

UK Commercial Property REIT Ltd (UKCM) Annual Results Presentation

Presented by

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Peter Taylor, Finance Manager, abrdn

February 2024

abrdn.com



Important information



Investment objective

To provide an attractive level of income together with the potential for capital and income growth by investing in a diversified portfolio of UK commercial property

Risk factors

- 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.
- 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.
- 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.
- The performance of the Company would be adversely affected by a downturn in the property market in terms of market value or a weakening of rental yields. In the event of default by a tenant, or during any other void period, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveying costs in re-letting, maintenance costs, insurance costs, rates and marketing costs.
- Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value.
- Any change to the laws and regulations relating to the UK commercial property market may have an adverse effect on the market value of the Property Portfolio and/or the rental income of the Property Portfolio.
- Where there are lease expiries within the Property Portfolio, there is a risk that a significant proportion of leases may be re-let at rental values lower than those prevailing under the current leases, or that void periods may be experienced on a significant proportion of the Property Portfolio.
- The Company may undertake development (including redevelopment) of property or invest in property that requires refurbishment prior to renting the property. The risks of development or

refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits.

- The Company may face significant competition from UK or other foreign property companies or funds. Competition in the property market may lead to prices for existing properties or land for development being driven up through competing bids by potential purchasers.
- Accordingly, the existence of such competition may have a material adverse impact on the Company's ability to acquire properties or development land at satisfactory prices.
- As the owner of UK commercial property, the Company is subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Company owns or acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Company is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Company's business, financial condition, results of operations, future prospects and/or the price of the Shares.

	31/12/2023 (%)	31/12/2022 (%)	31/12/2021 (%)	31/12/2020 (%)	31/12/2019 (%)
NAV Total Return	3.0	-18.1	21.5	-0.9	0.1
Share Price Total Return	13.1	-16.2	12.5	-19.7	11.3
MSCI Benchmark Total Return*	-1.9	-9.7	17.0	-1.2	1.8
Portfolio Total Return	3.9	-13.3	21.4	1.1	1.4

Dividend	2023	2022	2021	2020	2019
Pence per share	3.40	3.25	2.92	2.30	3.68
Special dividend	-	1.92p	-	-	-

Source: abrdn 31 December 2023. ¹With dividends reinvested at the ex-dividend date. * MSCI UK Balanced Portfolios to 30th September + MSCI UK Monthly Property Index to 31 December 2023

2023 in numbers

£1.25bn portfolio benefits from strong underlying fundamentals to generate earnings growth

- 6.3% 2023 earnings growth with significant 30% future rental reversion opportunity¹
- 5% increase in 2023 dividends (99% covered²) v 2022
- Values stabilised producing a NAV total return of 3.0% for the 2023 calendar year (-1.3% capital movement)
- Disciplined capital allocation
- Continued strong leasing momentum
- Positive implementation of ESG* and Net Zero Carbon strategy

Source: abrdn, 31 December 2023

¹Including Hyatt Hotel, Leeds, under development anticipating Q3 completion

²Based on EPRA Adjusted Dividend Cover excluding Cineworld adjustment

³Excluding non-cash Cineworld adjustment announced in Q2 2023 results.

⁴Calculated under AIC guidance (6 February 2024)

*ESG = Environmental, Social and Governance

Past performance does not predict future returns

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POSITIONED FOR FURTHER GROWTH



+6.3%

GROWTH IN EARNINGS
EPRA EPS 3.35p³



+5.0%

INCREASE IN DIVIDEND PAID v 2022
99% Covered



+3.0%

NAV TOTAL RETURN
Underlying Valuation Stability



15.8%

GEARING⁴
Strong Balance sheet



Financial Performance

Earnings Growth

6.3% increase in Adjusted EPRA earnings in the year to 31 December 2023

- Interest costs managed by selective capital allocation in period from accretive £74m Wembley asset sale at 3.49% yield v RCF debt margin
- £2.6m increase in net rental income from active asset management and three development completions (243,000 sq ft)
- Dividend cover on EPRA earnings for 2023 is 99%*

