

Aviva Investors Pensions Limited

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to outperform the weighted average return to All Balanced Fund Index component of the MSCI/AREF UK Quarterly Property Fund Index by 1.0% p.a. over rolling three year periods, gross of the annual management charge. The Fund aims to achieve this through investing in UK commercial properties across all major sectors (offices, retail and industrial) and undertake active management opportunities wherever possible to enhance the value of assets. The Fund's benchmark is the weighted average return to the All Balanced Fund Index component of the MSCI/AREF UK Quarterly Property Fund Index.

The Fund is positioned to be relatively low-risk, focusing on delivery of an above-average income return, across a balanced property portfolio.

INVESTOR CONSTITUENCY

Approved defined benefit and defined contribution occupational pension schemes.

Fund details	
Type of fund	Exempt approved managed fund
Residence	United Kingdom
Launch date	August 1972
Open/closed-ended	Open-ended*
Earliest date of winding up	Not applicable
Year-end	30 June
NAV (GBPm)	471.1

Note: But see "Creation, realization & transfer of units"

Source: Aviva Investors

Management/professional advisors	
Manager	Aviva Investors Pensions Limited
Investment Advisor	Aviva Investors Global Services Limited
Fund Manager	David Diemer and Tom Goodwin
Trustee	Not Applicable
Auditors	PricewaterhouseCoopers

Source: Aviva Investors

Investment rates of return * %		MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
3 months	4.3	3.8	3.8	3.7
Year-to-date	5.9	6.1	6.0	5.6
12 months	10.5	8.5	8.5	6.9
3 years+	3.3	3.3	3.0	1.8
5 years+	4.2	5.1	4.9	3.9
10 years+	5.9	7.0	6.7	6.1

Note: * Weighted average returns + Annualised

Source: MSCI/AREF UK Quarterly Property Fund Index

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	20%
Maximum exposure to joint ventures	20%
Maximum exposure to closed and open-ended property unit trusts	20%

Source: Aviva Investors

Portfolio distribution %

	Aviva Investors Pensions Limited	MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
Standard retail – South East	0.0	5.70	4.96	4.63
Standard retail – Rest of UK	4.5	2.02	2.32	3.24
Shopping centres	0.0	0.64	1.10	3.40
Retail warehouses	13.0	10.83	10.38	8.75
All UK retail	17.5	19.19	18.76	20.01
City offices	0.0	3.91	3.60	3.20
West End offices	25.8	7.66	8.47	7.51
Rest of South East offices	10.5	10.36	9.74	7.00
Rest of UK offices	0.0	5.75	5.45	5.04
All UK offices	36.3	27.68	27.25	22.74
South East industrial	34.4	22.82	23.84	19.55
Rest of UK industrial	3.6	12.53	12.55	10.32
All UK industrial	38.0	35.35	36.39	29.86
Other UK properties	7.2	11.01	10.61	21.91
Cash***	1.0	6.77	6.99	5.47
Overall	100.0	100.0	100.0	100.0

Sources: * Aviva Investors **MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	14	466.3	100.0
Joint and indirect holdings	0	0.000001	0.0
Listed investments	0	0	0.0
Total	14	466.3	100.0

Source: Aviva Investors

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
GEMINI BUSINESS PARK	LONDON	Industrial	100-150	*
EVERSHOLT STREET	LONDON	Office	50-100	*
REGAL HOUSE OPTION 1	TWICKENHAM	Office	25-50	*
CANTIUM RETAIL PARK	LONDON	Retail Park	25-50	*
GORMLEY HOUSE, WAXLOW ROAD	LONDON	Industrial	25-50	*
274-275 ABBEYDALE ROAD	WEMBLEY	Industrial	10-25	*
CENTRAL 12 SHOPPING PARK	SOUTHPORT	Retail Warehouse	10-25	*
31/37 WHITFIELD STREET	LONDON	Office	10-25	*
WALTING STREET SITE	CANNOCK	Industrial	10-25	*
7-17/23-9 NORTH BRIDGE	EDINBURGH	Retail Other	10-25	*
10 largest investments as % of portfolio				*

Source: Aviva Investors

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	0	0.0	0.0
5-10	2	14.6	3.1
10-25	7	127.5	27.3
25 - 50	3	116.0	24.9
50 - 100	1	99.1	21.3
100-150	1	109.2	23.4
Over 150	0	0.0	0.0
Total	14	466.3	100.0

Average lot size

33.3

Source: Aviva Investors

Property Yield*		Voids as % of ERV	
Net initial yield	3.83%	Investments	7.50%
Nominal equivalent yield	-	Developments	-0.40%
True equivalent yield	5.04%	Total	7.10%
Net reversionary yield	5.06%		

Source: Aviva Investors

Rental income & ERV by type of property*		
	Rental income %	Estimated rental value %
Standard retail	7.72	6.93
Retail warehousing	18.20	15.63
Shopping centres	0.00	0.00
Central London offices	25.01	29.38
Other offices	15.89	15.15
Industrial	23.61	27.85
Other	9.57	5.06
Overall	100.0	100.0

