

AXA UK Long Lease Property Fund

INVESTMENT POLICY AND OBJECTIVES

The Fund seeks to provide real estate based stable long term income mostly from rents with inflation indexation or fixed periodic uplifts and the potential for capital growth to aim to meet the investment objectives of investors with long term liabilities. The Fund aims to invest directly in a diversified portfolio of UK Real Estate assets and maintain a weighted unexpired lease term ("WAULT") in excess of 20 years at a fund level and higher portfolio level tenant covenant strength relative to the MSCI All Quarterly and Monthly Valued Funds measured by portfolio covenant strength tests. The Fund targets a long term net income distribution of 4.5% p.a.

INVESTOR CONSTITUENCY

The Fund is regulated in Jersey as an expert fund. It is suitable only for those who fall within the definition of 'expert investors' for the purposes of the Jersey Expert Fund Guide published by the Commission.

Fund details

Type of fund	Property Unit Trust
Residence	Jersey
Launch date	31 October 2012
Open/closed-ended	Open Ended
Earliest date of winding up	n/a
Year-end	31st March
NAV (GBPm)	392.8

Management/professional advisors

Fund Investment Advisor and Partnership Manager	AXA Investment Managers UK
Partnership Investment Advisor	AXA IM UK
Fund Manager	Ian Pollard
Managing Trustee	Saltgate Ltd
Auditors	PwC

Fund level total return, %

	AXA UK 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	0.5	0.0	0.5	0.4
Year-to-date	0.5	0.0	0.5	0.4
12 months	-0.1	-2.9	-0.7	-1.0
3 years+	0.5	-2.1	1.5	0.8
5 years+	2.1	0.3	1.4	0.4
10 years+	4.9	4.1	5.2	4.4

Note: * Weighted average returns + Annualised

Source: MSCI/AREF UK Quarterly Property Fund Index

Fund Restraints

Property investment restrictions	
Maximum development exposure	20%
Maximum speculative development exposure	0%
Maximum lot-size holding as a standing investment	15%
Maximum lot-size holding permitted at purchase	15%
Maximum exposure to limited partnerships	0%
Maximum exposure to joint ventures	0%
Maximum exposure to closed and open-ended property unit trusts	0%
Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted*	2%
for investment purposes	0%
for liquidity purposes*	2%
Cash holdings (maximum)	n/a
Cash holdings (minimum)	n/a

* Note: This is an internal Fund Manager Guideline

Portfolio distribution %

	AXA UK Long Lease Property Fund*	MSCI/AREF UK Quarterly Property Fund Index**		
		Long Income Open-Ended Property Funds	All balanced open-ended funds	All funds
Standard retail – South East	4.3	5.3	3.7	3.5
Standard retail – Rest of UK	0.0	3.0	1.1	1.4
Supermarkets	18.9	4.3	1.1	1.7
Shopping centres	0.0	0.5	0.9	0.6
Retail warehouses	0.0	0.4	11.6	7.2
All UK retail	23.2	13.6	18.4	14.4
City offices	0.0	1.2	3.1	2.7
West End offices	0.8	4.3	6.6	4.8
Rest of South East offices	0.0	5.9	6.4	5.1
Rest of UK offices	0.0	8.5	4.2	4.6
All UK offices	0.8	19.9	20.4	17.1
South East industrial	0.0	4.1	21.4	18.8
Rest of UK industrial	0.0	3.1	7.5	6.6
South East Distribution Warehouse	7.4	0.8	5.0	3.8
Rest of UK Distribution Warehouse	17.2	6.0	6.1	5.1

All UK Industrial	24.6	14.1	39.9	34.3
Residential excl Student Accommodation	0.0	8.2	1.4	2.9
Student Accommodation	5.4	5.6	1.4	9.4
Hotel	23.4	17.0	3.1	6.2
Leisure	0.0	7.5	2.2	4.1
Healthcare	16.0	2.7	1.3	1.4
Other UK properties	1.1	8.4	4.1	4.4
Cash***	5.5	3.0	7.8	5.6
Overall	100.0	100.0	100.0	100.0

** MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	31	371.2	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	31	371.2	100.0

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Leonardo Hotel	LIVERPOOL	Hotel	25-50m	-
HOLLAND & BARRETT DC1	BURTON-ON-TRENT	Industrial	10-25m	-
TESCO	DERBY	Retail Other	10-25m	-
NAPIER UNIVERSITY	EDINBURGH	Residential	10-25m	-
GEOPOST	FELTHAM	Industrial	10-25m	-
MANOR LODGE	CHELMSFORD	Healthcare	10-25m	-
KNEBWORTH CARE HOME	KNEBWORTH	Healthcare	10-25m	-
FINZELS REACH	BRISTOL	Hotel	10-25m	-
OXFORD INSTRUMENTS, Western Approach	AVONMOUTH	Industrial	10-25m	-
ACCOR IBIS HOTEL	LONDON	Hotel	10-25m	-
10 largest investments as % of portfolio				56.2

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 - 2.5	2	4.2	1.1
2.5 - 5	3	11.6	3.1
5 - 10	9	66.7	18.0
10 - 25	16	252.7	68.1
25 - 50	1	36.1	9.7
50 - 100	0	0.0	0.0
100 - 150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	31	371.2	100.0
Average lot size		12.0	

Property Yield*		Voids as % of ERV*	
Net initial yield	5.98%	Investments	0.00%
Nominal equivalent yield	-	Developments	-
True equivalent yield	6.79%	Total	-
Net reversionary yield	6.57%		

Rental income & ERV by type of property*		
	Rental income %	Estimated rental value %
Standard retail	25.4	30.3
Retail warehousing	0.0	0.0
Shopping centres	0.0	0.0
Central London offices	0.9	0.8
Other offices	0.0	0.0
Industrial	22.7	24.3
Other	51.0	44.6
Overall	100.0	100.0

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	5.7	0.0	0.0	0.0	-22.1	31.3	9.2	131.3
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	0.2	0.0	0.0	0.0	-2.4	-2.4	-4.8	97.6
Other offices	-	-	-	-	-	-	-	-
Industrial	5.1	0.0	0.0	0.0	-0.2	17.7	17.5	117.7
Other	11.4	0.0	0.0	0.0	-6.6	-3.8	-10.4	96.2
Overall	22.3	0.0	0.0	0.0	-9.0	10.0	0.9	110.0

*Comprising the %rent passing 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

The unexpired term of leases % of rent passing		
Years	Including breaks	Excluding breaks
20 years or greater	20.9	25.4
15 years or greater, but less than 20	32.9	35.4
10 years or greater, but less than 15	46.1	39.2
5 years or greater, but less than 10	0.0	0.0
Less than 5 years	0.0	0.0

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 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	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	CBRE
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	No
Member of the Association of Real Estate Funds	Yes

The contribution of major tenants to rental income	
Tenant	%
MARSHALL MOTOR GROUP LIMITED	not specified
OXFORD INSTRUMENTS	not specified
THE COURT OF EDINBURGH NAPIER UNIVERSITY	not specified
DPDGROUP UK LTD	not specified
PREMIER INN HOTELS LIMITED	not specified
ACCOR UK BUSINESS & LEISURE HOTELS LTD	not specified
HOLLAND & BARRETT RETAIL LIMITED	not specified
CARE UK COMMUNITY PARTNERSHIPS LTD	not specified
TESCO STORES LIMITED	not specified
LEONARDO HOTEL MANAGEMENT (UK) LIMITED	not specified
Three largest tenants' contribution to rental income	-
Five largest tenants' contribution to rental income	-
Ten largest tenants' contribution to rental income	-

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	371.2	0.0	0.0	0.0	371.2
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0

