CBRE Investment Management

Units C1-C4, Woolborough Lane IE, Crawley

Q3 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 5.9% of DCPF's total assets,[1] which currently represents approximately £228.4m.

OVERVIEW

£228.4m
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 (Q3 2025)	£186.1m (81%)	£42.3m (19%)
Number of assets	17	10
Purchases during quarter	-	-
Value of sales during quarter	£0.1m	-
Direct net initial yield (p.a.)	5.1%	5.4%
Average unexpired lease term (to break)	9.9 years (8.4 years)	59.6 years (16.8 years)

Combined Valuation[2]	
Direct Property (Q3 2025)	£214.5m
Indirect Assets (Q3 2025)[3]	£13.9m
TOTAL PORTFOLIO VALUATION	**£228.4m**

CONVENTIONAL PORTFOLIO PERFORMANCE

	Q3 2025	12 months (%) p.a.	3 years (%) p.a.	5 years (%) p.a.	7 years (%) p.a.	10 years (%) p.a.
Capital return	0.9	1.6	-4.9	-0.3	-1.2	-0.1
Income return	1.3	4.5	4.2	3.8	3.9	4.2
Total return	2.1	6.1	-0.9	3.5	2.6	4.1
MSCI Quarterly Property Index	1.4	6.3	-1.5	3.0	2.1	3.6
Relative	0.8	-0.2	0.6	0.4	0.6	0.4

[1] Based on Dorset County Pension Fund's total asset value as at the end of March 2024 (£3.9bn).
[2] See Appendix 2 for full property list and performance over the quarter by asset.
[3] See Appendix 1 for more information on the indirect holdings.

SLI PORTFOLIO PERFORMANCE

	Q3 2025	12 months (%) p.a.	3 years (%) p.a.	5 years (%) p.a.	7 years (%) p.a.
Capital return	0.2	-0.2	-5.9	-3.2	-1.8
Income return	1.5	5.8	5.3	4.9	4.7
Total return	1.6	5.6	-0.9	1.6	2.8
Target (LPI + 2.0% p.a.)	0.9	6.5	6.1	6.4	5.7
Relative	0.7	-0.9	-7.0	-4.8	-2.9

Economic and property update

- The UK is on track to be the second fastest growing economy amongst the G7, the unemployment rate remains below 5.0% and real wage growth has been robust for two years. However, on the other hand, global macro headwinds are feeding into fading UK economic momentum in 2025, a loosening labour market, and sticky inflation.
- Bond markets are currently taking a dim view of UK public finances, which raises the stakes for the upcoming November budget where the Chancellor is expected to raise £18–28bn as policy reversals, higher gilt yields, and weaker migration and productivity forecasts erode fiscal headroom. With spending cuts politically constrained and markets wary of borrowing, most of the adjustment will likely come from higher household taxes.
- Capital value growth saw a slight increase in Q3 according to the latest monthly MSCI index. All-Property capital values rose 0.2% for the quarter, driven by gains in industrial (0.7% q/q), residential (0.6% q/q), and retail (0.6% q/q), offsetting an ongoing decline in offices (-0.6% q/q; -0.2% m/m). Office capital values are now 33.0% below their July 2022 peak versus 23.0% at the All-Property level. Yields remain steady (NIY 5.2%; EY 7.0%) though market liquidity is thin, especially outside prime assets. Global uncertainty continues to weigh on transactional activity. The occupier market is holding up, with rents rising 0.4% m/m in September and 0.9% over the quarter, particularly in residential (1.7% q/q) and industrial (1.0% q/q), while office rental growth eased to 0.6% q/q.
- Despite a challenging macroeconomic backdrop, UK total return is forecast to average 7.5% p.a. over the next five years, driven primarily by rent growth rather than yield compression. Occupier demand remains strong amid low vacancy and limited speculative development, with residential (especially single-family housing), logistics, and prime City offices expected to outperform.
- Although inflation is anticipated to remain sticky in the short term, we expect property to resume outperforming on a real basis. Our latest forecasts of total returns of 9.8% in 2025 are comfortably ahead of our macro-economic forecast average CPI and RPI of 2.7% and 3.8% respectively at year-end. The headwinds that have faced portfolios with inflation-based objectives may therefore begin to lessen before long.

