

AXA UK Long Lease Property Fund

INVESTMENT POLICY AND OBJECTIVES

The Fund seeks to provide real estate based stable long term income mostly from rents with inflation indexation or fixed periodic uplifts and the potential for capital growth to aim to meet the investment objectives of investors with long term liabilities. The Fund aims to invest directly in a diversified portfolio of UK Real Estate assets and maintain a weighted unexpired lease term ("WAULT") in excess of 20 years at a fund level and higher portfolio level tenant covenant strength relative to the MSCI All Quarterly and Monthly Valued Funds measured by portfolio covenant strength tests. The Fund targets a long term net income distribution of 4.5% p.a.

INVESTOR CONSTITUENCY

The Fund is regulated in Jersey as an expert fund. It is suitable only for those who fall within the definition of

Fund details	
Type of fund	Unauthorised Open ended Property Unit Trust
Residence	Jersey
Launch date	31 October 2012
Open/closed-ended	Open Ended
Earliest date of winding up	N/a
Year-end	31st March
NAV (GBPm)	429.1

Management/professional advisors	
Fund Investment Advisor and Partnership Manager	AXA Investment Managers UK
Partnership Investment Advisor	AXA IM UK
Fund Manager	Ian Pollard
Managing Trustee	Saltgate Ltd
Auditors	PwC

Investment rates of return, %

		MSCI/AREF UK Quarterly Property Fund Index *		
	AXA UK Long Lease Property Fund	Long Income Funds	All balanced funds	All funds
3 months	1.9	1.9	2.2	1.8
Year-to-date	1.9	1.9	2.2	1.8
12 months	4.4	3.4	2.5	0.7
3 years+	5.4	4.9	2.4	1.1
5 years+	6.6	6.1	4.1	3.2
10 years+	-		6.4	5.9

Note: * Weighted average returns + Annualised

Property investment restrictions

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

Portfolio distribution %

	AXA UK Long Lease Property Fund*	MSCI/AREF UK Quarterly Property Fund Index**		
		Long Income Property Funds	All balanced funds	All funds
Standard retail – South East	12.4	8.6	5.2	4.9
Standard retail – Rest of UK	9.1	8.6	2.4	3.3
Shopping centres	0.0	0.6	1.2	3.5
Retail warehouses	0.0	1.9	10.5	9.0
All UK retail	21.5	19.7	19.3	20.6
City offices	0.0	4.7	3.6	3.4
West End offices	0.9	5.4	8.5	7.6
Rest of South East offices	0.0	5.1	10.2	7.4
Rest of UK offices	0.0	8.8	5.6	5.1
All UK offices	0.9	24.0	27.9	23.5
South East industrial	5.9	3.1	22.7	18.5
Rest of UK industrial	13.5	6.4	11.8	9.5
All UK Industrial	19.5	9.4	34.5	28.0
Other UK properties	53.0	44.8	10.7	21.9
Cash***	5.1	2.0	7.7	5.9
Overall	100.0	100.0	100.0	100.0

** MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	36	407.3	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	36	407.3	100.0

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
JURYS INN HOTEL	LIVERPOOL	Hotel	25-50m	-
HOLLAND & BARRETT DC1	BURTON-ON-TRENT	Industrial	25-50m	-
TESCO	DERBY	Retail Other	25-50m	-
NAPIER UNIVERSITY	EDINBURGH	Apartments- Applicable Not Categorised	10-25m	-
MANOR LODGE	CHELMSFORD	Healthcare	10-25m	-
KNEBWORTH CARE HOME	KNEBWORTH	Healthcare	10-25m	-
FINZELS REACH	BRISTOL	Hotel	10-25m	-
ACCOR IBIS HOTEL	LONDON	Hotel	10-25m	-
GEOPOST	FELTHAM	Industrial	10-25m	-
BELONG VILLAGE CARE HOME	NEWCASTLE	Healthcare	10-25m	-
10 largest investments as % of portfolio				54.4

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	2	4.3	1.1
2.5 - 5	8	28.2	6.9
5-10	9	70.4	17.3
10-25	14	208.6	51.2
25 - 50	3	95.8	23.5
50 - 100	0	0.0	0.0
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	36	407.3	100.0
Average lot size		11.3	

Property Yield*

Net initial yield	4.51%
Nominal equivalent yield	-
True equivalent yield	4.88%
Net reversionary yield	6.02%

Voids as % of ERV*

Investments	0.00%
Developments	-
Total	-

Rental income & ERV by type of property*

	Rental income %	Estimated rental value %
Standard retail	25.1	20.4
Retail warehousing	0.0	0.0
Shopping centres	0.0	0.0
Central London offices	1.0	0.8
Other offices	0.0	0.0
Industrial	18.7	15.5
Other	55.2	63.2
Overall	100.0	100.0

