



UK Commercial Property REIT Limited

Alternative Investment Fund Managers Directive
Pre-investment Disclosure Document
Article 23 AIFMD/Rule 3.2 FCA FUND Sourcebook

10 December 2018

UK Commercial Property REIT Limited

This document is issued by Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager of UK Commercial Property REIT Limited (“the Company”) in order to make certain information available to prospective investors prior to such investors’ investment in the Company, in accordance with the requirements of the FCA FUND Sourcebook implementing the EU Alternative Fund Managers Directive (Directive 2011/61/EU) in the United Kingdom and is being made available on the Company’s website: www.ukcpreit.com .

Defined terms used in this pre-investment disclosure document can be found in section 20 below.

1. A description of the investment strategy and objectives of the Company, types of assets the Company may invest in, Investment techniques, Principal risks and Investment restrictions

Information about the Company’s investment strategy, policy and objectives, the types of assets in which the Company may invest, the investment techniques and any investment restrictions are contained in the Annual Report which is available on the Company’s website: www.ukcpreit.com.

Investment Objective:

The investment objective of the Company is to provide ordinary shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified portfolio of UK commercial properties.

Investment Strategy:

The Company focuses on identifying and acquiring institutional grade, income producing assets and looks to identify assets that benefit from wider infrastructure improvements delivered by others where possible. The Company also recognises that the experience of tenants is paramount and hence the Investment Manager works closely with tenants to understand their needs through regular communication and visits to properties to which Board members also periodically attend. Where required, and in consultation with tenants, the Company refurbishes and manages the owned assets to improve the tenants’ experience with the aim being to generate greater tenant retention and hence lower voids, higher rental values and stronger returns.

While the Company is not a fund of funds, it may make investments through collective investment schemes.

2. Key risks

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial position, performance and prospects. The Board has carried out a robust assessment of these risks, which include those that would threaten its business model, future performance and solvency.

The principal risks and uncertainties faced by the Company are reviewed quarterly by the Risk Committee in the form of a detailed risk matrix and heat map. The key ones as described in the annual report are as follows and the key ones are described in the table below, together with any mitigating actions.

Description

Mitigating Action

UK Commercial Property REIT Limited

Investment Risk – The risk related to the commercial property market in general, but also to the particular circumstances of the properties in which it is invested and their tenants

The Manager seeks to mitigate these risks, including health and safety risks, through continual review of the portfolio utilising research produced by the Manager's in-house research team, detailed reports on the performance of the portfolio, setting of annual asset plans for each asset in the portfolio and also through asset management initiatives. All of the properties in the portfolio are insured, providing protection against risks to the properties and also protection in case of injury to third parties in relation to the properties.

Company Objectives - The Company's objectives and/or performance become unattractive to investors which may lead to a persistent discount and a continuation vote which may threaten the future solvency and liquidity of the Group

This risk is mitigated through regular performance reviews of the Company's portfolio, contact with shareholders, a regular review of share price performance and the level of discount at which the shares trade and regular meetings with the Company's broker to discuss these points and address any issues that arise.

The discount control policy of the Company provides that if the market price of the ordinary shares is more than 5 per cent below the published net asset value (as last calculated, adjusted downwards for the amount of any dividend declared by the Company upon the shares going ex-dividend) for a continuous period of 90 dealing days or more, following the second anniversary of the Company's most recent continuation vote in relation to the discount control policy, the Board will convene an EGM to consider an ordinary resolution for the continuation of the Company.

Dividend cover

Dividend cover falls to a level whereby the Company becomes unattractive to investors, for example due to tenant failure or inability to let properties.

This risk is mitigated through regular review of forecast dividend and regular review of tenant mix, risk and profile. Due diligence work on potential tenants is undertaken before entering into new lease agreements and tenants are kept under constant review through regular contact and various reports both from managing agents and from the Manager's

UK Commercial Property REIT Limited

Company indebtedness

The Company is unable to service or repay its debts, threatening the future solvency and liquidity of the Group.

Liquidity risk: This is the risk that the Company will encounter difficulty in meeting obligations associated with its liabilities. The investment property in which the Company invests is not traded on an organised public market and may be illiquid. The Company may not be able to liquidate its investments in these properties quickly at an amount close to valuation in order to meet its liquidity requirements.

Regulatory risk - The regulatory, legal and tax environment in which Company's assets are located is subject to change and could lead to a sub-optimal corporate structure and result in increased tax charges or penalties.

Risks relating to the Company's investments

The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested.

own reporting processes. Contingency plans are put in place at units that have tenants that are believed to be in financial trouble.

This risk is mitigated by two factors. First of all the Investment Policy of the Company limits gearing to 25 per cent of total assets at the time of draw down. This low gearing limit means it is expected that, barring any unforeseen circumstances, the Group will have adequate assets to service and repay the debt if required. Secondly, the underlying assets themselves are mainly invested in a diversified, prime UK commercial property portfolio underpinned by a strong tenant base. This means that, even in a significant economic downturn, the Board is confident that the assets will still be of sufficient value and generate sufficient income to meet future liabilities.

