



# Aviva Investors UK Property Fund

## INVESTMENT POLICY AND OBJECTIVES

The Trust’s investment objective is to obtain optimum returns compatible with security through income and capital appreciation from investment in real property assets, property-related assets, government/public securities and property collective investment schemes.

The performance benchmark of the Trust’s direct property portfolio is the Balanced Funds component of the MSCI UK Monthly Index (adjusted to reflect management costs equivalent to those payable within the Trust).

## INVESTOR CONSTITUENCY

The Trust is open to investment by insurance companies, other corporate and institutional investors, and private individuals.

Fund details	
Type of fund	Authorised property unit trust
Residence	United Kingdom
Launch date	September 1991
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31 Mar
NAV (GBPm)	721.7

Source: Aviva Investors

Management/professional advisors	
Manager	*
Investment Advisor	*

Fund Manager	*
Co-Fund Manager	15%
Fund manager – REITs/property shares	Nil
Trustee	*
Auditors	20%

Source: Aviva Investors

#### Investment rates of return \* %

		MSCI/AREF UK Quarterly Property Fund Index		
	Aviva Investors UK Property Fund	Other balanced funds	All balanced funds	All funds
3 months	-1.85	0.33	0.28	0.26
Year-to-date	-1.85	0.33	0.28	0.26
12 months	1.20	5.69	4.78	4.06
3 years+	2.38	6.88	6.15	5.60
5 years+	3.41	9.63	9.06	8.52
10 years+	4.71	8.54	8.26	8.46

Note: ^ Calculated on a bid price to bid price basis, income taxed at the standard rate (MSCI/AREF UK Quarterly Property Fund Index is calculated on a NAV to NAV basis, gross of tax) + Annualised The fund is currently on an “offer” price basis. Sources: \* MSCI/AREF UK Quarterly Property Fund Index (Sponsored by PropertyMatch) \*\* Aviva Investors

#### Property investment restrictions

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

Source: Aviva Investors

## Portfolio distribution %

	Aviva Investors UK Property Fund	MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
Standard retail – South East	1.5	7.67	6.96	5.68
Standard retail – Rest of UK	4.5	3.61	3.64	3.80
Shopping centres	7.6	1.86	2.53	7.57
Retail warehouses	8.8	13.48	13.93	13.32
<b>All UK retail</b>	<b>22.3</b>	<b>26.61</b>	<b>27.06</b>	<b>30.36</b>
City offices	10.0	3.75	3.67	3.27
West End offices	0.0	7.57	8.27	7.26
Rest of South East offices	11.5	11.81	11.28	7.71
Rest of UK offices	15.6	5.78	5.79	4.95
<b>All UK offices</b>	<b>37.0</b>	<b>28.91</b>	<b>29.02</b>	<b>23.18</b>
South East industrial	8.7	18.94	19.10	15.31
Rest of UK industrial	3.7	10.13	10.08	8.05
<b>All UK industrial</b>	<b>12.4</b>	<b>29.07</b>	<b>29.18</b>	<b>23.35</b>
Other UK properties	11.1	10.98	9.67	18.84
Cash***	17.1	4.43	5.07	4.26
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Sources: \* Aviva Investors \*\* MSCI/AREF UK Quarterly Property Fund Index (Sponsored by PropertyMatch)

## Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	19	606.1	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	1	0.002	0.0
<b>Total</b>	<b>20</b>	<b>606.1</b>	<b>100.0</b>

Source: Aviva Investors

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Ealing Cross,85,Uxbridge Road,Ealing	London	Other offices	80-90	*
Abacus House	London	Central London offices	70-80	*
Lombardy Shopping Park	Hayes	Retail warehouses	60-70	*
The Corn Exchange	Salford	Other property	60-70	*
Colmore Gate	Birmingham	Other offices	55-60	*
The Guildhall Shopping Centre	Exeter	Shopping Centres	55-60	*
Beddington Lane, Croydon (Morgan Stanley & Ups).	Croydon	Industrial	35-40	*
123 St Vincent Street	Glasgow	Other offices	35-40	*
Specialist Vehicles Ltd	Guildford	Industrial	20-25	*
Unts 1-5 Spurriergate And Unts 1-3 High Ousegate	York	Standard retail	20-25	*
<b>10 largest investments as % of portfolio</b>				<b>*</b>

Source: Aviva Investors

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	1	0.4	0.1
2.5 - 5	1	3.2	0.5
5-10	3	25.9	4.3
10-25	6	107.5	17.7
25 - 50	2	73.2	12.1
50 - 100	6	395.9	65.3
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
<b>Total</b>	<b>19</b>	<b>606.1</b>	<b>100.0</b>
Average lot size		31.9	

Source: Aviva Investors

Property Yield*	
Net initial yield	4.11%
Nominal equivalent yield	0.00%
True equivalent yield	5.46%
Net reversionary yield	4.09%

Voids as % of ERV	
Investments	13.89%
Developments	0.00%
Total	13.89%

Source: Aviva Investors

Rental income & ERV by type of property*		
	Rental income %	Estimated rental value %
Standard retail	8.0	7.2
Retail warehousing	12.3	8.8
Shopping centres	15.3	11.3
Central London offices	0.0	10.4
Other offices	32.6	36.6
Industrial	16.7	12.6
Other	15.2	13.1
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>

