

Aviva Investors Pensions Limited

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to outperform the weighted average return to All Balanced Fund Index component of the MSCI/AREF UK Quarterly Property Fund Index by 1.0% p.a. over rolling three year periods, gross of the annual management charge. The Fund aims to achieve this through investing in UK commercial properties across all major sectors (offices, retail and industrial) and undertake active management opportunities wherever possible to enhance the value of assets. The Fund's benchmark is the weighted average return to the All Balanced Fund Index component of the MSCI/AREF UK Quarterly Property Fund Index.

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	Exempt approved managed fund
Residence	United Kingdom
Launch date	August 1972
Open/closed-ended	Open-ended*
Earliest date of winding up	Not applicable
Year-end	30 June
NAV (GBPm)	608.5

Note: But see "Creation, realization & transfer of units"

Source: Aviva Investors

Management/professional advisors

Manager	Aviva Investors Pensions Limited
Investment Advisor	Aviva Investors Global Services Limited
Fund Manager	David Diemer and Imogen Ebbs
Trustee	Not Applicable
Auditors	PricewaterhouseCoopers

Source: Aviva Investors

Investment rates of return * %

		MSCI/AREF UK Quarterly Property Fund Index		
	Aviva Investors Pensions Limited	Other balanced funds	All balanced funds	All funds
3 months	0.5	0.6	0.6	0.4
Year-to-date	1.5	1.0	0.9	0.6
12 months	3.2	4.1	3.4	2.8
3 years+	4.8	6.6	6.3	5.6
5 years+	7.2	8.9	8.3	7.6
10 years+	7.7	9.1	8.7	9.1

Note: * Weighted average returns + Annualised

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

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	
Maximum exposure to limited partnerships	20%
Maximum exposure to joint ventures	20%
Maximum exposure to closed and open-ended property unit trusts	20%

Source: Aviva Investors

Portfolio distribution %

MSCI/AREF UK Quarterly Property Fund Index

	Aviva Investors Pensions Limited	Other balanced funds	All balanced funds	All funds
Standard retail – South East	1.9	7.61	7.06	5.74
Standard retail – Rest of UK	4.8	3.29	3.34	3.63
Shopping centres	0.0	1.83	2.46	7.32
Retail warehouses	16.2	13.25	13.56	13.00
All UK retail	22.9	25.97	26.43	29.68
City offices	0.0	3.72	3.70	3.30
West End offices	19.9	7.60	7.73	6.95
Rest of South East offices	12.5	11.59	11.13	7.66
Rest of UK offices	1.4	5.78	5.84	4.95
All UK offices	33.7	28.69	28.40	22.86
South East industrial	22.6	19.27	19.54	15.63
Rest of UK industrial	1.9	10.12	9.96	8.01
All UK industrial	24.5	29.39	29.50	23.64
Other UK properties	6.2	11.03	9.97	19.40
Cash***	12.6	4.92	5.70	4.42
Overall	100.0	100.0	100.0	100.0

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	20	533.9	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0

Total	20	533.9	100.0
--------------	-----------	--------------	--------------

Source: Aviva Investors

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
EVERSHOLT STREET	LONDON	Office	80-100	*
GEMINI BUSINESS PARK	LONDON	Industrial	80-100	*
REGAL HOUSE OPTION 1	TWICKENHAM	Office	40-60	*
CANTIUM RETAIL PARK	LONDON	Retail Park	20-40	*
CENTRAL 12 SHOPPING PARK	SOUTHPORT	Retail Other	20-40	*
EXETER RETAIL PARK	EXETER	Retail Park	20-40	*
31/37 WHITFIELD STREET	LONDON	Office	20-40	*
GORMLEY HOUSE, WAXLOW ROAD	LONDON	Industrial	20-40	*
7-17/23-9 NORTH BRIDGE	EDINBURGH	Retail Other	20-40	*
2 FURZEGROUND WAY, STOCKLEY PARK	UXBRIDGE	Office	0 - 20	*
10 largest investments as % of portfolio				*

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	0.7	0.1
2.5 - 5	0	0.0	0.0
5-10	3	25.7	4.8
10-25	10	172.3	32.3
25 - 50	3	99.1	18.6
50 - 100	3	236.2	44.2
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	20	533.9	100.0
Average lot size		26.7	

Source: Aviva Investors

Property Yield*	
Net initial yield	4.16%
Nominal equivalent yield	5.45%
True equivalent yield	5.64%
Net reversionary yield	5.03%

Source: Aviva Investors

Voids as % of ERV	
Investments	7.40%
Developments	7.10%
Total	14.50%

Rental income & ERV by type of property*

	Rental income %	Estimated rental value %
Standard retail	10.9	8.2
Retail warehousing	22.7	20.7
Shopping centres	0.0	0.0
Central London offices	17.8	23.1
Other offices	20.3	21.5
Industrial	19.9	22.3
Other	8.5	4.2
Overall	100.0	100.0

