UNITED KINGDOM

COVID-19 Rent Collection Impact Report

Snapshot | Day 60

JUNE QUARTER 2020

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RE-LEASED INSIGHTS | JUNE 2020

OVERVIEW

COVID-19 Rent Collection Impact Report

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The new figures analyse rent collection 60-days after commercial rents were due on the 24th June and provide an indication of what to expect for the upcoming September Quarter.

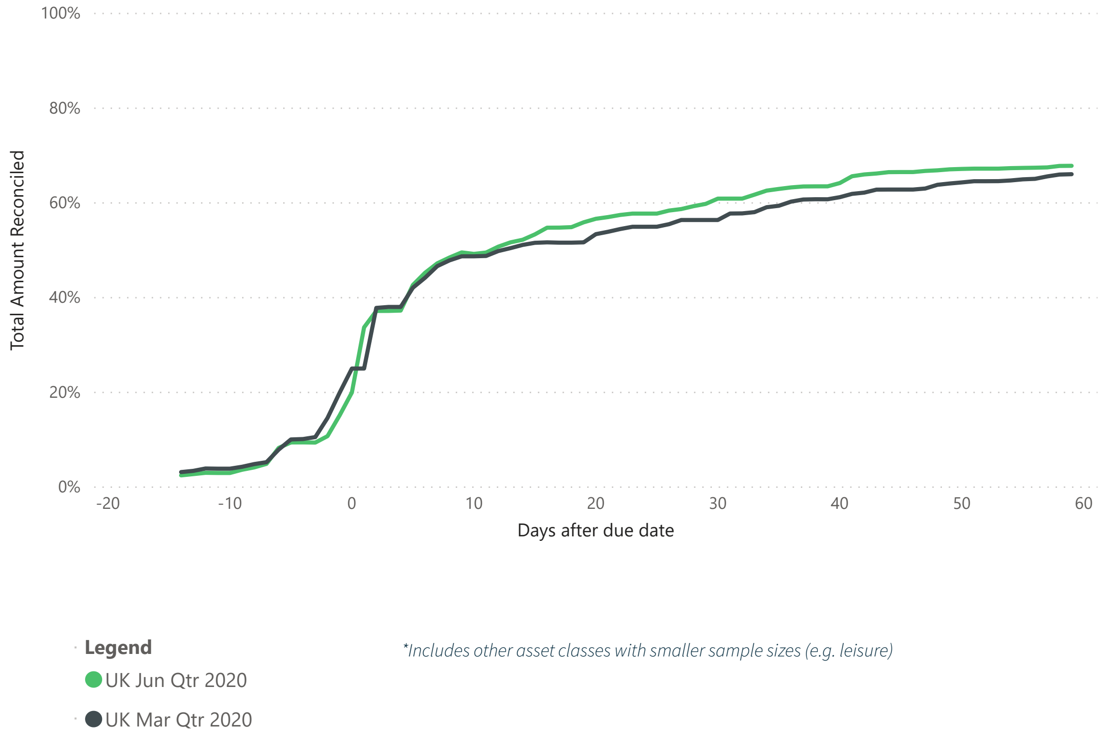
The data reveals that by day 60 (24th August), commercial tenants in the **UK had paid 68%** of rent, up from 18.2% on the due date, and +1% compared to the same point in the rent cycle for the March quarter. However, **June was still -16% compared to day 60 in the December Quarter**, which saw 84% of rent collected.

Re-Leased's latest figures confirm that each sector has marginally improved compared to the previous quarter. The retail sector continues to be the hardest hit, receiving just 60% of rents due, while the industrial and office sectors are performing significantly better at 75% and 76% respectively.

Over the course of the June quarter, rent collection climbed from a sobering 18.2% on due date to 68% by day 60, which is on par with March Quarter's performance. Though unlike March – where organisations would have been operating as normal for the majority of the first quarter of the year - businesses across the UK felt the full force of lockdown measures for June. On one hand this shows there is a degree of resilience in the market, however, the shortfall in income for landlords over both quarters should not be underestimated.

