

AXA UK Long Lease Property Limited Partnership

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	Unauthorised Open ended 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)	431.5

Management/professional advisors	
Manager	AXA REIM SGP

Investment Advisor	AXA REIM UK
Fund Manager	Ian Pollard
Trustee	Saltgate Ltd
Auditors	PwC

Investment rates of return, %

		MSCI/AREF UK Quarterly Property Fund Index *		
	AXA UK Long Lease Property Limited Partnership	Long Income Funds	All balanced funds	All funds
3 months	1.7	1.4	0.6	0.4
Year-to-date	3.2	2.8	0.9	0.6
12 months	6.2	6.4	3.4	2.8
3 years+	8.0	7.6	6.3	5.6
5 years+	7.5	7.5	8.3	7.6
10 years+	-	-	8.7	9.1

Note: * Weighted average returns + Annualised

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

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%

Portfolio distribution %

	AXA UK Long Lease Property Limited Partnership*	MSCI/AREF UK Quarterly Property Fund Index**		
		Long Income Property Funds	All balanced funds	All funds
Standard retail – South East	13.2	9.3	7.1	5.7
Standard retail – Rest of UK	12.0	9.3	3.3	3.6
Shopping centres	0.0	0.8	2.5	7.3
Retail warehouses	0.0	2.1	13.6	13.0
All UK retail	25.2	21.5	26.4	29.7
City offices	0.0	3.9	3.7	3.3
West End offices	0.9	2.2	7.7	7.0
Rest of South East offices	0.0	5.1	11.1	7.7
Rest of UK offices	0.0	8.9	5.8	4.9
All UK offices	0.9	20.1	28.4	22.9
South East industrial	5.1	2.3	19.5	15.6
Rest of UK industrial	12.7	6.4	10.0	8.0
All UK Industrial	17.8	8.7	29.5	23.6
Other UK properties	54.1	47.1	10.0	19.4
Cash***	2.0	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)

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	37	422.7	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	37	422.7	100.0

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
JURYS INN HOTEL	LIVERPOOL	Hotel – Not categorised	25-50m	-
HOLLAND & BARRETT DC1	BURTON-ON-TRENT	Industrial	25-50m	-
TESCO	DERBY	Retail Other	25-50m	-
NAPIER UNIVERSITY	EDINBURGH	Apartments- Applicable Not Categorised	10-25m	-
MANOR LODGE	CHELMSFORD	Healthcare	10-25m	-
FINZELS REACH	BRISTOL	Hotel	10-25m	-
ACCOR IBIS HOTEL	LONDON	Hotel	10-25m	-
KNEBWORTH CARE HOME	KNEBWORTH	Healthcare	10-25m	-
BELONG VILLAGE CARE HOME	NEWCASTLE	Healthcare	10-25m	-
GEOPOST	FELTHAM	Industrial	10-25m	-
10 largest investments as % of portfolio				52.8

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	2	4.7	1.1
2.5 - 5	7	26.3	6.2
5-10	11	85.4	20.2
10-25	14	208.8	49.4
25 - 50	3	97.6	23.1
50 - 100	0	0.0	0.0
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	37	422.7	100.0
Average lot size		11.4	

Property Yield*

Net initial yield 4.34%

Voids as % of ERV*

Investments 0.00%

Nominal equivalent yield	5.12%	Developments	0.00%
True equivalent yield	5.56%	Total	0.00%
Net reversionary yield	3.39%		

Rental income & ERV by type of property*

	Rental income %	Estimated rental value %
Standard retail	24.9	31.3
Retail warehousing	0.0	0.0
Shopping centres	0.0	0.0
Central London offices	1.0	0.8
Other offices	0.0	0.0
Industrial	18.1	15.1
Other	55.9	52.8
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	65.6	0.0	0.0	0.0	-7.1	41.6	34.4	100.0
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	105.0	0.0	0.0	0.0	-5.1	0.1	-5.0	100.0
Other offices	-	-	-	-	-	-	-	0.0
Industrial	98.7	0.0	0.0	0.0	0.0	1.3	1.3	100.0
Other	87.1	0.0	0.0	0.0	0.0	12.9	12.9	100.0
Overall	82.3	0.0	0.0	0.0	-2.3	20.0	17.7	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
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	0.0	0.0	0.0

The unexpired term of leases

Years	% of rent passing
20 years or greater	50.6
15 years or greater, but less than 20	45.0
10 years or greater, but less than 15	4.5
5 years or greater, but less than 10	0.0
Less than 5 years	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
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Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)
0	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)+
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

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted*	2%
for investment purposes	0%
for liquidity purposes*	2%
Cash holdings (maximum)	-

Cash holdings (minimum)	-
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* Note: This is an internal Fund Manager Guideline

The contribution of major tenants to rental income

Tenant	%
Jurys Hotel Management (UK) Limited	not specified
Tesco Stores Limited	not specified
Care UK Community Partnerships Limited	not specified
Holland & Barrett Retail Limited	not specified
Accor UK Business & Leisure Hotels Limited	not specified
Premier Inn Hotels Limited	not specified
DPD Group UK Limited	not specified
The Court of Edinburgh Napier University	not specified
Marston's Estates Limited	not specified
Honda Motor Europe Limited	not specified
Three largest tenants' contribution to rental income	not specified
Five largest tenants' contribution to rental income	0.0
Ten largest tenants' contribution to rental income	0.0

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	422.7	0.0	0.0	0.0	422.7
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	8.7	0.0	0.0	0.0	8.7
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	431.5	0.0	0.0	0.0	431.5
Gearing (%)					
Net debt (cash)/properties	-2.1	-	-	-	-2.1

Net debt (cash)/equity	-2.0	-	-	-	-2.0
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Quarterly data per unit					
As at	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Bid (GBP)	11,634.670	11,707.700	11,736.630	11,801.290	11,886.42
Offer (GBP)	12,547.780	12,624.600	12,700.670	12,773.590	12,883.35
Mid (GBP)	12,091.225	12,166.150	12,218.650	12,287.440	12,384.89
Bid/offer spread	7.28%	7.26%	7.59%	7.61%	7.74%
Net asset value (GBP)	n/a	n/a	n/a	n/a	n/a
Quarterly distribution (GBP)	n/a	n/a	n/a	n/a	n/a
Yield	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	1	0.1
1% or greater but less than 2%	0	-
2% or greater but less than 4%	3	6.6
4% or greater but less than 8%	0	0.0
Greater than 8.0%	3	93.2
Total	7	100
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	1	16.1
External	6	83.9

Liquidity

Period	Year to Dec 2018	Year to Dec 2019
Issues and redemptions		
Units in issue as at start of period	29,849	31,347
Units issued during period	1,498	3,849
Units redeemed during period	0	0
Units in issue at end of period	31,347	35,196
Unit transfers		
Matched bargains	0	0
Matched bargains %*	0	0.00

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