UK Commercial Property REIT (UKCM)
Year End 2018 – Results Presentation

Presented by:
- Andrew Wilson, Chair of UKCM
- Will Fulton, ASI
- Ed Clerk, ASI
- Graeme McDonald, ASI
Agenda

01. Chair’s Overview

02. The Market

03. Financial Highlights

04. Portfolio and Performance

05. Investment Policy

06. Chair’s Concluding Remarks
Chair’s overview

Against a background of political uncertainty, commercial real estate has proved resilient returning 6.7% for 2018*

Performance has been driven by industrial sector, which makes up 46% of UKCM’s portfolio, with persisting challenges in the retail sector

The Company has reduced its exposure to the retail sector and, with another strategic sale, has recycled capital into assets with sustainable income characteristics in the industrial sector

Secure income profile, improving dividend cover and strong tenant base with 99% of rent collected within 21 days

Firepower still available for investment which should be bolstered by imminent debt refinancing

Evolution of investment policy to allow for further potential investment into alternative sectors

UKCM has achieved GRESB** Sector Leader status as top ESG performer in the Diversified, Europe-Listed peer group

* the Company’s MSCI IPD benchmark
** Global Real Estate Sustainability Benchmark

Source: Aberdeen Standard Investments

Past performance is not a guide to the future. The value of investments and the income from them can fall as well as rise and is not guaranteed
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UK real estate investment volumes

Source: Property Data, ASI, January ‘19

Billions (£)

Commercial Real Estate
Alternative Real Estate

UK Commercial Real Estate Investment - 2018
- Overseas Investors
- UK Investors

£35bn
£27bn

London Office Real Estate Investment - 2018
- Overseas Investors
- UK Investors

£4.5bn
£11.4bn

Source: Aberdeen Standard Investments
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Politics create a fog on forecasting

The economy is expected to slow this year; recession is likely to be avoided

Long leases let to strong tenants will be resilient, particularly with RPI indexation

Retail presents most downside risk; followed by City of London offices with a hard Brexit

Rental growth from well located industrial property is expected to continue

Alternative real estate asset classes are fast becoming mainstream – important to be selective
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Financial highlights as at 31 December 2018

Capital to invest
- £80m*  

EPRA earnings per share
- NAV per share: 93.3p
- EPRA earnings per share: 3.09p
  - Net: 3.45p
  - Gross: 3.45p

Gearing
- Net: 14.6%
- Gross: 17.1%
  - N: 12.8%
  - G: 17.2%

Gearing

Total debt available: £300m
Remaining available: £50m
Period to Maturity: 4.1 years
All in rate: 2.89%

Currently in negotiations with both debt providers to:
- Increase the maturity profile
- Increase flexibility
- Increase quantum available by £50m

Source ASI, December '18. Light blue figures represent position at Dec '17. * Inclusive of £50m RCF

Source ASI, December '18.
Financial highlights

## NAV movement year to 31 December 2018

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening NAV (92.8p)</td>
<td>92.8</td>
</tr>
<tr>
<td>Valuation Increases &amp; gains</td>
<td>4.5</td>
</tr>
<tr>
<td>SWAP movements</td>
<td>0.1</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>3.1</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>3.7</td>
</tr>
<tr>
<td>CAPEX</td>
<td>3.1</td>
</tr>
<tr>
<td>Tax</td>
<td>0.4</td>
</tr>
<tr>
<td>Closing NAV (93.3p)</td>
<td>93.3</td>
</tr>
</tbody>
</table>

Source: ASI, December '18.

## 2018 EPRA Earnings

<table>
<thead>
<tr>
<th>Component</th>
<th>EPS (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 17 Income profit (before tax)</td>
<td>44.8</td>
</tr>
<tr>
<td>Rental income</td>
<td>3.9</td>
</tr>
<tr>
<td>Property expenses</td>
<td>0.9</td>
</tr>
<tr>
<td>Other expenses</td>
<td>0.5</td>
</tr>
<tr>
<td>Net interest movement</td>
<td>0.4</td>
</tr>
<tr>
<td>Dec 18 Income profit (before tax)</td>
<td>39.9</td>
</tr>
</tbody>
</table>

Source: ASI, December '18.