Tom Wallace, Re-Leased CEO

United Kingdom Average* | All Commercial as of Day 60



*Includes other asset classes with smaller sample sizes (e.g. leisure)

JUNE DAY 0	JUNE DAY 7	JUNE DAY 14	JUNE DAY 21	JUNE DAY 60
18%	46%	53%	57%	68%
MARCH DAY 0	**MARCH DAY 7**	**MARCH DAY 14**	**MARCH DAY 21**	**MARCH DAY 60**
25%	47%	52%	54%	67%

RE-LEASED INSIGHTS | JUNE 2020

ASSET CLASS BREAKDOWN

Industrial

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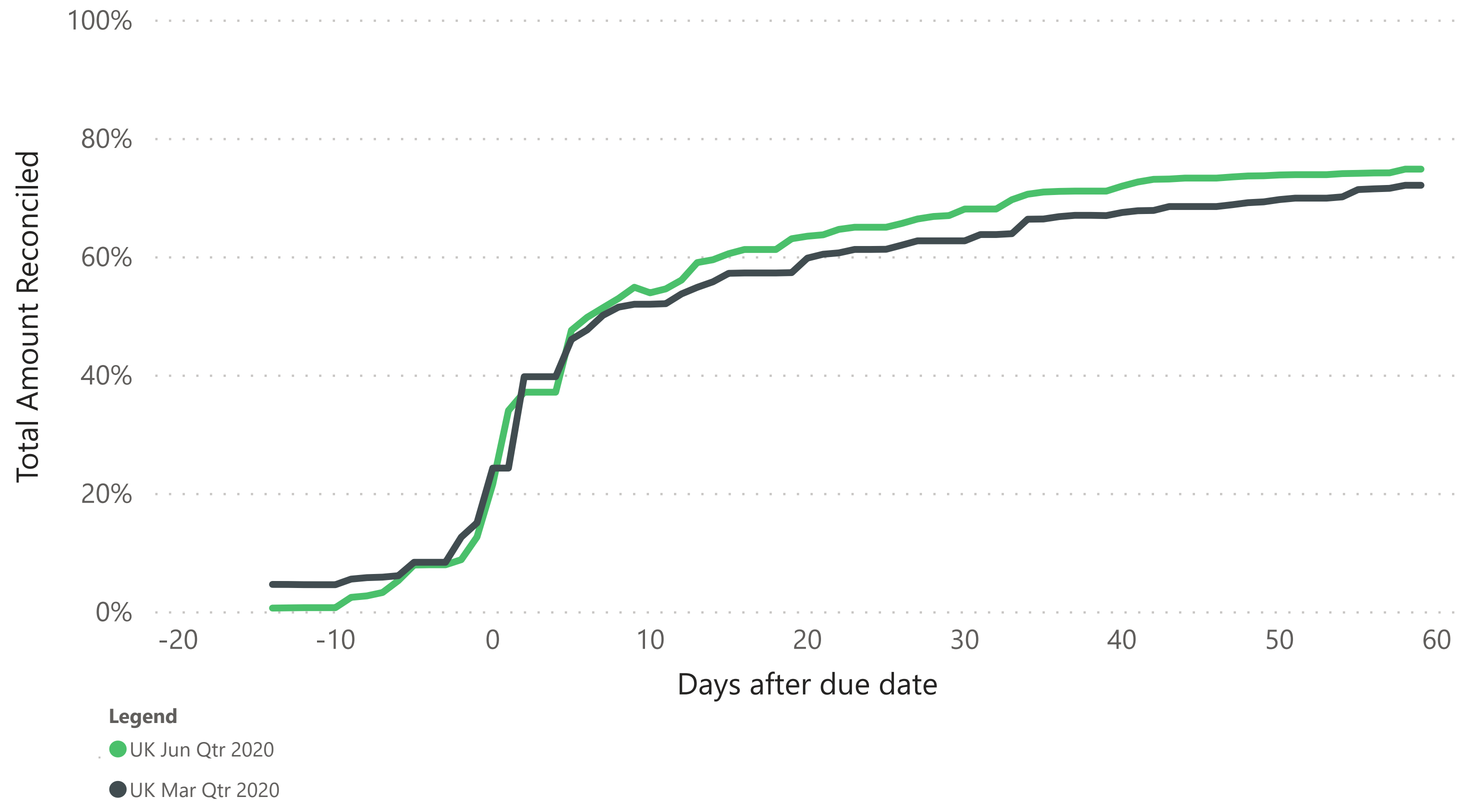

JUNE DAY 0	JUNE DAY 1	JUNE DAY 4	JUNE DAY 7	JUNE DAY 14	JUNE DAY 21	JUNE DAY 60
16%	36%	39%	53%	62%	65%	75%

MARCH DAY 0	MARCH DAY 1	MARCH DAY 4	MARCH DAY 7	MARCH DAY 14	MARCH DAY 21	MARCH DAY 60
23%	23%	40%	50%	57%	61%	74%

Industrial shows resilience

Industrial is on par with office as the most resilient asset classes this quarter. There is a correlation between the degree of access and "business-as-normal" that certain asset classes can offer occupiers and therefore a higher proportion of rent has been collected.

