction

GRESB

Performance in 2017 GRESB Survey (%)



EPRA Sustainability Best Practice Recommendations (sBPR)

- Framework for reporting standardised environmental data
- For first time in 2015, we reported in a format required by the EPRA sBPR and received special commendation for improvements made
- In 2017, we were one of only ten listed UK companies to receive a Gold award

EPRA sBPR GOLD

FTSE4Good

- Assessment for inclusion in the FTSE4Good Index
- In 2017, our most recent assessment, we scored 2.7 out of 5.0
- This is a significant improvement on the 2015 score of 1.4

Future reporting

As investor scrutiny of our Responsible Business activities and reporting grows further, we are expanding our reporting to external benchmarks.

ISS launched their first environmental and social survey this year and we responded recently to their questions.

Furthermore, we are reviewing the framework introduced by the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board.

While voluntary, it is designed to help companies report decision-useful climate-related information. We intend to further align our reporting with TCFD guidance and report on the resilience of our business and portfolio to climate-related risks.

Our approach to Responsible Business

Responsible Business addresses three key areas of environment, people and our other stakeholders. It is embedded into our investment, asset management, development and corporate activities.

We continue to build on our Responsible Business foundations and ensure that appropriate targets are set and aligned with our Responsible Business objectives."

Martin McGann
Finance Director

Overview

We are committed to improving our Responsible Business disclosure, mitigating sustainability risks and capturing environmental and stakeholder related opportunities.

Every year we set targets to meet our Responsible Business objectives.

Progress is monitored at Working Group meetings held several times a year and attended by key business representatives, one Board member and JLL, our external real estate sustainability advisor. Overall performance is reported to the Board at regular intervals.

A changing business

LondonMetric has changed significantly, moving away from offices and multi-let retail parks into single let and modern distribution. Consequently, our carbon footprint has fallen significantly, as has the portfolio's operational requirements and our employee numbers.

Therefore, combined with our responsible activities, risks from Responsible Business have been reduced significantly. However, we continue to monitor and address all potential risks and look at all opportunities that can benefit our stakeholders and the Company.

New targets for 2019 have been set and are detailed on pages 16-17.

Our approach is delivering Responsible Business benefits

Our Key Responsible Business risks and potential impact

Environment

- Quality, desirability and environmental standards of our assets deteriorate, leading to higher voids, loss of income and reduced liquidity for our assets

Stakeholders

- Management of our supply chain is insufficient leading to business interruption, accidents, reputational risk or breach of law
- Reliance on a few employees, insufficient employee development and diversity reduces our competitive advantage
- Poor external stakeholder relations impact negatively on our reputation and ability to undertake business activities
- Poor Responsible Business focus reduces our access to capital and debt markets

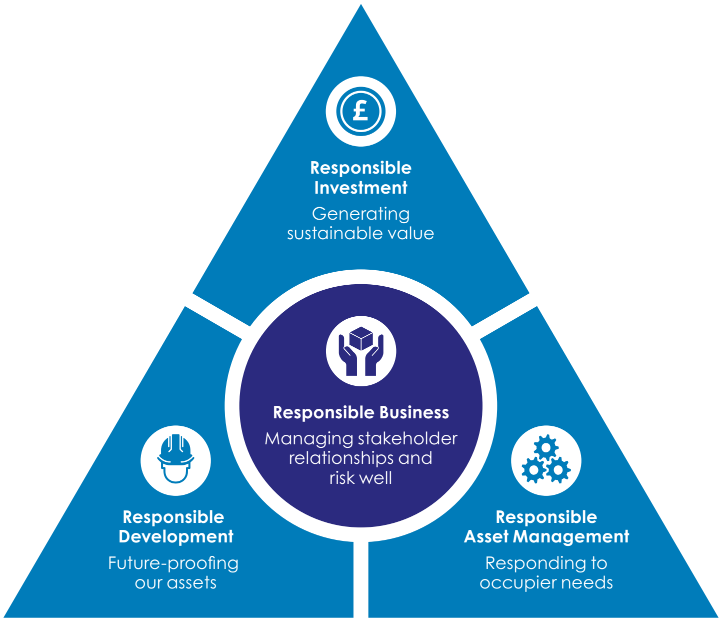
Our Responsible Business objectives

Minimise the environmental impact of our business and maximise the efficiencies of our assets in conjunction with occupiers

Empower, develop and increase wellbeing and diversity of our people

Enhance our external stakeholder relationships, including those with occupiers, supply chains, investors and local communities

Responsible Business embedded in our activities



Responsible Business at our 454,000 sq ft warehouse in Dagenham

180,000 sq ft new warehouse

LondonMetric worked with its occupier, Eddie Stobart, to construct a 180,000 sq ft distribution warehouse with 15 dock levellers, two level access doors and a 150 bay lorry park at a 5.7% yield on cost.

Attractive development yield

- Replaced two old buildings with poor environmental credentials
- Built in 12 months by McLaren, a local contractor, on time and within the £17m budget
- Lease was extended by c.10 years to 26 years across the 454,000 sq ft estate
- Rent increased by £0.9 million per annum generating a marginal yield on cost of 5.7%, significantly higher than investment yield

+75% pallet capacity

- Redevelopment created significant operational improvements for the occupier and was phased to minimise disruption to the their live operations
- It has increased pallet capacity by 25,000 and is expected to generate an additional 200 permanent jobs
- At peak, there is a lorry movement every three minutes and the development significantly improves vehicle circulation on site

Local community involvement

- Significant local resident consultation pre-planning, including a walk in exhibition and, during development, at resident association meetings
- Supported local residents in pursuit of a better nearby traffic interchange and provided funding for a new local playground
- Over 100 temporary local workers employed; two are now full time employees of the contractor

Delivering a modern and environmentally sustainable building

BREEAM Very Good

The building achieved BREEAM "Very Good" and an EPC "A" rating. 99% of non hazardous demolition waste was diverted from landfill and the project achieved an exemplary BREEAM score for diversion of waste.

250 KW Solar PV installation and roof lights

The solar PV scheme is expected to fully cover all of the occupier's energy needs at peak times. 10% of the building's roof is covered by roof lights.

Electric Vehicle charge points

Four charge points were installed with enabling work undertaken for a further eight to be fitted as required.

External Lighting LED upgrade

The lorry park lighting was upgraded and is expected to generate a saving of 25,000 kWh per annum for the occupier.

On site vehicle servicing

A new facility to wash vehicles and tankers as well as a new fuel island is expected to save 3,900 lorry movements a year equating to 39,000 miles.

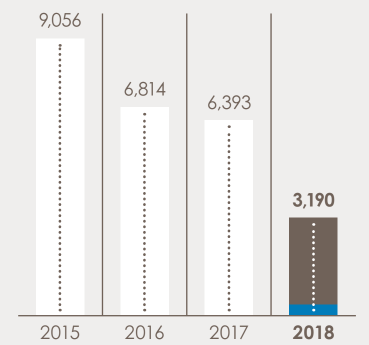
Improving our environmental credentials

Through our investment, asset management and development activities we look to minimise the environmental impact of our business and maximise the efficiencies of our assets.

The environmental performance of our portfolio has significantly reduced our energy consumption and greenhouse gas emissions. Our landlord controlled energy consumption for last year, excluding the contribution from our sold Marlow office asset, was 357,890 kWh. This equates to the consumption of around 20 mid-sized homes and compares against an equivalent of 722 homes in 2015.

Only 8% of the portfolio by area has landlord controlled energy supply and this limits our ability to further reduce our energy consumption. However, we continue to look at ways of reducing our consumption and the efficiency of our assets to reduce the energy consumption of our occupiers.

