

GOVERNANCE GUIDELINES

The objective of these governance guidelines is to provide appropriate checks and balances on the Board and management of the Company to ensure that those to whom the shareholders entrust the direction and success of the Company act in the best interests of the shareholders. The mission of the Board is to oversee the governance of the Company and to facilitate the Company's business objective of maximizing long-term profitability for its shareholders by being a recognized leader in commercial real estate through the ownership, management, development and acquisition of superior industrial properties nationally. In fulfilling this mission, the Board also will consider the interests of its other stakeholders and interested parties, including its employees, tenants, vendors, creditors, local communities, and the public at large. These governance guidelines are not intended to change or interpret any Federal or state law or regulation, including the Maryland General Corporation Law or Maryland REIT Law, or the declaration of trust of the Company or the by-laws of the Company. These governance guidelines are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations.

Board Size and Qualification

The Board believes that the appropriate number of trustees for the Company is nine. The Corporate Governance and Nominating Committee reviews annually the appropriate skills and characteristics required of Board members in light of the then current composition of the Board and develops annually a trustee specification for review, approval, and adjustment by the Board based on current conditions.. This annual trustee specification includes considerations of diversity, public company experience and skills such as knowledge of corporate governance, an understanding of real estate, finance, marketing, technology, logistics, regulation and public policy matters and international background. The principal qualification for a trustee is the ability to act in the best interests of all the shareholders.

Mix of Inside and Outside Trustees

The Board believes there should always be a substantial majority of trustees who qualify as independent under the listing rules of the New York Stock Exchange. The Board believes that, in addition to the Chief Executive Officer/ President of the Trust, it may be appropriate, from time to time, for one or more additional officers of the Trust to be members of the Board. However, no officer of the Trust - other than the Chief Executive Officer/ President - should expect to be elected to the Board by virtue of his or her position in the Trust.

Frequency of Meetings

The Board will typically meet in person five times a year. (One meeting will generally be conducted in one of the Company's regional offices.) Special meetings are called as necessary. It is the responsibility of the trustees to attend all of the meetings, and a trustee who is unable to attend a meeting is expected to notify the Chairperson of the Board or the Lead Independent Trustee in advance of such meeting. Attendance at a meeting by telephone, videoconference or

other means of communication generally will be discouraged unless a particular Board meeting was scheduled to be so conducted.

The Board meeting schedule for each year is submitted to and approved by the Board in advance.

Trustee Attendance at Annual Meetings

The Board believes that all of the trustees should attend the Company's annual meeting of shareholders, and encourages all trustees to make every effort to do so.

Communications with Shareholders

The Board believes that the Company's shareholders and other interested parties should have the opportunity to communicate with the members of the Board, including without limitation the Lead Independent Trustee, independent trustees or the chairperson of any of the committees of the Board. These communications should be accepted via e-mail or regular mail.

The Board believes that all communications received in accordance with this process should be reviewed by the Company's management in order to determine whether the communication requires immediate action. Management should pass on all communications received, or a summary of such communications, to the appropriate trustee or trustees. However, management, with the concurrence of the Lead Independent Trustee, should have the right to disregard any communication that it determines to be unduly hostile, threatening or illegal, not reasonably to relate to the Company or its business, or to be otherwise inappropriate, and should have the authority to discard or disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

Board Leadership Structure

The Board believes that it is in the best interests of the Company and its shareholders for the Board to determine which director is best qualified to serve as Chairperson.

The Corporate Governance and Nominating Committee of the Board Committee shall evaluate and make recommendations to the Board concerning the Board's leadership structure, including whether the offices of Chairperson and CEO should be held by the same person.

If the Chairperson is not an independent trustee, the independent trustees shall designate from among them a Lead Independent Trustee. The Lead Independent Trustee shall be elected by a majority of the independent trustees upon a recommendation from the Corporate Governance and Nominating Committee.

The responsibilities of the Lead Independent Trustee, if elected, shall include:

- serve as liaison between the Chairperson and the independent trustees;

- preside at all meetings at which the Chairperson is not present including executive sessions of the non-employee trustees and apprise the Chairperson of the issues considered;
- approve Board meeting agendas and, in consultation with the Chairperson and the non-employee trustees, approve Board meeting schedules to ensure there is sufficient time for discussion of all agenda items;
- approve the type and facilitate the timely dissemination of information to be provided to trustees for Board meetings;
- be available for consultation and direct communication with the Company's shareholders on behalf of the non-employees trustees;
- to have the authority to call meetings of the non-employee trustees and set the agenda for any such meeting;
- in the event of the death or incapacity of the Chairperson, become the acting Chairperson until a new Chairperson is selected by the Board; and
- perform such other duties as the Board may from time to time designate.

