Real Estate Fund TCFD Product Report

For the period 01 January to 31 December 2025

LPPI *Together,* let's do more

Fund details

LEI	2138003C2OXS7C1PNE65
Fund Size	£1.8 billion
Date	31 December 2025

Contents

Introduction

This TCFD product report has been produced by LPPI as the Manager of the LPPI Real Estate Fund ("REF" or "the Fund") to inform and assist investors in the Fund with their climate-related financial disclosures.

Overview of the Fund

The Fund invests in a diversified portfolio of UK and international real estate assets with a focus on income generation. The Fund seeks to invest across uncorrelated sectors to provide stable returns. The mandate is flexible in terms of sector and geography. Investments are predominately core with no more than 25% of the Fund invested in value-add and opportunistic assets.

The Fund is a sub-fund of the LPPI Real Estate Asset Pooling Authorised Contractual Scheme (ACS), authorised by the UK Financial Conduct Authority (FCA). LPPI is the ACS manager who is incorporated in England and Wales and is authorised and regulated by the FCA. More information on the LPPI Real Estate ACS can be found on our website.

Background to TCFD product reports

The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established a globally recognised framework for how organisations disclose climate-related financial risks and opportunities. The TCFD structure is organised around four thematic pillars that reflect core aspects of organisational management: Governance, Strategy, Risk Management, and Metrics and Targets.

In the UK, TCFD-aligned disclosures form part of the FCA's climate-related disclosure requirements and now underpin the UK's transition toward disclosures aligned with the International Sustainability Standards Board (ISSB) standards, including IFRS S1 and IFRS S2, under the Sustainability Disclosure Requirements (SDR) regime.

LPPI is required to produce climate-related disclosures at a fund level for certain authorised products. This document constitutes the climate-related product disclosure for the LPPI Real Estate Fund and provides information specific to the Fund, prepared with reference to the TCFD structure as required by the FCA.

Our approach with respect to Governance, Strategy, and Risk Management for the Fund does not deviate materially from LPPI's overarching approach. Information on this is available in our LPPI TCFD Entity Report, available at www.lppi.co.uk.

Strategy

Introduction

Our approach to assessing and managing the risks and opportunities posed by climate change reflects the following framing:

Climate-related risks include the adverse impact on the value of assets or income streams arising from transition risk and physical risk.

Transition risk is the risk of adverse changes in the value of assets or income streams arising from the nature and speed of mitigation and adaptation to climate change resulting from policies and requirements by governments, influential global bodies, and regulators.

Physical risk is the risk of adverse changes in the value of assets or income streams because of severe weather events, such as flooding, directly on physical assets or indirectly through business disruption, resource availability, and disruption to supply chains or service providers. Physical risks can be acute, which are event driven, and chronic, which are longer-term shifts in climate patterns.

We have set out the broader climate-related risks and opportunities in our TCFD entity report. Our approach for the identification of these risks and opportunities was based on the categories defined by the TCFD Recommendations and Recommended Disclosures.

Our climate-related risk assessment considers short-, medium- and long-term time horizons, reflecting the timeframes over which climate risks and opportunities are expected to crystallise for LPPI's business model, investment portfolio and stakeholders.

The short-term horizon covers a three-year period, aligned with LPPI's business planning cycle and the triennial actuarial valuations of our partner funds. This timeframe captures near-term transition risks, regulatory developments and acute physical risks that could affect operations, investment management activities and near-term financial performance.

The medium-term horizon looks forward up to 10 years. This reflects typical investment holding periods, asset lifecycles and the timeframe over which climate transition risks are expected to materially affect asset values, capital allocation and portfolio construction. This period also encompasses key climate transition milestones and LPPI's interim net zero investment commitments.

The long-term horizon extends to 2050, consistent with the target net zero timeframe adopted by the Fund. This horizon is used to assess longer-term structural changes, chronic physical climate risks and the resilience of the portfolio under different climate outcomes, recognising the higher degree of uncertainty inherent in long-term climate pathways.

Fund Strategy

The framing below informs how climate-related risks and opportunities are incorporated into our stewardship of assets and considered as part of asset allocation decisions and portfolio monitoring activities.

Management of the Fund's direct UK real estate holdings ("UK Directs") is delegated to Knight Frank Investment Management ("KFIM"), acting as the Delegated Manager, and representing approximately 52% of the Fund's assets by value. During the reporting year, the Fund also held single asset UK joint ventures ("JVs"), accounting for a further 8% of assets. The remaining 40% of the portfolio is invested in externally managed real estate funds ("Indirects").

Our investment team reviews, assesses, and monitors climate-related risks and opportunities across the portfolio on an ongoing basis. This includes oversight of KFIM who adopts a whole portfolio approach to determine the climate-related risks posed to these assets. We are in the process of evolving their broader ESG strategy for the Fund to tackle wider market issues including engaging with our tenants to assist them where possible in transitioning to a low carbon economy. KFIM's engagement covers a range of environmental considerations including waste, water and biodiversity as well as tenant engagement and social impact.

Climate-related risks can vary materially between assets or companies even within the same sector. Thus, evaluating relevant risks and opportunities site by site is a fundamental part of the investment process and ongoing portfolio management. Engagement with the operators and management teams of our properties is ongoing with focus placed on enhanced data collection, risk monitoring, and discussions around retrofitting premises and the appropriate targets and disclosures for their business.

Policy and legal risks are generally considered to be the predominant transition risk to an asset or portfolio. For example, the minimum energy efficiency standards (MEES) legislation, applicable to private rented properties in England and Wales, makes it unlawful for a landlord to grant a new tenancy or to extend or renew an existing tenancy of commercial property that has an Energy Performance Certificate (EPC) rating of F or G. The Government is expected to increase the minimum EPC rating to B by 2030, where cost effective.

The EPC profile of our UK Directs, managed by KFIM, is reported to us by the manager in quarterly reporting. This excludes JV direct assets in the UK. The profile of the UK Directs and Indirects EPC ratings is provided under Metrics and Targets below.

The table below outlines the climate-related risks and opportunities for the Fund. We have provided illustrative examples of how the climate-related risks and opportunities could impact the Fund should they materialise, and note whether the potential impacts include increased costs, write-offs, or early retirement of existing assets.

FIG. 1: REAL ESTATE FUND CLIMATE-RELATED RISKS AND OPPORTUNITIES

Risk category	Risk description	Illustrative risk impacts	Primary timeframe
Transition: Policy and legal	Changes in laws, regulations, or policy guidance	Increased capital expenditure on existing buildings to comply with regulation requiring more energy efficient properties	Short term
Transition: Market & Reputation	Changing demand for and supply of property	Reduced demand from tenants in favour of more energy efficient property, leading to reduced property values and income streams	Short term
		Reduced demand from tenants due to reputation of the asset owner leading to reduced property values and income streams	Medium term
Physical: Operational	Acute and chronic climate impact on physical operations	Property affected by physical effects of climate change require increased recovery costs, insurance costs and capital expenditure	Long term
		Physical damage to property resulting in investment write-downs	Long term

Opportunity category	Opportunity description	Illustrative opportunity impacts	Primary timeframe
Resource Efficiency, Energy Source	Changes in technology, new technology	Investment in property to improve energy efficiency could lead to increased income streams and enhanced property values	Medium term
Markets, Products and Services	Access to new tenants/ assets and enhanced portfolio diversification	Investment in more energy efficient property leading to increased tenant demand, income streams and enhanced property values	Medium term
Resilience	Investment in resilience to acute and chronic climate impacts	Investing in property in climate resilient locations could mitigate against asset write-offs	Long term

We have procedures throughout our investment due diligence process which help to identify and manage climate-related risks for UK Directs before they are acquired. Additionally, several checks are conducted to identify and assess climate-related opportunities, these include assessing each new asset's potential for on-site renewable energy generation and reviewing alignment to legislative compliance and frameworks. At the post-acquisition stage, our Delegated Manager, on our behalf, is responsible for developing green lease clauses, decarbonisation and asset plans that incorporate sustainability key performance indicators, which property managers are annually assessed against. This ensures there is responsibility for managing climate-related risks and opportunities at the asset level.

