

PGIM Real Estate Uk Ground Lease Fund

INVESTMENT POLICY AND OBJECTIVES

To provide (post Fund running cost) a yield 200bps above the real flat yield for a benchmark of long dated index linked gilts (before inflation) on a rolling 10 year basis.

INVESTOR CONSTITUENCY

PGIM Real Estate UK Ground Lease Fund is available for investment to UK taxable and UK tax exempt investors including pension schemes, corporates, charities and certified sophisticated investors, and, subject to local regulations and requirements, overseas taxable and overseas tax exempt investors.

Fund details	
Type of fund	Open ended PUT
Residence	Jersey
Launch date	February 2007
Open/closed-ended	Open-ended*
Year-end	31 December
NAV (GBPm)	648.9

Source : PGIM Real Estate Uk Ground Lease Fund

Management/professional advisors	
Manager	Pramerica Real Estate Investors
Fund administration	UBS AG Jersey Branch
Property fund manager	Paul Dennis-Jones
Trustee	UBS Trustees (Jersey) limited
Auditors	Ernst & Young LLP

Source : PGIM Real Estate Uk Ground Lease Fund

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index		
	PGIM Real Estate Uk Ground Lease Fund	Long Income Funds	All balanced funds	All funds
3 months	-1.5	1.9	2.2	1.8
Year-to-date	-1.5	1.9	2.2	1.8
12 months	-1.8	3.4	2.5	0.7
3 years+	0.3	4.9	2.4	1.1
5 years+	4.8	6.1	4.1	3.2
10 years+	6.5		6.4	5.9

Source : PGIM Real Estate Uk Ground Lease Fund

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

Source : PGIM Real Estate Uk Ground Lease Fund

Portfolio distribution %	
	MSCI/AREF UK Quarterly Property Fund Index

	PGIM Real Estate Uk Ground Lease Fund	Long Income Funds	All balanced funds	All funds
Standard retail – South East	0.0	8.6	5.2	4.9
Standard retail – Rest of UK	3.0	8.6	2.4	3.3
Shopping centres	7.4	0.6	1.2	3.5
Retail warehouses	0.0	1.9	10.5	9.0
All UK retail	10.5	19.7	19.3	20.6
City offices	0.0	4.7	3.6	3.4
West End offices	0.0	5.4	8.5	7.6
Rest of South East offices	2.3	5.1	10.2	7.4
Rest of UK offices	0.0	8.8	5.6	5.1
All UK offices	2.3	24.0	27.9	23.5
South East industrial	0.0	3.1	22.7	18.5
Rest of UK industrial	0.5	6.4	11.8	9.5
All UK industrial	0.5	9.4	34.5	28.0
Other UK properties	82.8	44.8	10.7	21.9
Cash***	3.9	2.0	7.7	5.9
Overall	100.0	100.0	100.0	100.0

Source : PGIM Real Estate Uk Ground Lease Fund

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	126	623.8	100.0
Joint and indirect holdings	0	0	0.00
Listed investments	0	0	0
Total	126.0	623.8	100.0

Source : PGIM Real Estate Uk Ground Lease Fund

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
THE HOTEL RUSSELL	LONDON	Hotel	87.5	14.0
THE WESTIN HOTEL PORTFOLIO, UPPER THAMES STREET	LONDON	Hotel	65.3	10.5
PARK PLAZA RIVERBANK HOTEL	LONDON	Hotel	42.1	6.7
157-183 WATERLOO ROAD	LONDON	Hotel	39.2	6.3
GREAT NORTHERN HOTEL	LONDON	Hotel	30.7	4.9
RADISSON EDWARDIAN	GUILDFORD	Hotel	26.6	4.3
THE PALACE HOTEL	MANCHESTER	Hotel	17.3	2.8
THISTLES SHOPPING CENTRE	STIRLING	Retail Shopping Centre	15.8	2.5
CHESFORD GRANGE, KENILWORTH	WARWICK	Hotel	14.2	2.3
FOREST PINES HOTEL & GOLF RESO, ERMINE STREET	BROUGHTON, BRIGG	Hotel	14.2	2.3
10 largest investments as % of portfolio			352.7	56.5

