Units C1-C4, Woolborough Lane IE, Crawley

Q2 Report

Dorset County Pension Fund

2025

Executive summary

Dorset County Pension Fund ("DCPF") provides diversified exposure to good quality real estate located throughout the UK, across a range of sectors including offices, industrial, retail, and other. The allocation to property reflects 5.8% of DCPF's total assets,[1] which currently represents approximately £227m.

OVERVIEW

£226.8m

Capital value (Combined DCPF portfolio)

27

Assets

	Conventional	SLI
Mandate	Commenced 1993	Commenced 2017
Performance objective	MSCI Quarterly Universe over five years	LPI +2.0% per annum
Capital Value (Q2 2025)	£184.6m (81%)	£42.2m (19%)
Number of assets	17	10
Purchases during quarter	-	-
Value of sales during quarter	£2.2m	-
Direct net initial yield (p.a.)	4.9%	5.3%
Average unexpired lease term (to break)	10.0 years (8.6 years)	60.2 years (17.1 years)

Combined Valuation	
Direct Property (Q2 2025)	£212.9m
Indirect Assets (Q2 2025)	£13.9m
TOTAL PORTFOLIO VALUATION	**£226.8m**

CONVENTIONAL PORTFOLIO PERFORMANCE

	Q2 2025	12 months (%) p.a.	3 years (%) p.a.	5 years (%) p.a.	7 years (%) p.a.	10 years (%) p.a.
Capital return	0.3	0.5	-6.4	-0.5	-1.4	0.1
Income return	1.1	4.4	4.0	3.7	3.9	4.2
Total return	1.4	4.9	-2.6	3.2	2.5	4.3
MSCI Quarterly Property Index	1.3	6.3	-3.2	2.8	2.1	3.8
Relative	0.1	-1.4	0.6	0.4	0.4	0.4

[1] Based on Dorset County Pension Fund's total asset value as at the end of March 2024 (£3.9bn).

SLI PORTFOLIO PERFORMANCE

	Q2 2025	12 months (%) p.a.	3 years (%) p.a.	5 years (%) p.a.	7 years (%) p.a.
Capital return	0.8	-1.1	-6.9	-3.1	-2.1
Income return	1.4	5.8	5.2	4.8	4.6
Total return	2.2	4.6	-2.0	1.6	2.4
Target (LPI + 2.0% p.a.)	2.8	6.4	6.1	6.2	5.6
Relative	-0.6	-1.9	-8.1	-4.7	-3.1

Economic and property update

- The global trade uncertainty since ‘Liberation Day’ in early April is feeding into weaker UK GDP growth. Monthly real GDP growth declined by 0.1% in May, following a 0.4% fall in April. Q2 GDP growth is still likely to be positive, but only just. This has to be taken alongside the 0.7% jump in Q1 GDP, as the softer Q2 growth is driven by activity being pulled forward in Q1 to avoid the US import tariffs and higher UK stamp duty charges imposed from the 1st April 2025. The true underlying pace of economic growth is somewhere in between the Q1 and Q2 numbers. There are also some green shoots appearing in the data to suggest momentum could pick up in Q3 and Q4. Firstly, UK exports to the US have started to rise again after a significant fall in April. In addition, the housing market looks to be coming back to life after the post-stamp duty hike lull, based on the spike in new buyer enquiries recorded in the latest RICS Housing Market Survey.

- We do need to temper expectations, as although UK trade with the US will likely swiftly recover, the indirect impact of a slowdown in global GDP growth will be a drag on UK growth in H2 2025. The full impact of April’s tax hikes on businesses in terms of investment and hiring is still feeding through to domestic demand.

- Turning to prices, the headline CPI index edged up in June, from 3.4% to 3.6%. Transport made the largest upward contribution to the monthly change in CPI annual rates. Our latest forecast has reduced the number of interest rate cuts from four to three by the Bank of England’s Monetary Policy Committee in 2025 on the back of continued upward price pressures.

- The labour market continues to soften, with payrolled employees falling by 109,000 in May, taking the 12 month fall to 274,000. Sentiment looks to be stabilising, with the June PMI employment balance intentions pointing to an easing in employment decline. The weaker labour market isn’t having a material impact on wage growth. Total pay growth remains above 5.0%, increasing by 5.3% in the three months to May, slightly down from the previous reading of 5.6%. Looking ahead, we expect annual GDP growth of 1.0% in 2025, and 1.3% in 2026.

