

## Airport Industrial Property Unit Trust

### INVESTMENT POLICY AND OBJECTIVES

Airport Industrial Unit Trust is a specialised industrial fund, which invests in, develops and manages airport-related industrial and distribution properties in the UK.

### INVESTOR CONSTITUENCY

The Trust is open to investment by pension funds, charities, insurance companies, other corporate & institutional investors and expert wealthy private investors.

#### Fund details

Type of fund	Property Unit Trust
Residence	Jersey
Launch date	31st March 2005
Open/closed-ended	Quasi open-ended
Earliest date of winding up	31 December 2036^
Year-end	31-Dec-19
NAV (GBPm)	559.1

Source: Aberdeen Asset Fund Management Limited

#### Management/professional advisors

Manager	Aberdeen Asset Fund Management Limited
Investment Advisor	Aberdeen Asset Investments Limited
Fund Manager	Nick Smith
Corporate trustee	Pavilion Trustees Limited
Auditors	PricewaterhouseCoopers

Source: Aberdeen Asset Fund Management Limited

#### Investment rates of return, %

	Airport Industrial Property Unit Trust	MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
3 months	0.4	0.3	0.3	0.0
Year-to-date	1.5	1.8	1.6	0.7
12 months	1.5	1.8	1.6	0.7
3 years+	10.4	6.5	6.0	5.3
5 years+	10.5	7.2	6.6	6.0

Source: Aberdeen Asset Fund Management Limited

#### Property investment restrictions

Maximum development exposure	Max. 30% of GAV
Maximum speculative development exposure	10.0%
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: Aberdeen Asset Fund Management Limited

#### Portfolio distribution %

	Industrial	Offices	Other	Total
Rest of London*	92.0	0.8	0.7	93.5
South East	3.0	0.0	0.0	3.0
Eastern	2.0	0.0	0.0	2.0
Scotland	0.0	0.0	0.0	0.0
City	0.0	0.0	0.0	0.0
West End	0.0	0.0	0.0	0.0
Midtown	0.0	0.0	0.0	0.0
South West	0.0	0.0	0.0	0.0
West Midlands	0.0	0.0	0.0	0.0
East Midlands	0.0	0.0	0.0	0.0
North West	0.0	0.0	0.0	0.0
Yorkshire & Humberside	0.0	0.0	0.0	0.0
North East	0.0	0.0	0.0	0.0
Wales	0.0	0.0	0.0	0.0
Northern Ireland	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Cash***	0.0	0.0	0.0	1.5
<b>Overall</b>	<b>97.0</b>	<b>0.8</b>	<b>0.7</b>	<b>100.0</b>

Source: Aberdeen Asset Fund Management Limited

#### Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	20	683.7	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
<b>Total</b>	<b>20</b>	<b>683.7</b>	<b>100.0</b>

Source: Aberdeen Asset Fund Management Limited

#### Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
CSC WAREHOUSE	STAINES-UPON-THAMES	Industrial	80-90m	12.2
DNATA CITY	STAINES-UPON-THAMES	Industrial	80-90m	11.8
RADIUS PARK	FELTHAM	Industrial Other	70-80m	11.1
HEATHROW SOUTH CARGO CENTRE	FELTHAM	Industrial	50-60m	8.2
SHORTHAIL CATERING BASE	HOUNSLOW	Industrial	50-60m	7.5
CENTRAL PARK ESTATE	HOUNSLOW	Industrial	40-50m	6.9
BLACKTHORN CRESCENT	SLOUGH	Industrial Other	40-50m	6.6
BUILDING 521B SWISSPORT CARGO CENTRE	HOUNSLOW	Industrial	40-50m	6.5
CARGO POINT BEDFONT ROAD	FELTHAM	Industrial	40-50m	6.3
BUILDING 521A	HOUNSLOW	Industrial	30-40m	5.7
<b>10 largest investments as % of portfolio</b>				<b>82.7</b>