Source : PGIM Real Estate Uk Ground Lease Fund

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	85	66.3	10.6
2.5 - 5	14	51.6	8.3
5-10	12	92.2	14.8
10-25	9	122.5	19.6
25 - 50	4	138.6	22.2
50 - 100	2	152.7	24.5
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	126	623.8	100.00
Average lot size		5.0	

Source : PGIM Real Estate Uk Ground Lease Fund

Property Yield	
Net initial yield	2.83%
Nominal equivalent yield	2.83%
True equivalent yield	-
Net reversionary yield	2.40%

Source : PGIM Real Estate Uk Ground Lease Fund

Voids as % of ERV	
Investments	0.00%
Developments	0.00%
Total	0.00%

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	4.3	4.3
Retail warehousing	0.0	0.0
Shopping centres	12.2	12.1
Central London offices	0.0	0.0
Other offices	2.5	2.5
Industrial	0.8	0.8
Other	80.3	80.4
Overall	100.0	100.0

Source : PGIM Real Estate Uk Ground Lease Fund

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	0.8	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	2.2	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Central London offices	-	-	-	-	-	-	-	-
Other offices	0.4	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Industrial	0.1	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Other	14.2	0.0	0.0	0.0	0.0	0.7	0.7	100.7
Overall	17.7	0.0	0.0	0.0	0.0	0.5	0.5	100.5

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

Source : PGIM Real Estate Uk Ground Lease Fund

Listed Investments

	% of Issue held	Valuation (GBPm)	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

The unexpired term of leases

Years	% of rent passing
20 years or greater	100.0
15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	0.0
5 years or greater, but less than 10	0.0
Less than 5 years	0.0

Source : PGIM Real Estate Uk Ground Lease Fund

Joint and Indirect property holdings

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

-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source : PGIM Real Estate Uk Ground Lease Fund

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) (%)
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 : PGIM Real Estate Uk Ground Lease Fund

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 : PGIM Real Estate Uk Ground Lease Fund

Valuations/performance monitors/affiliations

Frequency of valuation	Monthly, on the last calendar day of the month
Valuers	Knight Frank LLP
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 : PGIM Real Estate Uk Ground Lease Fund

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	Nil *
Cash holdings (maximum)	N/A **
Cash holdings (minimum)	N/A **

Source : PGIM Real Estate Uk Ground Lease Fund

The contribution of major tenants to rental income

Tenant	%
PRINCIPAL HAYLEY GROUP LIMITED	14.2
Churchill Retirement Living	11.3
PINBOARD NOMINEE 1 LIMITED & PINBOARD NOMINEE 2 LTD	9.3
APRIROSE	8.9
RIVERBANK HOTEL HOLDING BV	5.6
STANDARD LIFE INVESTMENTS	4.5
RSW PROPCOLIMITED	4.5
RMH GUILDFORD LLP	3.8
KCCLP	3.5
BE YEOVIL BV	2.7
Three largest tenants' contribution to rental income	34.8
Five largest tenants' contribution to rental income	49.4
Ten largest tenants' contribution to rental income	68.4

Source : PGIM Real Estate Uk Ground Lease Fund

Balance sheet/gearing

Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
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Balance sheet (GBPm)						
Properties at valuation	623.8	0.0	0.0	0.0		623.8
Listed investments	0.0	0.0	0.0	0.0		0.0
Debt	0.0	0.0	0.0	0.0		0.0
Cash	25.1	0.0	0.0	0.0		25.1
Other net assets/liabilities	0.0	0.0	0.0	0.0		0.0
Total net assets	648.9	0.0	0.0	0.0		648.9
Gearing (%)						
Net debt (cash)/properties	-4.0	-	-	-		-4.0
Net debt (cash)/equity	-3.9	-	-	-		-3.9

Source : PGIM Real Estate Uk Ground Lease Fund

Quarterly data per unit						
As at	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21
Offer (GBP)	1.69770	1.67120	1.66870	1.66500	1.64930	1.61130
Net asset value (GBP)	1.69096	1.67120	1.66869	1.66505	1.64933	1.61704
Quarterly distribution (GBP)	0.00873	0.00818	0.00463	0.00699	0.00602	0.00748
Yield	2.0%	2.0%	1.8%	1.7%	1.6%	1.6%

Source : PGIM Real Estate Uk Ground Lease Fund

Unit pricing

The unit price is calculated on the last business day of each month. Income is not included in the unit price. Some of the vehicles through which the Fund holds directly-held investments have fixed-rate debt. The market value of this debt is not published and it does not reflect in the monthly recalculation of the Fund's net asset value.

