

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)	153.5

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

	Kames Capital UK Active Value Property Unit Trust II	MSCI/AREF UK Quarterly Property Fund Index *		
		Other Balanced Funds	All balanced funds	All funds
3 months	0.8	0.3	0.3	0.0
Year-to-date	3.3	1.8	1.6	0.7
12 months	3.3	1.8	1.6	0.7
3 years+	6.6	6.5	6.0	5.3
5 years+	-	7.2	6.6	6.0
10 years+	-	8.1	7.7	7.7

Note: * Weighted average returns + Annualised

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

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

	Kames Capital UK Active Value Property Unit Trust II*	MSCI/AREF UK Quarterly Property Fund Index**		
		Other Balanced Funds	All balanced funds	All funds
Standard retail – South East	6.0	7.4	6.8	5.6
Standard retail – Rest of UK	5.1	3.0	3.2	3.6
Shopping centres	0.0	1.3	2.0	6.6
Retail warehouses	21.0	12.3	12.0	10.8
All UK retail	32.1	24.0	23.9	26.5
City offices	0.0	3.6	3.3	2.9
West End offices	0.0	7.6	8.0	6.7
Rest of South East offices	23.2	11.6	10.8	7.6
Rest of UK offices	4.2	6.3	5.9	5.0
All UK offices	27.3	29.1	28.0	22.2
South East industrial	0^	19.6	19.9	15.9
Rest of UK industrial	32.4	10.5	10.2	8.3

Other	-	-	-	-	-	-	-	-
Overall	9.8	0.3	0.0	0.4	-0.3	0.1	-0.2	111.7

*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
-	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	0.7
10 years or greater, but less than 15	6.1
5 years or greater, but less than 10	37.2
Less than 5 years	56.0

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
% 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 for investment purposes	Minimal
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	7.3
SeeWoo Foods (Glasgow) Ltd	5.4
CDS Superstores International Ltd	5.3
Sabre Retail Fashions Ltd	4.1
Core Fulfilment Limited	3.5

Young's Seafood Ltd	3.4
WH Smith Retail Holdings Ltd	2.9
Pets at Home Ltd	2.9
Next Group PLC	2.6
Halfords Limited	2.4
Three largest tenants' contribution to rental income	18.0
Five largest tenants' contribution to rental income	25.6
Ten largest tenants' contribution to rental income	39.8

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	145.3	0.0	0.0	0.0	145.3
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	12.9	0.0	0.0	0.0	12.9
Other net assets/liabilities	-4.7	0.0	0.0	0.0	-4.7
Total net assets	153.5	0.0	0.0	0.0	153.5
Gearing (%)					
Net debt (cash)/properties	-8.9	-	-	-	-8.9
Net debt (cash)/equity	-8.4	-	-	-	-8.4

Quarterly data per unit		
As at		31-Dec-19
Bid (GBP)		-
Offer (GBP)		-
Mid (GBP)		-
Bid/offer spread		-
Net asset value (GBP)		0.99
Quarterly distribution (GBP)		0.01
Yield		5.36%

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 initial Investment 2,500,000

Minimum additional investment

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 (£1,500,000)

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 investors and 0.6% per annum for all other investments.

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
Total	5	100.0
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

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

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