

Aegon UK Property Fund Limited

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to outperform competitor funds through superior sector allocations, superior stock selection and active management of individual properties within the portfolio. The Fund’s benchmarks are the MSCI UK Monthly Property Index and Lipper median. The Fund is positioned to be relatively low-risk, focusing on delivery of an above-average income return, across a balanced property portfolio.

INVESTOR CONSTITUENCY

Approved defined benefit and defined contribution occupational pension schemes.

Fund details	
Type of fund	Unit linked life and pension fund
Residence	United Kingdom
Launch date	January 1983
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31 March
NAV (GBPm)	205.3

Source : Kames Capital

Management/professional advisors	
Manager	Kames Capital
Investment Advisor	Kames Capital
Fund Manager	David Wise/Sarah Cockburn
Trustee	Not applicable
Auditors	Ernst & Young LLP

Source : Kames Capital

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index *		
		Managed Open-Ended funds	All balanced open-ended funds	All funds
3 months	5.8	3.8	3.9	3.6
Year-to-date	5.8	8.5	9.8	8.6
12 months	18.4	24.8	23.3	20.7
3 years+	3.8	9.6	9.2	7.4
5 years+	5.1	7.7	8.1	6.7
10 years+	5.2	8.0	8.5	7.7

Note: * Weighted average returns + Annualised

Source: MSCI/AREF UK Quarterly Property Fund Index

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	20%*
Maximum exposure to joint ventures	**
Maximum exposure to closed and open-ended property unit trusts	20%*

Note: * Maximum of 20% indirect ** None specified

Source: Kames Capital

Portfolio distribution %

	Aegon UK Property Fund Limited*	MSCI/AREF UK Quarterly Property Fund Index**		
		Managed Open-Ended funds	All balanced open-ended funds	All funds
Standard retail – South East	8.6	3.2	4.3	4.5
Standard retail – Rest of UK	0.0	2.8	1.6	2.8
Shopping centres	0.0	1.8	0.8	2.2
Retail warehouses	20.5	8.6	10.8	7.3
All UK retail	29.1	16.3	17.6	16.8
City offices	0.0	3.2	3.4	3.1
West End offices	0.0	5.6	7.1	5.2
Rest of South East offices	27.0	7.1	8.6	6.6
Rest of UK offices	6.7	4.2	4.9	5.4
All UK offices	33.7	20.1	24.0	20.3
South East industrial	34.0	31.8	28.4	23.5
Rest of UK industrial	0.0	15.3	14.6	12.6
All UK industrial	34.0	47.1	43.0	36.1
Other UK properties	0.0	9.4	10.1	22.5
Cash***	3.2	7.2	5.4	4.3
Overall	100.0	100.0	100.0	100.0

Source : * Kames Capital

** MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	14	199.8	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0.0	0.0
Total	14	199.8	100.0

Source: Kames Capital

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
GATWICK DISTRIBUTION CENTRE	CRAWLEY	Industrial	36.5	18.2
BILLINGSHURST TRADE PARK,,	Billingshurst	Industrial Other	19.4	9.7
HATHAWAY RETAIL PARK,FOUNDRY LANE	CHIPPENHAM	Retail Park	17.8	8.9
ST PAUL'S HOUSE,WINCHESTER,ST PAUL'S HOUSE	WINCHESTER	Office	15.9	7.9
WESTON GROUP BUSINESS CENTRE	BISHOP'S STORTFORD	Office	14.6	7.3
GEFCO UNIT CROSSWAYS BUSINESS PARK	DARTFORD	Industrial	14.3	7.2
143 - 165 HIGH STREET,WEST WICKHAM,143 - 165 HIGH STREET	WICKHAM	Retail Other	14.2	7.1
ST CATHERINES COURT	BRISTOL	Office	13.9	7.0
RIVIERA WAY	TORQUAY	Retail Park	13.3	6.7
MALLARDS REACH,BRIDGE AVENUE	MAIDENHEAD	Office	13.2	6.6
10 largest investments as % of portfolio			173.0	86.6

Source: Kames Capital

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 - 2.5	1	1.0	0.5
2.5 - 5	1	2.7	1.4
5-10	0	0.0	0.0
10-25	11	159.7	79.9
25 - 50	1	36.5	18.2
50 - 100	0	0.0	0.0

100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	14	199.8	100.0
Average lot size		14.3	

Property Yield*	
Net initial yield	3.60%
Nominal equivalent yield	-
True equivalent yield	0.00%
Net reversionary yield	5.15%

Voids as % of ERV*	
Investments	21.88%
Developments	-
Total	-

Rental income & ERV by type of property*

Source: Kames Capital

Over Renting and Reversionary Potential, % Rent Passing

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

Listed Investments

The unexpired term of leases	
Years	% of rent passing
20 years or greater	10.5
15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	0.2
5 years or greater, but less than 10	41.6
Less than 5 years	47.8