Conventional portfolio

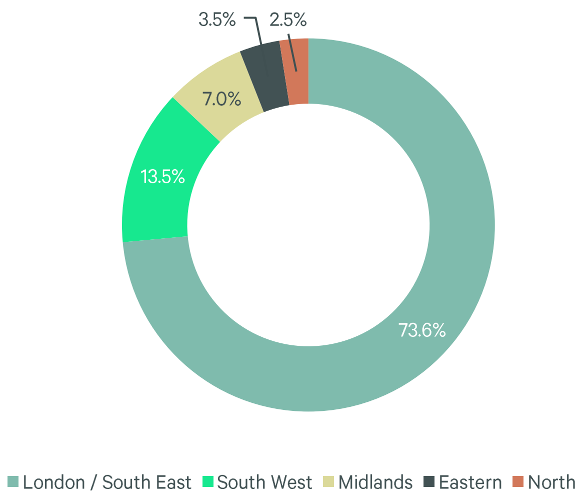
Portfolio information

KEY STATISTICS

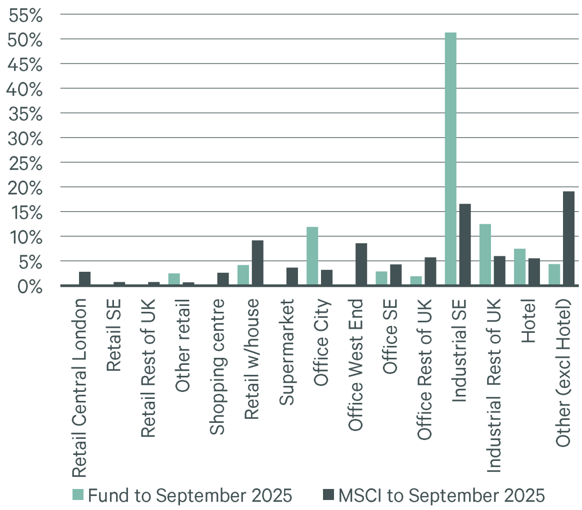
£172.2m Direct market value	**£13.9m** Indirect market value	**£186.1m** Total Conventional portfolio market value
16 (£11.6m) No. of direct assets (avg. value)	**69 (£2.5m)** No. of direct lettable units (avg. value)	**1** No. of indirect holdings
3.4% (9.3%) Vacancy rate (MSCI Quarterly Universe)	**9.9 yrs (8.4 yrs)** Avg. unexpired direct lease term (to break)	**5.1% / 6.5%** Direct net initial yield / reversionary yield (p.a.)
5.7% % of income direct RPI / index linked	**22.2%** Rent with +10 years remaining (% of direct rent)	**10.3%** Rent with +15 years remaining (% of direct rent)

GEOGRAPHICAL AND SECTOR EXPOSURE

Geographical breakdown



Sector breakdown



Secure long income portfolio (SLI)

