

First World Hybrid Real Estate Plc

31 Aug 2025



First World Hybrid Real Estate

A **Regulated** Fund,
invested mainly in **UK distribution warehousing**,
offering a **reliable income yield**,
with **better liquidity and pricing certainty** than a typical direct
property investment and
with **lower volatility** than publicly quoted and traded property.

Please note that all investment involves risk.

Past performance is not necessarily a guide to future performance; please refer to the last slide and the Offering Document for further information



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Investment offering

- Dividend yield around 4% in sterling – underpinned by **long leases and strong tenants**
- Modest capital growth over time – **with rental growth being an important driver of capital appreciation**
- **Weekly pricing**, and **trading**, based on appraised values of the direct property portfolio by independent valuers, and quoted REIT performance, provides **liquidity with relatively low volatility**.



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Trading update for Financial Year ended 31 August 2025

- **100% of rental collected.**
- Property portfolio **100% occupied.**
- Meaningful lease extensions and rental reviews – resulting in **increased rent and enhancing income certainty** – with property valuation upside.
- £6.6m (3.7%) increase in property portfolio value, **net asset value up 4.5%**
- **REITs prices up during 2025**, after sharp drop at the end of 2024.
- **Outlook is positive**, REITs are attractively priced and direct property rental levels and market values are well placed for further growth.
- Interest rates are expected to fall, and the prospect of yield compression as the **property cycle gathers momentum**, is encouraging.



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Corporate structure

- FWHRE is an Isle of Man domiciled plc and is not a UK Situs asset.
- FWHRE is an IOM Regulated Fund under the Collective Investment Scheme Act 2008 and associated legislation (CIS).
- FWHRE is also listed on The International Stock Exchange (TISE) and subject to their listing requirements.
- FWHRE has a board of directors, an Investment Committee and a Risk, Audit and Compliance Committee.
- FIM Capital Limited (FIM) is Fund Manager and Property Manager. FIM is licensed by the Financial Services Authority in the IOM.
- FWHRE's Fiduciary Custodian is EFG Fund Services, a division of EFG Wealth Solutions (Jersey) Limited.
- FWHRE is approved for sale in SA by the Financial Sector Conduct Authority (FSCA).
- Marriott markets the Fund and is registered with the FSCA in SA.



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Corporate structure

- Share classes and distributions
 - Distributing and accumulating share class options
 - Quarterly distributions (for Class A Income Shares)
- Pricing and trade
 - The Fund is priced and trades weekly, based on NAV (Net Asset Value)
 - The NAV is determined based on the market price of the REITs and the independent valuation of the property portfolio
 - There are no fees on redemptions



First World Hybrid Real Estate's assets

Direct Real Estate

- UK commercial real estate, yielding approximately 6.1%
- Robust income - FRI, long leases (WAULT 8.5 years)
- Low volatility - each property is independently valued twice per annum on a rolling basis



REITs

- UK listed REITs, yielding approximately 5.9%
- Priced on stock market therefore readily tradeable and liquid
- Pricing volatility, especially in times of elevated uncertainty
- Primarily to provide liquidity for redemptions