The Group's liquidity risk is managed on an ongoing basis by the Investment Manager investing in a diversified portfolio of prime real estate and placing cash in liquid deposits and accounts. This is monitored on a quarterly basis by the Board.

The Board is responsible for ensuring the Company's compliance with applicable regulations. Monitoring of this compliance, and regular reporting to the Board thereon, has been delegated to the Manager and Company secretary. The Company's structure is reviewed on a regular basis to ensure it is still optimal and, from time to time, a number of professional advisers are engaged to ensure all relevant regulatory requirements are met. In addition the Board receives updates from the Manager and association of investment companies' briefings concerning industry changes. The Company also employs external professionals to advise on any specific areas of compliance.

UK Commercial Property REIT Limited

Past performance is not a guide to future returns.

The value of property and property-related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of Properties will correspond exactly with the actual sale price even where such sales occur shortly after the relevant valuation date.

The performance of the Company would be adversely affected by a further downturn in the property market in terms of market value or a weakening of investment yields. In the event of default by a tenant, or during any other void period, the Company may suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs. Any future property market recession could materially adversely affect the market value of properties. Rent reviews may not be determined at the estimated rental value.

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such fall on the net revenue of the Company and, accordingly, will have an adverse effect on the Company's ability to pay dividends to Shareholders.

3. Risk management systems

The directors of Aberdeen Standard Fund Managers Limited ("ASFML") collectively assume responsibility for ASFML's obligations under the AIFMD including monitoring the Company's risk profile during the year.

ASFML, as a fully integrated member of the Standard Life Aberdeen plc group of companies, receives a variety of services and support in the conduct of its business activities from the resources of the Group. ASFML conducts its risk oversight - including in the conduct of its risk oversight function, through the operation of the Group's risk management processes and systems. Further details of the Group's risk management programme and systems are set out in the Appendix to this document.

4. Leverage

Leverage limits

The maximum leverage which the Manager is entitled to employ on behalf of the Company (expressed as a ratio to total assets) is:

Commitment Method	250%
Gross Method	250%

Types of leverage

Leverage is a common feature of most closed ended property funds (and particularly UK REITs) and would be utilised in order to provide enhanced returns for shareholders. The AIFM believes the maximum level of leverage supports the ability of the Group to acquire assets which help generate additional income returns for the Company, along with potential capital increases, compared to the cost of such leverage.

The Company's policy is not to restrict the type of borrowing it can enter into. This deliberately provides flexibility for the Company to establish over time a diversified borrowing strategy involving different sources (bank as well as other financial institutions) and staggered

UK Commercial Property REIT Limited

maturity profiles with varying term lengths. Whilst the use of leverage may enhance returns to investors, it may also have the effect of increasing losses.

The use of leverage will be subject to both the maximum leverage limit set out below plus the gearing limits approved by shareholders included in the Company's investment policy, namely:

The Borrowings of the Company and its group companies at the time of draw down will be limited to 25 per cent of the total assets of the group;

The above limits are calculated as follows:

Gross borrowings (excluding swap valuations) divided by total assets less current liabilities (excluding swap valuations).

The AIFM is required by the AIFM Directive to set a maximum level of leverage which it may employ on behalf of the Company and is calculated in a significantly different manner to that described above.

The AIFM Directive defines "leverage" as "any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means". Leverage is expressed as the ratio of the AIF's "exposure" to its net asset value. For these purposes, the "exposure" of an AIF is calculated by a "gross" and a "commitment" method. Under each method, "exposure" is calculated by aggregating the values of all positions of the AIF. However, whereas the exposure of an AIF calculated in accordance with the "gross" method is the sum of the absolute value of all positions, the "commitment" method allows certain investment positions to be excluded from the calculation if these aim at offsetting some risk such as 'netting' and 'hedging' arrangements. Under these methods of calculation, the gearing limit for UK Commercial Property REIT has been set at 250% for both the gross and commitment method.

Disclosure of information in relation to leverage

The Company will disclose on its website at the same time as it makes its annual report and accounts available to investors or more frequently at its discretion, the following:

- any changes to the maximum level of leverage that the AIFM may employ on behalf of the Company;
- any changes to the right of reuse of collateral or any guarantee granted under the leveraging arrangements; and
- the total amount of leverage employed by the Company.

5. Modification of Investment policy

In accordance with the FCA listing rules, any material change to the Company's investment policy will require the FCA's prior approval as well as the approval of Shareholders. In considering what is a material change the Company must have regard to the cumulative effect of any changes since Shareholders last had the opportunity to vote.

