

Fidelity UK Real Estate Fund

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to provide capital appreciation along with an attractive and stable income return.

INVESTOR CONSTITUENCY

The Fund is available to institutional investors only. (The minimum subscription required to participate is £1 million.)

Fund details	
Type of fund	Property Authorised Investment Fund (PAIF)
Residence	United Kingdom
Launch date	May 2008 (conversion to a PAIF as at October 2016)
Open/closed-ended	Open-ended
Earliest date of winding up	n/a
Year-end	30 June
NAV (GBPm)	414.0

Source: FIL Limited

Management/professional advisors	
Manager	Fidelity International
Fund Manager	Alison Puhar
Corporate trustee	JP Morgan
Auditors	Deloitte LLP

Source: FIL Limited

Fund level total return, %				
		MSCI/AREF UK Quarterly Property Fund Index		
	Fidelity UK Real Estate Fund	Other balanced open-ended funds	All balanced open-ended funds	All funds
3 months	0.3	1.2	1.1	1.4
Year-to-date	0.5	1.7	1.7	1.7
12 months	-2.9	-0.4	0.1	0.0
3 years+	-1.4	0.4	0.6	0.0
5 years+	1.0	1.4	1.5	0.6
10 years+	5.3	5.1	4.8	4.0

Source: MSCI/AREF UK Quarterly Property Fund Index

Fund Restraints	
Property investment restrictions	
Maximum development exposure	15.0% of GAV
Maximum speculative development exposure	15.0% of GAV
Maximum lot-size holding as a standing investment	15.0% of GAV
Maximum lot-size holding permitted at purchase	15.0% of GAV
Maximum exposure to limited partnerships	15.0% of GAV
Maximum exposure to joint ventures	15.0% of GAV
Maximum exposure to closed and open-ended property unit trusts	15.0% of GAV
Maximum exposure to listed companies and trusts (1)	15.0% of GAV
Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	25.0%
for investment purpose	25.0%
for liquidity purpose	n/a
Cash holdings (maximum)	40.0%
Cash holdings (minimum)	n/a

Source: FIL Limited

Portfolio distribution %				
		MSCI/AREF UK Quarterly Property Fund Index		
	Fidelity UK Real Estate Fund	Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	0.0	4.7	3.7	3.4
Standard retail – Rest of UK	0.0	1.3	1.1	1.2
Supermarkets	0.0	0.0	1.1	1.7

Shopping centres	0.0	0.5	0.9	0.6
Retail warehouses	8.0	11.6	12.0	7.4
All UK retail	8.0	18.0	18.8	14.4
City offices	6.1	3.5	3.1	2.6
West End offices	0.0	7.6	6.6	4.8
Rest of South East offices	16.7	9.1	6.3	5.2
Rest of UK offices	15.0	5.1	4.0	4.4
All UK offices	37.8	25.3	20.0	17.0
South East industrial	20.8	27.2	20.1	18.0
Rest of UK industrial	7.3	14.4	7.2	6.5
South East Distribution Warehouse	4.8	0.0	5.4	4.1
Rest of UK Distribution Warehouse	15.9	0.0	6.3	5.3
All UK industrial	48.8	41.6	39.1	33.8
Residential excl Student Accomodation	0.0	0.0	1.3	2.4
Student Accomodation	0.0	0.0	3.3	10.7
Hotel	0.0	0.0	3.2	6.1
Leisure	0.0	0.0	2.2	4.1
Healthcare	0.0	0.0	1.3	1.4
Other UK properties	0.0	10.3	3.2	4.1
Cash***	5.4	4.8	7.7	6.0
Overall	100.0	100.0	100.0	100.0

Source: FIL Limited

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	29	404.4	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0.0	0.0
Total	29	404.4	100.0

Source: FIL Limited

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Martland Park	Wigan	Industrial	40-50	11.9
St Martins Business Centre	Bedford	Industrial	30-40	7.7
Black Bull yard	London	Office	20-30	6.4
Triton A & B	Grays	Industrial	20-30	5.9
Gateway 25	Grays	Industrial	20-30	5.9
Harbourgate	Portsmouth	Industrial	20-30	5.8
Stonelake, Units A and B	London	Industrial	20-30	5.1
Centrepoint V	Manchester	Industrial	10-20	4.9
Forest Trading Estate	London	Industrial	10-20	4.5
Phoenix House	Reading	Office	10-20	4.2
10 largest investments as % of portfolio				62.2

Source: FIL Limited

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0-2.5	1	1.6	0.4
2.5 - 5	5	20.2	5.0
5-10	6	44.1	10.9
10 - 25	14	233.3	57.7
25 - 50	3	105.2	26.0
50 - 100	0	0.0	0.0
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	29	404.4	100.0
Average lot size		13.9	

Source: FIL Limited

Property Yield

Net initial yield	5.95%
Nominal equivalent yield	0.00%
True equivalent yield	7.43%

Voids as % of ERV

Investments	19.26%
Developments	0.00%
Total	19.26%

Net reversionary yield

8.49%

Source: FIL Limited

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	0.0	0.0
Retail warehousing	11.5	8.1
Shopping centres	0.0	0.0
Central London offices	6.5	4.5
Other offices	42.7	50.4
Industrial	39.3	37.0
Other	0.0	0.0
Overall	100.0	100.0