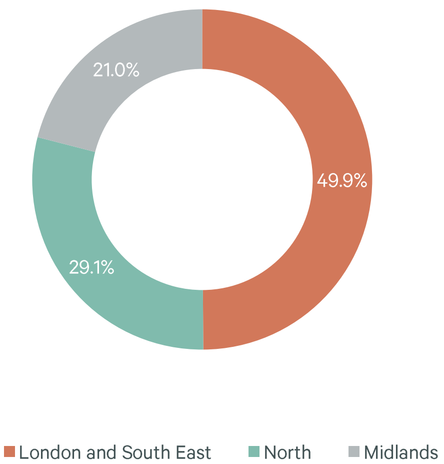
Portfolio information

KEY STATISTICS

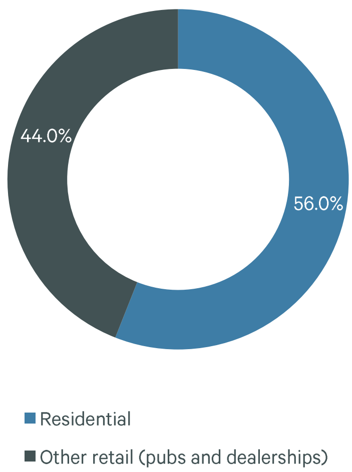
£42.3m Direct market value	**£0.0m** Indirect market value	**£42.3m** Total SLI portfolio market value
10 (£4.2m) No. of assets (avg. value)	**14 (£3.0m)** No. of lettable units (avg. value)[4]	**0%** Vacancy rate (% ERV)
59.6 yrs (16.8 yrs) Avg. unexpired lease term (to break)	**5.4% / 5.7%** Direct net initial yield / reversionary yield (p.a.)	**81.3%** % 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.

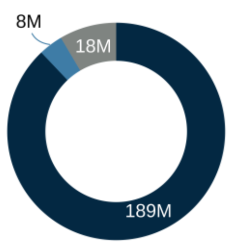
Key actions completed in Q3 2025

Action	Outcome	Climate	People	Influence
GRESB	The portfolio's 2025 GRESB submission has been completed. The portfolio scored 81/100, Three Star in the Standing Investments Assessment.	x	x	x
GRESB 2026 Improvement Plan	The portfolio has developed an Improvement Plan for GRESB 2026 following the detailed analysis of the 2025 final results, which includes specific recommendations for future score improvement.	x	x	x
BREEAM In Use 2025 Assessments	The portfolio is currently undertaking one BREEAM In-Use assessment, which commenced in Q3 2025.	x	x	
EPCs	The portfolio has completed two EPC assessments in the last quarter.	x		

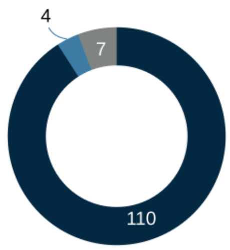
1 COMPLIANCE

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 part five 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

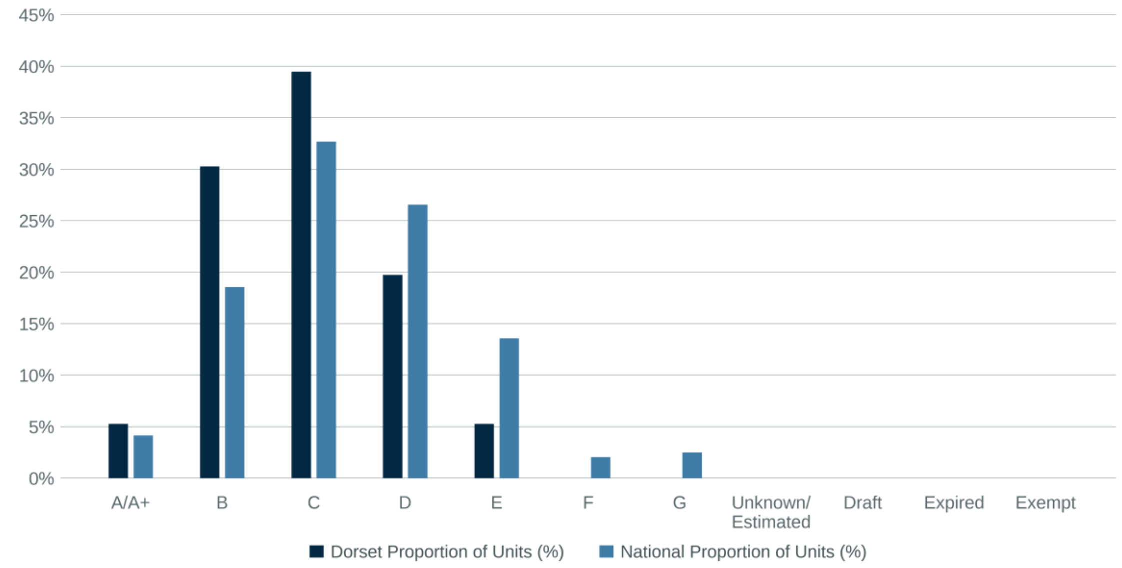
EPC Profiles

The charts below display the portfolios current EPC rating profile in comparison with the National EPC rating profile over the past decade. This shows the relative benefits of the portfolio's EPC risk management over the preceding years, and contextualises the action required to achieve the EPC "B" target rating for non-domestic properties. The National EPC rating profile consists of assets located in England and Wales only, as Scottish EPC profile data is currently unavailable, and is therefore excluded from the datasets displayed below.