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	104.4	0.0	0.0	0.6	-6.8	1.9	-4.9	100.0
Retail warehousing	86.0	3.5	0.0	8.9	-10.1	11.7	1.6	100.0
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	60.4	2.6	21.8	6.4	-0.2	9.1	8.9	100.0
Other offices	73.9	11.9	0.0	15.9	-6.8	5.2	-1.6	100.0
Industrial	70.2	7.2	12.1	0.0	0.0	10.6	10.6	100.0
Other	159.7	0.0	0.0	0.0	-59.7	0.0	-59.7	100.0
Overall	78.5	5.5	7.7	6.8	-6.6	8.1	1.5	100.0

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

Source: Aviva Investors

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
	-	-	-

The unexpired term of leases	
Years	% of rent passing
20 years or greater	3.5
15 years or greater, but less than 20	4.9
10 years or greater, but less than 15	7.7
5 years or greater, but less than 10	27.8
Less than 5 years	56.1

Source: Aviva Investors

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: Aviva Investors

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: Aviva Investors

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

Source: Aviva Investors

Valuations/performance monitors/affiliations

Frequency of valuation	Monthly, as at the last day of the month
Valuers	CBRE Ltd
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: Aviva Investors

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	
for investment purposes	Nil
for liquidity purposes	Nil
Cash holdings (maximum)	Circa 15%
Cash holdings (minimum)	Circa 5%

The contribution of major tenants to rental income

Tenant	%
Apple (UK) Limited	7%
Asda Stores Limited	6%
Royal Mail Group Limited	5%
Travelodge Hotels Limited	5%
B & Q Plc	3%
Gentrack UK Limited	3%
Indigo Park Services UK Limited	3%
Argos Limited	3%
Selco Trade Centres Limited	3%
M.S International Investment Ltd	2%
Three largest tenants' contribution to rental income	18%
Five largest tenants' contribution to rental income	26%
Ten largest tenants' contribution to rental income	40%

Source: Aviva Investors

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	533.9	0.0	0.0	0.0	533.9
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	77.1	0.0	0.0	0.0	77.1
Other net assets/liabilities	-2.5	0.0	0.0	0.0	-2.5
Total net assets	608.5	0.0	0.0	0.0	608.5
Gearing (%)					

Net debt (cash)/properties	-14.4	-	-	-		-14.4
Net debt (cash)/equity	-12.7	-	-	-		-12.7

Source: Aviva Investors

Quarterly data per unit						
As at	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Bid (GBp)	17.59	17.84	18.03	18.42	18.44	18.58
Offer (GBp)	19.01	19.19	19.38	19.72	19.92	19.91
Mid (GBp)	18.30	18.51	18.70	19.07	19.18	19.25
Bid/offer spread	7.45%	7.02%	6.96%	6.62%	7.43%	6.67%
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: Aviva Investors. Please note that the prices refer to share class 0.

Unit pricing

The unit price is calculated at midnight on a forward-pricing basis for deals to be carried out the next working day. The fund has a bid/offer spread, reflecting the costs of purchasing and selling direct property in which the fund is invested.

Distributions

The fund does not distribute income. Income is reinvested in the fund.

Minimum investment/disinvestment

Minimum initial investment: GBP1m

Minimum additional investment: None

Minimum redemption: None, subject to maintaining a holding in the fund of not less than GBP1m

Creation, transfer and realisation of units

Units may be created at any time at the discretion of the manager.

Units may be redeemed at any time on receipt of written notice to the manager.

The manager will attempt to match units in the fund with other parties at the prevailing market price.

Taxation

CG and Income Tax

the fund is exempt from UK Capital Gains Tax and UK Income Tax.

Stamp duty reserve tax

purchases and transfers of units do not attract SDRT.

Charges

Holdings valued at under GBP1m: 1.00% pa of the NAV of the Fund

Holdings valued at GBP1-10m : 0.70% pa of the NAV of the Fund

Holdings valued at GBP10-25m : 0.65% pa of the NAV of the Fund

Holdings valued at over GBP25m : 0.50% pa of the NAV of the Fund

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	236	8.8
1% or greater but less than 2%	6	7.6
2% or greater but less than 4%	6	18.9
4% or greater but less than 8%	6	34.1
Greater than 8.0%	3	30.6
Total	257	100.0
Major investors		
Largest holder	1	14.1
Three largest holders	3	30.6
Five largest holders	5	45.0
Ten largest holders	10	68.7
Internal/external investors		
Internal	2	0.8
External	255	99.2

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
Issues and redemptions						
Units in issue as at start of period	-	-	-	-	-	-
Units issued during period	-	-	-	-	-	-
Units redeemed during period					-	-
Units in issue at end of period	-	-	-	-	-	-
Unit transfers						
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