

## UK Commercial Property REIT Limited

### UKCM acquires Leeds hotel and long stay development opportunity for a total commitment of £62.7 million

12 May 2022: UK Commercial Property REIT Limited (“UKCM” or the “Company”) (FTSE 250, LSE: UKCM), announces that it has acquired a hotel development opportunity in Leeds, from Marrico (Sovereign Square) Ltd, a joint venture between Marrico LLP and Helios. The site itself was owned by Leeds City Council and UKCM is to fund the development, which is to be completed by Marrico, for a total commitment of £62.7 million. The acquisition is in line with UKCM’s strategy to invest in operational real estate sectors that are expected to deliver resilient rental incomes.

The 12-storey hotel will be among the very best in Leeds, a city with excellent central amenities but an under-supply of quality hotels. It is scheduled to complete in 2024 and will have a 25-year franchise agreement in place with Hyatt Hotels, one of the leading global hotel brands with aspirations to grow its presence within the UK. The hotel will be operated under a lease by Interstate Hotels & Resorts, a leading international hotel operator, with UKCM’s rental income based on the income generated from the operation of the hotel.

The 140,000 sq ft property will comprise 305 rooms, split between the short stay Hyatt Place and the long stay Hyatt House brands. The upscale hotel will provide meeting rooms, a gym and several food and beverage options, including a rooftop bar with its own dedicated entrance.

The development is targeting a BREEAM Excellent rating and will have a positive impact on the local community with the creation of a number of new jobs. UKCM will work closely with both Hyatt and Interstate to ensure the hotel is run in line with all parties’ strong ESG policies and commitments to minimising energy consumption and wastage.

The hotel is located on Sovereign Square in central Leeds, in a prime position adjacent to the city’s main railway station and in close proximity to a number of high-quality office developments with long term corporate occupiers. Leeds is one of the UK’s fastest growing cities and is the main driver of a regional economy that is forecast to grow by 21% over the next ten years, with financial and business services set to generate over half of GVA growth over that period.

**Will Fulton and Kerri Hunter, Fund Managers at UKCM, commented:** “This is the latest acquisition in line with the Company’s strategy to enhance earnings by selective investment in assets where the rents are derived solely from their operational performance. By investing in this way in compelling locations with strong market dynamics and teaming up with strong, reputable tenants we are able to obtain a yield that is at a significant premium to that which would be derived from a traditional leasing model

“Not only will this hotel benefit from a significant supply-demand imbalance of quality accommodation in Leeds and be operated by one of the world’s leading international hotel firms, it is also designed to be future fit with strong ESG credentials and a flexible split between short and long stay brands, as well as external food and beverage options to vary the asset’s offering and maximise its income potential.”

UKCM is managed and advised by abrdn\* and owns a diversified portfolio of high-quality income-producing UK commercial property.

AREA acted for UKCM who were further advised by Whitebridge Hospitality. Addleshaw Goddard provided legal representation for UKCM.

DLA Architecture, Leeds is the architect for the scheme, Square One Law acted as advisers and legal representative and BNP Paribas as agent for Marrico and Helios.

Interstate Hotels & Resorts was represented by Shepperd and Wedderburn

**ENDS**

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**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 £1.67 billion (as at 31 March 2022) diversified portfolio. The portfolio has a strong bias towards prime, institutional quality properties and is diversified by location and sector across the UK.

*\*The Company is managed and advised by abrdn (the Company's appointed AIFM).*

*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](http://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](http://www.UKCPREIT.com).