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Miscellaneous

BWP REIT RAISES £35M AHEAD OF ADMISSION TO IPSX

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BWP REIT PLC

BWP REIT RAISES £35 MILLION AHEAD OF ADMISSION TO IPSX

and

PUBLICATION OF IPSX ADMISSION DOCUMENT

15 November 2022

BWP REIT PLC ("**BWP REIT**" or the "**Company**"), a newly formed single asset company established to acquire Bridgewater Place ("**Bridgewater Place**" or the "**Property**"), an office-led mixed use property situated in a prime location in central Leeds, is pleased to announce that the Company has raised £35,000,000 from the issue of 35,000,000 new ordinary shares with a nominal value of 10 pence each (the "**Ordinary Shares**") at an issue price of 100 pence per share (the "**Issue Price**"). Completion of the acquisition of the Property will take place automatically on Admission pursuant to a completion undertaking.

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on the Wholesale segment of the International Property Securities Exchange ("**IPsx**") ("**Admission**"), with the new Ordinary Shares representing c. 99.9 per cent. of the issued ordinary share capital on Admission. Admission is expected to occur and dealings are expected to commence at 9.00 am on 16 November 2022.

In connection with the application for Admission, the Company has prepared an admission document (the "**Admission Document**") which has been published and will be available today at www.bwpreit.com

The capital has been raised from a number of institutional and family office investors. Upon Admission M7 Real Estate Ltd ("**M7**" and together with its subsidiaries, the "**M7 Group**"), either directly or through its affiliates, will own c.18.4% of the Company's share capital.

The Ordinary Shares will trade under the ticker 'BWP'. The ISIN number of the Ordinary Shares is GB00BQ1NFW69 and the SEDOL code is BQ1NFW6.WH Ireland Limited ("**WH Ireland**") acted as IPSX Lead Adviser and Settlement Agent.

On Admission, BWP REIT will become the third company to be admitted to trading on IPSX. The platform is a FCA Regulated Investment Exchange and the world's first such exchange dedicated to single asset real estate companies and those owning multiple assets with commonality. IPSX Wholesale is reserved for institutional and qualified professional investors, while the IPSX Prime segment of the market is open to all investors and aims to give retail investors the ability to acquire tradable shares in institutional quality real estate assets.

About Bridgewater Place

Bridgewater Place is a large office, retail, and residential mixed-use property completed in April 2007 that sits on a three-acre freehold site in a prime location in central Leeds. At 30 above ground storeys, it was the tallest property in Yorkshire until 2021. The internal demise of the residential accommodation was sold under a 250-year lease in 2007 and therefore is not owned by the Company. The Property has been independently valued as at 30 August 2022 at £63 million by Avison Young.

The Property generates an annual contracted rental income of £5.97 million, with a weighted average unexpired lease term ("**WAULT**") of 3.74 years to break and 3.93 years to expiry. Approximately 8% of the total floor area is currently vacant (as at 30 August 2022). Assuming 100% occupancy and completion of the capital expenditure programme referred to below, the Property would have an independently assessed market rental of £7.68 million per annum. Approximately 77% of the total

floor area is occupied by the Property's three largest tenants, who are classified as either 'very low risk' or 'low risk', with global multinational law firm Eversheds Sutherland accounting for approximately 48% of the total floor area.

The Property comprises two separate but inter-connecting structures either side of a central atrium, with 15,587 sq. ft. of retail units on the ground and first floors and 234,711 sq. ft. of commercial office space from floors one to nine. A 20-storey residential tower of 198 apartments sits above the offices on the west wing spanning floors 11 to 30, with floor 10 used to house the mechanical plant. There are two levels of parking offering 268 spaces in the basement and at ground level.

Certain elements of the Property require substantial investment and this is reflected in the approximately £63 million acquisition price. The funds raised, along with the debt facility being novated on Acquisition, will be used to fund the acquisition of the Property. £23 million of Loan Notes have also been issued which will enable the Company to undertake a comprehensive asset management plan for the Property. Until such works are completed, the Company does not intend to pay a dividend and will focus resources on achieving capital growth.

The Property benefits from excellent transport links by occupying a high-profile position fronting Victoria Road (the main arterial link between Leeds city centre and the M621 motorway) and close to Leeds Railway Station.

