

INCANS[®] T200 Report

Tenant Income Risk Scores & Projected Default Rates

Q1 2023

UNITED KINGDOM

Key Highlights

DIY/Home sector remains below average. The DIY/Home sector has been impacted by macroeconomic uncertainty as well as managing inflationary pressures over the last 12 months. The sector fell below the UK average of 76 in Q1, with an average INCANS[®] Score of 69, falling 3 points quarter-on-quarter.

A robust UK healthcare sector sits well above the UK average. The sector remains significantly above the UK average of 76, with an average INCANS[®] Score of 95, increasing 1 point quarter-on-quarter. The healthcare sector is emerging as a leading sector in commercial real estate.

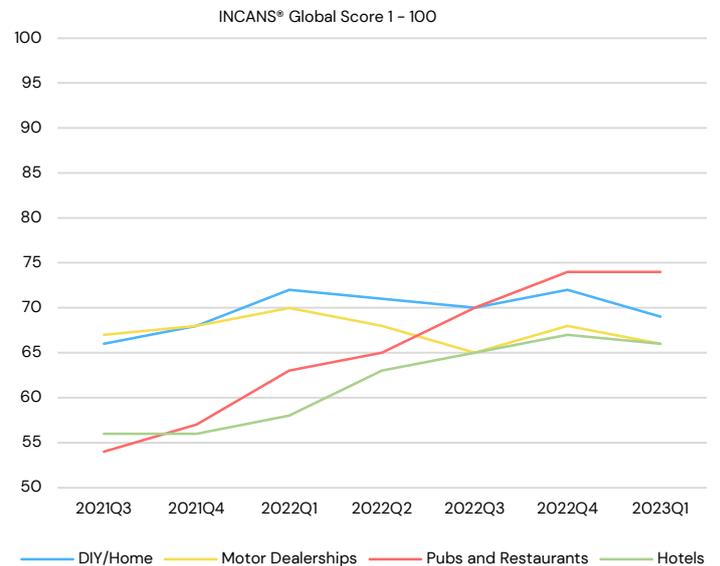
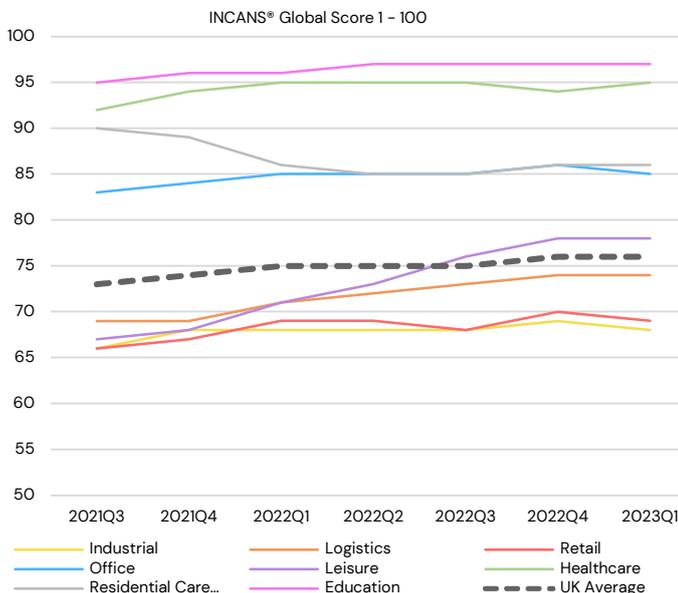
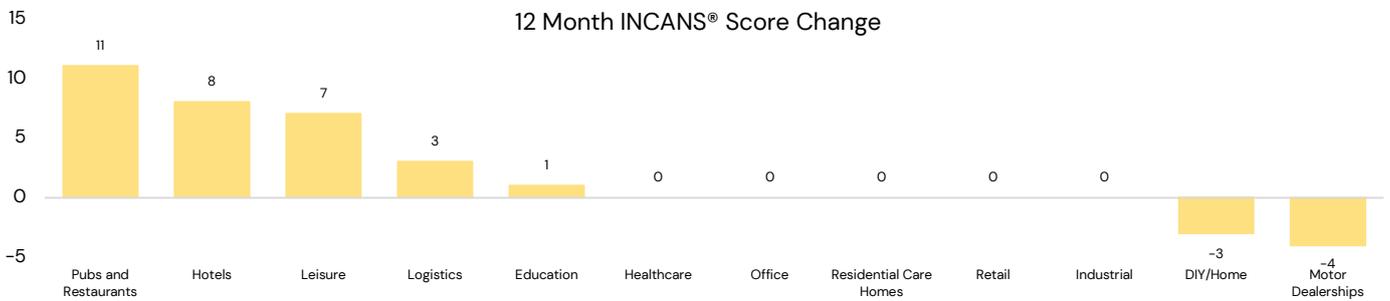
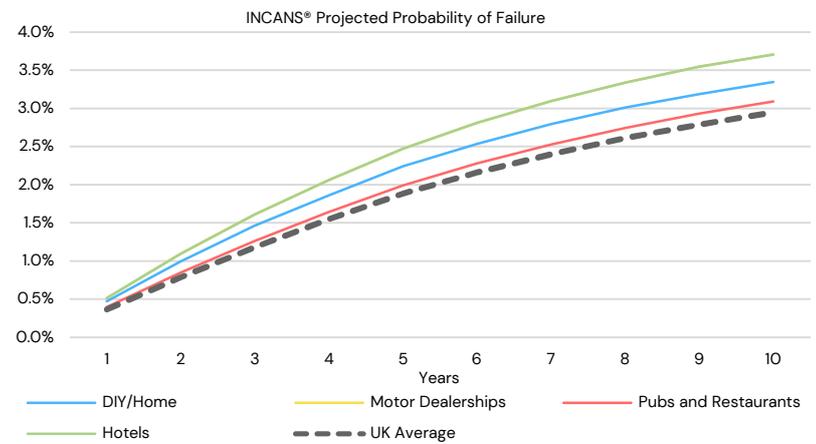
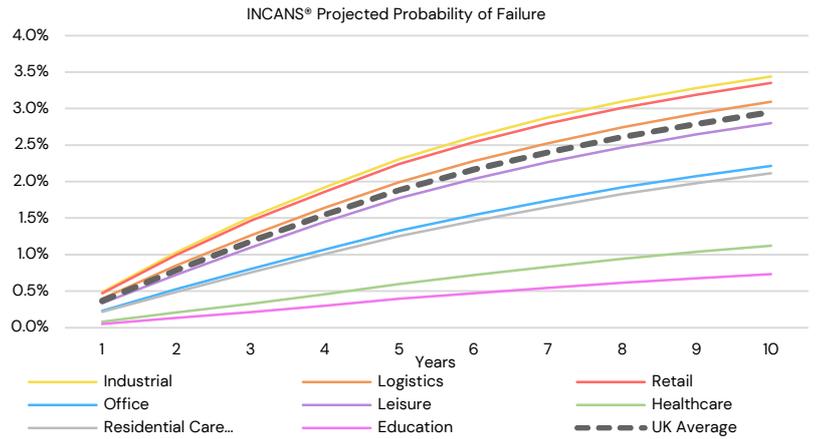
The hospitality sector remained stable quarter-on-quarter. Pubs and restaurants have shown the biggest improvement in the last 12 months, with a positive INCANS[®] Score Change of 11 points, subsequently followed by the hotels sector which increased by 8 points.

