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We are very pleased to share our Environmental, Social, and Governance report. We are proud of our history of leadership in sustainable real estate, which includes pioneering participation in the U.S. Environmental Protection Agency’s (EPA) ENERGY STAR® program and U.S. Green Building Council’s® (USGBC) LEED® green building program, numerous landmark LEED development projects, both office and industrial, and early adoption of sustainability reporting in our Annual Report on Form 10-k.

I’d like to take this opportunity to thank the employees of Liberty Property Trust, because the success of our program is due entirely to their dedication and advocacy.

Liberty prides itself on certain cultural attributes. One is to recognize that we have been given opportunity, and that opportunity begets responsibility. Our founder, Bill Rouse, often told the story of asking a philanthropic friend how he was able to dedicate himself so generously to others. To which the friend replied, “The more I give, the harder it is to catch up with what has been given to me.” Bill took that to heart, and I’d like to think it is embedded in Liberty’s DNA.

Another embedded cultural attribute is a dedication to real estate as a creative, forward-thinking, transformative exercise. We understand that our core business has profound effects on our neighbors, our communities, our customers’ businesses...our world. There is an inherent responsibility to always do better, and this responsibility is embraced by our people.

It is one thing to embrace the responsibility, it is another to have the power to act on it. At Liberty, our people are empowered to ask questions, seek out new ways to do our business better, and make that change happen. Employee advocacy is why we decided, in 2006, to join the USGBC, begin “building green,” and start a dialogue with the marketplace – a dialogue of education on a topic that was new, unproven, and somewhat disruptive. Our people engaged in that dialogue with enthusiasm, first in green development, then green management, first with fellow colleagues, then with tenants, brokers, investors, and the public. I am thrilled at how that dialogue took hold in our organization and among all our stakeholders.

We continue to challenge ourselves to view sustainability not as a means to an end, but as an integral component of our long-term value creation strategies, always seeking the most meaningful efforts that will enhance our portfolio, our company, and our communities. We hope our stakeholders find this report a valuable addition to our ongoing dialogue on these efforts.

Sincerely yours,

WILLIAM P. HANKOWSKY
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER
Introduction

Liberty Property Trust views sustainability as an integral part of our culture of care and engaging our employees, our investors, our tenants, our communities, and our assets. Our focus on sustainability and environmental, social, and governance (ESG) principles is an extension of our long-standing mission to enhance people’s lives through extraordinary work environments. Liberty views “high performance”, sustainable buildings as state-of-the-art properties that consume resources efficiently and operate in a manner that enhances the productivity, health, and well-being of occupants.

Our Mission

Liberty is committed to the sustainable design, development, and operation of our real estate portfolio. As a leader in our industry, we strive to create and operate properties that limit resource consumption, improve building performance, and promote more comfortable work environments. We recognize that every business decision has a potential impact on our environment, and we are committed to understanding and reducing these effects.

We believe that high performance buildings and environmentally responsible business operations are not only a social good for our planet, they create value for our tenants, our communities, and our stakeholders.

Our Goals

At Liberty, our sustainability goals are to support our tenants, communities, and investors with better real estate solutions, services, and results. Specifically, we strive to:

- Support our tenants’ needs for lower operating costs and greater comfort through the construction and operation of sustainable, high-performance buildings to a LEED® standard.
- Evaluate, pilot, and integrate next generation building technologies as part of the development process.
- Leverage the benefits of sustainability as a competitive differentiator in the marketing and communication of new developments.

