

Standard Life Investments Long Lease Property Fund

INVESTMENT POLICY AND OBJECTIVES

The Fund is a High Lease to Value Property Fund investing in a diversified portfolio of assets let to strong financial covenants, and maintaining a minimum average unexpired property lease length of 15 years.

The Fund aims to outperform the FT All Gilt Index by 2% per annum over rolling 5 year periods.

INVESTOR CONSTITUENCY

The Fund is open to investment to institutional UK tax exempt investors.

Fund details	
Type of fund	Managed Property Fund
Residence	United Kingdom
Launch date	September 2003
Open/closed-ended	Open-ended
Earliest date of winding up	n/a
Year-end	31 December
NAV (GBPm)	1697.5

Source : Standard Life Investments Long Lease Property Fund

Management/professional advisors	
Manager	Standard Life Investments Limited
Investment Advisor	Standard Life Investments Limited
Fund Manager	Les Ross
Fund manager – REITs/property shares	n/a
Trustee	n/a
Auditors	Ernst and Young LLP.

Source: Standard Life Investments Limited

Fund Level Total Return, %	Standard Life Investments Long Lease Property Fund	MSCI/AREF UK Quarterly Property Fund Index		
		Long Income Open-Ended Funds	All balanced open-ended funds	All funds
3 months	0.2	0.8	1.1	1.4
Year-to-date	-2.1	0.8	1.7	1.7
12 months	-8.2	-1.5	0.1	0.0
3 years+	-5.6	-2.8	0.6	0.0
5 years+	-1.0	0.2	1.5	0.6
10 years+	3.2	3.8	4.8	4.0

Source: MSCI/AREF UK Quarterly Property Fund Index

Fund Restraints	
Property investment restrictions	
Maximum development exposure	25%
Maximum speculative development exposure	n/a
Maximum rental exposure to a single tenant	20%
Maximum lot-size holding permitted at purchase	10%
Maximum exposure to limited partnerships	n/a
Maximum exposure to joint ventures	n/a
Maximum exposure to closed and open-ended property unit trusts	5%
Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	n/a
Cash holdings (maximum)	5%
Cash holdings (minimum)	n/a

Source: Standard Life Investments Limited

Portfolio distribution %	MSCI/AREF UK Quarterly Property Fund Index
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	Standard Life Investments Long Lease Property Fund	Long Income Open-Ended Property Funds	All balanced open-ended funds	All funds
Standard retail – South East	2.3	5.4	3.7	3.4
Standard retail – Rest of UK	3.2	2.2	1.1	1.2
Supermarkets	7.8	4.3	1.1	1.7
Shopping centres	0.0	0.5	0.9	0.6
Retail warehouses	0.0	0.5	12.0	7.4
All UK retail	13.3	12.9	18.8	14.4
City offices	7.5	1.2	3.1	2.6
West End offices	2.5	4.4	6.6	4.8
Rest of South East offices	2.8	6.6	6.3	5.2
Rest of UK offices	5.8	8.6	4.0	4.4
All UK offices	18.7	20.9	20.0	17.0
South East industrial	0.0	3.6	20.1	18.0
Rest of UK industrial	8.9	2.6	7.2	6.5
South East Distribution Warehouse	2.7	0.7	5.4	4.1
Rest of UK Distribution Warehouse	6.4	6.3	6.3	5.3
All UK industrial	17.9	13.1	39.1	33.8
Residential excl Student Accomodation	0.0	6.4	1.3	2.4
Student Accomodation	15.0	6.9	3.3	10.7
Hotel	13.8	16.8	3.2	6.1
Leisure	5.8	7.6	2.2	4.1
Healthcare	0.0	2.8	1.3	1.4
Other UK properties	13.5	9.0	3.2	4.1
Cash***	2.1	3.7	7.7	6.0
Overall	100.0	100.0	100.0	100.0

Source: Standard Life Investments Limited

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	85	1,650.9	98.2
Joint and indirect holdings	1	29.7	1.8
Listed investments	0	0.0	0.0
Total	86	1,680.5	100.0