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Portfolio structure and performance

**Portfolio sector weighting (by Market Value)**

- Industrial: 46%
- Retail: 27%
- Offices: 27%
- Other: 16%

Source: MSCI, December '18

**UKCM portfolio total return versus benchmark**

- 1 year (2018): 6.9% (UKCM), 8.7% (Benchmark)
- 3 years (% p.a.): 7.5% (UKCM), 6.9% (Benchmark)
- 5 years (% p.a.): 8.9% (UKCM), 10.1% (Benchmark)


**Capital value by geography**

- South East: 37%
- London: 19%
- South West: 9%
- South East: 9%
- West Midlands: 8%
- East Midlands: 7%
- Yorkshire & Humber: 6%
- North East: 4%
- North West: 1%

Source: ASI, December '18

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Investments, Sales & Capex for 2018

**Sales**

- **£173m**

1. **15 Great Marlborough St, London**
   - Sale price of £73.2m
   - Ahead of valuation
   - Attractive exit from low yielding asset

2. **16-20 High St, Exeter**
   - Sale price of £23.5m
   - NIY 4.75%
   - Inline with valuation
   - Progresses strategy to reduce retail exposure

**Purchases**

- **£156m**

1. **M8 Industrial Estate, Glasgow**
   - £24.6m
   - Topped up NIY 5.9%
   - 290,104 sq ft
   - Average rent of £5.25 psf

2. **Distribution Portfolio**
   - £85.4m
   - Topped up NIY 5.5%
   - 909,030 sq ft
   - Average rent of £5.52 psf

**Capex**

- **£41m**

1. **XDock 377, Magna Park, Lutterworth**
   - Comprehensively refurbished to reposition
   - 2018 capex spend of £6.7m

2. **Maldron Hotel, Newcastle**
   - £32m forward funding
   - 35 year lease with RPI rent reviews
   - 2018 capex spend of £17.8m
Midlands distribution warehouse portfolio acquisition

£85.4m
Purchase Price

5.5%
Net Initial Yield

5 Strong Tenants
Diversified Income

7.3 YR
AWULT

£5.52 psf
Low Average Rent

1. Bestway, Meir Park, Stoke-on-Trent
   • 190,203 sq ft
   • £5.21 psf
   • 10.2 years to break. 15.2 years to expiry

2. Roca, Interlink Park, Bardon
   • 149,034 sq ft
   • £5.95 psf
   • 7.2 years to break. 14.7 years to expiry

3. Rhenus Logistics, Gallan Park, Cannock
   • 69,582 sq ft
   • £10.68 psf
   • 5.3 years to expiry

4. Clipper Logistics, Tetron Park, Swadlincote
   • 240,899 sq ft
   • £4.94 psf
   • 5.6 years to expiry

5. TJX, Lymedale Business Park, N-u-L
   • 259,312 sq ft
   • £4.65 psf
   • 8 years to expiry
Industrial portfolio: asset management

**Newton’s Court, Dartford**
- New letting to Millmoll Group Ltd on 10 year lease (break year 5) with a rent of £240,578 which is 5.5% ahead of ERV
- Two 10 year lease renewals with a new combined rent of £244,779.

**XDock 377, Magna Park, Lutterworth**
- Asset repositioned with £7m refurbishment completed in Q1 2019
- Prime, 377,000 sq ft, cross docked unit in one of the best distribution locations in the UK
Retail portfolio: asset management

- New lettings to Dreams Ltd and Card Factory at ERV
- AFL exchanged with Home Bargains to replace Wickes
- New terrace completed and 100% let to Tapi, Wren and Laura Ashley securing £600K of new rents.
- New Costa Coffee unit completing in February to increase F&B offer and shopper dwell time.
Office portfolio: asset management

81-85, George Street, Edinburgh
- New letting to global IT firm (February ’19)
- Refurbish and relet business plan now completed
- Letting was ahead of ERV and increases AWULT to >12 years.

