

# Kames Capital UK Active Value Property Unit Trust II

## INVESTMENT POLICY AND OBJECTIVES

The Fund reflects an active value property investment strategy with the aim of achieving an attractive income return for investors. The Fund targets investment in commercial assets in the UK, with the focus on the three main commercial sectors of office, industrial and retail. With a strong focus on stock selection, the Fund will invest only in direct real estate assets with minimal exposure to debt and no exposure to indirect property vehicles. The main source of added investment return is expected to be achieved through the picking of good quality assets offering attractive income returns, good value, or asset management potential. Active asset management will include change of use; new lettings; refurbishment; and extending leases.

## INVESTOR CONSTITUENCY

Fund details	
Type of fund	Authorised PUT
Residence	Jersey
Launch date	11/07/2016
Open/closed-ended	Closed-ended
Earliest date of winding up	26/05/2023
Year-end	31-Dec
NAV (GBPm)	147.4

Management/professional advisors	
Manager	Kames Capital
Investment Advisor	Kames Capital
Property Fund Manager	Megan Harwood
Depositary	Saltgate Ltd
Auditors	PWC

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index *		
Kames Capital UK Active Value Property Unit Trust II		Other Balanced Funds	All balanced funds	All funds
3 months	-	2.2	2.2	1.8
Year-to-date	-	2.2	2.2	1.8
12 months	-	2.5	2.5	0.7
3 years+	-	2.7	2.4	1.1
5 years+	-	4.6	4.1	3.2
10 years+	-	6.8	6.4	5.9

Note: \* Weighted average returns + Annualised

Source: MSCI/AREF UK Quarterly Property Fund Index

Property investment restrictions	
Maximum development exposure	Not specified

Maximum speculative development exposure	0.1
Maximum lot-size holding as a standing investment	10% of GAV
Maximum lot-size holding permitted at purchase	Not specified
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 %

	Kames Capital UK Active	MSCI/AREF UK Quarterly Property Fund Index**		
		Other Balanced	All balanced funds	All funds
Standard retail – South East	4.9	6.0	5.2	4.9
Standard retail – Rest of UK	4.3	2.1	2.4	3.3
Shopping centres	0.0	0.7	1.2	3.5
Retail warehouses	20.0	10.9	10.5	9.0
<b>All UK retail</b>	<b>29.1</b>	<b>19.7</b>	<b>19.3</b>	<b>20.6</b>
City offices	0.0	3.9	3.6	3.4
West End offices	0.0	7.6	8.5	7.6
Rest of South East offices	23.4	10.8	10.2	7.4
Rest of UK offices	4.0	6.0	5.6	5.1
<b>All UK offices</b>	<b>27.5</b>	<b>28.3</b>	<b>27.9</b>	<b>23.5</b>
South East industrial	0.0	21.7	22.7	18.5
Rest of UK industrial	37.2	12.0	11.8	9.5
<b>All UK industrial</b>	<b>37.2</b>	<b>33.7</b>	<b>34.5</b>	<b>28.0</b>
Other UK properties	0.0	11.3	10.7	21.9
Cash***	6.2	7.0	7.7	5.9
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\*\* MSCI/AREF UK Quarterly Property Fund Index

^ Includes Investment in Indirects

#### Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	21	140.2	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0	0.0
<b>Total</b>	<b>21</b>	<b>140.2</b>	<b>100.0</b>

#### Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Easter Park, Lenton Lane	Nottingham	Industrial	20.0	14.3
The Point, Saracen Street	Glasgow	Industrial	15.5	11.1
Starlaw Park	Livingston	Industrial	13.8	9.8
St John's Place, Easton Street	High Wycombe	Office	7.9	5.7
Griffin House, 135-143 High Street	Crawley	Office	7.7	5.5
Campbells Meadow Retail Park	King's Lynn	Retail Warehouse	7.3	5.2
Homebase, Stockport Road East	Stockport	Retail Warehouse	6.7	4.8
Malvern House	Maidenhead	Office	6.6	4.7
The Range, Silksworth	Sunderland	Retail Warehouse	6.6	4.7

Orion Park, Units 1/2, Plot 3, Orion Way	Crewe	Industrial	6.3	4.5
<b>10 largest investments as % of portfolio</b>			<b>98.4</b>	<b>70.2</b>

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	2	4.0	2.9
2.5 - 5	6	19.4	13.8
5-10	10	67.5	48.1
10-25	3	49.3	35.2
25 - 50	0	0.0	0.0
50 - 100	0	0.0	0.0
Over 100	0	0.0	0.0
<b>Total</b>	<b>21</b>	<b>140.2</b>	<b>100.0</b>
Average lot size		6.7	

Property Yield*		Voids as % of ERV*	
Net initial yield	5.68%	Investments	10.75%
Nominal equivalent yield	6.81%	Developments	0.00%
True equivalent yield	7.10%	Total	10.75%
Net reversionary yield	6.70%		