We have been implementing climate-related risk mitigation measures for the most significant climate change risks directly held UK assets face, such as flooding. Over the past year, we have advanced our flood risk assessment framework by integrating surface water flooding and long-term flood risk components into our reviews. This analysis enables us to proactively manage climate-related risks and implement effective mitigation strategies, including longer-term capex planning, as well as ensuring that surface water management systems, such as priority drainage, are regularly inspected and maintained.

Metrics & Targets

We use a range of metrics to quantify and monitor climate-related considerations for the Fund including carbon emissions, energy efficiency, sustainability benchmarks and engagement activities. Our backward-looking metrics include financed emissions, which are absolute, as well as intensity based. Our forward-looking metrics are based on Carbon Risk Real Estate Monitor (CRREM) and the Net Zero Investment Framework (NZIF) Alignment Framework, plus scenario analysis from MSCI's Climate Value at Risk (CVaR) and Warming Potential suite and UK Environment Agency's Flood Risk planning tool. The metrics are used to inform climate-related risks and opportunities within our investment portfolios.

Please refer to the appendix for key definitions and formulas used for calculating emissions metrics.

Figure 2 shows the proportion of carbon emissions data for the Fund's assets that is reported, estimated or where there is currently no data available.

FIG. 2: DATA AVAILABILITY BY AUM COVERED (%) AS AT 31 DECEMBER 2024

Asset Class	Real Estate	
	31/12/2023	31/12/2024
AUM Covered (% of UK Directs & JV's, Indirects)	100%	100%
Reported Emissions Data (% of AUM covered	62%	76%
Estimated Emissions Data (% of AUM Covered)	11%	7%
No Data (% of AUM covered) *	27%	17%

Source: LPPI, MSCI

*" No Data" includes some development assets in construction; and some assets where disclosures were not disaggregated by scope, or where apportionment is insufficiently clear.

For UK Directs, our delegated manager includes green lease clauses and follows a tenant engagement process to capture energy consumption, efficiency measures and fuel mix. In 2024 we achieved 98% carbon collection coverage for tenant data (scope 3), a substantial increase from our 83% baseline in 2022, enabling us to accurately measure and report on our portfolio's environmental impact. Whilst manual on-site meter readings still take place, the increase was primarily achieved through focused engagement with tenants for consent to directly source their electricity (MPAN) and gas (MPRN) consumption via APIs from national grids.

The timelines with which data is available for underlying assets and funds is challenging as there is a significant time lag between emissions being released, reported at the corporate level and being quality assured ready for disclosure. As such, this report covers emissions data as of 31 December 2024.

Property managers and external ESG consultants engage with tenants to gather broader metrics, such as on-site renewables, health and well-being metrics, and information to assess building safety. Any identified risks are recorded as part of the property managers' inspections.

We review the below metrics to monitor transition risks and opportunities:

- EPCs by property type
- Number of properties with renewable electricity generation on site
- Operational carbon emissions (tnCO2e)
- Operational carbon intensity (tnCO2e/m2 floorspace)
- Energy mix of tenanted properties
- Number of EV charging points.

Carbon footprint of our investments

The carbon footprint analysis considers net asset values (NAV), owned area, and energy intensity. This method measures the carbon efficiency of a given portfolio, defined as the Absolute GHG emissions of the portfolio per $m of fund NAVs.

Figure 3 provides the key measures for the Fund as of 31 December 2023 and 31 December 2024.

The GHG intensity metric is calculated using the net lettable area of UK Directs. We use this metric instead of Weighted Average Carbon Intensity (WACI), to understand emissions after adjusting for the size of a property as it is the most appropriate approach for a real estate fund and is recommended by the Partnership for Carbon Accounting Financials (PCAF), which is an industry-led partnership to facilitate transparency and accountability of the financial industry to the Paris Agreement.

Notes on data table:

*The carbon intensity metrics of GHG emissions by owned area and Energy intensity by owned area are taken from the recently launched GRESB carbon footprint tool reflecting GRESB methodology. LPPI funds reporting into GRESB represent 80.37% of the Real Estate fund by NAV.

** "Reported data coverage" includes estimated data reported by our investment managers or used in the carbon footprinting tool developed by GRESB. Further granularity between reported and estimated data is provided above.

***Scope 1, 2 and 3 data from our Directs include energy consumption from landlord and tenant-controlled areas and excludes emissions from refrigerants.

Scope 1 and 2 data uses the operational control method and allocated 20% to landlord communal areas and the rest to Scope 3 tenant areas when submeter data was not available.

Data collected derives from either manual data submission from tenants, annual consumption reports, or with the consent of tenant data or under 'legitimate interest' was sourced from national grid databases ElectraLink (electricity) and RECCo (gas).

*** Market-Based GHG emissions for our Directs assumes 0kg/CO2e if landlord or tenant confirmed 100% renewable electricity via email or via data collected during technical building assessment conducted in 2024.

FIG. 3: CLIMATE METRICS AS AT 31 DECEMBER 2025

Climate Metrics	Unit of Measurement	31/12/2023			31/12/2024		
		UK Directs & JV's	Indirects	Combined	UK Directs*** & JV's	Indirects	Combined
Scope 1 GHG Emissions	tnCO2e	35.6	274.7	310.3	30.6	265.2	295.9
Scope 2 GHG Emissions - Market Based***	tnCO2e	0.00	258.2	258.2	0.0	530.9	530.9
Scope 3 GHG Emissions – Tenant – Market Based	tnCO2e	10,538.8	5,719.3	16,326.4	9,100.7	8,959.3	18,060,0
Total GHG Emissions (Scope 1, 2, & 3) – Market Based	tnCO2e	10,574.2	6,252.2	16,894.9	9,131.3	9,755.5	18,886.8
Fund Carbon Footprint (Scope 1 & 2 & 3) GHG by NAV	$tnCO_2e$ /$M	8.9	17.0	11.0	7.7	12.2	9.5
Weighted Average Carbon Intensity (Scope 1 & 2 & 3) GHG Intensity by Owned Area	KgCO2e/m2	24.9	11.2	35.8	21.9	45.4	31.9
Average Portfolio Energy Intensity*	kWh/m2	135.8	52.7	206.9	134.3	171.5	157.6
Total Reported Data Coverage for the Fund**	AUM (%)	89%	42%	73%	94%	67%	83%

Source: LPPI, KFIM, GRESB *

The Total Carbon Emissions (a financed emissions metric expressed in tonnes CO_2e) for both Scope 1 and 2, and Scope 3 (as of 31/12/2024) are presented below.

