

Fiera Real Estate Long Income Fund UK (FRELIF)

INVESTMENT POLICY AND OBJECTIVES

The Fund's investment objective is to provide Fund Investors with returns by acquiring and owning a series of income-producing commercial properties which are designed to deliver income and an element of capital appreciation. The investment objective is to deliver an income distribution between 4.0% - 4.5% p.a. across a portfolio diversified by sector, geography and tenant mix, whilst maintaining a minimum WAULT of 15 years.

INVESTOR CONSTITUENCY

The Investor Constituency of the fund is predominantly institutional investors (such as pension schemes) or Investors who can be classified as Professional or High Net Worth.

Fund details

Type of fund	Open-ended Unregulated
Residence	UK
Launch date	Fund Launch March 2009 & Open ending Feb 2016
Open/closed-ended	Open
Earliest date of winding up	N/A
Year-end	31st March
NAV (GBPm)	289.8

Source: Fiera Real Estate UK

Management/professional advisors

Manager	Fiera Real Estate Investors UK Limited
Fund Manager	Rupert Sheldon
Corporate trustee	Exempt Unauthorised Unit Trust (EUUT) - Langham Hall UK Services LLP Jersey Property Unit Trust (JPUT) - LHJ Trustees Limited
Auditors	KPMG LLP

Source: Fiera Real Estate UK

Investment rates of return, %

	Fiera Real Estate Long Income Fund UK (FRELIF)	MSCI/AREF UK Quarterly Property Fund Index*		
		Long Income Open-Ended funds	All balanced open-ended funds	All funds
3 months	2.3	2.1	3.9	3.6
Year-to-date	6.9	4.8	9.8	8.6
12 months	16.0	11.8	23.3	20.7
3 years+	7.4	7.2	9.2	7.4
5 years+	-	7.3	8.1	6.7
10 years+	-	7.8	8.5	7.7

Source: MSCI/AREF UK Quarterly Property Fund Index

Note: * Weighted average returns + Annualised

Property investment restrictions

Maximum development exposure	N/A
Maximum speculative development exposure	N/A
Maximum lot-size holding as a standing investment	N/A
Maximum lot-size holding permitted at purchase	15%
Maximum exposure to limited partnerships	N/A

Maximum exposure to joint ventures	N/A
Maximum exposure to closed and open-ended property unit trusts	N/A
Maximum exposure to listed companies and trusts (1)	N/A

Source: Fiera Real Estate UK

Portfolio distribution %

	Fiera Real Estate Long Income Fund UK (FRELIF)	MSCI/AREF UK Quarterly Property Fund Index*		
		Long Income Open-Ended funds	All balanced open-ended funds	All funds
Standard retail – South East	3.6	7.7	4.3	4.5
Standard retail – Rest of UK	7.5	7.1	1.6	2.8
Shopping centres	0.0	0.4	0.8	2.2
Retail warehouses	12.9	1.3	10.8	7.3
All UK retail	24.0	16.5	17.6	16.8
City offices	0.0	2.8	3.4	3.1
West End offices	0.0	4.5	7.1	5.2
Rest of South East offices	4.2	5.8	8.6	6.6
Rest of UK offices	4.2	10.1	4.9	5.4
All UK offices	8.4	23.2	24.0	20.3
South East industrial	11.6	4.7	28.4	23.5
Rest of UK industrial	27.9	9.8	14.6	12.6
All UK industrial	39.5	14.4	43.0	36.1
Other UK properties	15.7	43.1	10.1	22.5
Cash***	12.4	2.7	5.4	4.3
Overall	100.0	100.0	100.0	100.0

Source: Fiera Real Estate UK

MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	30	253.9	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0.0	0.0
Total	30	253.9	100.0

Source: Fiera Real Estate UK

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
INFINITY HOUSE	BELVEDERE	Industrial	15-20m	*
RICARDO PLC	LEAMINGTON SPA	Industrial	15-20m	*
ASDA	STOCKPORT	Retail Other	15-20m	*
H92 & H97, NEW FRONTIERS SCIENCE PARK	HARLOW	Industrial	10-15m	*
GROUND LEASE PORTFOLIO	ABERDEEN	Other	10-15m	*
MEGGITT	ASHBY ROAD	Industrial	10-15m	*
BREWDOG	Motherwell	Industrial	10-15m	*
CADENT	WOLVERHAMPTON	Office	10-15m	*

Other offices	1.4	0.0	0.0	0.0	0.0	0.3	0.3	100.3
Industrial	4.3	0.0	0.0	27.8	-2.0	37.3	35.2	137.3
Other	2.2	0.0	0.0	0.0	-2.7	1.4	-1.3	101.4
Overall	11.9	0.0	0.0	10.1	-2.5	12.7	10.2	112.7

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

Source: Fiera Real Estate UK

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	20.5
15 years or greater, but less than 20	34.9
10 years or greater, but less than 15	14.2
5 years or greater, but less than 10	19.7
Less than 5 years	10.8