Conventional portfolio

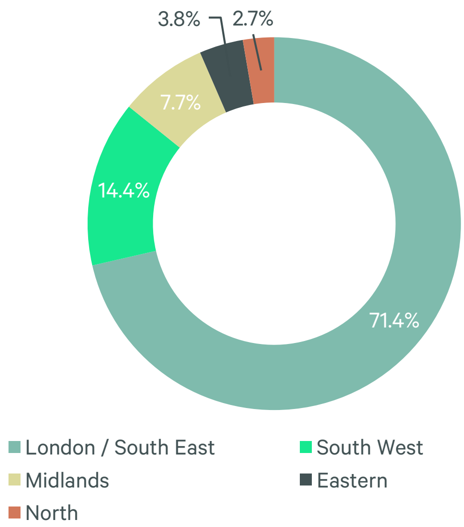
Portfolio information

KEY STATISTICS

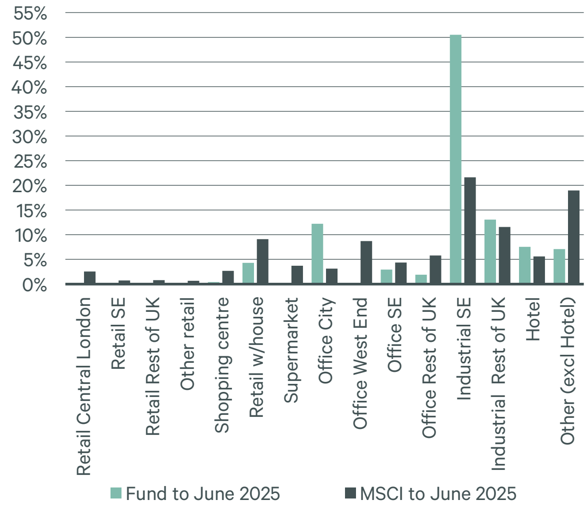
£170.7m Direct market value	**£13.9m** Indirect market value	**£184.6m** Total Conventional portfolio market value
16 (£11.5m) No. of direct assets (avg. value)	**69 (£2.5m)** No. of direct lettable units (avg. value)	**1** No. of indirect holdings
2.9% (8.9%) Vacancy rate (MSCI Quarterly Universe)	**10.0 yrs (8.6 yrs)** Avg. unexpired direct lease term (to break)	**4.9% / 6.5%** Direct net initial yield / reversionary yield (p.a.)
5.8% % of income direct RPI / index linked	**22.3%** Rent with +10 years remaining (% of direct rent)	**10.4%** Rent with +15 years remaining (% of direct rent)

GEOGRAPHICAL AND SECTOR EXPOSURE

Geographical breakdown



Sector breakdown



Secure long income portfolio (SLI)

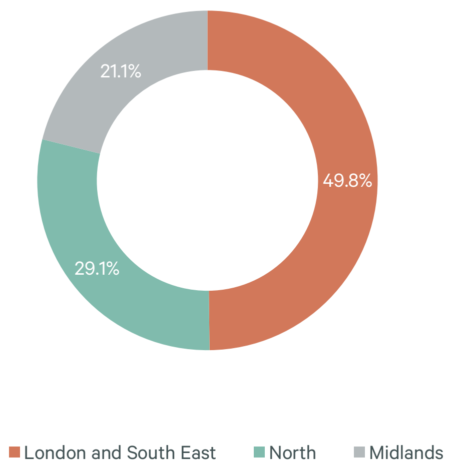
Portfolio information

KEY STATISTICS

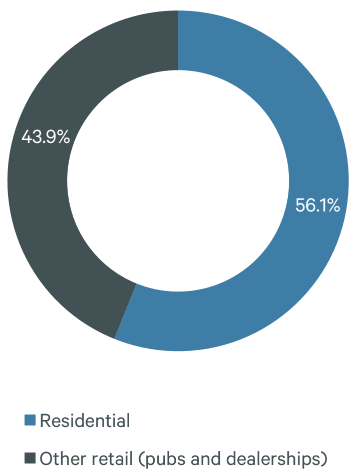
£42.2m Direct market value	**£0.0m** Indirect market value	**£42.2m** Total SLI portfolio market value
10 (£4.2m) No. of assets (avg. value)	**14 (£3.0m)** No. of lettable units (avg. value)[2]	**0%** Vacancy rate (% ERV)
60.2 yrs (17.1 yrs) Avg. unexpired lease term (to break)	**5.3% / 5.7%** Direct net initial yield / reversionary yield (p.a.)	**80.8%** % of income index linked
46.1% Rent with >15 years remaining (% of contracted rent)		

