

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)	199.0

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*		
		Other balanced open-ended funds	All balanced open-ended funds	All funds
3 months	3.8	4.0	3.9	3.6
Year-to-date	6.9	10.3	9.8	8.6
12 months	17.8	22.7	23.3	20.7
3 years+	4.8	9.1	9.2	7.4
5 years+	6.0	8.3	8.1	6.7
10 years+	-	8.8	8.5	7.7

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 Value Property Unit Trust	MSCI/AREF UK Quarterly Property Fund Index*		
		Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	8.4	4.7	4.3	4.5
Standard retail – Rest of UK	3.8	1.3	1.6	2.8
Shopping centres	0.2	0.5	0.8	2.2
Retail warehouses	20.5	11.6	10.8	7.3
All UK retail	32.9	18.0	17.6	16.8
City offices	6.3	3.5	3.4	3.1
West End offices	0.0	7.6	7.1	5.2
Rest of South East offices	16.6	9.1	8.6	6.6
Rest of UK offices	14.9	5.1	4.9	5.4
All UK offices	37.8	25.3	24.0	20.3
South East industrial	1.8	27.2	28.4	23.5
Rest of UK industrial	17.1	14.4	14.6	12.6
All UK industrial	19.0	41.6	43.0	36.1
Other UK properties	3.2	10.3	10.1	22.5
Cash***	7.2	4.8	5.4	4.3
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	32	193.6	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	32	193.6	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, LUTON	LUTON	Offices	18.8	9.7
ORION BUSINESS PARK, STOCKPORT	STOCKPORT	Industrial	16.3	8.4
BILSTON GLEN INDUSTRIAL ESTATE, LOANHEAD	LOANHEAD	Industrial	16.2	8.4
CRAY HOUSE, 3 MAIDSTONE ROAD, SIDCUP	SIDCUP	Offices	14.3	7.4
41/42,TRINTIY SQUARE, LONDON	LONDON	Offices	13.1	6.7
BLOCKS 3,4,5 & 16 OF CLYDESMILL INDUSTRIAL ESTATE, GLASGOW	GLASGOW	Industrial	10.4	5.4
78-104 TOWN SQUARE, BASILDON	BASILDON	Standard Retail	10.1	5.2
PORTRACK INTERCHANGE RETAIL PARK, STOCKTON-ON-TEES	STOCKTON-ON-TEES	Retail Warehouses	9.3	4.8
NORTH AYRSHIRE RETAIL PARK, STEVENSTON	STEVENSTON	Retail Warehouses	8.5	4.4
VICTORIA RETAIL PARK, VICTORIA STREET NORTH, GRIMSBY	GRIMSBY	Retail Warehouses	7.2	3.7
10 largest investments as % of portfolio			124.1	64.1

Source: Kames Capital

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	9	11.0	5.7
2.5 - 5	8	29.6	15.3
5-10	8	53.9	27.8
10-25	7	99.2	51.2

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	32	193.6	100.0
Average lot size		6.1	

Source: Kames Capital

Property Yield*	
Net initial yield	5.76%
Nominal equivalent yield	7.05%
True equivalent yield	7.36%
Net reversionary yield	6.92%

Source: Kames Capital

Voids as % of ERV*	
Investments	15.00%
Developments	0.00%
Total	15.00%

Source: Kames Capital

Rental income & ERV by type of property*		
	Rental income %	Estimated rental value %
Standard retail	18.8	14.9
Retail warehousing	27.5	21.1
Shopping centres	0.1	2.2
Central London offices	2.6	5.9
Other offices	30.9	37.8
Industrial	16.8	15.9
Other	3.3	2.2
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, % 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	2.2	5.8	0.0	11.9	-26.7	17.3	-9.5	108.1
Retail warehousing	3.2	8.7	0.0	1.2	-9.8	3.0	-6.9	105.0
Shopping centres	0.0	0.0	0.0	0.0	0.0	2087.5	2087.5	2187.5
Central London offices	0.3	46.3	0.0	136.7	-2.5	25.9	23.4	306.4
Other offices	3.5	13.5	0.0	45.2	-0.1	9.2	9.1	167.1
Industrial	1.9	9.9	0.0	5.3	-0.2	15.1	14.9	130.0
Other	0.4	0.0	0.0	0.0	-10.8	0.0	-10.8	89.2
Overall	11.5	10.5	0.0	21.0	-8.4	13.6	5.2	136.7

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	0.9

15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	0.0
5 years or greater, but less than 10	13.4
Less than 5 years	85.8

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			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				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: 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	
for investment purposes	Nil
for liquidity purposes	10%
Cash holdings (maximum)	20%
Cash holdings (minimum)	Nil

Source: Kames Capital

The contribution of major tenants to rental income

Tenant	%
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TUI Northern Europe Limited	13.2
London & Quadrant Housing Trust	6.5
Sportdirect.com Retail Limited	4.6
Wickes	4.0
RBS	3.3
Nuffield Health	3.3
Eldon Electric Ltd	3.0
B&Q Ltd	2.9
Waterstones Booksellers Ltd	2.3
B&M Retail Ltd	2.2
Three largest tenants' contribution to rental income	24.4
Five largest tenants' contribution to rental income	31.6
Ten largest tenants' contribution to rental income	45.3

Source: Kames Capital

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	193.6	0.0	0.0	0.0	193.6
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	15.0	0.0	0.0	0.0	15.0
Other net assets/liabilities	-9.7	0.0	0.0	0.0	-9.7
Total net assets	199.0	0.0	0.0	0.0	199.0
Gearing (%)					
Net debt (cash)/properties	-7.7	-	-	-	-7.7
Net debt (cash)/equity	-7.5	-	-	-	-7.5

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)	-	-	-	-	-	-
Offer (GBP)	-	-	-	-	-	-
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1.06	1.07	1.09	1.16	1.18	1.22
Quarterly distribution (GBP)	0.01	0.01	0.01	0.01	0.01	0.01
Yield	3.70%	4.43%	4.21%	3.89%	3.67%	3.50%

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

Minimum redemption: N/A

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 holding (£1,500,000).

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:

The annual management charge, which is based on the value of the Fund, is 0.5% per annum for first close investments and 0.6% per annum for all other investments.

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	100.0
Internal/external investors		
Internal	1	5.1
External	6	94.9

Source: Kames Capital

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	266,659,217	232,776,767	215,009,304	197,361,635	191,143,441	187,137,837
Units issued during period	-	0	0	0	0	0
Units redeemed during period	-33882450.59	-17767462.19	-17647668.98	-6218194.194	-8,011,209	-23,576,368
Units in issue at end of period	232,776,766	215,009,304	197,361,635	191,143,441	187,137,837	163,561,469
Unit transfers						
Matched bargains	-	-	-	-	-	-
Matched bargains %*	-	-	-	-	-	-

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

Source: Kames Capital