Source: Fiera Real Estate UK

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: Fiera Real Estate UK

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: Fiera Real Estate UK

Development exposure*

Capital value of developments

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

Source: Fiera Real Estate UK

Valuations/performance monitors/affiliations

Frequency of valuation	Quarterly
Property valuer	CBRE
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: Fiera Real Estate UK

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	Maximum of 15% of NAV or up to 20% of NAV in any twelve month period.
- for investment purpose	*
- for liquidity purpose	*
Cash holdings (maximum)	12.5% of NAV, and the medium risk limit is > 10% of NAV
Cash holdings (minimum)	Between 2.5% and 12.5% of NAV

Source: Fiera Real Estate UK

The contribution of major tenants to rental income

Tenant	%
RICARDO PLC	7.9
EMW LAW LLP	6.6
ASDA	6.2
CADENT	5.6
MEGGITT AEROSPACE LIMITED	5.2
MARSTONS ESTATES LTD	4.8
CDS (INTERNATIONAL SUPERSTORES) LTD T/A THE RANGE	4.6
COTT BEVERAGES LTD	4.4
ALDI STORES LTD	4.2
PREMIER INN HOTELS LTD	4.1
Three largest tenants' contribution to rental income	20.7
Five largest tenants' contribution to rental income	31.4
Ten largest tenants' contribution to rental income	53.6

Source: Fiera Real Estate UK

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	253.9	0.0	0.0	0.0	253.9
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	35.9	0.0	0.0	0.0	35.9

Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	289.8	0.0	0.0	0.0	289.8
Gearing (%)					
Net debt (cash)/properties	-14.1	-	-	-	-14.1
Net debt (cash)/equity	-12.4	-	-	-	-12.4

Source: Fiera Real Estate UK

Quarterly data per unit						
As at	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22	30-Jun-22
Bid (GBP)					12,316.22	12,509.55
Offer (GBP)					12,651.84	12,876.14
Mid (GBP)					12,484.03	12,692.85
Bid/offer spread					2.65%	2.85%
Net asset value (GBP)					12,451.07	12,645.28
Quarterly distribution (GBP)					124.22	89.56
Yield					3.60%	3.57%

Source: Fiera Real Estate UK

Unit pricing

All unit pricing for the Fund is calculated using INREV NAV and priced quarterly. The underlying portfolio is independently valued quarterly.

Distributions

Distributions are made on a quarterly basis and are paid within 30 days of the Quarter End date.

Creation, transfer and realisation of units

If an Investor wishes to subscribe into the Fund they will need to complete a Subscription Agreement at least 5 working days before the quarter date (31 Mar, 30 Jun, 30 Sep, 31 Dec). Following the onboarding of the Investor, new units are issued on the dealing date at Issue Price (INREV NAV) which falls 10 working days after the quarter date. Investor commitments drawn down up to 12 months post acceptance of Subscription Agreement by the AIFM to match deal flow.

Any matched trade transfer of Units are brokered by the AIFM at a price to be independently agreed between the relevant parties.

To redeem their Units Investors must issue in writing a Realisation Notice to the AIFM of the Fund. The Realisation Notice to be received by the AIFM 15 working days before the first day of the upcoming Quarter. The Realisation Date is then calculated as the last day of the following Quarter End (6 months from the initial Realisation Notice). The Investor will be redeemed at the Realisation Price (RNAV) 5 working days following the Realisation Date.

Taxation

Capital Gains Tax :

The Fund is an English limited partnership and is therefore transparent for UK tax purposes in respect of gains.

Investors via the Exempt Unauthorised Unit Trust ("EUUT") feeder are exempt from UK tax on any chargeable gain, including any gains arising from disposals or deemed disposals of the partnership assets.

The Jersey Property Unit Trust ("JPUT") feeder is treated as tax transparent for capital gains having made a transparency election in line with the Non-Resident Capital Gains tax legislation.

Income Tax :

The Fund is an English limited partnership and is therefore transparent for UK tax purposes in respect of income.

Investors via the EUUT feeder are exempt from UK tax on income and therefore distributions are paid gross.

The JPUT is treated as tax transparent for income by virtue of being constituted as a 'Baker' trust.

Stamp Duty Reserve Tax :

Transfers of interests in the limited partnership are subject to stamp taxes at the prevailing rate.

No stamp taxes should be payable on the transfers of units in the EUUT or JPUT.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	52	3.5
1% or greater but less than 2%	7	9.8
2% or greater but less than 4%	5	13.9
4% or greater but less than 8%	4	21.9
Greater than 8.0%	4	51.0
Total	72	100.0
Major investors		
Largest holder	1	23.1
Three largest holders	3	42.8
Five largest holders	5	58.8
Ten largest holders	10	79.4
Internal/external investors		
Internal	-	-
External	-	-

Source: Fiera Real Estate UK

Liquidity						
Period	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022
Issues and redemptions						
Units in issue as at start of period						19,482
Units issued during period						3,792
Units redeemed during period						0
Units in issue at end of period					19,482	23,274
Unit transfers						
Matched bargains						0
Matched bargains %*						0.0%

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

Source: Fiera Real Estate UK