Energy consumption reduction (MWh)



2018 energy consumption excluding Marlow asset

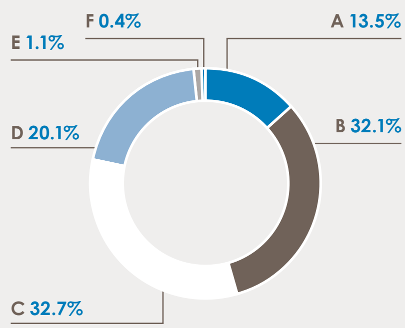
Investing

Our investment process involves the careful assessment of environmental risks. Our activities have shifted the portfolio into less operationally intensive, single let, newer and higher quality assets.

In anticipation of the introduction of Minimum Energy Performance Standards (MEES), we undertook a full review of our portfolio to ensure our assets had a minimum EPC rating of 'E'. As at 31 March 2018, 100% of assets are rated 'E' or above and 78% of assets have an EPC of 'A'-'C', up from 59% in 2015.

One asset representing 0.4% of the portfolio is rated 'F' and is related to a recent purchase where there is a clear near term action plan in place with the occupier for significant energy improvements.

EPC rating of portfolio (by ERV)



Asset Managing

We are delivering energy efficiencies and sourcing cleaner energy through various asset management initiatives:

- **Car park lighting:** We upgraded LED lighting at two further retail assets in the year. Together with previous installations, this is helping our like for like energy reductions
- **Occupier Energy Audits:** We have undertaken audits on six of our distribution assets which has so far resulted in five of our occupiers self funding internal LED lighting upgrades. A further four audits are planned or underway and we will look at further audits on a priority basis
- **Renewable energy:** Following ongoing engagement with our tenants and feasibility studies, 1.9 MW of solar PV capacity has been installed across 20% of our assets. We continue to engage on progressing further installations with our occupiers and will also look at generating renewable landlord supply
- **Recharge points:** We have installed electric vehicle recharge points on four assets and will add further installations in 2018
- **Smart metering and Green sourcing:** For landlord consumption, we are investigating remote metering to improve the tracking of our energy usage.

  We will also increase the proportion of supply that has a green tariff. During the year, we put in place a green tariff at our office in Marlow, an asset that we have now sold and for which marketing material contained all environmental, socioeconomic and health and wellbeing information
- **Tenant Energy Data:** We continue to collect data on our occupiers' energy consumption and have increased our energy data capture to cover 34% of our portfolio

Developing

Development is a significant activity for us and we carry out our development work responsibly and give proper consideration to environmental, sustainable and social matters. We continued to integrate a range of sustainable features into our developments including solar PVs, roof lights, electric vehicle recharge points, water conservation and ecology.

BREEAM rating

The majority of our developments have a minimum certification standard of BREEAM Very Good. In the year, we completed five developments totalling 0.6m sq ft, 88% of which were BREEAM Very Good or better. The proportion of the portfolio rated at least BREEAM Very Good is now 28%.

Percentage of portfolio rated BREEAM Very Good

28%

Up from 10% in 2015

Our BREEAM Very Good Development at Bedford

680,000 sq ft

of future development

First BREEAM Excellent Development in Crawley completed in the year

109,000 sq ft

development

Our contractor requirements on developments

We have worked hard to implement robust processes to ensure that our contractors uphold our high standards and minimise the environmental impact from developments.

All of our contractors adhere to our Responsible Development Requirements checklist, which sets minimum requirements for our developments on areas including:

- Health & Safety management
- Compliance with the Considerate Constructors Scheme
- Environmental impact monitoring
- Management and reporting of progress
- Promoting local employment opportunities
- Fair remuneration for workers

We continue to monitor compliance and look at ways of improving our contractors' performance. Next year, in addition to our four project health & safety audits per annum, we intend to fully review one project with a particular focus on local sourcing, modern slavery and minimum wage.

Contractor achievements on projects completed in year

Silver award
from Considerate Constructors at our Ipswich development

100% compliance
with our Checklist

Zero reportable accidents
or incidents on 245,000 worked hours

93% of all waste diverted
from landfill

100% on time and on budget
for development

Environmental performance

Our environmental data

Over the past year we have maintained consistent reductions in our energy and water consumption and carbon footprint.

These trends are reflective of both the sale of Marlow International in the middle of the financial year ended March 2018, which accounted for a significant proportion of our resource consumption, and our ongoing efforts to invest in more efficient equipment and management practices. The other 18 retail assets and one residential property for which we are responsible for supply have a much smaller bearing on overall portfolio consumption.

Waste production

44 tonnes

56% recycled

100% diverted from landfill

Energy consumption

3,190 MWh

Down 50% on an absolute basis

Greenhouse gas (GHG) emissions

1,032 tCO_2e

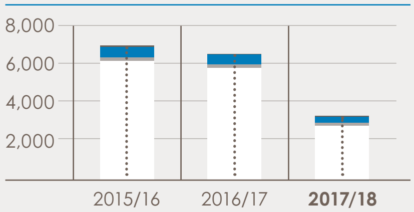
Down 53% on an absolute basis

Water consumption

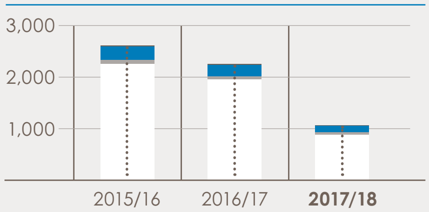
3,158 m^3

Down 53% on absolute basis

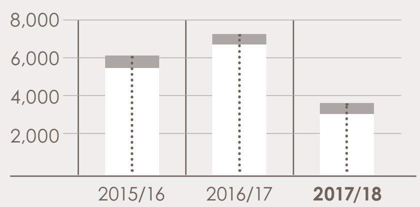
Absolute energy consumption per asset type MWh



Absolute Scope 1-3 GHG emissions per asset type tCO_2e



Absolute water consumption per asset type m^3



This large reduction is due to the sale of our Marlow asset in the year and reduction in like for like landlord controlled energy consumption[1] (electricity and natural gas) by 7% compared to 2017.

We have met our annual target to reduce the portfolio's energy consumption by 4% on a like for like basis, and therefore, continue to make good progress towards our longer term target to reduce energy intensity by 20% against a 2015 baseline, by 31 March 2022.

The sale of our office in Marlow has helped to reduce our absolute emissions by 53%. As a result, our CRC Energy Efficiency Scheme liabilities are estimated to have reduced by c50% from last year's cost of £38,748.

On a like for like basis[1], GHG emissions were down by 17% as a result of energy consumption reductions on the portfolio and ongoing decarbonisation of the National Grid. We have exceeded our annual target to reduce our like for like GHG emissions by 4%.

Therefore, we continue to make good progress towards our longer term target to reduce GHG emissions intensity by 20% against a 2015 baseline, by 31 March 2022.

The only assets where we were responsible for landlord's water supply and waste in the year was at Marlow and our corporate office at One Curzon Street, London.

During the year, our water consumption decreased by 53% on an absolute basis, and our waste production decreased in absolute terms from 105 tonnes in 2017 to 44 tonnes in 2018. The proportion of waste recycled decreased marginally, from 57% to 56%.

Mandatory GHG emissions reporting

		2017/18	2016/17
Direct greenhouse gas emissions in tonnes of CO_2e (combustion of fuel and operation facilities)	Scope 1	195	432
Indirect greenhouse gas emissions in tonnes of CO_2e (purchased electricity, heat, steam and cooling)	Scope 2 – location-based	811	1,687
	Scope 2 – market-based	881	1,937
Total carbon footprint in tonnes of CO_2e	Total scope 1 & 2	1,006	2,119
Scope 1 and 2 intensity (tonnes of CO_2e per £m net income after administration costs)	Scope 1 and 2 intensity	15	34

Data qualifying notes

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These include the emissions associated with the energy used by our corporate head office and the landlord-controlled energy from our entire investment portfolio.

