

Triton Property Fund LP

INVESTMENT POLICY AND OBJECTIVES

Triton Property Fund LP is a balanced fund investing in UK commercial property assets across a broad range of property types, geographic holdings, lease lengths and tenant profiles. The Fund focuses on the key property sectors of retail, offices, industrial/warehouses and student accommodation. The Fund aims to deliver above its benchmark – the All Balanced Property Fund component of the MSCI/AREF UK All Balanced Open-ended Quarterly Property Fund Index (Net Total Return - unitised adjusted for crossholdings; GBP) weighted average return – via an emphasis on superior asset management.

INVESTOR CONSTITUENCY

Triton Property Fund LP ('Triton', 'the Fund') is an umbrella fund. Investors can enter the Fund through two feeder funds – UBS Triton Property Unit Trust (q.v.) and Triton Property Fund (Jersey) (q.v.).

Fund details	
Type of fund	Limited Partnership
Residence	United Kingdom
Launch date	April 1994
Open/closed-ended	Open-ended
Earliest date of winding up	2070
Year-end	31 December
*NAV (GBPm)	1020.5

Source: UBS Asset Management Note: * includes capital cash and income cash.

Management/professional advisors	
General Partner	UBS Triton General Partner Ltd
Manager and AIFM	UBS Asset Management Funds Ltd
Fund Manager	Oliver Abram
Trustee	Not applicable
Auditors	Ernst & Young LLP

Source: UBS Asset Management

Investment rates of return ** %		MSCI/AREF UK Quarterly Property Fund Index*		
	Triton Property Fund LP	Other balanced open-ended funds	All balanced open-ended funds	All funds
3 months	0.7	0.3	0.4	0.3
Year-to-date	2.5	0.1	0.2	0.1
12 months	-16.8	-17.1	-17.4	-17.1
3 years+	4.5	3.3	3.4	2.3
5 years+	3.3	2.3	2.2	1.1
10 years+	7.4	6.6	6.3	5.5

Note: * Weighted average returns + Annualised

Source: MSCI/AREF UK Quarterly Property Fund Index

**Triton's performance includes the effect of a management fee rebate that applied to continuing investors for the period between 1 July 2013 and 31 December 2014.

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

Source: UBS Asset Management

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index		
	Triton Property Fund LP*	Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	2.2	4.9	4.6	4.6
Standard retail – Rest of UK	0.0	1.2	1.4	2.3
Shopping centres	0.0	0.6	0.9	2.5
Retail warehouses	19.8	12.4	12.1	7.6
All UK retail	22.0	19.1	19.0	17.1
City offices	6.8	3.3	3.4	3.2
West End offices	0.0	8.1	7.5	5.1
Rest of South East offices	5.5	7.5	7.1	5.5
Rest of UK offices	0.0	5.2	4.9	5.3
All UK offices	12.2	24.2	22.9	19.1
South East industrial	25.7	24.0	24.5	20.3
Rest of UK industrial	14.8	13.6	13.7	11.8
All UK industrial	40.6	37.6	38.2	32.1
Other UK properties	25.1	12.4	12.5	25.9
Cash***	0.2	6.7	7.4	5.8
Overall	100.0	100.0	100.0	100.0

Sources: * UBS Asset Management ** MSCI/AREF UK Quarterly Property Fund Index

Note: + Including the Fund's share of properties held jointly or through indirect holdings and cash

*** Reflects capital cash only

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	28	1,032.6	94.8
Joint and indirect holdings	1	56.8	5.2
Listed investments	0	0	0.0
Total	29	1,089.5	100.0

Source: UBS Asset Management

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	*** of total portfolio
WORTON GRANGE IND ESTATE	READING	Industrial	*	-
HATFIELD AERODROME BUSINESS PARK	HATFIELD	Industrial	*	-
STAKEHILL INDUSTRIAL ESTATE	MANCHESTER	Industrial Other	*	-
70 WILSON STREET & 50 WORSHIP STREET	LONDON	Office	*	-
RADFORD MILL	NOTTINGHAM	Residential	*	-
GRAND JUNCTION RETAIL PARK	CREWE	Retail Park	*	-
THE INTERCHANGE	SWANLEY	Industrial Other	*	-
MEOLS COP RETAIL PARK	SOUTHPORT	Retail Park	*	-
ORIENT HOUSE	LONDON	Residential	*	-
42 SOUTHWARK BRIDGE ROAD	LONDON	Office	*	-
10 largest investments as % of portfolio			*	

Note: * Fund cannot disclose this information due to commercial sensitivity

Source: UBS Asset Management / MSCI estimates

Source: UBS Asset Management

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	2	0.0	0.0
2.5 - 5	1	4.0	0.4
5-10	0	0.0	0.0
10-25	9	182.2	16.7
25 - 50	9	315.5	29.0
50 - 100	6	418.9	38.5
100-150	1	112.0	10.3
Over 150	0	0.0	0.0
Total	28	1032.6	94.8
Average lot size		36.9	

Excludes GBP 4,202 of head lease payments for leasehold properties within the portfolio, as requested by IFRS accounting standards and as shown in Table 1.2.