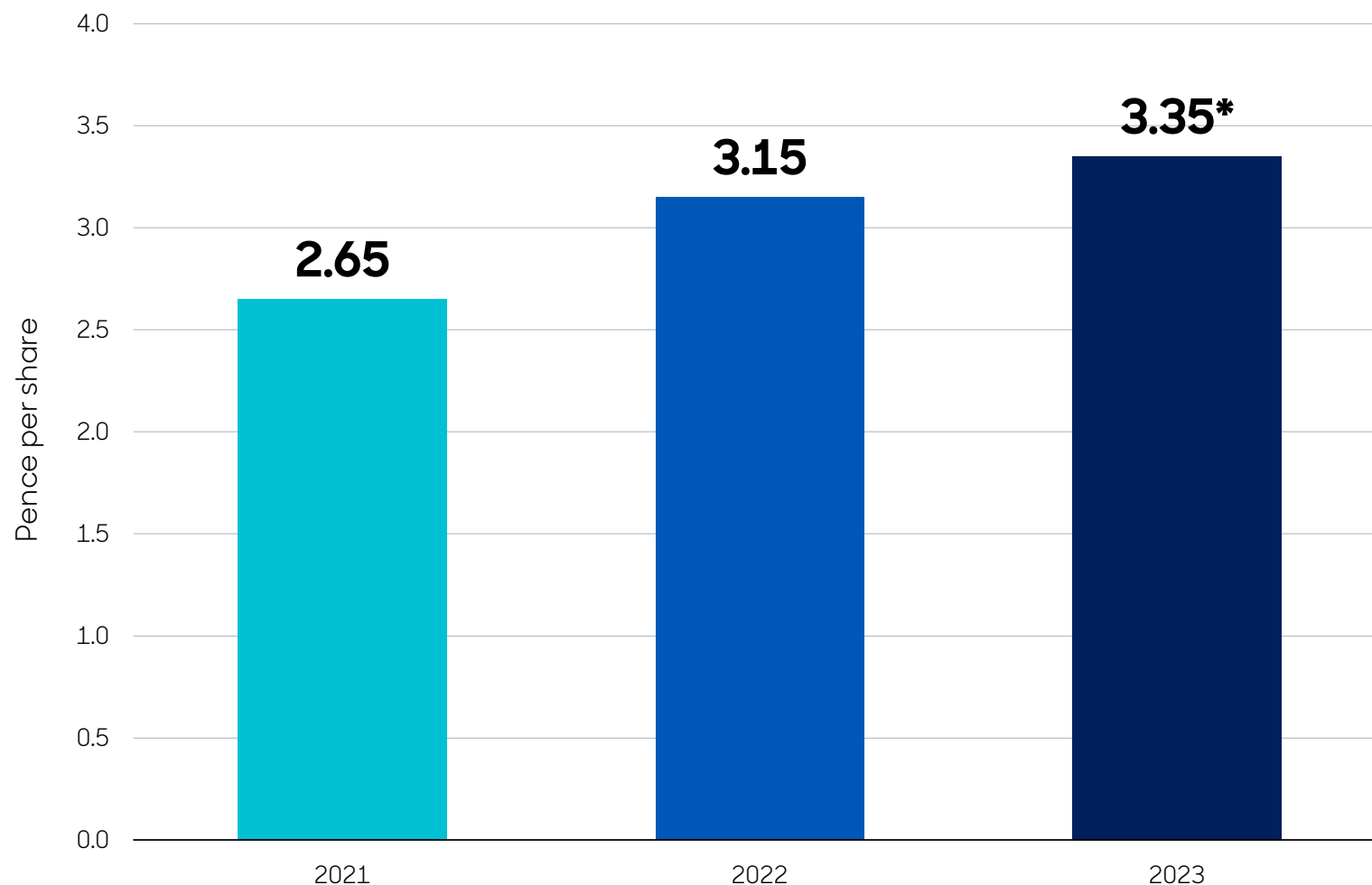
Source: abrdn, December 2023

*Excluding non-cash Cineworld adjustment announced in Q2 2023 results

Past performance does not predict future returns

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Adjusted EPRA EPS



NAV Stability

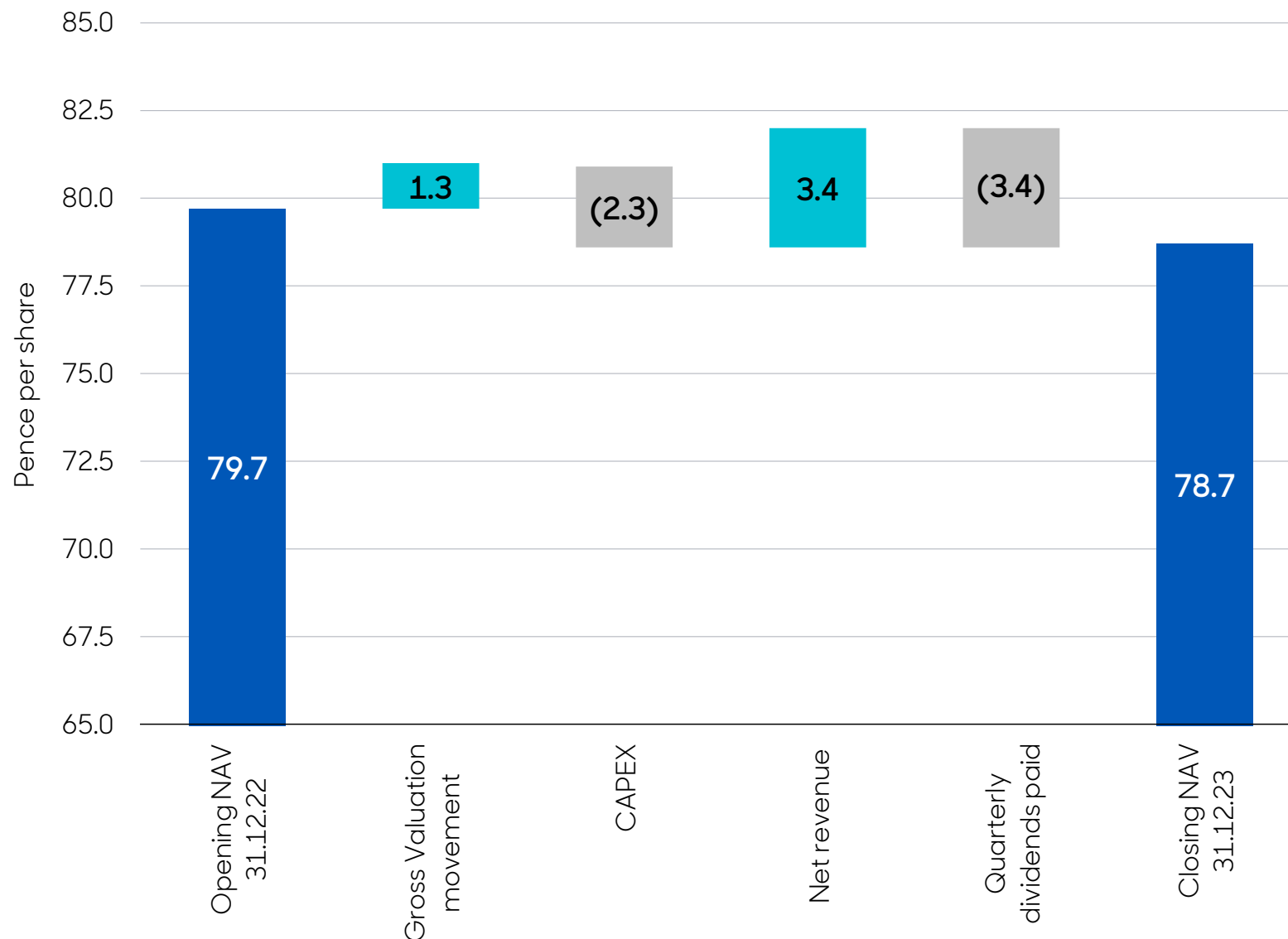
- Valuation stabilisation following 2022 market repricing (-0.9% net capital movement in 2023)
- Positive 3% NAV total return in the year to 31 December 2023
- 5% increase in ordinary dividends paid in 2023, 99% covered
- Capex focussed on earnings accretive development expenditure

Source: abrdn, December 2023

Past performance does not predict future returns

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UKCM NAV movement in 2023



Strong Balance Sheet (as at 06/02/2024)

Balance sheet strength gives flexibility for the next stage of the cycle

- £113m available resources after commitments
- RCF availability reduced by £30m to £150m saving £230k p.a. in non-utilisation fees
- Group LTV of 15.8%, reduced from 20% December 2022
- 93% of debt fixed at low all-in 2.88%

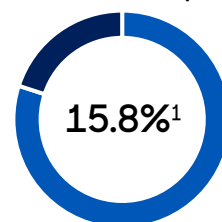
Source: abrdn, January 2024

¹calculated under AIC guidance

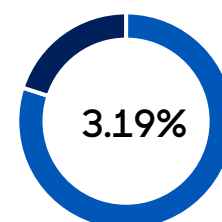
²based on pledged bank valuations

Forecasts are not a reliable indicator of future results and there can be no guarantee that these will be achieved

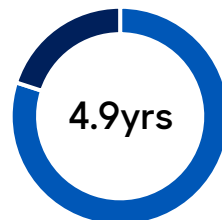
Blended Group LTV



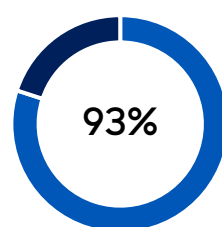
Weighted cost of drawn debt



Blended Period to Maturity



Drawn Debt at Fixed Rate



Overall Group Debt Position

Total debt available	£350m
Remaining available	£134.3m
Period to Maturity	4.9 years
All in rate	3.19%

Barclays RCF

Total debt available	£150m	All in rate	7.23%
Remaining to draw	£134.3m	LTV/LTV Covenant ²	2.8%/60%
Period to Maturity	2.0 years	ICR/Covenant	502%/175%
Margin	1.90%	ICR Forecast/Covenant	520%/175%

Barings 2027

Total debt available	£100m	Fixed all in rate	3.03%
Remaining to draw	£0m	LTV/LTV Covenant ²	49%/75%
Period to Maturity	3.2 years	ICR/Covenant	365%/200%
Margin	1.25%	ICR Forecast/Covenant	346%/200%

Barings 2031

Total debt available	£100m	Fixed all in rate	2.72%
Remaining to draw	£0m	LTV/LTV Covenant ²	39.5%/75%
Period to Maturity	7.1 years	ICR/Covenant	493%/200%
Margin	1.45%	ICR Forecast/Covenant	461%/200%

UKCM

Resilient property performance being driven by UKCM's high quality portfolio and asset management

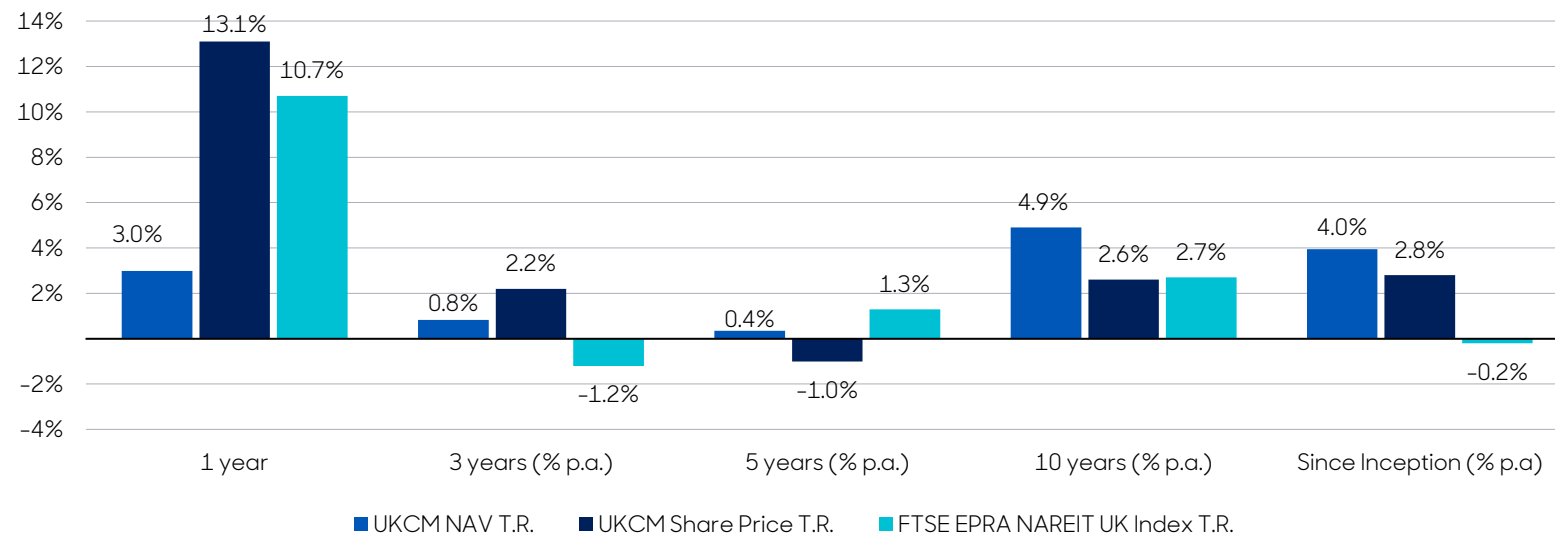
- +13.1% Share Price Total Return for 2023 reflecting strengthening market perception of Company and REIT market bottoming out
- +5.8% 1 year outperformance against MSCI

Benchmark: MSCI UK Balanced Portfolios benchmark to 30 September 2023, plus MSCI UK Monthly Property Index for Q4 2023; UKCM figures are gross of Investment management fees, gearing costs and other fund related fees.