Source: FIL Limited

Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free, % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented, % Rent Passing	Reversionary potential, % Rent Passing	Reversionary potential Net of Over renting, % Rent Passing	Market Value, % Rent Passing
Standard retail	-	-	-	-	-	-	-	-
Retail warehousing	2.9	-	-	-	-	-	-	102.6
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	1.6	-	-	-	-	-	-	101.5
Other offices	10.8	-	-	-	-	-	-	171.5
Industrial	10.0	-	-	-	-	-	-	136.7
Other	-	-	-	-	-	-	-	-
Overall	-	-	-	-	-	-	-	-

*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: FIL Limited

Listed Investments

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

Source: FIL Limited

The unexpired term of leases % of rent passing

Years	Including breaks	Excluding breaks
20 years or greater	0.0	0.0
15 years or greater, but less than 20	0.0	0.0
10 years or greater, but less than 15	0.0	1.2
5 years or greater, but less than 10	11.7	26.9
Less than 5 years	88.3	71.9

Source: FIL Limited

Joint and Indirect property holdings

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

Source: FIL Limited

Debt analysis

Fixed rate borrowings	Variable rate borrowings
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Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above Risk Free Rates (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: FIL Limited

Development exposure*

	Capital value of developments			Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
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: FIL Limited

Valuations/performance monitors/affiliations

Frequency of valuation	Monthly on the last day of the month
Property valuer	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: FIL Limited

The contribution of major tenants to rental income

Tenant	%
Makita (UK) Ltd	9.1
Npower Commercial Gas Limited	6.3
Esure Property Ltd	5.0
Novo Nordisk Ltd	4.0
Restore Digital Ltd	3.8
Freeths LLP	3.4
GXO Logistics UK Ltd	3.4
SAGE (UK) LTD	2.8
Ford Retail Ltd	2.6
Roku UK Ltd	2.3
Three largest tenants' contribution to rental income	20.4
Five largest tenants' contribution to rental income	28.2
Ten largest tenants' contribution to rental income	42.8

Source: FIL Limited

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	404.4	0.0	0.0	0.0	404.4
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	23.2	0.0	0.0	0.0	23.2
Other net assets/liabilities	-13.6	0.0	0.0	0.0	-13.6
Total net assets	414.0	0.0	0.0	0.0	414.0
Gearing (%)					
Net debt (cash)/properties	-5.7	-	-	-	-5.7
Net debt (cash)/equity	-5.6	-	-	-	-5.6

Source: FIL Limited

Quarterly data per unit

As at	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Mar-24	30-Jun-24
Bid (GBP)	6,184.20	6,130.41	6,124.01	5,918.66	5,933.93	5,949.67
Offer (GBP)	6,653.89	6,596.01	6,589.12	6,368.18	6,384.60	6,401.54
Mid (GBP)	6,419.05	6,363.21	6,356.56	6,143.42	6,159.27	6,175.60
Bid/offer spread	7.06%	7.06%	7.06%	7.06%	7.06%	7.06%
Net asset value (GBP)	6,262.48	6,208.01	6,201.53	5,993.58	6,009.04	6,024.98

Quarterly distribution (GBP)	0.00	0.00	0.00	0.00	0.00	0.00
Yield	0.00	0.00	0.00	0.00	0.00	0.00%

Source: FIL Limited

Unit pricing

The unit price is calculated as at the last day of each month. Income is included in the unit price.

Distributions

Distributions of income are made quarterly, on 22 April, 22 July, 22 October and 22 January.

Minimum investment/disinvestment

Minimum initial investment: GBP 1,000,000

Minimum additional investment: GBP150,000

Minimum redemption: None specified

Creation, transfer and realisation of units

Applications to subscribe for shares in the Fund must be received in the month prior to the next dealing date. Dealing dates are set on the 22nd of each calendar month or the business day prior if this date falls on a weekend or a bank holiday.

Redemptions of shares

Applications to redeem shares in the Fund must be received by the ACD at least 6 months prior to the relevant dealing date.

Dealing dates are set on the 22nd of each calendar month or the business day following if this date falls on a weekend or a bank holiday.

In the normal course of business the Manager will seek to meet redemptions within 6 months of receiving an application however may in exceptional circumstances have to postpone a redemption request for a further 24 months should liquidity not be available.

Taxation

The company is an open-ended investment company, and is treated as such for UK tax purposes. The company has elected into the Property Authorised Investment Fund tax regime.

Unit holder analysis

	Number of unitholders	Total % held
Less than 1% of units in issue	10	2.8
1% or greater but less than 2%	3	4.8
2% or greater but less than 4%	5	15.7
4% or greater but less than 8%	3	17.2
Greater than 8.0%	3	59.5
Total	24	100.0
Major investors		
Largest holder	1	33.3
Three largest holders	3	59.5
Five largest holders	5	72.5
Ten largest holders	10	89.8
Internal/external investors		
Internal	1	1.8
External	23	98.2

Source: FIL Limited

Liquidity

Period	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023	Year to Dec 2024
Issues and redemptions						
Units in issue as at start of period	131,238	131,309	125,658	113,726	106,745	97,875
Units issued during period	0	126	2,867	582.32	219.88	0
Units redeemed during period	70.96	-5776.46	-14798.97	-7562.62	-9,090	-1,681
Units in issue at end of period	131,309	125,658	113,726	106,745	97,875	96,194
Unit transfers						
Matched bargains	0	0	0	0	0	0
Matched bargains %*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

Source: FIL Limited