Use of Funds and Asset management strategy

The £35 million raised and the Loan Notes will be used to carry out a wholesale repositioning of the Property. While the Company is not responsible for the residential accommodation this also includes a comprehensive remediation of the entire Property's cladding, which also benefits the residential occupiers and creates an up to date, energy efficient building. The costs of the remediation of the cladding at £14.5 million includes a £3 million allowance for inflation and the improvements to the Property are estimated at £9 million. Costs of acquisition of the building, issue expenses and working capital represent the balance of the funds raised.

The asset management strategy for the Property aims to create a clear path to capital growth through sustainability improvements (including a pathway to net zero), increasing space utilisation, capturing rent reversion and letting vacant space. A comprehensive upgrade programme will be carried out in phases over the next two to three years allowing current occupiers to remain in situ. The programme aims to significantly improve how the Property is positioned within the Leeds office market to both occupiers and ultimately future buyers or long-term investors.

A key element of the asset management strategy will be to lease c.18,000 sq. ft. of currently vacant space on floor 9 (following completion of certain works by mid-2023), resulting in an expected c.£0.6 million per annum increase in rental income and reducing service charge leakage.

M7 believes that with careful branding, marketing and proactive management, the physical qualities of the Property, its energy performance credentials, new amenities, inherent affordability relative to newly constructed buildings together with regional connectivity, will all serve to position the Property for the next generation of tenants.

Upon completion of the remedial works and repositioning of the Property, the Board will seek to optimise shareholder returns either through an outright sale of the Company or by listing the Company on the IPSX Prime market if the Directors are advised that the increased liquidity will provide shareholders with a choice to exit or retain their investment at an appropriate valuation.

M7 Real Estate Financial Services Ltd will serve as alternative investment fund manager to the Company and M7 Real Estate Ltd will act as asset manager in respect of the Property.

Edmund Craston, Chairman of BWP REIT, commented: *"The demand received from investors for BWP REIT signals their belief in the capital growth potential of Bridgewater Place and their support for IPSX as a platform through which to invest. Once Admission takes place the asset manager plans to commence a series of works to fully reposition the asset and deliver an energy efficient building, which will aim to capture rent reversion and re-let vacant space. These asset management initiatives will seek to generate long term secure income from a range of high calibre tenants, in one of the UK's largest regional cities benefitting from strong underlying fundamentals."*

Richard Croft, Executive Chairman of M7, added: *"The planned admission of BWP REIT plc to the IPSX Wholesale market, following a successful fundraise, is a strong endorsement for both IPSX, as a nascent capital market for real estate and the proposed asset management and remediation strategy that is to be undertaken at Bridgewater Place."*

"The acquisition of this capital compromised, but fundamentally core, asset will allow investors to take part in a major repositioning that will create one of Leeds's premier office destinations in what is, and will remain, a supply constrained market due to the current cost of construction. Furthermore, the equity raise has made allowance for BWP REIT Plc to tackle one of the core issues facing many freeholders and their leaseholders, namely cladding remediation. BWP REIT Plc will be undertaking a full remediation of the cladding without recourse to the leaseholders within the residential element of the building. This we believe will make a material social impact."

"The admission of BWP REIT on IPSX Wholesale creates liquidity and transparency for investors, where previously participation in such a transaction would not allow it."

FOR FURTHER INFORMATION ON THE COMPANY, PLEASE CONTACT:

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Further information on the Company can be found on its website www.bwpreit.com.

Important notice

The content of this announcement, which has been prepared by and is the sole responsibility of the Company, has been approved by M7 Real Estate Financial Services Ltd (which is authorised and regulated by the Financial Conduct Authority) solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000, as amended.

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WH Ireland, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as Lead Adviser for the Company and no-one else in connection with the Issue and Admission and will not regard any other persons as its client in relation to the Issue and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of WH Ireland, nor for providing advice in connection with the Issue and Admission or any other matter or arrangement referred to in this announcement.

No key information document has been prepared in respect of this announcement or the Ordinary Shares in accordance with Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (and in the case of the United Kingdom, such regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018). Accordingly, the Ordinary Shares are not available to, and no person may advise on, offer or sell Ordinary Shares for or to, any retail client (as defined in MiFID II) in the European Economic Area or the United Kingdom.

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