LONDONMETRIC PROPERTY PLC

Property Investing:
Different Thinking For Different Times

16 SEPTEMBER 2021

AGENDA

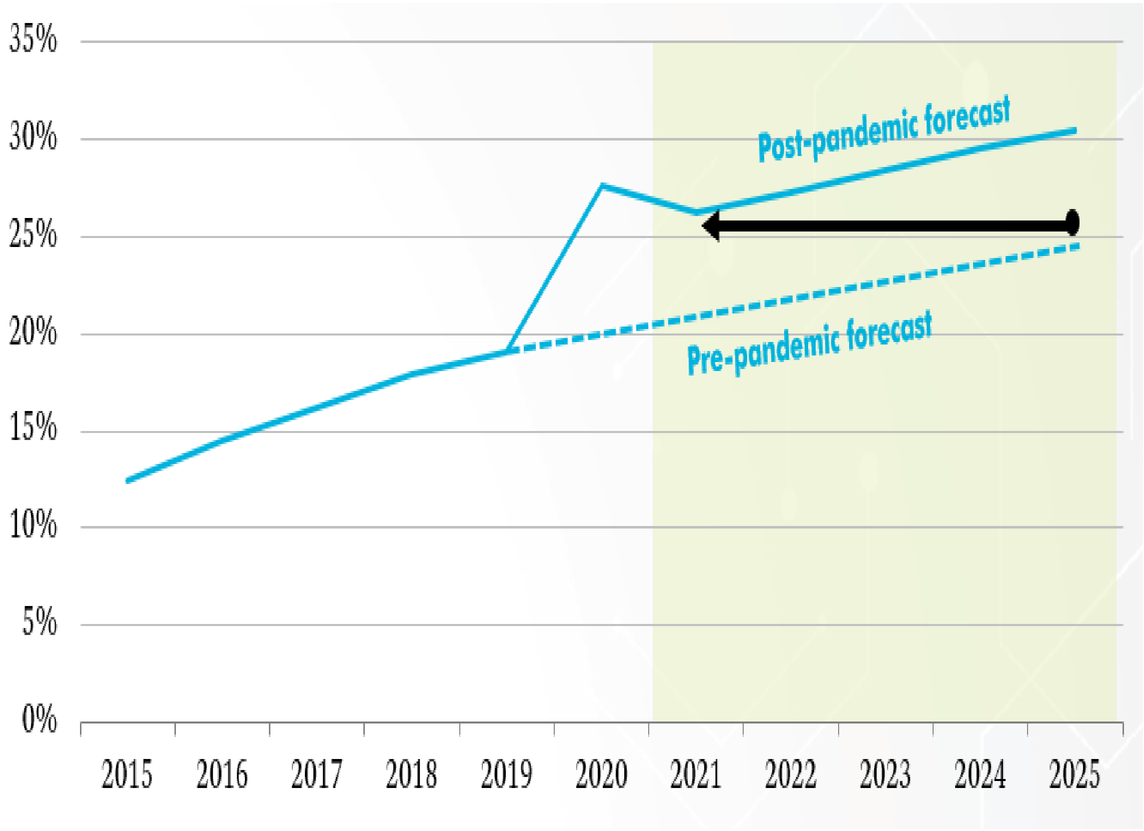
- Real estate market
- Logistics sector
- LondonMetric overview and activity
- Look forward

Structural forces continue to impact real estate

Managers of risk need to understand the key issues facing real estate

- **Rapid changes in how we work, shop & socialise**
  - Hospitality – Airbnb
  - Office – WeWork
  - Transport – Uber
  - Retail – Amazon
  - Restaurant – Deliveroo
- **Desperate search for income**
  - Continuation of lower for longer outlook
  - Demographic tsunami & liability matching
  - Real assets provide inflation hedge
- **Urbanisation**
  - Increased competition for urban space
  - Diminishing supply of land

UK online sales penetration[1]