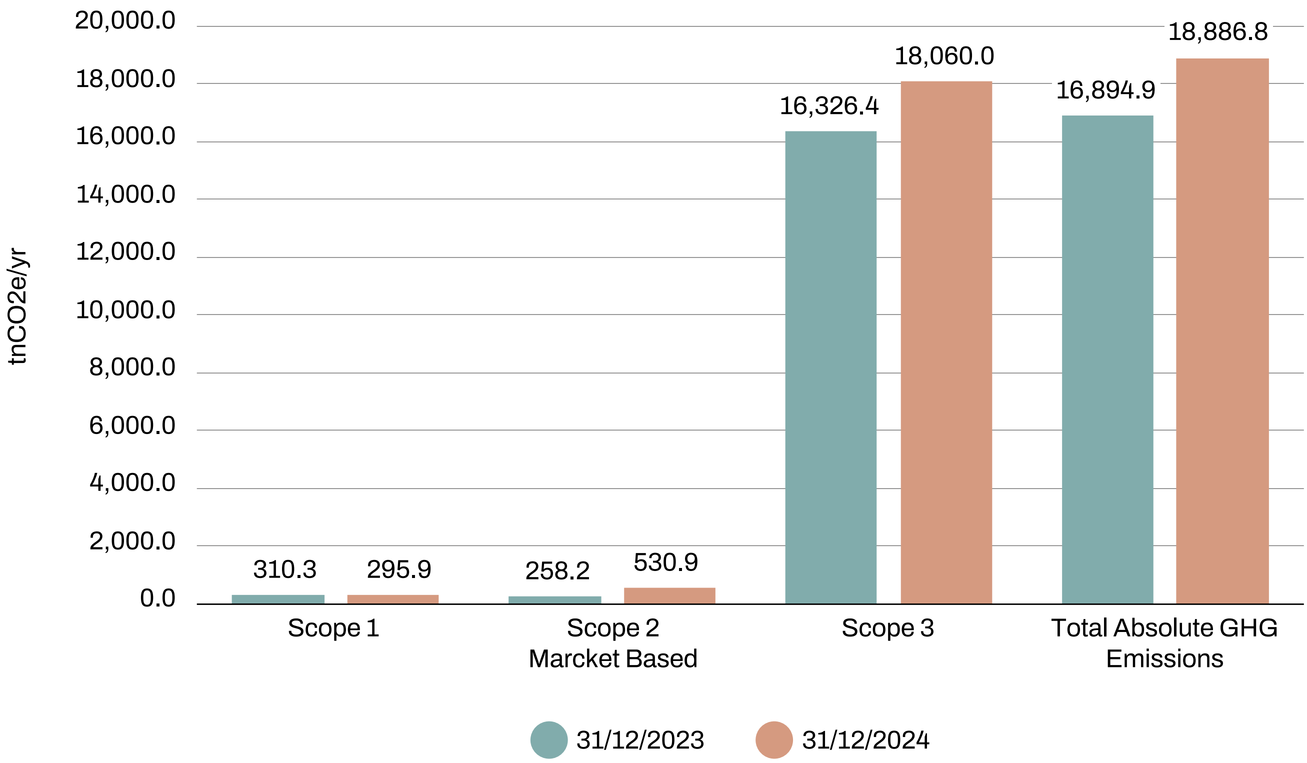
Our Scope 1 and 2 emissions reflect the energy associated with landlord-purchased energy.

For scope 2 directs, we have used the market-based data for reporting assets. All LPPI landlord electricity is supplied with REGO-backed renewable electricity (certificates received) where a conversion factor of zero CO_2 per kWh for renewable electricity was applied.

The energy purchased by the occupiers/ tenants represent Scope 3 emissions. An occupier engagement programme is in place to support data collection efforts. The majority of our UK Directs' portfolio GHG emissions are classified as Scope 3 representing the energy purchased by the occupants of the assets.

The year on year increases in economic carbon intensity and emissions is mainly a result of improved data capture and reporting. In 2023 we were unable to collect data for twelve indirect portfolios. This dropped to only seven funds in 2024, reflected by the material improvement in coverage of indirectly held funds from 42% by NAV in 2023 to 67% in 2024.

FIG. 4: TOTAL FUND ABSOLUTE CARBON EMISSIONS



Source: LPPI, KFIM

EPC metrics

Energy Performance Certificates (EPCs) serve as critical indicators of a building's energy efficiency. Across England, Wales, and Northern Ireland, they remain instrumental in driving improvements in the energy performance of the built environment. Compliance with the UK Government's Minimum Energy Efficiency Standards (MEES) has meant that since 2023 all commercial rented properties must possess an EPC rating of at least 'E'. Proposals targeting EPC improvements for residential and commercial rented properties are currently under consultation, with 'Net Zero retrofit' budgeted within asset management plans for poorer performing assets acquired during the year.

The EPC metrics below reflect the position for LPPI's UK Directs as of 31/12/2024. Overall, over 50% of assets maintain ratings within bands 'A' or 'B' classified as 'efficient'.

FIG 5: EPC RATINGS (UK DIRECTS)

EPC Band	% Number of Units		% Area		% Rental Revenue (Passing)		% ERV	
	2023	2024	2023	2024	2023	2024	2023	2024
A	8.6%	10.2%	7.7%	8.8%	3.0%	5.5%	5.7%	6.8%
B	41.0%	42.7%	45.7%	49.2%	52.5%	53.1%	48.8%	52.0%
C	18.0%	17.9%	27.9%	22.8%	28.1%	23.7%	24.5%	22.0%
D	18.4%	17.5%	14.6%	15.5%	11.6%	14.1%	14.5%	15.6%
E	13.3%	11.0%	4.1%	3.7%	4.9%	3.5%	6.5%	3.7%
F	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
G	0.9%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EPC missing or not yet applicable (developments)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: LPPI, KFIM

Scenario Analysis

Climate scenario analysis is a valuable tool in ensuring the Fund achieves net zero and positively contributes to a 2°C or lower Paris Agreement target. We use the CRREM tool to apply the 1.5°C target to inform the retrofit budget needed to upgrade properties and relate this to internal budgets and lease renewal opportunities.

According to the Net Zero Investment Framework (NZIF) supplementary guidance on target setting, an asset is "achieving net zero" if it is already meeting the energy and emissions intensity requirements set by the CRREM 1.5°C pathway for the year 2050. This means the asset's emissions performance is already equal to or better than what is required by its sector/regional pathway for 2050, and its operational model is expected to maintain this performance.

CRREM publicly released decarbonisation pathways to translate the ambitions of limiting global warming to 1.5°C and 2°C by the end of the century into regionally- and property-type-specific trajectories against which real estate assets and portfolios can benchmark themselves. We also consider the physical risks which would occur from moving into a lower-carbon economy.

In 2022, we subscribed to the MSCI climate platform to provide a holistic view of the risks posed by climate change. We have begun to prepare for the upcoming transitional risks such as more stringent environmental policy including calculating Climate Value at Risk (CVaR). CVaR looks at the impact on the net present value of the asset from future costs attached to transition risk (lowering the carbon emission of the asset in the future), physical risk (cost of damage due to extreme weather), or the sum of both, expressed as a % of the asset's capital value. It is calculated for a given carbon emissions reduction scenario or climate change scenario, with a given scenario outcome (aggressive or average) in case of physical risk.

The results of scenario analysis on UK Directs are presented below. Figure 6 details our portfolio's Climate Value at Risk (CVaR) and Warming Potential, quantifying potential asset value reductions from both transition risks (under orderly, disorderly, and hot house scenarios) and physical risks, while benchmarking our alignment with global warming targets.

