

Kames Capital UK Active Value Property Unit Trust

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to invest in predominantly multi-let commercial assets in the UK. Whilst the Fund's performance is measured relative to the All Balanced Funds Index component of the MSCI/AREF UK Pooled Quarterly Fund Index, its objective is to target a property level IRR of circa 8-10%.

The Fund has a strong focus on stock selection, with the main source of added value investment returns expected to be achieved from the picking of good quality assets offering attractive income returns, good value, or asset management potential.

INVESTOR CONSTITUENCY

Corporate and Local Authority Pension Schemes

Fund details	
Type of fund	Authorised PUT
Residence	Jersey
Launch date	01-Oct-13
Open/closed-ended	Closed-ended
Earliest date of winding up	Oct-20
Year-end	31-Dec
NAV (GBpm)	202.8

Source: Kames Capital

Management/professional advisors	
Manager	Kames Capital
Property advisor	-
Investment Advisor	Kames Capital
Fund Manager	Philip Bach
Corporate trustee	Saltgate Ltd
Auditors	Pricewaterhouse Coopers

Source: Kames Capital

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index*		
	Kames Capital UK Active Value Property Unit Trust	Other balanced funds	All balanced funds	All funds
3 months	1.1	2.2	2.2	1.8
Year-to-date	1.1	2.2	2.2	1.8
12 months	-1.9	2.5	2.5	0.7
3 years+	1.2	2.7	2.4	1.1
5 years+	4.0	4.6	4.1	3.2
10 years+	-	6.8	6.4	5.9

Source: Kames Capital

Property investment restrictions

Maximum development exposure	10%
Maximum speculative development exposure	10%
Maximum lot-size holding as a standing investment	10%
Maximum lot-size holding permitted at purchase	10%
Maximum exposure to limited partnerships	Nil
Maximum exposure to joint ventures	Nil
Maximum exposure to closed and open-ended property unit trusts	Nil

Note: * None specified

Source: Kames Capital

Portfolio distribution %

	Kames Capital UK Active	MSCI/AREF UK Quarterly Property Fund Index*		
		Other balanced	All balanced funds	All funds
Standard retail – South East	7.8	6.0	5.2	4.9
Standard retail – Rest of UK	3.9	2.1	2.4	3.3
Shopping centres	0.2	0.7	1.2	3.5
Retail warehouses	20.1	10.9	10.5	9.0
All UK retail	32.0	19.7	19.3	20.6
City offices	5.7	3.9	3.6	3.4
West End offices	0.0	7.6	8.5	7.6
Rest of South East offices	19.3	10.8	10.2	7.4
Rest of UK offices	18.2	6.0	5.6	5.1
All UK offices	43.3	28.3	27.9	23.5
South East industrial	1.4	21.7	22.7	18.5
Rest of UK industrial	13.6	12.0	11.8	9.5
All UK industrial	15.0	33.7	34.5	28.0
Other UK properties	2.9	11.3	10.7	21.9
Cash***	6.8	7.0	7.7	5.9
Overall	100.0	100.0	100.0	100.0

Source: Kames Capital

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	36	196.3	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	36	196.3	100.0

Source: Kames Capital

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Wigmore Place, Wigmore Lane, Luton	Luton	Offices	19.0	9.7
Olympus House, Olympus Avenue, Leamington	Leamington Spa	Offices	16.5	8.4
Bilston Glen Industrial Estate, Edinburgh	Edinburgh	Industrial	12.4	6.3
41-42 Trinity Square, London	London	Offices	12.1	6.2

Cray House, 3 Maidstone Road, Sidcup	Sidcup	Offices	11.8	6.0
78-104 Town Square, Basildon	Basildon	Standard Retail	9.5	4.8
Orion Business Park, Bird Hall Lane, Stockport	Stockport	Offices	8.4	4.3
Clydesmill IE, Clydesmill Place, Cambuslang	Cumaslang	Industrial	8.1	4.1
Portrack Interchange, Portrack Lane, Stockton-on-Tees	Stockton-on-Tees	Retail Warehouses	8.0	4.1
Victoria Retail Park, Grimsby	Grimsby	Retail Warehouses	7.5	3.8
10 largest investments as % of portfolio			113.2	57.7

Source: Kames Capital

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	12	18.3	9.3
2.5 - 5	9	35.1	17.9
5-10	10	71.2	36.2
10-25	5	71.8	36.5
25 - 50	0	0.0	0.0
50 - 100	0	0.0	0.0
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	36	196.3	100.0
Average lot size		5.5	

Source: Kames Capital

Property Yield*		Voids as % of ERV*	
Net initial yield	6.23%	Investments	17.76%
Nominal equivalent yield	7.51%	Developments	0.00%
True equivalent yield	7.85%	Total	17.76%
Net reversionary yield	7.34%		

Source: Kames Capital

Source: Kames Capital

Rental income & ERV by type of property*		
	Rental income %	Estimated rental value %
Standard retail	16.5	13.6
Retail warehousing	26.3	22.2
Shopping centres	0.0	2.0
Central London offices	1.5	5.2
Other offices	36.6	41.2
Industrial	13.8	12.5
Other	5.3	3.2
Overall	100.0	100.0