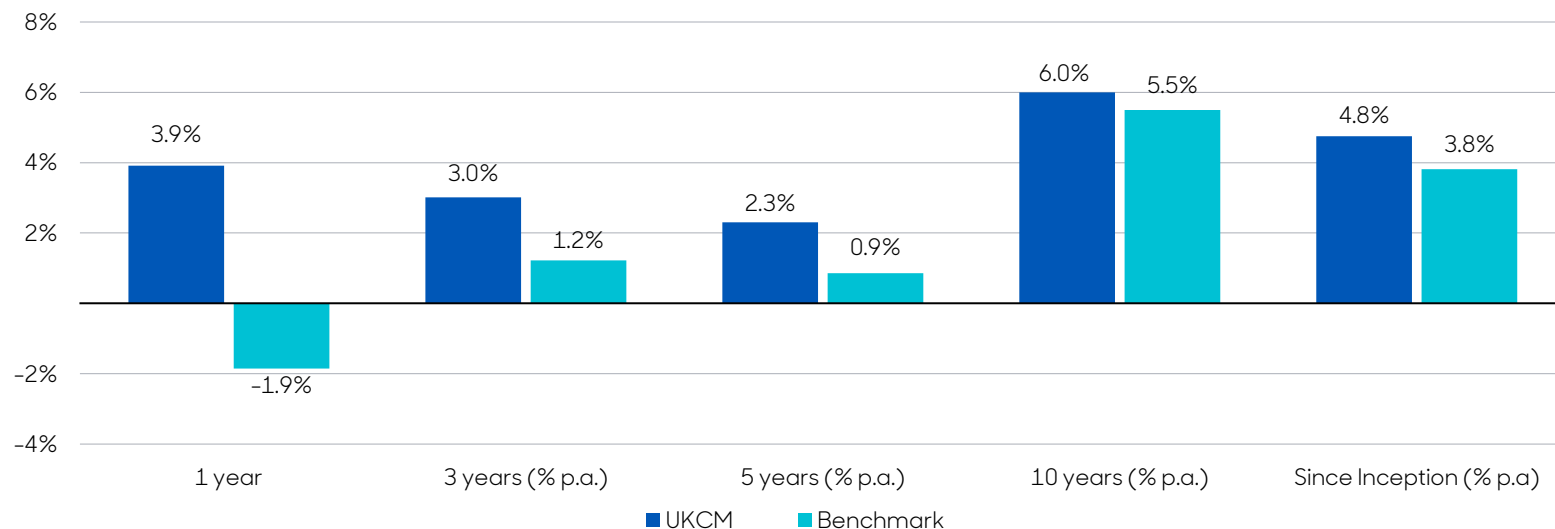
Source: UKCM, abrdn, 31 December 2023 & Bloomberg
For illustrative purposes only. No assumptions regarding future performance should be made

Past performance does not predict future returns

UKCM NAV & Share Price Total Return



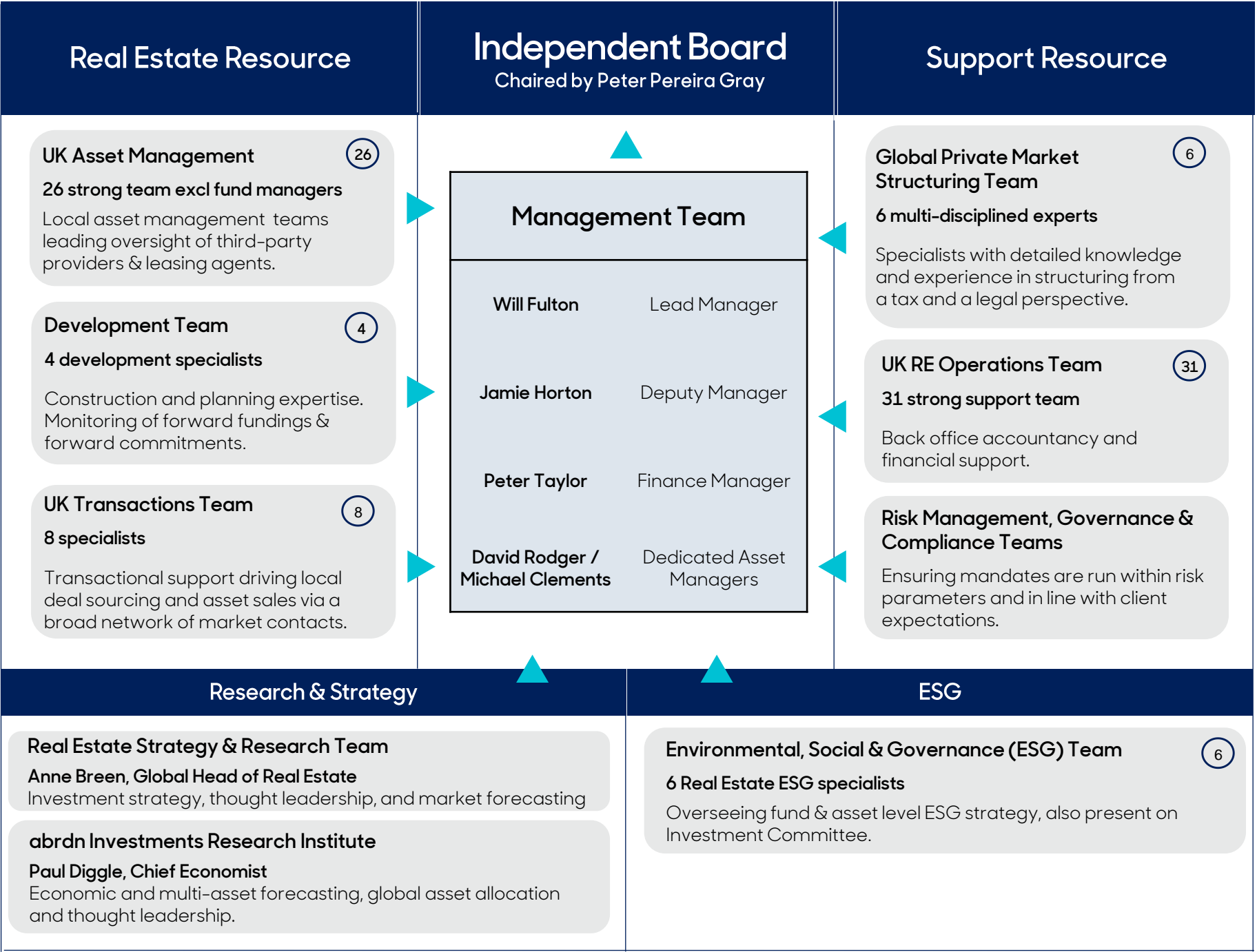
Strong history of outperformance against MSCI benchmark



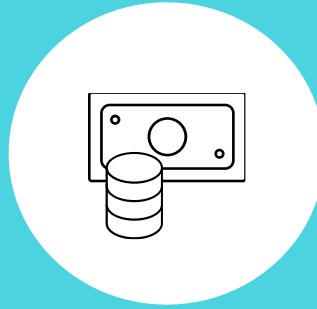
UKCM team

Multi-skilled independent Board and dedicated UKCM team driving performance

- Depth & wealth of manager experience covering all aspects of property and financial investing
- Deep access to the UK transactions market – both “off” and “on” market
- Strong macro and property research capability



