

UK Commercial Property REIT Limited

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UKCM acquires Midlands distribution warehouse portfolio for £85.4 million

24 December 2018: UK Commercial Property REIT Limited (“UKCM” or the “Company”) (FTSE 250, LSE: UKCM), which is managed and advised by Aberdeen Standard Investments and owns a diversified portfolio of high quality income-producing UK commercial property, announces the acquisition of a portfolio of five distribution warehouses in core locations across the Midlands from Clipstone Logistics REIT for a headline price of £85.4million, reflecting a headline net initial yield of 5.5%. The acquisition has been funded from existing cash resources and is a continuation of the management’s strategy to recycle capital from the sale of lower yielding assets into higher yielding opportunities with sustainable income.

The portfolio totals 909,030 sq ft and is 100% let to a diverse mix of tenants with a low average headline rent of £5.52 per sq ft, and an attractive unexpired lease term of 7.4 years to break and 9.6 years to expiry. The reversionary portfolio provides secure, diversified income and attractive asset management opportunities to capture rental growth and extend lease terms. The acquisition is earnings accretive and, all other things being equal, will increase dividend cover by c.10%.

The assets are strategically located on established industrial parks across the East and West Midlands, close to the M1 and M6 motorways, at Cannock, Derbyshire, Leicester, Stoke-on-Trent and Newcastle-Under-Lyme; they offer good connections by road as well as access to strong local workforces, which is becoming an increasingly important factor for tenants in deciding where to locate. The diverse tenant base includes Clipper Logistics, Roca Limited, Bestway Pharmacy NDC Limited, Rhenus Logistics Limited and TJX UK (owner of TK Maxx).

The transaction increases UKCM’s industrial exposure to 45% of the total portfolio value (with approximately 27% now comprising South East and London urban industrial / logistics asset and 18% in strategic regional locations). The acquisition was funded from existing cash resources, recycling capital from the strategic disposal in October 2018 of lower yielding assets: a high street retail asset in Exeter for £23.5 million and a London office at 15 Great Marlborough Street, for £73.2 million.

Will Fulton, Lead Manager of UKCM at Aberdeen Standard Investments, said: “We believe that this acquisition is an excellent use of the proceeds from previous disposals, boosting the Company’s property yield and balancing our exposure to the industrial sector, which has good prospects for rental growth, through the addition of more diverse and well located regional assets. It will be immediately earnings enhancing and provides income security from strong tenants, many of whom have invested significantly in the properties.

“As the structural changes from the widespread adoption of e-commerce in the UK pervade, a trend which has proven resilient against a backdrop of Brexit negotiations, we expect the outperformance of the logistics market to continue as occupier demand for space remains high.”

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For further information please contact:

Richard Sunderland / Claire Turvey / Eve Kirmatzis, FTI Consulting

Tel: 020 3727 1000

Email: UKCM@fticonsulting.com

Will Fulton, Aberdeen Standard Investments

Tel: 0131 245 2799

Notes to Editors - UK Commercial Property REIT

UK Commercial Property REIT is a FTSE 250 Real Estate Investment Trust listed on the London Stock Exchange. It aims to provide shareholders with an attractive level of income together with the potential for capital and income growth from investing in and managing a £1.416bn (as at 30 September 2018) diversified portfolio of high-quality, income producing UK commercial property which generated rental income of £69.8 million in 2017 (Company Annual Report & Accounts). The portfolio has a strong bias towards prime, institutional quality properties and is diversified by location and sector across the UK.

*Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments. The Company is managed and advised by Standard Life Investments (Corporate Funds) Limited (the Company's appointed AIFM). Will Fulton, a qualified Chartered Surveyor with 30 years of experience in the industry, has been Lead Manager since April 2015. Investors should refer to the Key Information Document prior to making an investment decision. Further information on the Company's investment policies, the types of assets in which the Company may invest, the markets in which it invests, borrowing limits as well as details of its management, administration and depositary arrangements can be found in the Company's Annual Report and Investor Disclosure Document. The above documents are available on the Company's website www.UKCPREIT.com. Paper copies of these documents are available on request, free of charge, via the contact details outlined on the website.

Property is a relatively illiquid asset class, the valuation of which is a matter of opinion. There is no recognised market for property and there can be delays in realising the value of property assets. Investors should be aware that past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up, and an investor may get back less than the amount invested.

For further information on UK Commercial Property REIT, please visit www.UKCPREIT.com.