



August 2021

Monthly roundup | Real estate

Kindly sponsored by Aberdeen Standard Investments

Winners and losers in July

Best performing funds in price terms

	(%)
GCP Student Living	31.4
Lok'n Store Group	15.7
Empiric Student Property	12.4
Safestore Holdings	11.5
SEGRO	11.2
Big Yellow Group	11.1
Tritax EuroBox	10.8
Stenprop	10.3
Urban Logistics REIT	9.9
Derwent London	9.5

Source: Bloomberg, Marten & Co

Worst performing funds in price terms

	(%)
CEIBA Investments	(5.0)
U and I Group	(3.8)
Globalworth Real Estate	(3.5)
Macau Property Opportunities	(3.3)
Palace Capital	(3.3)
NewRiver REIT	(3.2)
Town Centre Securities	(3.1)
McKay Securities	(3.0)
Capital & Regional	(2.5)
Residential Secure Income	(2.4)

Source: Bloomberg, Marten & Co

It was no surprise that **GCP Student Living** topped the table for best performing property companies in July after it received a takeover bid 30% above its share price during the month. Fellow listed student accommodation specialist **Empiric Student Property** saw its share price bounce on the back of the news. The three listed self-storage specialists – **Lok'n Store**, **Safestore** and **Big Yellow Group** – all witnessed double-digit rises in their share prices after reporting impressive operational performances as the sector continues to benefit from structural tailwinds. Logistics giant **SEGRO**'s share price jumped 11.2% after it reported impressive half-year results in which its portfolio valuation grew 10.2%. A huge surge in demand for logistics space sees no signs of abating and logistics specialists are continuing to benefit. **Tritax EuroBox** is putting together an impressive portfolio in Europe, while **Urban Logistics REIT** is operating in one of the most supply-constrained sub-sectors in property. **SEGRO** is up 28.5% in the year-to-date, while **Tritax EuroBox** and **Urban Logistics REIT** are up 21.3% and 20.6% respectively.

It was a mixed bag in the list of worst performing property companies in July, with **CEIBA Investments** at the bottom of the pile. The Cuban real estate investor has suffered from harsh US sanctions and the pandemic and has not been helped by recent unrest in the country. Its share price is down 20.7% in the year-to-date. Central and Eastern Europe office investor **Globalworth Real Estate** saw its share price come off a further 3.5% in the month after the hostile takeover of the company progressed (see page 3 for more details). **NewRiver REIT**, which owns shopping centres and retail parks, also saw its share price fall in July, despite selling its pubs business for £222m (see page 4 for more details). Secondary mall owner **Capital & Regional** was again down on the month, with operational performance not yet at pre-COVID levels. In the past three months its share price is down 18.4%. Rounding off the list was **Residential Secure Income**, which owns a portfolio of affordable housing, having been the best performer in share price terms in June. In the year-to-date the group has seen its share price rise 15.8%.

Valuation moves

Company	Sector	NAV move (%)	Period	Comments
SEGRO	Logistics	11.7	Half-year to 30 June 21	Portfolio valuation uplift of 10.2% to £14.4bn
GCP Student Living	Student accom.	8.9	Quarter to 30 June 21	Value of property portfolio increased 6.8% in the quarter to £1.14bn
AEW UK REIT	Diversified	8.0	Quarter to 30 June 21	Portfolio valuation uplift of 7.5% to £210.9m
BMO Commercial Property Trust	Diversified	4.4	Quarter to 30 June 21	Portfolio increased in value by 3.0% to £1.26bn
Custodian REIT	Diversified	4.2	Quarter to 30 June 21	Value of portfolio up 3.4% to £575.4m
Schroder REIT	Diversified	4.1	Quarter to 30 June 21	Portfolio increased in value by 2.6% to £451.1m
Picton Property	Diversified	3.2	Quarter to 30 June 21	Like-for-like portfolio valuation uplift of 2.9% to £687.5m
BMO Real Estate Investments	Diversified	3.0	Quarter to 30 June 21	Value of portfolio rose 2.2% to £325.6m
Unite Group	Student accom.	2.3	Half-year to 30 June 21	Like-for-like increase in property values of 1.5% to £4.7bn
Primary Health Properties	Healthcare	2.2	Half-year to 30 June 21	Property portfolio value up 2.6% to £2.6bn
Residential Secure Income	Residential	0.4	Quarter to 30 June 21	Portfolio valuation rise of 1.0% to £348m
Impact Healthcare REIT	Healthcare	0.2	Quarter to 30 June 21	Portfolio valuation uplift of 1.3% to £432.4m
Schroder European REIT	Europe	(2.3)	Half-year to 31 March 21	Like-for-like portfolio valuation growth of 2.3% to €202.9m
Capital & Counties	Retail	(6.1)	Half-year to 30 June 21	Property value of £1.8bn, a decrease of 5.1% on a like-for-like basis