75% of rent due had been received **60 days** after the June Qtr day 2020, in comparison to **74%** for March Qtr 2020. In December Qtr 2019 - day 60, 90% had been collected.

ASSET CLASS BREAKDOWN

Retail

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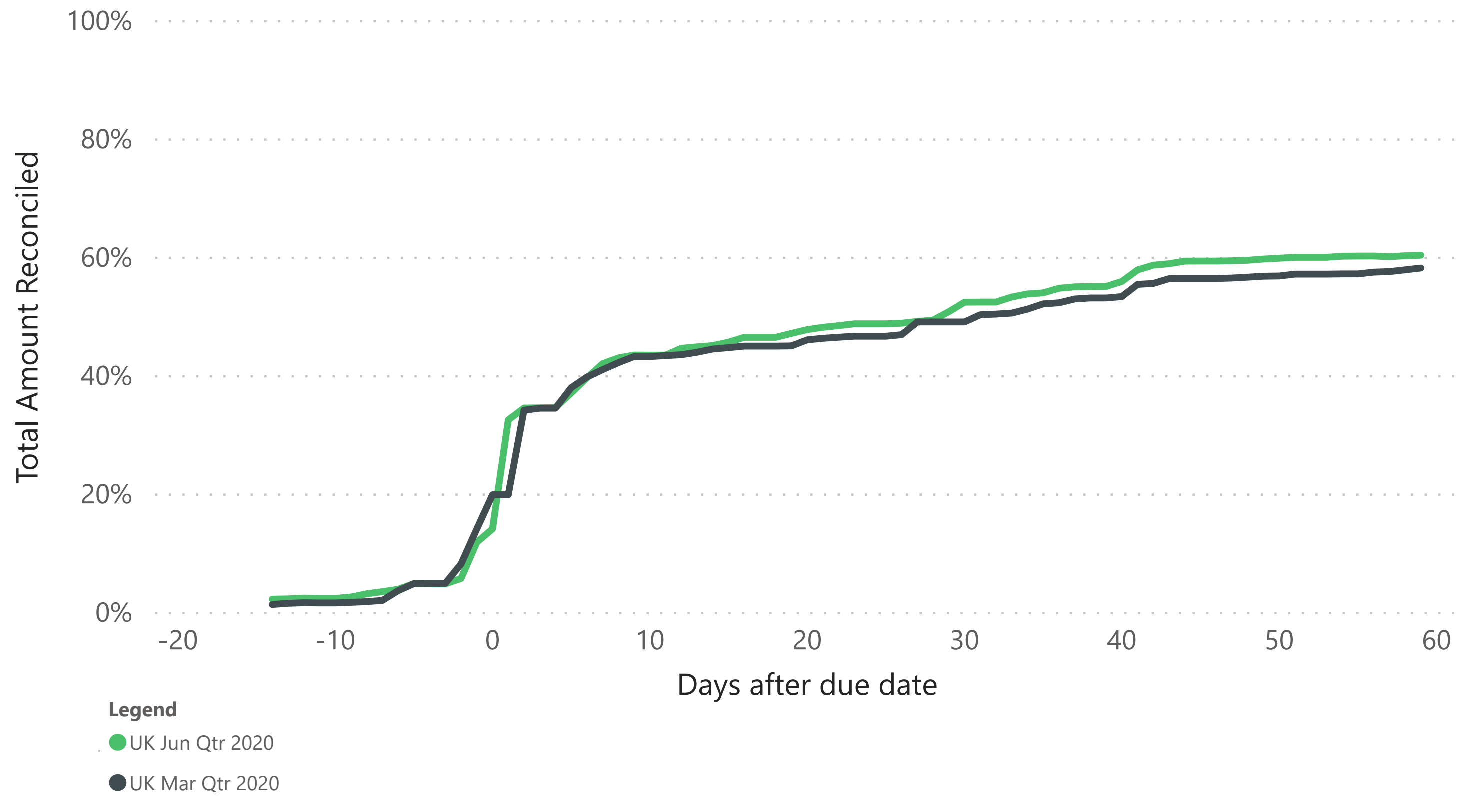