Source: UBS Asset Management

Property Yield		Voids as % of ERV	
Net initial yield	4.41%	Investments	3.50%
Nominal equivalent yield	-	Developments	0.00%
True equivalent yield	6.04%	Total	3.50%
Net reversionary yield	5.42%		

Source: UBS Asset Management

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	1.7	1.8
Retail warehousing	26.2	26.7
Shopping centres	0.0	0.0
Central London offices	7.9	8.6
Other offices	1.8	3.2
Industrial	40.5	40.7
Other	21.9	18.9
Overall	100.0	100.0

Source: UBS Asset Management

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	0.9	0.0	0.0	0.0	-0.7	21.8	21.1	121.8
Retail warehousing	13.6	1.5	0.0	3.0	-18.3	0.8	-17.5	117.9
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	4.1	0.0	0.0	0.0	0.0	25.7	25.7	125.7
Other offices	0.9	41.6	0.0	6.1	-1.8	102.5	100.7	202.5
Industrial	21.1	0.0	0.0	6.7	-3.2	16.3	13.1	116.3
Other	11.4	0.0	2.0	0.0	-2.0	0.0	-2.0	100.0
Overall	52.10	1.15	0.44	3.61	-6.56	11.08	4.51	115.56

Source: UBS Asset Management

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

The unexpired term of leases	
Years	% of rent passing
20 years or greater	0.0
15 years or greater, but less than 20	1.3
10 years or greater, but less than 15	5.4
5 years or greater, but less than 10	15.7
Less than 5 years	77.6

Source: UBS Asset Management

Joint and Indirect property holdings						
Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
UK Life Sciences Property Unit Trust	Other	INDIRECT RE-OTHER LIMITED	-	100.0	56,831,105.22	5.2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: UBS Asset Management

Variable rate borrowings			Interest rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above SONIA (incl expenses) (%)	Off balance sheet debt (GBPm)†
0	0	0	53.2	1.6	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: UBS Asset Management

Development exposure*				
Capital value of developments				Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	60.2	60.2	41.1
% of all directly held properties*	0.00%	5.83%	5.83%	3.98%

* Includes joint ventures in which the Fund has an interest of 50% or more

+ Including schemes to which the fund is contractually committed

Source: UBS Asset Management

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly, on the last day of the month
Valuers	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: UBS Asset Management

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	50%*
for investment purposes	*
for liquidity purposes	*

Cash holdings (maximum)	*
Cash holdings (minimum)	*
Note: * Notwithstanding the Fund's documentation allowing for gearing up to 50% of net asset value, the Manager will in normal circumstances not borrow above 15% of gross asset value.	
Source: UBS Asset Management	

The contribution of major tenants to rental income	
Tenant	%
PCL 24/7 LTD	8.7
WEWORK UK LEASECO I LTD	5.1
O T GROUP LTD	4.2
UNIVERSITY OF DURHAM	2.9
H & B FOODS LTD	2.5
DX NETWORKS LTD	2.2
TS (UK) LTD	1.9
OUTREACH CORPORATION UK LTD	1.6
MARKS AND SPENCER T/O	1.5
DSG RETAIL LTD (CURRYS)	1.5
Three largest tenants' contribution to rental income	18.0
Five largest tenants' contribution to rental income	23.4
Ten largest tenants' contribution to rental income	32.2

Source: UBS Asset Management

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1032.6	0.0	56.8	0.0	1089.5
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	-71.7	0.0	-4.4	0.0	-76.1
Cash	0.5	0.0	1.3	0.0	1.8
Other net assets/liabilities	6.9	0.0	-1.7	0.0	5.3
Total net assets	968.3	0.0	52.1	0.0	1020.5
Gearing (%)					
Net debt (cash)/properties	6.9	-	5.4	-	6.8
Net debt (cash)/equity	7.4	-	5.9	-	7.3

The "Properties at valuation" figure excludes GBP 4,680,134 of head lease payments for leasehold properties within the portfolio, as requested by IFRS accounting standards. The "Cash" figure includes GBP 12.346m of Capital Cash.

Source: UBS Asset Management

Charges

Annual charge

The Manager of Triton is entitled to a fund management fee (plus VAT) and property management fee (plus VAT) on a tiered basis as a percentage of the Net Asset Value of Triton together with undistributed income less expenses, as at the end of each month. 0.75% p.a. is charged on the period-end Triton-level NAV of up to GBP 1 billion, decreasing to 0.65% p.a. for any tranche of NAV between GBP 1-1.2 billion, and 0.55% p.a. for any part of NAV above GBP 1.25 billion. The fee is split to reflect the fund management and property management services provided by the Fund's Manager.

Performance fees

The Manager is entitled to a performance fee of 0.0625% per quarter of the net asset value of Triton (including net undistributed income) if, for the previous three years, it has outperformed its benchmark, the All Balanced Property Funds Index Weighted Average of the MSCI/AREF UK All Balanced Open-ended Quarterly Property Fund Index (Net Total Return - unitised adjusted for crossholdings; GBP). A minimum of 0.5% p.a. outperformance is required before the performance fee is triggered.

Creation, transfer and realisation of units

Investment in Triton is by way of subscription into one of the feeder funds, UBS Triton Trust and Triton Jersey. Subscriptions of Participations by the feeder funds take place on Buying Days. Please refer to the relevant pages for UBS Triton Trust and Triton Jersey for more information.

Redemptions of participations in the Partnership (by UBS Triton Trust and Triton Jersey) take place on a quarterly basis on a Selling Day (subject to sufficient cash being available). Where sufficient cash is not available to pay a quarter's redemption in full, the Manager will meet redemption requests within that quarter on a pro-rata basis.

Redemption notices served during a quarter are treated as having been served on the final business day of that quarter. The first possible date on which a participation may be redeemed is the first Selling Day that occurs at least one whole quarter after the quarter in which the relevant redemption notice was served. A redemption notice may only be withdrawn with the consent of the Fund's Supervisory Board.

In the usual course of business, the Manager expects to meet redemption requests within six months from the first possible date the redemption request can be paid (being the Selling Day falling one whole quarter after the quarter end in which a redemption request is deemed to be received). The Manager may defer redemption requests for up to 24 months from the first possible date the redemption request may be redeemed.