FIG. 6: UK DIRECTS PORTFOLIO CLIMATE VALUE AT RISK (CVAR) AND WARMING POTENTIAL

Climate Scenario Analysis	31/12/2022		31/12/2023		31/12/2024	
	UK Directs (%)	Benchmark (%)	UK Directs (%)	Benchmark (%)	UK Directs (%)	Benchmark (%)
Aggregated Climate VaR	-5.8	-9.8	-4.9	-6.8	-6.0	-7.2
Transition Climate VaR	-4.2	-5.9	-4.7	-6.3	-5.7	-6.8
Physical Climate VaR	-1.7	-3.8	-0.2	-0.4	-9.2	-0.4
Coverage (Physical VaR) % Capital Value	100.0	100.0	100.0	100.0	100.0	98.3
Warming Potential (°C)	2.9	3.8	2.2	2.6	2.2	2.6

Source: LPPI, MSCI

Benchmark: MSCI UK Quarterly Property Index (Unfrozen) (Multinational Direct Property)

In a "Hot House" scenario, we expect to see greater physical risk than transition risk. This scenario assumes a business-as-usual outcome with less pressure from governments and regulators for industries to transition away from fossil fuels. Global efforts to address climate change are considered insufficient in this scenario to meet the Paris Temperature Goal. While transition risk may be lower, the severity of physical risks poses a greater risk to the portfolio as global warming is expected to continue unchecked, resulting in likely irreversible changes in climate in the long term.

In running the physical and transitional risk reports, we can identify what our most material issues are and their potential impacts.

These risks include a prospective of costly damages upon assets, fines and voids, a loss of footfall to our assets, increased operating costs and a possible overall loss of rental value or heightened "stranded asset" risk. With this information, we can target a holistic understanding of how climate-related risks can affect the Fund and how the implementation of ongoing risk management is monitored throughout the year.

Figure 7 below outlines the capital value impact across physical risks that may impact the Fund under two outcomes: aggressive and average.

FIG. 7: UK DIRECTS PORTFOLIO PHYSICAL RISK BREAKDOWN (TO 2050)

Physical Risk	Aggressive Outcome			Average Outcome		
	REMIND 3°C (Current Policies)		Financial Risk Category	REMIND 3°C (Current Policies)		Financial Risk Category
	% of UK Directs CV	$m		% of UK Directs CV	$m	
Extreme Cold	0.0	0.1	No identifiable risk	0.0	0.1	Negligible Risk Reduction
Extreme Heat	0.0	-0.1	Negligible Risk	0.0	-0.1	No identifiable risk
Coastal Flooding	0.0		No identifiable risk	0.0		No identifiable risk
Fluvial Flooding	0.0		Negligible Risk	0.0		No identifiable risk
Pluvial Flooding	-0.1		Negligible Risk	0.0		Negligible Risk
Tropical Cyclones	-0.2		Negligible Risk	0.0	-0.2	Negligible Risk
Wildfire	0.0	0.0	No identifiable risk	0.0	0.0	No identifiable risk
Aggregated Physical Climate VaR	**0.2**	**-2.7**	**Negligible Risk**	**0.1**		**Negligible Risk**

Source: LPPI, MSCI

*Improvements made to MSCI's risk model has provided more informed data and analysis on tropical cyclones. The model generates lower fluvial and coastal flood risk readings and incorporates an elevation model in addition to a flood protection model using more localised datasets than prior periods. This has led to an increase in the modelled risk to -1.9, which is still regarded as a negligible risk. In summary it's able to isolate where flood protection may be in place and look at the amount of water which may breach these defences rather than assuming a direct breach.

Flood Risk Ratings

In 2024, a new National Flood Risk Assessment tool (NaFRA2) was launched by the UK Environment Agency (EA) to reflect progress in technologies and modelling (such as GPS, digital mapping, climate scenarios and hydraulic modelling) and integrate risk of surface water flooding to the former tool which only covered sea and river flooding. Following the launch of the new tool, we updated our desktop analysis, undertaking a surface water and flood risk assessment for every property within our portfolio using the NaFRA2 platform. The updated EA flood mapping provides a more precautionary and granular view of flood exposure, which supports improved risk identification but may result in higher reported exposure over time. As a result, one location has been assessed as having higher flood risk than previously reported, though no physical change has occurred at the asset level.

FIG. 8: ALIGNMENT AS PROPORTION OF MATERIAL SECTOR VALUE

Probability of Flooding	End-2023		End-2024	
	Number of Assets	Rental Value Flood Risk	Number of Assets	Rental Value Flood Risk
High (Flood Zone 3)	4	5.7%	5	6.6%
Medium (Flood Zone 2)	5	11.2%	5	10.4%
Low (Flood Zone 1)	40	83.0%	38	82.8%

Source: KFIM, National Flood Risk Assessment (NaFRA2)

As of the reporting date, we assess and disclose the proportion of portfolio rental value exposed to different flood risk ratings. Certain assets under construction at the time of analysis have been excluded where appropriate. Flood risk assessments continue to inform asset-level adaptation planning, insurance strategy and long-term capital expenditure decisions.

The findings from the new NaFRA2 assessments for the standing portfolio for a one-in-thirty year risk event are outlined in figures 9 and 10 below. Where assets cover multiple units that may have different flood risk profiles e.g. different tenancies on an estate, we have reported the worst-case rating. In 2025, work has been undertaken to evaluate the risks of a one-in-one-thousand year flood event following availability within the new NaFRA2 dataset. We plan to report the outcomes of our work in this area next year.

FIG. 9: LPPI DIRECT PORTFOLIO SURFACE WATER FLOOD RISK

Surface Water Flood Risk	End-2024	
	Number of Assets	Rental Value Flood Risk
High Risk	1	1.4%
Medium Risk	1	1.1%
Low Risk	5	12.4%
Very Low Risk	41	85.0%

Source: KFIM, National Flood Risk Assessment (NaFRA2)

FIG. 10: LPPI DIRECT PORTFOLIO RIVER AND SEA WATER FLOOD RISK

Rivers and the Sea Flood Risk	End-2024	
	Number of Assets	Rental Value Flood Risk
High Risk	1	1.4%
Medium Risk	1	1.1%
Low Risk	2	6.0%
Very Low Risk	44	91.3%