Source: abrdn, December 2023

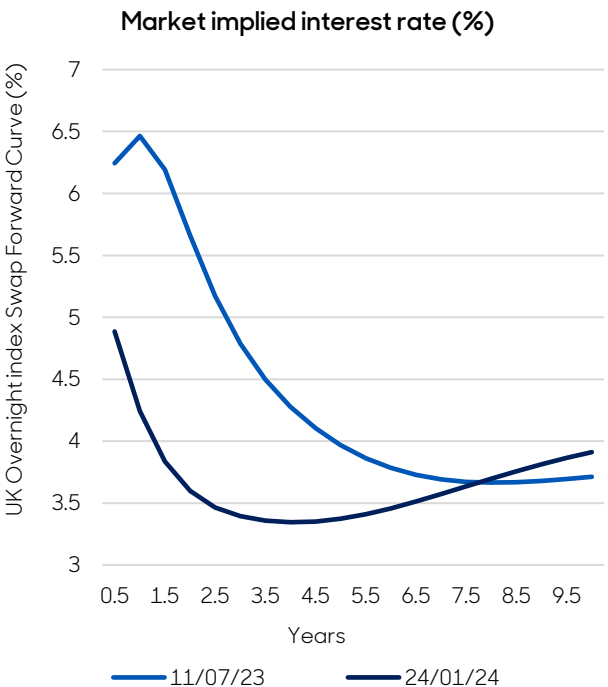


Outlook & Earnings Potential

UK Real Estate Outlook – 2024 an emerging turning point

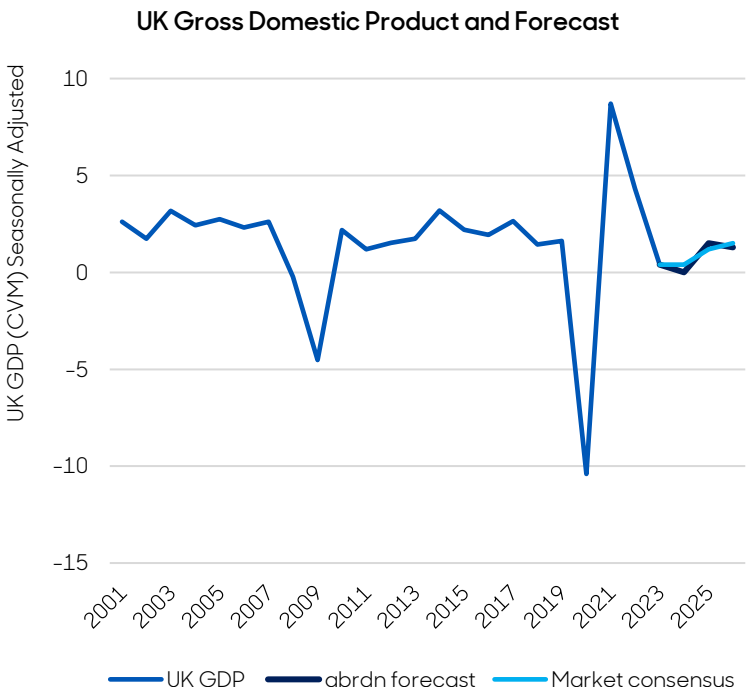
Rate cutting cycle

Should have meaningful positive impact on real estate performance



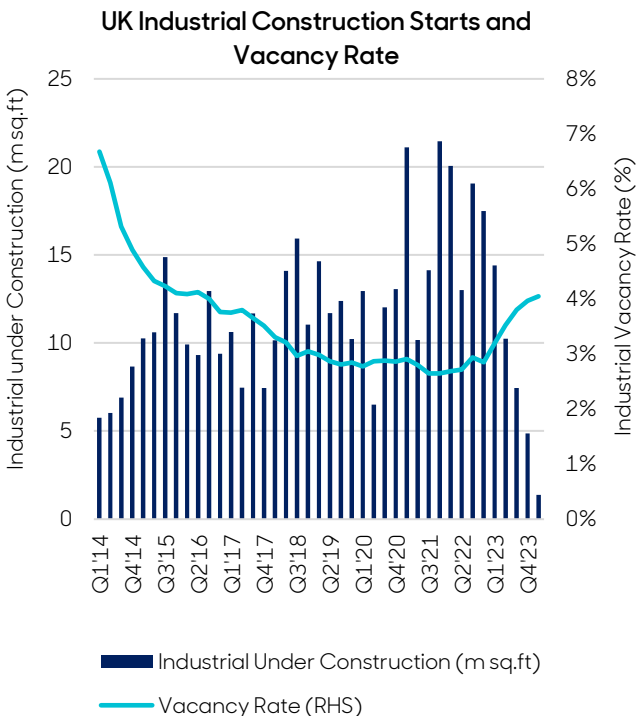
UK GDP growth

Forecast to return in 2025



Supply Squeeze

Low supply of high quality property, particularly evident in the industrial sector



Source: Bank of England, Bloomberg, Refinitiv, abrdrn Global Macro Research, CoStar, abrdrn January 2024. Forecasts are not a reliable indicator of future results and there can be no guarantee that these will be achieved. For illustrative purposes only. No assumptions regarding future performance should be made.

UKCM Strategy Aims to Drives Earnings Growth

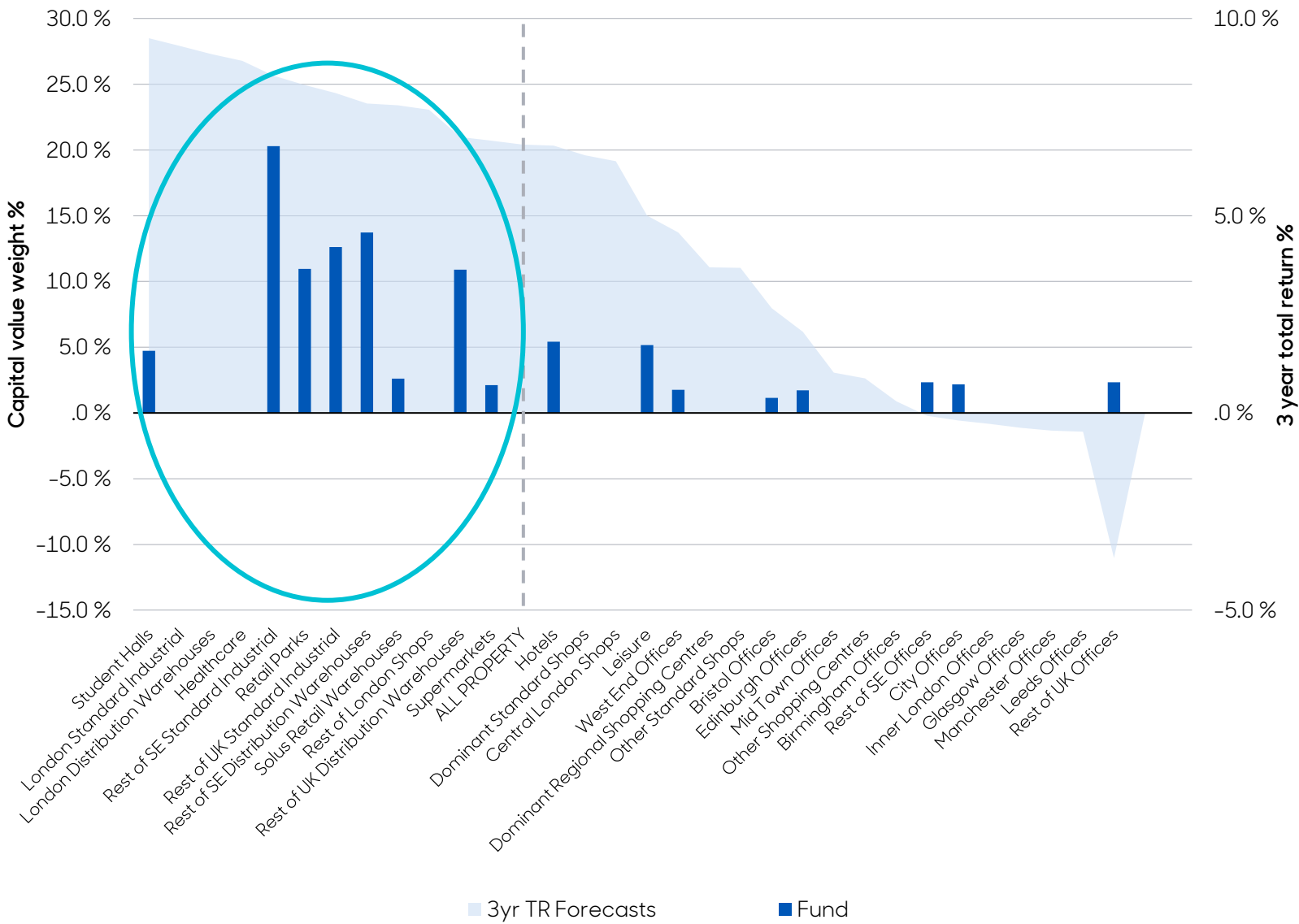


Portfolio HouseView Overlay

78% of capital allocated to favoured sectors forecast to outperform 'All Property' over 3 years¹

Source: abrdn, December 2023
*3 Yr All Property forecast return is 6.4% pa. Sector divergence clear with range in forecasts from December 2023 of 9.5% to -3.7% p.a
Forecasts are not a reliable indicator of future results and there can be no guarantee that these will be achieved

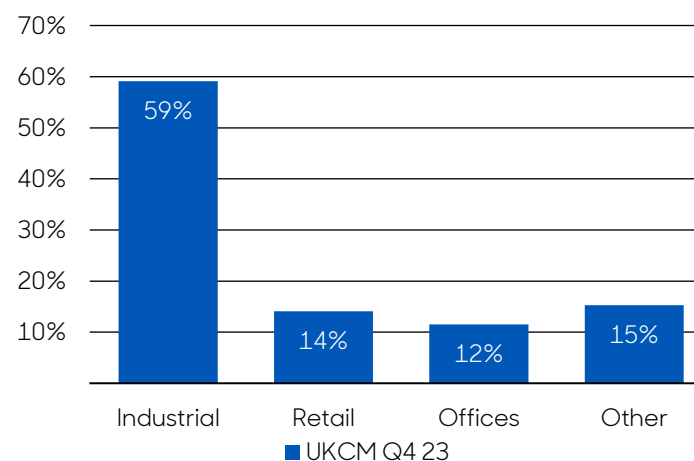
UKCM Portfolio weightings against abrdn House View Forecasts Q4 2023



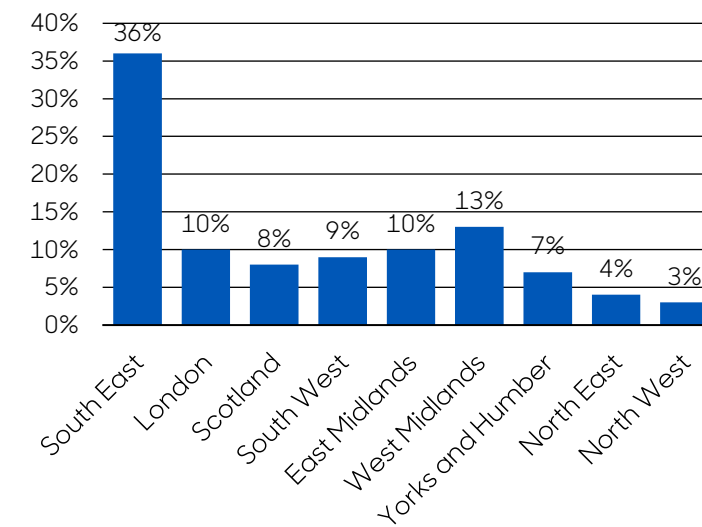
Portfolio structure

- Industrial weighting positions the portfolio towards earnings growth
- Growing portfolio of alternatives
- Low vacancy position maintained with overall portfolio occupancy at 96%
- Strong tenant base with 192 tenancies and increasing operational income
- Balanced income risk with Top 10 tenants accounting for 33% of passing income
- Rent collection 99% for 2023, 98% for Q1 2024