We have used the main requirements of ISO14064 Part 1 and the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) for our methodology, using energy consumption data from our owned and occupied properties. We have chosen to report greenhouse gas emissions under our operational control. These sources fall within our consolidated financial statements. We do not have responsibility for any emissions sources that are not included in our consolidated financial statements.

The guidance on the reporting of Scope 2 GHG emissions under the Greenhouse Gas Protocol was updated in 2015 and we are now required to report two different values to reflect the 'location-based' and 'market-based' emissions resulting from purchased electricity.

The location-based method uses an average emission factor for the entire national grid on which electricity consumption occurs. Location-based emissions factors are taken from the latest UK Government (DEFRA) conversion factors for company reporting (2017).

The market-based method uses an emissions factor that is specific to the electricity which has been purchased, or where not available a national 'residual-mix' factor is applied. Market-based emissions factors are taken from the latest Association of Issuing Bodies European Residual Mixes (2016).

The total carbon footprint and emissions intensities have been calculated using location-based Scope 2 emissions.

Data for the year to 31 March 2017 has been restated, including associated intensity metrics, as additional energy consumption data has been obtained since the previous report was published.

Scope 1 data does not include refrigerant emissions as these have been determined to not be material (represent <2% of total emissions); owned fleet does not apply.

Our tenants' environmental data

We continue to collect data on our occupiers' energy consumption and seek to incorporate green lease clauses into new lease agreements.

Our tenants are generally willing to share their data and we have increased our data capture to cover 34% of our portfolio. However, data is typically only made available for electricity consumption and some tenants are unwilling to share their data.

We continue to capture solar power generation of our assets and, in the year, our solar installations generated 802 MWh compared to 193 MWh in 2017. This increase is primarily due to generation from our Newark asset where we completed the UK's largest landlord funded installation of 1 MW in September 2017. As we see the full year benefit from generation at Newark and the benefit from other new systems, such as at our recently completed Dagenham development, generation should increase substantially during this year.

Energy data collected across

4,287,018 sq ft

representing 34% of the portfolio

Electricity generated from solar power

802,116 kWh

of electricity

Amounting to

38,247,027 kWh

of electricity

13,628,958 kWh

of gas

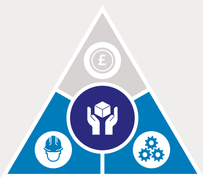
7,837m³

of water

Stakeholders

External relationships across all of our activities are critical to the success of our business.

Occupiers



LondonMetric are very proactive, looking to support our business. They are reactive to our needs and commercial in thinking, which sets them apart."

Property Director
A key LondonMetric occupier

Developing our occupier relationships is a key focus for us.

We engage with occupiers across all of our activities to provide real estate solutions that deliver mutually beneficial outcomes. These relationships are more important than ever and, whilst occupancy of 98% suggests strong levels of occupier contentment, we continue to engage regularly through events, meetings and surveys to ensure we keep close to our customers.

Customer satisfaction survey

In February 2018, we undertook our biennial survey across key occupiers. We received a response from nearly 70%, representing half of our income, which was a significantly higher response than in 2016. We scored an average of 8/10 for satisfaction with our properties and 8.5/10 for how well we compared against other landlords.

Whilst scoring methodology was different to our 2016 survey, the results suggested a broadly similar overall scoring with a good level of satisfaction.

We engaged with several occupiers to discuss their feedback and have met face to face with one of those occupiers.

Future plans

We expect to increase the frequency of our customer survey and will look to further enhance our customer relationship management and monitoring processes.

Recognising that all survey responses noted a desire to work on sustainable property solutions, we will continue to engage with occupiers on energy efficiency and renewable solutions.

Investors and joint ventures

Investors seen

209

Investor survey on Responsible Business

Good standard

We value our good relationships with investors and debt providers to ensure full access to capital markets. Over the year, as covered in detail on pages 72 to 73 of our 2018 Report and Accounts, we met with over 200 investors.

As shareholder expectations on corporate governance and sustainability increase, we undertook our first Responsible Business survey of investors and met with members of the 30% Club Investor Group on diversity matters. We have incorporated feedback from the survey into setting of our 2019 sustainability targets. We will also look at green financing solutions.

In addition, we enjoy strong relationships with our JV partners, principally at our MIPP and DFS Joint Ventures, and continue to work closely with our partners.

2018 Responsible Business investor survey

- Undertaken across half of our share holders with feedback received from 20% of the register
- Responsible Business disclosure, targets and activities were considered good and of an appropriate standard
- Recognition that CSR expectations for a company of our size are lower than is expected of larger corporates
- There was particular emphasis on ensuring that we have good supply chain monitoring, continue to perform well against GRESB and that we continue to value and improve our human capital and develop a diverse group of employees

Local communities

Permanent jobs created

345

by occupiers on our recent developments

Community donations

£110k

Charitable donations and local community spend in 2018

See case study on page 3 for local community involvement at our Dagenham development

We recognise the importance of supporting our local communities and engaging with all local stakeholders.

Over the last few years, we have published a Communities Policy and established a Charity and Communities Working Group.

We aim to maximise the local benefits that our activities bring through:

- **Investment** into the infrastructure of those communities, typically involving the regeneration of land and derelict sites
- **Creation of construction and fit out jobs** during our developments. We typically use local contractors
- **Creation of modern buildings** and facilities fit for the future needs of shopping
- **Long term commitments** from our occupiers, who typically sign leases for periods of 10-15 years
- **Creation of permanent jobs** by our occupiers, most of which are local
- **Our ongoing involvement** at our properties by funding of local events and facilities. For example, we arranged several community days in Leeds during the year
- **Charitable giving**, where we support a number of local causes. We also support other organisations such as LandAid, and match employee charity giving and events. In the year, charitable donations totalled £25,170

Local community stakeholders

Authorities: We work hard to develop our local authority relationships. For example, we have worked in partnership with Bedford Council for over three years on our Bedford development which is estimated to create 1,000 permanent jobs.

Residents: As necessary, and as carried out recently at our Aldi development in Weymouth, we undertake public consultations to inform local residents of our plans.

Throughout our developments, we communicate project progress through contractor newsletters and we task our contractors to minimise local disruption.

Post development, we maintain active dialogue with residents to address any of their concerns.

Businesses: We actively engage with local business and look to support events in conjunction with local authorities.

For example, we presented at a recent event held at our new distribution warehouse in Stoke. The "Make it" event was organised by the local authority where they presented to businesses on their Local Plan for the area's long term growth. Over 90 people attended the event.

Community day at our asset in Leeds

"Make it" event at our asset in Stoke

Stakeholders continued

Contractors & Suppliers

LondonMetric has a collaborative approach with its supply chain and we were pleased to have assisted them on reviewing one of their key contractors."

Duncan Berry
RPS Group

Delivering developments and asset services on time, on budget and in adherence with our high standards is a key priority.

Our procurement policy

In 2015, we implemented a policy to ensure appropriate supply chain and procurement standards on areas such as labour; human rights; health and safety; resource; pollution risk and community. Our contractors are required to adhere to our Responsible Development Requirements (as detailed on page 5) and, for suppliers of asset services, through our Managing Agents' policies.

Modern Slavery

Our exposure to human rights risks – including modern slavery and human trafficking – is deemed limited given our UK only activities. Our procurement policy requires our supply chain to adhere to numerous standards including: paying a fair wage, complying with Human Rights and Labour Rights Legislation, and investigating their supply chains. For developments, contractors are expected to demonstrate adherence to these requirements. Our Modern Slavery Act Statement is available on our website and no human rights concerns arose within the year.

Contractors

In conjunction with our external project managers, our development team ensures that we select high quality and robust contractors who have a proven track record. We regularly review the financial robustness of these contractors and their performance on our projects.

