UK Income & Growth

Update Q1 2014. Deploy equity into the right stock in a rising market

Existing portfolio offers fixed rental uplifts and growth

Gallagher Retail Park Birmingham
> Long income, let to DSG until 2031
> Top trading store on a dominant regional retail park
> Guaranteed rental performance

Jermyn Street, London
> Small lot size, highly liquid, asset management play
> Acquired £2.4m Q2 2011, valued at £4.3m Q4, 2013
> Converting uppers to residential for additional growth

Gallagher Retail Park, Bristol
> Top trading stores on a dominant regional retail park
> Asset management to create new units
> Good rental grow prospects

South East Supermarket
> South East supermarket portfolio
> 25 year leases
> Guaranteed RPI with growth
> Acquired off-market

Virgin Gym, Sheffield
> Top performing health and fitness club
> Long lease with fixed rental uplifts
> Affluent and improving area

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Summary

- Open-ended core UK Fund launched January 2010
- Consistently outperforms return target, exceeding an annual net distribution of 5.0% and outperforms the IPD PPFI All Balanced Funds Index.
- Existing regional portfolio of c. £100 million, comprising 10 assets
- Investment strategy targets:
  - long, stable income including fixed rental uplifts
  - growth assets to complement core income portfolio
- Fund is growing, with additional commitments indicated Q2, 2014
- Transparent, monthly redemption mechanism

Investment case

- Offers investors the opportunity to deploy capital quickly into a rising market
  - minimal queue
  - established investment pipeline
- Existing portfolio comprises quality income assets
  - longer average unexpired lease term (13.95 years)
  - >50% with fixed rental uplifts
  - to better quality covenants
- Team has personal co-investment in the Fund
- And a consistent track record of outperformance – over 3 years UKIG is the 2nd highest fund in the IPD PPFI All Balanced Fund Index

Current portfolio

- Location (by valuation)
  - Yorkshire 9%
  - West Midlands 16%
  - South West 20%
  - South East 33.0%
  - London 12%
  - North West 4%
  - Scotland 6%
- Tenant credit risk
  - Maximum 5%
  - Med-High 10%
  - Low 11%
  - Negligible 74%
- Pipeline
  - TOTAL RETURN 8.2%
  - Income 65%
  - Capital Growth 35%

Fund facts

- Fund size: GBP 93,875,000 Gross Property Value
- Structure: Jersey Property Unit Trust with Luxembourg FCP Feeder
- Number of properties: 10
- Average lot size: GBP 9.4 million
- Covenant strength: 85% of income from low/ negligible risk tenants as measured by IPD (31 December 2013)
- Average lease length: 13.95 years (13.66 years to break)
- Net initial yield (NIY): 6.1% (6.3% equivalent yield)
- Net distribution yield: 5.48% rolling 12 months distribution to 31 March 2014
- Vacancy as % of income: 0% (IPD Monthly Index is 10.1%)
- Fund costs (TER): 0.92%
- Bid price*: GBP 1,033.574
- Offer price*: GBP 1,103.437
- Bid/offer spread*: 6.33%
- Management fee: 75 bps on NAV

Important notice

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