

Nuveen Real Estate Central London Office Fund

INVESTMENT POLICY AND OBJECTIVES

The Fund has been established to provide unit holders with the opportunity to access the Central London office market. The objective of the Fund is to deliver to unit holders a Fund total return in excess of the Central London office component of the Investment Property Databank (MSCI) UK Annual Universe, comprising standing investments, transactions and developments, but excluding any impact of the performance of the Fund.

INVESTOR CONSTITUENCY

The Fund is open to UK and overseas tax-exempt and tax-paying non-private investors.

Fund details	
Type of fund	Property Unit Trust
Residence	Jersey
Launch date	March 2004
Open/closed-ended	Closed-ended
Earliest date of winding up	December 2023
Year-end	31 December
NAV (GBPm)	506.3

Source: Nuveen Real Estate

Management/professional advisors	
Manager	Nuveen Property Management (Jersey) Limited
Property advisor	Nuveen Real Estate Management Limited
Portfolio manager (at Nuveen Real Estate)	Clive Castle
Trustees	BNP Paribas Jersey Trust Corporation Ltd and Anley Trustees Ltd
Auditors	KPMG

Source: Nuveen Real Estate

Investment rates of return** %		MSCI/AREF UK Quarterly Property Fund Index*		
	Nuveen Real Estate Central London Office Fund	Other balanced funds	All balanced funds	All funds
3 months	1.7	0.3	0.3	0.0
Year-to-date	6.2	1.8	1.6	0.7
12 months	6.2	1.8	1.6	0.7
3 years+	7.5	6.5	6.0	5.3
5 years+	6.4	7.2	6.6	6.0
10 years+	10.7	8.1	7.7	7.7

Source: MSCI/AREF UK Quarterly Property Fund Index (Sponsored by PropertyMatch)

Note: * Weighted average returns + Annualised

Property investment restrictions	
Maximum development exposure	15%
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	15%

Note: *None specified

Source: Nuveen Real Estate

Portfolio distribution %

	Nuveen Real Estate Central London Office Fund	MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
Standard retail – South East	0.0	7.4	6.8	5.6
Standard retail – Rest of UK	0.0	3.0	3.2	3.6
Shopping centres	0.0	1.3	2.0	6.6
Retail warehouses	0.0	12.3	12.0	10.8
All UK retail	0.0	24.0	23.9	26.5
City offices	15.6	3.6	3.3	2.9
West End offices	17.2	7.6	8.0	6.7
Rest of South East offices	25.8	11.6	10.8	7.6
Rest of UK offices	0.0	6.3	5.9	5.0
All UK offices	58.6	29.1	28.0	22.2
South East industrial	0.0	19.6	19.9	15.9
Rest of UK industrial	0.0	10.5	10.2	8.3
All UK industrial	0.0	30.1	30.1	24.2
Other UK properties	0.0	11.7	10.7	21.4
Cash***	41.4	5.1	7.3	5.7
Overall	100.0	100.0	100.0	100.0

Source: Nuveen Real Estate

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	7	292.6	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0.0	0.0
Total	7	292.6	100.0

Source: Nuveen Real Estate

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Regent Quarter	LONDON	Office	100+	36.8
1 New Oxford Street	LONDON	Office	75-100	29.3
Priory House, St John's Lane	LONDON	Office	30-40	9.9
1 Giltspur Street	LONDON	Office	25-50	7.6
1 Clink Street	LONDON	Office	5-25	7.3
17-18 Britton Street	LONDON	Office	5-25	5.9
18-19 Long Lane	LONDON	Office	5-25	3.3
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10 largest investments as % of portfolio				100.0

Source: Nuveen Real Estate / MSCI estimates

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	1	9.7	3.3
10-25	3	60.5	20.7
25 - 50	1	29.1	9.9
50 - 100	1	85.8	29.3
100-150	1	107.5	36.8
Over 150	0	0.0	0.0
Total	7	292.6	100.0
Average lot size		41.8	

Source: Nuveen Real Estate

Property Yield		Voids as % of ERV	
Net initial yield	3.65%	Investments	1.29%
Nominal equivalent yield	4.55%	Developments	3.16%
True equivalent yield	0.00%	Total	4.45%
Net reversionary yield	5.09%		

Source: Nuveen Real Estate

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	0.0	0.0
Retail warehousing	0.0	0.0
Shopping centres	0.0	0.0
Central London offices	45.2	60.4
Other offices	54.8	39.6
Industrial	0.0	0.0
Other	0.0	0.0
Overall	100.0	100.0

Source: Nuveen Real Estate

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	-	-	-	-	-	-	-	-
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	5.2	0.4	0.5	0.2	0.0	3.4	3.4	187.7
Other offices	6.3	0.1	0.0	0.0	0.0	0.0	0.0	101.1
Industrial	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Overall	11.4	0.5	0.5	0.2	0.0	3.4	3.4	140.2