Eldon House, London
- 100% let by year end
- New lettings and lease extensions with existing tenants 5-10% ahead of ERVs
- AWULT increased to >5 years

Sector Weighting
- Office Portfolio: 16%
- Remainder of Portfolio

Sector Occupancy
- Vacant
- Let: 93%
Portfolio void rate and near term expiries

Portfolio void rate (by ERV)

Portfolio expiries: 18 months from Dec 2018 (by rent passing >£ 300,000)

Source ASI, December ‘18

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## Key Vacancy & Lease Events: June 2018 to June 2020

### Key Vacancies

<table>
<thead>
<tr>
<th>Property</th>
<th>Area (sq ft)</th>
<th>Status</th>
<th>June ’18 Status</th>
<th>December ’18 Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ventura Park, Radlett (part)</td>
<td>160,000</td>
<td>Let</td>
<td>15 yr RPI-linked lease, subject to roof works.</td>
<td>Roof works due to be completed in March’19</td>
</tr>
<tr>
<td>Xdock 377, Magna Park, Lutterworth</td>
<td>381,000</td>
<td>Available</td>
<td>Argos vacated; refurbishment &amp; marketing underway.</td>
<td>Leasing launch February ’19 – good interest</td>
</tr>
<tr>
<td>White Building, Reading (part)</td>
<td>20,697</td>
<td>Available</td>
<td>Newly Acquired</td>
<td>Marketing</td>
</tr>
<tr>
<td>Ex-Toys r Us, St George’s RP, Leicester</td>
<td>34,000</td>
<td>Available</td>
<td>Vacated April 2018 (CVA) - marketing.</td>
<td>Marketing</td>
</tr>
</tbody>
</table>

### At December 2018, the table below reflects 57% of income that could expire before June 2020, representing 7% of total income

<table>
<thead>
<tr>
<th>Tenant &amp; Property</th>
<th>Area (sq ft)</th>
<th>Lease event</th>
<th>June ’18 Status</th>
<th>December ’18 Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wickes, St George’s RP, Leicester</td>
<td>26,000</td>
<td>Jan 2019</td>
<td>Early marketing underway.</td>
<td>New letting to Home Bargains exchanged</td>
</tr>
<tr>
<td>DHL, Ventura Park, Radlett</td>
<td>86,000</td>
<td>Dec 2019</td>
<td>Break not exercised. Expiry: Dec ’19 - in discussion.</td>
<td>Lease regear under negotiation</td>
</tr>
<tr>
<td>CFUK, Newton’s Court, Dartford</td>
<td>71,000</td>
<td>Dec 2019</td>
<td>Tenant considering occupational options.</td>
<td>Tenant considering occupational options.</td>
</tr>
<tr>
<td>Hannah Close, Neasden</td>
<td>181,000</td>
<td>Mar 2019</td>
<td>Will terminate Mar ’19 - exploring pre-let and options.</td>
<td>Under offer for lease</td>
</tr>
<tr>
<td>Veerstyle, Newton’s Court, Dartford</td>
<td>68,000</td>
<td>Apr 2019</td>
<td>Lease renewal in discussion</td>
<td>No change</td>
</tr>
<tr>
<td>DSG, St George’s RP, Leicester</td>
<td>14,500</td>
<td>Nov 2019</td>
<td>Lease renewal in discussion</td>
<td>No change</td>
</tr>
<tr>
<td>Sony, Great Marlborough Street</td>
<td>38,500</td>
<td>Nov 2019</td>
<td>No change</td>
<td>Sold (excluded from income expiring calculations)</td>
</tr>
<tr>
<td>TK Maxx, Kew Retail Park</td>
<td>13,961</td>
<td>Mar 2020</td>
<td>n/a</td>
<td>No current action</td>
</tr>
</tbody>
</table>

Source: ASI, December ’18

Key: Industrial, Offices, Retail
Rent bridge

Significant reversionary potential

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Structural drivers supporting alternative real estate sectors growth

25% of all UK real estate transactions over the last five years

Reasons for considering the RE alternative sectors

- Benefit of structural changes in demand: 30%
- Higher Initial Yields: 25%
- Protection against RE downturns: 17%
- Aging population: 9%
- Urbanization: 7%
- Millenial trends: 6%
- Technological advancement: 5%
- Diversification: 1%
- Other: 12%

Source: CBRE Global Investor Intentions Survey 2018, ASI

Favourable structural drivers set to support further growth

- % of population in urban locations
- Internet Users (per 100 people)

Source: ONS, Oxford Economics, UN, ASI
Rising share of the market with attractive risk reward characteristics