6. Contractual relationship between the Company and Investors, applicable law and the enforcement of judgements

The Company is incorporated as a closed ended investment company under the provisions of The Companies (Guernsey) Law 2008 (as amended) and its Shares are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange.

Investors who acquire shares in the Company will do so subject to the Articles. The Articles are one of the Company's constitutional documents and contain the rights and restrictions attaching to the Company's shares. The Articles are governed by Guernsey law and may

UK Commercial Property REIT Limited

only be amended by way of a special resolution. A shareholder's liability to the Company will be limited to the value of the shares held by such shareholder.

As the Company is incorporated in Guernsey, it may not be possible for an investor located outside that jurisdiction to effect service of process upon the Company within the local jurisdiction in which that investor resides. All or a substantial portion of the assets of the Company may be located outside of the local jurisdiction in which an investor resides and, as a result, it may not be possible to satisfy a judgment against the Company in such local jurisdiction or to enforce a judgment obtained in the local jurisdiction's courts against the Company.

A number of legal instruments provide for the recognition and enforcement in Guernsey of judgments given in other states. Where no particular legal instrument applies, a judgment creditor may nevertheless have rights to seek to enforce a judgement under Guernsey law.

Details on how to invest in UK Commercial Property REIT Limited are set out in the Annual Report and website.

7. Information on the AIFM, Depositary and Service providers

AIFM/Manager

The Company has appointed Aberdeen Standard Fund Managers Limited, which is a company limited by shares and incorporated in England and Wales, as its alternative investment fund manager. The Manager is a subsidiary of Standard Life Aberdeen plc, a company incorporated in Scotland.

The Manager is authorised and regulated by the FCA as an alternative investment fund manager. Pursuant to the Management Agreement, the Manager provides investment management services (including portfolio management), risk management services and general administrative services to the Company.

The duties of the Manager also include (but are not limited to) the following:

- The proper valuation of the Company's assets and the calculation and publication of the Net Asset Value of the Company
- To review its delegation of the portfolio management function to the Investment Manager on an ongoing basis
- To ensure that appropriate and consistent procedures are established so that a proper and independent valuation of the assets of the Company can be performed
- To implement a risk management system to identify, measure and manage appropriately all risks relevant to the Company's investment strategies and to review this system on an annual basis
- To provide fund accounting services in respect of the Company.
- To ensure that a single depositary is appointed to ensure, among other things, the proper monitoring of the Company's cash flows and the safe-keeping of the Company's assets that can be held in custody
- To employ an appropriate liquidity management system
- To adopt procedures enabling it to monitor the liquidity risk of the Company and ensure that the liquidity profile of the Company's investments complies with its underlying obligations
- To use adequate and appropriate human and technical resources necessary for the proper management of the Company
- To make available an annual report for the Company no later than six months following the end of its annual accounting period

The Management Agreement contains customary termination provisions and may, in normal circumstances, be terminated on twelve months' written notice by either the Company or the Manager. The Company may also terminate the Management Agreement immediately *inter alia* if the Manager ceases to maintain its regulatory permission to act as AIFM or if the Investment Manager ceases to maintain its regulatory

UK Commercial Property REIT Limited

permissions. In addition, either party may terminate the agreement immediately by notice upon the occurrence of certain events including the insolvency or winding up of the other party and a material breach of contract. The Company is also entitled to terminate the Manager's appointment on 30 days' notice following a change of control of the Manager.

The Manager has delegated the portfolio management of the Company to Standard Life Investments Limited ("SLI"). Further details of the delegation arrangements are set out in paragraph 9 below.

Depositary

The Company has appointed Citibank International Plc to act as its depositary. Pursuant to the Depositary Agreement, the Depositary must carry out the duties specified in AIFMD, including:

- Safekeeping of the assets of the Company which are entrusted to it
- Cash monitoring and verifying the Company's cash flows
- Oversight of the Company and the Manager, including
 - Ensuring that the sale, issue, re-purchase, redemption, transfer, buy back and valuation of shares are carried out in accordance with the Company's constitutional documentation and applicable laws, rules and regulations
 - Ensuring that in transactions involving the Company's assets the consideration is remitted to the Company within the usual time limits
 - Ensuring that the Company's income is applied in accordance with the Company's constitutional documentation and applicable laws, rules and regulations
 - Carrying out instructions received from the Manager unless they conflict with the Company's constitutional documentation or any applicable law, rule or regulation, or the provisions of the Depositary Agreement

In carrying out such functions the Depositary must act honestly, fairly, professionally, independently and in the interests of Shareholders.

The Depositary is liable to the Company and/or Shareholders for the loss of a financial instrument held in custody by the Depositary or a delegate, unless the Depositary is permitted to discharge and has discharged such liability under AIFMD and the Depositary Agreement. The Manager will inform investors of any changes with respect to the Depositary's liability for the loss of a financial instrument held in its custody. The Depositary is also liable to the Company and/or the shareholders for all other losses suffered by them as a result of the Depositary's negligent and/or intentional failure to properly fulfil its duties.

