



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) | 296.9 |

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 * | | |
|--------------------------------|-----|--|--------------------|-----------|
| Aegon UK Property Fund Limited | | Managed funds | All balanced funds | All funds |
| 3 months | 1.2 | 0.1 | 0.3 | 0.3 |
| Year-to-date | 1.2 | 0.1 | 0.3 | 0.3 |
| 12 months | 1.7 | 2.5 | 4.8 | 4.1 |
| 3 years+ | 2.2 | 4.5 | 6.1 | 5.6 |
| 5 years+ | 4.5 | 7.8 | 9.1 | 8.5 |
| 10 years+ | 5.3 | 7.7 | 8.3 | 8.5 |

Note: * Weighted average returns + Annualised

Source: MSCI/AREF UK Quarterly Property Fund Index (Sponsored by PropertyMatch)

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 %

MSCI/AREF UK Quarterly Property Fund Index**

| | Aegon UK Property Fund Limited* | Managed Funds | All balanced funds | All funds |
|------------------------------|---------------------------------------|---------------|-----------------------|--------------|
| Standard retail – South East | 6.0 | 5.1 | 7.0 | 5.7 |
| Standard retail – Rest of UK | 6.9 | 3.7 | 3.6 | 3.8 |
| Shopping centres | 0.0 | 4.3 | 2.5 | 7.6 |
| Retail warehouses | 20.0 | 15.1 | 13.9 | 13.3 |
| All UK retail | 32.9 | 28.2 | 27.1 | 30.4 |
| City offices | 0.0 | 3.5 | 3.7 | 3.3 |
| West End offices | 0.0 | 10.1 | 8.3 | 7.3 |
| Rest of South East offices | 30.1 | 9.9 | 11.3 | 7.7 |
| Rest of UK offices | 4.7 | 5.8 | 5.8 | 4.9 |
| All UK offices | 34.8 | 29.3 | 29.0 | 23.2 |
| South East industrial | 9.9 | 19.5 | 19.1 | 15.3 |
| Rest of UK industrial | 0.0 | 10.0 | 10.1 | 8.0 |
| All UK industrial | 9.9 | 29.5 | 29.2 | 23.4 |
| Other UK properties | 0.0 | 6.2 | 9.7 | 18.8 |
| Cash*** | 22.4 | 6.8 | 5.1 | 4.3 |
| Overall | 100.0 | 100.0 | 100.0 | 100.0 |

Source : * Kames Capital

** MSCI/AREF UK Quarterly Property Fund Index (Sponsored by PropertyMatch)

Property ownership structure

| | Number of assets | Valuation (GBPm) | % of total portfolio |
|-----------------------------|------------------|------------------|-------------------------|
| Direct holdings | 17 | 230.5 | 100.0 |
| Joint and indirect holdings | 0 | 0 | 0.0 |
| Listed investments | 0 | 0 | 0.0 |
| Total | 17 | 230.5 | 100.0 |

Source: Kames Capital

Largest direct investments by lot size & percentage of total portfolio

| Property | Location | Sector | Valuation (GBPm) | % of total portfolio |
|---|---------------------|-------------------|------------------|----------------------|
| 27/29, Market Street, Maidenhead, Berkshire | Maidenhead | Other offices | 47.0 | 20.4 |
| Gatwick Distribution Centre | Crawley | Industrial | 23.1 | 10.0 |
| Kingston Park Shopping Centre | Newcastle Upon Tyne | Retail warehouses | 21.3 | 9.2 |
| Hathaway Retail Park, Foundry Lane | Chippenham | Retail warehouses | 17.9 | 7.8 |
| Kingthorpe Retail Centre | Northampton | Standard retail | 17.6 | 7.6 |
| Mallards Reach, Bridge Avenue | Maidenhead | Other offices | 15.0 | 6.5 |
| Weston Group Business Centre | Bishop'S Stortford | Other offices | 14.5 | 6.3 |
| St Catherines Court | Bristol | Other offices | 13.9 | 6.0 |
| Tempus Court, Onslow Street | Guildford | Other offices | 12.9 | 5.6 |
| Riviera Way | Torquay | Retail warehouses | 10.6 | 4.6 |
| 10 largest investments as % of portfolio | | | 193.7 | 84.0 |

Source: Kames Capital

Direct portfolio structure by lot-size bands

| Value band (GBPm) | Number of assets | Valuation (GBPm) | % of total portfolio |
|-------------------|------------------|------------------|----------------------|
| 0 -2.5 | 0 | 0.0 | 0.0 |
| 2.5 - 5 | 3 | 8.8 | 3.8 |
| 5-10 | 4 | 28.0 | 12.2 |
| 10-25 | 9 | 146.7 | 63.6 |
| 25 - 50 | 1 | 47.0 | 20.4 |
| 50 - 100 | 0 | 0.0 | 0.0 |
| 100-150 | 0 | 0.0 | 0.0 |
| Over 150 | 0 | 0.0 | 0.0 |
| Total | 17 | 230.5 | 100.0 |
| Average lot size | | 13.6 | |

Source: Kames Capital

Property Yield*

| | |
|--------------------------|-------|
| Net initial yield | 5.49% |
| Nominal equivalent yield | 0.00% |