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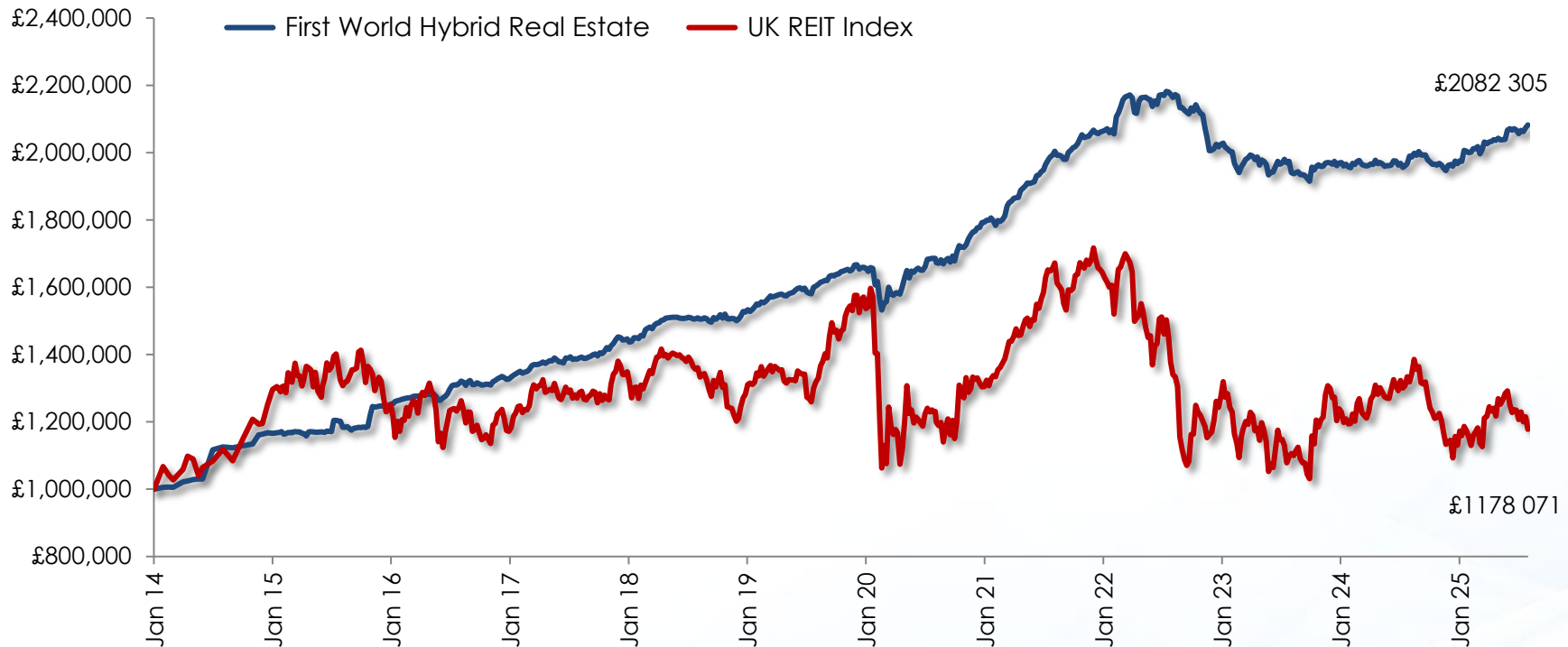
Solid track record

	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Aug 2025
No. of properties	2	7	12	16	18	20	20	24	26	25	22	22
Gross asset value £m	15	37	78	113	137	163	177	238	263	244	221	220

The Fund's Net Asset Value is circa £131m

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Performance - **without the volatility**



Source: Bloomberg and Marriott

FWHRE based on A class (distributing) before investment management fees, up to 29 Aug 2025

There may be additional IIP or other product charges applied, which may affect the net yield.

Pricing of FWHRE was temporarily placed on hold between 19 March 2020 and 21 August 2020 due to uncertainty around direct real estate valuations in the UK and material uncertainty conditionality adopted by valuers. As a result, the returns for this specific period utilised indicative pricing for FWHRE. The Fund reopened for trade on 24 August 2020 at a price of 112.79p (A class).

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Performance – Comparative calendar year returns

Calendar years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD (Aug 25)
First World Hybrid Real Estate	7.2%	6.7%	9.1%	3.3%	11.1%	6.0%	17.0%	-2.9%	-1.8%	-0.4%	6.1%
UK REITs	10.4%	-7.4%	12.7%	-13.3%	31.8%	-16.6%	28.8%	-31.6%	11.1%	-11.9%	2.9%

Source Bloomberg and Marriott

FWHRE A class (distributing), before investment management fees, based on last published price for period (YTD: 29 Aug 2025).

There may be additional IIP or other product charges applied, which may affect the net yield.

Past performance cannot be a guarantee of future performance

The Fund has performed comparatively well, and with much less volatility, especially when compared to UK REITs (as a proxy)



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Performance – Recent quarterly return analysis (GBP)

Returns – cal quarters	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 TD Aug 25
3-months	-6.0%	-2.4%	-0.9%	-0.4%	1.8%	0.4%	-0.8%	2.1%	-2.1%	2.9%	2.4%	1.9%
12-months	-2.9%	8.2%	-10.0%	-9.3%	-1.8%	0.9%	1.0%	3.6%	-0.4%	2.1%	5.4%	4.7%
5-yr annualised	6.7%	5.8%	5.1%	5.1%	5.6%	4.9%	4.3%	4.3%	3.3%	5.4%	4.7%	4.3%

Source Bloomberg and Marriott

A class (distributing), before investment management fees, based on last published price for period (Q3 TD: 29 Aug 2025).