Under the Depositary Agreement, the Company has indemnified the Depositary against certain liabilities suffered by the Depositary arising directly out of the performance of its obligations under the Depositary Agreement, except in the case of any liability arising from the fraud, negligence, intentional failure or breach of contract of the Depositary or any of its affiliates or delegates, or the loss of financial instruments as described above.

The Company, the Manager and the Depositary may terminate the Depositary Agreement at any time by giving 90 days' notice in writing. The Depositary may only be removed from office when a new depositary is appointed by the Company.

Auditor

Deloitte LLP has been appointed as the Company's auditor responsible for auditing the annual financial statements in accordance with auditing standards and, as appropriate, regulations, and for providing its report to the Company's Shareholders in the annual report and financial statements. In addition, applicable law and regulation may require other reports to be prepared for the Company and, as the appointed auditor of the Company, the Auditor will undertake such work under the auditor service agreement between the Company and the Auditor.

UK Commercial Property REIT Limited

Registrar

The registrar of the Company is Computershare Investors Services (Guernsey) PLC which is responsible for keeping the register of Shareholders, which may be inspected at the Registrar's office at 1st Floor, Tudor House, Le Bordage, St Peter Port, Guernsey, Channel Islands GY1 1DB during normal business hours.

Stockbroker

JPMorgan Cazenove has been appointed as the Company's stockbroker to provide the Company with corporate broking and associated financial advisory services.

Investors' rights against service providers will vary depending on a range of factors. If the relevant service provider is an authorised person under FSMA carrying out a regulated activity with respect to the Company, then a contravention by it of a Rule contained within the FCA Handbook may in certain circumstances give rise to a claim for breach of statutory duty against that service provider by an investor who suffers loss as a result of that contravention. Investors may also be afforded certain rights against service providers by the general law.

8. Protection from professional liability risks

The Manager has effective internal operational risk management policies and procedures in order to appropriately identify measure, manage and monitor operational risks, including professional liability risks, to which it is or could reasonably be exposed. These policies and procedures are subject to regular review and the operational risk management activities are performed independently as part of the risk management policy.

The management of operational risk, through the risk and control self-assessment process, is aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. All risks and events are facilitated via the internal risk management system, which provides a platform to facilitate the convergence of governance, risk and compliance.

The Manager is required to cover professional liability risks, such as the risk of loss of documents evidencing title of assets to the Company, and complies with such requirement by maintaining an amount of its own funds in accordance with AIFMD.

9. Delegation arrangements and management of conflicts

Delegation arrangements

From time to time, the AIFM may sub-delegate certain management functions to its affiliated subsidiaries, including Standard Life Investments Limited, or third parties. The AIFM has delegated:

- Portfolio management to the Investment Manager, Standard Life Investments Limited
- Administration and Company secretarial duties to Northern Trust Fund Administration Limited

Portfolio management

The Manager has sub-delegated portfolio management to the Investment Manager, which is authorised and regulated by the Financial Conduct Authority. The Investment Manager is part of the Standard Life Aberdeen plc group of companies of which the Manager is also part.

Pursuant to the Investment Management Agreement the Investment Manager will be responsible for advising on the purchase and sale of investments within the categories allowed. The Investment Manager has discretion to take day to day investment decisions and to deal in investments in relation to the investment management of the Company, without prior reference to the Manager. The Manager is entitled to give further instructions to the Investment Manager. Notwithstanding the delegation of portfolio management to the Investment Manager, the

UK Commercial Property REIT Limited

Manager will at all times remain responsible for the portfolio management function and the Investment Manager has undertaken to abide by, and be subject to, the Manager's overall supervision, direction and control.

Company secretarial duties

The Manager has delegated the company secretarial duties to Northern Trust Fund Administration Services Limited. Pursuant to the CoSec Agreement, the Company Secretary provides company secretarial services including convening meetings of Directors and general meetings of the Company, keeping the statutory books and records of the Company, maintaining the Company's register, preparing and delivering company announcements and other company secretarial duties properly or reasonably performed by the secretary of a company or as the Manager may reasonably require.

Conflicts of interests

The Manager and the Investment Manager are committed to treating clients and shareholders fairly and have implemented procedures and processes to ensure that this is the case. In particular, the Manager and the Investment Manager have approved and adopted the Group's Conflicts of Interests Policy.

The objective of the Conflicts of Interests Policy is to ensure the fair treatment of clients and shareholders in cases of conflicts of interests or potential conflicts of interests which may arise in the course of providing management, advisory or administrative services to the Company.

