

# A UK REIT providing income from a commercial real estate portfolio

Standard Life Investments Property  
Income Trust (SLIPIT)

July 2018

## Investment objective

- **To provide an attractive level of income along with the prospect of income and capital growth from investing in a diversified UK commercial property portfolio**
  - Structured as REIT, established since 2004
  - 5.1% dividend yield on 2<sup>nd</sup> July share price (93.8p)
  - Dividend paid quarterly – 4.76p per share (current annual rate)
  - Covered dividend policy – 104% cover for 2017
  - NAV total return 3.4% Q1 2018 and 16.1% for last 12 months.
  - Debt – LTV 14.3% at quarter end at a cost of 2.72%

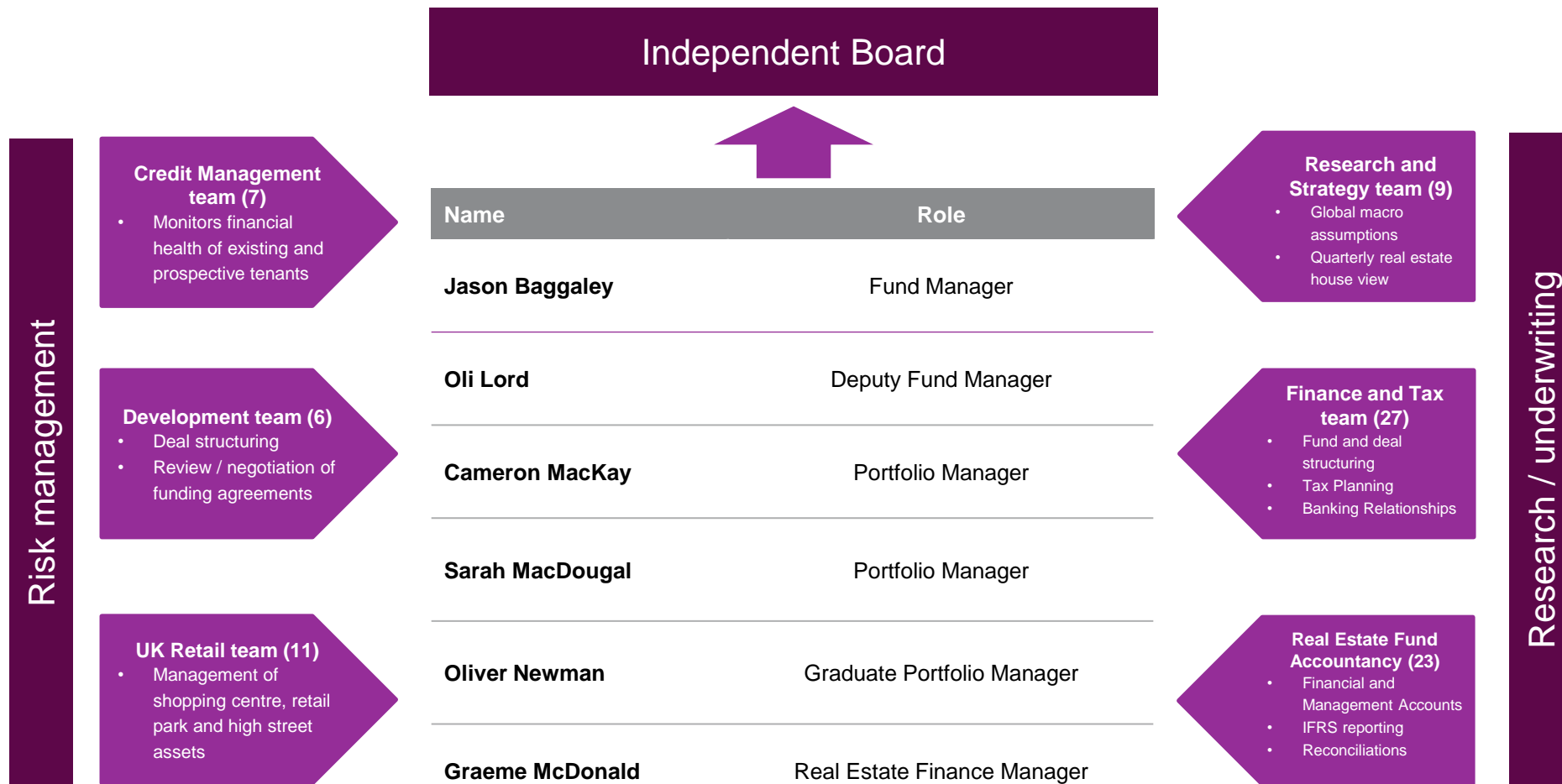


**WINNER**

PROPERTY DIRECT UK  
Standard Life Investment  