There may be additional IIP or other product charges applied, which may affect the net yield.

Past performance cannot be a guarantee of future performance

Direct property returns are stabilising, REIT volatility remains
Longer term return guidance is 4.0% to 6.5%, in sterling



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Performance – Return composition (GBP)

Annualised returns – periods ending 31 Aug 2025	1 Year	5 Years	10 Years
Total Return	4.7%	4.3%	5.6%
Income	4.3%	4.4%	4.7%
Capital growth	0.4%	-0.1%	0.9%

Source Bloomberg and Marriott

A class (distributing), before investment management fees, based on last published price for period

There may be additional IIP or other product charges applied, which may affect the net yield.

Past performance cannot be a guarantee of future performance

Income return – predictable

Price return – based on property valuations and REIT prices



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Performance – Comparative returns (GBP)

Annualised returns – periods ended 31 Aug 2025	1 Year	5 Years	10 Years
FWHRE	4.7%	4.3%	5.6%
UK REITs	-10.7%	-0.9%	-1.2%
UK Equities	6.0%	7.0%	5.2%

Source Bloomberg and Marriott

FWHRE A class (distributing), before investment management fees, based on last published price for period

There may be additional IIP or other product charges applied, which may affect the net yield.

Past performance cannot be a guarantee of future performance

The Fund has performed comparatively well over the longer term



Property sector - long term targets

75% warehousing / 25% regional offices

Geographic

Institutional locations – sector driven

Ticket size

£5 to £25m

ESG – commercial relevance

flooding, contamination, tenant usage & energy
EPC's : 100% are A, B & C

Lease term & type

Min > 8 years unexpired term
FRI , upwards only reviews

Tenant

Low Risk CreditSafe
(rating score >60)
>£20m TNA

Rental growth

Yield

Property acquisition filter

- Clear
- Focused
- Disciplined approach



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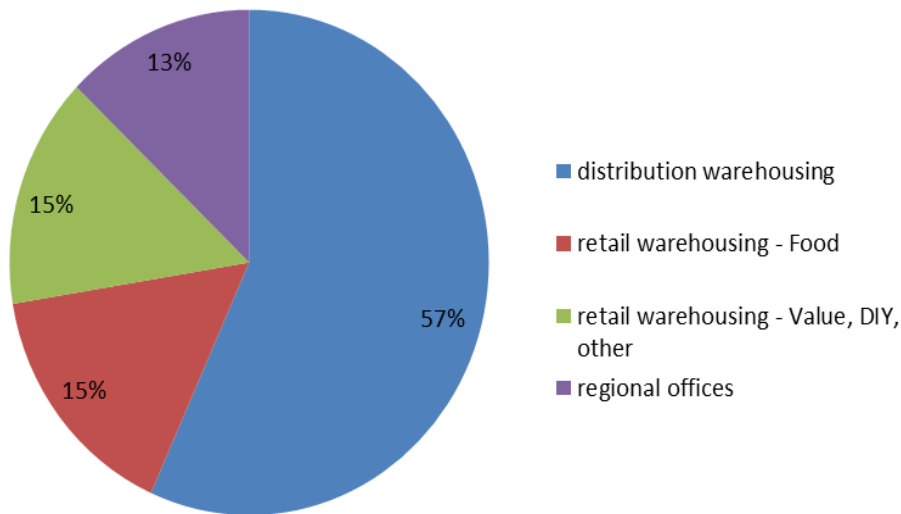
22 institutional grade modern properties



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Property type

Portfolio analysis: Aug 2025
property sector type by value



- Distribution warehousing dominant at 57% weighting
- 15% 'recession proof' food weighting
- 15% Retail warehousing tenanted by value retailers
- Decentralised, single tenanted regional offices at 13%

