

PGIM Real Estate UK Ground Lease Fund

INVESTMENT POLICY AND OBJECTIVES

To outperform (post running costs and gross of tax) the total nominal return of the 1.25% Index Linked Treasury Gilt 2055 by 2% per annum over a 10-year rolling period.

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	July 2006
Open/dosed-ended	Open-ended*
Year-end	30 September
NAV (GBPm)	635.9

Source : PGIM Real Estate UK Ground Lease Fund

Management/professional advisors	
Manager	Carne Global AIFM Solutions (C.I.) Limited
Fund administration	MUFG Alternative Fund Services (Ireland) Limited
Property fund manager	Charles Crowe
Trustee	Ocorian 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 Open-Ended funds	All balanced open-ended funds	All funds
3 months	-3.4	-0.7	0.4	0.3
Year-to-date	-2.8	-1.3	0.2	0.1
12 months	-6.9	-16.6	-17.4	-17.1
3 years+	0.4	0.0	3.4	2.3
5 years+	1.0	1.8	2.2	1.1
10 years+	5.5	5.1	6.3	5.5

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 Open-Ended funds	All balanced open-ended funds	All funds
Standard retail – South East	0.0	7.9	4.6	4.6
Standard retail – Rest of UK	3.3	5.8	1.4	2.3
Shopping centres	7.2	0.5	0.9	2.5
Retail warehouses	0.0	0.9	12.1	7.6
All UK retail	10.6	15.2	19.0	17.1
City offices	0.0	2.9	3.4	3.2
West End offices	0.0	3.8	7.5	5.1
Rest of South East offices	1.1	5.6	7.1	5.5
Rest of UK offices	0.0	9.6	4.9	5.3
All UK offices	1.1	21.9	22.9	19.1
South East industrial	0.0	4.8	24.5	20.3
Rest of UK industrial	0.6	10.2	13.7	11.8
All UK industrial	0.6	15.0	38.2	32.1
Other UK properties	83.1	44.9	12.5	25.9
Cash***	4.6	3.0	7.4	5.8
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	125	606.9	100.0
Joint and indirect holdings	0	0	0.00
Listed investments	0	0	0

Total	125.0	606.9	100.0
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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	90.5	14.9
THE WESTIN HOTEL PORTFOLIO, UPPER THAMES STREET	LONDON	Hotel	77.0	12.7
PARK PLAZA RIVERBANK HOTEL	LONDON	Hotel	45.4	7.5
157-183 WATERLOO ROAD	LONDON	Hotel	34.0	5.6
GREAT NORTHERN HOTEL	LONDON	Hotel	27.4	4.5
RADISSON EDWARDIAN	GUILDFORD	Hotel	20.6	3.4
THE PALACE HOTEL	MANCHESTER	Hotel	15.5	2.6
THISTLES SHOPPING CENTRE	STIRLING	Retail Shopping Centre	14.1	2.3
GLASGOW, BHS, SAUCHIEHALL STREET	GLASGOW	Retail Other	13.1	2.2
FOREST PINES HOTEL & GOLF RESO,ERMINE STREET	BRIGG	Hotel	13.0	2.1
10 largest investments as % of portfolio			350.6	57.8

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	86	76.1	12.5
2.5 - 5	13	45.0	7.4
5-10	12	88.2	14.5
10-25	9	123.3	20.3
25 - 50	3	106.8	17.6
50 - 100	2	167.5	27.6
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	125	606.9	100.00
Average lot size		4.9	

Source : PGIM Real Estate UK Ground Lease Fund

Property Yield		Voids as % of ERV	
Net initial yield	3.31%	Investments	-
Nominal equivalent yield	3.56%	Developments	-
True equivalent yield	-	Total	-
Net reversionary yield	3.59%		

Source : PGIM Real Estate UK Ground Lease Fund

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	4.4	4.4
Retail warehousing	0.0	0.0
Shopping centres	12.2	11.6
Central London offices	0.0	0.0
Other offices	1.3	1.3
Industrial	0.7	0.7
Other	81.4	82.0
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	0.9	0.0	0.0	0.0	0.0	9.1	9.1	109.1
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	2.4	0.0	0.0	0.0	-1.4	2.9	1.5	102.9
Central London offices	-	-	-	-	-	-	-	-
Other offices	0.3	0.0	0.0	0.0	0.0	7.2	7.2	107.2
Industrial	0.1	0.0	0.0	0.0	0.0	2.0	2.0	102.0
Other	16.4	0.0	0.0	0.0	0.0	9.0	9.0	109.0
Overall	20.1	0.0	0.0	0.0	-0.2	8.2	8.1	108.2