Executive Sessions of the Board; Meetings of Non-Employee and Independent Trustees

The non-employee trustees will meet periodically in executive session with the Chief Executive Officer.

In addition, the non-employee trustees shall meet at least twice each year in regularly scheduled executive sessions, and the independent trustees (if other than the non-employee trustees) shall meet at least once each year in executive session. The Lead Independent Trustee shall preside over these sessions.

Shareholder Nominations for Trustees

Shareholders shall have the opportunity to suggest nominees for election to the Board. Any such suggestions should be sent to the attention of the Secretary of the Company, describe the candidate's qualifications and be accompanied by the candidate's written statement of willingness and affirmative desire to serve representing the interest of all shareholders. The Board also notes that shareholders may also make nominations directly by following the procedure specified in the Company's By-laws.

Candidates proposed by shareholders will be considered using the same criteria and in the same manner utilized by the Corporate Governance and Nominating Committee in considering all candidates for election to the Board.

Vote Standard for Election of Trustees

The Company has adopted by-laws to provide that the vote standard for the election of trustees in uncontested elections is a majority of all the votes cast.

If a candidate for Trustee who is an incumbent Trustee fails to receive a majority of all the votes cast in an uncontested election, the Trustee shall offer to tender his or her resignation to the

Board. The Corporate Governance and Nominating Committee shall then make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The Trustee who tenders his or her resignation will not participate in the Board's decision.

Review of Materials

Prior to the meetings, the Trustees are expected to have reviewed all meeting materials distributed to them in advance, whether electronically or in hard copy. The Company will distribute the meeting materials, including the agenda, for use at Board meetings sufficiently in advance of meetings to permit meaningful review. It is recognized, however, that under certain circumstances certain materials may be unavailable to trustees in advance of the meeting. On those occasions in which the subject matter is too sensitive to provide in writing or electronically, the Chairperson of the Board or the Lead Independent Trustee may elect to contact each trustee by telephone in advance of the meeting to discuss the subject and the principal issues the Board will need to consider.

Safeguarding Company Assets and Confidential Information

The Company's assets include its properties, capital, facilities, equipment, proprietary information, technology, business plans, ideas for new products and services, trade secrets, copyrightable materials and customer information. All Trustees have a duty to protect the Company's assets and use them only for legitimate business purposes of the Company. Any suspected fraud or theft of the Company's assets should be reported immediately to the General Counsel of the Company or the full Board of Trustees.

All Trustees are required to maintain the confidentiality of information entrusted to them by Company personnel. This includes all information pertaining to the Company's properties, materials, services, innovations, designs, ideas, plans, trade secrets, proprietary inventions, sales and profit figures, tenant and supplier lists, and relationships with tenants, suppliers, employees and others. Trustees may not disclose, furnish, divulge, or otherwise make available to third parties any such information, or use any such information for any purposes other than performance of their duties and responsibilities as members of the Board of Trustees. All Trustees should exercise diligent efforts to safeguard the privacy of all computers and mobile devices on which any meeting materials or other Company assets are stored or accessible, and all usernames, passwords and other credentials used for gaining access to such materials and assets.

Number and Types of Committees

A substantial portion of the analysis and work of the Board is done by standing Committees. A trustee is expected to participate actively in the meetings of each Committee to which he or she is appointed.

The Board has established the following standing Committees: Audit, Compensation and Corporate Governance and Nominating. Each Committee has adopted a charter. Each such charter will be reviewed by the Board and thereafter will be subject to periodic review by such Committee and the Board.

Each independent trustee is expected to serve on at least one Committee and is encouraged to serve on two Committees.

The Lead Independent Trustee shall be eligible to serve on any Committee, subject to compliance with applicable rules and regulations of the Securities and Exchange Commission and any exchange on which the securities of the Company are listed or traded. The Lead Independent Trustee shall be an *ex officio* member of each Committee of which he or she is not otherwise a member, unless serving in such capacity would violate any rules or regulations of the Securities and Exchange Commission or any exchange on which the securities of the Company are listed or traded. The Lead Independent Trustee will be encouraged to make every effort to attend the meetings of each Committee of which he or she is an *ex officio* member.