Retail remains the most affected sector

Retail rent collection in June has demonstrated similar characteristics to March. With an almost identical rent collection profile, there are clear signals that retail landlords are still experiencing the struggles that originated in the prior quarter. With retail occupants under financial strain, the burden is shared with retail landlords as they are yet to receive almost half of rent due.

60% of rent due had been received **60 days** after the June Qtr day 2020, in comparison to **59%** for March Qtr 2020. In December Qtr 2019 - day 60, 84% had been collected.

JUNE DAY 0	JUNE DAY 1	JUNE DAY 4	JUNE DAY 7	JUNE DAY 14	JUNE DAY 21	JUNE DAY 60
14%	33%	35%	40%	46%	48%	60%

MARCH DAY 0	MARCH DAY 1	MARCH DAY 4	MARCH DAY 7	MARCH DAY 14	MARCH DAY 21	MARCH DAY 60
20%	20%	34%	41%	45%	47%	59%

RE-LEASED INSIGHTS | JUNE 2020

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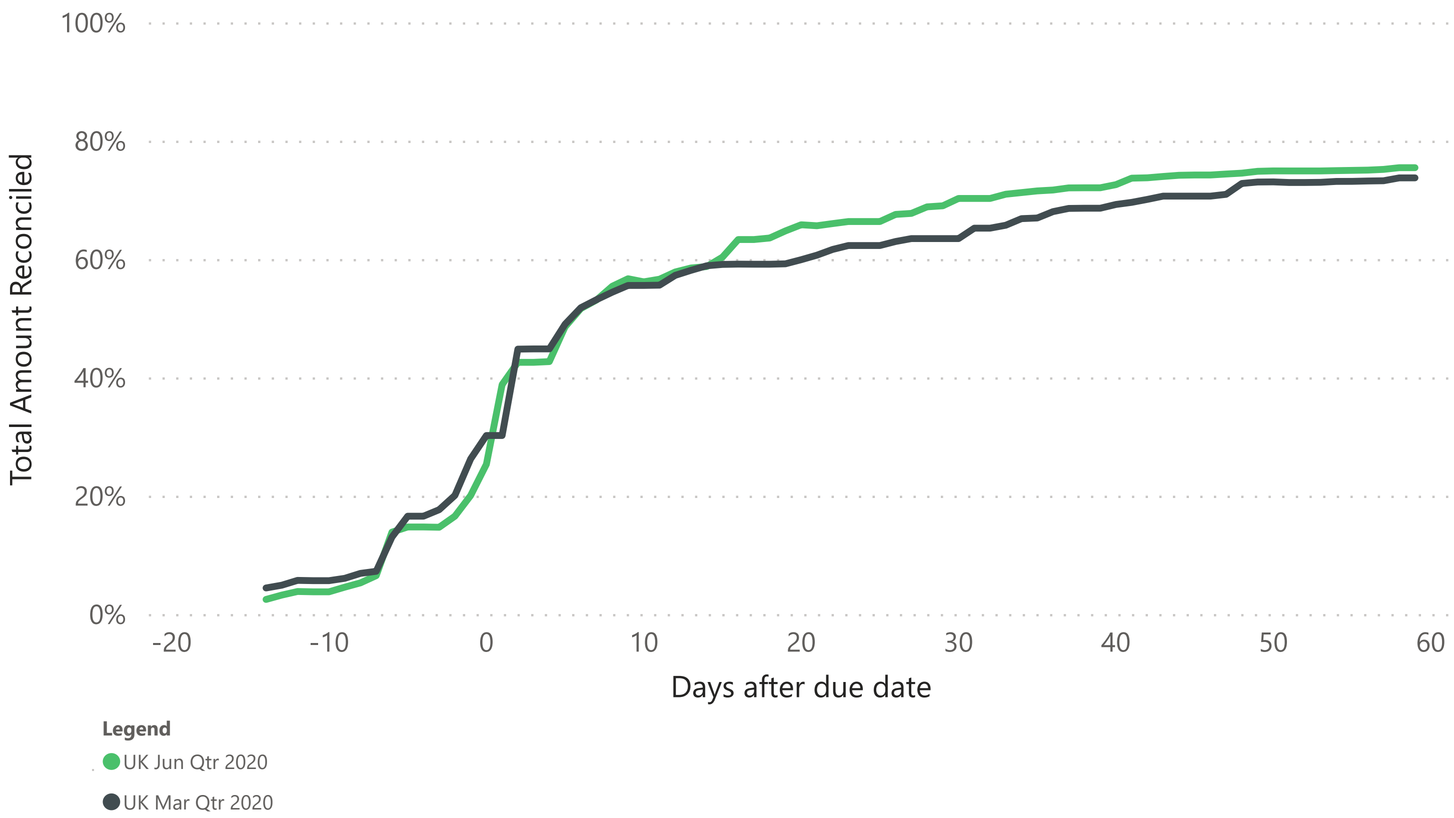
ASSET CLASS BREAKDOWN

