

KFIM Long Income Property Unit Trust

INVESTMENT POLICY AND OBJECTIVES

The Fund is a core balanced property fund which invests in direct UK property assets that exhibit long and secure income characteristics. The Fund targets assets within the size range £3-£20m, with income durations in excess of 15 years.

INVESTOR CONSTITUENCY

Jersey

Fund details	
Type of fund	Long Income Property Fund
Residence	Jersey (Property Unit Trust)
Launch date	16-Dec-15
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Dec
NAV (GBPm)	793.3

Management/professional advisors	
Manager	Sanne Fund Administration Limited
Investment Advisor	Knight Frank Investment Management
Property Fund Manager	Matthew McDonald
Depository	-
Auditors	-

Investment rates of return, %				
		MSCI/AREF UK Quarterly Property Fund Index *		
	KFIM Long Income Property Unit Trust	Long Income Funds	All balanced funds	All funds
3 months	-0.6	0.6	-1.3	-1.8
Year-to-date	-0.6	0.6	-1.3	-1.8
12 months	3.2	4.6	0.0	-1.3
3 years+	6.2	6.9	4.8	3.9
5 years+	-	6.9	5.8	5.1
10 years+	-		7.1	6.9

Note: * Weighted average returns + Annualised

Note: IRR numbers will not be published for Q3 2018

Source: MSCI/AREF UK Quarterly Property Fund Index

Property investment restrictions	
Maximum development exposure	30% of GAV
Maximum speculative development exposure	-
Maximum lot-size holding as a standing investment	10% of GAV
Maximum lot-size holding permitted at purchase	£25m
Maximum exposure to limited partnerships	-
Maximum exposure to joint ventures	-
Maximum exposure to closed and open-ended property unit trusts	-

Portfolio distribution %				
		MSCI/AREF UK Quarterly Property Fund Index**		
	KFIM Long Income Property Unit Trust*	Long Income Funds	All balanced funds	All funds
Standard retail – South East	13.1	8.8	6.3	5.4
Standard retail – Rest of UK	12.5	8.7	3.0	3.5
Shopping centres	0.0	0.7	1.8	6.1
Retail warehouses	6.9	1.9	11.3	10.1
All UK retail	32.5	20.2	22.5	25.1
City offices	0.0	3.7	3.7	3.2
West End offices	0.0	2.5	8.4	7.1
Rest of South East offices	0.0	5.4	11.0	7.7
Rest of UK offices	0.8	10.7	5.9	5.5

All UK offices	0.8	22.4	29.0	23.5
South East industrial	1.3 [^]	2.2	20.3	16.3
Rest of UK industrial	3.8	6.3	10.5	8.5
All UK Industrial	5.1	8.5	30.8	24.9
Other UK properties	60.3	47.1	10.6	21.7
Cash***	1.3	1.8	7.1	4.9
Overall	100.0	100.0	100.0	100.0

** MSCI/AREF UK Quarterly Property Fund Index

[^] Includes Investment in Indirects

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	94	783.1	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	94	783.1	100.0

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
MORRISONS & MCDONALDS	MANCHESTER	Retail Other	20 - 30	*
SAINSBURYS	CHELMSFORD	Retail Other	20 - 30	*
STAYCITY	LIVERPOOL	Hotel – Not categorised	20 - 30	*
STAY CITY	BIRMINGHAM	Hotel – Not categorised	20 - 30	*
DENBY HALL BUSINESS PARK	RIPLEY	Industrial	20 - 30	*
SAINBURYS	WORCESTER	Retail Other	10 - 20	*
LANCASTER PLC	BIRMINGHAM	Other	10 - 20	*
WAITROSE	NEWMARKET	Retail Other	10 - 20	*
LAUDER LODGE	EDINBURGH	Healthcare	10 - 20	*
CARE UK MAIDSTONE	MAIDSTONE	Healthcare	10 - 20	*
10 largest investments as % of portfolio				

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	2	2.8	0.4
2.5 - 5	30	106.6	13.6
5-10	35	260.6	33.3
10-25	26	387.5	49.5
25 - 50	1	25.7	3.3
50 - 100	-	-	-
Over 100	-	-	-
Total	94	783.1	100.0
Average lot size		8.3	