Source: Aviva Investors

Comparison of rents passing and ERV by type of property*								
Sector	Rent passing %	Pre-lets & rent-free periods %	Development voids %	Other voids %	Over rented %	Reversionary potential %	Net reversionary potential %	ERV %
Standard retail	84.8	0.0	0.0	19.3	-10.4	6.3	-4.1	100.0
Retail warehousing	106.9	1.5	0.0	0.0	-10.6	2.3	-8.3	100.0
Shopping centres	103.6	1.2	0.0	4.3	-10.7	1.7	-9.0	100.0
Central London offices	0.0	64.1	0.0	36.0	0.0	-0.1	-0.1	100.0
Other offices	67.9	5.5	0.0	18.9	-3.6	11.2	7.7	100.0
Industrial	101.2	0.0	0.0	0.0	-5.1	3.9	-1.2	100.0
Other	88.6	0.0	0.0	8.3	0.0	3.1	3.1	100.0
<b>Overall</b>	<b>76.5</b>	<b>8.9</b>	<b>0.0</b>	<b>13.6</b>	<b>-4.8</b>	<b>5.9</b>	<b>1.0</b>	<b>100.0</b>

Source: Aviva Investors

The unexpired term of leases	
Years	% of rent passing
20 years or greater	4.7
15 years or greater, but less than 20	7.2
10 years or greater, but less than 15	14.7
5 years or greater, but less than 10	20.4
Less than 5 years	53.0

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## 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

Note: \* Off balance sheet debt may be at fixed or variable rates

Source: Aviva Investors

## Development exposure\*

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

## Valuations/performance monitors/affiliations

Frequency of valuation	*Monthly, as at the last day of the month
Valuers	Knight Frank
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

Note: \*Currently valued fortnightly, Fund valued daily

Source: Aviva Investors

## Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	
for investment purposes	Nil
for liquidity purposes	10%
Cash holdings (maximum)	*
Cash holdings (minimum)	*

Source: Aviva Investors

The contribution of major tenants to rental income	
Tenant	%
CRM Students Limited	4.9
Morgan Stanley UK Group	4.4
Alexander Dennis Ltd	4.3
First Secretary of State	4.1
Watson Burton LLP	3.8
Roomzzz (Corn Exchange) Ltd (t/a Roomzzz)	3.7
Next Holdings Ltd	3.4
Red BEE Media Ltd	3.1
H&M Hennes & Mauritz UK Ltd	2.9
Aon Benfield	2.8
Three largest tenants' contribution to rental income	13.6
Five largest tenants' contribution to rental income	21.5
Ten largest tenants' contribution to rental income	37.4

Source: Aviva Investors

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	606.1	0.000	0.000	0.000	606.1
Listed investments	0.0	0.000	0.000	0.002	0.0



Debt	0.0	0.000	0.000	0.000	0.0
Cash	125.2	0.000	0.000	0.000	125.2
Other net assets/liabilities	-9.7	0.000	0.000	0.000	-9.7
Total net assets	721.7	0.000	0.000	0.002	721.7
Gearing (%)					
Net debt (cash)/properties	-20.7	-	-	-	-20.7
Net debt (cash)/equity	-17.4	-	-	-	-17.4

Source: Aviva Investors

Quarterly data per unit						
As at	31-Dec-17	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19
Bid (GBp)	119.26	126.17	127.55	129.22	0.00	0.00
Offer (GBp)	125.52	126.81	128.18	129.87	0.00	0.00
Mid (GBp)	122.39	126.49	127.87	129.55	0.00	0.00
Bid/offer spread	4.99%	0.50%	0.49%	0.50%	0.00%	0.00%
Net asset value (GBp)	*	*	*	*	*	*
Quarterly distribution (GBp)						
Yield						

Source: Aviva Investors

## Unit pricing

The property shares and other listed securities held by the fund are re-valued daily at noon and the revised price of the units becomes available each day at around 2pm.

## Distributions

Distributions are paid twice yearly, on 31 July (in respect of the half-year to 31 May) and on 31 January (in respect of the half-year to 30 November).

## Creation, transfer and realisation of units

Orders to the manager to buy or sell units are carried out at the next valuation following receipt of instructions.

When units are sold, a cheque for the proceeds will be posted not less than four business days after the receipt of the properly completed renunciation form.

The manager reserves the right to defer redemptions for up to 28 days.

## Taxation

### 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 offer price of the units includes an initial charge of 5.00%, in addition to which there is an annual management charge equivalent to 1.25% (unit 1) of the net asset value of the fund.

### 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%	0	0.0
Greater than 8.0%	0	0.0
<b>Total</b>	<b>0</b>	<b>0.0</b>
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 0 0.0

Source: Aviva Investors

#### Liquidity\*

Period	Year to Dec 2014	Year to Dec 2015	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019
<b>Issues and redemptions</b>						
Units in issue as at start of period	-	-	-	-	-	-
Units issued during period	-	-	-	-	-	-
Units redeemed during period	-	-	-	-	-	-
Units in issue at end of period	-	-	-	-	-	-
<b>Unit transfers</b>						
Matched bargains	-	-	-	-	-	-
Matched bargains %*	-	-	-	-	-	-

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

Source: Aviva Investors

Note:\* Fund cannot disclose this information due to commercial sensitivity

## Notes

The property shares and other listed securities held by the fund are re-valued daily at noon and the revised price of the units becomes available each day at around 2pm.