

# Federated Hermes Property Unit Trust

## INVESTMENT POLICY AND OBJECTIVES

To invest in a diversified portfolio of UK commercial properties, including, where appropriate, investments in indirect vehicles and joint ownership structures that offer access to attractive asset portfolios and specialist management teams.

The Trust's objective is to outperform Other Balanced Property Funds component of The MSCI/AREF UK Quarterly Property Fund Index in the medium to long term through a combination of income and capital appreciation.

## INVESTOR CONSTITUENCY

The Trust is open to investment by exempt funds (UK pension funds, charities and investment trusts).

Fund details	
Type of fund	Unauthorised exempt unit trust
Residence	United Kingdom
Launch date	1967.00
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	25th March
NAV (GBPm)	1176.4

Source: Federated Hermes Limited

Management/professional advisors	
Manager	Federated Hermes Limited
Property Investment Manager	Federated Hermes Limited
Investment Advisor	
Portfolio Manager	Dermot Kiernan
Corporate trustee	National Westminster Bank Plc
Auditors	PricewaterhouseCoopers LLP

Source: Federated Hermes Limited

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index		
	Federated Hermes Property Unit Trust	Other balanced open-ended funds	All balanced open-ended funds	All funds
3 months	0.9	0.29	0.38	0.33
Year-to-date	1.4	0.09	0.16	0.12
12 months	-16.8	-17.14	-17.39	-17.07
3 years+	3.2	3.32	3.39	2.28
5 years+	2.7	2.28	2.16	1.10
10 years+	7.7	6.60	6.31	5.45

Source: MSCI/AREF UK Quarterly Property Fund Index

Property investment restrictions	
Maximum development exposure	10% of gross asset value
Maximum speculative development exposure	
Maximum lot-size holding as a standing investment	10% of gross asset value
Maximum lot-size holding permitted at purchase	10% of gross asset value
Maximum exposure to limited partnerships	10% of gross asset value
Maximum exposure to joint ventures	10% of gross asset value
Maximum exposure to closed and open-ended property unit trusts	10% of gross asset value

Source: Federated Hermes Limited

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index**		
	Federated Hermes Property Unit Trust	Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	6.9	4.9	4.6	4.6
Standard retail – Rest of UK	0.5	1.2	1.4	2.3
Shopping centres	1.2	0.6	0.9	2.5
Retail warehouses	15.1	12.4	12.1	7.6
All UK retail	23.7	19.1	19.0	17.1
City offices	4.7	3.3	3.4	3.2
West End offices	6.0	8.1	7.5	5.1
Rest of South East offices	6.4	7.5	7.1	5.5
Rest of UK offices	7.4	5.2	4.9	5.3
All UK offices	24.5	24.2	22.9	19.1
South East industrial	27.6	24.0	24.5	20.3
Rest of UK industrial	4.2	13.6	13.7	11.8
All UK industrial	31.8	37.6	38.2	32.1
Other UK properties	11.2	12.4	12.5	25.9
Cash***	8.9	6.7	7.4	5.8
Overall	100.0	100.0	100.0	100.0

Sources: \* Federated Hermes Limited

\*\*MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	65	1,072.1	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	65	1,072.1	100.0

Source: Federated Hermes Limited

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
8/10,GREAT GEORGE STREET,LONDON,SW1P 3AE	LONDON	Office	70-75	6.5
MAYBIRD SHOPPING PARK	STRATFORD-UPON-AVON	Retail Park	60-65	6.0
POLAR PARK	WEST DRAYTON	Industrial	60-65	5.6
TEMPLARS SHOPPING PARK	OXFORD	Retail Park	50-55	4.8
BROKEN WHARF HOUSE	LONDON	Other	45-50	4.4
SAINSBURYS	BEACONSFIELD	Retail Other	35-40	3.6
THOMAS ROAD IND ESTATE	LONDON	Industrial	35-40	3.3
THE ROUND FOUNDARY & MARSHALL MILL	LEEDS	Office	30-35	3.2
READING METROPOLITAN SITE	READING	Industrial	30-35	2.8
HFL BUILDINGS	ELY	Industrial	25-30	2.7
10 largest investments as % of portfolio				42.9