GEOGRAPHICAL AND SECTOR EXPOSURE

Geographical breakdown (% of total value)



Sector breakdown (% of total value)



Environmental, social, governance

DCPF’s ESG performance

Sustainability is fundamental to CBRE Investment Management’s (the “Firm”) value proposition where we seek to deliver sustainable investment solutions across real asset investing so that our clients, people and communities thrive.

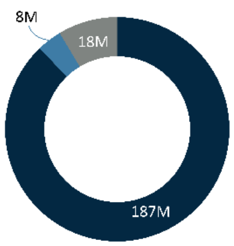
Key actions completed in Q2 2025

Action	Outcome	Climate	People	Influence
GRESB	The portfolios 2025 GRESB submission has been completed and submitted to the Standing Investments (SI) assessment. Environmental performance data was assured to AA1000AS.	x	x	x
Tenant Data Collection	Collection of energy, water and waste data from tenants for the 12 months ended 31st December 2024 has been completed. The portfolio's energy data coverage is predicted to be 87%.	x	x	
BREEAM In Use 2025 Assessments	The portfolio has approved one BREEAM In-Use assessment, which commenced in Q3 2025 following approval.	x	x	
EPCs	The portfolio has completed two EPC assessments in the last quarter.	x		

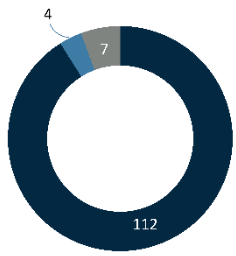
1 COMPLIANCE

A key part of the ESG strategy is the Energy Performance Risk Mitigation Program, where we seek to improve the sustainability performance of assets through improving the Energy Performance Certificate ratings. Units are included in the “High Risk” category if the “F” or “G” rating is draft, expired or lodged. The status of the EPC is explained in the EPC appendix at the end of this ESG update. We will further update the definitions to respond to the EPC B MEES policy in England & Wales following the final government consultation which is expected in the second half of 2025.

EPC risk by value (M)



EPC risk by unit



MEES Risk Rating	Key	Criteria
High		F or G rated valid EPC
Medium		E rated valid EPC
Low		A+ to D rated valid EPC
Exempt		MEES regulation exempt
Unknown		Inaccurate or missing EPC

Action	Medium risk	High risk
High Quality or Modelled EPC	2	0
Action at Lease End	2	0
Refurbishment	0	0
Planned Redevelopment or Considering sale	0	0
Review Tenant Fitout	0	0

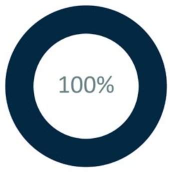
Green leases

Green leases support us in protecting the portfolio from future environmental risks, reflecting market practice and improving the sustainability credentials of the portfolios. We group our green lease clauses into three categories:

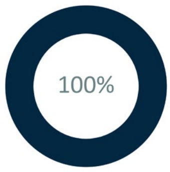
- **EPC compliance**: clauses which support our compliance pillar, particularly with regard to EPCs.
- **Data sharing**: clauses which support the sharing of ESG data for reporting and facilitate performance improvement.
- **Collaboration**: clauses in which we agree with the tenant to collaborate to improve a building's ESG performance.

% of leases completed since January 2019 incorporating green lease clauses

EPC Compliance



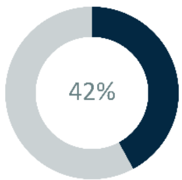
Data Sharing



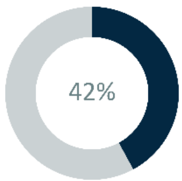
Collaboration

% of all portfolio leases which incorporate green lease clauses

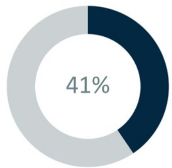
EPC Compliance



Data Sharing



Collaboration



■ Green leases clause present in lease

Green lease tracking	
% of portfolio with a green lease tracker (excluding vacant units)	100%
Number of leases with green lease trackers since Q1 2019	30
New trackers received in Q2 2025	2

