

Savills IM UK Income & Growth Fund

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to acquire and manage a diversified portfolio of UK investment properties, characterised by the quality of their income, in order to generate regular and stable income distributions and capital growth over the longer term.

INVESTOR CONSTITUENCY

The Fund is open to expert investors as defined by the Jersey Financial Services Commission.

Fund details	
Type of fund	Property unit trust
Residence	Jersey
Launch date	25-Jan-10
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Dec
NAV (GBPm)	130.4

Source: Savills Investment Management (UK) Limited

Management/professional advisors	
Manager	Savills Investment Management (Jersey) Limited
Property advisor	Savills Investment Management LLP
Investment Advisor	Savills Investment Management (UK) Limited

Fund Manager
Corporate trustee
Auditors

Jamie Pearson
SG Hambros Trust Company (Channel Islands) Limited
KPMG LLP

Source: Savills Investment Management (UK) Limited

Investment rates of return, %

		MSCI/AREF UK Quarterly Property Fund Index*		
	Savills IM UK Income & Growth Fund	Other balanced funds	All balanced funds	All funds
3 months	0.6	0.6	0.6	0.4
Year-to-date	2.3	1.0	0.9	0.6
12 months	6.4	4.1	3.4	2.8
3 years+	8.4	6.6	6.3	5.6
5 years+	8.5	8.9	8.3	7.6
10 years+	-	9.1	8.7	9.1

Source: * MSCI/AREF UK Quarterly Property Fund Index (Sponsored by PropertyMatch)
Savills Investment Management (UK) Limited

Property investment restrictions

Maximum development exposure	20%
Maximum speculative development exposure	Zero
Maximum lot-size holding as a standing investment	30%
Maximum lot-size holding permitted at purchase	15%
Maximum exposure to limited partnerships	100%
Maximum exposure to joint ventures	100%
Maximum exposure to closed and open-ended property unit trusts	0%

Source: Savills Investment Management (UK) Limited

Portfolio distribution %

	Savills IM UK Income & Growth Fund	MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
Standard retail – South East	8.3	7.6	7.1	5.7
Standard retail – Rest of UK	11.2	3.3	3.3	3.6
Shopping centres	0.0	1.8	2.5	7.3
Retail warehouses	0.0	13.3	13.6	13.0
All UK retail	19.5	26.0	26.4	29.7
City offices	0.0	3.7	3.7	3.3
West End offices	0.0	7.6	7.7	7.0
Rest of South East offices	5.8	11.6	11.1	7.7
Rest of UK offices	0.0	5.8	5.8	4.9
All UK offices	5.8	28.7	28.4	22.9
South East industrial	39.3	19.3	19.5	15.6
Rest of UK industrial	9.0	10.1	10.0	8.0
All UK industrial	48.3	29.4	29.5	23.6
Other UK properties	17.9	11.0	10.0	19.4
Cash***	8.5	4.9	5.7	4.4
Overall	100.0	100.0	100.0	100.0

Source: Savills Investment Management (UK) Limited

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	22	123.9	100.0
Joint and indirect holdings	0	0	0
Listed investments	0	0	0
Total	22	123.9	100.0

Sources: Savills Investment Management (UK) Limited

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

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
OTIUM PARK	SOLIHULL	Retail Other	14.4	11.6
PROGRESS BUSINESS PARK	CROYDON	Industrial	11.5	9.3
FUJITSU SERVICES DATA CENTRE	STOKE-ON-TRENT	Industrial	9.7	7.9
ALBION COURT	LEEDS	Retail Other	9.7	7.8
SANDVIK UNIT	SHEFFIELD	Industrial Other	8.3	6.7
WHITE HART AVENUE	LEEDS	Industrial	7.3	5.9
UNIT 6 HENLEY BUSINESS PARK	GUILDFORD	Industrial	7.3	5.9
329 - 335 CLIFTON DRIVE SOUTH	LYTHAM ST. ANNES	Hotel – Not categorised	7.0	5.6
PARKWOOD INDUSTRIAL ESTATE	MAIDSTONE	Industrial	6.6	5.3
47-49 BOROUGH HIGH STREET	LONDON	Retail Other	5.0	4.0
10 largest investments as % of portfolio				70.0

Source: Savills Investment Management (UK) Limited

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	4	6.9	5.6
2.5 - 5	8	30.2	24.4
5-10	8	60.9	49.2
10-25	2	25.8	20.9
25 - 50	0	0.0	0.0
50 - 100	0	0.0	0.0
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	22	123.9	100.0
Average lot size		5.6	

Source: Savills Investment Management (UK) Limited

Property Yield

Net initial yield	4.71%
Nominal equivalent yield	5.60%

Voids as % of ERV

Investments	8.48%
Developments	0.00%

True equivalent yield	5.81%	Total	8.48%
Net reversionary yield	5.40%		

Source: Savills Investment Management (UK) Limited

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	35.6	33.2
Retail warehousing	0.0	0.0
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	7.7	6.9
Industrial	47.5	51.9
Other	9.1	8.0
Overall	100.0	100.0