Portfolio sector weighting by market value (Q4 2023)



Capital value by geography (Q4 2023)



Yield Profile Q4 2023¹

Sector	Net Initial Yield	Reversionary Yield
Industrial	4.3%	6.0%
Office	6.2%	8.4%
Retail	6.3%	6.1%
Alternatives	6.4%	6.2%
Portfolio	5.1%	6.3%

£20.7m p.a.
Potential rental
increase

Source: abrdn, December 2023

¹Source CBRE. Reversionary yield includes vacancies

Rent Reversion Detail

Proven track record of securing
rental uplifts

2023 rent reversion report card

Anticipated	£1.77m
Secured	£1.63m
In negotiation	£0.64m



Anticipated 2023 reversion increased by 28%



£1.63m secured to date in 2023 through 18 lease actions,
exceeding forecasts on events settled



£0.64m is pending conclusion of negotiation / asset
management

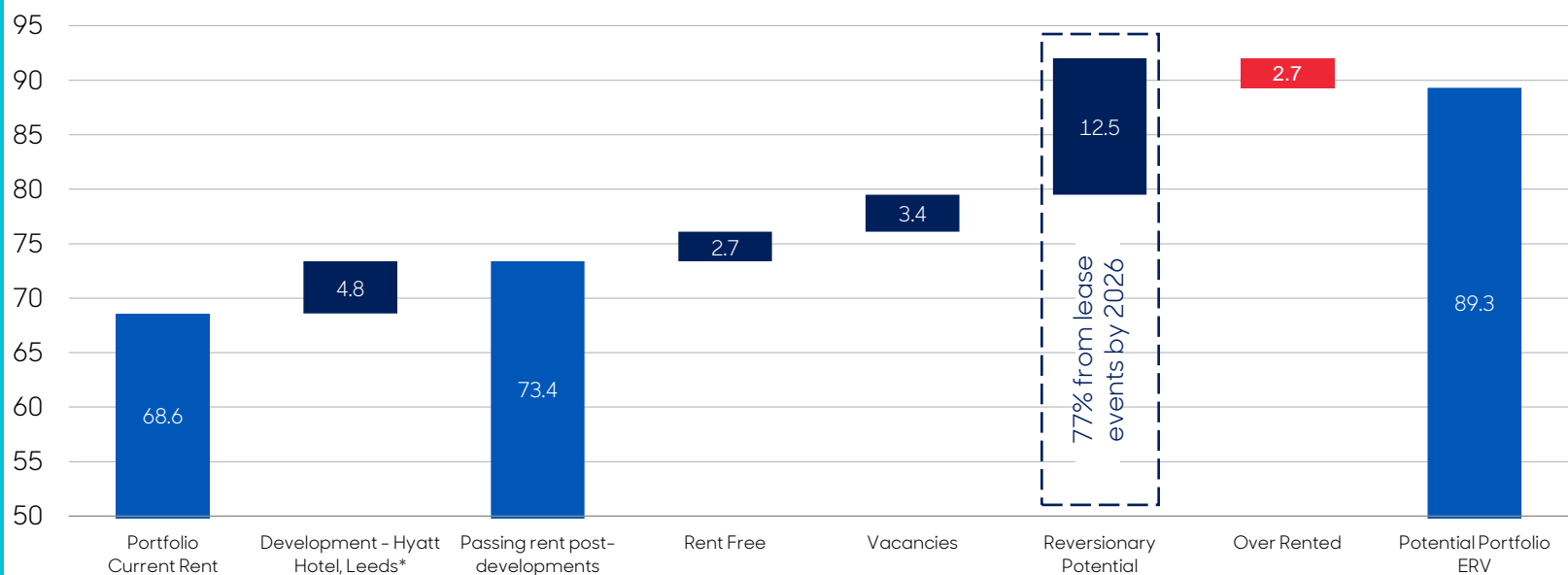
Source: abrdn, December 2023

Rent Bridge

Potential for 30% growth in annual rent within current portfolio

- 77% of £12.5m standing portfolio reversion subject to lease events occurring within 3 years
- 75% of reversion sourced from industrial stock
- Hyatt Hotel, Leeds, due to complete Q3 2024, forecast to add +£4.8m p.a. after stabilisation
- 52% of over-rent leases have >10 years duration

Rent bridge (£m p.a.)



Year	Reported 2023 Position	Updated 2024 Position
2024	16%	18%
2025	16%	24%
2026	25%	35%
2027	19%	5%
2028+	10%	18%

Source: abrdn, December 2023
*Refers to forecast stabilised hotel income
Forecasts are not a reliable indicator of future results and there can be no guarantee that these will be achieved
Past performance does not predict future returns

Portfolio Activity: Strategic Disposals

Sales focussed on low-yielding assets with limited prospects for short-term income growth

- Combined disposals of £96m in line with valuations
- Low blended NIY of 3.8% on disposals
- RCF draw reduced by 83% through sales, from £93m at end Q4 2022 to £15.7m at end January 2023.

Strategic sales at 3.8% NIY have reduced RCF draw by 83%

Amazon, Wembley



London - Distribution Warehouse

Sold in May 2023

£74m / 3.49% NIY

Reversion constrained by CPI
indexation

Craven House, London



West End - Office

Sold in January 2024

£22m / 4.63% NIY

Reversion constrained by
unfavourable lease structure

Portfolio Vacancies: Q4 2023

Portfolio vacancy rate remains low at 4%

- Majority of vacancy at four assets, of which three are industrials
- Post period portfolio void reduced through letting shop component of 81 George Street, Edinburgh
- Further 20% of total vacancy under offer

Ventura Park, Radlett

1.3% of Portfolio ERV

Two of fourteen units vacant. Refurbished / works ongoing

Precision Park, Leamington Spa

0.8% of Portfolio ERV

Newly developed industrial building

Gatwick Gate, Crawley

0.7% of Portfolio ERV

Three of nine units vacant. Works planned

The White Building, Reading

0.6% of Portfolio ERV

Two vacant suites totalling 15% of floor area.
Refurbished / works ongoing



Asset management adding net £2.6m p.a. in 2023

Q1 2023

- Major lettings completed at Ventura Park (Radlett) and Emerald Park, (Bristol)
- Lease renewals at Trafford Retail Park (Manchester) and Dolphin Industrial Estate, (Sunbury-on-Thames)

Combined 59% increase in passing rents

Q2 2023

- Major lettings and renewals at Gatwick Gate (Crawley), Trafford RP and Emerald Park.

Combined 17% increase in passing rents

Q3 2023

- Major lettings at Newton's Court (Dartford) and newly developed Sussex Junction (Bolney)
- Further lease renewals at Emerald Park

Combined 23% increase in previous passing rents

Q4 2023

- Major letting at Newton's Court & rent review at Dolphin IE
- Lease renewals at Emerald Park, Central Square (Newcastle), White Building (Reading) and Trafford Retail Park with rents to be agreed at review

Currently 29% increase in passing rents where rents are finalised

Source: abrdn, December 2023.

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Ventura Park, Radlett



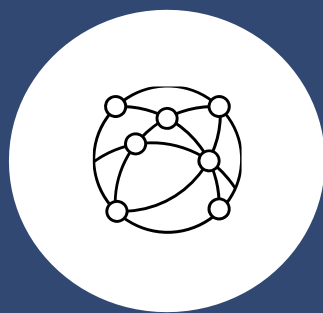
Emerald Park, Bristol



Sussex Junction, Bolney



85 George Street, Edinburgh



ESG

ESG

Environmental

Positive progress on NZC goals and continued EPC progress.

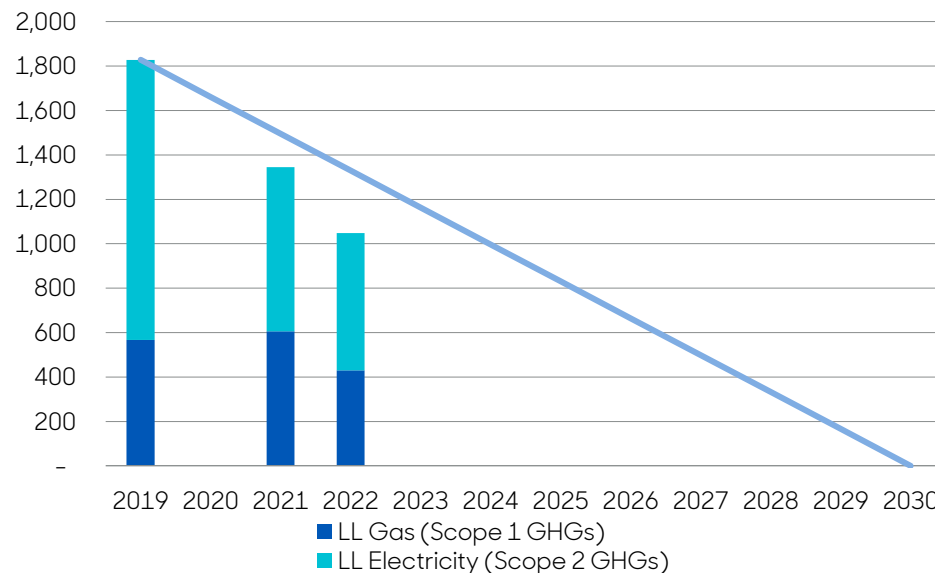
Net Zero Carbon Goals

- Scope 1 & 2 by 2030
- Scope 1,2 & 3 by 2040

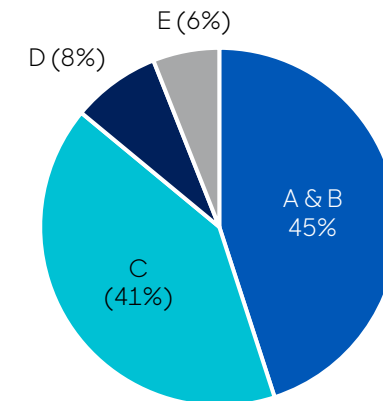
Overall portfolio emissions reduced by 25% against baseline year of 2019