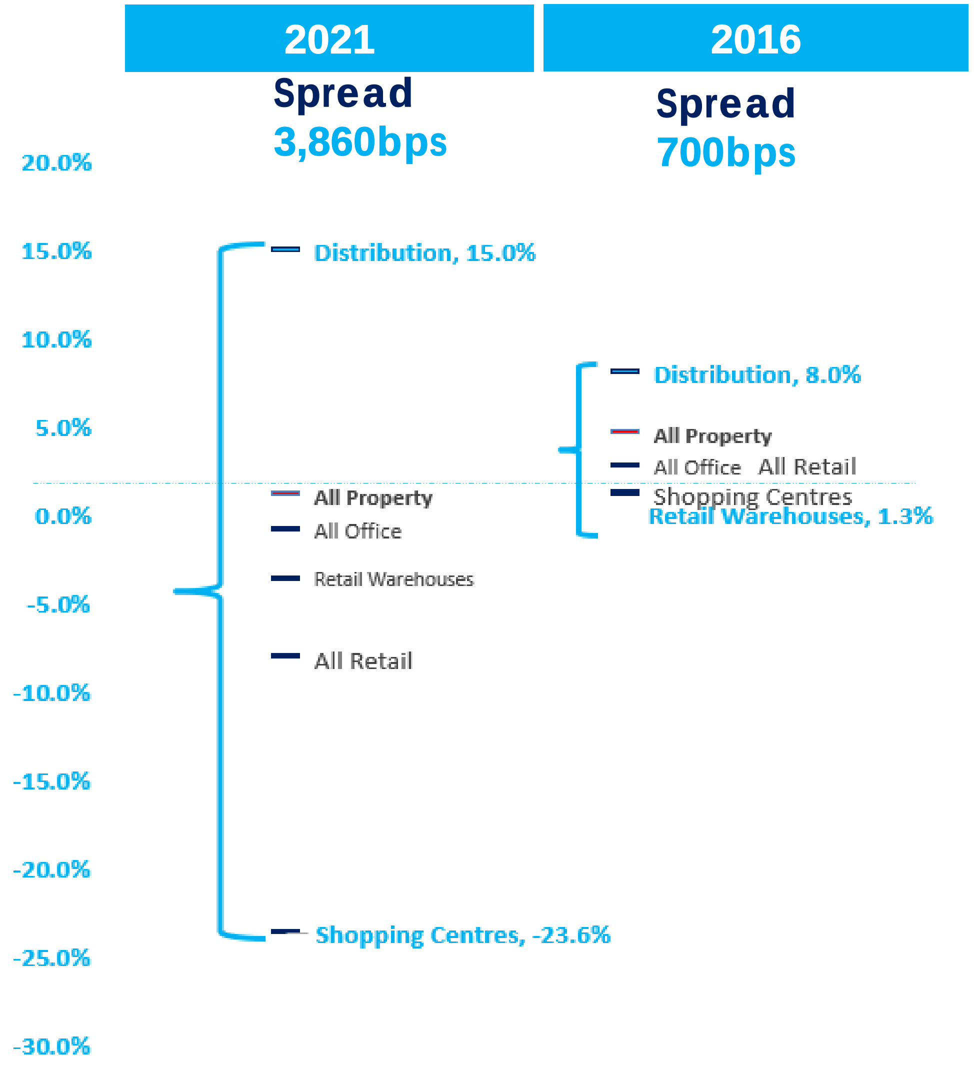
[1]Source CBRE (January 2021 based on data from Q3 2020).

Performances have polarised

COVID-19 accelerated structural trends with flight to quality

- **Structural shifts & trends accelerated**
  - Covid has accelerated trends that were already in the system
  - Structural trends as important today as they were pre-vaccine
- **Polarisation of sector performances widening**
  - Sheds and breads standout performers
  - Shopping centres continuing to see value erosion
  - Retail parks more resilient
  - Office outlook uncertain and increasingly more difficult to predict
- **Macro highly supportive for the right real estate**
  - Low interest rates and "TINA" supports demand for strong income
  - Hunt for sustainable yields means alternatives are less alternative

Sector spread of total property returns[1]



[1]Source: MSCI

Investment backdrop is evolving

Income quality & growth will define the investment winners

Buy the **MARKET**

Buy the right **SECTORS**

Own the right **ASSETS**

2012 - 2015

Buy any assets, any sectors

- Yield arbitrage highly attractive across all property sectors
- All boats rise on the same tide and benefit from re-pricing

2015 - 2021

Align to structural supported sectors

- Logistics
- Grocery
- Student accommodation
- Healthcare
- Long income

2019 - 2021

Own the right assets in the right sectors by focusing on:

- Geography
- Credit strength of occupier
- WAULT
- Occupier contentment
- Income growth prospects

Logistics Market - Overview

UK logistics market is seeing record demand from occupiers and investors

- **Logistics / industrial values +11% YTD[1]**
- **Investors re-allocating capital to winning sectors**
  - £6bn logistics investment in H1 (FY20: £8bn)[2]
  - Led by private equity & institutional money
- **Occupier demand remains at high levels**
  - Online retail largest segment, broad range of requirements
  - Added demand from future proofing supply chains & new entrants
- **Rapidly diminished supply and constrained development**
  - Vacancy rate fallen to 2.1%[2] from 5.8% in January 2020
  - Speculative development fallen 22%[2] in Q2 2020

