

Standard Life Investments Pooled Pension Property Fund

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to deliver good long-term relative performance by investing in a diversified portfolio of UK commercial property. Its objective is to outperform its benchmark, the median return to the All Balanced Fund component of the MSCI/AREF UK Quarterly Property Fund Index on a rolling three-year basis

INVESTOR CONSTITUENCY

The Fund is open to investment by all UK corporate pension funds and retail pension investors

Fund details	
Type of fund	Managed Fund
Residence	United Kingdom
Launch date	March 1980
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Dec
NAV (GBPm)	2930.2

Source: Standard Life Investments Limited

Management/professional advisors	
Manager	Standard Life Investments Limited
Investment Advisor	Standard Life Investments Limited
Fund Manager	David Stewart
Fund manager – REITs/property shares	n/a
Trustee	n/a
Auditors	Ernst and Young LLP

Source: Standard Life Investments Limited

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index		
		Managed Funds	All balanced funds	All funds
Standard Life Investments Pooled Pension Property Fund				
3 months	10.7	9.6	7.5	6.7
Year-to-date	25.0	22.0	19.1	17.3
12 months	25.0	22.0	19.1	17.3
3 years+	7.0	6.8	6.2	4.7
5 years+	6.6	6.8	7.0	5.9
10 years+	6.9	7.2	7.6	6.9

Source: Standard Life Investments Limited

Property investment restrictions	
Maximum speculative development exposure	^10%
Maximum lot-size holding as a standing investment	15%
Maximum lot-size holding permitted at purchase	10%
Maximum exposure to limited partnerships	*Nil
Maximum exposure to closed and open-ended property unit trusts	20%

Source: Standard Life Investments Limited

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
Standard Life Investments Pooled Pension Property Fund				
Standard retail – South East	4.3	5.3	4.6	4.4
Standard retail – Rest of UK	1.2	1.6	1.9	2.9

Shopping centres	2.8	0.5	0.9	3.0
Retail warehouses	7.5	11.1	10.6	8.7
All UK retail	15.8	18.4	18.0	19.1
City offices	4.5	3.7	3.5	3.5
West End offices	6.4	8.0	7.9	7.0
Rest of South East offices	2.0	9.8	9.1	6.6
Rest of UK offices	2.6	5.6	5.2	4.7
All UK offices	15.4	27.1	25.6	21.9
South East industrial	37.9	25.0	25.9	21.9
Rest of UK industrial	15.9	14.2	13.8	11.1
All UK industrial	53.8	39.2	39.7	33.0
Other UK properties	7.2	10.7	10.2	21.1
Cash***	6.9	4.6	6.5	4.8
Overall	99.0	100.0	100.0	100.0

Source: Standard Life Investments Limited

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	52	2,699.9	99.0
Joint and indirect holdings	2	28.5	1.0
Listed investments	0	0.0	0.0
Total	54	2,728.4	100.0

Source: Standard Life Investments Limited

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
GRAVELLY INDUSTRIAL PARK, BIRMINGHAM, UK	BIRMINGHAM	Industrial	150m - 200m	6.6
CHEQUERS LANE	DAGENHAM	Industrial	150m - 200m	6.0
ULTRABOX PURFLEET BYPASS	PURFLEET	Industrial Other	100m - 150m	5.2
FORMER EXIDE BATTERIES SITE	DAGENHAM	Industrial	100m - 150m	5.2
RIDGEWAY DISTRIBUTION CENTRE, RIDGEWAY, IVER, UK	IVER	Industrial	100m - 150m	4.9
THE FARMILOE BUILDING, 28-36 ST JOHNS STREET, LONDON, UK	LONDON	Office	100m - 150m	4.8
PLOT 230 MAGNA PARK, MILTON KEYNES, UK	MILTON KEYNES	Industrial	100m - 150m	4.7
GALLIONS REACH SHOPPING PARK	LONDON	Retail Park	100m - 150m	4.2
ST MARKS SHOPPING CENTRE WEST, HIGH STREET, LINCOLN, UK	LINCOLN	Apartments- Applicable Not Categorised	80m - 100m	3.4
GROSVENOR HOUSE, 141/143 DRURY LANE &, 20/22 WILD STREET, LONDON, UK	LONDON	Education	80m - 100m	3.1
10 largest investments as % of portfolio				48.2

Source: Standard Life Investments 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	0	0.0	0.0
5-10	4	27.8	1.0
10-25	13	197.8	7.2
25 - 50	15	539.3	19.8
50 - 100	12	798.1	29.3
100-150	6	791.3	29.0
Over 150	2	345.6	12.7
Total	52	2699.9	99.0
Average lot size		51.9	

Source: Standard Life Investments Limited

Property Yield		Voids as % of ERV	
Net initial yield	3.38%	Investments	8.39%
Nominal equivalent yield	4.40%	Developments	2.92%
True equivalent yield	4.52%	Total	11.31%

Net reversionary yield 3.82%

Source: Standard Life Investments Limited

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	10.2	7.4
Retail warehousing	12.3	8.8
Shopping centres	12.0	9.4
Central London offices	6.7	10.0
Other offices	6.7	9.8
Industrial	48.7	46.5
Other	3.4	8.0
Overall	100.0	100.0