Our development team monitors progress of developments and tracks all elements of the projects including sub contracted works. We stay close to our contractors and, for example, during the year we visited one of our main contractors to undertake a more detailed review of their systems and processes.

Suppliers

Whilst spend on asset services is small, we monitor the compliance of our suppliers against our Managing Agents' policies. During the year, we undertook a high level review of our top five suppliers and were satisfied that they were compliant.

Our People

We recognise the importance of retaining and attracting a diverse and knowledgeable group of employees.

Our employees

The Company is highly focused with 25 employees, four Executive Directors and seven Non Executive directors. Since its merger in 2013, employee and Director numbers have fallen by 28% despite a 51% increase in the value of our assets. This reflects improved efficiencies and lower operational requirements of our portfolio.

Culture and approach

We have successfully attracted and retained a talented, hard working and loyal team, something which we recognise as vital to the business. This is reflected in our low annual voluntary staff turnover rate which has averaged 6% since merger.

We believe this success is a result of our:

- Culture of empowerment, inclusion, openness and teamwork
- Fair and performance based remuneration
- Small number of staff, which allows a flexible and individual approach to addressing staffing needs

Our People (continued)

How we are improving

As a Company with a small number of employees, some policies and procedures that are applicable to larger organisations might not be appropriate for us. However, as the way people work continues to change, we recognise the importance of continually improving our approach to managing our people and attracting new people.

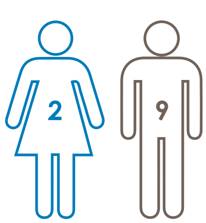
Over the year, we have introduced various initiatives to focus on how we can provide more flexible working, improve diversity and general wellbeing.

The table below highlights key arrangements in place for our employees and the improvements that we have made and plan to make.

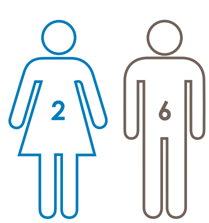
Inclusion & communicate	We have a flat management structure with clear responsibilities. We strongly encourage input on decision making from all staff and wide participation in committee meetings. There is strong collaboration across teams which enables good sharing of information and ideas. There are regular strategy and performance updates to employees from Executive Directors.
Modern working practices	During the year, we implemented more flexible working arrangements covering dress code, holiday buy back, improved systems to enable home working and a core hours policy.
Fair remuneration	Employee remuneration is aligned to personal and company performance with longer term incentivisation plans in place that replicate arrangements for Executive Directors. All employees receive a pension contribution of 10% of salary and access to advice on pensions, free medical insurance and advice, childcare and cycle to work vouchers.
Diversity and equal opportunity	We promote diversity across knowledge, experience, gender, age and ethnicity. Whilst overall female employee representation is good, we recognised that we needed to specifically promote greater gender diversity. With only one female board member we were pleased to appoint Suzanne Avery as a Non Executive Director in the year, increasing our female board representation to 18%. See pages 76-79 of our Annual Report for 2018 for further detail. Recognising the significant diversity imbalance in the real estate sector, we joined the Real Estate Balance group to further our promotion of diversity both internally and externally. As part of our membership, the Chief Executive has signed up to Real Estate Balance's ten commitments for diversity. During 2019, we intend to publish a diversity and inclusion policy.
Employee development	An annual appraisal process is undertaken where training needs and requests are discussed. We actively encourage training and, over the year, our staff undertook 758 hours of training, some of which related to a senior employee's MBA programme. We also undertook Responsible Business training across all of our employees and encourage participation in Young Property Professionals groups. We continued to offer secondment and work placement opportunities and, over the year, seven people participated in this programme.
Health & Safety	In 2016, we formalised a policy to provide and maintain safe and healthy working conditions for all employees, providing appropriate equipment, operational processes and safe systems of work. During the year, we undertook workplace assessments and an external review of our office and four developments.
Wellbeing	During the year, we reviewed our office arrangements and have decided to reduce our office space and undertake a major refurbishment to improve employee facilities and wellbeing. As part of the refurbishment plans, a wellbeing study has been undertaken and we carried out a wider employee survey to identify other improvements as well as to gauge overall employee satisfaction. Once these works are complete, we will undertake another employee survey to measure improvements.

Employee gender diversity

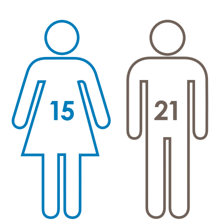
Directors
The number of persons of each sex who were Directors of the Company:



Senior managers
The number of persons of each sex who were senior managers of the Company (other than identified as Directors):



Employees
The number of persons of each sex who were employees of the Company:



Governance

At LondonMetric we recognise that maintaining the high standards of corporate governance we have developed over the years is critical to the successful delivery of our strategy."

Patrick Vaughan
Chairman

The Board is committed to upholding the high standards of corporate governance that underpin the successful management of the Company.

As set out in detail on pages 62-107 of our Annual Report for 2018, the Board is committed to upholding the high standards of corporate governance.

Our Responsible Business activities are an important part of delivering these standards. Martin McGann, Finance Director, represents the Board at Responsible Business Working Group meetings and his remuneration is partly linked to achieving Responsible Business objectives.

Key Responsible Business documents are available on the Company's website and include its:

- Responsible Business policy, which sets out a company level strategic sustainability policy and covers socio-economic and environmental issues
- The Responsible Business Working Group's terms of reference
- Responsible Business targets for the current year
- Current and historic Responsible Business Reports

In addition, there are a number of other Responsible Business related documents which are available on our website including its:

- Approach to Health and Safety which summarises our Health and Safety policy (see page 13 for further information)
- Compliance and Anti Corruption procedures which highlights relevant information from the Company's Compliance Procedure Manual on how it manages, investigates and reports risks associated with compliance, anti-money laundering, financial crime and conflicts of interest
- Responsible Procurement Policy (see page 10 for further detail)
- Community Policy (see page 9 for further detail)
- Modern Slavery Act Statement
- Environmental Performance Reports

In relation to the above, the Company confirms that no human rights concerns have arisen within its direct operations or supply chains and that it has not incurred any fines, penalties or settlements in relation to corruption.

The Company will continue to review and update all of these documents as required.

+ See pages 62-107 of our Annual Report for 2018 for the full Governance report

Health and safety

We recognise the importance of maintaining safe and healthy working conditions for all employees and stakeholders. Following a material update of our Health and Safety policy in the previous year, we continue to review and implement our policy.

Key events in the year

- Quarterly internal H&S meetings
- Half yearly project audits:
  - Projects at Stoke and Dagenham were inspected by RP&P
  - Four audits to be carried out in 2018-19
- One reportable near miss relating to an electrical fault that did not result in any injuries
- Zero Accident Rate for employees
- No health and safety prosecutions or enforcements
- Silver Considerate Constructors Award at our Ipswich development (see below)

Responsibility and procedures

The Board is responsible for ensuring appropriate Health and Safety procedures are in place. Mark Stirling, Property Director, is responsible for overseeing implementation of our procedures and reporting back to the Board.

H&S Advisor

RP&P Management Ltd acts as our Corporate Health and Safety Advisor and we meet formally with them twice a year.

Procedures and policy

We materially updated our Health and Safety policy in 2016/17 to cover all of our activities. An overview of our Health and Safety procedures and policies are summarised and available on the governance section of our website.

Assessments of H&S risks

Where risks need to be assessed under a specific duty or regulation, we ensure that an assessment is carried out and that all actions that are necessary are implemented.

Training

Health and safety training is carried out for all employees and additional health and safety training requirements are considered on a case by case basis.

Health and safety policy

Our policy is kept updated regularly and addresses three main areas:

I. Employment

The policy ensures LondonMetric employees are offered a safe and healthy working environment.

II. Construction

Procedures and processes have been developed to ensure we comply with current legislation. A Project Manager and Principal Designer are appointed on every scheme with the responsibility of overseeing, managing and monitoring the health and safety processes.