Source: Marten & Co

Corporate activity in July

GCP Student Living received a takeover bid from Scape Living (funded by APG – a current shareholder) and iQ (funded by Blackstone) valuing the company at £969m. The bid price of 213p per share was a 30.7% premium to its 1 July share price and a 19.1% premium to its 31 March 2021 EPRA net tangible asset value of 179p. The board intends to recommend in favour of the bid.

CPI Property Group and Aroundtown declared their takeover offer for **Globalworth Real Estate Investments** unconditional. The Frankfurt-listed group's received acceptances from just 2.7% of Globalworth shareholders, but they already hold 51% of shares between them, meaning they can complete the deal by lowering the acceptance threshold to 50% from 90%. The €7-per-share cash offer values Globalworth at €1.57bn. All remaining conditions for the takeover have been satisfied, after the Romanian competition regulator gave its approval.

The initial public offering (IPO) of **UK Residential REIT** failed to raise its target £150m. The investment company

announced its intention to float at the beginning of June and was hoping to enter the market on 16 July.

Urban Logistics REIT raised £108.3m in an equity raise. A total of 65,870,766 shares (£102.1m) in the company were placed at an issue price of 155 pence. Additionally, a total of 4,000,000 shares (£6.2m) were placed by PrimaryBid.

Home REIT announced it was considering a potential issue of further equity, having fully deployed the equity and committed the debt facility raised on and since its IPO in October 2020. Based on the identified pipeline and discussions already underway, the company said that the net proceeds of any issue of equity would be substantially invested within three to six months.

Assura cut the size of its revolving credit facility from £225m to £125m. Its A-credit rating allows it to borrow at more attractive rates.

We know the terrain.

UK Commercial Property REIT ISA and Share Plan

To find the best opportunities in real estate, you need to be on the ground – and in the know.

That's why we have the real estate specialists to build relationships, source deals and look deeply into every transaction's long-term potential, including its environmental and sustainability credentials.

The real estate investment trust (REIT) built with local knowledge – for a real estate portfolio that's built to perform.

Please remember, the value of shares and the income from them can go down as well as up and you may get back less than the amount invested. No recommendation is made, positive or otherwise, regarding the ISA and Share Plan.

The value of tax benefits depends on individual circumstances and the favourable tax treatment for ISAs may not be maintained. We recommend you seek financial advice prior to making an investment decision.

Request a brochure: 0808 500 4000
ukcpreit.com

Aberdeen Standard
Investments



Issued by Aberdeen Asset Managers Limited, 10 Queen's Terrace, Aberdeen, AB10 1XL, which is authorised and regulated by the Financial Conduct Authority in the UK. Telephone calls may be recorded. aberdeenstandard.com

Please quote
2295

July's major news stories – from our website

- **NewRiver REIT sells pub business for £222.3m**

NewRiver REIT sold its pub business, Hawthorn Leisure REIT, to Admiral Taverns for £222.3m. It will use the proceeds to strengthen its balance sheet and reduce its loan to value (LTV) to below 40%.

- **Hibernia REIT pre-lets Dublin office to KPMG**

Hibernia REIT pre-let of the majority of its 337,000 sq ft office development at Harcourt Square, Dublin, with KPMG Ireland at an initial net effective rent slightly below €50 per sq ft per annum.

- **Regional REIT sells £45m industrial portfolio**

Regional REIT sold an industrial property portfolio for £45m, reflecting a net initial yield of 6.75% and a 7.5% premium to valuation, as it continues to focus its portfolio on higher yielding regional offices.

- **British Land acquires £82m retail park for logistics conversion**

British Land acquired a retail park in Thurrock for £82m and plans to redevelop it into an urban logistics scheme. The company has turned its hand to **logistics development** to take advantage of the favourable demand-supply characteristics.

- **ASLI buys Barcelona logistics asset**

Aberdeen Standard European Logistics Income acquired an urban logistics warehouse in Barcelona, Spain for €18.8m and a net initial yield of 3.7%. The 13,907 sqm asset is let to Mediapost until 2029.