Our Partnerships and Collaborations

At Liberty, we work collaboratively with the industry and form strategic partnerships to advance our ESG initiatives. In the past year, our staff has participated in, and supported, efforts led by the following organizations:
Sustainability by the Numbers
Putting Our Performance in Perspective

Helping our tenants save money*

- **13%** REDUCED ENERGY USE
- **3%** REDUCED WATER USE
- **17%** REDUCED ENERGY COSTS
- **3%** INCREASED WASTE DIVERSION

*reductions achieved in 2017

Demonstrating value for our tenants and investors

- **142** CURRENT GREEN CERTIFICATIONS
  - **98 BUILDINGS** 30M SF
  - **ENERGY STAR®** 43 BUILDINGS 12M SF
  - **BREEAM®** 1 BUILDING 36K SF

- **278** ALL-TIME GREEN CERTIFICATIONS
  - **LEED®** 128 BUILDINGS 33M SF
  - **ENERGY STAR®** 147 BUILDINGS 22M SF
  - **BREEAM®** 3 BUILDINGS 139M SF

- **98%** LEED® CERTIFIED DEVELOPMENT DELIVERIES IN 2017
- **30** PROFESSIONALS WITH LEED® CERTIFICATIONS

Reducing impact on our communities

lowered green house gas emissions from 2016 by **5.8%**

EQUIVALENT TO

- **1,370** PASSENGER VEHICLES OFF THE ROAD
- **691** HOMES’ ENERGY USE FOR ONE YEAR
- **214,048** INCANDESCENT LAMPS SWITCHED TO LED
- **7 MILLION** POUNDS OF COAL BURNED
Investment Care

Our culture of care extends to our investments and manifests in our role as fiduciaries. We are committed to pursuing value-driven strategies to enhance the performance of our assets in a manner that promotes sustainability, proactive governance, and risk management.

Sustainability

Liberty Property Trust has a long-standing commitment to the sustainable design, development, and operation of our real estate investments, and recognizes the value created through high-performing, “green” buildings. Sustainability is another manifestation of our culture of care, delivering positive environmental and financial outcomes as part of our real estate activities. Overseen by the Liberty Property Trust Sustainability Committee – consisting of members from a diverse cross section of our organization, including Operations, Leasing, Development, and Marketing - our sustainability efforts seek to reduce costs, increase competitiveness, reduce risks, and ultimately enhance value for our investments and for all stakeholders. We continually coordinate with our property teams and stakeholders to identify and implement strategies to meet these objectives.

As part of this effort, we committed to leveraging EPA’s ENERGY STAR® platform to track and improve the performance of our assets. We have been an ENERGY STAR partner since 1999 and utilize ENERGY STAR Portfolio Manager® to benchmark all office assets. Wherever possible, we seek ENERGY STAR certification and utilize ENERGY STAR tools and resources such as the Guidelines for Energy Management to inform our sustainability strategy. To date, we have achieved ENERGY STAR certification for 147 assets, covering more than 22 million square feet.

Additionally, we have been members of USGBC since 2006 and certified 128 buildings to the LEED—an acronym for Leadership in Energy and Environmental Design™—standard in that time. The LEED standard is the leading market benchmark for green building performance and a powerful signal of the quality and operational efficiency of our properties. Our team regularly receives training on the benefits of sustainability and the LEED standard, and to date, more than 30 members of our team have earned LEED credentials.

In 2008, we declared that all new industrial facilities will be certified under the LEED green building program. Recognizing the challenge this presented to our team, we partnered with the USGBC and outside experts Design Management Services to develop our innovative LEED Volume Certification program in 2015. We created a prototype standard for a process-based workflow to incorporate green building strategies in all of our developments. With this standard, we’re able to better match tenant needs, geographic and market requirements, and provide best-in-class properties. This unique approach to LEED certification allows Liberty Property Trust to leverage and institutionalize best practices, reduce documentation burdens and inefficiencies, and dramatically shorten certification timelines from 2-4 months to a few weeks. **As a result, Liberty Property Trust is a leading certifier of warehouse and industrial properties under the LEED green building program in the United States.**
Through our LEED Volume Certification program, we are already seeing significant benefits:

The Liberty Property Trust team has led the way in standardizing green building certifications in the industrial sector, creating economies of scale and further methodological rigor in our sustainability efforts. We’re excited to continue to generate even greater value and market recognition of our real estate properties in the years to come.