Source: Aberdeen Asset Fund Management Limited

#### Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 - 2.5	0	0.0	0.0
2.5 - 5	2	7.6	1.1
5 - 10	3	24.7	3.6
10 - 25	4	54.9	8.0
25 - 50	6	249.3	36.5
50 - 100	5	347.2	50.8
100 - 150	0	0.0	0.0
Over 150	0	0.0	0.0
<b>Total</b>	<b>20</b>	<b>683.7</b>	<b>100.0</b>
Average lot size		34.2	

Source: Aberdeen Asset Fund Management Limited

Property Yield	
Net initial yield	3.70%
Nominal equivalent yield	4.50%
True equivalent yield	4.60%
Net reversionary yield	4.60%

Source: Aberdeen Asset Fund Management Limited

Voids as % of ERV	
Investments	4.90%
Developments	-4.90%
Total	0.00%

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Other offices	0.0	2.3
Industrial	99.1	97.0
Other	0.9	0.7
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>

Source: Aberdeen Asset Fund Management 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
Other offices	0.0	-	-	-	-	-	-	-
Industrial	27.5	12.9	0.0	5.9	-3.7	17.8	14.0	117.8
Other	0.2	0.0	0.0	0.0	0.0	0.0	0.0	100.0
<b>Overall</b>	<b>27.7</b>	<b>12.8</b>	<b>2.7</b>	<b>5.8</b>	<b>-3.7</b>	<b>20.3</b>	<b>16.6</b>	<b>120.4</b>

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

Source: Aberdeen Asset Fund Management Limited

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	0.0

The unexpired term of leases	
Years	% of rent passing
20 years or greater	0.5
15 years or greater, but less than 20	1.3
10 years or greater, but less than 15	19.3
5 years or greater, but less than 10	14.2
Less than 5 years	64.8

Source: Aberdeen Asset Fund Management Limited

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: Aberdeen Asset Fund Management Limited

Debt analysis	
Fixed rate borrowings	Variable rate borrowings

Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)
90.0	2.7%	0.0
0	0	0
0	0	0
0	0	0
0	0	0

Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
33.489	1.2%	0
0	0	0
0	0	0
0	0	0
0	0	0

Source: Aberdeen Asset Fund Management 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: Aberdeen Asset Fund Management Limited

#### Valuations/performance monitors/affiliations

Frequency of valuation	Quarterly
Valuers	Knight Frank LLP
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: Aberdeen Asset Fund Management Limited

#### Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	35% LTV
Cash holdings (maximum)	20% of GAV
Cash holdings (minimum)	*

Source: Aberdeen Asset Fund Management Limited

#### The contribution of major tenants to rental income

Tenant	%
DNATA LTD	28.2
GATE GOURMET LONDON LTD	16.1
SWISSPORT GB LIMITED	10.0
KUEHNE + NAGEL LIMITED	8.0
BRINK'S LIMITED	3.2
DO & CO EVENT AIRLINE CATERING	2.7
DHL SUPPLY CHAIN LIMITED	2.5
AGILITY LOGISTICS LTD	2.4
AVIATION SERVICING COMPANY LTD	2.2
DIGITAL LONDON LIMITED	2.1
Three largest tenants' contribution to rental income	54.2
Five largest tenants' contribution to rental income	65.5
Ten largest tenants' contribution to rental income	77.4

Source: Aberdeen Asset Fund Management Limited

#### Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	683.7	0.0	0.0	0.0	683.7
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	-123.5	0.0	0.0	0.0	-123.5
Cash	10.4	0.0	0.0	0.0	10.4

Other net assets/liabilities	-11.5	0.0	0.0	0.0		-11.5
Total net assets	559.1	0.0	0.0	0.0		559.1
Gearing (%)						
Net debt (cash)/properties	16.5	-	-	-		16.5
Net debt (cash)/equity	20.2	-	-	-		20.2