III. Managed Properties

The majority of LondonMetric's assets are let on full repairing and insuring (FRI) leases.

For single occupier assets, the responsibility for managing all health and safety matters relating to the operation and maintenance of the property and the estate sits with the occupier.

Where there are multiple occupiers on the same estate, LondonMetric appoint a Managing Agent to manage health and safety matters relating to the common parts. The Managing Agent is responsible for ensuring health and safety assessments are completed and regularly reported back to LondonMetric.

Ipswich 31,000 sq ft development

We require all of our contractors to adhere to the Considerate Constructors Scheme and a key aspect under the Scheme is site safety.

At our Ipswich development, our contractor achieved a prestigious Silver award. The site was well organised and managed with excellent welfare facilities for workers.

As shown in the picture opposite, a secure perimeter hoarding was maintained to provide a robust safe divide between the construction site and the public, and working areas were safely cordoned off within the site.

Targets for 2016-18

Driver	Target	Status	Please see page(s) for further information
Responsible Business			
Community engagement	Publish a community engagement policy.	Achieved	9
Responsible Business Committee	Review attendees of the Responsible Business Working Group and agree formal terms of reference.	Achieved	12
Staff training and knowledge enhancement	Offer 1.5 hours of sustainability specific training per year to all members of staff.	Achieved	11
	The Responsible Business Working Group members are to complete 10 hours of sustainability-specific training per year.	Achieved	12
	Development team to participate in a relevant initiative or working group covering sustainability issues material to the development process (e.g. BPF).	Not pursued – suitable working groups deemed too costly	
Sustainable procurement	Ensure Savills conducts full sustainability survey when tendering and ensure they audit 10% of suppliers annually against the suppliers' responses to the survey.	Achieved	10
	Monitor development contractors' compliance with LondonMetric's Responsible Procurement policy and Responsible Development Requirements checklist.	Achieved and ongoing	5
Investor surveys and communications	Maintain or enhance GRESB performance.	Achieved	1
	Improve FTSE4Good score and obtain a score of more than 2 points for all ESG themes.	Achieved for 2016/17 Partially achieved for 2017/18	1
	Develop and implement a bi-annual investor sustainability engagement survey.	Achieved	8
Responsible Asset Management			
Environmental performance	Maintain 100% of operational waste diverted from landfill for landlord managed portfolio by 2020 against a 2015/16 baseline.	Achieved for 2017/18	6
	Achieve a recycling rate of 25% by 2020 against at 2015/16 baseline.	Achieved for 2017/18	6
	Reduce **investment portfolio** energy consumption and GHG emissions by 4% on a like for like basis against a 2015/16 baseline by 31 March 2017.	Achieved for 2017/18	6
	Reduce **office portfolio** energy consumption and GHG emissions by 4% on a like for like basis (normalised by occupancy rate) against a 2015/16 baseline by 31 March 2017.	No longer applicable due to sale of Marlow International	
	Reduce **retail warehouse portfolio** energy consumption and GHG emissions by 5% on a like for like basis against a 2015/16 baseline by 31 March 2017.	Achieved for 2017/18	6
	Reduce **investment portfolio** energy intensity and GHG emissions by 20% over 6 years, against a 2015/16 baseline, by 31 March 2022.	On track to achieve	6
	Reduce **investment portfolio** water consumption by 4% against a 2015/16 baseline, by 31 March 2017.	Achieved for 2017/18	6
	Reduce **investment portfolio** water intensity by 20% over 6 years, against a 2015/16 baseline, by 31 March 2022.	No longer applicable due to sale of Marlow International	

Driver	Target	Status	Please see page(s) for further information
Responsible Asset Management (continued)			
Tenant engagement	Where there is landlord access to energy and water data (either through smart meters or tenant willingness to share data), monitor the environmental performance of new developments and major refurbishments once in operation.	Achieved and ongoing	7
	Conduct a bi-annual tenant satisfaction survey, incorporating questions regarding sustainability issues, and score responses in order to create a baseline for future years.	Achieved	8
	Based on the results of the tenant satisfaction survey, follow up with most relevant tenants (poor scores or interest in joint activities) to develop specific action plans.	Achieved and ongoing	8
	Investigate implementing a tenant fit-out guide.	Not pursued – deemed not relevant	
	Include a green lease clause regarding data sharing into all new leases (Include with the clause an explanatory note as to its purpose and benefits to increase the likelihood of it being retained in the lease during negotiation).	Achieved	7
	Discuss total energy consumption with tenants and support them to install renewable energy technology, in developing initiatives to reduce energy consumption and/or increase energy efficiency.	Achieved and ongoing	4
Marketing	Include relevant information on the asset's environmental, socio-economic, running costs, and health & wellbeing performance into marketing materials for leasing purposes.	Achieved and ongoing	4
Low carbon energy	For landlord procured energy, investigate the cost of switching 100% to a low carbon energy tariff.	Partially achieved and ongoing	4
EPC risk management	Where necessary, ensure all applicable assets have a minimum E EPC rating by 2017, aiming for a higher rating where feasible.	Achieved and ongoing	4
Responsible Development			
Socio-economic assessment	Pilot the development of a socio-economic assessment to evaluate the impact of LondonMetric's asset on the community in which it operates.	Not pursued – no suitable projects have arisen	
Sustainable building certification standards	Large new direct developments, expansions and major refurbishments to achieve minimum BREEAM Very Good.	Achieved and ongoing	5
Responsible business requirements for contractors	Continue to discuss with contractors the opportunities to incorporate best practice sustainability features within the building's design brief (e.g. on the robustness of the roof structure to hold future PV panels, grey water/rainwater recycling, flood risk mitigation measures, etc).	Achieved and ongoing	10
	Collect and monitor environmental data for construction sites.	Achieved and ongoing	3, 5
Responsible Investment			
IAS checklist	Continue assessing the sustainability risks/features of potential new assets by ensuring the IAS checklist and acquisition process is suitable to ensure all new investments are future proofed and potential environmental risks are mitigated.	Achieved and ongoing	4
Marketing	Include relevant information on the asset's environmental, socio-economic, and health & wellbeing performance into marketing materials for sale purposes.	Achieved and ongoing	4

Responsible Business Targets 2018-19

Our People			
RB	**Employee wellbeing**	1	Publish a wellbeing policy and undertake a wellbeing survey. In addition, further improve the employee working environment, track absence data and undertake health & safety checks.
RB	**Diversity**	2	Develop and publish a Corporate Diversity and Inclusion policy.
RB	**Training**	3	Provide 1 hour of relevant sustainable training p.a. to relevant employees and ensure that the Responsible Business Working Group members complete 10 hours of sustainability training p.a.
Environmental			
AM	**Landlord usage**	4	Reduce l-f-l investment portfolio energy consumption and GHG emissions by 4% against a 2015/16 baseline by 31st March 2019.
AM		5	Reduce investment portfolio energy intensity and GHG emissions by 20% over 6 years, against a 2015/16 baseline, by 31st March 2022, for assets still held by 2022.
RB		6	Maintain reporting of energy, water and waste data for our head office and continue to implement feasible initiatives to minimise its occupational environmental footprint.
AM		7	Create a plan for LondonMetric to generate/purchase sufficient renewable electricity to cover 100% of landlord-controlled electricity consumption by 2020. Incorporate at least one initiative in 2018/19 at an investment/development.
AM		8	Assess feasibility of installing automatic electricity meters for landlord controlled supply.
AM	**Tenant usage**	9	Where tenant water and waste data is available, meet or exceed the BBP's REEB benchmarks for 2018/19 and on an ongoing basis.
AM		10	Encourage and increase tenant data sharing of energy and water data, particularly for new developments and major refurbishments, and continue to seek inclusion of green lease clauses regarding data sharing in all new leases.
AM		11	Explore initiatives with at least three tenants to: a) increase energy efficiency/reduce consumption; and/or b) install renewable energy technology and/or source low carbon energy.
RI	**Building credentials**	12	Continue to assess, through the acquisition process, sustainability risks/features of new investments to ensure assets are future proofed and environmental risks are mitigated. All applicable assets to have a minimum 'E' EPC rating.
RD		13	Achieve BREEAM Very Good or better on large direct developments and improvement projects.
AM		14	Increase percentage of technical building assessments undertaken across the distribution portfolio against a 2018 baseline by 31 March 2019.
AM		15	Include relevant environmental, socio-economic, and health & wellbeing information into marketing materials for asset sales.