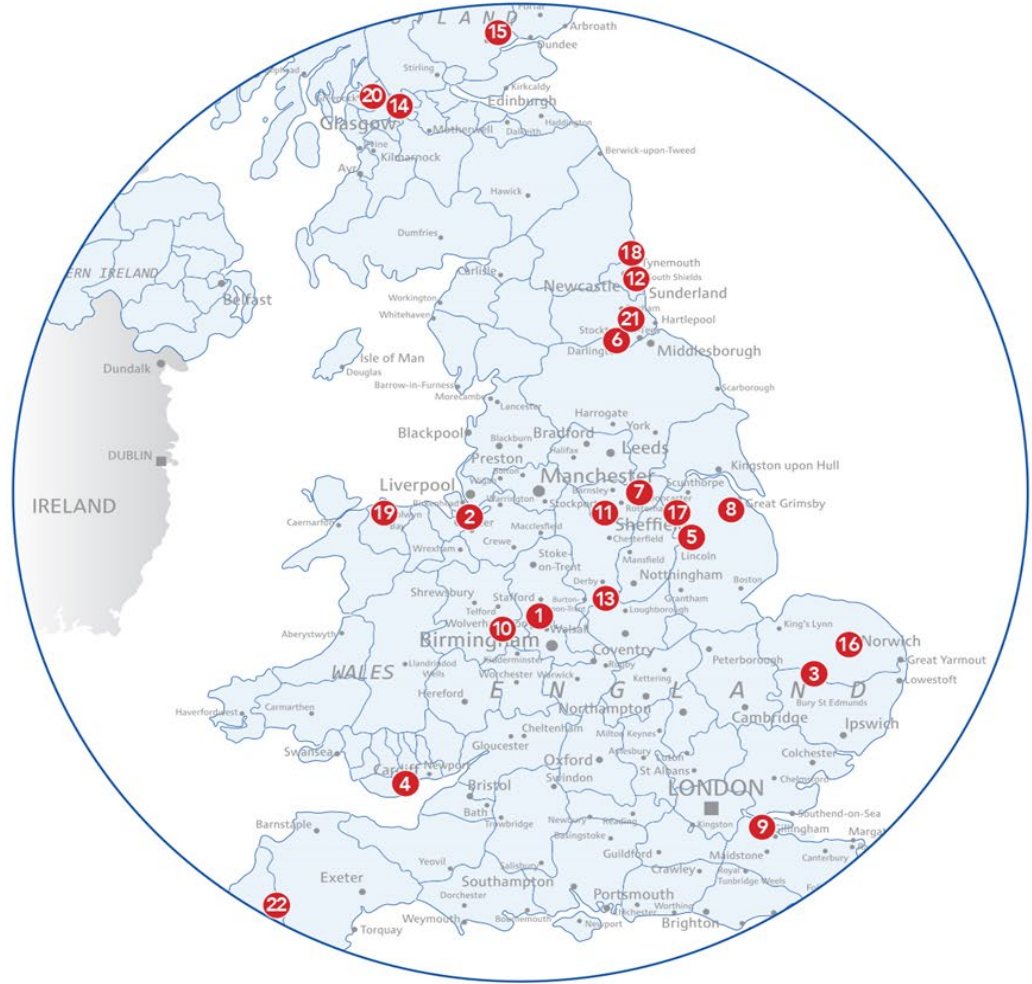
No high street retail / traditional shopping centres, leisure or student accommodation