Property Income

Source: Aberdeen Standard Investments, 31 March 2018

# Standard Life Investments Property Income Trust team



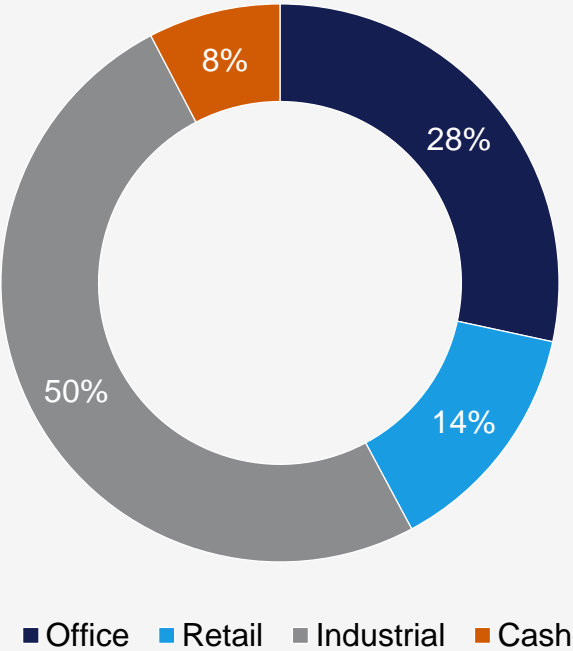
Source: Aberdeen Standard Investments, December 2017

**Experienced and dedicated fund management team with specialist support**

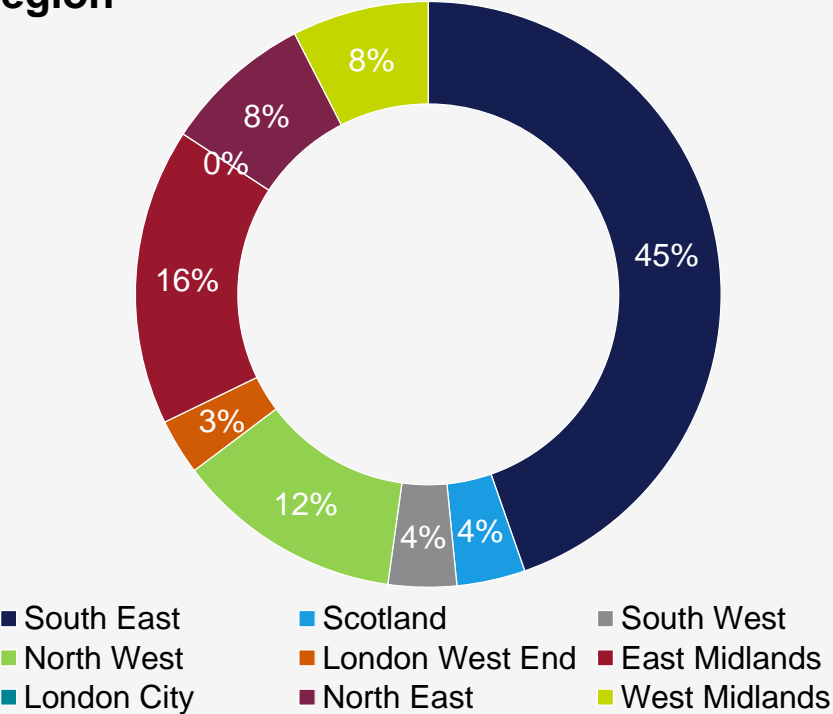
# Sector allocation

Diversified by asset and location

Portfolio % allocation by sector (including cash)



Portfolio % allocation by region



Source: Aberdeen Standard Investments, 31 March 2018

Source: Aberdeen Standard Investments, 31 March 2018

## Asset management

- £817,586pa secured in new lettings in first half of 2018 in 6 transactions.
- £404,700pa secured in lease extensions before expiry in 4 deals.