Source: Aberdeen Asset Fund Management Limited

Quarterly data per unit						
As at	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Net asset value (GBP)	122.82	128.00	127.53	125.68	126.12	125.65
Quarterly distribution (GBP)	0.91	1.13	1.11	1.05	1.02	1.01
Yield	3.3%	3.2%	3.3%	3.1%	3.4%	3.3%

Source: Aberdeen Asset Fund Management Limited

## Net asset value

Net assets per unit are recalculated as at 31 March, 30 June, 30 September and 31 December each year, following the quarterly revaluation of the portfolio. The Manager calculates the difference between the book value and the market value of the Trust's fixed-rate debt and this is reflected in the quarterly re-calculation of its NAV. Performance fees are estimated and accrued and therefore also reflect in the quarterly recalculation of the Trust's NAV.

## Distributions

The Trust's policy is to distribute 100% of its net income 23 business days after the end of each quarter.

## Minimum investment/disinvestment

Minimum initial investment:	£0.5m
Minimum additional investment:	None specified
Minimum redemption:	£0.5m

## Creation, transfer and realisation of units

The fund is closed-ended. However, the manager can raise new investment in the fund and bring in new investors without the approval of, and without with reference to, existing partners up to 25% of NAV in any calendar year, and up to 50% of NAV in any five year period.

## Taxation

### Capital Gains Tax

On the basis that the trust is managed and controlled outside of the UK, the trust is not subject to capital gains tax, although unitholders may be liable to capital gains tax on the disposal of their units.

### Income Tax

Distributions of net income are made by the trust without any deduction of withholding tax on a quarterly basis to all holders who are UK residents or those who hold non-resident FICO clearance. All investors, regardless of where they reside, are responsible for submitting tax returns to the UK Inland Revenue.

### Stamp duty reserve tax

Transfers of units are not subject to SDRT or SDLT.

## Charges

### Annual fee:

The Manager is entitled to a fee equivalent to 0.60% of NAV up to £325m and 0.55% of NAV above £325m.

### Performance fee:

The Manager may earn a performance fee if the Trust's total return at both the portfolio and per unit level over rolling three year periods exceeds its Benchmark, the Distribution Warehouse sub-sector of the MSCI UK Annual Index, by three hurdles:

- Property and Trust returns greater than 107% of benchmark return
- Annual return over 3 year periods is greater than the benchmark return plus 25 basis points
- Trust return is a minimum of 5% per annum

If the fund outperforms all three hurdles then the performance fee is calculated as 20% of outperformance up to 8% of outperformance. 50% of performance fee is paid out annually, if reserve account is in credit. Under-performance is also debited into the reserve account.

## Unit holder analysis

	Number of unitholders	Total % held
Less than 1% of units in issue	4	2.9
1% or greater but less than 2%	14	20.3
2% or greater but less than 4%	11	31.7
4% or greater but less than 8%	5	29.0
Greater than 8.0%	1	16.1
<b>Total</b>	<b>35</b>	<b>100.0</b>
<b>Major investors</b>		
Largest holder	1	16.1
Three largest holders	3	31.5
Five largest holders	5	41.1
Ten largest holders	10	59.0
<b>Internal/external investors</b>		
Internal	1	7.9
External	34	92.1

Source: Aberdeen Asset Fund Management Limited

<b>Liquidity</b>						
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
<b>Issues and redemptions</b>						
Units in issue as at start of period	4,236,581	4,236,581	4,236,581	4,236,581	4,236,581	4,449,688
Units issued during period	-	-	-	-	213,107	0
Units redeemed during period	-	-	-	-	-	0
Units in issue at end of period	4,236,581	4,236,581	4,236,581	4,236,581	4,449,688	4,449,688
<b>Unit transfers</b>						
Matched bargains	343,761	1,141,629	246,661	310,274	298,000	209,799
Matched bargains %*	8.1%	26.9%	5.8%	7.3%	6.7%	4.7%

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

Source: Aberdeen Asset Fund Management Limited