- **LondonMetric signs 260,000 sq ft lettings**

LondonMetric signed two new lettings in its logistics portfolio totalling 260,000 sq ft. Carlton Packaging took 172,000 sq ft at its Bedford Link development, and My 1st Years took 86,000 sq ft at Grange Park, Northampton. Both on 15 year leases.

- **Stenprop acquires £20.6m Wigan industrial scheme**

Stenprop acquired Bradley Hall Trading Estate, Wigan, for £20.6m, reflecting a net initial yield of 6.43% and a capital value of £67.40 per sq ft. The 275,079 sq ft property is 100% let and generates an annual rent of £1.4m.

- **Custodian REIT sells industrial portfolio 10% above book value**

Custodian REIT sold a portfolio of five industrial assets – in Gateshead, Stockton-on-Tees, Warrington, Stone and Christchurch – for £23.355m, 10% above the June 2021 valuation.

- **Derwent London sells Angel Square for £86.5m**

Derwent London sold Angel Square in Islington to Tishman Speyer for £86.5m. The 126,200 sq ft office was let to Expedia and The Office Group but will become vacant following the sale.

- **Great Portland Estates lets Regent Street store to UNIQLO**

Great Portland Estates has let the entirety of the 56,850 sq ft 103/113 Regent Street to UNIQLO, which will take the space from Superdry and occupy both the retail space and above office space.

QuotedData views

- **Levelling up – 23 July 2021**
 - **Defining future fit offices – 16 July 2021**
 - **Another property takeover? – 9 July 2021**
-

Visit www.QuotedData.com for more on these and other stories plus analysis, comparison tools and basic information, key documents and regulatory announcements on every real estate company quoted in London

Managers' views

A collation of recent insights on real estate sectors taken from the comments made by chairmen and investment managers of real estate companies – have a read and make your own minds up. Please remember that nothing in this note is designed to encourage you to buy or sell any of the companies mentioned.

Logistics

SEGRO

David Sleath, chief executive:

A significant portion of occupier demand continues to arise from the increased use of digital channels by retailers and consumers which, in turn, is driving increased e-commerce penetration and consumption of data across Europe. Although internet sales penetration levels have understandably fallen from their highs as physical retail has reopened, they remain significantly higher than pre-pandemic levels as cultural barriers have been overcome and habits have changed. We believe that the long-term trend towards increased online shopping has been amplified and accelerated by the pandemic and this has given a new impetus to demand for space.

Coupled with that, many customers and logistics suppliers are placing renewed emphasis on supply chain resilience, near-shoring and local sourcing, improved customer service and cost or inventory efficiency which are fuelling increased demand for modern, well-located warehouses – both urban and big box. We expect these themes to continue for some time. More recently we have also seen demand arising from emerging new sectors including creative industries and q-commerce (including rapid food delivery providers).

Record levels of take-up across Europe have resulted in low vacancy rates and in most of our markets supply currently equates to less than a year of take-up. This is resulting in rental growth in our core markets, most notably in urban areas where the combination of a shortage of modern warehouse space, a shortage of land suitable for development and the diversity of the occupier base is most prevalent. Given these strong market dynamics investor demand for well-located, modern industrial assets is likely to continue to grow, putting further upward pressure on asset values.

Healthcare

Primary Health Properties

Steven Owen, chairman:

The provision of healthcare in the UK and Ireland will need to be transformed over the coming years as the NHS and HSE respond to the long-term requirements of dealing with the COVID-19 pandemic together with the resultant backlog of non-COVID-19 treatments that have been suspended and now need to be addressed. While remote consulting is here to stay, we do not expect it to have a material impact on future space requirements; although useful for an initial triage, it often results in the need for a subsequent physical appointment or is not suitable for all patients, especially the elderly.

In July 2021, the government published a draft Health and Social Care Bill setting out a number of reforms in order to implement the commitments of the NHS England Long Term Plan including the introduction of regional Integrated Care Boards and Partnerships tasked with co-ordinating NHS partners with local government services and budgets such as social care and mental health, in a geographic area, for the first time. The idea being that services are then pushed to the most efficient, cost effective part of the system (whether primary care, hospital or care home) for the best patient outcomes. We welcome these reforms and are hopeful they will lead to further development opportunities in primary care in the medium to long-term.