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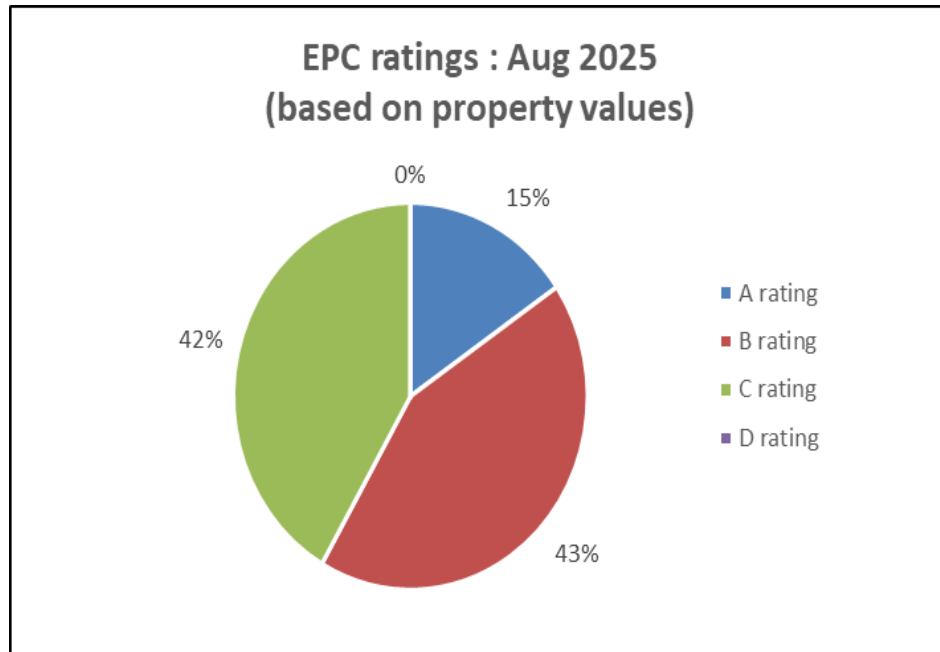
Geographical spread

- 1 Bidfood
- 2 Matthew Clark
- 3 DPD
- 4 Sheffield Insulations
- 5 Booker Cash and Carry
- 6 FPE Seals – Darlington, Durham
- 7 Keepmoat – Lakeside, Doncaster
- 8 Wickes – Grimsby, East Lincolnshire
- 9 Vanquis Bank – Chatham, Kent
- 10 Spectrum Brands – Wolverhampton
- 11 SIG – Sheffield, Yorkshire
- 12 Barratt – Gateshead, Newcastle
- 13 Sonoco – Leicester
- 14 B&M Retail – Stenhousemuir, Glasgow, Scotland
- 15 Brake Bros Limited – Dundee, Scotland
- 16 Marsh McLennan – Norwich, Norfolk
- 17 DHL Supply Chain – Bawtry, Doncaster
- 18 Sonoco – Newcastle
- 19 Marina Quay Retail Park – Rhyl, Wales
- 20 Aldi Stores and Home Bargains – Milngavie, Glasgow
- 21 North Durham Retail Park – Pity Me, Durham
- 22 Tesco – Tavistock, Devon



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ESG & Environment impact

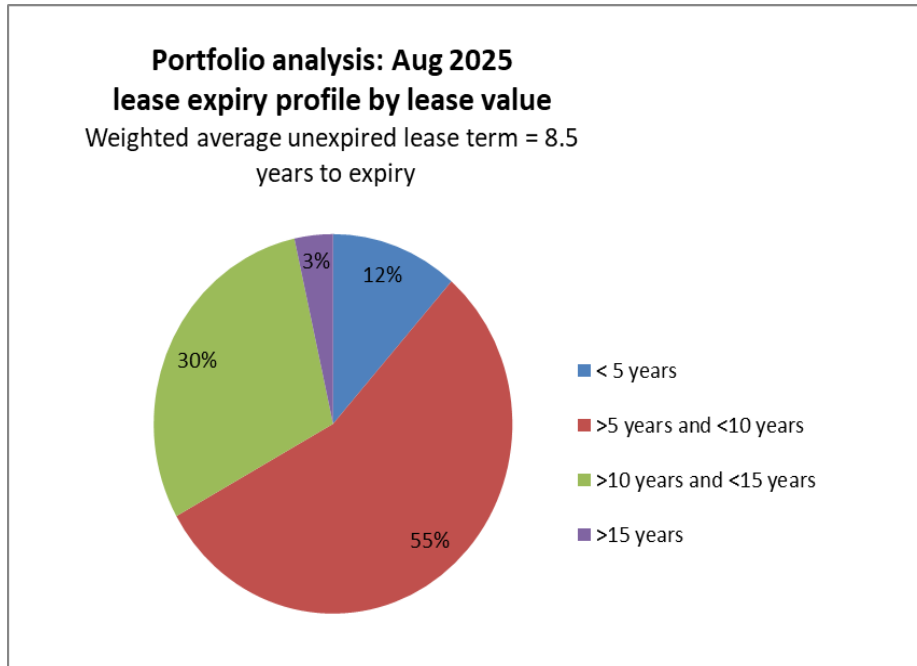


- The acquisition filter requires that consideration be given to the nature of the tenant's operations, flood risk, contamination, energy consumption etc
- EPC ratings (energy performance) are a specific area of focus
- The portfolio is well placed in terms of current ratings

