

KFIM Long Income Property Unit Trust

INVESTMENT POLICY AND OBJECTIVES

The Fund is a core balanced property fund which invests in direct UK property assets that exhibit long and secure income characteristics. The Fund targets assets within the size range £3-£20m, with income durations in excess of 15 years.

INVESTOR CONSTITUENCY

Jersey

Fund details	
Type of fund	Long Income Property Fund
Residence	Jersey (Property Unit Trust)
Launch date	16-Dec-15
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Dec
NAV (GBPm)	731.4

Management/professional advisors	
Manager	Sanne Fund Administration Limited
Investment Advisor	Knight Frank Investment Management
Property Fund Manager	Matthew McDonald
Depository	-
Auditors	-

Investment rates of return, %

		MSCI/AREF UK Quarterly Property Fund Index *		
	KFIM Long Income Property Unit Trust	Long Income Funds	All balanced funds	All funds
3 months	1.2	1.4	0.6	0.4
Year-to-date	3.0	2.8	0.9	0.6
12 months	7.8	6.4	3.4	2.8
3 years+	7.2	7.6	6.3	5.6
5 years+	-	7.5	8.3	7.6
10 years+	-	-	8.7	9.1

Note: * Weighted average returns + Annualised

Note: IRR numbers will not be published for Q3 2018

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

Property investment restrictions

Maximum development exposure	30% of GAV
Maximum speculative development exposure	-
Maximum lot-size holding as a standing investment	10% of GAV
Maximum lot-size holding permitted at purchase	£25m
Maximum exposure to limited partnerships	-
Maximum exposure to joint ventures	-
Maximum exposure to closed and open-ended property unit trusts	-

Portfolio distribution %

		MSCI/AREF UK Quarterly Property Fund Index**		
	KFIM Long Income Property Unit Trust*	Long Income Funds	All balanced funds	All funds
Standard retail – South East	11.1	9.3	7.1	5.7
Standard retail – Rest of UK	14.3	9.3	3.3	3.6
Shopping centres	0.0	0.8	2.5	7.3
Retail warehouses	8.0	2.1	13.6	13.0

All UK retail	33.3	21.5	26.4	29.7
City offices	0.0	3.9	3.7	3.3
West End offices	0.0	2.2	7.7	7.0
Rest of South East offices	0.0	5.1	11.1	7.7
Rest of UK offices	0.9	8.9	5.8	4.9
All UK offices	0.9	20.1	28.4	22.9
South East industrial	1.4^	2.3	19.5	15.6
Rest of UK industrial	4.0	6.4	10.0	8.0
All UK Industrial	5.4	8.7	29.5	23.6
Other UK properties	58.9	47.1	10.0	19.4
Cash***	1.5	2.6	5.7	4.4
Overall	100.0	100.0	100.0	100.0

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

^ Includes Investment in Indirects

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	90	720.5	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	90	720.5	100.0

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
MORRISONS & MCDONALDS	MANCHESTER	Retail Other	20 - 30	*
STAYCITY	LIVERPOOL	Hotel – Not categorised	20 - 30	*
STAY CITY	BIRMINGHAM	Hotel – Not categorised	20 - 30	*
SAINSBURYS	CHELMSFORD	Retail Other	20 - 30	*
DENBY HALL BUSINESS PARK	RIPLEY	Industrial	20 - 30	*
SAINBURYS	WORCESTER	Retail Other	10 - 20	*
LANCASTER PLC	BIRMINGHAM	Other	10 - 20	*

LAUDER LODGE	EDINBURGH	Healthcare	10 - 20	*
MHA	WELLS	Healthcare	10 - 20	*
ASDA AND GYM GROUP	LEWISHAM	Retail Other	10 - 20	*

10 largest investments as % of portfolio

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	3	5.2	0.7
2.5 - 5	29	100.8	14.0
5-10	35	261.7	36.3
10-25	22	327.2	45.4
25 - 50	1	25.6	3.6
50 - 100	-	-	-
Over 100	-	-	-
Total	90	720.5	100.0
Average lot size		8.0	

Property Yield*	
Net initial yield	4.83%
Nominal equivalent yield	0.00%
True equivalent yield	5.58%
Net reversionary yield	0.00%