H1 Take Up[2]

20m sq ft

41% Online Retail
28% 3PLs
10% Manufacturing
9% Other Retail
5% Post & Parcels

Availability (million sq ft)

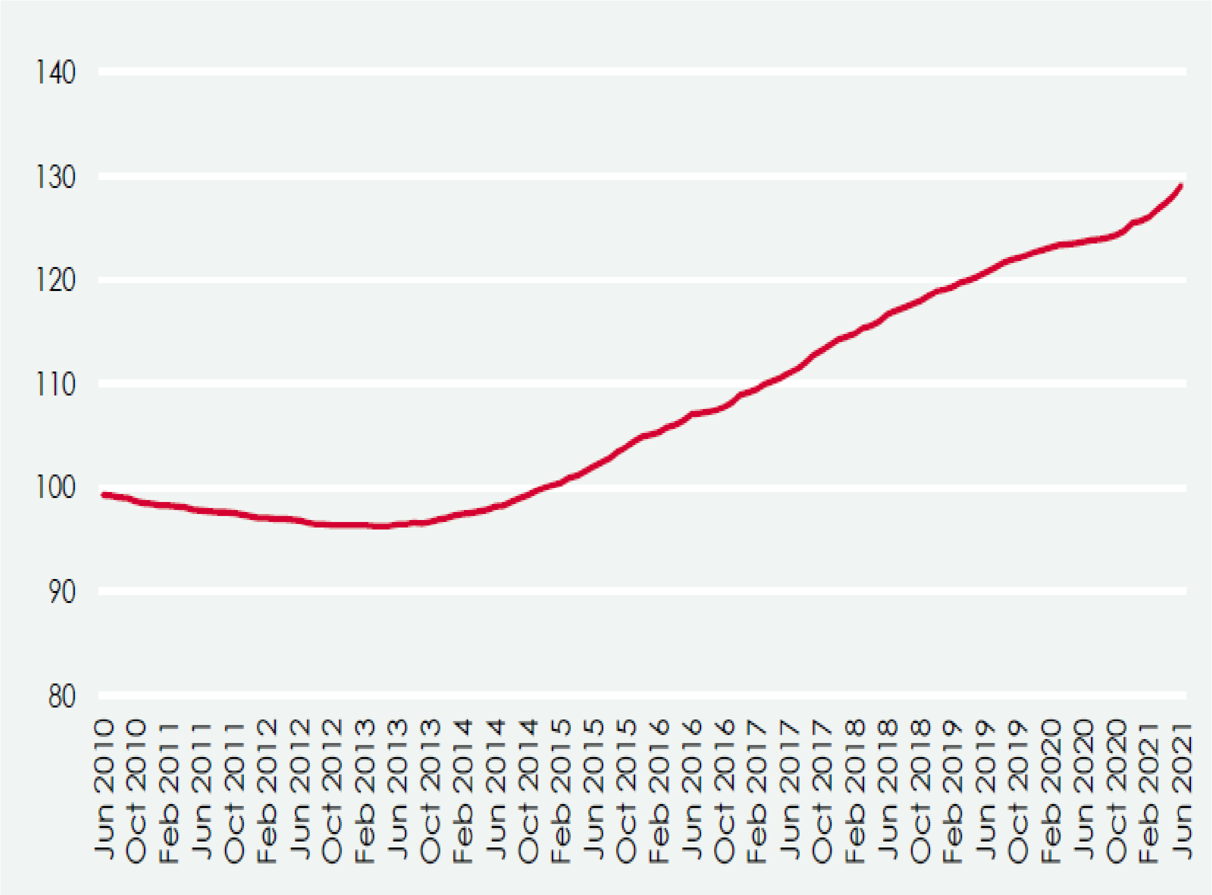
Less than 15 sq ft

[1]MSCI
[2]CBRE, investment transactions >£5 million & units above 100,000 sq ft and minimum 10m eaves

