

Fidelity UK Real Estate Fund

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to provide capital appreciation along with an attractive and stable income return.

INVESTOR CONSTITUENCY

The Fund is available to institutional investors only. (The minimum subscription required to participate is £1 million.)

Fund details	
Type of fund	PAIF (Property Authorised Investment Fund)
Residence	United Kingdom
Launch date	May 2008 (conversion to a PAIF as at October 2016)
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31 March
NAV (GBPm)	561.6

Source: FIL Limited

Management/professional advisors	
Manager	Fidelity International
Fund Manager	Alison Puhar
Corporate trustee	JP Morgan
Auditors	Deloitte LLP

Source: FIL Limited

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index		
	Fidelity UK Real Estate Fund	Other balanced funds	All balanced funds	All funds
3 months	2.7	2.2	2.2	1.8
Year-to-date	2.7	2.2	2.2	1.8
12 months	2.4	2.5	2.5	0.7
3 years+	3.4	2.7	2.4	1.1
5 years+	4.9	4.6	4.1	3.2
10 years+	6.9	6.8	6.4	5.9

Source: MSCI/AREF UK Quarterly Property Fund Index

Property investment restrictions	
Maximum development exposure	15.0% of GAV
Maximum speculative development exposure	15.0% of GAV
Maximum lot-size holding as a standing investment	15.0% of GAV

Maximum lot-size holding permitted at purchase	15.0% of GAV
Maximum exposure to limited partnerships	15.0% of GAV
Maximum exposure to joint ventures	15.0% of GAV
Maximum exposure to closed and open-ended property unit trusts	15.0% of GAV
Maximum exposure to listed companies and trusts (1)	15.0% of GAV

Source: FIL Limited

Portfolio distribution %				
	Fidelity UK Real Estate Fund	MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
Standard retail – South East	0.0	6.0	5.2	4.9
Standard retail – Rest of UK	2.6	2.1	2.4	3.3
Shopping centres	0.0	0.7	1.2	3.5
Retail warehouses	8.1	10.9	10.5	9.0
All UK retail	10.8	19.7	19.3	20.6
City offices	4.8	3.9	3.6	3.4
West End offices	0.0	7.6	8.5	7.6
Rest of South East offices	15.6	10.8	10.2	7.4
Rest of UK offices	21.2	6.0	5.6	5.1
All UK offices	41.6	28.3	27.9	23.5
South East industrial	22.1	21.7	22.7	18.5
Rest of UK industrial	14.6	12.0	11.8	9.5
All UK industrial	36.6	33.7	34.5	28.0
Other UK properties	0.0	11.3	10.7	21.9
Cash***	11.0	7.0	7.7	5.9
Overall	100.0	100.0	100.0	100.0

Source: FIL Limited

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	41	503.8	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0.0	0.0
Total	41	503.8	100.0

Source: FIL Limited

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Martland Park	Wigan	Industrial	30-40	6.6
St Martins Business Centre	Bedford	Industrial	20-30	5.6
Black Bull Yard	London	Office	20-30	5.4
Harbourgate	Portsmouth	Industrial	20-30	4.7
2, Princes Way	Solihull	Office	20-30	4.4
The Meridian	Manchester	Office	20-30	4.1
Triton A & B	Grays	Industrial	10-20	4.0
Stonelake, Units A and B	London	Industrial	10-20	3.9
200 Berkshire Place	Reading	Office	10-20	3.5
3, City Place	Crawley	Office	10-20	3.5

10 largest investments as % of portfolio

45.6

Source: FIL Limited

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	3	5.5	1.1
2.5 - 5	4	18.3	3.6
5-10	14	108.6	21.6
10 - 25	17	283.0	56.2
25 - 50	3	88.5	17.6
50 - 100	0	0.0	0.0
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	41	503.8	100.0
Average lot size		12.3	

Source: FIL Limited

Property Yield

Net initial yield	5.26%
Nominal equivalent yield	6.31%
True equivalent yield	-
Net reversionary yield	6.87%

Source: FIL Limited

Voids as % of ERV

Investments	21.09%
Developments	0.00%
Total	21.09%

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	3.9	3.3
Retail warehousing	13.9	10.0
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	52.5	54.4
Industrial	29.7	32.3
Other	0.0	0.0
Overall	100.0	100.0

Source: FIL Limited

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	1.1	-	-	-	-	-	-	110.6
Retail warehousing	3.9	-	-	-	-	-	-	94.0
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	14.8	-	-	-	-	-	-	135.4
Industrial	8.4	-	-	-	-	-	-	141.8
Other	-	-	-	-	-	-	-	-

