

# Fidelity UK Real Estate Fund

## INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to provide capital appreciation along with an attractive and stable income return.

## INVESTOR CONSTITUENCY

The Fund is available to institutional investors only. (The minimum subscription required to participate is £1 million.)

Fund details		
Type of fund	PAIF (Property Authorised Investment Fund)	
Residence		United Kingdom
Launch date	May 2008 (conversion to a PAIF as at October 2016)	
Open/closed-ended		Open-ended
Earliest date of winding up		Not applicable
Year-end		31 March
NAV (GBPm)		472.8
Source: FIL Limited		

Management/professional advisors		
Manager		Fidelity International
Fund Manager		Alison Puhar
Corporate trustee		JP Morgan
Auditors		Deloitte LLP
Source: FIL Limited		

Investment rates of return, %				
		MSCI/AREF UK Quarterly Property Fund Index		
	Fidelity UK Real Estate Fund	Other balanced open-ended funds	All balanced open-ended funds	All funds
3 months	-0.9	0.3	0.4	0.3
Year-to-date	-0.6	0.1	0.2	0.1
12 months	-18.2	-17.1	-17.4	-17.1
3 years+	3.4	3.3	3.4	2.3
5 years+	2.4	2.3	2.2	1.1
10 years+	7.4	6.6	6.3	5.5
Source: MSCI/AREF UK Quarterly Property Fund Index				

Property investment restrictions	
Maximum development exposure	15.0% of GAV
Maximum speculative development exposure	15.0% of GAV
Maximum lot-size holding as a standing investment	15.0% of GAV
Maximum lot-size holding permitted at purchase	15.0% of GAV
Maximum exposure to limited partnerships	15.0% of GAV
Maximum exposure to joint ventures	15.0% of GAV
Maximum exposure to closed and open-ended property unit trusts	15.0% of GAV
Maximum exposure to listed companies and trusts (1)	15.0% of GAV
Source: FIL Limited	

Portfolio distribution %				
		MSCI/AREF UK Quarterly Property Fund Index		
	Fidelity UK Real Estate Fund	Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	0.0	4.7	4.6	4.6
Standard retail – Rest of UK	1.2	1.3	1.4	2.3
Shopping centres	0.0	0.5	0.9	2.5
Retail warehouses	7.4	11.6	12.1	7.6
<b>All UK retail</b>	<b>8.6</b>	<b>18.0</b>	<b>19.0</b>	<b>17.1</b>
City offices	5.6	3.5	3.4	3.2
West End offices	0.0	7.6	7.5	5.1
Rest of South East offices	16.9	9.1	7.1	5.5
Rest of UK offices	17.3	5.1	4.9	5.3
<b>All UK offices</b>	<b>39.7</b>	<b>25.3</b>	<b>22.9</b>	<b>19.1</b>
South East industrial	22.1	27.2	24.5	20.3
Rest of UK industrial	24.3	14.4	13.7	11.8
<b>All UK industrial</b>	<b>46.4</b>	<b>41.6</b>	<b>38.2</b>	<b>32.1</b>
Other UK properties	0.0	10.3	12.5	25.9
Cash***	5.3	4.8	7.4	5.8
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Source: FIL Limited				

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	33	458.5	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0.0	0.0
<b>Total</b>	<b>33</b>	<b>458.5</b>	<b>100.0</b>
Source: FIL Limited			

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Martland Park	Wigan	Industrial	40-50	10.6
St Martins Business Centre	Bedford	Industrial	30-40	6.6
Black Bull yard	London	Office	20-30	5.9
Triton A & B	Grays	Industrial	20-30	5.3
Gateway 25	Grays	Industrial	20-30	5.0
Harbourgate	Portsmouth	Industrial	20-30	4.8
Stonelake, Units A and B	London	Industrial	20-30	4.4
Centrepont V	Manchester	Industrial	10-20	4.2
Forest Trading Estate	London	Industrial	10-20	3.7
Phoenix House	Reading	Office	10-20	3.7
<b>10 largest investments as % of portfolio</b>				<b>54.3</b>

Source: FIL Limited

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	1	2.3	0.5
2.5 - 5	2	8.3	1.8
5-10	12	84.3	18.4
10 - 25	15	257.6	56.2
25 - 50	3	106.0	23.1
50 - 100	0	0.0	0.0
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
<b>Total</b>	<b>33</b>	<b>458.5</b>	<b>100.0</b>
Average lot size		13.9	

Source: FIL Limited

Property Yield		Voids as % of ERV	
Net initial yield	5.81%	Investments	14.69%
Nominal equivalent yield	-	Developments	0.00%
True equivalent yield	7.01%	Total	14.69%
Net reversionary yield	7.77%		

Source: FIL Limited

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	2.6	1.4
Retail warehousing	10.3	7.7
Shopping centres	0.0	0.0
Central London offices	5.4	4.3
Other offices	44.6	49.1
Industrial	37.2	37.4
Other	0.0	0.0
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>