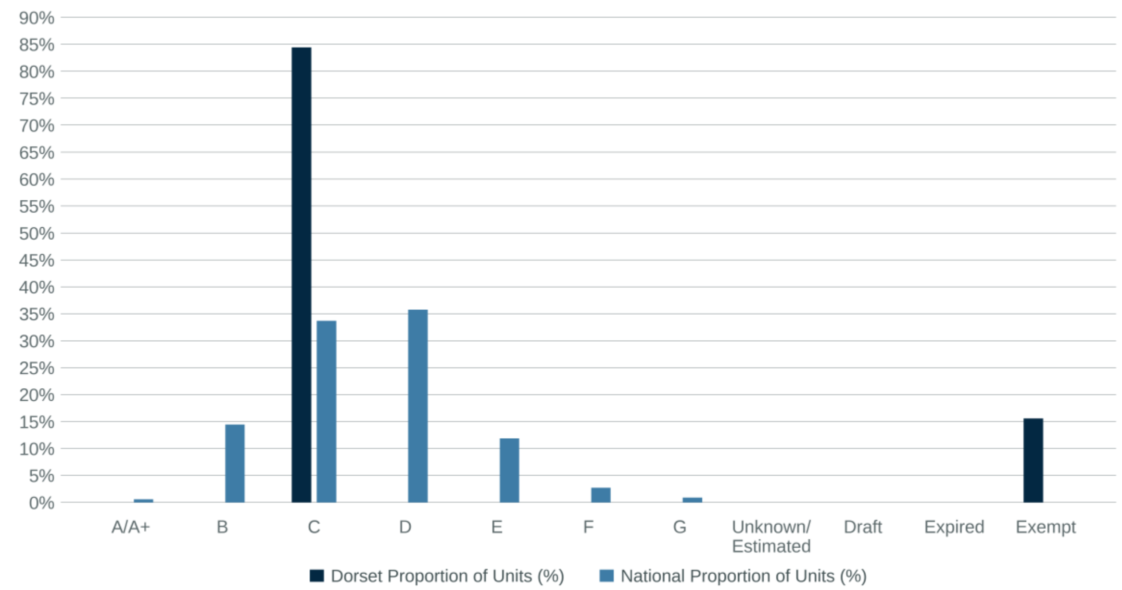
Compared to the National EPC profile, the portfolio contains a lower proportion of 'high risk' non-domestic rated units, and a higher proportion of A/A+ rated non-domestic units. In comparison, the domestic segment of the portfolio shows a lower proportion of both 'high risk' rated units and A/A+ rated units relative to the national profile.

Dorset Q3 2025 EPC Rating Profile vs National EPC Rating Profile

Q3 Non-Domestic Performance



Q3 Domestic Performance



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 regarding 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

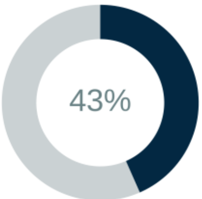
EPC Compliance

Data Sharing

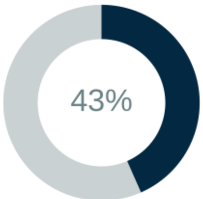
Collaboration

% of all portfolio leases which incorporate green lease clauses

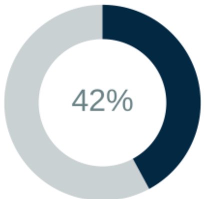
EPC Compliance



Data Sharing



Collaboration



■ Green leases clause present in lease

Green lease tracking	
% of portfolio with a green lease tracker (excluding vacant units)	99%
Number of leases with green lease trackers since Q1 2019	31
New trackers received in Q3 2025	1