86% of portfolio had EPC rating A-C (by ERV)

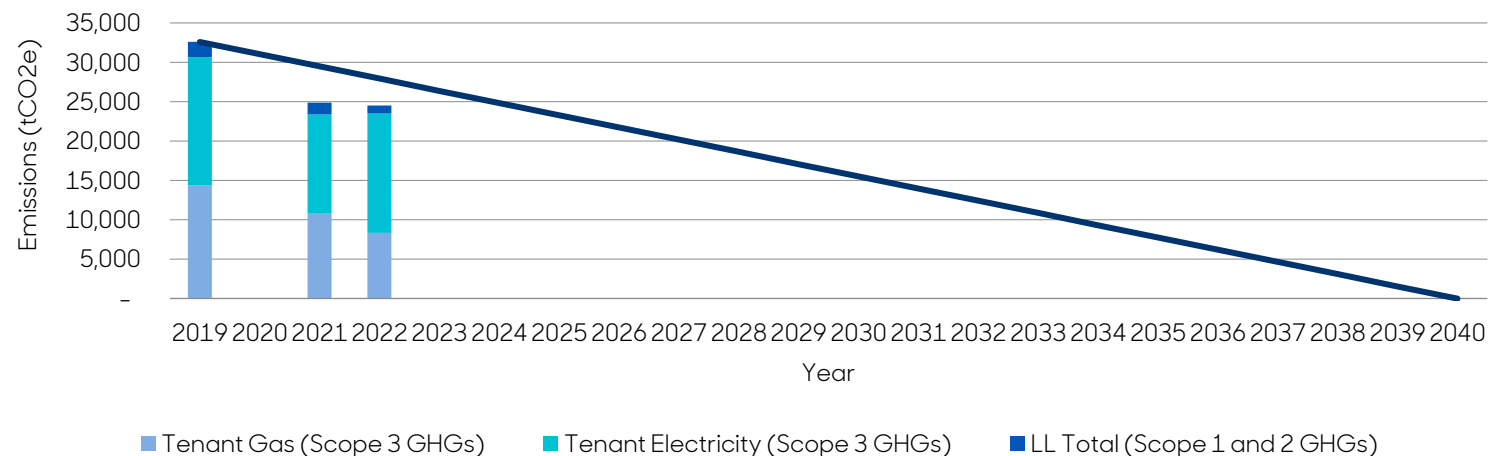
Scope 1 and 2 Total Landlord Footprint



EPC Rating Q4 2023



Portfolio Carbon Footprint



Source: abrdn, December 2023

Forecasts are not a reliable indicator of future results and there can be no guarantee that these will be achieved

ESG

Social

ESG in action at UKCM operational student housing asset

Hill View Place, Exeter



#1 Rated – 4.8 out of 5 stars on Student Crowd review site



High quality newly developed 226 room student housing investment



Students from 25 countries



Welfare and experience are critical and a focus for us and our managers, Homes For Students



60 events held in its first year of operation as well as in-house amenity

Source: abrhn, December 2023

Forecasts are not a reliable indicator of future results and there can be no guarantee that these will be achieved

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Overview

Source: abrdn, 31 December 2023.

¹Based on EPRA Adjusted Dividend Cover excluding Cineworld adjustment

²Calculated under AIC guidance, at 6 February 2024

³UKCM, abrdn, 31 December 2023 & Bloomberg

For illustrative purposes only. No assumptions regarding future performance should be made

⁴The average GBP value 12mths to 02/02/2024, Numis Securities Research

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

Past performance does not predict future returns

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1

6.3% **earnings growth** in 2023 with 30% future **rental reversion opportunity**

2

5% increase in 2023 dividend paid v 2022¹

3

Low level of debt at 15.8% at a blended rate of 3.19%² providing flexibility

4

Stabilised NAV and ongoing **portfolio outperformance** of MSCI³

5

Positive expectations for a recovering market



+5%
Dividend increase



£1.37m stock/day
Liquidity⁴



192
Tenants



39
No. of properties



99%
Rent collection 2023

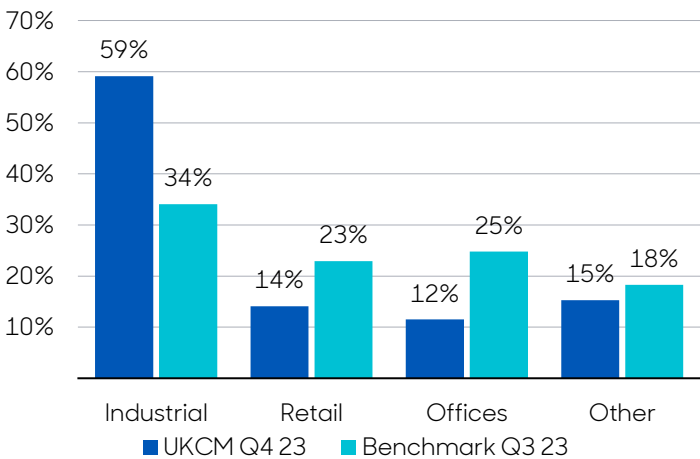


UK Commercial Property REIT

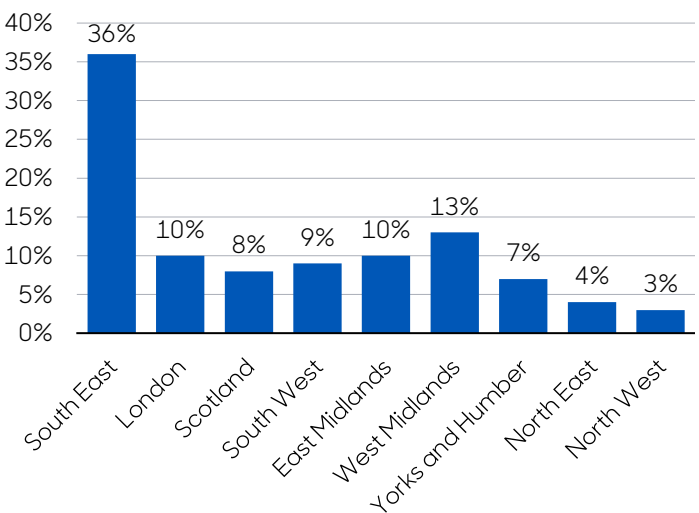
2023 Results Presentation
Data Pack

Portfolio structure

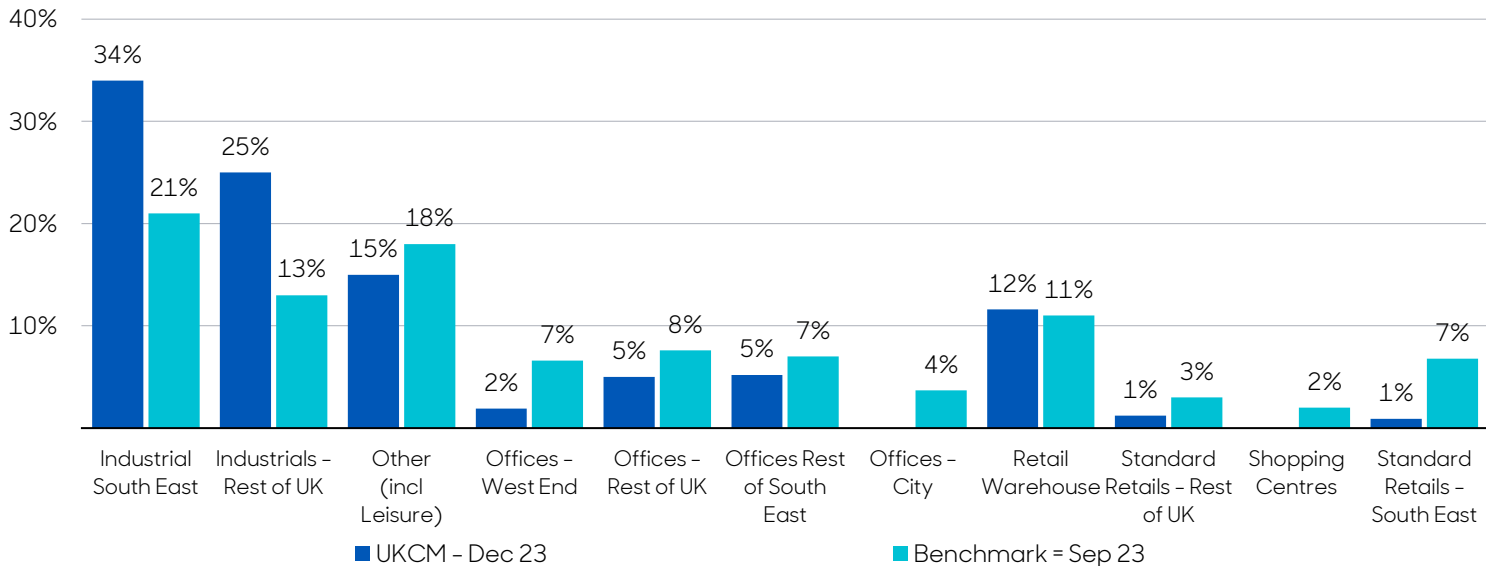
Portfolio sector weighting by market value (Q4 2023)