Source: Standard Life Investments Limited

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
FRIARS BRIDGE COURT, LONDON	LONDON	Office	100m-150m	7.6
SALFORD VILLAGE LIVING, UNIVERSITY OF SALFORD, PEEL PARK CAMPUS, SALFORD, UI	SALFORD	Residential	100m-150m	6.8
THE DIXON HOTEL, LONDON	LONDON	Hotel	50m-100m	5.1
Next Distribution Centre	SOUTH ELMSALL	Industrial	50m-100m	5.0
Amazon, Hinckley	HINCKLEY	Industrial	50m-100m	4.1
NAPIER UNIVERSITY, WEST FOUNTAINBRIDGE, EDINBURGH, UK	EDINBURGH	Residential	50m-100m	3.8
DUCIE COURT, DENMARK ROAD, MANCHESTER, UK	MANCHESTER	Residential	50m-100m	3.4
PLOT B (AMAZON), LOGIC LEEDS, PONTEFRACT LANE, LEEDS, UK	LEEDS	Industrial	50m-100m	3.2
MBMA CAMPUS, CHESTER BUSINESS PARK, CHESTER, UK	CHESTER	Office	0m-50m	2.9
QVC, BUILDING 8 CHISWICK PARK	LONDON	Office	0m-50m	2.9
10 largest investments as % of portfolio				44.8

Source: Standard Life Investments Limited

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	34	61.5	3.7
2.5 - 5	1	4.9	0.3
5-10	12	96.9	5.8
10-25	14	223.9	13.3
25 - 50	16	608.5	36.2
50 - 100	6	412.2	24.5
100-150	2	243.1	14.5
Over 150	0	0.0	0.0
Total	85	1650.9	98.2
Average lot size		19.4	

Source: Standard Life Investments Limited

Property Yield		Voids as % of ERV	
Net initial yield	4.96%	Investments	2.2%
Nominal equivalent yield	5.69%	Developments	0.0%
True equivalent yield	5.89%	Total	2.2%
Net reversionary yield	6.99%		

Source: Standard Life Investments Limited

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	18.1	12.0
Retail warehousing	0.0	0.0
Shopping centres	0.0	0.0
Central London offices	1.8	2.6
Other offices	12.0	13.6
Industrial	17.1	19.3
Other	51.0	52.4
Overall	100.0	100.0

Source: Standard Life Investments 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	16.6	-	-	-	-3.9	-22.7	-26.5	77.4	
Retail warehousing	-	-	-	-	-	-	-	-	
Shopping centres	-	-	-	-	-	-	-	-	
Central London offices	1.6	-	-	-	-	72.0	-	172.0	
Other offices	11.0	-	-	2.4	-0.7	31.9	31.2	131.9	
Industrial	15.7	-	-	-	-	31.5	-	131.5	
Other	46.8	-	-	-	-5.3	19.3	14.0	119.3	
Overall	91.8	-	-	2.4	-9.9	16.2	6.4	116.2	

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

Source: Standard Life Investments Limited

Listed Investments			
	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	0.0	0.0	0.0

The unexpired term of leases % of rent passing		
Years	Including breaks	Excluding breaks
20 years or greater	48.0	52.2
15 years or greater, but less than 20	24.1	24.1
10 years or greater, but less than 15	21.2	17.0
5 years or greater, but less than 10	6.7	6.7
Less than 5 years	0.0	0.0

Source: Standard Life Investments Limited

Joint and Indirect property holdings						
Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation (GBPm)	Est. % of total portfolio
Units in Standard Life Commercial Ground Rent Fund	Other	INDIRECT RE - LIMITED PARTNERSHIP	-	9.8	29.7	1.8
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: Standard Life Investments Limited

Debt analysis

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above Risk Free Rates (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: Standard Life Investments Limited

Development exposure*

	Capital value of developments			Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0	0	0.000
% 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

Source: Standard Life Investments Limited

Valuations/performance monitors/affiliations

Frequency of valuation	Valuations are undertaken on a rolling basis, so that each property is revalued at least once every quarter
Valuers	Cushman & Wakefield
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: Standard Life Investments Limited