Office



Office sector bolsters against March quarter

The office sector performed like-for-like with the March quarter, beginning to show resilience at day 21 at 65% for June Quarter compared to 61% in March. This trend continued for day 60 showing +2% increase on March quarter.

76% of rent due had been received **60 days** after the June Qtr day 2020, in comparison to **74%** for March Qtr 2020. In December Qtr 2019 - day 60, 81% had been collected.

JUNE DAY 0	JUNE DAY 1	JUNE DAY 4	JUNE DAY 7	JUNE DAY 14	JUNE DAY 21	JUNE DAY 60
23%	38%	42%	52%	59%	65%	76%

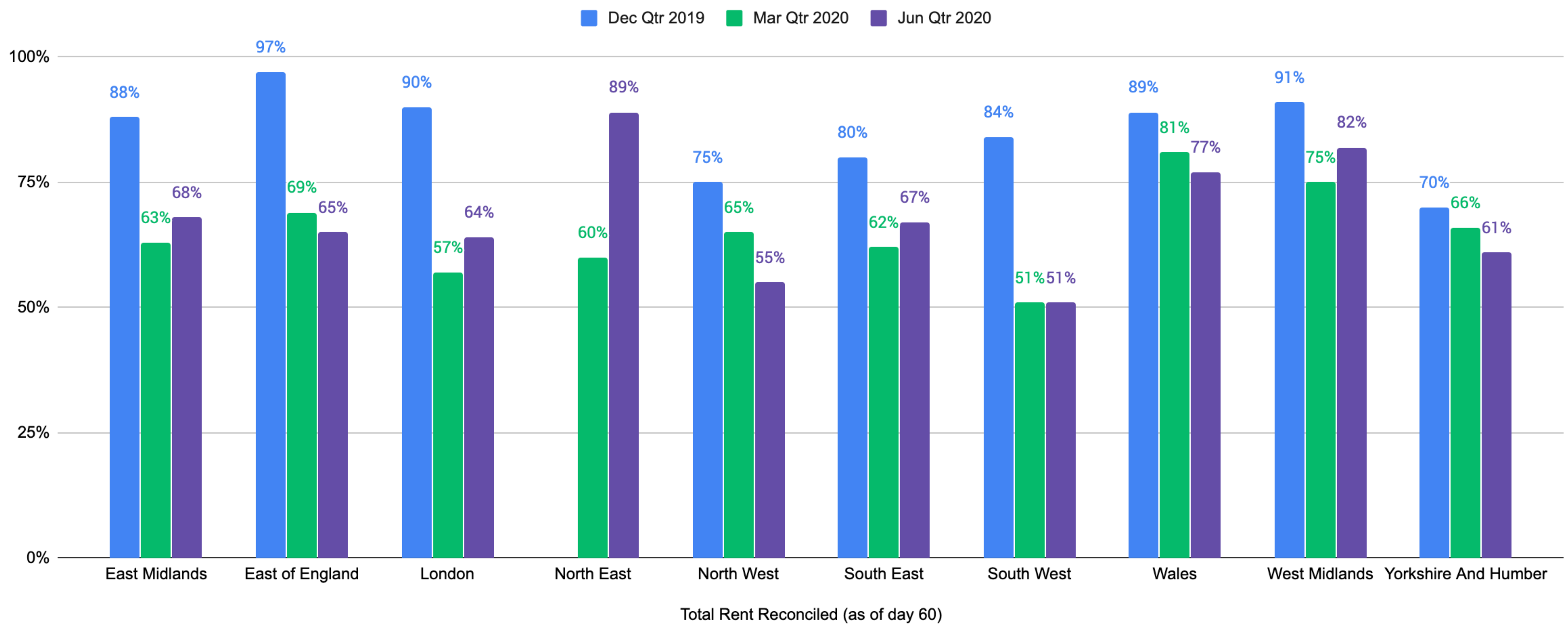
MARCH DAY 0	MARCH DAY 1	MARCH DAY 4	MARCH DAY 7	MARCH DAY 14	MARCH DAY 21	MARCH DAY 60
31%	31%	45%	53%	59%	61%	74%

