

Keills Property Trust

INVESTMENT POLICY AND OBJECTIVES

To invest in RPI Property. Keills define this as UK real estate let to high quality tenants where the rent is contracted to increase in line with RPI, CPI or is subject to fixed increases. Our stock selection process tries to ensure that the selected property is the natural home of the tenant and so we seek sustainable locations.

There is no specific sector allocation requirement and the fund is benchmarked to the MSCI Quarterly Universe. Keills believes that market rental growth will be minimal over the next 10 years.

INVESTOR CONSTITUENCY

The Trust is open to investment by UK pension funds including SIPP's.

Fund details	
Type of fund	Exempt Property unit trust
Residence	United Kingdom
Launch date	April 2010
Open/closed-ended	Open-ended
Earliest date of winding up	-
Year-end	31-Mar
NAV (GBPm)	34.7

Source : Keills Property Trust

Management/professional advisors	
Investment Manager	Keills Limited

Trust Manager

Magarch Limited

Trustee

Vistra Trust Corporation (UK) Limited

Auditors

Johnston Carmichael

Source : Keills Property Trust

Investment rates of return, %

		MSCI/AREF UK Quarterly Property Fund Index		
	Keills Property Trust	Other balanced funds	All balanced funds	All funds
3 months	2.2	0.6	0.6	0.4
Year-to-date	-0.5	1.0	0.9	0.6
12 months	1.4	4.1	3.4	2.8
3 years+	4.8	6.6	6.3	5.6
5 years+	5.7	8.9	8.3	7.6
10 years+	0.0	9.1	8.7	9.1

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	*
Maximum exposure to joint ventures	*
Maximum exposure to closed and open-ended property unit trusts	*

Source : Keills Property Trust

Portfolio distribution %

		MSCI/AREF UK Quarterly Property Fund Index		
	Keills Property Trust	Other balanced funds	All balanced funds	All funds

Standard retail – South East	14.5	7.6	7.1	5.7
Standard retail – Rest of UK	16.4	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	30.9	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	0.0	11.6	11.1	7.7
Rest of UK offices	0.0	5.8	5.8	4.9
All UK offices	0.0	28.7	28.4	22.9
South East industrial	0.0	19.3	19.5	15.6
Rest of UK industrial	12.2	10.1	10.0	8.0
All UK industrial	12.2	29.4	29.5	23.6
Other UK properties	43.0	11.0	10.0	19.4
Cash***	13.9	4.9	5.7	4.4
Overall	100.0	100.0	100.0	100.0

Source : Keills Property Trust

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	8	29.9	100.0
Joint and indirect holdings	0	0.00	0.0
Listed investments	0	0	0.0
Total	8	29.9	100.0

Source : Keills Property Trust

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
WEST STAND	LONDON	Healthcare	7.2	24.1
HARBOURSIDE DRIVE	PORT TALBOT	Other	4.8	16.1
INTERFACE BUSINESS PARK, BINKNOLL LANE, ROYAL WOOTTON BAS	SWINDON	Industrial	4.2	14.1

143 SAUCHIEHALL STREET	GLASGOW	Retail Other	3.7	12.4
CAR PARK	IPSWICH	Other	2.9	9.7
76 BRIXTON HILL	LONDON	Retail Other	2.8	9.2
224 HAMPTON ROAD	TWICKENHAM	Retail Other	2.3	7.6
93-99 ALBERT STREET	DUNDEE	Retail Other	2.0	6.7
-	-	-	-	-
-	-	-	-	-
10 largest investments as % of portfolio			29.9	100.0

Source : Keills Property Trust

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	2	4.3	14.3
2.5 - 5	5	18.4	61.6
5-10	1	7.2	24.1
10-25	0	0.0	0.0
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	8	29.9	100.0
Average lot size		3.7	

Source : Keills Property Trust

Property Yield	
Net initial yield	6.19%
Nominal equivalent yield	0.00%
True equivalent yield	5.97%
Net reversionary yield	5.74%

Source : Keills Property Trust

Voids as % of ERV	
Investments	2.06%
Developments	0.00%
Total	2.06%

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	34.1	35.2
Retail warehousing	0.0	0.0
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	0.0	0.0
Industrial	12.5	15.6
Other	53.4	49.2
Overall	100.0	100.0

Source : Keills Property Trust

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	104.5	0.0	0.0	0.0	-4.5	0.1	-4.5	100.0
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	-	-	-	-	-	-	-	-
Industrial	86.3	0.0	0.0	0.0	0.0	13.7	13.7	100.0
Other	117.0	0.0	0.0	0.0	-16.6	-0.3	-17.0	100.0
Overall	107.8	0.0	0.0	0.0	-9.8	2.0	-7.8	100.0