With many services now expected to move away from hospitals and into primary care facilities together with the NHS's ambition of being the world's first carbon net zero healthcare system by 2045; these changes will undoubtedly require substantial investment into other areas, most notably primary care that will be able to take on the non-urgent and periphery procedures

and deal with the long-term demographic trends of populations that are growing, ageing and suffering from more instances of chronic illness.

Diversified

Custodian REIT

Richard Shepherd-Cross, investment manager:

UK commercial property investment activity in the first half of 2021 has been at levels last seen in the first half of 2018, according to a recent report by Carter Jonas, with over £20bn of investment. Market demand has been focused on the industrial and logistics sector where rising prices continue to indicate record low yields, but demand for office investment is resurgent, with Q2 outstripping Q1 and the retail warehouse market is also showing a sharp recovery in investment activity. Colliers reported £1bn of investment into retail warehousing in the first half of the year and, in common with the office sector, Q2 was stronger than Q1.

Investment demand has been matched by occupier activity. In the industrial and logistics sector there is a depth of demand from a range of occupiers which, along with limited supply, restrictive planning and build-cost inflation constraining the pipeline of new development, is leading to sustained rental growth. These factors have resulted in a £20.2m (7.5%) increase in valuation during the Period. In strong regional office locations, where office space is well-matched to occupier demand, rental growth is taking place and many occupiers are starting to plan for post-pandemic working practices. Demand for retail warehousing let off low rents is robust despite, or perhaps due to, pandemic-restricted shopping habits. Challenges remain on the high street, but on prime and good secondary high streets, rents are finding a level which can attract occupiers and maintain occupancy.

BMO Real Estate Investments

Peter Lowe, investment manager:

The property market continued to deliver positive total returns over the second quarter with the continuing success of the vaccine roll-out and further relaxation of restrictions contributing to improving consumer, business, and investor sentiment. A note of caution remains around the rising COVID-19 cases, which is continuing to weigh on the manufacturing, retailing and hospitality sectors, with isolation protocols leading to staffing shortages.

As in previous quarters, performance was driven primarily by the industrial and distribution sectors where the weight of investor demand is continuing to generate yield compression with occupational markets offering further support to pricing through leasing activity and rental growth. Yields across all Industrial sub-sectors are trending down in the context of strong occupational fundamentals driving record low vacancy rates and correspondingly attractive rental growth.

The retail sector is showing signs of some stabilisation, with opportunistic investors beginning to call the bottom of the market. There is caution however and sentiment is fragile given the likelihood of further rental decline and occupier fallout as COVID support measures unwind. While the yields are no longer falling at the same rate, valuations remain under downward pressure.

While the nature of the UK's return to work and adoption of flexible working practices remains uncertain vacant space in the office markets is increasingly being taken up and large corporate occupiers are beginning to move to acquire new space. However, this recovery will not be spread evenly across geographic regions and asset types, which is continuing to weigh on the offices sector as a whole.

Student accommodation

Unite Group

Richard Smith, chief executive:

We have growing visibility and confidence over our income for the 2021/22 academic year, reflecting record student demand and an enhanced campus experience this autumn. This underpins our guidance for occupancy of 95-98% and rental growth

of 2-3% for 2021/22. There remains a higher risk than usual to occupancy due to uncertainty around international student arrivals, although we have minimal exposure to students currently in red list countries.

We are anticipating record student numbers for the 2021/22 academic year, with UCAS data showing a 4% increase in the number of applicants as at the 30 June deadline compared to 2020/21. A record 43% of UK 18-year-olds have applied to university this year, reflecting growing awareness of the opportunities and life experience it provides. Applications from non-EU students are up 14%, including notable growth from China and India, which has helped to substantially offset the expected decline in EU applications (-43%) as a result of Brexit and COVID-19 travel restrictions.

All Higher Education students were allowed to return to in-person teaching from mid-May and the Government has recently confirmed that there will be no restrictions on in-person teaching and learning in universities from 16 August. A recent student survey by HEPI underlined that in-person teaching remains fundamental to student experience and their perception of value from their course. Universities will continue with blended learning in the Autumn term, albeit with a greater emphasis on in-person teaching in smaller groups, tutorials and practical settings. There remains a risk that student numbers and demand for student accommodation could be impacted by a further wave of COVID-19. In particular, there is uncertainty over international student numbers, given ongoing travel restrictions.