ESG is integral to the Fund's acquisition and investment strategy

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Leases – well spread



- Long lease portfolio (35 leases) let on FRI leases, with upwards only rent reviews
- Portfolio fully let
- WAULT of 8.5 years to expiries, 7.7 years to tenant breaks
- Good spread with 33% of leases having 10 years or longer to expiry

Lease structure and length enhances income predictability



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Key leasing activity during FYR 2025

- **10 year lease extension** (now expires Sept 2037), with Sonoco (Leicester distribution warehouse), extending portfolio WAULT and enhancing the property valuation.
- **Removal of tenant break** with Keepmoat (Doncaster office building), extending certain term of lease by 3 years to Dec 2030, adding certainty of tenure and enhancing valuation.
- Planning approval received for **development of Burger King drive thru** at Marina Quay; **25-year lease term agreed** with circa 8% initial investment return on £1.4m capital commitment.
- **Agreement for Lease** (term also 20 years) agreed for six **EV charging points** at North Durham, **adding circa 3% income** once planning approval received and the lease commences.



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Key Rent Reviews during FYR 2025

- Rent review with Matthew Clark at the Runcorn distribution warehouse concluded, effective Dec 2024. **Rent reset at 42% increase** on the previous passing rent with positive impact on property valuation.
- Rent review with Tesco at Tavistock concluded, also effective Dec 2024. **Rent reset at 18% increase** on the previous passing rent.
- Rent review with Spectrum Brands at the Wolverhampton distribution warehouse concluded, effective Jan 2025. **Rent reset at a 28% increase** on the previous passing rent with positive impact on property valuation.

There are several meaningful leasing and rent review negotiations in progress. The outcome of these will be announced when finalised.



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Lease terms & rental upside

- **38% of leases are indexed** with either fixed or RPI linked rent reviews (including 50% of the office portfolio) ensuring increased rentals on review
- **Strong open market rental growth** in the warehousing sector, meaning that there is inherent upside in those leases that are subject to OMRRs (open market rent reviews)
- **Inherent rental upside across the portfolio is currently estimated to be 7% above current passing portfolio rent**
- There are 5 leases (comprising 20% of passing portfolio rent) where the rental is to be reset during 2025. These comprise a mix of guaranteed rental increases and OMRRs. **Rental upside is estimated at 12%**

Lease review terms and market rental growth underpin portfolio rental growth



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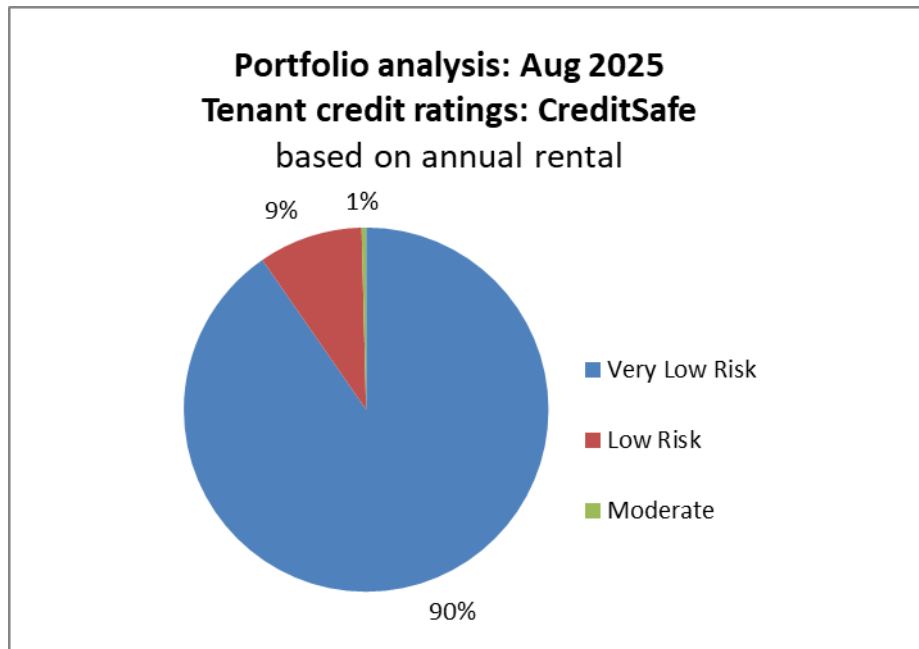
Tenants – diversified and substantial