The contribution of major tenants to rental income

Tenant	%
Amazon UK Services Limited	6.9
Marston's plc	6.6
Viapath Services LLP	6.4
Premier Inn Hotels Limited / Whitbread plc	6.1
J Sainsbury plc / Sainsbury's Supermarkets Limited	5.6
Salford Villages Limited / University of Salford	5.1
QVC	5.0
Park Holidays UK Limited	4.7
Next Group plc	4.6
Poundland Limited	4.4
Three largest tenants' contribution to rental income	19.9
Five largest tenants' contribution to rental income	31.6
Ten largest tenants' contribution to rental income	55.3

Source: Standard Life Investments Limited

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1650.9	0.0	29.7	0.0	1680.5
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	35.2	0.0	0.0	0.0	35.2
Other net assets/liabilities	-18.3	0.0	0.0	0.0	-18.3
Total net assets	1667.8	0.0	29.7	0.0	1697.5
Gearing (%)					
Net debt (cash)/properties	-2.1	-	0.0	-	-2.1
Net debt (cash)/equity	-2.1	-	0.0	-	-2.1

Source: Standard Life Investments Limited

Quarterly data per unit						
As at	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Mar-24	30-Jun-24
Bid (GBP)	3.4884	3.4682	3.3926	3.2624	3.1900	3.2010
Offer (GBP)	3.7680	3.7483	3.6669	3.5146	3.4478	3.4583
Mid (GBP)	3.6282	3.6083	3.5297	3.3885	3.3189	3.3296
Bid/offer spread	7.4%	7.5%	7.5%	7.2%	7.5%	7.4%
Net asset value (GBP)	3.5408	3.5208	3.4440	3.3097	3.2383	3.2492
Quarterly distribution (GBP)	0.00	0.00	0.00	0.00	0.00	0.00
Yield	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01

Source: Standard Life Investments Limited

Unit pricing

The Fund is valued each working day and a unit price is set, which will apply to all units that are bought or sold on the following working day. The method of calculating the unit price (i.e. the pricing basis) depends mainly on the overall cash flow of the fund and, more specifically, whether these cash flows result in Standard Life Investments having to purchase, sell or simply transfer stock. This gives rise to three pricing bases; the offer basis, the bid basis and the mid basis. In general, there is a positive cash flow into the fund, which means that an offer basis will be used. This basis takes account of the cost of buying investments. However, if there is an overall cash flow out of the fund, the pricing basis may be switched to a bid basis. This means that a lower unit price will apply, reflecting the cost of selling the underlying investments. We believe that by pricing the fund in this way we are being fair and equitable to both new and existing clients. As far as possible, we try to match buyers and sellers of our units. The Fund will try to minimise the cost of any transactions for its clients by only making adjustments to the pricing basis when absolutely necessary.

Distributions

The fund does not distribute income. Its gross income is reinvested in the fund.

Minimum investment/disinvestment

Minimum initial investment: GBP3,000,000

Creation, transfer and realisation of units

Units in the Fund 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 reserves the right to defer redemptions for up to 12 months pending consideration of specific fund/market conditions.

Taxation

CGT and income tax: the fund is exempt from UK capital gains tax and UK income tax.

Charges

The annual management charge is equivalent to 0.50% of the net asset value of the fund.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	39	18.2
1% or greater but less than 2%	12	18.3
2% or greater but less than 4%	4	13.4
4% or greater but less than 8%	3	18.6
Greater than 8.0%	3	31.6
Total	61	100.0
Major investors		
Largest holder	1	11.4
Three largest holders	3	31.6
Five largest holders	5	45.8
Ten largest holders	10	63.5
Internal/external investors		
Internal	0	0.0
External	61	100.0

Source: Standard Life Investments Limited

Liquidity						
Period	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023	Year to Dec 2024
Issues and redemptions						
Units in issue as at start of period	734,021,364	755,480,998	744,481,206	829,252,449	787,558,764	705,068,308
Units issued during period	308,927,366	393,345	102,257,757	5,439,345	2,845,153	176,019
Units redeemed during period	-9,433,102	-11,393,138	-17,486,513	-47,133,030	-85,335,609	-182,821,327
Units in issue at end of period	755,480,998	744,481,206	829,252,449	787,558,764	705,068,308	522,423,000
Unit transfers						
Matched bargains	7,983,339	388,398	33,785,802	8,159,434	80,680,730	0
Matched bargains %*	1.06%	0.05%	4.07%	1.04%	11.44%	0.00%

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

Source: Standard Life Investments Limited