Retail

Capital & Counties

Ian Hawksworth, chief executive:

Elevated level of enquiries, strong transactional activity and improving sentiment indicate that the worst of the pandemic may be behind us. There remain challenges in the near term, however the return of office workers and opening of nightlife and theatres will help the economy move towards more normal levels of activity. Covent Garden vacancy remains low, although wider vacancy issues across the West End may take some time to be absorbed by the market.

Customer sales data is moving in the right direction with positive trajectory to date and it will be important this continues for the rest of the year to build towards the important Christmas trading period. The pace of rental decline has slowed, and yields are stable reflecting the valuers' view on improving sentiment and the strength of demand for this prime central London estate.

Europe

Schroder European REIT

Jeff O'Dwyer, fund manager:

The initially slow rollout of COVID-19 vaccines in the EU and the new surge in infections during March and April means that many countries are likely to remain in lockdown or under tight measures to control the spread of the virus. Accordingly, Schroders now expects the recovery in eurozone consumer spending once non-essential shops, bars and restaurants re-open to begin in the second half of 2021. Germany is likely to be the first of the big four countries to get back to its pre-virus level of GDP, thanks to the recent strength of its exports trade with Asia and the US. Italy and Spain, which are more reliant on tourism, may not fully recover until 2023. The rebound in energy and commodity prices means that inflation is likely to accelerate to 2% by the end of 2021, before easing to 1.2% next year. We expect the ECB to leave the refinancing rate at zero and continue with quantitative easing through to the end of 2022.

Looking forward, the real estate sector is becoming increasingly operational, with technology arguably increasing a building's physical life whilst limiting its economic life. This could increase obsolescence and therefore favour buildings in mixed-use, densely populated urban areas that can be adapted to new technologies and changing occupier trends. Occupiers will also require more personalised service levels and increased engagement with landlords so that both can deliver their sustainability objectives.

Real estate research notes

Tritax EuroBox
Real estate | Update | 24 May 2021

Full throttle

Tritax EuroBox (EBOX) has been firing on all cylinders as it looks to cement its place as the leading logistics investor in continental Europe. It has checked off several key milestones in the past six months, as it looks to take advantage of favourable demand-supply dynamics in the sector (which should result in rental and capital value growth). In March 2021, it raised €200m in a bumper equity issue and obtained an investment grade credit rating, which will give it access to alternative and cheaper debt.

Utilising its exclusive partnership with leading developers, EBOX has already secured two investments in off-market deals and has a strong near-term acquisition pipeline that should result in both NAV and earnings growth. The investment grade credit rating has opened access to alternative forms of financing and the group is working on issuing a green bond (secured against highly sustainable buildings in its acquisition pipeline and existing portfolio) that will be used to refinance existing debt far superior terms.

Sector	Property - Europe
Ticker	EBOX.LN
Base currency	GBP
Price	187.5p
NAV*	198.7p
Premium/discount	1.7%
Yield	4.8%

Note: *Management estimate for starting NAV

● Favourable demand-supply dynamics likely to persist in European logistics market

● €200m equity raise in March, plus debt, gives EBOX significant firepower to grow its portfolio

● Investment grade credit rating opens up access to the bond market and a new green bond is likely to be issued soon

Big box logistics in Europe

EBOX invests in a portfolio of logistics assets in continental Europe, diversified by geography and tenant, targeting well-located assets in established distribution hubs, within or close to densely populated areas. The strategy aims to capture market rental value growth and deliver an attractive capital return and secure income. EBOX is targeting a total return of 9% per annum over the medium term.

© 2021 Marten & Co was paid to produce this note on Tritax EuroBox Pl and it is for information purposes only. It is not intended to encourage the reader to deal in the security or securities mentioned in this report. Please read the important information at the back of this note. QuotedData is a trading name of Marten & Co Limited which is authorised and regulated by the FCA. Marten & Co is not permitted to provide investment advice to individual investors classified as Retail Clients under the rules of the Financial Conduct Authority.

← An update note on Tritax EuroBox (EBOX). The group is on the growth trail in the burgeoning European logistics sector, having raised €230m in an oversubscribed equity issue and issued a new £500m green bond.

Civitas Social Housing
REITs | Update | 17 May 2021

On firm footing

The leading UK social housing investor, Civitas Social Housing (CSH), is on a firm footing as it steps up its growth plans. It has secured new debt facilities that will allow it to grow the portfolio in the near-term. Significantly, it has also obtained an investment grade credit rating that not only gives it access to the bond market and cheaper debt, but provides a big vote of confidence for the lease-based model in the social housing sector.