To achieve this objective, the Conflicts of Interests Policy seeks to ensure that the Company and its service providers and the Manager and its delegates have adequate organisational and structural measures in place:

- To identify circumstances which constitute or may give rise to a conflict of interests entailing a material risk of damage to the interests of the Company or its shareholders
- To provide procedures, mechanisms and systems to manage or resolve any such conflicts of interests; where such conflict cannot otherwise be avoided, ensuring that the Company, the Manager and the Investment Manager always act in the best interests of shareholders
- To maintain a proper record of any such conflict or potential conflict and to ensure proper reporting to affected shareholders

The following circumstances have been identified as constituting or potentially giving rise to conflicts of interests:

- The Depositary is responsible for the oversight of the Manager's discharge of its duties
- Directors of the Manager are senior executives of, and employed by, the Group
- The Manager and the Investment Manager are affiliated entities of, or are, Standard Life Aberdeen plc.
The key terms of the Investment Management Agreement are similar to those which might be agreed between independent third parties

Standard Life Aberdeen plc and its affiliates may hold or trade in securities and instruments of material shareholders in the Company. In order to ensure that actual and potential conflicts of interests are appropriately identified, managed and monitored, Standard Life Aberdeen plc has established a formal committee which operates under documented terms of reference and which meets regularly to maintain oversight of the Conflicts of Interests Policy and the management of live conflicts situations. Standard Life Aberdeen plc maintains a documented matrix of known or inherent conflicts of interests, as well as a documented register of live actual or potential conflicts of interests arising in the carrying on of its business operations.

10. Valuation procedures

The Company's accounting policies, including in relation to the valuation of investments, are set out in the Notes to the Accounts in the Annual Report.

UK Commercial Property REIT Limited

The Company has delegated a number of its duties to the Manager including the proper valuation of the Company's assets, the calculation of the Net Asset Value of the Company and the publication of such Net Asset Value. Accordingly, the Manager has approved and adopted Standard Life Aberdeen plc's Valuation Policy. The Manager considers that the Valuation Policy contains appropriate and consistent procedures to ensure that a proper and independent valuation of the assets of the Company can be performed.

Valuations of the properties in the Company's portfolio are performed by accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment properties being valued. The valuation models utilised comply with the Royal Institute of Chartered Surveyors ('RICS') requirements on disclosure for Regulated Purpose Valuations (RICS Valuation – Professional Standards January 2014 (revised April 2015) published by the Royal Institution of Chartered Surveyors). These valuation models are consistent with the principles in international financial reporting standard 13.

There is a Property Valuation Committee which comprises all of the Directors. Committee members meet CBRE, the independent valuer to the Company, and representatives of SLI at least twice a year and report back to the Board on the process for arriving at independent valuations and on any issues that arise in relation to this process.

11. Liquidity risk management and redemption rights

The Manager has a Liquidity Policy in place. Shares in the Company are not redeemable and shareholders do not have the right to require their shares to be purchased by the Company. Accordingly, the Liquidity Policy ensures that the Company's investment portfolio is sufficiently liquid to meet the following principal obligations:

- the Company's operating and financing expenses: in practice, these expenses are typically covered by the rent received from the Company's investments; and
- the possible need to repay borrowings at short notice, which would require to be met by the sale of assets.

For closed ended funds such as the Company, due to the illiquid nature of the underlying assets and the risks to the Company of not being able to realise a sale or acquire a property quickly enough, this policy focuses, primarily, upon the potential issues with regard to the mispricing of illiquid securities and sets out primary and secondary controls, to monitor and manage liquidity in the Company. There are primary controls (diversified portfolio, appropriate prime / secondary emphasis to portfolio, risk limits on void and development exposure); and secondary controls (e.g. stress tested cash projections, solvency reports, covenant reporting). The Aberdeen Standard Investments Valuation and Pricing Committee is responsible for the pricing of illiquid securities.]

This policy involves an assessment by the AIFM of the values at which it expects to be able to liquidate its assets over varying hypothetical periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors. None of the Company's assets are subject to special arrangements arising from their illiquid nature but a significant proportion of the Company's assets are, and are expected to be, invested in property assets which are not highly liquid.

The Liquidity Policy is reviewed and updated, as required, on at least an annual basis.

12. Fees, charges and expenses

From 1 January 2019 the Manager charges an annual aggregate fee of 0.6% of the Company's total assets up to £1.75 billion and 0.475% above £1.75 billion. There is no administration fee. Prior to this the fee is 0.65% of gross assets and an administration fee of £100,000. The Company also incurs annual fees, charges and expenses in connection with company secretarial and administration functions, directors' fees, promotional activities, auditors' fees, lawyers' fees and depositary charges. The Company's Ongoing Charges (which include the management fee) for the last reported financial year, excluding direct property costs, amounted to 0.9%.