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	4.9	0.0	0.0	0.0	-0.1	42.1	41.9	97.1
Retail warehouse	-	-	-	-	-	-	-	-
Shopping centre	-	-	-	-	-	-	-	-
Central London	0.2	0.0	0.0	0.0	0.0	-4.8	-4.8	100.0
Other offices	-	-	-	-	-	-	-	-
Industrial	3.7	0.0	0.0	0.0	0.0	-0.9	-0.9	98.8
Other	10.8	0.0	0.0	0.0	-3.9	14.7	10.8	136.3
Overall	19.6	0.0	0.0	0.0	-3.7	19.0	15.3	119.1

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

Listed Investments			
	held	(GBPm)	portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	0.0	0.0	0.0

The unexpired term of leases	
Years	% of rent passing
20 years or greater	43.7
15 years or greater, but less than 20	42.9
10 years or greater, but less than 15	13.4
5 years or greater, but less than 10	0.0
Less than 5 years	0.0

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

Debt analysis						
Fixed rate borrowings			Variable rate borrowings			
Amount drawn	(%)	Average unexpired	Amount drawn	Rate above LIBOR (incl)	Off balance sheet debt	
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

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

Valuations/performance monitors/affiliations

Frequency of valuation	Quarterly
Valuers	CBRE
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	No
Member of the Association of Real Estate Funds	Yes

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted*	2%
for investment purposes	0%
for liquidity purposes*	2%
Cash holdings (maximum)	-
Cash holdings (minimum)	-

* Note: This is an internal Fund Manager Guideline

The contribution of major tenants to rental income

Tenant	%
JURYS HOTEL MANAGEMENT (UK) LIMITED	not specified
TESCO	not specified
CARE UK	not specified
HOLLAND & BARRETT RETAIL LIMITED	not specified
PREMIER INN HOTELS LTD	not specified
IBIS (ACCOR)	not specified
DPD GROUP UK LTD	not specified
NAPIER UNIVERSITY	not specified
PITCHER & PIANO / MARSTON	not specified
HONDA MOTOR EUROPE LIMITED	not specified
Three largest tenants' contribution to rental income	not specified
Five largest tenants' contribution to rental income	0.0
Ten largest tenants' contribution to rental income	0.0

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	407.3	0.0	0.0	0.0	407.3
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	21.8	0.0	0.0	0.0	21.8
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	429.1	0.0	0.0	0.0	429.1
Gearing (%)					
Net debt (cash)/properties	-5.4	-	-	-	-5.4
Net debt (cash)/equity	-5.1	-	-	-	-5.1

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)	12,027.430	11,914.140	11,668.443	11,785.940	11,883.530	11,984.79
Offer (GBP)	13,033.940	12,870.670	12,604.269	12,728.830	12,832.870	12,942.66
Mid (GBP)	12,530.685	12,392.405	12,136.356	12,257.385	12,358.200	12,463.73
Bid/offer spread	7.72%	7.43%	7.42%	7.41%	7.40%	7.40%
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

Note

Unit pricing

The Unit Price is calculated quarterly on working day ten post quarter end.

Distributions

Income distributions are made quarterly, on business day 19 post quarter end. There is a Dividend Re-Investment

Minimum investment/disinvestment

£1million

Creation, transfer and realisation of units

Unitholders wishing to subscribe for Units must deliver to the Managing Trustee and the Fund Investment Adviser written notice at least ten Business Days prior to a Quarter End ("Dealing Day") stating the amount they wish to Units may be redeemed on each Quarter End, on delivery to the Managing Trustee and Fund Investment Adviser

Taxation

This is a summary of the Partnership Manager's understanding of the tax position of the Fund as at January 2016. The Partnership is an English limited partnership. As such, it should be transparent for UK tax purposes in respect

Unit holder analysis

	Number of unitholders	Total % held
Less than 1% of units in issue	1	0.1
1% or greater but less than 2%	1	1.7
2% or greater but less than 4%	1	3.5
4% or greater but less than 8%	0	0.0
Greater than 8.0%	3	94.7
Total	6	100
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	1	16.0
External	5	84.0

Liquidity

Period	Year to Dec 201	Year to Dec 201	Year to Dec 2020	Year to Dec 2021
Issues and redemptions				
Units in issue as at start of period	29849	31347	35,208	35,254
Units issued during period	1498	4465	46	6
Units redeemed during period	0	-604	0	0
Units in issue at end of period	31347	35208	35,254	35,260
Unit transfers				
Matched bargains	0	0	0	0
Matched bargains %*	0	0	0	0.00

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