Source: Kames Capital

Over Renting and Reversionary Potential, % Rent Passing								
Sector	Rent Passing, GBP Millions	Rent Free, % Rent Passing	Development vacancy %	Investment vacancy %	Over rented,% Rent Passing	Reversionary potential %	Reversionary potential Net	Market Value % Rent
Standard retail	2.3	2.5	0.0	13.3	-25.3	14.0	-11.3	104.4
Retail warehouse	3.6	3.4	0.0	1.0	-15.2	17.3	2.1	106.6

Shopping centre	0.0	0.0	0.0	0.0	0.0	34900.0	34900.0	35000.0
Central London	0.2	0.0	0.0	291.8	-3.6	33.6	30.0	421.8
Other offices	5.1	0.0	0.0	39.7	-4.0	5.8	1.8	141.5
Industrial	1.9	0.0	0.0	6.8	-1.0	8.3	7.3	114.1
Other	0.7	0.0	0.0	0.0	-23.4	0.0	-23.4	76.6
Overall	13.8	1.3	0.0	22.5	-11.0	13.2	2.1	125.9

Source: Kames Capital

Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Source: Kames Capital

The unexpired term of leases

Years	% of rent passing
20 years or greater	0.6
15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	7.6
5 years or greater, but less than 10	23.1
Less than 5 years	68.7

Source: Kames Capital

Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: Kames Capital

Debt analysis

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

0 0 0

0 0 0

Source: Kames Capital

Development exposure*

	Capital value of developments			
	Not yet started	In progress+	All developments	complete
GBPm	0	0	0	0
% of all directly held properties	0.00%	0.00%	0.00%	0.00%

* Includes joint ventures in which the Fund has an interest of 50% or more

Source: Kames Capital

Valuations/performance monitors/affiliations

Frequency of valuation	Quarterly
Valuers	Knight Frank
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index*	Yes
Member of the Association of Real Estate Funds	Full Member

Source: Kames Capital

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	
Investment purposes	Nil
Liquidity purposes	10%
Cash holdings (maximum)	20%
Cash holdings (minimum)	Nil

Source: Kames Capital

The contribution of major tenants to rental income

Tenant	%
TUI Northern Europe Limited	12.9
TNS	6.6
London & Quadrant Housing Trust	5.5
Sportdirect.com Retail Limited	3.8
Wickes	3.3
Poundstretcher Ltd	3.0
B & Q Limited	2.8
RBS	2.8
Nuffield Health	2.7
Mecca Bingo Limited	2.5
Three largest tenants' contribution to rental income	24.9
Five largest tenants' contribution to rental income	32.1
Ten largest tenants' contribution to rental income	45.9

Source: Kames Capital

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	196.3	0.0	0.0	0.0	196.3

Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	14.3	0.0	0.0	0.0	14.3
Other net assets/liabilities	-7.8	0.0	0.0	0.0	-7.8
Total net assets	202.8	0.0	0.0	0.0	202.8
Gearing (%)					
Net debt (cash)/properties	-7.3	-	-	-	-7.3
Net debt (cash)/equity	-7.0	-	-	-	-7.0

Source: Kames Capital

Quarterly data per unit						
As at	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21
Bid (GBP)	-	-	-	-	-	-
Offer (GBP)	-	-	-	-	-	-
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1.16	1.12	1.08	1.06	1.06	1.06
Quarterly distribution (GBP)	0.01	0.01	0.00	0.01	0.01	0.01
Yield	2.57%	1.93%	0.63%	2.95%	3.89%	3.70%

Source: Kames Capital

Unit pricing

The NAV of the Fund is calculated on a quarterly basis by the Managing Trustee, Saltgate Ltd.

Distributions

Quarterly income distributions are made from the Fund.

Minimum investment/disinvestment

Minimum initial investment: £2,500,000

Minimum additional investment: £2,500,000

Creation, transfer and realisation of units

On the expiry of the investment period (3 years from inception of the Fund) and thereafter on an annual rolling basis all unitholders may make a request to redeem up to 10% of their units in issue, subject to the minimum

Taxation

Capital Gains Tax

The fund is a Jersey PUT and subject to applicable governing law.

Income Tax

The fund is a Jersey PUT and subject to applicable governing law.

Stamp duty reserve tax

As above

Charges

Annual charges:

Unit holder analysis

	Number of unitholders	Total % held
Less than 1% of units in issue	0	0.0
1% or greater but less than 2%	0	0.0
2% or greater but less than 4%	0	0.0
4% or greater but less than 8%	2	11.6
Greater than 8.0%	5	88.4
Total	7	100.0
Major investors		
Largest holder	1	25.7
Three largest holders	3	64.5
Five largest holders	5	88.4
Ten largest holders	10	0.0
Internal/external investors		
Internal	1	5.1
External	6	94.9

Source: Kames Capital

Liquidity						
Period	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021
Issues and redemptions						
Units in issue as at start of period	266,659,217	266,659,217	232,776,767	215,009,304	215,009,304	215,009,304
Units issued during period	-	-	0	0	0	0
Units redeemed during period	-	-33882450.59	-17767462.19	-17647668.98	-6,218,194	0
Units in issue at end of period	266,659,217	232,776,766	215,009,304	197,361,635	208,791,110	215,009,304
Unit transfers						
Matched bargains	-	-	-	-	-	-
Matched bargains %*	-	-	-	-	-	-

* as % of units in issue at the end of the period

Source: Kames Capital

* as % of units in issue at the end of the period

Source: Nuveen Real Estate

Notes

The Trust changed its name from Edinburgh Property Portfolio to New Star Property Unit Trust following the