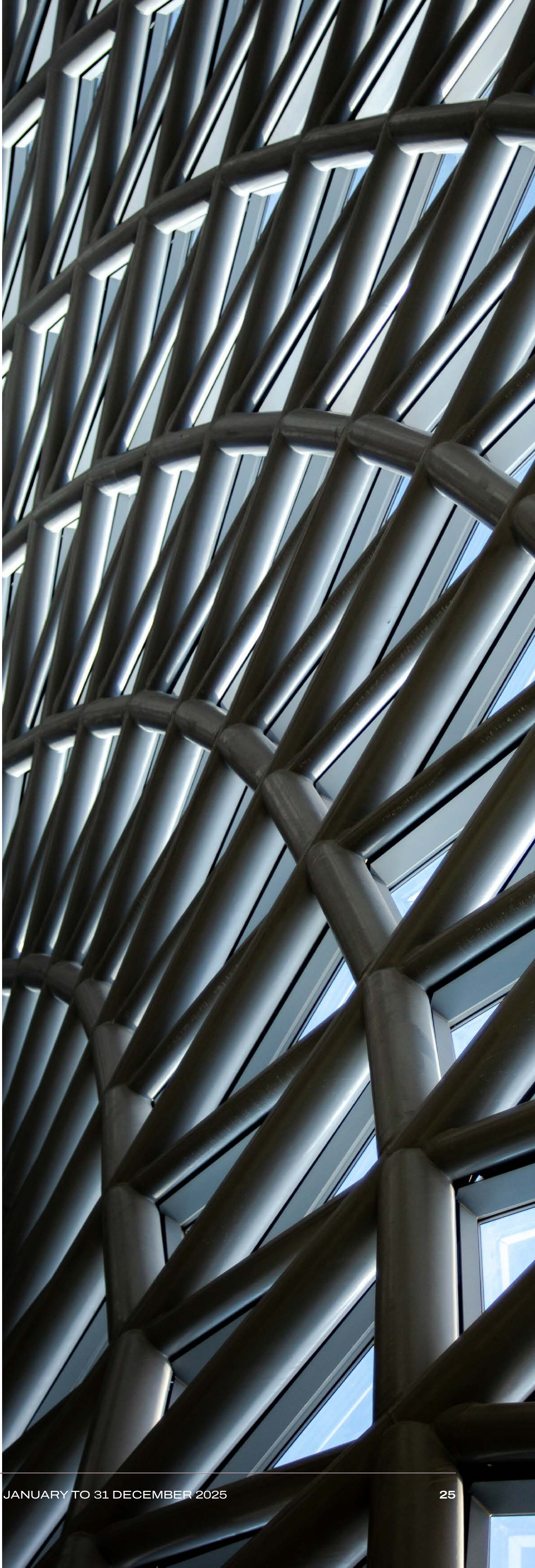
Source: KFIM, National Flood Risk Assessment (NaFRA2)

Further work was undertaken to review properties with a medium to high risk levels. Site specific plans are being established to mitigate risks where possible. For example, we are reviewing protections afforded by local flood defence schemes (such as the Thames Barrier in London), property service level provisions on drains maintenance and considering tenant engagement on flood risk management plans.

Acquisitions

As part of LPPI's requirements, KFIM may acquire properties only in locations assessed by the Environment Agency Flood Map for Planning as having less than a 0.1% annual probability of flooding from rivers or the sea (Flood Zone 1, i.e. less than 1 in 1,000), unless an exception is explicitly approved by LPPI or the Fund's Investment Team.

In all cases, properties will not be acquired unless the risk of surface water flooding has been assessed, and where relevant, reflected in the purchase price, following the availability of NaFRA2 assessments. Any acquisition with a surface water flood risk rated as 'medium' or higher is subject to prior approval by LPPI or the Fund's Investment Team.



Our Net Zero Targets

LPPI has voluntarily made a public commitment to the goal of aligning our portfolio with net zero emissions by 2050 in line with the IIGCC Net Zero Investment Framework (NZIF). The targets encompass UK Directs, 2 additional single asset JV's and Indirectly held funds. Collectively they cover 100% of the Real Estate Fund's assets.

FIG. 11: LPPI REAL ESTATE FUND NET ZERO TARGETS

	Portfolio Decarbonisation target	Portfolio Alignment target	Engagement target	Baseline
Purpose	Monitoring the portfolio's decarbonisation trajectory over time with the goal to align the portfolio emissions intensity with net zero emissions by 2050 or sooner.	A target for increasing the value of assets already meeting conditions required for being assessed as net zero or taking the actions to move them into this position.	A target for increasing the proportion of total financed emissions from assets already meeting conditions required to be considered aligned with net zero, or under focused engagement on the actions needed.	
Real Estate Fund (UK Directs & JV's)	The LPPI Real Estate Fund direct aims to achieve a reduction in (average) emissions intensity of 37% by 2030 (December 2029) from the fund's own baseline position in December 2024	At least 90% of direct portfolio will be assessed as net zero, aligned or aligning with a net zero pathway by 2025, with overall ambition 100% of assets to be net zero or aligned by 2040	90% of the direct portfolio will be assessed as net zero, aligned with a net zero pathway or the subject of direct or collective engagement and stewardship actions	31/12/2024
Real Estate Fund (Indirects)	No target. Our Engagement target has been established to increase emissions data coverage managed by third party managers as soon as possible to at least 70% to allow for a decarbonisation objective to be set	Increase the percentage of AUM managed by third party managers which are at least 'aligning' to at least 50% by 2030.	Increase emissions data coverage managed by 3rd party managers as soon as possible to at least 70% to allow for a decarbonisation objective to be set.	31/12/2022
		By 2040, 100% of AUM managed by 3rd party managers should be classed as 'aligned' or 'net zero'. Managers of fixed-life value-add & opportunistic funds will be excluded from the aforementioned alignment target. Their decarbonisation progress will be assessed individually.	Ensure that at least 90% of AUM managed by third party managers are either categorised as achieving net zero, aligned to a net zero pathway, or are subject of direct or collective engagement and stewardship actions by 2026.	31/12/2022
			Ensure 100% of managers of fixed-life value-add and opportunistic funds are subject to engagement by 2030.	31/12/2022

Portfolio Decarbonisation Targets

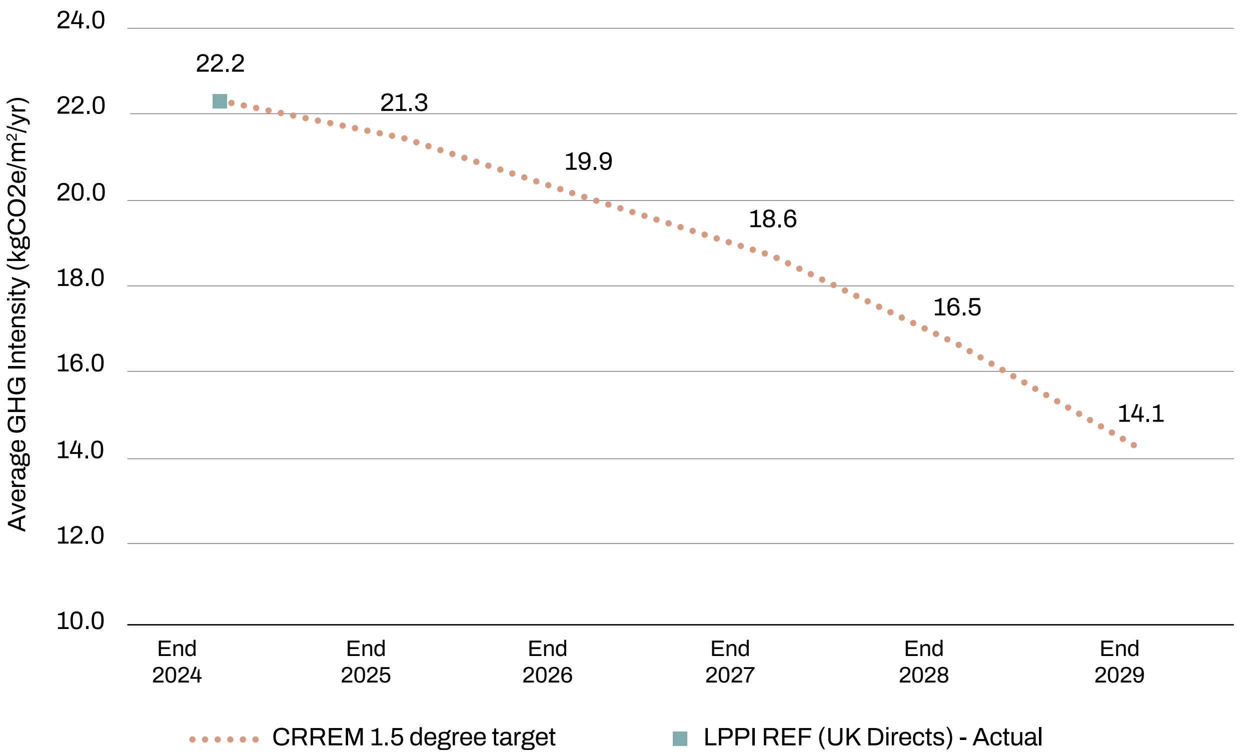
UK Directs & JVs

Target: The LPPI Real Estate Fund direct portfolio aims to achieve a reduction in (average) emissions intensity of 43% by 2030 from the fund's baseline position in December 2024. Our performance is benchmarked against the CRREM pathway tool. Note our baseline was amended during the year to reflect additional meter coverage and resultant increased energy use at several multi-tenanted assets, an unexpected outcome of our focus on tenant engagement.

