

Savills IM UK Income & Growth Fund

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to acquire and manage a diversified portfolio of UK investment properties, characterised by the quality of their income, in order to generate regular and stable income distributions and capital growth over the longer term.

INVESTOR CONSTITUENCY

The Fund is open to expert investors as defined by the Jersey Financial Services Commission.

Fund details	
Type of fund	Property unit trust
Residence	Jersey
Launch date	25-Jan-10
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Dec
NAV (GBPm)	115.2

Source: Savills Investment Management (UK) Limited

Management/professional advisors	
Manager	Savills Investment Management (Jersey) Limited
Property advisor	Savills Investment Management LLP
Investment Advisor	Savills Investment Management (UK) Limited
Fund Manager	Jamie Pearson
Corporate trustee	Vistra Fund Services Limited
Auditors	KPMG LLP

Source: Savills Investment Management (UK) Limited

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index*		
		Other balanced funds	All balanced funds	All funds
3 months	1.5	2.1	2.1	1.4
Year-to-date	0.7	-1.0	-1.0	-2.9
12 months	0.7	-1.0	-1.0	-2.9
3 years+	4.9	2.7	2.3	1.1
5 years+	5.9	4.4	3.9	3.0
10 years+	7.3	6.7	6.4	5.9

Source: * MSCI/AREF UK Quarterly Property Fund Index
Savills Investment Management (UK) Limited

Property investment restrictions	
Maximum development exposure	20%
Maximum speculative development exposure	Zero
Maximum lot-size holding as a standing investment	30%
Maximum lot-size holding permitted at purchase	15%
Maximum exposure to limited partnerships	100%
Maximum exposure to joint ventures	100%
Maximum exposure to closed and open-ended property unit trusts	0%

Source: Savills Investment Management (UK) Limited

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
Standard retail – South East	8.7	6.1	5.3	4.9
Standard retail – Rest of UK	22.8	2.2	2.5	3.3

Shopping centres	0.0	1.1	1.5	4.2
Retail warehouses	0.0	11.2	10.5	9.2
All UK retail	31.5	20.6	19.8	21.6
City offices	0.0	4.1	3.8	3.2
West End offices	0.0	7.6	8.5	7.6
Rest of South East offices	6.9	11.0	10.5	7.5
Rest of UK offices	0.0	6.1	5.7	5.1
All UK offices	6.9	28.9	28.5	23.4
South East industrial	47.6	21.1	21.9	18.0
Rest of UK industrial	3.9	11.6	11.4	9.2
All UK industrial	51.6	32.7	33.2	27.3
Other UK properties	7.8	11.0	10.1	21.5
Cash***	2.3	6.8	8.4	6.2
Overall	100.0	100.0	100.0	100.0

Source: Savills Investment Management (UK) Limited

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	21	112.6	100.0
Joint and indirect holdings	0	0	0
Listed investments	0	0	0
Total	21	112.6	100.0

Sources: Savills Investment Management (UK) Limited

** MSCI/AREF UK Quarterly Property Fund Index

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
OTIUM PARK	SOLIHULL	Retail Other	13.6	12.0
PROGRESS BUSINESS PARK	CROYDON	Industrial	11.4	10.1
FUJITSU SERVICES DATA CENTRE	STEVENAGE	Industrial	9.8	8.7
WHITE HART AVENUE	THAMESMEAD	Industrial	8.7	7.7
PARKWOOD INDUSTRIAL ESTATE	MAIDSTONE	Industrial	7.6	6.7
ALBION COURT	LEEDS	Retail Other	7.3	6.4
UNIT 6 HENLEY BUSINESS PARK	GUILDFORD	Industrial	6.9	6.1
329 - 335 CLIFTON DRIVE SOUTH	LYTHAM ST. ANNES	Hotel	6.1	5.4
LAMPTON HOUSE, LAMPTON ROAD,	HOUNSLOW	Office	4.9	4.3
NUNEATON STREET	GLASGOW	Industrial	4.6	4.0
10 largest investments as % of portfolio				71.6

Source: Savills Investment Management (UK) Limited

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	5	9.2	8.2
2.5 - 5	8	32.2	28.6
5-10	6	46.3	41.1
10-25	2	24.9	22.1
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	21	112.6	100.0
Average lot size		5.4	

Source: Savills Investment Management (UK) Limited

Property Yield		Voids as % of ERV	
Net initial yield	4.71%	Investments	9.18%
Nominal equivalent yield	5.60%	Developments	-
True equivalent yield	5.70%	Total	
Net reversionary yield	5.68%		

Source: Savills Investment Management (UK) Limited

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	38.0	34.4
Retail warehousing	0.0	0.0
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	9.4	7.4
Industrial	45.6	49.6
Other	6.9	8.6
Overall	100.0	100.0

Source: Savills Investment Management (UK) 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	2.1	0.0	0.0	3.3	-2.6	8.3	5.7	108.3
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	0.5	0.0	0.0	0.0	-7.7	-5.8	-13.4	94.2
Industrial	2.5	0.0	0.0	21.0	-1.0	30.1	29.1	130.1
Other	0.4	0.0	0.0	2.6	0.0	49.3	49.3	149.3
Overall	5.5	0.0	0.0	11.0	-2.1	19.7	17.6	119.7

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

Source: Savills Investment Management (UK) Limited

The unexpired term of leases	
Years	% of rent passing
20 years or greater	6.0
15 years or greater, but less than 20	21.1
10 years or greater, but less than 15	11.9
5 years or greater, but less than 10	13.0
Less than 5 years	47.9