Total return/standard deviation – 10 years to 2017

- Residential
- Primary Healthcare
- Hotels
- SE Industrials
- WE Offices
- Other Commercial
- SE Industrials
- Leisure
- City Offices
- RoUK Industrials
- All Property
- RoSE Offices
- Secondary Healthcare
- Retail Warehouses
- Shopping Centres
- RoUK Offices

UK real estate investment levels by sector

- Alt/Mixed
- Office
- Industrial
- Leisure
- Retail
- Industrial
- LEISURE
- LEISURE
- Alt / Mixed Market Share (RHS)

Source: MSCI, ASI, MSCI annual index 2017

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Chair’s concluding remarks

UKCM is well positioned to deliver value

<table>
<thead>
<tr>
<th><strong>Portfolio of prime assets geared towards secure income generation, aligned to sectors which are expected to perform well</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strong, diversified tenant base with good covenants</strong></td>
</tr>
<tr>
<td><strong>Income will be key to driving performance - opportunities to continue to deliver successful asset management initiatives, especially in the favoured Industrial sector, undertaken by an Investment Manager with a proven track record</strong></td>
</tr>
<tr>
<td><strong>Strong balance sheet with low gearing, considerable financial resources and flexibility</strong></td>
</tr>
<tr>
<td><strong>The Company is now one of the largest, most liquid diversified REITs</strong></td>
</tr>
<tr>
<td><strong>Delivering an attractive and sustainable yield to investors underpinned by a portfolio that has significant reversionary potential</strong></td>
</tr>
</tbody>
</table>
UK Commercial Property REIT
Year End 2018 – Results Presentation

Data Pack
## UK Real Estate market – triggers and short-term indicators

Risks around Brexit dominate and feed into other indicators, notably fund flows

<table>
<thead>
<tr>
<th>Triggers &amp; Indicators</th>
<th>Trend</th>
<th>Comments and Implication for near-term capital values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin over bonds</td>
<td>Slight widening; bond yields falling due to risks</td>
<td>Gap widening due to risk aversion pushing bond yields down. We continue to urge caution around this measure with property risks rising but it remains a strong driver for long, secure income real estate.</td>
</tr>
<tr>
<td>Economic fundamentals</td>
<td>Forecasts unchanged but huge Brexit risk</td>
<td>No material change to base case of marginally sub-trend growth. But base case modal; EU withdrawal bill unlikely to pass parliament with major risk to follow, albeit parliamentary majority clearly opposes “no deal”.</td>
</tr>
<tr>
<td>Flow of capital</td>
<td>Investment slowing from elevated levels</td>
<td>Volumes holding up but fewer deals than last year. A weaker Q4 for investment activity than normal with very low retail liquidity and overseas net investment well down on 2017.</td>
</tr>
<tr>
<td>REIT pricing</td>
<td>Discounts widening</td>
<td>Very negative implications for large-format retail values. Premium to NAV remains for industrial and alternative specialists; Discounts have widened slightly for Central London Offices and more substantially for retail specialists.</td>
</tr>
<tr>
<td>Fund flows</td>
<td>Flows turned sharply negative in December</td>
<td>IA data flat so far but major outflows reported in December. Heightened awareness of vulnerability of retail, alongside Brexit risks could lead to an acceleration in outflows and self-fulfilling value impact.</td>
</tr>
<tr>
<td>Quantitative easing/stimulus</td>
<td>Further UK measures would be reactive</td>
<td>Global stimulus gradually being withdrawn but timelines can change. BoE scenarios to suggest that the worst Brexit outcomes could lead to sharp monetary tightening; markets disbelieving so far.</td>
</tr>
<tr>
<td>Lending</td>
<td>Stable, positive at low risk end</td>
<td>Margins have tightened for prime, better quality assets. Appetite for lending is robust against good quality income-producing investments. But there is clear caution around retail, where margins are widening and many lenders not willing to provide finance.</td>
</tr>
</tbody>
</table>