Key	
RB	Responsible Business
RD	Responsible Development
AM	Responsible Asset Management
RI	Responsible Investment

Stakeholders			
AM	**Occupiers**	16	Further enhance LondonMetric's Customer Relationship Management tools and, as part of our biennial occupier satisfaction survey, follow-up on 2018's results.
AM		17	Continue to monitor occupier satisfaction at key assets and develop initiatives, including those related to sustainability where possible, to increase occupier satisfaction.
AM		18	Include relevant environmental, socio-economic, running costs, and health & wellbeing information in tenant marketing materials.
RD	**Contractors & suppliers**	19	Continue to collate, analyse and share (with stakeholders) contractor compliance with the Responsible Development Requirements checklist for projects completed in 2018/19. In addition, audit one project with focus on Health & Safety, Modern Slavery and Minimum Wage.
RD		20	Continue to demonstrate consideration by projects of best practice sustainability features within design brief and throughout the project, including renewable energy, electric vehicle charging points and biodiversity (eg, landscaping and sustainable drainage).
AM		21	Monitor supplier compliance with LondonMetric's Responsible Procurement policy and ensure Managing Agents include agreed sustainability criteria within procurement tenders. A minimum of 20% of LondonMetric's suppliers to be reviewed annually.
RB	**Communities**	22	Develop and implement a communities plan in accordance with our Communities Policy.
RD		23	Work with contractors to increase local community engagement and demonstrate community considerations throughout project. On large projects, demonstrate focus on apprenticeship schemes, local employment, communication of project progress and involvement of local schools.
RB	**Investors & Finance**	24	Maintain/enhance GRESB and EPRA scores. In addition, align reporting to TCFD as far as relevant for LondonMetric to respond to climate change related risks and stakeholder expectations.
RB		25	Continue to monitor other investor sustainability reporting requirements and implement the investor sustainability engagement survey in 2019/20. As appropriate, update all Responsible Business related public documents.
RB		26	Review and assess feasibility of Green Financing solutions.

EPRA sBPR *performance measurement*

Table 1: Total portfolio environmental performance

Impact area	Units of measure	EPRA Code	EPRA Sustainability Performance Measures		Absolute measure (Abs) 2016/17	Absolute measure (Abs) 2017/18	Like for like measure (LfL) 2016/17	Like for like measure (LfL) 2017/18	% change
Energy	MWh	**Elec-Abs, Elec-LfL**	**Electricity**	for landlord shared services	1,843	1,029	280	261	-7%
				(sub)metered exclusively to tenants	2,297	1,192	–	–	–
				Total landlord-obtained electricity (GRI G4-EN4)	**4,140**	**2,221**	**280**	**261**	**-7%**
		Fuels-Abs, Fuels-LfL	**Fuels**	for landlord shared services	2,254	969			–
				Total landlord-obtained fuel consumption (GRI G4-EN4)	**2,254**	**969**			**–**
	Number of applicable properties			**Energy and associated GHG disclosure coverage**	23 of 23	21 of 21	15 of 15	15 of 15	N/A
	%			**Proportion of energy and associated GHG estimated**	0.1%	1.3%	0.0%	5.1%	N/A
Greenhouse gas emissions	tonnes CO_2e	**GHG-Dir-Abs, GHG-Dir-LfL**	**Direct**	**Scope 1 (GRI G4-EN15 – GHG Protocol Scope 1)**	415	178	–		–
		GHG-Indir-Abs, GHG-Indir-LfL	**Indirect**	**Scope 2 (GRI G4-EN16 – GHG Protocol Scope 2)**	1,643	781	111	92	-17%
			Indirect	**Scope 3 (GRI G4-EN17 – GHG Protocol Scope 3)**	150	73	10	9	-15%
		Total		Scopes 1 + 2 (only)	2,058	959	111	92	-17%
Water	cubic metres (m^3)	**Water-Abs, Water-LfL**	**Water**	for landlord shared services	6,783	3,158	–	–	–
				Total landlord-obtained water consumption (GRI G4-EN8)	**6,783**	**3,158**	**–**	**–**	**–**
	Number of applicable properties			Water disclosure coverage	1 of 1	1 of 1	1 of 1	1 of 1	N/A
	%			Proportion of water estimated	6%	4%	6%	4%	N/A
Waste (landlord-handled)	metric tonnes	**Waste-Abs, Waste-LfL**	**Waste**	**Total weight of waste (GRI: G4-EN23)**	94	34	–	–	–
				Recycled (%)	57%	57%			N/A
				Incineration with energy recovery (%)	43%	43%			N/A
	Number of applicable properties			Waste disclosure coverage	1 of 1	1 of 1	1 of 1	1 of 1	N/A
Development	**%**	**Cert-Tot certifications**		**% of portfolio certified by floor area (sq ft)**	34% BREEAM Very Good or Excellent	28% BREEAM Very Good or Excellent	N/A	N/A	N/A
	Number of applicable properties			BREEAM disclosure coverage	8 of 8	17 of 17	N/A	N/A	N/A

Table 2: Office portfolio environmental performance

Impact area	Units of measure	EPRA Code			2016/17	2017/18	% change
		EPRA Sustainability Performance Measures			Absolute measure (Abs)		
Energy	MWh	Elec-Abs	Electricity	for landlord shared services	1,292	671	-48%
				(sub)metered exclusively to tenants	2,297	1,192	-48%
				Total landlord-obtained electricity (GRI G4-EN4)	**3,589**	**1,863**	**-48%**
		Fuels-Abs	Fuels	for landlord shared services	2,254	969	-57%
				Total landlord-obtained fuel consumption (GRI G4-EN4)	**2,254**	**969**	**-57%**
	Number of applicable properties			Energy and associated GHG disclosure coverage	1 of 1	1 of 1	N/A
	%			Proportion of energy and associated GHG estimated	0%	0%	N/A
Greenhouse gas emissions	tonnes CO_2e	GHG-Dir-Abs,	Direct	**Scope 1 (GRI G4-EN15 – GHG Protocol Scope 1)**	415	178	-57%
		GHG-Indir-Abs,	Indirect	**Scope 2 (GRI G4-EN16 – GHG Protocol Scope 2)**	1,426	655	-54%
			Indirect	**Scope 3 (GRI G4-EN17 – GHG Protocol Scope 3)**	130	61	-53%
		Total		Scopes 1 + 2 (only)	1,841	833	-55%
Water	cubic metres (m^3)	Water-Abs	Water	for landlord shared services	6,783	3,158	-53%
				Total landlord-obtained water consumption (GRI G4-EN8)	**6,783**	**3,158**	**-53%**
	Number of applicable properties			**Water disclosure coverage**	1 of 1	1 of 1	–
	%			**Proportion of water estimated**	1%	59%	–
Waste (landlord-handled)	metric tonnes	Waste-Abs	Waste	**Total weight of waste (GRI: G4-EN23)**	94	34	-64%
				Recycled (%)	57%	57%	
				Incineration with energy recovery (%)	43%	43%	–
	Number of applicable properties			**Waste disclosure coverage**	1 of 1	1 of 1	–