## Portfolio activity – sales



### **Elstree Tower Borehamwood**

- £20.m 6.25%
- Tenant only break in 2020, and risk of void and very large capex



### **Charter Court Slough**

- £13.2m
- Top floor vacant (had been for over two years)
- Major capex required at lease expiry in 2021



## Completed purchases



### **1 Station Square, Bracknell**

- £12.00m 6.9% income yield
- Next to train station, good car parking.
- Asset management opportunities
- Regeneration of town centre promoting rental growth



### **Timbmet, Shellingford**

- £11.5m at a yield of 6.5%
- 25 year sale and lease back with fixed increases
- Tenant recently invested into the facility
- Discount location with potential alternative use

Source: Aberdeen Standard Investments, 30 March 2018

## Completed purchases



### Grand National Retail Park Aintree

- £6.125m 6.85%
- Purchased Off market
- Asset management opportunities



### Flamingo Flowers Sandy

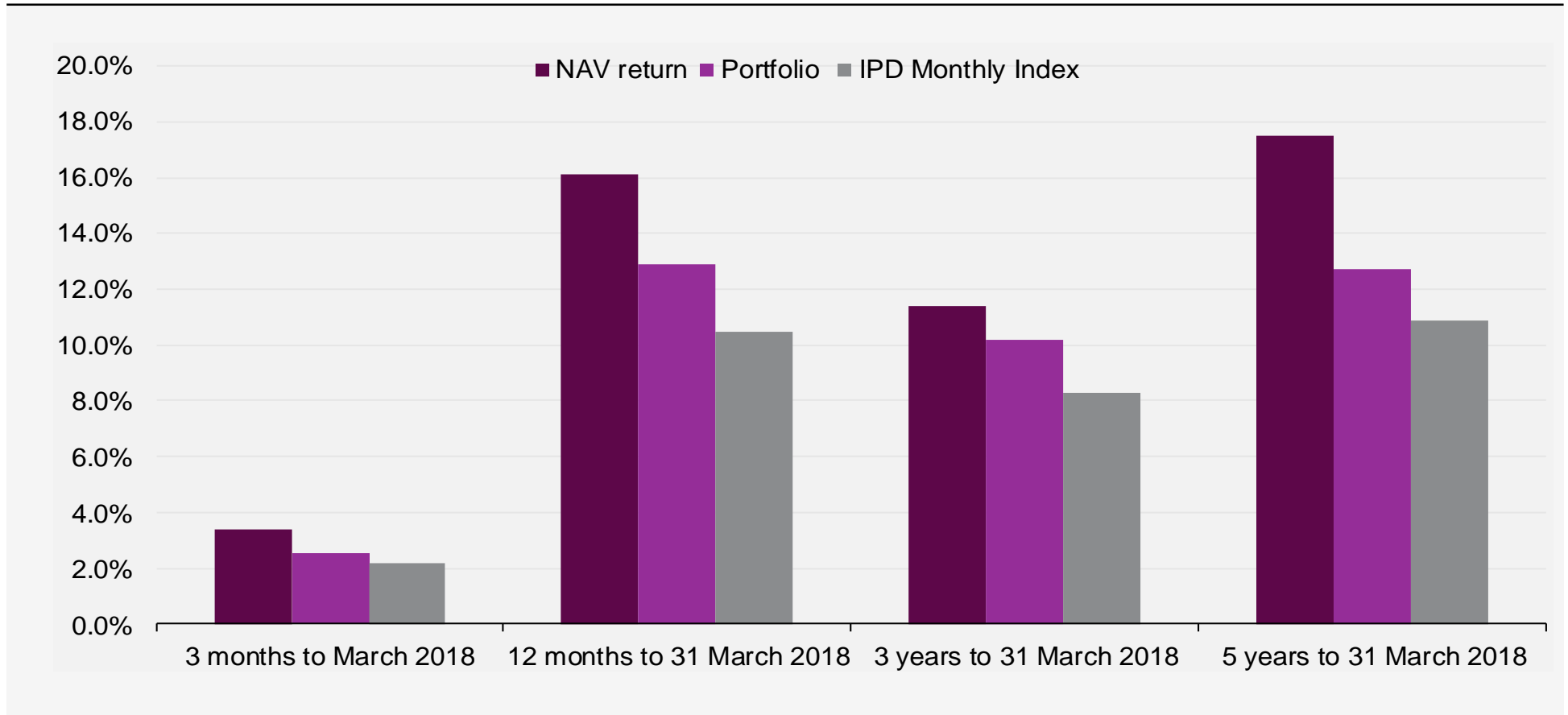
- £6.25m 6%
- Let for a further 18 years
- 35 miles north of M25, adjacent to junction on the A1.