Distributions

Distributions are made monthly, normally on the 20th of each month or the following working day. Ex-distribution dates are the penultimate working day of each month, i.e. the day before pricing. Distributions are paid to the unitholders shown on the register on the ex-distribution dates.

Minimum investment/disinvestment

The minimum initial investment is GBP250,000, although the manager, at their discretion, can allow investors to invest as little as GBP25,000 where it is satisfied that the investor has received financial advice or the investment is made on the investor's behalf by a discretionary investment manager. Existing unitholders may increase or decrease their holdings by minimum amounts of GBP10,000 (rounded to the nearest number of whole units). No redemption notice will be accepted that would result in a holding falling to below the minimum holding value determined by the manager (currently GBP10,000).

Creation, transfer and realisation of units

The fund is open to subscriptions on a monthly basis, with applications to be received at least three business days before subscription day, which is the last working day of the month.

As from March 2009, the Manager has the discretion to defer redemptions if it deems it in the interest of continuing unitholders to do so.

Redeeming unitholders may not withdraw their realisation notice in respect of units which the Manager has notified the unitholder that it has determined can be redeemed or any units which are within the last 3 months of the 24-month redemption window.

The manager will attempt, where possible, the matching of buying and selling orders. Such transfers are effective from the last business day of the month during which they take place.

Taxation

The following is a summary of current law and practice and is subject to change. The information should not be regarded as legal or tax advice.

Capital Gains Tax

Since it is registered in Jersey, the fund is not subject to UK capital gains tax. Those investors who are subject to tax may be liable to capital gains tax on the redemption or sale of their units in the trust.

Income Tax

While distributions of income are made net of UK Income Tax, non-taxpayers are entitled to reclaim any tax deducted at source.

Stamp duty reserve tax

No stamp duty is payable on the transfer of existing units.

Charges

The trust instrument empowers the manager and investment advisor to make an annual charge totalling not more than 2% of the net asset value of the fund (including accrued income). However, the total charge is currently 1% pa and the manager has undertaken to give at least three months' notice of any increase in this figure.

The manager and investment advisor currently bear the cost of fees of service providers in relation to day-to-day management and rent collection of directly held properties, valuations, the trustees' and auditors' fees, custodian fees and the costs of preparing reports and accounts for unitholders, and market research and performance measurement. These costs may, alternatively, be charged to unitholders. The manager has undertaken to give at least three months' notice before so doing.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	1	0.0
1% or greater but less than 2%	0	0.0
2% or greater but less than 4%	2	6.6
4% or greater but less than 8%	1	7.2
Greater than 8.0%	5	86.2
Total	9	100.0
Major investors		
Largest holder	1	30.4
Three largest holders	3	63.7
Five largest holders	5	86.2
Ten largest holders	10	100.0
Internal/external investors		
Internal	0	0.0
External	9	100.0

Source : PGIM Real Estate Uk Ground Lease Fund

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	291,070,886	292,699,692	379,179,109	402,334,438	402,701,755	402,701,755
Units issued during period	1,628,807	86,479,859	23,155,329	367,317	0	0
Units redeemed during period	-	-441.86	0	0	0	0
Units in issue at end of period	292,699,692	379,179,109	402,334,438	402,701,755	402,701,755	402,701,755
Unit transfers						
Matched bargains	150316	0	1369746.46	19,753,430	9,400,263	0
Matched bargains %*	0.1	0%	0%	5%	2%	0.00%

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

Source : PGIM Real Estate Uk Ground Lease Fund