Capital value by geography (Q4 2023)



Detailed sector weighting break down by Market Value (Q4 2023)



Top 10 Tenants

Top 10 tenant exposures are well balanced and reversionary

By passing rent	% of passing rent
1. Ocado	5.8%
2. Public Sector	5.1%
3. Armstrong Logistics	3.6%
4. Total	3.1%
5. Kantar	2.8%
6. B&Q	2.7%
7. Odeon Cinemas	2.7%
8. Dalata (Maldron Hotel)	2.7%
9. Warner Bros	2.5%
10. Palletforce	2.5%
TOTAL	33.3%



HM Government

ODEON



KANTAR

Source: abrdn, December 2023

© owned by each of the corporate entities named in the respective logos

Top 10 assets

By capital value	Sector	Size Band (£)
Ventura Park, Radlett	South East Industrial	Over 100
Ocado, Hatfield	South East Distribution	50-100
Dolphin IE, Sunbury	South East Industrial	50-100
Newton's Court, Dartford	South East Industrial	50-100
Junction 27, Leeds	Retail Warehouse	50-100
Xdock 377, Lutterworth	R of UK Distribution	50-100
Rotunda, Kingston	Leisure	25-50
Emerald Park, Bristol	R of UK Industrial	25-50
Maldron Hotel, Newcastle	Hotel	25-50
Trafford RP, Manchester	Retail Warehouse	25-50

Source: abrdn, December 2023

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ESG

UKCM Net Zero Carbon Targets and Performance



Company Net
Zero Strategy

2030

Interim NZC target for
landlord operational emissions

2040

NZC target for
all emissions



Performance

2023 GRESB Standing Investments Benchmark Report

UK Commercial Property REIT | abrdn

GRESB Rating

★★★★☆

Participation & Score



Peer Comparison



Status:

Listed

Location:

United Kingdom of
Great Britain and
Northern Ireland

Property Type:

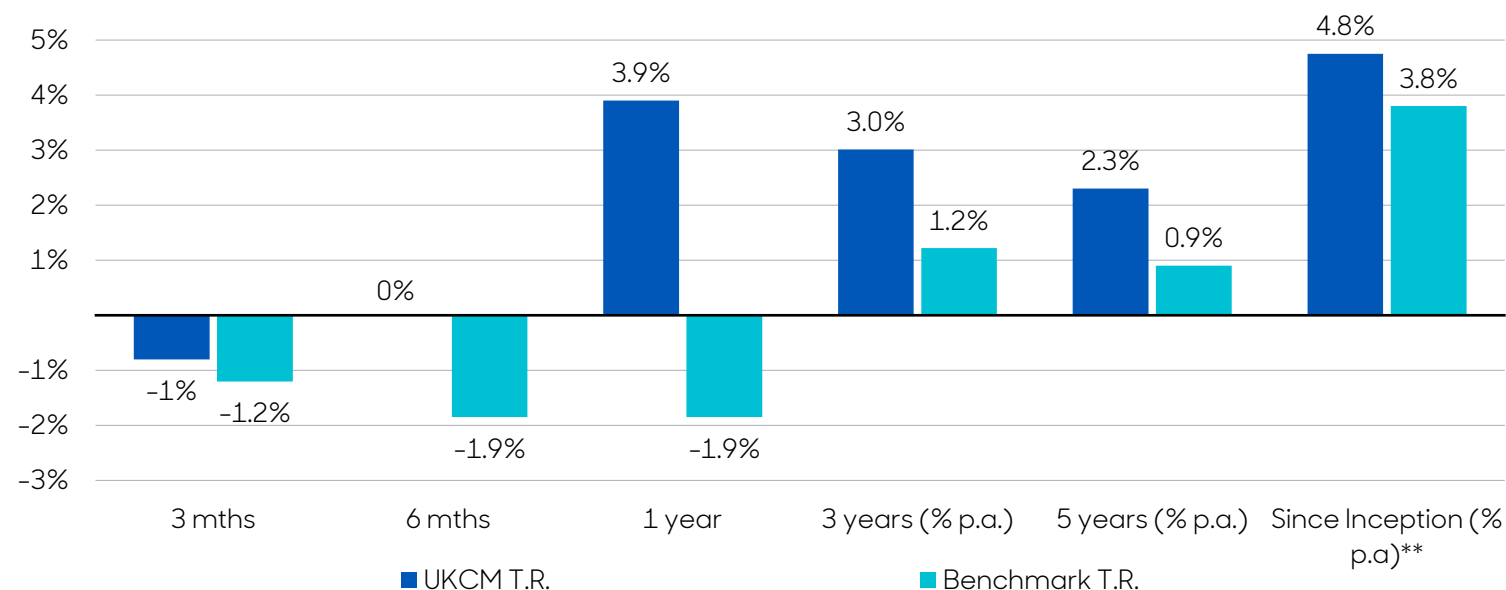
Diversified



Portfolio against benchmark

Resilient property
performance is being driven by
UKCM's high quality portfolio

Long term portfolio outperformance against MSCI benchmark



2023 (12 months)	Total return (%)		Income return (%)		Capital return (%)	
	UKCM	MSCI	UKCM	MSCI	UKCM	MSCI
Industrial	8.9	4.9	3.9	4.7	4.9	0.2
Office	-10.4	-12.2	6.6	4.8	-16.0	-16.3
Retail	3.3	-0.4	5.9	6.4	-2.5	-6.5
Other (inc Leisure)	-2.4	-0.9	6.4	5.9	-8.3	-6.5
Total portfolio	3.9	-1.9	4.8	5.0	-0.9	-6.6

Source: UKCM, abrdn, 31 December 2023.

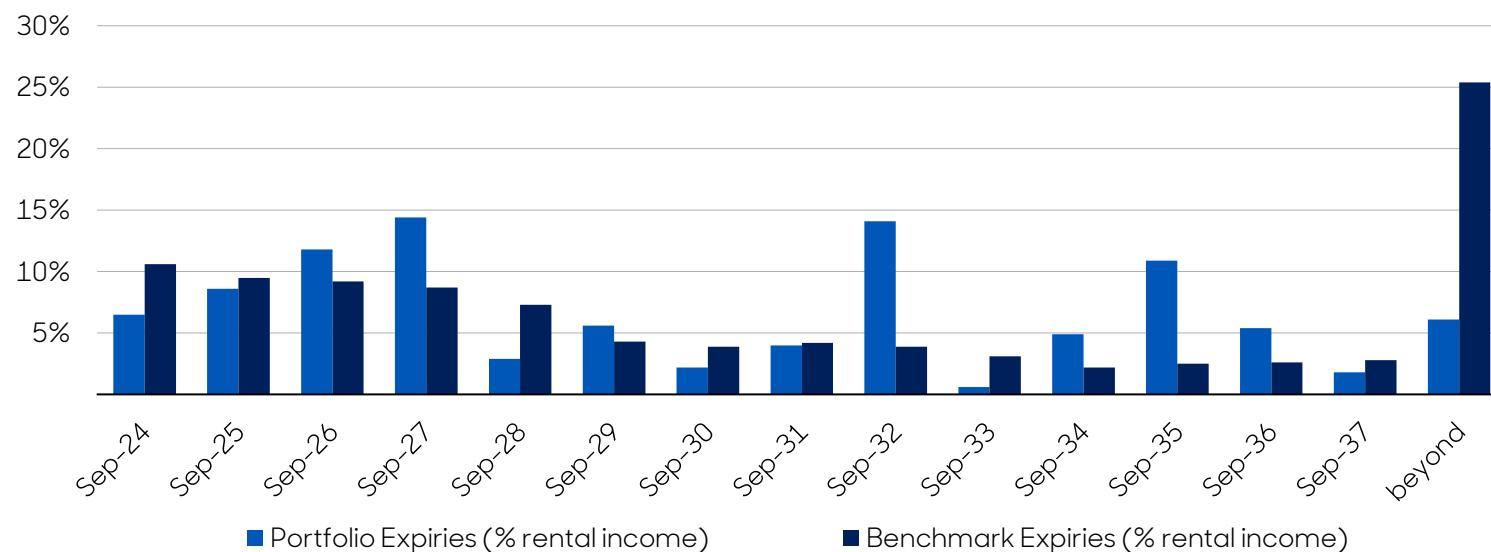
Benchmark: MSCI UK Balanced Portfolios benchmark to 30 September 2023. +MSCI UK Monthly Property Index to 31 December 2023; UKCM Performance is shown gross of fees and does not reflect investment management fees. Had such fees been deducted, returns would have been lower