Source: ASI, Jan 19
UK economic indicator - PMI surveys

Index level

<table>
<thead>
<tr>
<th>Year</th>
<th>Services</th>
<th>Manufacturing</th>
<th>Composite</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
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<td>2010</td>
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<td>2012</td>
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<td>2014</td>
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<td></td>
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<tr>
<td>2016</td>
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<tr>
<td>2018</td>
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</tr>
</thead>
<tbody>
<tr>
<td>GDP (%)</td>
<td>2.0</td>
<td>1.8</td>
<td>1.7</td>
<td>1.3</td>
<td>1.4</td>
<td>1.5</td>
</tr>
<tr>
<td>CPI (%)</td>
<td>0.0</td>
<td>0.7</td>
<td>2.7</td>
<td>2.3</td>
<td>1.8</td>
<td>2.0</td>
</tr>
<tr>
<td>Bank rate (%)</td>
<td>0.5</td>
<td>0.25</td>
<td>0.5</td>
<td>0.75</td>
<td>1.0</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Source: Markit, Haver, Aberdeen Standard Investments, October 2018
Real estate House View Q4 2018: 3 year view

<table>
<thead>
<tr>
<th>UK</th>
<th>Very Heavy</th>
<th>Heavy</th>
<th>Neutral</th>
<th>Light</th>
<th>Very Light</th>
</tr>
</thead>
<tbody>
<tr>
<td>South East Industrial</td>
<td>South East Industrial</td>
<td>Rest of UK Industrial</td>
<td>Supermarkets</td>
<td>Outer London Offices</td>
<td>Retail Warehouse Fashion Parks</td>
</tr>
<tr>
<td>Distribution Warehouses (London)</td>
<td>Distribution Warehouses (South East ex London)</td>
<td>Distribution Warehouses (Rest of UK)</td>
<td>Grade A Rest of UK Offices</td>
<td>Rest of South East Offices (ex London)</td>
<td>Retail Warehouse Bulky Goods Parks</td>
</tr>
<tr>
<td></td>
<td>Build to Rent (London)</td>
<td>Build to Rent (Rest of UK)</td>
<td></td>
<td>Leisure Parks</td>
<td>Regional Shopping Centres (&gt; 50,000 sqm)</td>
</tr>
<tr>
<td></td>
<td>Hotels</td>
<td></td>
<td></td>
<td>Other Rest of UK Offices</td>
<td>Medium Town Prime Shops</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Inner London Offices</td>
<td>District Shopping Centres (25,000 to 50,000 sqm)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>West End and Midtown Offices</td>
<td>Secondary / Small Town Shops</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Grade A City Offices</td>
<td>Secondary Shopping Centres (&lt;25,000 sqm)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Retail Warehouse Solus Units</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Major City Prime Shops</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2nd Hand City Offices</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Business Parks</td>
<td></td>
</tr>
</tbody>
</table>

Source: ASI, January 2019
Experienced and dedicated fund management team with specialist support

Lead Manager
Will Fulton
Deputy Fund Manager
Ed Clerk

UKCM Real Estate Team
David Fleetwood
David Rodger
Sarah MacDougall
Shirley Ireland
Gary Sleator

Real Estate Finance Management Team
Graeme McDonald
Ross Hutchison

Source: Standard Life Investments, October 2018
**Portfolio Strategy**

**Sales**
- Exit assets where there is significant capital expenditure anticipated with limited return prospects, or low long term return prospects
- Reduce retail exposure

**Purchases**
- Acquire selective institutional grade assets which retain an income focus:
  - Longer secure income streams, ideally index-linked, where the entry yield supports dividend cover and the investment prospects are sound;
  - Alternative sector assets which demonstrate sustainable income and growth prospects;
  - Well located investments which will either benefit from wider infrastructure improvements delivered by others, such as transport links, and/or require a degree of planned active management, including limited capital expenditure, to grow rent;
  - Selective assets where rental growth is anticipated: preferred asset lot size of £20 million to £50 million.