Strong operational performance, including a rent collection rate that was unaffected by the pandemic, coupled with the planned growth of the portfolio, has given the board the confidence to raise its dividend target for the year to March 2022 above inflation forecasts.

Sector	Property - UK residential
Ticker	CSH.LN
Base currency	GBP
Price	116.5p
NAV*	108.3p
Premium/discount	7.9%
Yield	4.9%

● Dividend target for 2022 raised above inflation forecasts

● Investment grade credit rating opens up access to cheaper debt and the bond market

● Secured new debt facilities that gives the investment firepower to grow in near-term

Income and capital growth from social housing

CSH aims to provide its shareholders with an attractive level of income, together with the potential for capital growth from investing in a portfolio of social homes. The company expects that there will benefit from inflation-adjusted long-term leases and that they will deliver a targeted dividend yield of 5% per annum on the issue price, with further growth expected. CSH intends to increase the dividend broadly in line with inflation.

© 2021 Marten & Co was paid to produce this note on Civitas Social Housing and it is for information purposes only. It is not intended to encourage the reader to deal in the security or securities mentioned in this report. Please read the important information at the back of this note. QuotedData is a trading name of Marten & Co Limited which is authorised and regulated by the FCA. Marten & Co is not permitted to provide investment advice to individual investors classified as Retail Clients under the rules of the Financial Conduct Authority.

→ An update note on Civitas Social Housing (CSH). The supported housing sector leader has upped its dividend target for 2022 off the back of strong growth projections.

Standard Life Investments Property Income Trust
REITs | Update | 13 April 2021

Focus on tomorrow's world

With the ramping out of lockdown and into economic recovery in place, Standard Life Investments Property Income Trust (SLI) has turned its attention to future-proofing its portfolio. This has put environmental, social and governance (ESG) at the forefront of its decision-making process for asset disposals and acquisitions, with longevity of income considered critical to the process. Identifying lasting trends that have developed and accelerated during the pandemic, such as the growth in online retailing and how the office will be used, and its impact on future tenant demand for space, has become mission critical.

Rent collection figures of 93% for 2020 and a 3.3% valuation uplift in the final quarter of 2020 reflect the resilient nature of its portfolio. Further growth is expected to come from savvy asset recycling.

Sector	Property - UK Commercial
Ticker	SLI.LN
Base currency	GBP
Price	83.8p
NAV*	81.5p
Premium/discount	(2.8%)
Yield	4.8%

● Asset disposals leave it well positioned for accretive acquisitions in future-proof sub-sectors

● Property's ESG credentials at heart of decision-making

● Strong rent collection reflects resilience of current portfolio

Commercial UK property exposure

SLI aims to generate an attractive level of income, along with the prospect of both income and capital growth, by investing in a diversified portfolio of UK commercial property assets, primarily in three principal commercial property sectors: industrial, office and retail. SLI is seen gearing up with the aim of enhancing returns, with the current loan-to-value (LTV) ratio at 23.0%.

© 2021 Marten & Co was paid to produce this note on Standard Life Investments Property Income Trust and it is for information purposes only. It is not intended to encourage the reader to deal in the security or securities mentioned in this report. Please read the important information at the back of this note. QuotedData is a trading name of Marten & Co Limited which is authorised and regulated by the FCA. Marten & Co is not permitted to provide investment advice to individual investors classified as Retail Clients under the rules of the Financial Conduct Authority.

← An update note on Standard Life Investments Property Income Trust (SLI). The group is future-proofing its portfolio fit for a post-pandemic world and has put ESG at the heart of its decision-making process.

Grit Real Estate Income Group
Real estate | Update | 17 February 2021

On the path to recovery

Despite significant headwinds caused by the COVID-19 pandemic, Grit Real Estate Income Group (GRIT)'s diverse portfolio has proved resilient, with rent collection rates of 91.4% and a slight recovery in property valuations. buoyed by the performance of its offices (the group's largest sector exposure), corporate accommodation and industrial portfolios, plus its consistently strong net receipts, the group has reinstated its dividend (after suspending it at the height of the pandemic), albeit at a lower level.

The quality nature of its hospitality tenants and positive government-backed financial support have mitigated the impact on its holdings in the hospitality sector, while sales and purchases of properties have brought its asset exposure down significantly.