The INCANS[®] T200 series of reports have been developed by Income Analytics using company level data provided by Dun & Bradstreet. The figures are calculated at the end of each quarter by generating an average % probability of failure for the top 200 companies in each of the 83 x SIC 2 industry code type across a particular country or geographic region.

INCANS® Global Score by Property Type

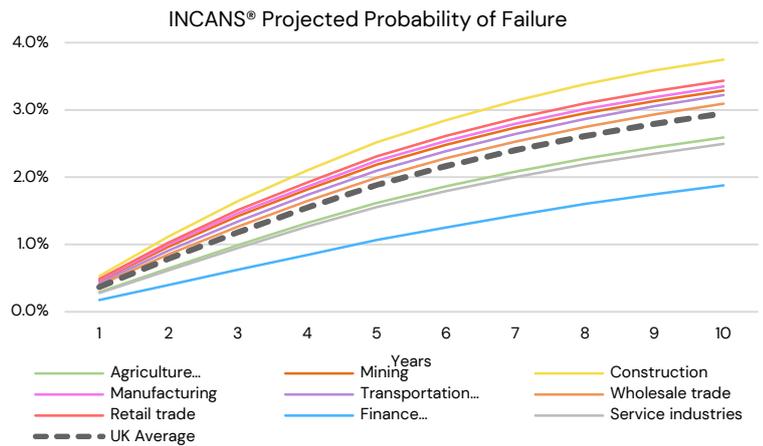
Sector	Quarterly Score 1 - 100
Education	97
Healthcare	95
Residential Care Homes	86
Office	85
Leisure	78
UK Average	76
Logistics	74
Retail	69
Industrial	68

Selected Sub Sectors	Quarterly Score 1 - 100
UK Average	76
Pubs and Restaurants	74
DIY/Home	69
Hotels	66
Motor Dealerships	66

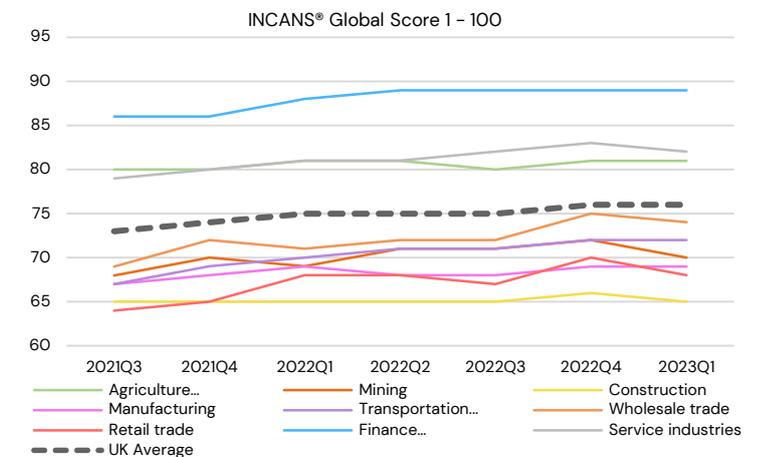


INCANS® Global Score by Industry Type

Industry Type	Quarterly Score 1 - 100
Finance, insurance, and real estate	89
Service industries	82
Agriculture, forestry, and fishing	81
Wholesale trade	74
Transportation, communications, and utilities	72
Mining	70
Manufacturing	69
Retail trade	68
Construction	65

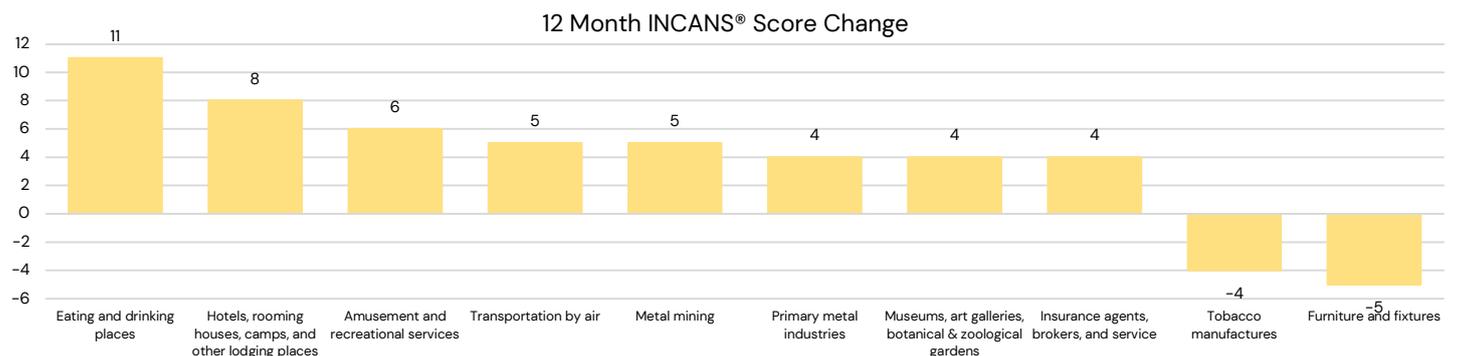


Industry Type	12 Month Score Change
Wholesale trade	3
Transportation, communications, and utilities	2
Finance, insurance, and real estate	1
Service industries	1
Mining	1
Agriculture, forestry, and fishing	0
Construction	0
Manufacturing	0
Retail trade	0