Rental income & ERV by type of property*		
	Rental income %	Estimated rental value %
Standard retail	14.4	9.8
Retail warehousing	18.9	24.8
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	28.0	33.7
Industrial	38.7	31.7
Other	0.0	0.0
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>

Passing								
Sector	Rent Passing, GRP Millions	Rent Free, % Rent Passing	Development vacancy %	Investment vacancy %	Over rented,% Rent Passing	Reversionary potential %	Reversionary potential Net	Market Value % Rent
Standard retail	1.26	0.00	0.00	0.00	-0.31	0.09	-0.22	82.65
Retail warehousing	1.65	0.15	0.00	0.17	-0.29	0.97	0.68	160.49
Shopping centres	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
Central London	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
Other offices	2.45	0.00	0.00	0.97	-0.04	0.22	0.18	147.12
Industrial	3.39	0.00	0.00	0.00	-0.07	0.06	-0.01	99.68
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
<b>Overall</b>	<b>8.74</b>	<b>0.15</b>	<b>0.00</b>	<b>1.15</b>	<b>-0.71</b>	<b>1.33</b>	<b>0.63</b>	<b>121.97</b>

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

## Listed Investments

	held	(GBPm)	portfolio
-	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
	0.0	0.0	0.0

## The unexpired term of leases

Years	% of rent passing
20 years or greater	0.6
15 years or greater, but less than 20	0.8
10 years or greater, but less than 15	4.3
5 years or greater, but less than 10	15.9
Less than 5 years	78.3

## 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 (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

## 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	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

### Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	Minimal
for investment purposes	
for liquidity purposes	
Cash holdings (maximum)	Not specified
Cash holdings (minimum)	Not specified

### The contribution of major tenants to rental income

Tenant	%
HHGL Limited t/a Homebase In Administration	8.2
SeeWoo Foods (Glasgow) Ltd	6.0
Sabre Retail Fashions Ltd	4.6
Core Fulfilment Limited	4.0
Young's Seafood Ltd	3.8
WH Smith Retail Holdings Ltd	3.3
Next Group PLC	2.9
Hyaltech Ltd	2.6
Arrow	2.5
Halfords Limited	2.4
Three largest tenants' contribution to rental income	18.9
Five largest tenants' contribution to rental income	26.7
Ten largest tenants' contribution to rental income	40.3

### Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	140.2	0.0	0.0	0.0	140.2
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	9.3	0.0	0.0	0.0	9.3
Other net assets/liabilities	-2.1	0.0	0.0	0.0	-2.1
Total net assets	147.4	0.0	0.0	0.0	147.4
Gearing (%)					
Net debt (cash)/properties	-6.6	-	-	-	-6.6
Net debt (cash)/equity	-6.3	-	-	-	-6.3

### 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)	-	0.000	0.000	0.000	0.000	-
Offer (GBp)	-	0.000	0.000	0.000	0.000	-

Mid (GBP)	-	0.000	0.000	0.000	0.000	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	0.993	0.971	0.943	0.939	0.938	0.95
Quarterly distribution (GBP)	0.014	0.014	0.009	0.009	0.011	0.01
Yield	0.054	0.054	0.038	0.049	4.60%	3.60%

Source:

## 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 2,500,000

Minimum

Minimum  
redemption

## Creation, transfer and realisation of units

On 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

## Taxation

The Fund is a Jersey PUT and subject to the applicable governing laws regarding Income Tax, Capital Gains Tax and Stamp Duty Reserve Tax.

## Charges

The annual management charge, which is based on the value of the Fund, is 0.5% per annum for first close

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%	1	3.0
4% or greater but less than 8%	0	0.0
Greater than 8.0%	4	97.0
<b>Total</b>	<b>5</b>	<b>100.0</b>
Major investors		
Largest holder	1	32.3
Three largest holders	3	81.9
Five largest holders	5	100.0
Ten largest holders	0	0.0
Internal/external investors		
Internal	0	0.0
External	5	100.0

## Liquidity

Period	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021
<b>Issues and redemptions</b>			
Units in issue as at start of period	0	0	0
Units issued during period	0	0	0
Units redeemed during period	0	0	0
Units in issue at end of period	0	0	0
<b>Unit transfers</b>			
Matched bargains	0	0	0
Matched bargains %*	-	-	-

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

Period	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021
<b>Issues and redemptions</b>						
Units in issue as at start of period	266,659,217	266,659,217	232,776,767	215,009,304	215,009,304	215,009,304
Units issued during period	-	-	0	0	0	0
Units redeemed during period	-	-33882450.59	-17767462.19	-17647668.98	-6,218,194	0
Units in issue at end of period	266,659,217	232,776,766	215,009,304	197,361,635	208,791,110	215,009,304
<b>Unit transfers</b>						
Matched bargains	-	-	-	-	-	-
Matched bargains %*	-	-	-	-	-	-

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

Source: Kames Capital

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

Source: Nuveen Real Estate

## Notes

The Trust changed its name from Edinburgh Property Portfolio to New Star Property Unit Trust following the