Governance and Risk Management

Through proactive governance, Liberty Property Trust seeks to provide first-class investment care to its stakeholders. Our governance guidelines provide a flexible framework for the CEO and Board of Trustees to meet the needs of stakeholders and ensure that care and consideration are given to other interested parties including tenants, employees, and local communities. The Board of Trustees is guided by a Code of Conduct and meets regularly to review and discuss the performance of the company. All employees, including each officer, also comply with a comprehensive Code of Conduct that encourages a culture of honesty, accountability, and mutual respect, and offers mechanisms for appropriately handling ethical issues.

As part of our commitment to investment care, we employ due diligence and investment management policies that seek to understand and mitigate property risks. As an example, we work closely with our property insurance carrier, FM Global, to identify potential loss exposures from both physical damage and business interruptions. Through visits with property managers, local FM Global field engineers develop recommendations to help eliminate or reduce these exposures, and our team works to implement these recommendations where feasible.

FM Global utilizes RiskMark to quantify risk using a point system from 1 to 100. The higher the score, the lower the risk exposure of the location and the more resilient the property is to a loss. **Our assets have an average score of 79, compared to the industry average score of 66 for similar FM Global clients.** FM Global also places RiskMark scores into quartiles, and loss data has shown that assets in the bottom quartile experience losses six times more frequently and 30 times more severe than those in the top quartile. **We’re proud that 86% of our assets score in the first or second quartiles, limiting risk exposure for our investors and reducing risk of business interruptions for our tenants.**
We utilize findings from these risk assessments to make improvements across our portfolio. As an example, FM Global assesses natural hazards like flood risk for each site. To help mitigate that risk, Liberty Property Trust employs a comprehensive approach to stormwater management that is intended to control stormwater runoff rate, volume, water quality, and groundwater recharge by:

- Replicating the existing site hydrology
- Mitigating downstream increases in stormwater runoff rate and volume
- Preserving water quality
- Maintaining groundwater recharge

When we evaluate a site for development, we inventory special management areas including brownfields, karst areas, mined lands, special protection waters, and highly urbanized areas, which allows for the identification and prevention of potential stormwater management problems and avoids harming environmentally sensitive features.

Following an early site assessment and planning, we design a site layout that protects sensitive and special value resources to reduce and mitigate the impacts of development. The following post-construction stormwater best management practices have been incorporated into many of our projects:

- Above-ground and underground infiltration basins
- Infiltration trenches
- Bio-retention areas/rain gardens
- Vegetated swales and filter strips
- Wet ponds
- Water quality filters
- Landscape restoration and soil amendments
- Stormwater discharge level spreaders
Tenant Care

As a trusted real estate advisor, we have a duty to our tenants to provide care and attention in support of their real estate objectives. We work closely with our tenants to provide and operate high-performing, sustainable, energy-efficient spaces that meet their needs. Our teams equip tenants with a host of resources to track energy costs, reduce energy consumption, and earn recognition for their achievements. We also provide guidelines for conducting a sustainable tenant improvement before occupancy, the comprehensive Liberty Green Guide, and on-demand support for their sustainability and ESG needs.

**TENANT HIGHLIGHT**

**Priority Worldwide Services**

Priority Worldwide Services (PWS) leases 125,000 square feet in the Maryland portfolio. To support Priority Worldwide’s corporate environmental responsibility efforts, we collaborated with PWS to achieve LEED® Commercial Interiors (LEED CI) Platinum certification. We coordinated the installation of a 105 kW solar array comprising 478 solar panels that produce approximately 135,000 kilowatt hours of electricity per year, and installed additional structural support to the roof to accommodate the added weight. This solar array system provides almost 100% of Priority Worldwide’s on-site energy needs. We also installed a highly reflective, white roofing material which reduces the “heat island” effect and increases efficiency and comfort of the facility.

“Priority Worldwide was proud to partner with Liberty in the build out of our LEED-CI Platinum facility. One of the primary factors in our decision to lease with Liberty was their willingness and commitment to support our sustainability mission. Not only did they follow through with the initial plan, but they have continued to support our commitment to an innovative, environmentally friendly workplace.”