Source: Aviva Investors

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	1.5	0.0	0.0	26.0	-11.3	20.1	8.8	120.1	
Retail warehousing	3.5	0.0	0.0	6.2	-9.2	16.4	7.2	114.8	
Shopping centres	-	-	-	-	-	-	-	-	
Central London offices	4.8	0.0	33.1	21.2	-0.1	57.0	56.9	157.0	
Other offices	3.1	6.9	0.0	15.0	-1.0	34.3	33.3	127.4	
Industrial	4.6	0.0	0.0	0.0	-0.1	57.7	57.7	157.7	
Other	1.8	0.0	0.0	0.0	-37.6	-29.3	-66.9	70.7	
Overall	19.3	1.1	8.3	10.8	-6.3	35.1	28.7	133.7	

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

Source: Aviva Investors

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	
-	-	-	-	

The unexpired term of leases	
Years	% of rent passing
20 years or greater	3.0
15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	6.9
5 years or greater, but less than 10	23.8
Less than 5 years	66.2

Source: Aviva Investors

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

Source: Aviva Investors

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: Aviva Investors

Development exposure*

Capital value of developments			Cost to complete schemes in progress+
	Not yet started	In progress+	All developments
GBPm	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%

* Includes joint ventures in which the Fund has an interest of 50% or more

Source: Aviva Investors

Valuations/performance monitors/affiliations

Frequency of valuation	Monthly, as at the last day of the month
Valuers	CBRE Ltd
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: Aviva Investors

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	
for investment purposes	Nil
for liquidity purposes	Nil
Cash holdings (maximum)	Circa 15%
Cash holdings (minimum)	Circa 5%

The contribution of major tenants to rental income

Tenant	%
ASDA STORES LIMITED	7.70
ROYAL MAIL GROUP LIMITED	6.72
TRAVELODGE HOTELS LTD	4.69
B&Q LIMITED	4.15
GENTRACK UK LIMITED	3.76
HOBBS LIMITED	3.51
SABA PARK SERVICES UK LIMITED	3.45
DHX WORLDWIDE LIMITED	3.17
PRIVATE INDIVIDUAL	2.99
WHISTLES LIMITED	2.64
Three largest tenants' contribution to rental income	19.11

Five largest tenants' contribution to rental income	27.02
Ten largest tenants' contribution to rental income	42.78
Source: Aviva Investors	

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	466.3	0.0	0.0	0.0	466.3
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	471.1	0.0	0.0	0.0	471.1
Gearing (%)					
Net debt (cash)/properties	-1.0	0.0	-	-	-1.0
Net debt (cash)/equity	-1.0	0.0	-	-	-1.0

Source: Aviva Investors

Quarterly data per unit						
As at	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21
Bid (GBP)	16.24	15.88	15.87	16.53	16.79	17.51
Offer (GBP)	17.47	17.08	17.06	17.81	18.14	18.91
Mid (GBP)	16.86	16.48	16.47	17.17	17.46	18.21
Bid/offer spread	7.05%	7.00%	6.96%	7.17%	7.44%	7.45%
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

Source: Aviva Investors. Please note that the prices refer to share class 0.

Unit pricing

The unit price is calculated at midnight on a forward-pricing basis for deals to be carried out the next working day. The fund has a bid/offer spread, reflecting the costs of purchasing and selling direct property in which the fund is invested.

Distributions

The fund does not distribute income. Income is reinvested in the fund.

Minimum investment/disinvestment

Minimum initial investment: GBP1m

Minimum additional investment: None

Minimum redemption: None, subject to maintaining a holding in the fund of not less than GBP1m

Creation, transfer and realisation of units

Units 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 will attempt to match units in the fund with other parties at the prevailing market price.

Taxation

CG and Income Tax

the fund is exempt from UK Capital Gains Tax and UK Income Tax.

Stamp duty reserve tax

purchases and transfers of units do not attract SDRT.

Charges

Holdings valued at under GBP1m: 1.00% pa of the NAV of the Fund

Holdings valued at GBP1-10m : 0.70% pa of the NAV of the Fund

Holdings valued at GBP10-25m : 0.65% pa of the NAV of the Fund

Holdings valued at over GBP25m : 0.50% pa of the NAV of the Fund

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	0	0.0
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%	0	0.0
Total	0	0.0
Major investors		
Largest holder	1	0.0
Three largest holders	3	0.0
Five largest holders	5	0.0
Ten largest holders	10	0.0
Internal/external investors		
Internal	0	0.0
External	0	0.0

Source: Aviva Investors

Liquidity*						
Period	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021
Issues and redemptions						
Units in issue as at start of period	-	-	-	-	-	-
Units issued during period	-	-	-	-	-	-
Units redeemed during period	-	-	-	-	-	-
Units in issue at end of period	-	-	-	-	-	-
Unit transfers						
Matched bargains	-	-	-	-	-	-
Matched bargains %*	-	-	-	-	-	-

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

Source: Aviva Investors

Note: * Fund cannot disclose this information due to commercial sensitivity