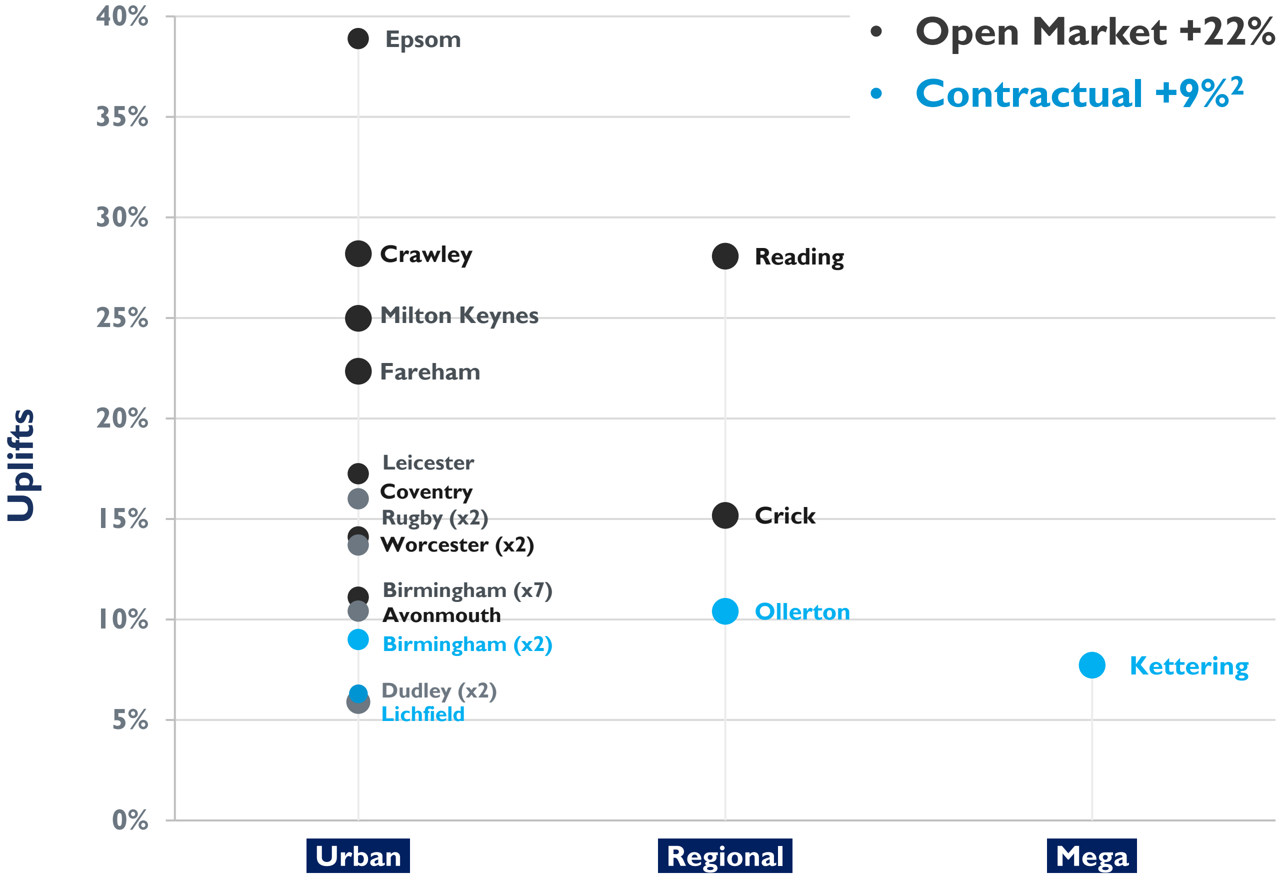
Logistics – Rental Growth

Rental growth driven by continued strong demand/supply dynamics

Market growth (since 2010)[1]



LondonMetric growth (FY 2021)



- Open Market +22%
- Contractual +9%[2]

[1]Knight Frank July 2021
[2]5 yearly equivalent basis

LondonMetric – Overview[1]

FTSE 250 UK REIT, £2.3bn market cap

- **Structural shifts shape our £2.6bn portfolio**
  - Our assets focused on logistics & grocery property
  - Pandemic accelerated demand for these sectors
- **Objective to deliver reliable, repetitive & growing income**
  - Progressive and covered dividend
  - Long and single let income
- **Strong alignment of interest**
  - Internally managed, strict internal competition for capital
  - Management 8th largest shareholder