—Marc Tohir, President
PROJECT HIGHLIGHT

At Comcast Center in Philadelphia, we are partnering with Comcast Facilities, Comcast’s Sustainability Department, and third-party provider Sustainable Solutions to work towards a LEED® Existing Buildings Operations and Maintenance certification. As part of that process, we are evaluating current operations standards, policies, and guidelines to ensure they are in line with the current LEED standards. In 2017, we also partnered with Comcast to replace all core lighting with energy-efficient LED fixtures. This project, combined with other efforts by our team at Comcast Center, contributed to an 11% reduction in energy use.
Community Care

At Liberty Property Trust, we strive to act as positive corporate citizens, by contributing to the social and economic success of our neighbors, and building a supportive and inclusive culture. We have a long tradition of supporting our communities through charitable giving, volunteer efforts, and engagement. Our founder Bill Rouse defined this culture, and our team members donate time, expertise, and resources throughout the year.

United Way

Liberty Property Trust has a strong partnership with United Way, organizing major annual campaigns and individual giving.

During the 2017 campaign, employees participated in a volunteer service project that benefited Montgomery Early Learning Centers. Liberty employees created more than 600 library totes – each packed with two books, a bookmark and a library resource guide, to be distributed to children in the community.

This week-long campaign highlights the generosity of Liberty’s employees and our vendors (who contributed more than $5,000 in raffle items). Approximately 57% of employees pledged a grand total of over $100,000 to their communities.

Volunteer Time Off (VTO) Benefits

Our VTO program gives Liberty Property Trust staff paid leave for time spent volunteering in meaningful, purposeful community engagement activities. We recognize that participating in these activities can also enrich and inspire the lives of our employees. In 2017, over 596 volunteer hours were committed to support local charities, schools, and organizations.

In 2017, Liberty employees volunteered at places including:
Diversity and Inclusion Council

Our Diversity and Inclusion Council is made up of a committed group of Liberty executives and employees. The Council provides policy development, guidance, and accountability to the success and objectives of our diversity and inclusion goals. The Council meets regularly and actively promotes a consistent message of diversity and inclusion awareness; provides guidance, resources, and support to employees; and starting this year, will initiate education programs and cultural events for our staff and stakeholders.

A Day of Caring - Giving Back to Our Communities

To commemorate our founder Bill Rouse, Liberty employees established an annual “Day of Caring” volunteer initiative in 2004. Each year on the Friday closest to June 19th (Bill’s birthday), our dedicated employees gather and celebrate Bill’s vision and spirit by volunteering at local community organizations across the U.S. and U.K.

In 2017, the Philadelphia team assembled over 125 volunteers at the Share Food bank to work the food packaging line and provide landscaping, light carpentry, painting, and seasonal clean up. Team members also built and established a new vegetable garden and worked with local vendors and partners to secure additional financial and material donations.

Day of Caring acts as the cornerstone of Liberty Property Trust’s community outreach, bringing our employees together and providing focus to our volunteer efforts. Yet its influence goes much deeper – instilling our company with a culture of care and inspiring even greater giving year-round.

*Bill would be proud.*
Looking Ahead

We look forward to continuing our culture of care in 2018 to support our tenants, our investors, our employees, and our communities. Environmental, social, and governance principles permeate our organization, and we seek to make additional strides and progress.

In 2018, we specifically look forward to:

- Continuing to build better, more efficient, and more innovative buildings and certify all speculative development to a LEED® standard.
- Identifying new ways to support our tenants’ growing interests in business case approaches to sustainability.
- Continuing to provide transparency on our performance through sustainability metrics and reporting.
- Advancing opportunities for renewable and clean technologies as a means to drive better resilience and reliability in our portfolio.
- Serving as the real estate provider of choice and trusted advisor for tenants and investors.
- Cultivating a legacy of care in our communities by promoting charitable giving, volunteerism, and engagement.
accomplish more