Source: Standard Life Investments 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
Standard retail	10.1	1.6	0.0	3.1	-9.8	-5.1	-15.0	94.9
Retail warehousing	12.1	0.0	0.0	6.3	-13.2	-6.9	-20.2	93.1
Shopping centres	11.8	0.6	0.0	10.3	-8.8	2.0	-6.8	102.0
Central London offices	6.5	76.6	0.0	9.2	0.0	96.7	96.7	196.7
Other offices	6.6	7.6	0.0	72.8	0.0	92.1	92.1	192.1
Industrial	47.8	1.7	0.0	4.0	0.0	24.8	24.8	124.8
Other	3.4	93.2	120.6	25.7	-35.3	204.1	168.8	304.1
Overall	98.3	9.9	4.2	10.6	-4.9	30.6	25.6	130.6

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

Source: Standard Life Investments Limited

The unexpired term of leases	
Years	% of rent passing
20 years or greater	4.2
15 years or greater, but less than 20	11.6
10 years or greater, but less than 15	5.6
5 years or greater, but less than 10	20.8
Less than 5 years	57.7

Source: Standard Life Investments Limited

Joint and Indirect property holdings						
Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
GROSS FUND HOLDING IN JPUT RP	Retail Warehouse	INDIRECT RE	-	5.0	3.5	0.1
GROSS FUND HOLDING IN JPUT SC	Retail Shopping Centre	INDIRECT RE	-	4.5	25.0	0.9
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: Standard Life Investments Limited

Development exposure*				
Capital value of developments				Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0.0	0.0	0.0

% of all directly held properties*	0.00%	0.00%	0.00%	0.00%
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* Includes joint ventures in which the Fund has an interest of 50% or more

Source: Standard Life Investments Limited

Valuations/performance monitors/affiliations

Frequency of valuation	Valuations are undertaken on a monthly basis at month end dates
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: Standard Life Investments Limited

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	*
for investment purposes	Nil
for liquidity purposes	Nil
Net current assets (maximum)	15%
Net current assets (minimum)	*

Source : Standard Life Investments Pooled Pension Property Fund

The contribution of major tenants to rental income

Tenant	%
JOHN LEWIS PLC	6.8
CARPETRIGHT PLC	4.7
ASDA STORES LTD.	3.4
ROYAL MAIL GROUP LIMITED	2.9
SAINSBURY'S SUPERMARKETS LTD	2.4
BRAKE BROS LIMITED	2.3
DSG RETAIL LIMITED	2.2
PREMIER FARNELL UK LIMITED	1.8
Next	1.4
HOVIS LIMITED	1.4
Three largest tenants' contribution to rental income	14.9
Five largest tenants' contribution to rental income	20.2
Ten largest tenants' contribution to rental income	29.2

Source: Standard Life Investments Limited

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	2699.9	0.0	28.5	0.0	2728.4
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	201.8	0.0	0.0	0.0	201.8
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	2901.7	0.0	28.5	0.0	2930.2
Gearing (%)					
Net debt (cash)/properties	-7.5	-	0.0	-	-7.4
Net debt (cash)/equity	-7.0	-	0.0	-	-6.9

Source: Standard Life Investments Limited

Quarterly data per unit

As at	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
Bid (GBP)	2.63	2.71	2.78	2.90	3.06	3.39
Offer (GBP)	2.82	2.88	2.97	3.10	3.29	3.65
Mid (GBP)	2.72	2.79	2.87	3.00	3.18	3.52
Bid/offer spread	6.45%	6.15%	6.32%	6.67%	6.75%	6.96%
Net asset value (GBP)	2.67	2.74	2.82	2.94	3.11	3.44

Yield	n/a	n/a	n/a	n/a	n/a	n/a
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Source: Standard Life Investments Limited

Unit pricing

The fund is valued at the close of business each working day and a unit price is set that will apply to all units bought and sold the following day. The method of calculating the unit price (ie the pricing basis) depends mainly on the overall cash flow of the fund and, more specifically, whether these cash flows result in Standard Life Investments having to purchase, sell or simply transfer stock. This gives rise to four pricing bases, offer, bid, mid and middle price. Middle price is simply the average of the bid and office price. Mid price is 1.64% above bid price, and is the price basis on which the fund transfers units between buyers and sellers on the same day.

Distributions

The fund does not distribute income. Its gross income is reinvested in the fund.

Minimum investment/disinvestment

Minimum initial investment: GBP 50,000

Creation, transfer and realisation of units

Units in the fund 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 has the right to delay redemptions for up to 12 months pending consideration of specific fund/market conditions. The manager will also attempt to match units in the fund with other parties at mid price.

Taxation

CGT and income tax:

Fund is exempt from UK capital gains tax and UK income tax.

Stamp duty reserve tax

Transfers of units do not attract SDRT.

Charges

The annual management charge is equivalent to 0.50% of the net asset value of the fund.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	134	43.4
1% or greater but less than 2%	9	12.5
2% or greater but less than 4%	5	13.3
4% or greater but less than 8%	0	0.0
Greater than 8.0%	2	30.8
Total	150	100.0
Major investors		
Largest holder	1	19.4
Three largest holders	3	33.8
Five largest holders	5	39.3
Ten largest holders	10	49.2
Internal/external investors		
Internal	11	39.5
External	139	60.5

Source: Standard Life Investments Limited

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	1,346,687,918	1,256,348,164	1,162,271,895	1,071,252,639	977,196,262	900,526,878
Units issued during period	-90,339,754	-94,076,268	-91,019,256	-94,056,377	-76,669,383	-49,504,348
Units in issue at end of period	1,256,348,164	1,162,271,895	1,071,252,639	977,196,262	900,526,878	851,022,530
Unit transfers						
Matched bargains	-	-	-	-	0	0
Matched bargains %*	-	-	-	-	0	0.00%

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