Urban logistics assets
Over 40%
Of portfolio

Net rental income
£123m
Up from £59m in 2014

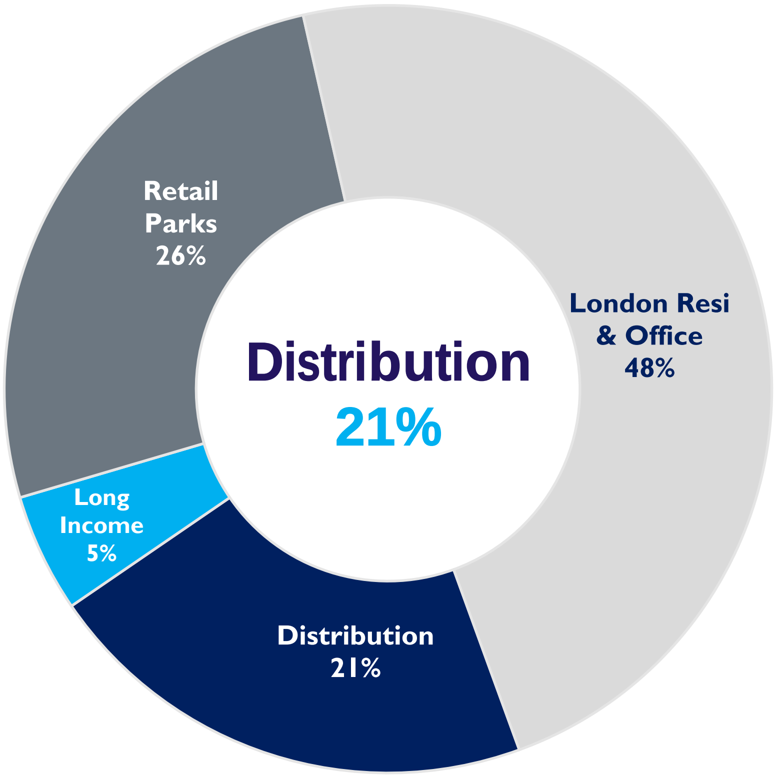
Dividend growth
+4% p.a.
Six years of progression

[1]As at 31 March 2021

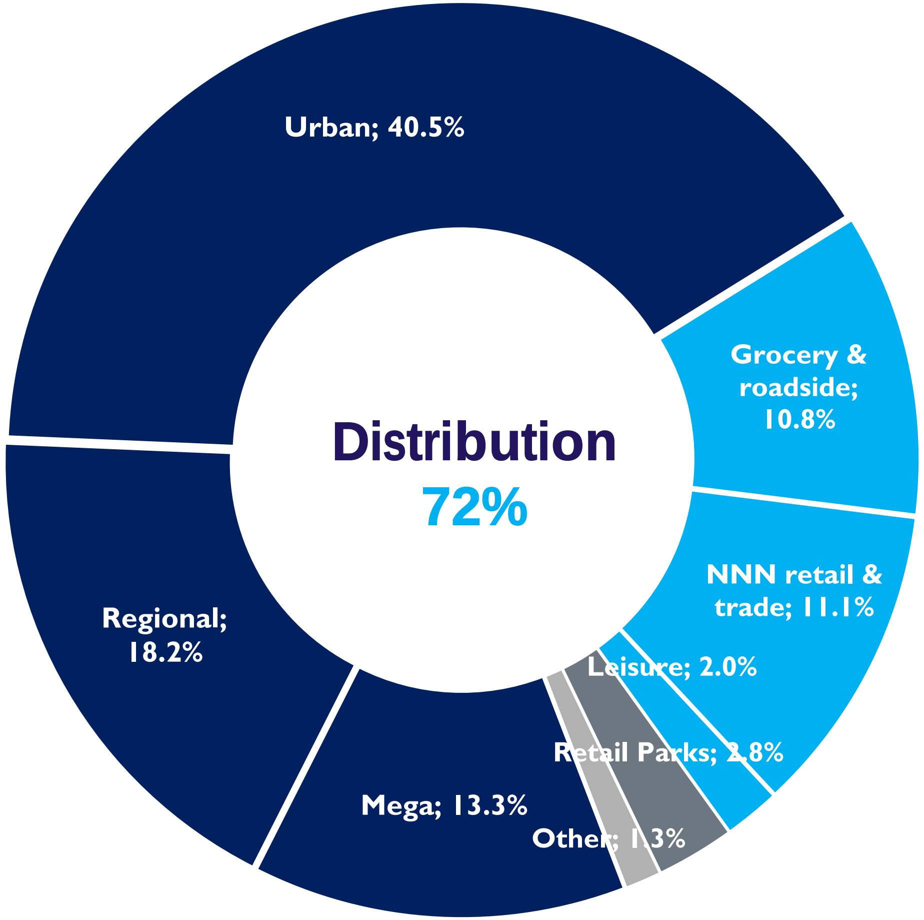
LondonMetric – Portfolio

Significant portfolio re-alignment since 2013

March 2013 - £1.2bn



March 2021[1] - £2.6bn



WAULT
11.4 years

Occupancy
99%

Rent with indexation
57%

Geographical focus
London, SE & Midlands

[1]As at 31 March 2021, pie chart adjusted for post year end investment activity up to end May 2021