UK Commercial Property REIT Limited

13. Fair treatment/preferential treatment of Investors

The Manager is subject to the FCA's rules on treating customers fairly and has adopted a policy regarding treating customers fairly, the operation of which is overseen by a formal committee comprised of senior managers from Standard Life Aberdeen plc's various business units and from its risk division. The role of the Conduct Risk Committee, which meets regularly and operates under documented terms of reference, is to ensure, among other matters, that Conduct Risk Policy is implemented and maintained and to consider any actual or potential Conduct Risk Policy issues arising in connection with Standard Life Aberdeen plc carrying on its business operations. General awareness training on the Conduct Risk Policy and what it means to Standard Life Aberdeen plc and its customers is delivered to all Standard Life Aberdeen plc staff.

No investor in the Company obtains preferential treatment or the right to obtain preferential treatment.

14. Availability of the AIF's latest annual report

The Company's latest Annual Report is available on the Company's website: www.ukcpreit.com

15. Procedure and conditions for the Issue and sale of shares

The issue of new shares by the Company, either by way of a fresh issue of shares or by way of the sale of shares from treasury, is subject to the requisite shareholder authorities being in place and all FCA listing rule requirements having been met. Shares in the Company can also be bought in the open market through a stockbroker. They can also be purchased through Standard Life Aberdeen's savings schemes and qualify fully for inclusion within tax-efficient ISA wrappers. Further information about how shares in the Company may be purchased is set out in the section headed 'Investor Information' in the Annual Report.

16. Latest NAV of the AIF

The Company's NAV is published quarterly by way of an announcement on a regulatory information service.

For internet users, additional data on the Company, including the latest published NAV, the closing price of ordinary shares for the previous day of trading on the London Stock Exchange, performance information and a monthly factsheet, is available on the Company's website: www.ukcpreit.com.

17. AIF's historical performance

The Company's historical performance data, including copies of the Company's previous annual report and accounts, is available on the Company's website: www.ukcpreit.com.

18. Prime brokerage

The Company has not appointed a prime broker.

19. Periodic disclosures

The Manager will, at least as often as the annual report and accounts are made available to Shareholders, make the following information available to shareholders:

UK Commercial Property REIT Limited

- Any changes to (i) the maximum level of Leverage that the Manager may employ on behalf of the Company and (ii) any right of reuse of collateral or any guarantee granted under any leveraging arrangement
- The total amount of Leverage employed by the Company
- The percentage of the Company's investments which are subject to special arrangements resulting from their illiquid nature
- The current risk profile of the Company outlining (i) measures to assess the sensitivity of the Company to the most relevant risks to which the Company is or could be exposed and (ii) if risk limits set by the Manager have been or are likely to be exceeded and where these risk limits have been exceeded, a description of the circumstances and, the remedial measures taken
- The risk management systems employed by the Manager outlining the main features of the risk management systems employed by the Manager to manage the risks to which the Company is or may be exposed. In the case of a change, information relating to the change and its anticipated impact on the Company and shareholders will be made available.

The Manager will inform Shareholders as soon as practicable after making any material changes to its liquidity management system and procedures. Any material change to the periodic disclosures will be provided to Shareholders by way of an announcement to a regulatory news service.

20. Defined terms

The following defined terms are used in this pre-investment disclosure document:

AIFMD	European Union Directive 2011/61/EU, together with its implementing measures
AIFM or Manager	Aberdeen Standard Fund Managers Limited
Annual Report	the Company's Annual Report and Accounts for the year ended 31 December 2017
Articles	the Company's articles of association, as amended from time to time
Auditor	Deloitte LLP
Brussels Regulation	Council Regulation (EC 44/2001) of 22 December 2000, concerning the recognition and enforcement in England and Wales of judgments given by the courts of most EU member states in civil and commercial matters
Commitment Method	the commitment method for calculating leverage as prescribed under Article 8 of the AIFMD, which excludes certain hedging instruments from the calculation
Company or AIF	UK Commercial Property REIT Limited
Company Secretary	Northern Trust Fund Administration Services Limited
Conduct Risk Committee	Standard Life Aberdeen plc's formal committee for overseeing, among other matters, the Conduct Risk Policy
Conduct Risk Policy	Standard Life Aberdeen plc's documented policy regarding treating customers fairly
CoSec Agreement	the company secretarial agreement between the Manager and Company Secretary dated 18 December 2012
Conflicts of Interests Policy	Standard Life Aberdeen's documented conflicts of interests policy
Depository	Citibank International plc, a public limited company having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB.
Depository Agreement	Depository agreement among the Company, Standard Life Investments (Corporate Funds) Limited and the Depository dated 29 December 2015, and novated by Standard Life Investments (Corporate Funds) Limited to the Manager on 10 December 2018
FCA	the Financial Conduct Authority
FCA Handbook	the FCA's Handbook on rules and guidance