Overall	28.3	-	-	-	-	-	-	130.6
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*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: FIL Limited

Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total 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
	0.0	0.0	0.0

The unexpired term of leases

Years	% of rent passing
20 years or greater	0.0
15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	4.5
5 years or greater, but less than 10	46.0
Less than 5 years	49.5

Source: FIL Limited

Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total 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	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	0.0	0.0	0.0	0.0	0.0	0.0

Source: FIL Limited

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: FIL Limited

Development exposure*

	Capital value of developments			
	Not yet started	In progress+	All developments	complete
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: FIL Limited

Valuations/performance monitors/affiliations

Frequency of valuation	Monthly on the last day of the month
Property valuer	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: FIL Limited

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	25.0%
for investment purpose	25.0%
for liquidity purpose	*
Cash holdings (maximum)	40.0%
Cash holdings (minimum)	*

Source: FIL Limited

The contribution of major tenants to rental income

Tenant	%
NPOWER LIMITED	5.6
ESURE PROPERTY LTD	4.5
RESTORE DIGITAL LTD	4.2
NOVO NORDISK LTD	3.6
NTT UNITED KINGDOM LIMITED	3.5
THE FIRST SECRETARY OF STATE	3.4
DELOITTE LLP	3.1
KUEHNE & NAGEL LTD	3.1
SAGE (UK) LTD	2.6
MATALAN RETAIL LTD	2.2
Three largest tenants' contribution to rental income	14.3
Five largest tenants' contribution to rental income	21.4
Ten largest tenants' contribution to rental income	35.8

Source: FIL Limited

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	503.8	0.0	0.0	0.0	503.8
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	62.0	0.0	0.0	0.0	62.0
Other net assets/liabilities	-4.1	0.0	0.0	0.0	-4.1
Total net assets	561.6	0.0	0.0	0.0	561.6

Gearing (%)						
Net debt (cash)/properties	-12.3	-	-	-		-12.3
Net debt (cash)/equity	-11.0	-	-	-		-11.0

Source: FIL Limited

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)	5,767.00	5,718.68	5,547.14	5,539.93	5,703.69	5,855.42
Offer (GBP)	6,205.00	6,153.01	5,968.44	5,960.69	6,136.88	6,300.13
Mid (GBP)	5,986.00	5,935.85	5,757.79	5,750.31	5,920.29	6,077.78
Bid/offer spread	7.06%	7.06%	7.06%	7.06%	7.06%	7.06%
Net asset value (GBP)	5,840.00	5,791.07	5,617.35	5,610.06	5,775.89	5,929.53
Quarterly distribution (GBP)	0.00	0.00	0.00	0.00	0.00	0.00
Yield	0.00	0.00	0.00	0.00	0.00	0.00%

Source: FIL Limited

Unit pricing

The unit price is calculated as at the last day of each month. Income is included in the unit price.

Distributions

Distributions of income are made quarterly, on 22 April, 22 July, 22 October and 22 January.

Minimum investment/disinvestment

Minimum initial investment: GBP 1,000,000

Minimum additional investment: GBP150,000

Creation, transfer and realisation of units

Applications to subscribe for shares in the Fund must be received in the month prior to the next dealing date.

Dealing dates are set on the 22nd of each calendar month or the business day prior if this date falls on a weekend

Redemptions of shares

Applications to redeem shares in the Fund must be received by the ACD at least 6 months prior to the

Taxation

The company is an open-ended investment company, and is treated as such for UK tax purposes. The company

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	6	2.1
1% or greater but less than 2%	6	8.7
2% or greater but less than 4%	5	13.4
4% or greater but less than 8%	3	14.8
Greater than 8.0%	5	61.0
Total	25	100.0
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	1	1.5
External	24	98.5

Source: FIL Limited

Liquidity						
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
Issues and redemptions						
Units in issue as at start of period	107,747	102,397	116,550	131,238	131,309	125,658
Units issued during period	-	15,250	27,648	0	125.83	0
Units redeemed during period	-5350	-1096.5	-12960.53	70.96	-5,776	0
Units in issue at end of period	102,397	116,550	131,238	131,309	125,658	125,658
Unit transfers						
Matched bargains	-	-	0	0	0	0
Matched bargains %*	-	-	0.0%	0.0%	0.0%	0.0%

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

Source: FIL Limited

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

Source: Hermes Real Estate Investment Management Ltd