EPRA sBPR performance measurement continued

Table 3: Retail warehouse portfolio environmental performance

Impact area	Units of measure	EPRA Sustainability Performance Measures			Absolute measure (Abs)		Like for like measure (LfL)		
		EPRA Code			2016/17	2017/18	2016/17	2017/18	% change
Energy	MWh	Elec-Abs, Elec-LfL	Electricity	for landlord shared services	512	311	281	261	-7%
				Total landlord-obtained electricity (GRI G4-EN4)	**512**	**311**	**281**	**261**	**-7%**
		Fuels-Abs, Fuels-LfL	Fuels	for landlord shared services	–	–	–	–	–
				Total landlord-obtained fuel consumption (GRI G4-EN4)	**–**	**–**	**–**	**–**	**–**
	Number of applicable properties			Energy and associated GHG disclosure coverage	21 of 21	19 of 19	13 of 13	13 of 13	N/A
	%			Proportion of energy and associated GHG estimated	0%	9%	0%	17%	N/A
Greenhouse gas emissions	tonnes CO_2e	GHG-Dir-Abs, GHG-Dir-LfL	Direct	**Scope 1 (GRI G4-EN15 – GHG Protocol Scope 1)**	–	–	–	–	–
		GHG-Indir-Abs, GHG-Indir-LfL	Indirect	**Scope 2 (GRI G4-EN16 – GHG Protocol Scope 2)**	203	109	111	92	-17%
			Indirect	**Scope 3 (GRI G4-EN17 – GHG Protocol Scope 3)**	19	10	10	9	-15%
		Total		Scopes 1 + 2 (only)	**203**	**109**	**111**	**92**	**-17%**
Water	cubic metres (m^3)	Water-Abs, Water-LfL	Water	for landlord shared services	–	–	–	–	–
				Total landlord-obtained water consumption (GRI G4-EN8)	–	–	–	–	–
	Number of applicable properties			Water disclosure coverage	–	–	–	–	
	%			Proportion of water estimated	–	–	–	–	–
Waste (landlord-handled)	metric tonnes	Waste-Abs	Waste	**Total weight of waste (GRI: G4-EN23)**	–	–	–	–	–
				Recycled (%)	–	–	–	–	–
				Incineration with energy recovery (%)	–	–	–	–	–
	Number of applicable properties			Waste disclosure coverage	–	–	–	–	–

Table 4: Residential environmental performance

Impact area	Units of measure	EPRA Code		EPRA Sustainability Performance Measures	2016/17	2017/18	% change
					Absolute measure (Abs)		
Energy	MWh	Elec-Abs, Elec-LfL	Electricity	for landlord shared services	39	47	19%
				Total landlord-obtained electricity (GRI G4-EN4)	**39**	**47**	**19%**
		Fuels-Abs, Fuels-LfL	Fuels	for landlord shared services	–	–	–
				Total landlord-obtained fuel consumption (GRI G4-EN4)	**–**	**–**	**–**
	Number of applicable properties			Energy and associated GHG disclosure coverage	1 of 1	1 of 1	N/A
	%			Proportion of energy and associated GHG estimated	5%	6%	N/A
Greenhouse gas emissions	tonnes CO_2e	GHG-Dir-Abs, GHG-Dir-LfL	Direct	**Scope 1 (GRI G4-EN15 – GHG Protocol Scope 1)**	–	–	–
		GHG-Indir-Abs, GHG-Indir-LfL	Indirect	**Scope 2 (GRI G4-EN16 – GHG Protocol Scope 2)**	14	16	19%
			Indirect	**Scope 3 (GRI G4-EN17 – GHG Protocol Scope 3)**	1	1.5	5%
		Total		Scopes 1 + 2 (only)	14	16	19%
Water	cubic metres (m^3)	Water-Abs, Water-LfL	Water	for landlord shared services	–	–	–
				Total landlord-obtained water consumption (GRI G4-EN8)	–	–	–
	Number of applicable properties			Water disclosure coverage	–	–	–
	%			Proportion of water estimated	–	–	–
Waste (landlord-handled)	metric tonnes	Waste-Abs	Waste	**Total weight of waste (GRI: G4-EN23)**	–	–	–
	Number of applicable properties			Waste disclosure coverage	–	–	–

EPRA sBPR performance measurement continued

Table 5: Corporate office environmental performance

Impact area	Units of measure	EPRA Code		EPRA Sustainability Performance Measures	Absolute measure (Abs) 2016/17	2017/18	% change
Energy	MWh	**Elec-Abs, Elec-LfL**	**Electricity**	for landlord shared services	107	82	-24%
				Total landlord-obtained electricity (GRI G4-EN4)	**107**	**82**	**-24%**
		Fuels-Abs, Fuels-LfL	**Fuels**	for landlord shared services	92	89	-4%
				Total landlord-obtained fuel consumption (GRI G4-EN4)	**107**	**82**	**-24%**
	Number of applicable properties			Energy and associated GHG disclosure coverage	1 of 1	1 of 1	N/A
	%			Proportion of energy and associated GHG estimated	0%	0%	N/A
Greenhouse gas emissions	tonnes CO_2e	**GHG-Dir-Abs GHG-Dir-LfL**	**Direct**	**Scope 1 (GRI G4-EN15 – GHG Protocol Scope 1)**	17	16	-4%
		GHG-Indir-Abs, GHG-Indir-LfL	**Indirect**	**Scope 2 (GRI G4-EN16 – GHG Protocol Scope 2)**	42	29	-32%
			Indirect	**Scope 3 (GRI G4-EN17 – GHG Protocol Scope 3)**	4	3	-31%
		Total		Scopes 1 + 2 (only)	**59**	**45**	**-24%**
Water	cubic metres (m^3)	**Water-Abs Water LfL**	**Water**	for landlord shared services	559	589	5%
				Total landlord-obtained water consumption (GRI G4-EN8)	**559**	**589**	**5%**
	Number of applicable properties			Water disclosure coverage	1 of 1	1 of 1	–
	%			Proportion of water estimated	0%	0%	–
Waste (landlord-handled)	metric tonnes	**Waste-Abs**	**Waste**	**Total weight of waste (GRI: G4-EN23)**	10	10	-6%
				Recycled (%)	54%	55%	–
				Incineration with energy recovery (%)	46%	45%	
	Number of applicable properties			Waste disclosure coverage	1 of 1	1 of 1	

Table 6: Total portfolio intensity performance measure

Impact area	EPRA Sustainability Performance Measures		Intensity indicator	2016/17	2017/18	% change
			Retail Warehouse			
Energy	Energy-Int	Building energy intensity (GRI-CRESS: CRE1)	kWh/car park space/year	88	68	-22%
Greenhouse gas emissions	GHG-Int	Greenhouse gas Scope 1 and 2 intensity from building energy (GRI-CRESS: CRE3)	kg CO_2e/car park space/year	0.03	0.02	-31%
			Car Park Spaces	5,835	4,571	N/A
			Number of applicable properties	21 of 21	19 of 19	N/A
			Office			
Energy	Energy-Int	Building energy intensity (GRI-CRESS: CRE1)	kWh/m^2/year	6	3	-48%
Greenhouse gas emissions	GHG-Int	Greenhouse gas Scope 1 and 2 intensity from building energy (GRI-CRESS: CRE3)	kg CO_2e/m^2/year	0.008	0.004	-55%
			Net Lettable Area (m^2)	230,763	230,763	N/A
			Number of applicable properties	1 of 1	1 of 1	N/A
Water	Water-Int	Building water intensity (GRI-CRESS: CRE2)	m^3/m^2/year	0.03	0.01	-53%
			Net Lettable Area (m^2)	230,763	230,763	–
			Number of applicable properties	1 of 1	1 of 1	–

Data qualifying notes

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

We have used the main requirements of ISO14064 Part 1 and the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) for our methodology, using energy consumption data from our owned and occupied properties. We have chosen to report greenhouse gas emissions under our operational control. These sources fall within our consolidated financial statements. We do not have responsibility for any emissions sources that are not included in our consolidated financial statements.