Voids as % of ERV*	
Investments	0.00%
Developments	0.00%
Total	0.00%

Rental income & ERV by type of property*

	Rental income %	Estimated rental value %
Standard retail	22.2	25.1
Retail warehousing	10.1	9.6
Shopping centres	0.0	0.0

Central London offices	0.0	0.0
Other offices	1.2	1.1
Industrial	6.0	5.6
Other	60.6	58.6
Overall	100.0	100.0

Comparison of rents passing and ERV by type of property*

Sector	Rent passing %	Pre-lets & rent-free periods %	Development voids %*	Other voids %	Over rented %	Reversionary potential %	Net reversionary potential %	ERV %
Standard retail	83.8	16.2	0.0	0.0	0.0	0.0	0.0	100.0
Retail warehousing	100.0	0.0	0.0	0.0	-11.9	11.9	0.0	100.0
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	100.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Industrial	100.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Other	98.0	2.0	0.0	0.0	-8.8	8.8	0.0	100.0
Overall	94.8	5.2	0.0	0.0	-6.3	6.3	0.0	100.0

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

Listed Investments

	% of Issue held	Valuation (GBpm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

The unexpired term of leases

Years	% of rent passing
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20 years or greater	37.5
15 years or greater, but less than 20	48.5
10 years or greater, but less than 15	11.6
5 years or greater, but less than 10	1.2
Less than 5 years	1.1

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 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

Development exposure*

Capital value of developments			Cost to complete schemes in progress+
Not yet started	In progress+	All developments	

GBPm	0	34.255	34.255	11.931
% of all directly held properties*	0.00%	4.75%	4.75%	1.66%

* 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

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	
for investment purposes	-
for liquidity purposes	-
Cash holdings (maximum)	-
Cash holdings (minimum)	-

The contribution of major tenants to rental income

Tenant	%
StayCity	*
Travelodge Hotels Ltd	*
Dobbies Garden Centres Ltd	*
Whitbread Group Plc	*
Royal Bank of Scotland Plc	*
Aldi Stores Ltf	*
Mencap	*
Morrisons	*
Wickes Building Supplies Ltd	*
Rybrook Ltd	*
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	720.5	-	-	-	720.5
Listed investments	0.0	-	-	-	0.0
Debt	0.0	-	-	-	0.0
Cash	10.9	-	-	-	10.9
Other net assets/liabilities	0.0	-	-	-	0.0
Total net assets	731.4	0.0	0.0	0.0	731.4
Gearing (%)					
Net debt (cash)/properties	-1.5	-	-	-	-1.5
Net debt (cash)/equity	-1.5	-	-	-	-1.5

Quarterly data per unit

As at	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Bid (GBP)	-	-	-	-	-	-
Offer (GBP)	1.124	1.13	1.14	1.15	1.16	1.16
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1.052	1.06	1.07	1.08	1.09	1.09
Quarterly distribution (GBP)	0.004	0.00	0.00	0.04	0.00	0.00
Yield	-	-	1.44%	4.76%	0.00%	0.00%

Source: KFIM

Unit pricing

Monthly

Distributions

Quarterly

Minimum investment

Minimum Investment: £5,000,000

Creation, transfer and realisation of units

Monthly Unit Dealings

Taxation

Tax Transparent Jersey PUT

Unit holder analysis

	Number of unitholders	Total % held
Less than 1% of units in issue	4	0.1
1% or greater but less than 2%	2	2.7
2% or greater but less than 4%	2	6.3
4% or greater but less than 8%	3	15.9
Greater than 8.0%	5	75.1
Total	16	100.0
Major investors		
Largest holder	0	0.0
Three largest holders	0	0.0
Five largest holders	0	0.0
Ten largest holders	0	0.0
Internal/external investors		
Internal	4	0.1
External	12	100.0

Liquidity

Period	Year to Dec 2018	Year to Dec 2019
Issues and redemptions		

Units in issue as at start of period	467,490,213	601,628,584
Units issued during period	134,138,371	81,829,473
Units redeemed during period	-	0
Units in issue at end of period	601,628,584	683,458,057
Unit transfers		
Matched bargains	-	0
Matched bargains %*	-	0

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