Logistics Portfolio

Increasingly aligned to urban logistics which is enjoying highly favourable demand/supply dynamics

Urban

- £43.3m rent (£6.90 psf)
- 102 assets
- NIY[1] 4.4%, EY 5.0%
- WAULT 8 years, Occupancy 97%
- Contractual uplifts: 37%

- **1yr Rent Reviews[2]: +15%** (3.0% pa)
- **3yr Average Reviews[2]: +21%** (4.1% pa)
- **1yr TPR[3]: +20%**

BOSCH CHEP DSV GEFCO dpd TESCO
leidos DHL FedEx ocado TNT amazon

Regional

- £20.1m rent (£6.40 psf)
- 11 assets
- NIY[1] 4.0%, EY 4.7%
- WAULT 13 years, Occupancy 100%
- Contractual uplifts: 76%

- **1yr Rent Reviews[2]: +19%** (3.7% pa)
- **3yr Average Reviews[2]: +14%** (2.9% pa)
- **1yr TPR[3]: +17%**

amazon XPO Logistics MICHELIN WILEY
M&S Clipper DHL Eddie Stobart CRODA

Mega

- £14.2m rent (£5.70 psf)
- 3 assets
- NIY[1] 3.8%, EY 4.0%
- WAULT 15 years, Occupancy 100%
- Contractual uplifts: 100%

- **1yr Rent Reviews[2]: +8%** (1.5% pa)
- **3yr Average Reviews[2]: +8%** (1.5% pa)
- **1yr TPR[3]: +15%**

PRIMARK Argos

[1]Topped Up NIY
[2]5 Yearly Equivalent Uplift
[3]Source: MSCI All Property

Long Income Portfolio

Reliable income return with capital protection

Grocery & Roadside		
Lidl, Aldi, Waitrose & Partners, Costco, Co-op, bp, EG Euro Garages, M&S	➢ Non-discretionary spend ➢ Food stores used for online fulfilment ➢ Highly defensive income characteristics	NIY 4.7%, WAULT 16.5 years Contractual uplifts: 89%
NNN Retail		
dfs, Dunelm, Currys PC World, pets at home, B&M, The Range	➢ Essential & discount led ➢ Supports C&C and online fulfilment ➢ Increasingly offers repurposing angles	NIY 6.5%, WAULT 9.8 years Contractual uplifts: 29%
Trade & DIY		
MKM Building Supplies, Wickes, KwikFit, Jewson, selco, safestore	➢ Maintenance, repair & improve ➢ Offers C&C and online fulfilment ➢ Strongly supported during pandemic by stay at home economy	NIY 5.0%, WAULT 14.1 years Contractual uplifts: 52%
Leisure		
Odeon, Premier Inn	➢ Discretionary leisure spend ➢ Accessible out of town locations	NIY 6.2%, WAULT 20.8 years Contractual uplifts: 100%

NIY[1]

5.4%

Average rents: £15.60 psf

WAULT

14.2 years

Up from 13.3 years

Occupancy

100%

Unchanged

Contractual uplifts

63%

Up from 57%

TPR (1Yr)

+10%

Excluding leisure (+8% including)

[1]Topped up NIY

[2]TPR for Grocery & Roadside excludes acquisition costs. Included costs, TPR is +7.9%

Our ESG Activity

Adopting the right approach to ensure we own fit for purpose real estate and support all stakeholders

Environmental

Energy consumption
Fallen 88% since 2015

EPC rating across portfolio
74% rated 'A–C' (2015: 59%)

BREEAM rating on portfolio
26% Very Good/ Excellent

Solar PV installed
2.5MW with 1MW in pipeline

Ongoing improvements
Lighting, building fabric, EV charging, eradication of gas

Net Zero Carbon framework
Formalised in 2021

Social

Occupiers
Scored 9/10 v other landlords, strong relationships

Employees
100% of employees enjoy working for LondonMetric

Contractors
100% compliance with our development requirements

Communities & Charities
Focused on local community giving and initiatives

Governance & Reporting

GRESB
Green Star maintained in 2020. Scored 65 (2014: 34)