**Asset Management Activity**
- Asset management activity focused on enhancing income;
- Control void level
- Accept investment into/refurbishment of well placed assets with short term leases expected to generate stronger total return

**Overall**
- Retain prime nature of portfolio for long term sustainable performance and focus on growing income
### Portfolio data

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio Value</td>
<td>£1,397m</td>
<td>£1,445m</td>
</tr>
<tr>
<td>No. Properties</td>
<td>42</td>
<td>43</td>
</tr>
<tr>
<td>No. of Tenancies</td>
<td>343</td>
<td>267</td>
</tr>
<tr>
<td>Annual Rent Roll</td>
<td>£68.9m</td>
<td>£69.0m</td>
</tr>
<tr>
<td>Estimated Rental Value</td>
<td>£83.2m</td>
<td>£81.4m</td>
</tr>
<tr>
<td>Void Rate</td>
<td>7.6%</td>
<td>6.9%</td>
</tr>
<tr>
<td>AWULT*</td>
<td>8.5 years</td>
<td>9.4 years</td>
</tr>
<tr>
<td>NIY/ RY**</td>
<td>4.5% / 5.6%</td>
<td>4.5% / 5.3%</td>
</tr>
<tr>
<td>Gearing (gross)</td>
<td>17.2% (12.8%)</td>
<td>14.6% (17.1%)</td>
</tr>
</tbody>
</table>

### Capital value by geography

<table>
<thead>
<tr>
<th>Region</th>
<th>Q4 2017</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>South East</td>
<td>37%</td>
<td>19%</td>
</tr>
<tr>
<td>London</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>South West</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Scotland</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>East Midlands</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Yorkshire</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>North West</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

### Lease expiry income erosion

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
<th>2032</th>
<th>2033</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWULT</td>
<td>7.9</td>
<td>7.0</td>
<td>7.1</td>
<td>7.2</td>
<td>6.4</td>
<td>6.7</td>
<td>6.5</td>
<td>6.6</td>
<td>7.2</td>
<td>9.0</td>
<td>4.6</td>
<td>13.1</td>
<td>2.6</td>
<td>3.1</td>
<td>4.5</td>
</tr>
<tr>
<td>NIY</td>
<td>5.0</td>
<td>5.9</td>
<td>6.1</td>
<td>6.2</td>
<td>6.2</td>
<td>6.6</td>
<td>6.5</td>
<td>6.7</td>
<td>7.2</td>
<td>7.2</td>
<td>2.6</td>
<td>3.1</td>
<td>4.5</td>
<td>2.6</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Source: ASI, December '18

*Average Weighted Unexpired Lease Term
** Net Initial Yield / Reversionary Yield
## Detailed performance versus benchmark

### Total return to 12 months to 31 Dec 2018

<table>
<thead>
<tr>
<th>Exposure (%)</th>
<th>Total return (%)</th>
<th>Income return (%)</th>
<th>Capital return (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Portfolio</td>
<td>Benchmark</td>
<td>Portfolio</td>
</tr>
<tr>
<td>Industrial</td>
<td>46</td>
<td>16.0</td>
<td>16.3</td>
</tr>
<tr>
<td>Office</td>
<td>16</td>
<td>10.8</td>
<td>6.9</td>
</tr>
<tr>
<td>Retail</td>
<td>27</td>
<td>-7.3</td>
<td>-0.4</td>
</tr>
<tr>
<td>Other (inc. Leisure)</td>
<td>11</td>
<td>4.3</td>
<td>7.8</td>
</tr>
<tr>
<td>Total portfolio</td>
<td>100</td>
<td>5.9</td>
<td>6.7</td>
</tr>
</tbody>
</table>

Source: MSCI, December ‘18

Past performance is not a guide to the future. The value of investments and the income from them can fall as well as rise and is not guaranteed.
## Top 10 Assets by capital value