Source: Federated Hermes Limited

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	15	28.4	2.6
2.5 - 5	6	21.8	2.0
5-10	7	53.1	4.9
10-25	23	401.3	37.4
25 - 50	10	322.5	30.1
50 - 100	4	245.2	22.9
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	65	1072.1	100.0
Average lot size		16.5	

Source: Federated Hermes Limited

Property Yield		Voids as % of ERV	
Net initial yield	4.73%	Investments	12.40%
Nominal equivalent yield	6.12%	Developments	0.00%
True equivalent yield	6.35%	Total	12.40%
Net reversionary yield	6.36%		

Source: Federated Hermes Limited

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	9.2	8.4
Retail warehousing	21.5	17.0
Shopping centres	3.1	2.5
Central London offices	5.3	10.0
Other offices	19.4	23.7
Industrial	29.6	29.8
Other	12.0	8.5
Overall	100.0	100.0

Source: Federated Hermes 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	5.3	2.6	0.0	11.3	-10.6	9.9	-0.7	109.9
Retail warehousing	12.5	1.9	0.0	3.9	-14.5	-5.1	-19.7	94.9
Shopping centres	1.8	0.0	0.0	11.7	-15.4	-1.7	-17.1	98.3
Central London offices	3.1	2.9	0.0	118.0	-0.9	126.6	125.7	226.6
Other offices	11.4	2.3	0.0	31.1	-1.9	45.6	43.7	145.6
Industrial	17.3	3.0	0.0	3.7	-0.1	20.4	20.3	120.4
Other	7.0	0.0	0.0	0.0	-18.8	-15.8	-34.6	84.2
Overall	58.4	2.1	0.0	15.6	-7.3	19.4	12.2	119.4

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

Source: Federated Hermes Limited

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

The unexpired term of leases	
Years	% of rent passing
20 years or greater	9.3
15 years or greater, but less than 20	1.0
10 years or greater, but less than 15	3.8
5 years or greater, but less than 10	22.2
Less than 5 years	63.8

Source: Federated Hermes Limited

Joint and Indirect property holdings						
Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: Federated Hermes Limited

Debt analysis						
Fixed rate borrowings			Variable rate borrowings			
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (ind 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: Federated Hermes 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: Federated Hermes Limited

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly, on 25th of each month except for 24th June and 29th September
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

Source: Federated Hermes Limited

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	30% of GAV
Cash holdings (maximum)	10% of GAV*
Cash holdings (minimum)	No restriction

Source: Federated Hermes Limited

The contribution of major tenants to rental income	
Tenant	%
B&Q PLC	6.5
SAINSBURY'S SUPERMARKET LTD	5.5
EI GROUP PLC	4.5
EDYN LTD (SACO)	4.3
CIRCLE EXPRESS LTD	3.0
LGC LTD	2.4
CONNECTED PLACES CATAPULT	2.1
PREMIER INN HOTELS LIMITED	1.9
ASDA STORES LTD	1.8
ARGOS LTD	1.8
Three largest tenants' contribution to rental income	16.5
Five largest tenants' contribution to rental income	23.8
Ten largest tenants' contribution to rental income	33.8

Source: Federated Hermes Limited

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1072.1	0.0	0.0	0.0	1072.1
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	104.3	0.0	0.0	0.0	104.3
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	1176.4	0.0	0.0	0.0	1176.4
Gearing (%)					
Net debt (cash)/properties	-9.7	-	-	-	-9.7
Net debt (cash)/equity	-8.9	-	-	-	-8.9

Source: Federated Hermes Limited

Quarterly data per unit						
As at	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Bid (GBP)	7.53	7.87	7.43	6.36	6.33	6.33
Offer (GBP)	8.11	8.48	7.97	6.84	6.81	6.78
Mid (GBP)	7.82	8.17	7.70	6.60	6.57	6.56