UK Commercial Property REIT Limited

FSMA	Financial Services and Markets Act 2000, as amended
Gross Method	the gross notional method for calculating leverage as prescribed under Article 7 of the AIFMD, which includes certain hedging instruments within the calculation
Group	Standard Life Aberdeen plc and its subsidiaries
Investment Manager	Standard Life Investments Limited
Investment Management Agreement	Investment management agreement between Standard Life Investments (Corporate Funds) Limited and the Investment Manager dated 29 December 2015, and novated by Standard Life Investments (Corporate Funds) Limited to the Manager on 10 December 2018.
Leverage	any method by which the AIFM increases the exposure of the Company whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means
Liquidity Policy Management Agreement	Standard Life Aberdeen plc's documented policy regarding liquidity risk management management agreement between the Company and Standard Life (Corporate Funds) Limited dated 29 December 2015 as novated by Standard Life Investments (Corporate Funds) Limited to the Manager on 10 December 2018
Net Asset Value or NAV	the net asset value of the Company
Ongoing Charges	ratio of expenses as a percentage of average daily shareholders' funds calculated as per the Association of Investment Company's industry-standard method
Registrar	Computershare Investor Services (Guernsey) Limited
Shareholders	Shareholders in the Company
Stockbroker	JPMorgan Cazenove
Valuation Policy	Standard Life Aberdeen plc's documented valuation policy regarding the production and oversight of net assets values of collective funds in the Europe, Middle East and Africa region

Other important information

Issued by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Registered Office: Bow Bells House, 1 Bread Street, London, EC4M 9HH. Registered in the United Kingdom No. 00740118. A REIT should be considered only as part of a balanced portfolio. Under no circumstances should this information be considered as an offer or solicitation to deal in investments.



Appendix to Pre-investment Disclosure Document

Aberdeen Standard Fund Managers Limited: Risk management

Appendix to Pre-investment Disclosure Document

Risk Management function

Standard Life Aberdeen plc and its subsidiaries (“the Group”) is committed to building and continuously improving a sound and effective system of internal control and a risk management framework that is embedded within its operations; this is the Group’s first line of defence.

The Group’s Risk Division, as the second line of defence, exists to support management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Conduct & Compliance, Operational Risk and investment risk Oversight. The team is headed by the Group’s CRO, who reports to the Chief Executive Officers of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group’s operational risk management system (SWORD).

The Group’s Internal Audit Department is independent of the Risk Division and reports directly to the Group co- CEOs and to the chair of the Audit Committee of the Group’s Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group’s control environment; it is the Group’s third line of defence.

The Group’s corporate governance structure is supported by several committees that bring together Group’s subject matter experts from different departments, to assist the Boards of Directors of Standard Life Aberdeen plc, its subsidiaries and the funds to fulfil their roles and responsibilities. The Group’s Risk Division is represented on all committees, with the exception of those that deal with investment recommendations to the Boards. The specific goals and guidelines on the functioning of these committees are described in their respective terms of reference.

Description of the process of identifying, assessing and managing risks

- **Market risk:** Is monitored through factor modelling used to calculate both absolute and relative ex ante quantities such as tracking error (TE) and Value at Risk (VaR). The VaR is computed on a NAV basis as the maximum loss that the portfolio should incur over 20 days, 99% of the time under normal market conditions. The fund’s portfolio risks are decomposed into intuitive components to pinpoint areas of unexpected market risk. The techniques are applied to all relevant asset classes. The market risk is further monitored through the computation of the level of leverage by both the gross and net approach. The leverage is calculated by converting each FDI into the equivalent position in the underlying assets of those derivatives, on a NAV basis. The market risk linked to the concentration risk is mitigated through investment restrictions set according to the basic principle of diversification.
- **Liquidity risk:** The Group has a Liquidity Risk Management Policy in place applicable to the funds and set out in accordance with its overall Risk Management Process, relative to the size, scope and complexity of the funds. Liquidity Risk is monitored on both the asset and liability sides. To measure and monitor asset liquidity risk the Group employs a number of methods specific to the underlying assets. In all cases, the approach is to reference the actual holdings of the sub-fund against a true measure of the market at both an aggregate and a position level. The Group has implemented a Group Pricing Policy which details the operational responsibilities for pricing assets, this policy is owned and overseen by the Group pricing Committee. On the liability side, investor transactions and, beyond this, investor behaviour are the main driver of liquidity within each sub-fund. In this context, the articles and prospectuses contain certain key provisions or limits which provide protection to the funds and ultimately investors, in situations where liquidity might become a concern. In addition, the fund receives and analyses periodic reports in respect of the shareholder concentration within each sub-fund. Any shareholder concentrations and transactional behaviour are identified at sub-fund

level and any particular concerns noted are escalated to the relevant Group Committee and respective Boards, if material.