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

Source : Keills Property Trust

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	7.5
15 years or greater, but less than 20	18.4
10 years or greater, but less than 15	6.4
5 years or greater, but less than 10	67.7
Less than 5 years	0.0

Source : Keills Property Trust

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 : Keills Property Trust

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 : Keills Property Trust

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 : Keills Property Trust

Valuations/performance monitors/affiliations

Frequency of valuation	Quarterly
Valuers	Colliers
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 : Keills Property Trust

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	*
For investment purpose	*
For liquidity purpose	*
Cash holdings (maximum)	*
Cash holdings (minimum)	*

Source : Keills Property Trust

The contribution of major tenants to rental income

Tenant	%
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Waltham Forest Primary Care Trust	26.8
Cooperative Foods	26.9
The Secretary of State for Communities Local Government	16.3
Master Removers Group Limited	12.5
National Car Parks Limited	7.5
Sainsbury	6.4
Strandhaven Limited	2.9
Mr & Mrs Ruparel & Mr Shanmugarajah	0.8
-	-
-	-
Three largest tenants' contribution to rental income	70.0
Five largest tenants' contribution to rental income	89.9
Ten largest tenants' contribution to rental income	100.0

Source : Keills Property Trust

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	29.9	0.0	0.0	0.0	29.9
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	4.8	0.0	0.0	0.0	4.8
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	34.7	0.0	0.0	0.0	34.7
Gearing (%)					
Net debt (cash)/properties	-16.2	-	-	-	-16.2
Net debt (cash)/equity	-13.9	-	-	-	-13.9

Source : Keills Property Trust

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)	0.41	0.41	0.41	0.41	0.40	0.40
Offer (GBP)	0.44	0.43	0.43	0.43	0.43	0.43

Mid (GBP)	0.43	0.42	0.42	0.42	0.42	0.41
Bid/offer spread	6.8%	5.4%	5.4%	5.4%	5.9%	5.9%
Net asset value (GBP)	0.42	0.42	0.42	0.42	0.41	0.41
Quarterly distribution (GBP)	0.00	0.01	0.00	0.01	0.00	0.01
Yield	4.2%	4.2%	4.2%	4.1%	4.2%	3.6%

Source : Keills Property Trust

Unit pricing

The price of the units is calculated quarterly. New investment may be made by suitable investors at any time. Investment is made at the offer price which is available for the calendar quarter and requires confirmation that the investor is exempt from capital gains tax by HMRC. Redemptions require written notice of two full quarters and are transacted at the bid price calculated at the end of that quarter following the end of the notice period. The manager reserves the right to delay redemptions due to liquidity reasons or adverse market conditions.

Distributions

Currently distributions are made every six months.

Minimum investment/disinvestment

The manager has discretion to accept initial investment below the minimum initial investments figure of £1 million. There is no minimum level of further investment by existing investors.

Creation, transfer and realisation of units

The trust is open to subscriptions on a quarterly basis, with applications to be received by the last business day of the month. The manager will attempt, where possible, the matching of buying and selling orders.

Taxation

Capital Gains Tax

The trust is not subject to UK capital gains tax

Income Tax

Distributions of income are made gross with no deduction of income tax

Stamp duty reserve tax

No stamp duty is payable on the transfer of existing units.

Charges

The annual management fee is equivalent to 0.25% of the gross asset value of the portfolio. This includes the fee payable to the investment manager and the property advisor, but excludes fees payable to the Auditors, Trustee and Valuers, estimated to total £53,000 pa.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	28	1.4
1% or greater but less than 2%	0	0.0
2% or greater but less than 4%	0	0.0
4% or greater but less than 8%	0	0.0
Greater than 8.0%	1	98.6
Total	29	100.0
Major investors		
Largest holder	1	98.6
Three largest holders	3	98.8
Five largest holders	5	99.0
Ten largest holders	10	99.4
Internal/external investors		
Internal	0	0.0
External	29	100.0

Source : Keills Property Trust

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	79,084,007	83,266,785	84,587,540	84,400,270	84,379,301	84,637,120
Units issued during period	4259602	1,357,677	27,765	22,677	21,831	5,031

Units redeemed during period	-76,824	-36,922	-215,035	-43,646	235,988	-142,100
Units in issue at end of period	83,266,785	84,587,540	84,400,270	84,379,301	84,637,120	84,500,051
Unit transfers						
Matched bargains	-	-	-	-	0	0
Matched bargains %*	-	-	-	-	0	0

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

Source : Keills Property Trust