The graph below presents the GHG intensity, covering 56% of the Fund's total assets (including Indirects), benchmarking it against the floor- area-weighted decarbonisation pathway. The decarbonisation pathways developed by the CRREM initiative serve as a science-based, widely recognised, easily understandable basis for actionable targets.

Total GHG intensity (by owned area) was 22.2 in 2024.

FIG. 12: UK DIRECT & JV ASSET* TARGETED GHG INTENSITY BY OWNED AREA



Source: CRREM, LPPI, KFIM, Delegated Managers

*One JV asset is included in the decarbonisation target.

Asset Alignment Targets

Please refer to the appendix for the definition of Net Zero, Aligned and Aligning in real estate, according to the Net Zero Investment Framework 2.0.

The Real Estate Fund's assets have been reviewed against the NZIF 2.0 framework to determine their category. In 2026 we are participating in a working group with IIGCC and GRESB, to consider opportunities to automate this task, drawing on GRESB's benchmarking questions and data.

UK Directs

Target: At least 90% of the direct portfolio will be assessed as Achieving Net Zero, Aligned to a Net Zero Pathway or Aligning to a net zero pathway by 2025, with the overall ambition for 100% of assets to be assessed as net zero or aligned by 2040. The alignment coverage metric, calculated as the % AUM of the Fund that is assessed as Net Zero, Aligned, or Aligning.

This breaks down as follows:

FIG. 13: UK DIRECTS NZIF ALIGNMENT STATUS

Alignment	End-2023	End-2024
Aligned to a Net Zero by 2050 pathway	53%	67%
Aligning to a Net Zero by 2050 pathway	47%	33%
Committed to aligning to Net Zero	0%	0%
Not Aligned	0%	0%
Achieving Net Zero*	0%	0%

Source: KFIM

Our 2023 TCFD report noted 3.4% of our directly held assets were "Achieving Net Zero" based on greenhouse gas emissions reductions alone. For 2024 this has been re-stated to reflect the introduction of a more stringent double qualification: Assets must now meet both emissions intensity and energy intensity (EUI) reductions criteria, aligned to their sector and regional pathways for global net zero by 2050, to achieve the highest NZIF alignment ranking.

FIG. 14: UK DIRECTS NZIF ALIGNMENT REVIEWS – PORTFOLIO COVERAGE

Alignment Coverage	End-2023	End-2024
Real Estate Fund (UK Directs & JV's) - Actual	100%	100%
Real Estate Fund (UK Directs & JV's) - Interim Alignment Target	90%	N/A

Source: LPPI, KFIM

Update on Performance: All in scope assets in the UK Direct portfolio have been assessed as Net Zero, Aligned, or Aligning in 2024, ahead of the 2040 target.

Notable decarbonisation achievements in the period for the Directs portfolio include:

- All electricity procured for LPPI as landlord, is REGO backed 100% renewable electricity.
- 59% of assets in our directs portfolio are EPC rated B or above (by ERV)
- We generated 619.39mWh of solar power during the year
- Average Energy Use Intensity (EUI) decreased from 136 kWh/m2 in 2023 to 134 kWh/m2 in 2024, indicating greater energy efficiency.
- Average GHG emissions intensity per m2 decreased from 25 kg/m2 to 22 kg/m2 in 2024.
- 54.8% of our tenant's report alignment to Science Based Targets initiative (SBTI) targets or net zero commitments in 2024.

Indirects

Target 1: 'Increase the percentage of AUM managed by third party managers which are at least 'aligning' to at least 50% by 2030.'

Target 2: 'By 2040, 100% of AUM managed by third party managers should be classed as 'aligned' or 'net zero'.

Managers of fixed-life value-add and opportunistic funds will be excluded from the aforementioned alignment target. Their decarbonization progress will be assessed individually.'

Update on Performance: Our initial desk-based assessment of alignment, against the NZIF 2.0 framework is outlined in the table below. The assessments were based on reporting in the public domain, investor data portals and 2024 GRESB submissions.

Our insights and categorisation are discussed with the managers as part of our engagement programme. We are aware some managers are more guarded about their decarbonisation programmes or targets, with limited disclosure in standard fund reports or the public domain. We anticipate this may result in some funds receiving upgrades following engagement or the provision of further materials.

FIG. 15: INDIRECT FUNDS NZIF ALIGNMENT STATUS

Alignment	End-2023	End-2024
Not Aligned	38%	37%
Committed to aligning to Net Zero	32%	48%
Aligning to a Net Zero by 2050 pathway	10%	0%
Aligned to a Net Zero by 2050 pathway	20%	14%
Achieving Net Zero	0%	0%

Source: LPPI

Engagement Targets

UK Directs

Target: 90% of the direct portfolio will be assessed as net zero, aligned with a net zero pathway or the subject of direct or collective engagement and stewardship actions.

Update on Performance: All in scope assets in the UK Directs portfolio have been assessed as Net Zero, Aligned, or Aligning in 2024, ahead of the 2040 target. We have implemented a decarbonisation programme that is focused on engagement with the highest emitters in the portfolio, information sharing and utilising opportunities presented by lease events.

A comprehensive energy-saving pack was offered to all tenants during the year, providing information and accessible resources on energy-saving technologies and best practices, and technical support on topics such as intelligent building management systems, and voltage optimisation.

Fourteen assets represent more than fifty per cent of the emissions in the portfolio – engagement with these tenants to understand opportunities for decarbonisation has been prioritised, with discussions covering topics such as de-gasification opportunities, technical building assessments and optimisation, BREEAM in use surveys (to help identify energy savings opportunities), electric vehicle (EV) charger installation and solar panels (PV) opportunities.

In 2024 our property managers conducted targeted workshops with 57 individual tenants across 31% of our total let area. These engagements, alongside technical building assessments, provided valuable insights into tenant ESG practices while enhancing our environmental data collection capabilities.

We aim to track how our tenant engagement programme helps to drive carbon reduction outcomes. For example, our Building Management System (BMS) optimisation pilot at offices in central St Albans, achieved a 24% (representing 37 tonnes CO_2e) energy reduction with associated operational energy cost savings. Following these results, we plan to roll out this initiative across other applicable landlord-controlled sites. we completed the installation of 332kWp solar generation in the portfolio during the year.

We continue to evolve our data capture and reporting capabilities for the fund. For example, we introduced metrics to track engagement across all Net Zero related matters. We plan to map such metrics to the NZIF assessment categories in our reporting for year-end 2025.