A consolidation of its corporate structure, which has seen it move corporate domicile from Mauritius to Guernsey, a step up to the Premium listing segment of the London Stock Exchange and conversion to a sterling quotation could facilitate GRIT's inclusion in the FTSE indices and improve liquidity in its shares.

Sector	Real estate
Ticker	GRIT.LN
Base currency	GBP
Price	81.5p
NAV*	85.3p
Premium/discount	(24.8%)
Yield	6.2%

● Pan-African real estate portfolio proved resilient during pandemic, with rent collection rate of 91.4%

● Dividend reinstated with additional one-off dividend earmarked for 2021

● Corporate structure clean-up to improve liquidity in shares

Pan-African real estate

GRIT is a pan-African real estate company that invests in and actively manages a diversified portfolio of assets in selected African countries (excluding South Africa). It aims to deliver strong and sustainable income for shareholders, with the potential for income and capital growth, and is targeting a net total shareholder return inclusive of NAV growth of 12.0% per annum.

© 2021 Marten & Co was paid to produce this note on Grit Real Estate Income Group and it is for information purposes only. It is not intended to encourage the reader to deal in the security or securities mentioned in this report. Please read the important information at the back of this note. QuotedData is a trading name of Marten & Co Limited which is authorised and regulated by the FCA. Marten & Co is not permitted to provide investment advice to individual investors classified as Retail Clients under the rules of the Financial Conduct Authority.

→ An update note on Grit Real Estate (GRIT). The pan-African real estate investor's diverse portfolio has proved resilient during COVID-19, highlighted in a rent collection rate of 91.4%. It has consolidated its corporate structure that could facilitate its inclusion in the FTSE indices and improve liquidity in its shares.



IMPORTANT INFORMATION

This note was prepared by Marten & Co (which is authorised and regulated by the Financial Conduct Authority).

This note is for information purposes only and is not intended to encourage the reader to deal in the security or securities mentioned within it.

Marten & Co is not authorised to give advice to retail clients. The note does not have regard to the specific investment objectives, financial situation and needs of any specific person who may receive it.

This note has been compiled from publicly

available information. This note is not directed at any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the publication or availability of this note is prohibited.

Accuracy of Content: Whilst Marten & Co uses reasonable efforts to obtain information from sources which we believe to be reliable and to ensure that the information in this note is up to date and accurate, we make no representation or warranty that the information contained in this note is accurate, reliable or complete. The information contained in this note is provided by Marten & Co for personal use and information purposes generally. You are solely liable for any use you may make of this information. The information is inherently subject to change without notice and may become outdated. You, therefore, should verify any information obtained from this note before you use it.

No Advice: Nothing contained in this note constitutes or should be construed to constitute investment, legal, tax or other advice.

No Representation or Warranty: No representation, warranty or guarantee of any kind, express or implied is given by Marten & Co in respect of any information contained on this note.

Exclusion of Liability: To the fullest extent allowed by law, Marten & Co shall not be liable for any direct or indirect losses, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note. In no circumstance shall Marten & Co and its employees have any liability for consequential or special damages.

Governing Law and Jurisdiction: These terms and conditions and all matters connected with them, are governed by the laws of England and Wales and shall be subject to the exclusive jurisdiction of the English courts. If you access this note from outside the UK, you are responsible for ensuring compliance with any local laws relating to access.

No information contained in this note shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction.

Investment Performance Information: Please remember that past performance is not necessarily a guide to the future and that the value of shares and the income from them can go down as well as up. Exchange rates may also cause the value of underlying overseas investments to go down as well as up. Marten & Co may write on companies that use gearing in a number of forms that can increase volatility and, in some cases, to a complete loss of an investment.

QuotedData is a trading name of Marten & Co, which is authorised and regulated by the Financial Conduct Authority.

123a Kings Road, London SW3 4PL
0203 691 9430

www.QuotedData.com

Registered in England & Wales number 07981621,
2nd Floor Heathmans House,
19 Heathmans Road, London SW6 4TJ

Edward Marten (em@martenandco.com)

David McFadyen (dm@martenandco.com)

Colin Edge (ce@martenandco.com)

Nick Potts (np@martenandco.com)

Matthew Read (mr@martenandco.com)

James Carthew (jc@martenandco.com)

Richard Williams (rw@martenandco.com)

Jayna Rana (jr@quoteddata.com)