REGIONAL BREAKDOWN | DAY 21

COVID-19 Rent Collection Impact

North East is the strongest performing region

Behind the overall UK picture, there are significant variations in rent collection across the country. A breakdown of the regions reveals that the North East is the best performing region and has also seen the strongest improvement compared to March Quarter. London sits behind the UK average, though it has seen some growth compared to the last quarter.



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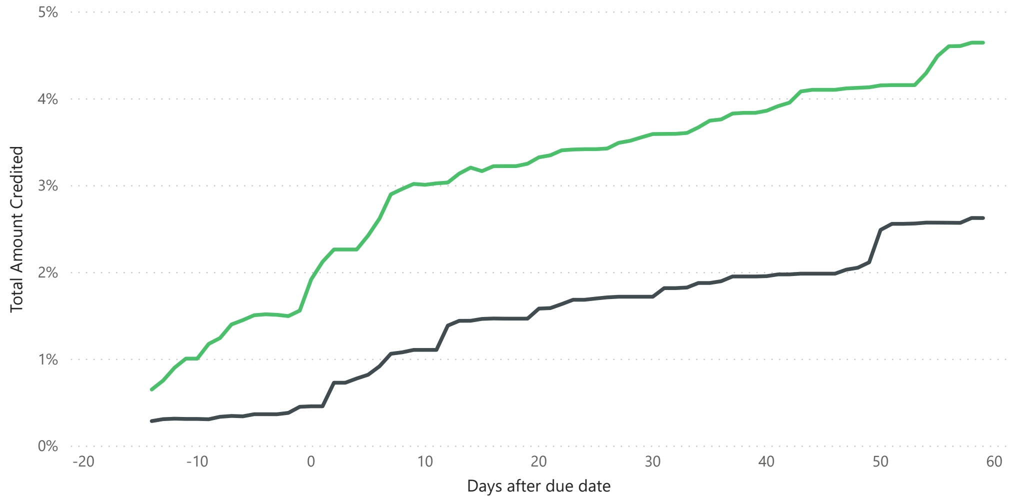
RENT FREE PERIODS AND SUBSIDIES