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

Source: Kames Capital

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

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

Source: Kames Capital

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly, as at the last day of the month
Valuers	Jones Lang LaSalle
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	No
Member of the Association of Real Estate Funds	Full member

Source: Kames Capital

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	
for investment purposes	Nil
for liquidity purposes	10%
Cash holdings (maximum)	To be determined by the Manager
Cash holdings (minimum)	To be determined by the Manager

Source: Kames Capital

The contribution of major tenants to rental income

Tenant	%
WESTON (BUSINESS CENTRES) LTD	10.5
SAINSBURY'S SUPERMARKETS LTD	8.8
B&M RETAIL LTD	6.0
DACHSER UK LTD	5.1
SAFFERY CHAMPNESS	4.2
MATALAN RETAIL LTD	4.0
DUNELM (SOFT FURNISHINGS) LTD	3.9
PETS AT HOME LTD	2.9
TJ Morris T/A Home Bargains	2.9
Pure Gym	2.9
Three largest tenants' contribution to rental income	25.3
Five largest tenants' contribution to rental income	34.5
Ten largest tenants' contribution to rental income	51.1

Note * The fund has approximately 13% of its underlying income exposed to tenants considered as Public Sector.

Source: Kames Capital

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	199.8	0.0	0.0	0.0	199.8
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	6.5	0.0	0.0	0.0	6.5
Other net assets/liabilities	-1.1	0.0	0.0	0.0	-1.1
Total net assets	205.3	0.0	0.0	0.0	205.3
Gearing (%)					
Net debt (cash)/properties	-3.3	-	-	-	-3.3
Net debt (cash)/equity	-3.2	-	-	-	-3.2

Source: Kames Capital

Quarterly data per unit

As at	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22	30-Jun-22
Bid (GBP)	2.053	2.066	2.155	2.203	2.357	2.42
Offer (GBP)	2.209	2.210	2.311	2.372	2.538	2.61
Mid (GBP)	2.131	2.138	2.233	2.287	2.447	2.52
Bid/offer spread	7.04%	6.51%	6.74%	7.11%	7.13%	7.20%
Net asset value (GBP)	n/a	n/a	n/a	n/a	n/a	n/a
Quarterly distribution (GBP)	n/a	n/a	n/a	n/a	n/a	n/a
Yield	n/a	n/a	n/a	n/a	n/a	n/a

Source: Kames Capital

Unit pricing

The unit price is calculated on the last business day of each month. Income is not included in the unit price. Some of the vehicles through which the Fund holds directly-held investments have fixed-rate debt. The market value of this debt is not published and it does not reflect in the monthly recalculation of the Fund's net asset value.

Distributions

Distributions are made monthly, normally on the 20th of each month or the following working day. Ex-distribution dates are the penultimate working day of each month, i.e. the day before pricing. Distributions are paid to the unitholders shown on the register on the ex-distribution dates.

Minimum investment/disinvestment

The minimum initial investment is GBP250,000, although the manager, at their discretion, can allow investors to invest as little as GBP25,000 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. Existing unitholders may increase or decrease their holdings by minimum amounts of GBP10,000 (rounded to the nearest number of whole units). No redemption notice will be accepted that would result in a holding falling to below the minimum holding value determined by the manager (currently GBP10,000).

Creation, transfer and realisation of units

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

As from March 2009, the Manager has the discretion to defer redemptions if it deems it in the interest of continuing unitholders to do so.

Redeeming unitholders may not withdraw their realisation notice in respect of units which the Manager has notified the unitholder that it has determined can be redeemed or any units which are within the last 3 months of the 24-month redemption window.

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 trust instrument empowers the manager and investment advisor to make an annual charge totalling not more than 2% of the net asset value of the fund (including accrued income). However, the total charge is currently 1% pa and the manager has undertaken to give at least three months’ notice of any increase in this figure.

The manager and investment advisor currently bear 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. These costs may, alternatively, be charged to unitholders. The manager has undertaken to give at least three months’ notice before so doing.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue		
1% or greater but less than 2%		
2% or greater but less than 4%		
4% or greater but less than 8%		
Greater than 8.0%		
Total		
Major investors	The AEGON UK Property Fund is a unit linked fund with over 100,000 investors,	
Largest holder	none of whom has a significantpercentage holding in the fund	
Three largest holders		
Five largest holders		
Ten largest holders		
Internal/external investors		
Internal		

Liquidity						
Period	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022
Issues and redemptions						
Units in issue as at start of period	185,884,568	155,965,710	125,984,094	113,177,592	77,589,358	83,546,725
Units issued during period	24,668,768	18,104,612	16,323,662	6,556,151	15,822,056	0
Units redeemed during period	-54,587,626	-48,086,227	-29,130,164	-42,144,385	-9,864,690	0
Units in issue at end of period	155,965,710	125,984,094	113,177,592	77,589,358	83,546,725	83,546,725
Unit transfers						
Matched bargains	-	-	-	-	-	-
Matched bargains %*	-	-	-	-	-	-

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