Data for the year to 31 March 2017 has been restated, including associated intensity metrics, as additional energy consumption data has been obtained since the previous report was published.

For the period 1 January 2018 to 31 March 2018, 2017 emissions factors have been used as 2018 figures have not yet been provided by the UK Government (DEFRA).

Scope 1 data does not include refrigerant emissions as these have been determined to not be material (represent <2% of total emissions); owned fleet does not apply.

Scope 2 is based on location-based emissions factors. The location-based method uses an average emission factor for the entire national grid on which electricity consumption occurs. Location-based emissions factors are taken from the latest UK Government (DEFRA) conversion factors for company reporting (2017).

Scope 3 includes landlord-obtained energy (only if sub-metered to tenants), all transmission and distribution losses, and tenant-obtained energy where applicable and tenant provides data.

In this disclosure estimation refers to filling invoice gaps, not to whether invoices are based on estimated or actual readings.

No District heating and cooling is used within this portfolio and therefore is considered N/A.

Where possible tenant exclusive consumption has been split in the report. For FRI leases only consumption for Landlord shared services is being reported.

The BREEAM Very Good properties are a mixture of existing refurbishments and properties under development. The floor area is of the entire portfolio as of 31/03/2018. Floor area is represented as Gross Internal Floor Area (GIA).

Our residential asset, Moore House, has been excluded from the whole portfolio like for like electricity performance and greenhouse gas emissions (Elec-LfL, Fuels-LfL, GHG-Dir-LfL, GHG-Indir-LfL) as it covers consumption over vacant periods which differ from year to year so are not deemed comparable on a like for like basis.

Our office asset, Marlow has also been excluded from like for like electricity, greenhouse gas emissions, water and waste performance data (Elec-LfL, Fuels-LfL, GHG-Dir-LfL, GHG-Indir-LfL, Water-LfL, Waste-LfL) due to being sold half way through the reporting year.

As Marlow was the only asset contributing to the overall Portfolio Fuels, Water and Waste totals (Fuels-LfL, Water-LfL, Waste-LfL), there is no data provided for the like for like period for these sections.

Terms:

Dir: Direct

Indir: Indirect

Abs: Absolute

Lfl: Like for like

Int: Intensity

Cert: Certification

Advisor's statement

JLL has been commissioned by LondonMetric over the past four years to support in developing and implementing its Responsible Business Strategy.

This Advisor's statement provides an external evaluation of LondonMetric's reported performance but does not constitute fully independent assurance or verification. Any errors and misstatements identified by JLL were amended accordingly by LondonMetric.

JLL is pleased to find that LondonMetric has continued to make progress in improving its sustainability performance in all focus areas, including reducing the environmental impact of its assets under management and accomplishing or maintaining progress against 94% of the targets set for 2016 - 2018. What is more, the Company has also taken action on several of the recommendations made last year to further enhance the implementation of its strategy. We would like to highlight the following initiatives as evidence of good practice and ongoing improvement during the financial year ending on 31 March 2018:

- Having obtained robust data for three years' utilities consumption across the portfolio, LondonMetric has consistently reduced its energy and carbon impact on both a like-for-like and absolute basis. For example, in 2018, LondonMetric's carbon footprint decreased by 17% like-for-like, compared to the previous year. The sale of Marlow in June 2017, LondonMetric's last remaining office asset of 231,000 sq ft, has had some considerable bearing on the financial year's environmental performance, contributing to absolute reductions of energy and water consumption and carbon emissions of 50% and above. It is likely to have an even greater impact on next year's results.
- LondonMetric has achieved one 'Excellent' and two 'Very Good' BREEAM certifications for the three major developments completed during FY 2018; with two further developments completed post year end on track to achieve 'Very Good' BREEAM, and further BREEAM Very Good developments planned.
- The Company continues to pursue the implementation of energy efficiency and low carbon improvements across properties, including a 250 KW solar PV installation and LED lighting at the Dagenham warehouse and LED lighting retrofits at two further retail properties. 99.6% of the portfolio by Estimated Rental Value (ERV) has an EPC rating of E or above.
- LondonMetric has carried out a sustainability survey among its largest investors, which has provided useful insights into investors' sustainability priorities; feedback on LondonMetric's approach and suggested next steps, all of which have been used to help inform the next round of Responsible Business targets.
- Building on progress made last year to develop more robust responsible procurement procedures, LondonMetric has worked with Savills to conduct sustainability audits on a sample of property management suppliers and continues to monitor contractors' adherence to its Responsible Development checklist.
- LondonMetric ensures that its solicitors include 'green' clauses in all new draft leases proposed to tenants and energy data is being collected from an increased number of occupiers. The Company is engaging with tenants on a one-to-one basis to promote the use of more energy-efficient fittings and equipment, taking account of individual tenants' business requirements.
- In keeping with last year's recommendation, LondonMetric has continued to promote sustainability learning and skills development among its employees.

The strength of LondonMetric's customer-focused and responsible business approach have been further attested to through external ratings and stakeholder perspectives. The findings of the latest tenant survey reflected very positively on LondonMetric as a landlord, whilst investors appraised the Company's Responsible Business performance and reporting as 'good' or 'very good'. LondonMetric was distinguished with a second 'Green Star' by the Global Real Estate Sustainability Benchmark (GRESB), increasing its score to 69% and outperforming its peer group. The Company also achieved the EPRA sBPR Gold Award for its sustainability reporting for the third consecutive year.

With LondonMetric's cycle of targets coming to an end, it is important to take time to celebrate these successes and consider where the Company should channel its focus over the next couple of years. Taking account of current performance, stakeholder feedback and evolving market norms, we have suggested that LondonMetric considers the following:

- Review its current Responsible Business Strategy and material focus areas in light of the changes to London Metric's portfolio and its strategic shift towards single let, retailer-led distribution and convenience-led retail properties. This should be done as a preliminary piece of work to inform the 2018/19 target to review and refresh London Metric's Responsible Business policies, and should take into account future trends associated with these sub-sectors.
- Set more ambitious targets to increase energy efficiency and the proportion of supply generated by renewable energy sources. As a part of this effort, LondonMetric should consider undertaking deeper dive technical assessments at higher energy consuming assets, and tracking and reporting on the costs and benefits of energy saving initiatives implemented.
- Strengthen its climate risk assessment and reporting procedures in line with investor requirements, and seeking to align with the recommendations of the Task Force on Climate-related Financial Disclosures.
- As part of responsible development procedures, identify further ways in which LondonMetric can contribute to positive socio-economic development and low carbon economy transition (e.g., promoting the use of electric vehicles; collaborating with community organisations that support environmental protection, etc.)
- In line with the new targets set, increase its focus on employee engagement, particularly with regards to gender diversity, which is subject to increasing attention by investors, and employee health and wellbeing.
- Continue to engage with existing and prospective tenants to promote the energy-efficiency and health and wellbeing attributes of LondonMetric's assets, encouraging occupiers to give greater consideration to these aspects during their period of occupancy. At the same time, seek to obtain greater portfolio coverage of utilities data through engagement with tenants.

JLL are a leading global professional services company specialising in real estate, with the largest specialist sustainability advisory unit in the property industry, Upstream. We give cutting edge sustainability advice to the users and owners of real estate.

Beth Ambrose

Beth Ambrose
Director, Upstream Sustainability Services, JLL

The strengths of LondonMetric's customer-focused and responsible business approach have been further attested to through external ratings and stakeholder perspectives. With LondonMetric's FY2016-2018 cycle of targets completed, it is important to take time to celebrate these successes while we also focus on the implementation of the new set of targets."

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