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

Source: Nuveen Real Estate

Listed Investments			
	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-

0	-	-	-
	-	-	-

The unexpired term of leases

Years	% of rent passing
20 years or greater	0.1
15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	1.2
5 years or greater, but less than 10	67.6
Less than 5 years	31.0

Source: Nuveen Real Estate

Joint and Indirect property holdings

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

Source: Nuveen Real Estate

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: Nuveen Real Estate

Development exposure*

	Capital value of developments			Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0.00%	17.15	17.15	0.00%
% of all directly held properties*	0.00%	5.86%	5.86%	0.00%

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

+ Including schemes to which the fund is contractually committed

Source: Nuveen Real Estate

Valuations/performance monitors/affiliations

Frequency of valuation	Monthly (on the last day of the month)
Valuers	CB Richard Ellis
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: Nuveen Real Estate

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted^	50%
Cash holdings (maximum)	*
Cash holdings (minimum)	*

Note: ^ Based on aggregate fund value

* Non-specified

Source: Nuveen Real Estate

The contribution of major tenants to rental income

Tenant	%
Springer Nature	43.6
COS	20.2
Twitch UK	11.1
Leigh Day & Co	10.7
Hammer Holdings	3.5
Blackburn & Co	1.6
The Clearing Consultancy	1.6
GBK	1.5
Global Accounting Network	1.5
Kino	1.4
Three largest tenants' contribution to rental income	74.9
Five largest tenants' contribution to rental income	89.1
Ten largest tenants' contribution to rental income	96.7

Source: Nuveen Real Estate

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	292.6	0.0	0.0	0.0	292.6
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	207.0	0.0	0.0	0.0	207.0
Other net assets/liabilities	6.7	0.0	0.0	0.0	6.7
Total net assets	506.3	0.0	0.0	0.0	506.3
Gearing (%)					
Net debt (cash)/properties	-70.8	-	-	-	-70.8
Net debt (cash)/equity	-40.9	-	-	-	-40.9

Source: Nuveen Real Estate

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)	24,149.32	24,472.66	24,588.30	25,083.95	25,419.69	25,742.82
Quarterly distribution (GBP)	43.78	66.32	27.24	43.58	11.13	19.03
Yield	1.7%	1.6%	1.0%	1.7%	0.3%	0.3%

Source: Nuveen Real Estate

Distributions

Distributions are declared monthly and paid on a quarterly basis. The record dates for distributions are the quarterly revaluation dates. Distributions are made within 20 business days of the record date, except for the final distribution in respect of each year, which is paid within four months of the end of the relevant period.

Minimum investment/disinvestment

The minimum holding is GBP250,000.

Creation, transfer and realisation of units

Trades can take place via matched bargains, provided they meet investor criteria and minimum holding tests. The manager will attempt, where possible, the matching of buying and selling orders.

Taxation

Capital Gains Tax

Since it is registered in Jersey, the fund is not subject to UK capital gains tax. Those investors who are subject to tax may be liable to capital gains tax on the redemption or sale of their units in the fund.

Income Tax

While distributions of income are made net of income tax, non-taxpayers are entitled to reclaim any tax deducted at source and receive tax vouchers for this purpose.

Stamp duty reserve tax

The fund's registration in Jersey means that the surrender and issue of units does not attract SDRT.

Charges

The trustees receive an annual fee, which is payable in arrears, of 0.05% on the first GBP100m of net asset value, 0.04% on the next GBP100m and 0.03% thereafter.

The manager is (in addition to reasonable out-of-pocket expenses) entitled to receive a fee of 0.5% pa of the aggregate fund value, and is responsible for the fees of the property advisor.

The manager is entitled to receive a performance fee based on 20% of the outperformance of the fund's total return relative to the central London office component of the MSCI UK Annual Index, plus 1%. (This fee is calculated on a three-year rolling basis.) The performance fee is accrued and is therefore taken into account in the monthly re-calculation of the Trust's Net Asset Value.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	13	8.4
1% or greater but less than 2%	13	18.6
2% or greater but less than 4%	8	23.3
4% or greater but less than 8%	3	16.1
Greater than 8.0%	3	33.6
Total	40	100.0
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	3	9.6
External	37	90.4

Source: Nuveen Real Estate

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	29,536	24,363	19,668	19,668	19,668	19,668
Units issued during period	-	-	-	-	-	-

Units redeemed during period	-5,173	-4,695	-	-	-	-
Units in issue at end of period	24,363	19,668	19,668	19,668	19,668	19,668
Unit transfers						
Matched bargains	591	3,066	-	254	410	-
Matched bargains %*	0.024	0.156	-	0.012914379	0.021	0.000

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

Source: Nuveen Real Estate