** 20th September 2006

Past performance does not predict future returns

Portfolio dashboard

Lease expiry profile



Portfolio Data	Q4 2022	Q4 2023
Portfolio Value	£1,308m	£1,251m
No. Properties	40	39
No. of Tenancies	196	192
Annual Rent Roll	£69.3m	£68.6m
Estimated rental Value	£85.3m	£84.5m
Void Rate	2.0%	4.0%
AWULT ¹	8.3 years	7.1 years
NIY/ RY ²	4.9% / 6.1%	5.1% / 6.3%
Gearing	20%	17%

Source: MSCI (September 2023) & abrdn / CBRE, December 2023

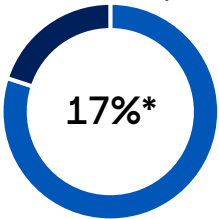
¹ Average Weighted Unexpired Lease Term

² Net Initial Yield / Reversionary Yield

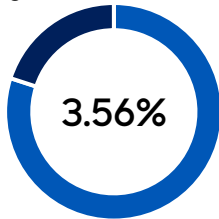
Strong Balance Sheet

Summary at 31 December 2023

Blended Group LTV



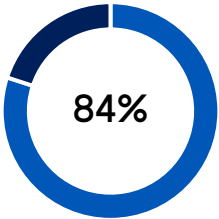
Weighted cost of drawn debt



Blended Period to Maturity



Drawn Debt at Fixed Rate



Overall Group Debt Position

Total debt available	£350m
Remaining available	£112.5m
Period to Maturity	4.7 years
All in drawn rate	3.56%

Barclays RCF

Total debt available	£150m	All in drawn rate	7.23%
Remaining to draw	£112.5m	LTV/LTV Covenant**	6.7%/60%
Period to Maturity	2.0 years	ICR/Covenant	502%/175%
Margin	1.90%	ICR Forecast/Covenant	520%/175%

Barings 2027

Total debt available	£100m	Fixed all in rate	3.03%
Remaining to draw	£0m	LTV/LTV Covenant**	49%/75%
Period to Maturity	3.2 years	ICR/Covenant	365%/200%
Margin	1.25%	ICR Forecast/Covenant	346%/200%

Barings 2031

Total debt available	£100m	Fixed all in rate	2.72%
Remaining to draw	£0m	LTV/LTV Covenant**	39.5%/75%
Period to Maturity	7.1 years	ICR/Covenant	493%/200%
Margin	1.45%	ICR Forecast/Covenant	461%/200%

Source: abrdn, January 2024

¹Calculated under AIC guidance
²Based on pledged bank valuations

Earnings Growth

6.3% increase in adjusted EPRA earnings in the year to 31 December **2023**

- Adjusted* EPRA EPS of 3.35p (3.15p 2022)
- £2.6m increase in net rental income from active asset management three development completions (243,000 sq ft)
- Interest costs managed throughout year through strategic low-yielding asset disposals
- Dividend cover on EPRA earnings for 2023 is 99%¹

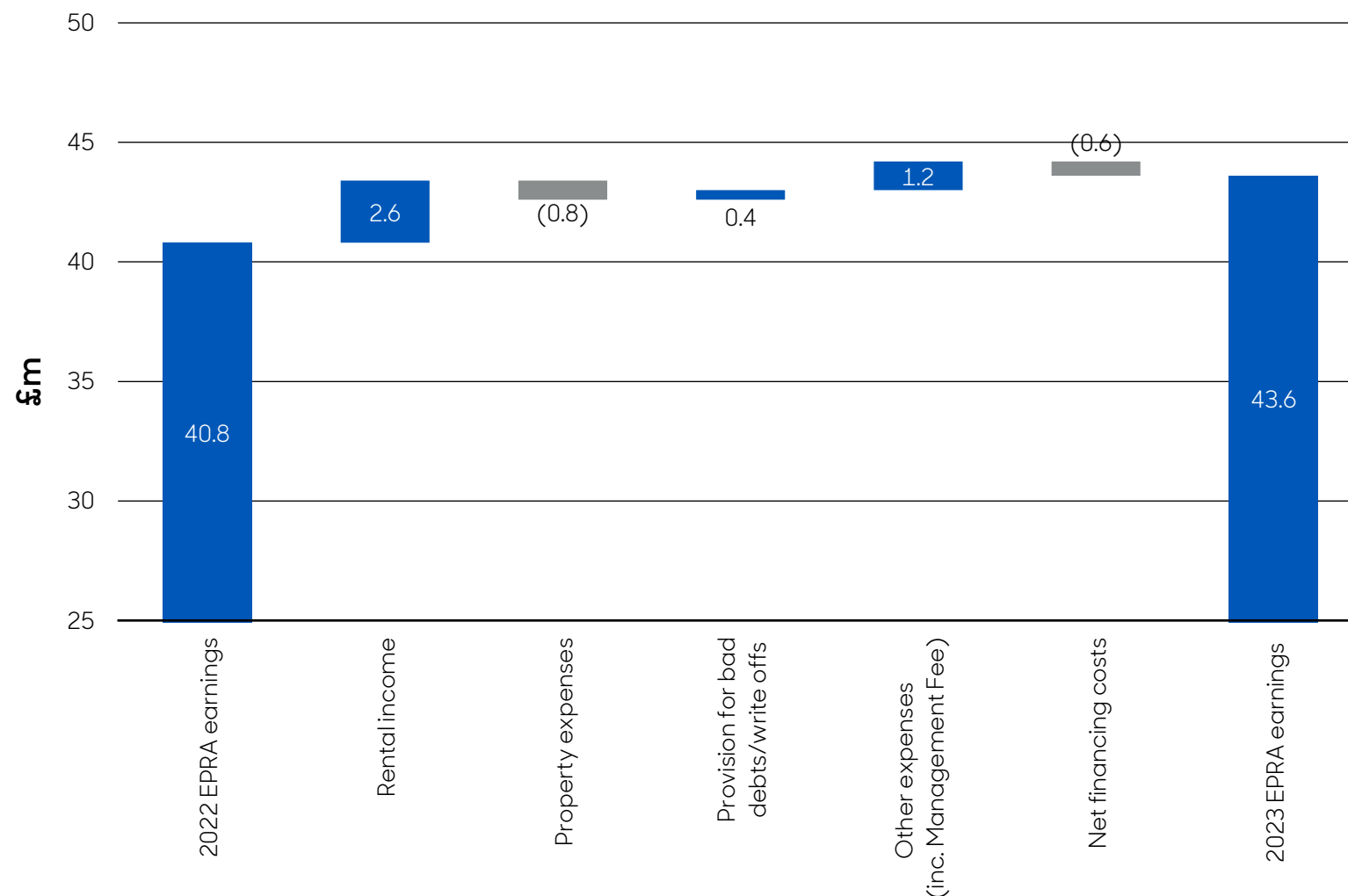
Source: abrdn, December 2023

¹Excluding Cineworld adjustment announced in Q2 2023 results

Past performance does not predict future returns

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UKCM year-on-year movement in adjusted¹ EPRA earnings in 2023



Total Returns

Investment Objective

To provide an attractive level of income together with the potential for capital and income growth by investing in a diversified portfolio of UK commercial property



	31/12/2023 (%)	31/12/2022 (%)	31/12/2021 (%)	31/12/2020 (%)	31/12/2019 (%)
NAV Total Return	3.0	-18.1	21.5	-0.9	0.1
Share Price Total Return	13.1	-16.2	12.5	-19.7	11.3
MSCI Benchmark Total Return	-1.9	-9.7	17.0	-1.2	1.8
Portfolio Total Return	3.9	-13.3	21.4	1.1	1.4

Source: abrdn, December 2023

Benchmark: MSCI UK Balanced Portfolios to 30th September + MSCI UK Monthly Property Index to 31 December 2023

Past performance does not predict future returns

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Risk Factors

Risk factors you should consider prior to investing:

- 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.
- 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.
- 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.
- The performance of the Company would be adversely affected by a downturn in the property market in terms of market value or a weakening of rental yields. In the event of default by a tenant, or during any other void period, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveying costs in re-letting, maintenance costs, insurance costs, rates and marketing costs.
- Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value.
- Any change to the laws and regulations relating to the UK commercial property market may have an adverse effect on the market value of the

Property Portfolio and/or the rental income of the Property Portfolio.

- Where there are lease expiries within the Property Portfolio, there is a risk that a significant proportion of leases may be re-let at rental values lower than those prevailing under the current leases, or that void periods may be experienced on a significant proportion of the Property Portfolio.
- The Company may undertake development (including redevelopment) of property or invest in property that requires refurbishment prior to renting the property. The risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits.
- The Company may face significant competition from UK or other foreign property companies or funds. Competition in the property market may lead to prices for existing properties or land for development being driven up through competing bids by potential purchasers.
- Accordingly, the existence of such competition may have a material adverse impact on the Company's ability to acquire properties or development land at satisfactory prices.
- As the owner of UK commercial property, the Company is subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Company owns or acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Company is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Company's business, financial condition, results of operations, future prospects and/or the price of the Shares.

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Real estate 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 assets.

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