Source: Savills Investment Management (UK) Limited

Development exposure*			
	Capital value of developments		
	Not yet started	In progress+	All developments
			Cost to complete schemes in progress+
GBPm	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%

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

Source: Savills Investment Management (UK) Limited

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly, on the last Business Day
Valuers	Jones Lang LaSalle
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: Savills Investment Management (UK) Limited

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	30% of Net Asset Value
Cash holdings (maximum)	-
Cash holdings (minimum)	-

Source: Savills Investment Management (UK) Limited

The contribution of major tenants to rental income
--

Tenant	%
VOLKSWAGEN GROUP UK Ltd	8.1
FUJITSU	8.0
GRAFTON MERCHANTING GB LTD	6.8
JOHNSONS CARS LIMITED	8.5
HSBC BANK PLC	6.0
ORANGE BUSINESS HOLDINGS UK LTD	5.6
THE MID-COUNTIES CO-OPERATIVE LTD	5.4
BRACKEN LTD	4.5
SPIRIT PUB COMPANY (TRENT) LTD	4.2
MKM BUILDING SUPPLIES LTD	3.8
Three largest tenants' contribution to rental income	22.9
Five largest tenants' contribution to rental income	37.4
Ten largest tenants' contribution to rental income	60.9

Source: Savills Investment Management (UK) Limited

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	112.6	0.0	0.0	0.0	112.6
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	2.6	0.0	0.0	0.0	2.6
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	115.2	0.0	0.0	0.0	115.2
Gearing (%)					
Net debt (cash)/properties	-2.3	-	-	-	-2.3
Net debt (cash)/equity	-2.3	-	-	-	-2.3

Source: Savills Investment Management (UK) Limited

Quarterly data per unit						
As at	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20
Bid (GBP)	1,262.7	1,258.2	1,239.6	1,210.6	1,218.0	1,224.37
Offer (GBP)	1,352.9	1,346.9	1,327.3	1,296.3	1,298.7	1,310.67
Mid (GBP)	1,307.8	1,302.6	1,283.5	1,253.5	1,258.3	1,267.52
Bid/offer spread	6.66%	6.58%	6.60%	6.61%	6.21%	6.58%
Net asset value (GBP)	1,272.2	1,267.7	1,249.0	1,219.7	1,226.6	1,233.55
Quarterly distribution (GBP)	11.7	13.2	12.5	9.3	9.4	11.45
Yield	4.17%	4.08%	4.10%	3.83%	3.63%	3.46%

Source: Savills Investment Management (UK) Limited

Unit pricing

The unit price is valued each month as at the last day of the month. Income is not included in the unit price.

Distributions

Distributions are made quarterly, normally shortly after the month end following the applicable quarter end date. Distributions are paid to the unitholders shown on the register on the month end date.

Minimum investment/disinvestment

The minimum initial investment is GBP1,000,000, although the manager, at their discretion, can waive the minimum investment amount where it is satisfied that the investor has received financial advice or the investment is made on the investor's behalf by a discretionary investment manager

Creation, transfer and realisation of units

The fund is open to subscriptions on a monthly basis, with applications to be received at least five business days before subscription day, which is the last working day of the month.

The Manager has the discretion to defer redemptions if it deems it in the interest of continuing unitholders to do so. . If at any time unitholders seek to redeem more than 10% of the units in issue, the manager may defer redemptions up to nine months following the end of the redemption notice period.

The manager will attempt, where possible, the matching of buying and selling orders. Such transfers are effective from the last business day of the month during which they take place.

Taxation

The following is a summary of current law and practice and is subject to change. The information should not be regarded as legal or tax advice.

Capital Gains Tax

since it is registered in Jersey, the fund is not subject to UK capital gains tax. Those investors who are subject to tax may be liable to capital gains tax on the redemption or sale of their units in the trust.

Income Tax

While distributions of income are made net of UK Income Tax, non-taxpayers are entitled to reclaim any tax deducted at source.

Stamp duty reserve tax

No stamp duty is payable on the transfer of existing units.

Charges

The manager does not apply an initial charge for the subscription of units. The manager does not apply an early redemption charge for the redemption of units.

The fund bears the cost of fees of service providers in relation to day-to-day management and rent collection of directly held properties, valuations, the trustees' and auditors' fees, custodian fees and the costs of preparing reports and accounts for unitholders, and market research and performance measurement.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	3	1.3
1% or greater but less than 2%	1	1.7
2% or greater but less than 4%	0	0.0
4% or greater but less than 8%	4	19.5
Greater than 8.0%	5	77.6
Total	13	100.0
Major investors		
Largest holder	1	0.0
Three largest holders	3	0.0
Five largest holders	5	0.0
Ten largest holders	10	0.0
Internal/external investors		
Internal	0	0.0
External	13	100.0

Source : Savills IM UK Income & Growth Fund

Liquidity						
Period	Year to Dec 2015	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020
Issues and redemptions						
Units in issue as at start of period	95,804	95,804	95,330	104,458	102,679	97,923
Units issued during period	-	-	9,137	3805.349	0	0
Units redeemed during period	-	-474	-9.517	-5583.92	-4756.455	5,906
Units in issue at end of period	95,804	95,330	104,458	102,679	97,923	103,829
Unit transfers						
Matched bargains	2670	-	0	0	1533	0
Matched bargains %*	0.028	-	0.000	0.000	0.016	0.000

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

Source : Savills IM UK Income & Growth Fund