FIG. 16: UK DIRECTS ENGAGEMENT STATUS

Engagement Target coverage (% AUM)	End-2023	End-2024
% of financed emissions under direct or collective engagement (i.e. not Aligned or Achieving Net Zero)	100%	100%
% of portfolio being measured against the Engagement Target (i.e. assets not yet classified as Aligned or Achieving Net Zero)	47%	33%

Source: KFIM based on IIGCC NZIF 2.0

Indirects

Target 1: 'Ensure that 100% of managers of fixed-life value-add and opportunistic funds are subject to engagement by 2030.'

Update on Performance: We engaged on Net Zero with a couple of our value add/ opportunistic managers during the year. We will seek to track this formally in 2026.

Target 2: 'Increase the emissions data coverage managed by third party managers as soon as possible to at least 70% to allow for a decarbonisation objective to be set.'

FIG. 17: INDIRECTS DATA COVERAGE STATUS

Engagement	End-2023	End-2024
Real Estate Fund (Indirects) - Actual Third-Party Manager Data Coverage	46%	67%
Real Estate Fund (Indirects) – Third-Party Manager Data Coverage Target	46%	70%

Source: LPPI, GRESB

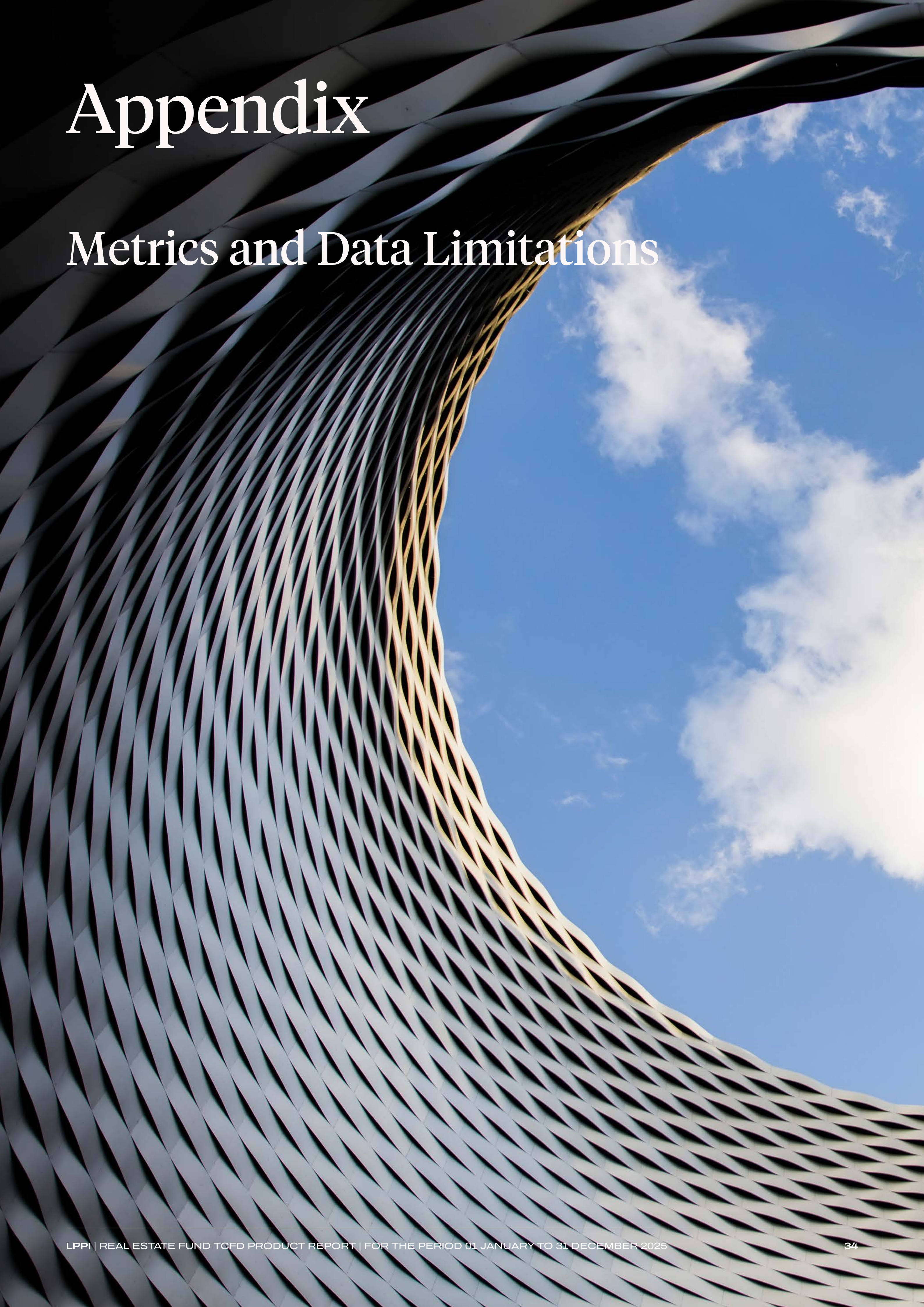
Update on Performance: By value, over 67% of our indirectly held funds provided emissions reporting for the YE 2024. Of this, at least 15% used proxy estimates from GRESB, which we have reflected in the reported coverage table above.

Target 3: 'Ensure that at least 90% of AUM managed by third party managers are either categorised as achieving net zero, aligned to a net zero pathway, or are subject of direct or collective engagement and stewardship actions by 2026.'

Update on Performance: We met with all our (indirect) fund managers in 2025 to discuss LPPI's Net Zero targets and our initial desktop assessment of their fund against NZIF 2.0, based on GRESB and investor reporting. We seek to build from this baseline and evolve our real estate engagement and reporting in 2026.

Appendix

Metrics and Data Limitations



We are reliant on assessments of our holding's alignment status provided by our Delegated Managers and map Delegated Manager provided data to our own alignment framework as closely as practically possible. The engagement activity is carried out by our managers on our behalf and is reported to us alongside sustainability data.

Data Coverage and Quality

Accurate computation of climate-related metrics in investment portfolios requires high quality asset-level data including GHG emissions for underlying investee companies. Many companies are measuring and publicly reporting their GHG emissions, which facilitates the type of high-quality data that investors need to effectively calculate climate-related portfolio metrics. However, many companies have not yet begun their emissions reporting journey. Recognising that deferring measurement and reporting until 100% reported data is available would impede the progress, we could make in the near-term in providing transparency to stakeholders, estimates were used to fill data gaps, when necessary.

Estimated data reduces the reliability of the metrics since estimated emissions may not accurately reflect the actual emissions of any given company. Over the period, updates to data coverage and quality for the fund and index have resulted in changes to metrics reported in last year's report.

Lagged Data

We recognise the information provided above is significantly time lagged, based on our 2024 portfolio. Climate-related data reporting across all sectors is often produced on a lag relative to financial data – as most climate-related data disclosure and reporting takes place on an annual basis and requires significant time to collect from different sites, for disclosure and apportioning through the investment chain.