Voids as % of ERV*

| | |
|--------------|-------|
| Investments | 4.25% |
| Developments | 0.00% |

| | |
|------------------------|-------|
| True equivalent yield | 6.22% |
| Net reversionary yield | 5.95% |

Source: Kames Capital

| | |
|-------|-------|
| Total | 4.25% |
|-------|-------|

Source: Kames Capital

Rental income & ERV by type of property*

| | Rental income % | Estimated rental value % |
|------------------------|-----------------|--------------------------|
| Standard retail | 17.3 | 16.1 |
| Retail warehousing | 32.4 | 30.5 |
| Shopping centres | 0.0 | 0.0 |
| Central London offices | 0.0 | 0.0 |
| Other offices | 41.6 | 42.7 |
| Industrial | 8.6 | 10.6 |
| Other | 0.0 | 0.0 |
| Overall | 100.0 | 100.0 |

Source: Kames Capital

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 | 99.0 | 1.3 | 0.0 | 0.0 | -2.4 | 2.1 | -0.2 | 100.0 |
| Retail warehousing | 97.8 | 0.0 | 0.0 | 2.0 | -6.7 | 6.9 | 0.2 | 100.0 |
| Shopping centres | - | - | - | - | - | - | - | - |
| Central London offices | - | - | - | - | - | - | - | - |
| Other offices | 89.6 | 2.3 | 0.0 | 6.6 | -2.7 | 4.1 | 1.5 | 100.0 |
| Industrial | 74.8 | 0.0 | 0.0 | 7.6 | 0.0 | 17.7 | 17.7 | 100.0 |
| Other | - | - | - | - | - | - | - | - |
| Overall | 92.0 | 1.2 | 0.0 | 4.3 | -3.6 | 6.1 | 2.5 | 100.0 |

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

Source: Kames Capital

Listed Investments

| | % of Issue held | Valuation (GBPm) | Est. % of total portfolio |
|--|-----------------|---------------------|------------------------------|
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |

The unexpired term of leases

| Years | % of rent passing |
|---------------------------------------|-------------------|
| 20 years or greater | 8.4 |
| 15 years or greater, but less than 20 | 0.7 |
| 10 years or greater, but less than 15 | 1.6 |
| 5 years or greater, but less than 10 | 49.4 |
| Less than 5 years | 39.8 |

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)+ |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |

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 | % |
|--|------|
| Maersk Line (UK) Limited | 14.2 |
| Sanofi Pasteur MSD Limited | 8.4 |
| Weston (Business Centres) Ltd | 6.2 |
| Waitrose Limited | 5.6 |
| Seqirus UK Limited | 5.0 |
| Marks & Spencers plc | 5.0 |
| B&M Retail Ltd | 3.5 |
| Dunelm (Soft Furnishings) Ltd | 3.0 |
| Saffery Champness | 2.5 |
| Matalan Retail Ltd | 2.4 |
| Three largest tenants' contribution to rental income | 28.8 |
| Five largest tenants' contribution to rental income | 39.4 |
| Ten largest tenants' contribution to rental income | 55.7 |

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 | 230.5 | 0.0 | 0.0 | 0.0 | 230.5 |
| Listed investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | |
|------------------------------|-------|-----|-----|-----|-------|
| Debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash | 66.5 | 0.0 | 0.0 | 0.0 | 66.5 |
| Other net assets/liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total net assets | 296.9 | 0.0 | 0.0 | 0.0 | 296.9 |
| Gearing (%) | | | | | |
| Net debt (cash)/properties | -28.9 | - | - | - | -28.9 |
| Net debt (cash)/equity | -22.4 | - | - | - | -22.4 |

Source: Kames Capital

| 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) | 2.094 | 2.145 | 2.152 | 2.188 | 2.210 | 2.18 |
| Offer (GBP) | 2.220 | 2.279 | 2.288 | 2.338 | 2.365 | 2.32 |
| Mid (GBP) | 2.157 | 2.212 | 2.220 | 2.263 | 2.287 | 2.25 |
| Bid/offer spread | 5.69% | 5.88% | 5.94% | 6.42% | 6.54% | 5.81% |
| 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 significant percentage holding in the fund | |
| Three largest holders | | |
| Five largest holders | | |
| Ten largest holders | | |
| Internal/external investors | | |
| Internal | | |
| External | | |

Source: Kames Capital

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 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Issues and redemptions | | | | | | |
| Units in issue as at start of period | 457,192,734 | 413,042,781 | 295,899,202 | 185,884,568 | 155,965,710 | 125,984,094 |

| | | | | | | |
|---------------------------------|-------------|--------------|--------------|-------------|-------------|-------------|
| Units issued during period | 15192614 | 3,689,926 | 20,836,387 | 24,668,768 | 18,104,612 | 15,386,765 |
| Units redeemed during period | -59,342,566 | -120,833,505 | -130,851,021 | -54,587,626 | -48,086,227 | -7,218,256 |
| Units in issue at end of period | 413,042,781 | 295,899,202 | 185,884,568 | 155,965,710 | 125,984,094 | 134,152,602 |
| Unit transfers | | | | | | |
| Matched bargains | - | - | - | - | - | - |
| Matched bargains %* | - | - | - | - | - | - |

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

Source: Kames Capital