Formal Committee
Responsible Business Committee in place since 2014, overseen by Board

ESG objectives
Employee wide ESG objectives set

Sustainable refinancing
£450m of recent refinancings with green frameworks

Building improvements

74% EPC rated A-C

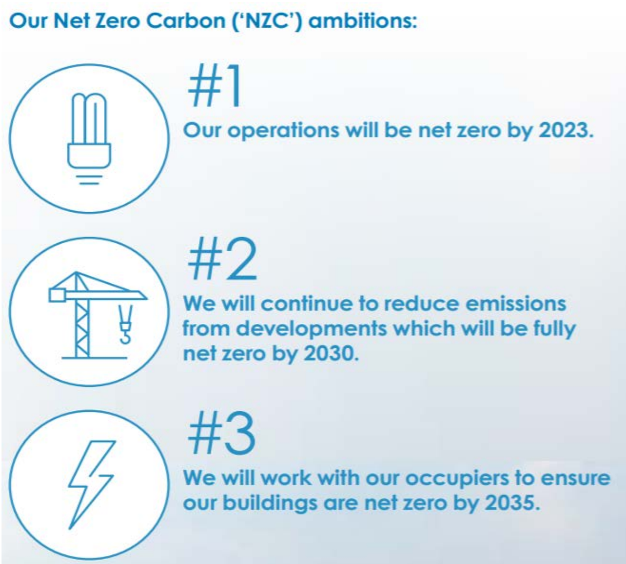
2015: 59%

GRESB Green Star, scoring:

65

2014: 34

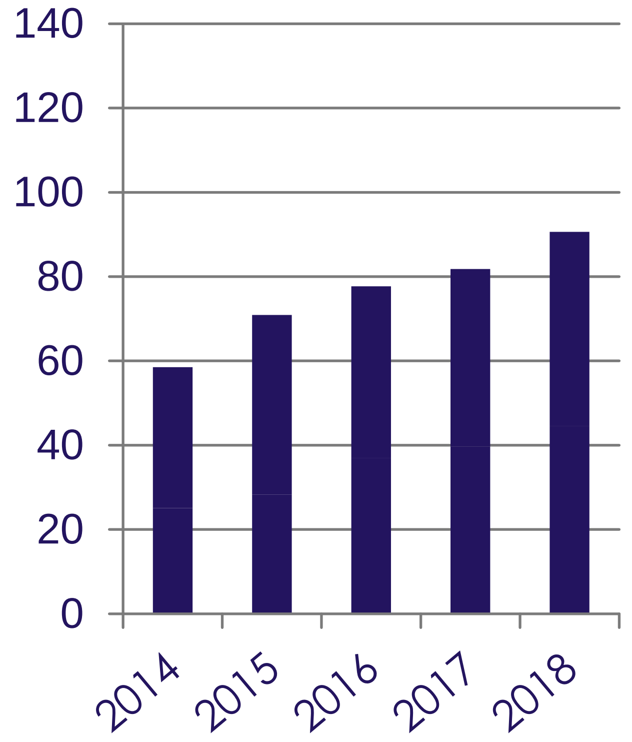
Net Zero Carbon framework



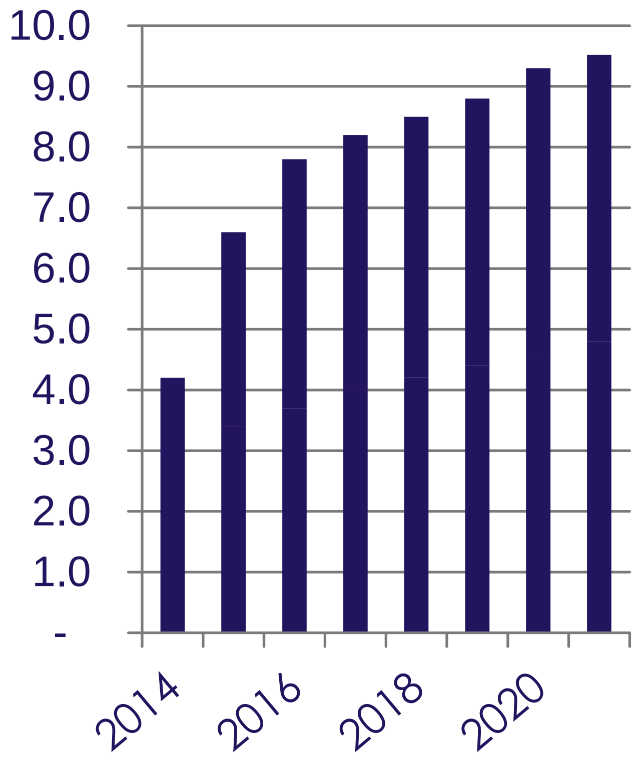
Delivering Long Term Shareholder Returns