Source: Aberdeen Standard Investments, 30 December 2017



## Investment portfolio performance – total return

Total Return (measured against the IPD Quarterly version of the Monthly Index)



Source: Aberdeen Standard Investments, IPD, 31 March 2018

## The Challenges of running a Sharia compliant REIT

SLIPIT is a normal REIT that was not designed with investment controls for Takaful / Sharia investors, however we believe the Company might be suitable for some investors.

- Tenant exposure
  - SLIPIT has a diversified tenant base including exposure to the sectors below:

Defence	5.00%
Alcohol	1.91%
Banks	2.00%

- Standard UK leases enable tenants to assign their interest – limited control over nature of business of assignee.
- The Company has debt from RBS in its structure. Normal LTV range is 20 – 35%
- The independent board of the company is required to act in the interest of all shareholders, not just a particular subset.

# Summary

## Focussed on Income

- Active approach to managing the portfolio
- REIT / Investment Company structure beneficial for illiquid asset class
- Structured for outperformance with low exposure to weaker market sectors
- Attractive dividend of 5.1% paid quarterly
- Happy to take questions!

# Appendices

## Top ten assets

Rank	Property Name	Market Value Band	Sector	% of Portfolio (excl. cash)
1	Denby 242, Denby Road, Denby, DE5 8NN	>£18m	Industrial	4.2%
2	The Symphony Group PIC, Ickles Way, Sheffield Road, Rotherham, S60 1DG	£16m - £18m	Industrial	4.0%
3	Chester House, Farnborough, GU14 6YU	£14m - £16m	Office	3.5%
4	Pinnacle, 20, Tudor Road, Reading, RG1 1NH	£12m - £14m	Office	3.1%
5	Ground floor, New Palace Place, Monck Street, London, SW1P 2AS	£12m - £14m	Office	3.1%
6	Hollywood Green, Spouters Corner, Wood Green, London, N22 6ES	£12m - £14m	Retail	3.0%
7	Charter Court, 50 Windsor Road, Slough, SL1 2HA	£12m - £14m	Office	3.0%
8	Howard Town Retail Park, off Victoria Street, Glossop, Derbyshire, SK13 8HT	£12m - £14m	Retail	2.9%
9	Timbmet Distribution, Whitehorse Business Park, Shellingford, SN7 8NY	£12m - £14m	Industrial	2.8%
10	UNIT 1/1A, Marsh Way, Fairview Ind Park, Rainham, Essex, RM13 8UH	£12m - £14m	Industrial	2.8%

**32.4%**

Source: Aberdeen Standard Investments

**Top ten assets represent 32.4% of the portfolio by value**



## Top ten tenants

Rank	Tenant group	Passing rent (£)	As % of total rent
1	BAE Systems	1,257,640	4.8 %
2	Techno Cargo Logistics Ltd	1,242,250	4.8 %
3	The Symphony Group Plc	1,080,000	4.1 %
4	Hadleigh PVT Limited	799,683	3.1 %
5	Bong UK	756,620	2.9 %
6	LKQ Corporation	736,355	2.8 %
7	Ricoh UK Limited	696,995	2.7 %
8	CEVA Logistics Ltd	633,385	2.4 %
9	Thyssenkrupp Materials (UK) Ltd	590,000	2.3 %
10	Public Sector	559,148	2.1 %
		<b>8,352,076</b>	<b>32.1 %</b>
	Total Fund Passing Rent	26,024,462	

Source: Aberdeen Standard Investments, 31 March 2018

## Debt facility

- £110m term loan, £35m RCF
- LTV of 14.3% 31 March 2018
- Term loan secured to April 2023, RCF to same date at a margin of 145bps (not drawn currently)
- Interest rate swap on the £110m term loan fixed at 2.73%
- Low all in cost of 2.7%

Source: Aberdeen Standard Investments, 30 March 2018

# Standard Life Investments Property Income Trust



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