- **Credit and counterparty risk:** The credit and counterparty risks linked to derivatives transactions are managed through processes outlined in the Group’s Counterparty Credit Risk Policy. This Policy underpins on the following principles: Internal Credit assessments; credit limits; exposure calculation and oversight and Control. Credit research on counterparties is carried out by the Credit Investment Team. Research is conducted on the basis of qualitative and quantitative analysis and is presented for discussion at the Credit Committee on a monthly basis. Each counterparty is reviewed at least once per annum. Furthermore the Risk and Exposure Committee (REC) and/or credit Committee can impose house level restrictions on concentrations. Credit risk exposures are calculated net of collateral received. The methodology for calculating an amount for potential exposure arising from movements in mark to market is approved by the REC. Acceptable collateral and other commercial and credit terms for inclusion in the International Swap and Derivative Association (ISDA) documentation is defined in the Group Derivative Management Policy. Counterparty credit exposures are monitored against internal limits by an investment control team and monitored by the Group Credit Committee and Risk and Exposure Committee.
- **Legal risk:** All key contractual arrangements entered into by the funds are reviewed by the Legal Department and, where required, by external legal counsel. If these contracts refer to delegation arrangements, where applicable, there is an operating memorandum defining information flows between the parties, frequency of services and deadlines, a clear attribution of rights and responsibilities of each party and, when applicable, the key performance indicators to measure performance. Any litigation issues are also handled by the Legal Department.

Each OTC derivatives are framed within the legal provisions of the ISDA Master agreement which defines the rights and obligations of parties engaging in derivatives trading. The ISDA master agreements are negotiated and signed between each umbrella/sub-fund and the counterparty. The Credit Support Annex (CSA) is a legally binding document which is annexed to the ISDA agreement and details the Minimum Transfer Amount (MTA) or collateral required by AAML when engaging in OTC derivatives trading with counterparties. The Group Derivative Management Committee is responsible for approving the commercial terms associated to derivative documentation for the Group.

- **Tax risk:** The Group uses external tax consultants to advise on tax structuring, transactions and tax reporting.
- **Operational risk:** The Operational Risk Management Framework ensures that the operational risks taken and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and that the risk measurement arrangements, processes and techniques are adequately documented. The identification, measurement, management and monitoring of operational risk within the Group are achieved through the use of the Group’s Operational Risk Management Framework System, SWORD. This system provides the following key Risk Management Modules:
 - *Event Management:* This module serves as a historical loss database, in which any operational failures, loss and damage experience (Events) will be recorded. The records include professional liability damages. The process for recording, investigation and mitigation of Events aims to ensure that they are not repeated.
 - *Issues and Actions Plan:* The issues and actions module provides a standardised mechanism for identifying, prioritising, classifying, escalating and reporting internal audit findings and other on-going / unresolved matters impacting the Group from a risk or regulatory perspective (Issues).
 - *Risk and Control Self Assessment (RCSA):* The RCSA process is to ensure key risks and key controls are identified and managed effectively in order to satisfy, at a Group level, Internal Capital Adequacy (ICAAP) requirements. The RCSA also provides a

systematic and holistic means of identifying risk and control gaps that could impact business or process objectives which are agreed by senior management to complete.

- *Business Continuity Plan (BCP)*: Is in place and designed for invocation where there has been significant disruption to normal business functions at any Standard Life Aberdeen plc office that is likely to last longer than 24 hours.

Measuring risk

Where appropriate the Group applies the following measurements for each fund:

- **Leverage**: Has the effect of gearing a fund's expected performance by allowing a fund to gain greater exposure to underlying investment opportunities (gains and losses). The higher the leverage the greater the risk (potential loss).
- **Volatility, Value-at-Risk (VaR) and Conditional VaR (CVaR)**: Volatility measures the size of variation in returns that a fund is likely to expect. The higher the volatility the higher the risk. VaR measures with a degree of confidence the maximum the fund could expect to lose in any one given day, assuming a normal (Gaussian) distribution, this is a function of the volatility of the fund. The higher the volatility, the higher the VaR, the greater the risk. CVaR calculates the expected loss, under the assumption that the VaR has been reached.
- **Tracking error (TE)**: Measures the expected magnitude of divergence of returns between the fund and benchmark over a given time.
- **Systematic and stock specific risk**: Systematic risk represents the proportion of a fund's risk that is attributable to market exposure; and specific risk represents the risk that is intrinsic to individual stocks (i.e. particular to a given stock's attributes).
- **Stress test and scenario analysis**: Captures how much the current portfolio will make or lose if certain market conditions occur.
- **Concentration risk**: By grouping the portfolio through various different exposures: country, sector, issuer, asset etc., to identify where concentration risk exists.

Escalation and reporting

The Group recognises timely and adequate reporting measures as well as escalation channels to be key components of the control process and management of risk.

The Risk team provide regular updates to the Board/senior management on the adequacy and effectiveness of the Risk Management Process indicating, where applicable, actual or anticipated deficiencies and the remedial measures.

In addition, all issues and events impacting any Group entity or the funds are logged in SWORD, by the relevant area within the prescribed time limits.