Source: Savills Investment Management (UK) Limited

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	93.7	0.0	0.0	2.9	0.0	3.4	3.4	100.0
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	98.2	0.0	0.0	0.0	0.0	1.8	1.8	100.0
Industrial	80.0	0.0	0.0	14.5	0.0	5.5	5.5	100.0
Other	99.4	0.0	0.0	0.0	0.0	0.6	0.6	100.0
Overall	87.3	0.0	0.0	8.5	0.0	4.2	4.2	100.0

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

Source: Savills Investment Management (UK) Limited

The unexpired term of leases

Years	% of rent passing
20 years or greater	19.7
15 years or greater, but less than 20	21.5
10 years or greater, but less than 15	12.9
5 years or greater, but less than 10	22.7
Less than 5 years	23.3

Source: Savills Investment Management (UK) Limited

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: Savills Investment Management (UK) Limited

Valuations/performance monitors/affiliations

Frequency of valuation	Monthly, on the last Business Day
Valuers	Jones Lang LaSalle
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: Savills Investment Management (UK) Limited

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	30% of Net Asset Value
---------------------------------	------------------------

Cash holdings (maximum)	-
Cash holdings (minimum)	-

Source: Savills Investment Management (UK) Limited

The contribution of major tenants to rental income

Tenant	%
Sandvik Holdings	9.2
Volkswagen Group UK Ltd	7.4
Fujitsu Services	6.9
Johnson Cars Limited	5.5
HSBC Bank Plc	5.1
The Midcounties Co-operative	4.9
Orange Business Holdings UK	4.8
MKM Building Supplies	4.2
Bracken Ltd	4.1
Grafton Merchanting GB	3.8
Three largest tenants' contribution to rental income	23.4
Five largest tenants' contribution to rental income	34.0
Ten largest tenants' contribution to rental income	55.8

Source: Savills Investment Management (UK) Limited

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	123.9	0.0	0.0	0.0	123.9
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	11.5	0.0	0.0	0.0	11.5
Other net assets/liabilities	-4.9	0.0	0.0	0.0	-4.9
Total net assets	130.4	0.0	0.0	0.0	130.4
Gearing (%)					

Net debt (cash)/properties	-9.3	-	-	-	-9.3
Net debt (cash)/equity	-8.8	-	-	-	-8.8

Source: Savills Investment Management (UK) Limited

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)	1,218.9	1,236.1	1,251.2	1,258.7	1,266.3	1,261.33
Offer (GBP)	1,309.1	1,325.5	1,342.3	1,349.2	1,357.3	1,347.24
Mid (GBP)	1,264.0	1,280.8	1,296.7	1,304.0	1,311.8	1,304.29
Bid/offer spread	6.89%	6.75%	6.79%	6.71%	6.71%	6.38%
Net asset value (GBP)	1,228.7	1,245.7	1,261.0	1,268.4	1,276.0	1,270.38
Quarterly distribution (GBP)	12.8	12.3	11.3	14.5	13.1	13.71
Yield	4.07%	3.91%	3.82%	2.10%	4.13%	4.21%

Source: Savills Investment Management (UK) Limited

Unit pricing

The unit price is valued each month as at the last day of the month. Income is not included in the unit price.

Distributions

Distributions are made quarterly, normally shortly after the month end following the applicable quarter end date. Distributions are paid to the unitholders shown on the register on the month end date.

Minimum investment/disinvestment

The minimum initial investment is GBP1,000,000, although the manager, at their discretion, can waive the minimum investment amount 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

Creation, transfer and realisation of units

The fund is open to subscriptions on a monthly basis, with applications to be received at least five business days before subscription day, which is the last working day of the month.

The Manager has the discretion to defer redemptions if it deems it in the interest of continuing unitholders to do so. . If at any time unitholders seek to redeem more than 10% of the units in issue, the manager may defer redemptions up to nine months following the end of the redemption notice period.

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 manager does not apply an initial charge for the subscription of units. The manager does not apply an early redemption charge for the redemption of units.

The fund bears 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.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	4	1.2
1% or greater but less than 2%	0	0.0
2% or greater but less than 4%	2	7.5
4% or greater but less than 8%	2	9.9

Greater than 8.0%	6	81.4
Total	14	100.0
Major investors		
Largest holder	1	29.6
Three largest holders	3	54.2
Five largest holders	5	73.2
Ten largest holders	10	98.8
Internal/external investors		
Internal	2	0.3
External	12	99.7

Source : Savills IM UK Income & Growth Fund

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	81,987	95,804	95,804	95,330	104,458	102,679
Units issued during period	13817	-	-	9137.063	3805.349	0
Units redeemed during period	-	-	-474	-9.517	-5583.92	0
Units in issue at end of period	95,804	95,804	95,330	104,458	102,679	102,679
Unit transfers						
Matched bargains	-	2670	-	0	0	0
Matched bargains %*	-	0.028	-	0	0	0

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

Source : Savills IM UK Income & Growth Fund