Property Yield*		Voids as % of ERV*	
Net initial yield	4.90%	Investments	0.18%
Nominal equivalent yield	0.00%	Developments	-0.18%
True equivalent yield	5.63%	Total	0.00%
Net reversionary yield	0.00%		

Rental income & ERV by type of property*		
	Rental income %	Estimated rental value %
Standard retail	27.7	24.8
Retail warehousing	6.3	7.0
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	0.9	0.9
Industrial	4.3	4.5
Other	60.8	62.8

Overall	100.0	100.0
---------	-------	-------

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	10.8	0.0	0.0	0.0	-9.3	-6.5	-15.8	93.5
Retail warehousing	2.5	0.0	0.0	0.0	0.0	15.9	15.9	115.9
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	0.4	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Industrial	1.7	25.9	0.0	0.0	-16.0	26.8	10.8	109.7
Other	23.8	4.1	0.0	0.2	-2.4	8.6	6.3	107.9
Overall	39.1	3.6	0.0	0.1	-4.7	5.6	0.9	104.5

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

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

The unexpired term of leases	
Years	% of rent passing
20 years or greater	40.0
15 years or greater, but less than 20	39.9
10 years or greater, but less than 15	18.1
5 years or greater, but less than 10	1.0
Less than 5 years	1.0

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 (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
			0.000

% 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	
for investment purposes	-
for liquidity purposes	-
Cash holdings (maximum)	-
Cash holdings (minimum)	-

The contribution of major tenants to rental income

Tenant	%
SAINSBURYS SUPERMARKETS LTD	*
STAYCITY	*
TRAVELODGE HOTELS LTD	*
DOBBIES GARDEN CENTRES LTD	*
WHITBREAD GROUP PLC	*
ALDI STORES LTD	*
WAITROSE LTD	*
CARE UK LIMITED	*
ROYAL BANK OF SCOTLAND PLC	*
MENCAP	*
Three largest tenants' contribution to rental income	*
Five largest tenants' contribution to rental income	*
Ten largest tenants' contribution to rental income	*

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	783.1	-	-	-	783.1
Listed investments	0.0	-	-	-	0.0
Debt	0.0	-	-	-	0.0
Cash	10.2	-	-	-	10.2
Other net assets/liabilities	0.0	-	-	-	0.0
Total net assets	793.3	0.0	0.0	0.0	793.3
Gearing (%)					
Net debt (cash)/properties	-1.3	-	-	-	-1.3
Net debt (cash)/equity	-1.3	-	-	-	-1.3

Quarterly data per unit

As at	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20
Bid (GBP)	-	-	-	-	-	-
Offer (GBP)	1.155	1.16	1.16	1.17	1.17	1.14
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1.081	1.09	1.09	1.09	1.09	1.07
Quarterly distribution (GBP)	0.039	0.00	0.00	0.00	0.01	0.01
Yield	4.76%	0.00%	0.00%	0.00%	4.66%	4.73%

Source: KFIM

Unit pricing

Monthly

Distributions

Quarterly

Minimum investment

Minimum Investment: £5,000,000

Creation, transfer and realisation of units

Monthly Unit Dealings

Taxation

Tax Transparent Jersey PUT

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	4	0.0
1% or greater but less than 2%	2	2.8
2% or greater but less than 4%	3	9.1
4% or greater but less than 8%	4	20.5
Greater than 8.0%	5	67.7
Total	18	100.0
Major investors		
Largest holder	0	0.0
Three largest holders	0	0.0
Five largest holders	0	0.0
Ten largest holders	0	0.0
Internal/external investors		
Internal	4	0.0
External	14	1.0

Liquidity			
Period	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020
Issues and redemptions			
Units in issue as at start of period	467490213	601,628,584	734,310,892
Units issued during period	134138371	132,682,308	0
Units redeemed during period	-	0	0
Units in issue at end of period	601628584	734,310,892	734,310,892
Unit transfers			
Matched bargains	-	0	0
Matched bargains %*	-	0	0

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