Rent Relief Indicators

United Kingdom

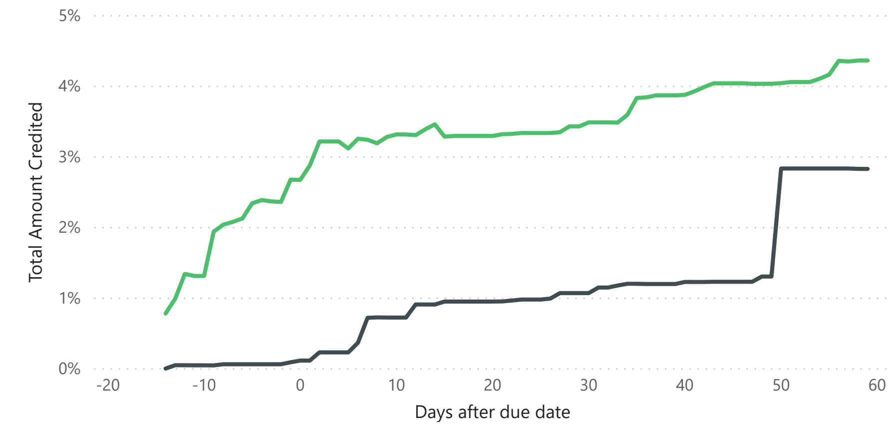


Legend

- UK Jun Qtr 2020
- UK Mar Qtr 2020

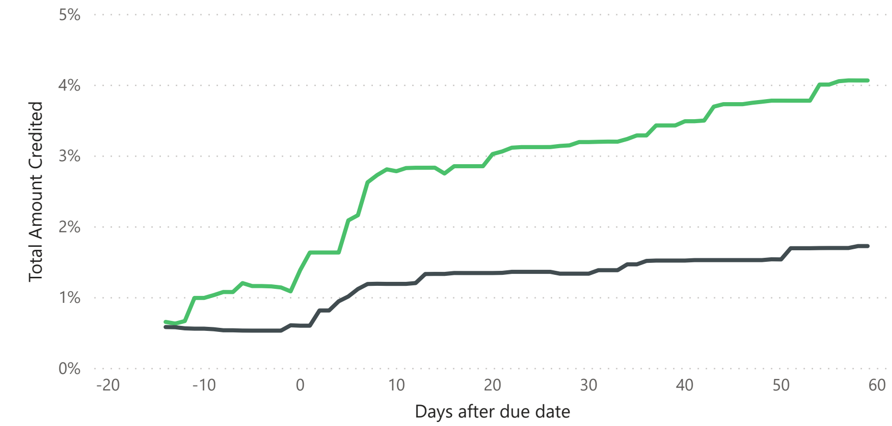
DEC DAY 60	MARCH DAY 60	JUNE DAY 60
1.7%	2.7%	4.7%

Retail



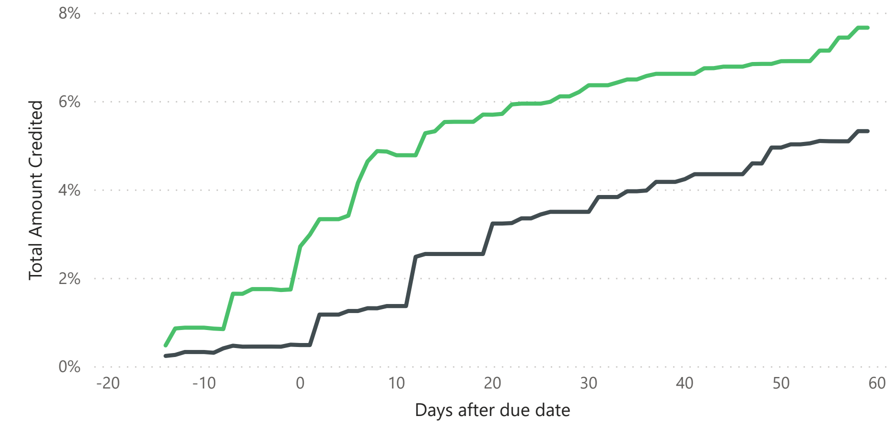
JUNE DAY 60	MARCH DAY 60
4.4%	2.8%

Office



JUNE DAY 60	MARCH DAY 60
4.1%	1.7%

Industrial



JUNE DAY60	MARCH DAY 60
7.7%	5.3%

A doubling of rent credit awarded to tenants

While rent collection percentages describe the narrative of tenants playing their role, the credit note application data provides a balancing perspective. In March 2020, there were a record number of credits awarded to tenants compared to a historical 2-year average. Yet in June, there was double of those that took place in March. Both landlords and tenants have had several months to make these arrangements ahead of the quarter date, and the data illustrates a larger proportion of rent being forfeited by landlords to ensure tenant longevity.

UNITED KINGDOM

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DATA VALIDATION

Updated Reporting Metric

Our purpose is to continually develop our reporting methods to deliver real-time data with the highest level of data validity for decision-making. Because of this, we have adjusted our leading reporting metric from payment speed in our last March Quarter Report to rent reconciliation.

This data has been collected, anonymised and aggregated directly from over 10,000 properties and 35,000 leases in the UK. It does not rely on surveys or secondary collections.

Re-Leased Software Company Ltd are confident in the validity of this data as its formation is a direct result of bank statements entries being matched and reconciled to rental invoices.

All data that has been aggregated for this report is in line with the following Re-Leased Terms and Conditions as at the time of publishing.

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COVID-19 Rent Collection Snapshot

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