* 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

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

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				
	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 : 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	14.7
Churchill Retirement Living	11.1
PINBOARD NOMINEE 1 LIMITED & PINBOARD NOMINEE 2 LTD	10.7
APRIROSE	9.1
RIVERBANK HOTEL HOLDING BV	5.6
RSW PROPCOLIMITED	4.5
STANDARD LIFE INVESTMENTS	4.2
RMH GUILDFORD LLP	3.9
KCCLP	3.5
BE YEOVIL BV	2.8
Three largest tenants' contribution to rental income	36.6
Five largest tenants' contribution to rental income	51.4
Ten largest tenants' contribution to rental income	70.4

Source : PGIM Real Estate UK Ground Lease Fund

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	606.9	0.0	0.0	0.0	606.9
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	29.0	0.0	0.0	0.0	29.0
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	635.9	0.0	0.0	0.0	635.9
Gearing (%)					
Net debt (cash)/properties	-4.8	-	-	-	-4.8
Net debt (cash)/equity	-4.6	-	-	-	-4.6

Source : PGIM Real Estate UK Ground Lease Fund

Quarterly data per unit						
As at	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Offer (GBP)	1.72490	1.73510	1.72530	1.64400	1.64500	1.58000
Net asset value (GBP)	1.72551	1.73507	1.72533	1.64373	1.64474	1.57955
Quarterly distribution (GBP)	0.00933	0.01374	0.00857	0.00968	0.00987	0.00894
Yield	2.2%	2.4%	2.3%	2.5%	2.5%	2.3%

Source : PGIM Real Estate UK Ground Lease Fund

Unit pricing

The unit price is calculated on the last business day of each month.

Distributions

Distributions are made quarterly, two calendar months after a Quarterly Accounting Date. Quarterly Accounting Date is defined as 31 March, 30 June, 30 September or 31 December.

Minimum investment/disinvestment

The minimum initial investment is GBP 100,000. Subsequent investments may be made for a minimum of GBP 50,000. The manager may at its discretion accept subsequent investments lower than this minimum amount. A Unitholder may not redeem units if in doing so its holding would fall below a value of GBP 100,000. The minimum holding will not be deemed to be breached simply because of a fall in the value of a Unitholder's Units.

Creation, transfer and realisation of units

Issues are made at the discretion of the Manager and are normally monthly on a Dealing Day, which is the first business day after a Valuation Day. A Valuation Day is defined as the last Business Day of each month when a full valuation of the Fund takes place, or such other day as the Manager shall determine. Redemption of Units are made quarterly. The Manager will redeem units on 31 March, 30 June, 30 September or 31 December in each Accounting Period, or such other date in each quarter that the Manager may from time to time determine and notify to the Unitholders (a "Quarter Day"). A written request for a redemption (a "Redemption Request") must be received at least 3 months before a Quarter Day for the Units which are the subject of such Redemption Request to qualify for redemption on the following Quarter Day. The Redemption Request is to be satisfied at the next Quarter Day. Therefore, the Manager has a minimum of 6 months notice on redemptions. To protect the interest of continuing Unitholders, the Manager may, at its discretion, defer redemptions for up to 6 months from the end of the Redemption Request Notice Period for the relevant Redemption Request.

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

With effect from 1 January 2022, the fees payable by all investors in the Fund have been revised from a flat management fee to a tiered structure, ranging from 35 bps to 40 bps, reducing marginally the equivalent bps figure paid by larger investors. The unitholders 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.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	0	0.0
1% or greater but less than 2%	0	0.0
2% or greater but less than 4%	1	3.0
4% or greater but less than 8%	0	0.0
Greater than 8.0%	5	97.0
Total	6	100.0
Major investors		
Largest holder	1	30.4
Three largest holders	3	77.8
Five largest holders	5	97.0
Ten largest holders	10	100.0
Internal/external investors		
Internal	0	0.0
External	6	100.0

Source : PGIM Real Estate UK Ground Lease Fund

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
Issues and redemptions						
Units in issue as at start of period	379,179,109	402,334,438	402,701,755	402,701,755	402,701,755	402,551,439
Units issued during period	23,155,329	367,317	0	0	0	0
Units redeemed during period	0	0	0	0	-150316	0
Units in issue at end of period	402,334,438	402,701,755	402,701,755	402,701,755	402,551,439	402,551,439
Unit transfers						
Matched bargains	1369746.46	19,753,430	9400263.21	0	0	0
Matched bargains %*	0.003404497	5%	2%	0%	0%	0.00%

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

Source : PGIM Real Estate UK Ground Lease Fund