Term of Service; Appointment of Committee Members and Chairpersons

The Board, through the Corporate Governance and Nominating Committee, designates the members and chairpersons of the Committees, taking into account the desires and skills of individual Board members and the suggestions of the Chief Executive Officer and the Lead Independent Trustee.

It is the sense of the Board that the Lead Independent Trustee and the Committee chairpersons should generally be appointed for a three-year term. At the conclusion of a term, or more frequently if it deems appropriate, the Corporate Governance and Nominating Committee will assess whether each of these positions should be rotated. The Board does not believe that rotations should be mandated as a policy since there may be reasons to maintain an individual trustee's status as chairperson or Lead Independent Trustee for a longer period or to shorten the period.

The Board believes that Committee membership should be considered annually with a view to utilizing the talents of individual Board members to best serve the Trust's needs. The Board similarly does not believe that rotation of Committee membership should be mandated as a policy since there may be reasons to maintain an individual trustee's Committee membership status for a longer period or to shorten the period. The learning time to become an active contributor on a particular Committee is also a factor.

Construction of Committees

The Board has the flexibility to form a new Committee or to disband a current Committee, as it deems appropriate. The chair of each Committee reports to the full Board, whenever appropriate, with respect to those matters considered and acted upon by his or her Committee.

Assessing the Board's Function

The members of the Corporate Governance and Nominating Committee will be required to report annually to the Board on the Committee's assessment of the Board's function. This assessment should include such items as the frequency of Board and Committee meetings, and should be discussed with the full Board at the February quarterly meeting.

The assessment should be of the Board's contribution as a whole and specifically review the areas in which the Board and management believes a better contribution could be made. The goal of this assessment is to increase the effectiveness of the Board.

With the goal of increasing the effectiveness of the Board and its relationship to management, the Corporate Governance and Nominating Committee will oversee an annual evaluation of each Trustee, such evaluation to include a survey of the individual views of all non-employee trustees, which are then compiled and summarized by outside counsel and reported, without attribution, to the Chair of the Corporate Governance and Nominating Committee.

Access to Management and Independent Advisors

Board members will have complete and open access to senior members of management. The Board shall have the authority to retain independent advisors.

Formal Evaluation of the Chief Executive Officer

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The outside trustees are responsible for evaluating the performance of the Chief Executive Officer. This evaluation should be conducted annually, and it should be communicated to the Chief Executive Officer by the chairperson of the Compensation Committee with the Lead Independent Trustee. The evaluation is to be used by the Compensation Committee in determining the compensation of the Chief Executive Officer.

The evaluation should be based on objective criteria to include the performance of the business, accomplishment of reported goals and long-term strategic objectives and the development of management.

Succession Planning

The Board plans for the succession to the positions of CEO and other executive officers of the Company. To assist the Board, the Chief Executive Officer will provide the Board with an annual report on succession planning.

Term Limits

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of trustees who have been able to develop, over a period of time, increasing insight into the Trust and its operations and, therefore, provide an increasing contribution to the Board as a whole. The Board believes that its present annual board evaluation process provides appropriate checks and balances to assure the ongoing vitality of the Board.

Trustee Reaching the Age of 72

Upon a trustee's attainment of the age of 72 and upon each subsequent anniversary of the trustee's date of birth, the trustee must offer not to stand for re-election to the Board at the next Annual Shareholders Meeting of the Company. This offer must be communicated in writing to the Corporate Governance and Nominating Committee prior to the meeting of that Committee at which the slate of trustees will be recommended for nomination by the Board at the next Annual Shareholders Meeting. The Corporate Governance and Nominating Committee, in consultation with the Chief Executive Officer and the Lead Independent Trustee, will evaluate the offer and make a recommendation to the Board.

Compensation of Trustees

The Corporate Governance and Nominating Committee will engage an independent consultant annually to determine how the Company's non-management trustee compensation levels and practices compare with those of other similarly situated public companies. In particular, the compensation should be benchmarked by the independent consultant against the compensation of the trustees at the same group of peer companies utilized by the Compensation Committee for benchmarking the pay levels of the Company's executive officers. The Board should make changes in its non-management trustee compensation only upon the recommendation of the Corporate Governance and Nominating Committee after discussion and majority concurrence by the full Board. In discharging this duty, the Corporate Governance and Nominating Committee and the full Board should be guided by the following principles: compensation should fairly pay trustees for the work required; compensation should align trustees' interests with the long-term interests of shareholders; and the structure of the compensation should be simple, transparent and easy for shareholders to understand.