Bid/offer spread	7.19%	7.21%	6.76%	6.95%	6.98%	6.55%
Net asset value (GBP)	7.63	7.97	7.53	6.44	6.41	6.41
Quarterly distribution (GBP)	0.06	0.06	0.05	0.06	0.06	0.06
Yield	3.23%	3.03%	3.19%	3.49%	3.51%	3.59%

Source: Federated Hermes Limited

## Unit pricing

The bid and offer price of the units are calculated on the date of the monthly valuation (i.e. on 25th of each month, except for 24th June and 29th September). The Trust has no direct fixed-rate borrowings. Performance fees, which are paid annually from income, are estimated and accrued on a quarterly basis.

## Distributions

Distributions are made quarterly on 15 February, 15 May, 15 August and 15 November for the periods to 25 March, 24 June, 29 September and 25 December, respectively. Income accrues monthly to each registration day (the 26th of each month, except 25 June and 30 September).

## Minimum investment/disinvestment

The minimum investment is 10,000 units and applications must be in multiples of 1,000 units.

## Creation, transfer and realisation of units

Units may be purchased on 12 subscription days annually. These are on the 26th of each month (apart from 25th June and 30 September) or the following business day. Redemptions must be notified in writing to take effect on the next following notice day. These are 26 March, 25 June, 30 September and 26 December. Under normal circumstances, the proceeds will be paid three months later, i.e. on the next following notice day. In exceptional circumstances, the Trust Manager may defer the redemption of some or all of the units for up to nine months. In extreme circumstances, as a last resort, which would arise only if a major proportion of unitholders wished to withdraw, the trust would be terminated and the net proceeds distributed to unitholders. The manager will attempt, where possible, the matching of buying and selling orders, with any resulting transfer being effective on the next registration day.

## Taxation

### Capital Gains Tax

The trust is exempt from capital gains tax

### Income Tax

Distributions are paid without withholding income tax.

### Stamp duty reserve tax

Transfers of units are not subject to SDRT.

## Charges

### Annual fees

The Trust Manager is entitled to receive a fee of 0.40% per annum of the net asset value of the Trust, subject to a minimum fee of £1,300,000 per annum.

### Performance fees

In addition, the Trust Manager may receive performance related fees if the performance of the Trust exceeds the average weighted total return on the agreed benchmark, being the average return on the MSCI UK Other Balanced Funds Index Weighted Average Returns, on a three year annualised rolling average basis. The amount of the fee is calculated as 17.5% of the outperformance amount generated.

The total fees payable to the Trust Manager are capped at 0.8% of the net asset value of the Trust.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	55	17.9
1% or greater but less than 2%	23	33.1
2% or greater but less than 4%	6	18.0
4% or greater but less than 8%	4	22.8
Greater than 8.0%	1	8.2
<b>Total</b>	<b>89</b>	<b>100.0</b>
Major investors		
Largest holder	1	8.2
Three largest holders	3	22.4
Five largest holders	5	31.1
Ten largest holders	10	47.0
Internal/external investors		
Internal	0	0.0
External	89	100.0

Source: Federated Hermes Limited

Liquidity						
Period	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023
<b>Issues and redemptions</b>						
Units in issue as at start of period	235,333,516	236,409,540	220,892,292	212,570,416	195,009,654	188,755,675
Units issued during period	1,076,024	1,091,266	101,358	0	0	0
Units redeemed during period	-	(16,608,514)	(8,423,234)	-17,560,762	-6,253,979	-5,246,644
Units in issue at end of period	236,409,540	220,892,292	212,570,416	195,009,654	188,755,675	183,509,031
<b>Unit transfers</b>						
Matched bargains	10,278,563	7,540,990	9,615,145	5,025,149	1,894,367	0
Matched bargains %*	4.35%	3.41%	4.52%	2.58%	1.00%	0.00%

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

Source: Federated Hermes Limited