2 TRANSPARENCY

Building certification strategy

CBRE Investment Management aim to acquire or forward fund buildings with certifications. Green Building Certifications are important for the portfolios GRESB performance in the short term and achievement of its ESG Vision in the long term. Specifically, Green Building Certifications account for 10.5% of the GRESB Standing Investment score and by instructing new or renewing certifications, the portfolio aims to outperform the peer group in this category. The 'In progress & submitted certifications' table below includes any certifications that are currently ongoing and/or awaiting receipt of a final completion certificate. The 'Completed certifications' table below covers any certifications completed in the previous reporting year (2024) and in the current reporting year (2025).

In progress & submitted certifications

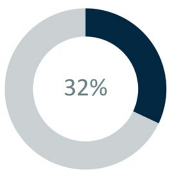
Property	Certification type	Rating	Status
Astra House - (Whole Site)	BREEAM In Use: Part 2	TBC	Submitted
Euroway Industrial Estate, Swindon – (Units 6-8)	BREEAM In Use: Part 1	TBC	In Progress

Completed certifications

Property	Certification type	Rating	Status	Year Awarded
Oldfield Lane, London - (Unit 1)	BREEAM In Use: Part 1	Pass	Complete	2024

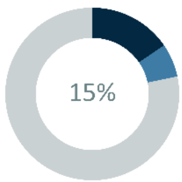
% Portfolio with a building certification (by value)

2024 Performance



■ Completed certifications

2025 Performance



■ In progress certifications

3 REFURBISHMENTS

The Investment Committee process and Zero Emission Buildings roadmap informs CBRE Investment Management's approach to assessing each asset held in EMEA. Assets are redeveloped to improve their operational performance, meet portfolio and house level targets, and improve GRESB reporting potential. The 'Ongoing Refurbishments' and 'Completed Refurbishments' tables below cover any refurbishments completed in the previous reporting year (2024) and in the current reporting year (2025), alongside any that remain ongoing.

Ongoing Refurbishments

Asset	Certification Target	Estimated completion date	Project Notes
Units 2 & 4, Sumner Road, Croydon	EPC B	TBC	EPC Improvement works targeting a B rating to be completed.
Unit 9, Euroway Industrial Estate, Swindon	EPC B	TBC	EPC Improvement works targeting a B rating to be completed.

Completed Refurbishments

Asset	Certification Achieved	Date of Practical Completion	Project Notes
South Bristol Trade Park - (Unit 4)	EPC B	March 2025	Refurbishment complete.

4 CARBON

2024 calendar year data collection via NLC (formerly CRM) data requests and enhanced Proptech enabled data collection methods has been completed. Landlord energy data has been reviewed and inputted into the Funds data management system (Measurabl). This data has been assured and submitted as part of the annual GRESB submission in June 2025 as per normal practice. 2024 calendar year performance data is classified as estimated until the final GRESB results are released in October 2025.

The 2024 utility data uploaded to the Measurabl platform has undergone a comprehensive audit to ensure data quality. Each assigned utility meter is error-free, and all outliers investigated and addressed. Where applicable, issues were raised directly with the utility provider and data platform manager. The resolution of each issue has been documented for full transparency. Furthermore, the audit of the Measurabl platform includes the portfolio's Projects, Audits, Ratings and Certifications (PARC) data, as well as valuations data and property-type assignment.

5 EPC RATINGS BY BAND

If a unit does not hold any EPC information it will be counted as "Unknown/Estimated". If a unit holds a more recent draft EPC than lodged EPC, it will be counted as "Draft". If a unit holds an expired EPC, it will be counted as "Expired". All expired EPCs are reviewed by the CBRE Investment Management team with support from their ESG Consultants and replacement EPCs are instructed prior to lease events. If a unit is MEES regulation exempt, it will be counted as "Exempt". Exemptions can be applied in the event of a lease length being 99 years or more, as per UK government non-domestic private rented property regulations.

England, Wales and Northern Ireland

EPC ratings	A/A+	B	C	D	E	F	G	Unknown/ Estimated	Draft	Expired	Exemption Applied
No of units	4	23	67	17	4	0	0	0	1	0	7
Proportion of units %	3.3%	18.7%	54.5%	13.8%	3.3%	0.0%	0.0%	0.0%	0.8%	0.0%	5.7%

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