Education of Trustees

The Company will provide an appropriate educational program for new Board members, which shall include written materials, meetings with key management and visits to Company facilities.

Additionally, all trustees should periodically attend educational opportunities enabling them to better perform their duties.

Trustees Who Change Their Employment

Any Trustee who changes, retires from or otherwise terminates his or her primary occupation, business, profession or place of employment should inform the Chief Executive Officer, the General Counsel, the Lead Independent Trustee and the Chair of the Corporate Governance and Nominating Committee, and must offer in writing or by email or other electronic means to resign from the Board.

The Corporate Governance and Nominating Committee, in consultation with the Chief Executive Officer and the Lead Independent Trustee, will evaluate the offer to resign and make a recommendation to the Board.

Share Ownership of Trustees and Senior Officers

Trustees

The Board believes that trustees should be shareholders and have a financial stake in the Company. Each trustee should develop a meaningful ownership position in the Company over time. In furtherance of this belief, non-employee trustees are paid a portion of their annual fees in the Company's common shares of beneficial interest (the "Common Shares").

Additionally, the trustees are expected to own an amount of the Common Shares equal to 6x the annual cash retainer paid to trustees. The target date for acquiring such ownership is five years following the date on which the trustee joins the Board.

Senior Officers

Consistent with an emphasis on higher standards of corporate governance, the Board believes that the investment community values share ownership by senior management and that, by holding an equity position in the Company, officers demonstrate their commitment to and belief in the long-term profitability of the Company. Accordingly, the Board believes that ownership of Company shares by officers should be encouraged.

Covered Officers

These share ownership guidelines for Senior Officers apply to the Company's officers at the Senior Vice President level and above.

Target Ownership

Each Trustee and Senior Officer should seek to acquire and maintain a level of ownership of Common Shares (determined based on the fair market value of such shares from time to time) as follows:

Officer/Trustee	Ownership Target as Multiple of Base Salary or Annual Retainer
Trustee	6x
CEO	6x
CFO, CIO and General Counsel	3x
All officers covered by the Senior Officer Severance Plan	1x

Each Trustee and Senior Officer should work toward achieving these levels of ownership with the objective of meeting the requirements within five years of becoming subject to these requirements, as applicable. Once a Trustee or Senior Officer has achieved the targeted level of share ownership, he or she (1) should maintain at least that level of ownership for the duration of his or her tenure with the Company and (2) within three years after receiving an increase in salary or a promotion, or an increase in annual retainer, should seek to achieve the resulting greater target level of ownership.

Implementation

For purposes of determining whether the above ownership target is satisfied, the following sources of share ownership will be included:

- Common Shares acquired by a Trustee or Senior Officer, including unvested restricted stock awards and restricted stock units;
- Units of interest in Liberty Property Limited Partnership;
- Common Shares owned directly by a Trustee's or Senior Officer's spouse or minor children who reside with him or her; and
- Common Shares held in a trust established for estate and/or tax planning purposes that is revocable by the Trustee or Senior Officer and/or his or her spouse.

For purposes of determining whether the ownership target is satisfied, shares underlying any outstanding options will not be included.

Restriction on Disposition of Restricted Stock

Until such time as a Senior Officer has attained the stated Ownership Target, a Senior Officer must retain Common Shares obtained as a result of a restricted stock award. The Board may provide an exception to this general rule based on circumstances which it deems appropriate.

Restriction on Pledging of Shares by Trustees and Named Executive Officers

Trustees and Named Executive Officers are prohibited from pledging Company securities or units, including in margin accounts, to the extent the securities sought to be pledged are necessary to satisfy the Trustee's or Named Executive Officer's stock ownership requirements as set forth above. With respect to securities beyond those necessary to satisfy the stock ownership requirements, Trustees and Named Executive Officers are prohibited from pledging Company securities or units, including in margin accounts, except in cases of hardship or as otherwise approved by the Corporate Governance and Nominating Committee.

Compliance with Insider Trading Policy

Every sale, transfer, pledge and other disposition or encumbrance of the Company's securities, regardless of whether otherwise permitted under these Guidelines, must be in compliance with the Insider Trading Policy set forth in the Trustee Code of Conduct.