<table>
<thead>
<tr>
<th>Rank</th>
<th>Property</th>
<th>Sector</th>
<th>Value Band (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Ventura Park, Radlett</td>
<td>South East Industrial</td>
<td>£90-£120m</td>
</tr>
<tr>
<td>2.</td>
<td>Ocado, Hatfield</td>
<td>South East Distribution</td>
<td>£50-£80m</td>
</tr>
<tr>
<td>3.</td>
<td>Dolphin Estate, Sunbury-on-Thames</td>
<td>South East Industrial</td>
<td>£50-£80m</td>
</tr>
<tr>
<td>4.</td>
<td>Junction 27 Retail Park, Leeds</td>
<td>Retail Warehouses</td>
<td>£50-£80m</td>
</tr>
<tr>
<td>5.</td>
<td>Great Lodge Retail Park, Tunbridge Wells</td>
<td>Retail Warehouses</td>
<td>£50-£80m</td>
</tr>
<tr>
<td>6.</td>
<td>The Rotunda, Kingston-on-Thames</td>
<td>Leisure</td>
<td>£50-£80m</td>
</tr>
<tr>
<td>7.</td>
<td>Kew Retail Park, Richmond</td>
<td>Retail Warehouses</td>
<td>£40-£70m</td>
</tr>
<tr>
<td>8.</td>
<td>The White Building, Reading</td>
<td>South East Offices</td>
<td>£40-£70m</td>
</tr>
<tr>
<td>9.</td>
<td>Newton’s Court , Dartford</td>
<td>South East Industrial</td>
<td>£40-£70m</td>
</tr>
<tr>
<td>10.</td>
<td>Hannah Close, London</td>
<td>South East Industrial</td>
<td>£40-£70m</td>
</tr>
</tbody>
</table>

Source: MSCI, December ’18
### Top 10 tenants by contracted rent

<table>
<thead>
<tr>
<th>Rank</th>
<th>Tenant</th>
<th>% of Total Income</th>
<th>MSCI Risk Band</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>B&amp;Q</td>
<td>5.9</td>
<td>Negligible</td>
</tr>
<tr>
<td>2.</td>
<td>Public Sector</td>
<td>4.9</td>
<td>Negligible</td>
</tr>
<tr>
<td>3.</td>
<td>Ocado Retail Limited</td>
<td>4.5</td>
<td>Negligible</td>
</tr>
<tr>
<td>4.</td>
<td>Marks &amp; Spencer PLC</td>
<td>3.5</td>
<td>Negligible</td>
</tr>
<tr>
<td>5.</td>
<td>DSG Retail Limited</td>
<td>3.0</td>
<td>Low</td>
</tr>
<tr>
<td>6.</td>
<td>Odeon Cinemas Limited</td>
<td>2.8</td>
<td>Negligible</td>
</tr>
<tr>
<td>7.</td>
<td>Total E&amp;P UK Limited</td>
<td>2.7</td>
<td>Negligible</td>
</tr>
<tr>
<td>8.</td>
<td>Dalata Cardiff Limited</td>
<td>2.4</td>
<td>Low</td>
</tr>
<tr>
<td>9.</td>
<td>Cineworld Estates Limited</td>
<td>2.3</td>
<td>Negligible</td>
</tr>
<tr>
<td>10.</td>
<td>Palletforce Limited</td>
<td>2.2</td>
<td>Negligible</td>
</tr>
</tbody>
</table>
Debt summary

Barings
LTV (Q4 '18 values)

Total debt available £100m
Remaining to draw £0
Period to Maturity 8.3 years
Margin 1.25%
All in rate 3.03%
LTV/LTV Covenant 47.3% / 75%
ICR/Covenant 417% / 200%
ICR Forecast/Covenant 406% / 200%

Total debt available £200m
Remaining to Draw £50m
Period to Maturity 1.3 years
Margin 1.50%
All in rate 2.80%
LTV/LTV Covenant 36% / 60%
ICR/Covenant 344% / 160%
ICR Forecast/Covenant 348% / 160%

Combined position
LTV (Q4 '18 values)

Total debt available £300m
Remaining to available £50m
Period to Maturity 4.1 years
All in rate 2.89%
LTV/Covenant 39.8% / 66%

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Past performance is not a guide to the future. The value of investments and the income from them can fall as well as rise and is not guaranteed.
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GRESB 2018
• UKCP REIT achieved Sector Leader status as top ESG performer in the Diversified, Europe-Listed peer group.
• Retained its Four Star rating.
• Overall performance improved 9% with particular improvements in Monitoring & EMS and Performance Indicator sections.
• Awarded a score of A for Public Disclosure (vs peer average of C).

Trust 2017 ESG Performance Headlines (EPRA sBPR)
• 5% reduction in like-for-like (LfL) landlord electricity
• 13% increase in LfL gas consumption – occupancy and weather
• 19% reduction in LfL Scope 2 GHG emissions
• 10% reduction in LfL water consumption
• 99% diversion of waste from landfill

UKCP REIT awarded Most Improved and Gold awards from EPRA for sustainability reporting in September 2018.
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