Carbon emissions metrics explained

We use the following metrics to measure the collective carbon impact of the Fund's holdings, calculated according to TCFD standards, which in turn are based on the internationally accepted GHG Protocol:

Metric	TCFD definition, based on GHG Protocol
Scope 1 Greenhouse Gas Emissions (Metric Tonnes)	Direct GHG emissions that occur from sources that are owned or controlled by the company.
Scope 2 Greenhouse Gas Emissions (Metric Tonnes)	GHG emissions from the generation of purchased electricity consumed by the company.
Scope 3 Greenhouse Gas Emissions (Metric Tonnes)	GHG emissions that are a consequence of the activities of the company but occur from sources not owned or controlled by the company.
Total Greenhouse Gas Emissions (Metric Tonnes)	Total of Scopes 1 and 2 and 3 emissions.
Total Carbon Footprint (Metric Tonnes per $1m AUM invested)	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes tCO_2e/$m invested.
GHG Intensity by NAV	Greenhouse Gas (GHG) Intensity by Net Asset Value (NAV) refers to the measurement of greenhouse gas emissions in relation to the net asset value of a holding in an economic activity. It quantifies the environmental impact of a business or industry based on the amount of GHGs emitted per unit of NAV invested.
GHG Intensity by Owned Area	Greenhouse Gas (GHG) Intensity by Owned Area is a metric that assesses the environmental impact of greenhouse gas emissions in relation to the total area owned or controlled by an entity.

Source: GHG Protocol

NZIF 2.0 Real Estate Asset Alignment Categories

Criteria underpinning alignment assessment

Key: Ticks represent when a criterion is required to be fulfilled for a particular alignment category to be obtained.

Criteria	Committed to aligning	Aligning to a net zero pathway	Aligned to net zero pathway	Achieving net zero
Asset with emissions and energy intensity required by the sector and regional pathway for global net zero by 2050 and whose operational model will maintain this performance.				✓
Emissions performance: Current absolute or emissions and energy intensity is at least equal to a relevant net zero pathway.			✓	✓
Decarbonisation plan: Development and implementation of a quantified plan setting out a decarbonisation strategy for scope 1, 2, and material scope 3 emissions.		✓	✓	✓
Governance: Governance/management responsibility for targets and/or decarbonisation plan.		✓	✓	✓
Disclosure: Disclosure of scope 1 and 2 emissions, and disclosure of material scope 3, in line with regulatory requirements where applicable or the PCAF standard.		✓	✓	✓
Targets: Short- and medium-term targets for scope 1, 2, and material scope 3 emissions in line with science-based net zero pathway. These may be absolute, or intensity based: a) where available, a sectoral decarbonisation/carbon budget approach should be used; b) minimum for other assets a global or regional average pathway.		✓	✓	✓
Ambition: A long-term goal consistent with the global goal of achieving net zero by 2050.	✓	✓	✓	✓

Note: Over time funds or assets may move between ‘aligned’ and ‘aligning’ on the maturity scale depending on a fund’s or asset’s decarbonisation plan (for example, undertaking renovation at future lease expiry).

Glossary

AUM	Assets under management.
Baselining	Establishing the starting point against which targets will be set and progress measured.
Benchmark-relative approach	Uses the emissions of a comparator benchmark at a point in time to reference an emissions reduction target against and measure progress.
CDP	CDP (previously the Carbon Disclosure Project). Please visit the website for more information.
CRREM	Carbon Risk Real Estate Monitor – provides model pathways for real estate assets to achieve Net Zero by 2050.
FCA	Financial Conduct Authority. Regulates financial services firms and financial markets in the UK.
Financed emissions	The emissions associated with our assets under management based on attributing a share of the total emissions produced by underlying companies in proportion to the size of the investment we hold. Classified as Scope 3, Category 15 under the Greenhouse Gas Protocol, with accounting governed by the Partnership for Carbon Accounting Financials (PCAF).
GHG	Greenhouse Gas emissions expressed as tonnes of CO2 equivalent (tCO2e). Note the metric tCO2e normalises emissions from other greenhouse gases expressed as a global warming potential (GWP) equivalent to CO2. See https://ghgprotocol.org/Global-Warming-Potential-Values.
IIGCC	Institutional Investors Group on Climate Change. Convening body for the Net Zero Investment Framework (NZIF 2.0)
Investment universe	A selection of assets which reflect an investable universe, generally grouped based on the preferences of an investment strategy in terms of, for example, sector, industry, or regional exposure.
IPCC	Intergovernmental Panel on Climate Change IPCC Special Report on the impacts of global warming of 1.5°C.
ITR	Implied Temperature Rise.

IPV	In line with the Government's plan for LGPS funds to pool their assets, LPPI has created a range of in-house Investment Pooling Vehicles (IPVs), spanning Authorised Contractual Schemes (ACSs), unauthorised Alternative Investment Funds (AIFs) and unauthorised limited partnerships.
Material Sectors	Material sectors have been defined by IIGCC for consistency in the IIGCC Net Zero Implementation Guide. They are the sectors whose activities make the largest contribution to total emissions globally and which will need to produce the materials, develop the critical technologies, and evolve the lower emitting, more energy efficient processes that achieving a sustainable global economy depends on.
Climate Value at Risk (CVaR)	CVaR is MSCI's full quantitative scenario analysis solution, designed to provide a forward-looking and return-based valuation assessment of listed equity and debt securities in order to measure climate related risks and opportunities in an investment portfolio.
Net Zero	Achieving an overall balance between man-made emissions (GHG) produced and those taken out of the atmosphere, in order to neutralise the impact of any source of residual emissions that remains unfeasible to be eliminated by permanently removing an equivalent amount of atmospheric carbon dioxide.
NZIF	Net Zero Investment Framework.
NZAM	Net Zero Asset Managers initiative. An international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 Degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.
NGFS	Network for Greening the Financial System. A group of central banks and supervisors willing, on a voluntary basis, to share best practices and contribute to the development of environment and climate risk management in the financial sector and to mobilise mainstream finance to support the transition toward a sustainable economy.

Paris Agreement	United Nations agreement which includes commitments from all countries to reduce their emissions and work together to adapt to the impacts of climate change and calls on countries to strengthen their commitments over time. The Agreement provides a pathway for developed nations to assist developing nations in their climate mitigation and adaptation efforts while creating a framework for the transparent monitoring and reporting of countries' climate goals.
PCAF	The Partnerships for Carbon Accounting Financials.
Portfolio self-decarbonisation	Using portfolio emissions at a point in time to reference an emissions reduction target against and measure progress.
SBTi	The Science Based Targets initiative defines and promotes best practice in science- based target setting. Offering a range of target-setting resources and guidance, the SBTi independently assesses and approves companies' targets in line with its criteria.
Stewardship	The responsible allocation, management and oversight of capital to create long-term value for partner fund and beneficiaries leading to sustainable benefits for the economy, the environment and society (UK Stewardship Code 2020).
Total carbon emissions	The sum of all the emissions in the portfolio based on the investor's ownership share.
TPI	Transition Pathway Initiative. Please Visit the website for further information.
Scope 1, 2 and 3	Scope 1, 2 and 3 emissions are a way of categorising business emissions, accounting for both direct and indirect emitted GHGs. In more details: • Scope 1 emissions are GHGs released directly from owned or controlled sources of the company. • Scope 2 emissions are indirect GHGs released from the energy purchased by the company (generation of electricity, heat or steam purchased). • Scope 3 emissions are indirect GHGs released by the value chain of the company, excluding the Scope 1 and 2 emissions, for both upstream and downstream emissions.

Weighted Average Carbon Intensity (WACI)	Weighted Average Carbon Intensity is the measure of a portfolio's exposure to carbon- intensive companies, expressed as tCO_2e/$m company revenue.

LPPI
First Floor
1 Finsbury Avenue
London EC2M 2PF

lppi.co.uk
info@lppi.co.uk

Company registration no: 09835244
Incorporated in England and Wales and trading as LPPI
Authorised and regulated by the Financial Conduct Authority.
Reference number: 724653

LPPI *Together, let's do more*