Source: FIL 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	0.7	-	-	-	-	-	-	76.2
Retail warehousing	2.9	-	-	-	-	-	-	102.2
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	1.5	-	-	-	-	-	-	109.6
Other offices	12.5	-	-	-	-	-	-	150.0
Industrial	10.4	-	-	-	-	-	-	136.5
Other	-	-	-	-	-	-	-	-
<b>Overall</b>	<b>27.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136.0</b>

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

Source: FIL Limited

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

Source: FIL Limited

The unexpired term of leases	
Years	% of rent passing
20 years or greater	0.0

15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	2.4
5 years or greater, but less than 10	23.6
Less than 5 years	73.9

Source: FIL Limited

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

Source: FIL Limited

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: FIL 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
% 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: FIL Limited

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly on the last day of the month
Property valuer	Knight Frank
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: FIL Limited

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	25.0%
for investment purpose	25.0%
for liquidity purpose	*
Cash holdings (maximum)	40.0%
Cash holdings (minimum)	*

Source: FIL Limited

The contribution of major tenants to rental income	
Tenant	%
Makita (UK) Ltd	8.3
Npower Commercial Gas Limited	5.7
Esure Property Ltd	4.5
Novo Nordisk Ltd	3.6
GXO Logistics UK Ltd	3.1
Freeths LLP	3.0
SAGE (UK) LTD	2.6
Ford Retail Ltd	2.4
Restore Digital Ltd	2.3
NTT United Kingdom Limited	2.3
Three largest tenants' contribution to rental income	18.5
Five largest tenants' contribution to rental income	25.2
Ten largest tenants' contribution to rental income	37.7

Source: FIL Limited

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	458.5	0.0	0.0	0.0	458.5
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0

Cash	25.6	0.0	0.0	0.0	25.6
Other net assets/liabilities	-11.3	0.0	0.0	0.0	-11.3
Total net assets	472.8	0.0	0.0	0.0	472.8
Gearing (%)					
Net debt (cash)/properties	-5.6	-	-	-	-5.6
Net debt (cash)/equity	-5.4	-	-	-	-5.4

Source: FIL Limited

Quarterly data per unit						
As at	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Bid (GBP)	7,143.11	7,495.92	7,270.23	6,168.99	6,184.20	6,130.41
Offer (GBP)	7,685.62	8,065.23	7,822.40	6,637.52	6,653.89	6,596.01
Mid (GBP)	7,414.36	7,780.58	7,546.31	6,403.26	6,419.05	6,363.21
Bid/offer spread	7.06%	7.06%	7.06%	7.06%	7.06%	7.06%
Net asset value (GBP)	7,233.53	7,590.81	7,362.26	6,247.08	6,262.48	6,208.01
Quarterly distribution (GBP)	0.00	0.00	0.00	0.00	0.00	0.00
Yield	0.00	0.00	0.00	0.00	0.00	0.00%

Source: FIL Limited

## Unit pricing

The unit price is calculated as at the last day of each month. Income is included in the unit price.

## Distributions

Distributions of income are made quarterly, on 22 April, 22 July, 22 October and 22 January.

Minimum investment/disinvestment

Minimum initial investment: GBP 1,000,000

Minimum additional investment: GBP150,000

Minimum redemption: None specified

## Creation, transfer and realisation of units

Applications to subscribe for shares in the Fund must be received in the month prior to the next dealing date. Dealing dates are set on the 22nd of each calendar month or the business day prior if this date falls on a weekend or a bank holiday.

## Redemptions of shares

Applications to redeem shares in the Fund must be received by the ACD at least 6 months prior to the relevant dealing date. Dealing dates are set on the 22nd of each calendar month or the business day following if this date falls on a weekend or a bank holiday. In the normal course of business the Manager will seek to meet redemptions within 6 months of receiving an application however may in exceptional circumstances have to postpone a redemption request for a further 24 months should liquidity not be available.

## Taxation

The company is an open-ended investment company, and is treated as such for UK tax purposes. The company has elected into the Property Authorised Investment Fund tax regime.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	9	3.2
1% or greater but less than 2%	2	3.3
2% or greater but less than 4%	6	18.5
4% or greater but less than 8%	2	12.3
Greater than 8.0%	4	62.8
<b>Total</b>	<b>23</b>	<b>100.0</b>
Major investors		
Largest holder	1	30.0
Three largest holders	3	54.3
Five largest holders	5	69.1
Ten largest holders	10	88.4
Internal/external investors		
Internal	1	1.7
External	22	98.3

Source: FIL Limited

Liquidity						
Period	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023
<b>Issues and redemptions</b>						
Units in issue as at start of period	116,550	131,238	131,309	125,658	113,726	106,745
Units issued during period	27,648	0	126	2866.69	582.32	0
Units redeemed during period	-12,960.53	70.96	-5,776.46	-14,798.97	-7,563	-4,621
Units in issue at end of period	131,238	131,309	125,658	113,726	106,745	102,125
<b>Unit transfers</b>						
Matched bargains	0	0	0	0	0	0
Matched bargains %*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

Source: FIL Limited