Top SIC2 Industry Averages	INCANS® Score
Educational services	97
Health services	95
Nondepository credit institutions	92
Legal services	92
Security, commodity brokers, and services	91
Depository institutions	89
Museums, art galleries, botanical & zoological gardens	89
Insurance carriers	89
Insurance agents, brokers, and service	88
Holding and other investment offices	87

Bottom SIC2 Industry Averages	INCANS® Score
Tobacco manufactures	48
Apparel and accessory stores	55
Furniture and fixtures	56
Pipelines, except natural gas	56
Primary metal industries	61
Petroleum and coal products	63
Heavy construction contractors	64
Special trade contractors	64
Transportation equipment	65
Stone, clay, glass, and concrete products	65



INCANS® Top 200 Methodology

What is the INCANS® Tenant Global Score?

The INCANS® Tenant Global Score is a normalised international cross border score that predicts the likelihood that a company will seek credit relief or worse, go out of business within the next 12 months. The scale is based on the historical default data from every company over recent history. A higher score indicates a lower probability of failure or default. It can be interpreted as the rough percentile the company sits in against all global companies in terms of their failure risk over all of modern history. e.g. 100/100 means that the company is broadly in the top 1% of all global companies that have existed over modern history. A score today in any country is comparable in risk level with the same score at any point in time in any other country.

Methodology

- PARTITION** Split the entire D&B universe of 500m+ companies into global regions: UK, Western Europe, North America, and Eastern Europe.
- CORPORATE GROUP** Group the companies into their corporate group – taking the highest parent company in each region. (Note that multiple parent branches may exist in the event that the global parent is outside of the region.)
- CONSOLIDATE REVENUES** Calculate the consolidated total revenue for each parent together with all of its subsidiaries.
- INDUSTRY CLASSIFICATION** Define industry type using a globally standardised SIC system based around the US 1987 SIC classification system. Take the SIC of the parent company of each corporate group and identify the top 200 corporate groups by revenue in each of the 83 x SIC 2 industry 4 sectors in each region.
- CLEAN & RECLASSIFY** Remove any companies which are currently unscored (e.g. for regulatory reasons), and assign any companies in general SIC groups (e.g. Holding Companies) into their primary business activity classification.
- CREATE AVERAGES & AGGREGATES** Create averages for each of the 83 x SIC 2 Industry sectors, and aggregate these into the main 10 x Industry Groups (SIC 1). Assign the industry SIC 2 codes to relevant Real Estate Sectors, and create custom-defined Subsectors to produce scores for likely occupiers of each type of assets.

Disclaimer

The Scores and Ratings included in this report are designed as a tool to help real estate professionals make their own investment related decisions, and should be used as part of a balanced and complete assessment relying on the knowledge and expertise of the user, and where appropriate on other information sources.

The Score and Rating models are developed using statistical analysis in order to generate a prediction of future events. Income Analytics predictive models use data provided by Dun & Bradstreet ("D&B").

D&B monitors the performance of thousands of businesses for at least 12 months in order to identify characteristics common to specific business events. These characteristics are weighted by significance to form rules within the models that identify other businesses with similar characteristics and provide a Score and Rating.

Like all forward looking predictions, Income Analytics Scores & Ratings are not a statement of what will happen, but an indication of what is more likely to happen based on previous experience using base data provided by D&B.

Whilst Income Analytics uses extensive procedures to maintain the quality of the information we hold, we cannot guarantee that it is always accurate, complete or up to date, and this may affect the Scores & Rating we publish.

Contact Details

Income Analytics Limited

Telephone House
69-77 Paul Street
London, EC2A 4NW
United Kingdom

+44 (0) 203 633 8732
info@incans.com