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

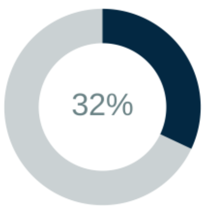
Property	Certification type	Rating	Status
Euroway Industrial Estate, Swindon - (Units 6-8)	BREEAM In Use: Part 1	TBC	In Progress
Astra House - (Whole Site)	BREEAM In Use: Part 2	TBC	In Progress

Completed certifications

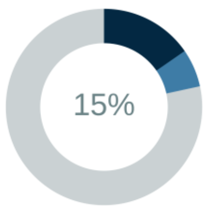
Property	Certification type	Rating	Status	Year Awarded
Oldfield Lane, London - (Unit 1)	BREEAM In Use: Part 1	Pass	Complete	2024

% Portfolio with a building certification (by value)

2024 Performance



2025 Performance



■ Completed certifications ■ 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
75-81 Summer Road, Croydon – (Unit 2 & 4)	EPC B	TBC	EPC Improvement works targeting a B rating to be completed.
Euroway Industrial Estate – (Unit 9)	EPC B	TBC	EPC Improvement works targeting a B rating to be completed with potential for adding Solar PV to the asset.

Completed Refurbishments

Asset	Certification Target	Date of Practical Completion	Project Notes
South Bristol Trade Park – (Unit 4)	EPC B	Mar 2025	Refurbishment complete

4 CARBON

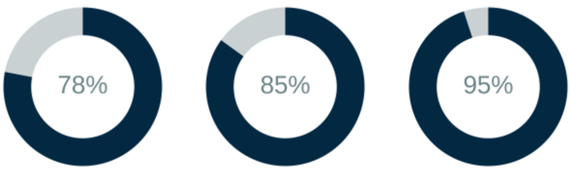
2024 calendar year data collection via NLC (formerly CRM) data requests and enhanced Proptech enabled data collection methods has been completed. Landlord energy data has been reviewed and inputted into the funds data management system (Measurabl). This data has been assured and submitted as part of the annual GRESB submission in June 2025 as per normal practice. 2024 calendar year performance data displayed below is classified as final, following the final GRESB results released 1st 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.

N.B. – performance and target data below is displayed for the calendar year. For the GRESB 2025 submission, 2024 calendar year data is used and for the GRESB 2024 submission, 2023 calendar year data is used.

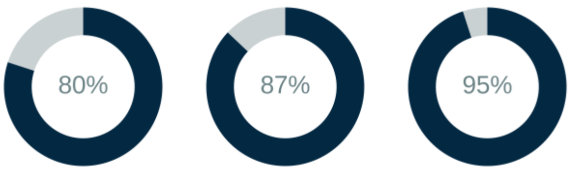
% of floor area for which energy data has been collected

2023 performance **2024 performance** **2024 target**



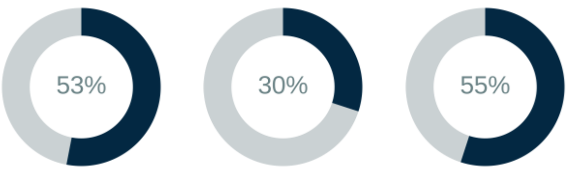
% of floor area for which GHG data has been collected

2023 performance **2024 performance** **2024 target**



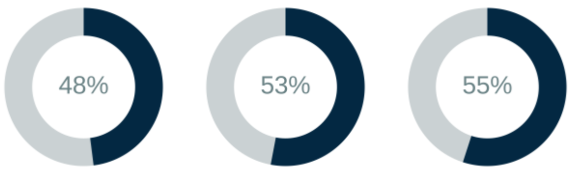
% of floor area for which water data has been collected

2023 performance **2024 performance** **2024 target**



% of floor area for which waste data has been collected

2023 performance **2024 performance** **2024 target**



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	68	15	4	0	0	0	0	0	7
Proportion of units %	3.3%	19.0%	56.2%	12.4%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%

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