Cash	21.6	0.0	0.0	0.0		21.6
Other net assets/liabilities	0.0	0.0	0.0	0.0		0.0
Total net assets	392.8	0.0	0.0	0.0		392.8
Gearing (%)						
Net debt (cash)/properties	-5.8	-	-	-		-5.8
Net debt (cash)/equity	-5.5	-	-	-		-5.5

Quarterly data per unit						
As at	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Mar-24
Bid (GBP)	11,280,020	11,210,450	11,153,880	10,991,680	10,713,830	10,640.58
Offer (GBP)	12,195,640	12,153,460	12,091,920	11,894,620	11,614,310	11,507.21
Mid (GBP)	11,737,830	11,681,960	11,622,900	11,443,150	11,164,070	11,073.90
Bid/offer spread	7.51%	7.76%	7.76%	7.59%	7.75%	7.53%
Net asset value (GBP)	n/a	n/a	n/a	n/a	n/a	n/a
Quarterly distribution (GBP)	n/a	n/a	n/a	n/a	n/a	n/a
Yield	n/a	n/a	n/a	n/a	n/a	n/a

Note

Unit pricing

The Unit Price is calculated quarterly on working day ten post quarter end.

Distributions

Income distributions are made quarterly, on business day 19 post quarter end. There is a Dividend Re-Investment Plan ("DRIP").

Minimum investment/disinvestment

£1million

Creation, transfer and realisation of units

Unitholders wishing to subscribe for Units must deliver to the Managing Trustee and the Fund Investment Adviser written notice at least ten Business Days prior to a Quarter End ("Dealing Day") stating the amount they wish to subscribe for. Subscriptions are drawn down from Unitholders on an as-needed basis, for specific investments and to cover fees, costs and expenses. Unitholders whose Subscription Agreements are accepted on the same Dealing Day are grouped into the same Drawdown Vintage; each Unitholder's undrawn Subscription Amount will be drawn down pro-rata with the other Unitholders' undrawn Subscription Amounts in the same Drawdown Vintage.

Units may be redeemed on each Quarter End, on delivery to the Managing Trustee and Fund Investment Adviser of a written Redemption Notice in advance of the Quarter End stating the value of the Units they wish to redeem. This is subject to a minimum redemption of at least £1 million and the minimum lock up period of two years. Redemption requests are subject to the Queueing System and the Gate System. If more than 10% of the GAV is in the redemption queue, the Managing Trustee will not accept new Redemption Notices until the total redemption requests in the queue are below 2.5% of the GAV.

Taxation

This is a summary of the Partnership Manager's understanding of the tax position of the Fund as at January 2016. Prospective investors should take their own tax advice as to the particular taxation effects on their investment in the Fund. The Fund is an open-ended Jersey unit trust and should be treated as transparent for the purposes of UK tax on income. As an offshore entity, it should be outside the scope of UK tax on chargeable gains.

The Partnership is an English limited partnership. As such, it should be transparent for UK tax purposes in respect of income and gains.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	Not specified	Not specified
1% or greater but less than 2%	Not specified	Not specified
2% or greater but less than 4%	Not specified	Not specified
4% or greater but less than 8%	Not specified	Not specified
Greater than 8.0%	Not specified	Not specified
Total	Not specified	Not specified
Major investors		
Largest holder	Not specified	Not specified
Three largest holders	Not specified	Not specified
Five largest holders	Not specified	Not specified
Ten largest holders	Not specified	Not specified
Internal/external investors		
Internal	1	2.0
External	4	98.0

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	31,347	35,224	35,285	35,519	37,673	35,544
Units issued during period	4,481	61	234	3,060	32	10
Units redeemed during period	-604	0	0	-906	-2,161	0
Units in issue at end of period	35,224	35,285	35,519	37,673	35,544	35,554
Unit transfers						
Matched bargains	-	-	-	5,725.00	0	0
Matched bargains %*	-	-	-	0.15	0.00%	0.00

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