



**10 February 2017**

**UK Commercial Property Trust Limited**

**UKCPT acquires 258,000 sq ft pre-let prime industrial development**

UK Commercial Property Trust Limited (FTSE 250, LSE: UKCM), which is advised by Standard Life Investments and owns a diversified portfolio of high quality income producing UK commercial property, has completed the forward purchase of a pre-let 258,370 sq ft distribution warehouse development in Burton upon Trent for a total consideration of circa £22.2 million, reflecting a yield on capital of 5.8%. The transaction is in line with UKCPT's strategy to focus its portfolio on assets that deliver a higher and sustainable income, and the acquisition will be funded by the proceeds delivered by the disposal in January 2017 of 13 Great Marlborough Street for £30.5 million, at a 3.3% net initial yield.

The acquisition comprises 14.8 acres of land at Centrum West in Burton upon Trent where the vendor, the specialist logistics developer Goodman, is developing a large scale distribution warehouse that has been pre-let to Palletforce Limited. The tenant has committed to a 15 year lease at £5.58 psf, or £1.4 million per annum, with RPI inflation linked rent increases of between 1% and 3% per annum, compounded and payable 5 yearly. Completion of the asset is scheduled for summer 2017 when a balancing payment will be paid.

Centrum West is an industrial park situated in a prime logistics location equidistant between Nottingham and Birmingham on the A38 dual carriageway between the M1 and M6 motorways, from which 87% of the UK population can be accessed within a legally continuous 4.5 hour HGV drive time. Once it is completed, the warehouse will have a BREEAM sustainability rating of "Very Good" with a maximum EPC grade 'A' assessment.

**Will Fulton, Fund Manager at Standard Life Investments, said:** "We are very pleased to have completed this acquisition such a short time after the sale of Great Marlborough Street, and together the two transactions are a real example of what we are trying to achieve with the UKCPT portfolio, in terms of deploying cash into higher yielding assets let on long term leases to deliver sustainable income. Goodman is a very well respected specialist developer and the asset we are buying will be of the highest quality in a strong UK logistics location.

"The transaction amount represents around 25% of the capital we have available for investment on our balance sheet and whilst improving dividend cover, it also further increases our weighting in the industrial sector. We currently favour this due to the supportive underlying fundamentals, including the continuing growth trajectory of online retail in the UK."

**Commenting on the announcement Nigel Dolan, Development Director at Goodman said:** "We are delighted to have concluded this transaction with UKCPT. After delivering Palletforce's current facility in 2008, we were very pleased to extend our relationship with the development of this brand new facility which will underpin their continued growth. We now look forward to partnering with



Standard Life/ UK Commercial Property Trust Limited as we progress construction and deliver a best in class asset.

“Goodman continues to focus on the development of high quality logistics and industrial buildings. This deal is in line with our strategy to reinvest in new land and development opportunities in the UK’s prime Midlands, South East and Greater London markets.”

UKCPT was advised by Fulwell Capital, while Goodman was advised by CBRE and Avison Young.

**ENDS**

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