consistently delivering attractive compound led returns

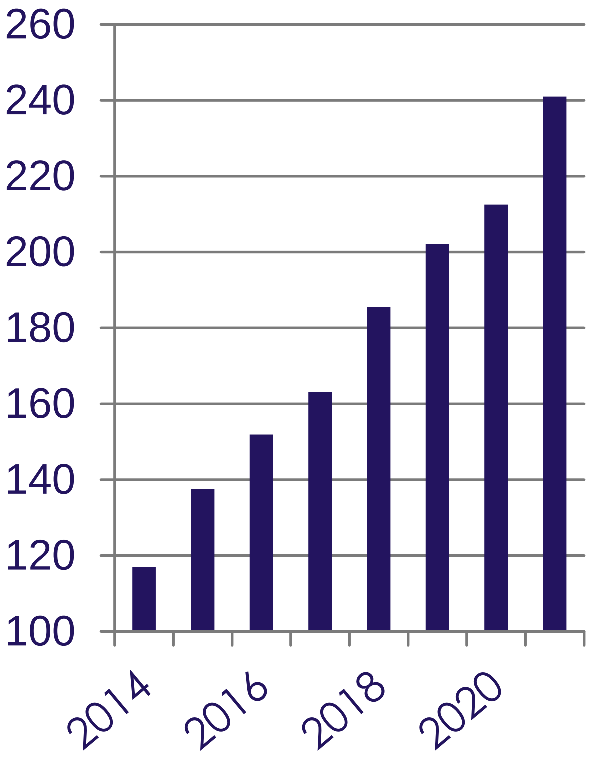
Net Rental Income
(£m)



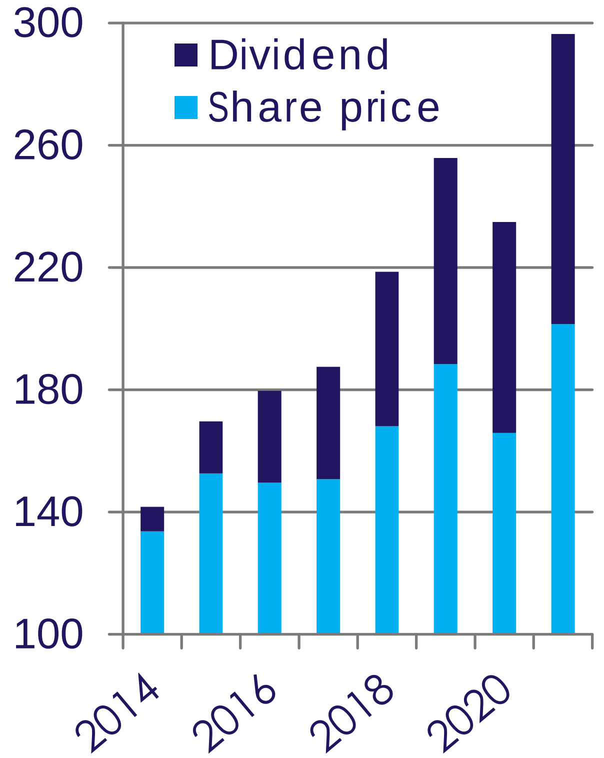
Earnings
(pps)



Total Property Return
(rebased to 100)[2]



Total Shareholder Return
(rebased to 100)[1,2]



[1]Source: Bloomberg Finance L.P.
[2]First year shown is FY 13/14

Looking Forward

Positioning the portfolio for the long term

Digital disruption	• Structural trends accelerated by the pandemic • Macro themes will increasingly win out • Temporary behavioural changes increasingly permanent
Demographics	• Demographic tsunami will increase the demand for income • Migration from low yielding securities towards alternatives will continue • Income will be the defining characteristic of this decades investing environment
Discipline	• Highly rated assets not necessarily expensive but neither are lowly rated ones necessarily cheap • Our conviction calls remain logistics and long income • Balance sheet well positioned for new opportunities
Dividend	• Continued focus on generating reliable, repetitive and growing income • Aim to generate the best possible returns for the longest period of time • The long term focus on income growth ensures a covered and progressive dividend