- Sonoco 13% (2 properties) – Sonoco acquired Eviosys. Sonoco was founded in 1899, has facilities in 40 countries with revenue of \$6.6bn, and is listed on NYSE with market cap of \$4.6bn.
- DHL 10% - leading postal and logistics company, £419m tangible net assets.
- Spectrum Brands 8% - distributor of home essential brands, listed on NYSE with \$1.3bn market cap.
- Marsh 7% - global insurer, £5.5bn tangible net assets. Marsh and McLennon, the ultimate holding company is listed on the NYSE with \$107bn market cap.
- Mainly UK consumer facing businesses (no London or international head offices, no export focussed businesses and no automotive)

Tenant selection and financial standing underpins income certainty

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Strong tenants with substantial balance sheets and good credit track records



- Strong tenants - 100% of rental collected since inception
- Stringent investment criteria when acquiring a property
- Acquisition filter requires tenants to have min CreditSafe score of 60 (being midpoint in Low Risk band) & TNA (tangible net assets) of > £20m

Tenant selection and financial standing underpins income certainty



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Valuations – increase in portfolio value

Each property is routinely **independently valued** at the time of acquisition and every 6 months thereafter. This is by design with the objective of ensuring the portfolio is **fairly priced and with reduced volatility**. Valuations are also independently reviewed as at the Fund's financial year end.

Valuation summary for FYR 2025

- **47 valuation reports received – 19 were up, 22 flat and 6 were lower**
- **Net £6.6m uplift in property portfolio value**
- **3.7% increase on opening portfolio value**
- **4.5% increase in Fund's Net asset value**

Valuation uplifts due to **positive leasing outcomes and market rental growth** (rather than yield compression).

Valuation yields having stabilised, rental growth = valuation increases

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Valuations - drivers

# of Direct Property Valuations	Up	Flat/Immaterial*	Down
Q4 2022	1	10	14
Q1 2023	2	0	7
Q2 2023	2	5	2
Q3 2023 #	2	21	2
Q4 2023	0	9	1
Q1 2024	0	9	1
Q2 2024	0	10	3
Q3 2024 #	1	19	3
Q4 2024	1	10	0
Q1 2025	2	8	0
Q2 2025	2	9	1
Q3 2025 # (2 months to 31 Aug)	3	17	2

Source: Marriott

*Within 3% of previous valuation #Fund financial year end

- **£2.675m (13%) increase** at Leicester distribution warehouse - lease ext and increase in market rentals
- **£1.3m (10%) increase** at Wolverhampton distribution warehouse - rent review outcome
- **£1.245m (22%) increase** at Runcorn distribution warehouse - lease ext and rent review outcome
- **£1.125m (5%) increase** at Doncaster distribution warehouse - rental being driver again
- **£270k (10%) increase** at Doncaster office - removal of tenant break

Yield compression is expected as interest rates fall and the firming property cycle gathers momentum.

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Property portfolio debt

- Barclays and HSBC debt refinanced, both for 3 years (plus 2 by 1 year extensions) and at reduced margins of 1.75%.
- Term loans total £74.07m. In addition, the £6m of £9m Revolving Credit Facility (RCF) with HSBC is drawn down and £4m of the £5m RCF with Barclays is drawn.
- Loan-to-Value (LTV) across property portfolio is 45% (approx. 39% on Fund basis), well below the bank maximum of 60%.
- WA (Weighted Average) all in cost, inc. RCF reserving, is circa 4.8%, with an Interest Cover (IC) ratio of circa 3.1 times.
- Board policy is for 50% and 75% of the debt to be hedged. There are 5 interest rate swaps (£51.8m), 70% of the term debt. The WA term to expiry of the swaps is 3.7 years, with a WA fixed interest rate of 2.4%

Debt funding has enhanced portfolio returns

Hedges increase predictability of income yield for investors

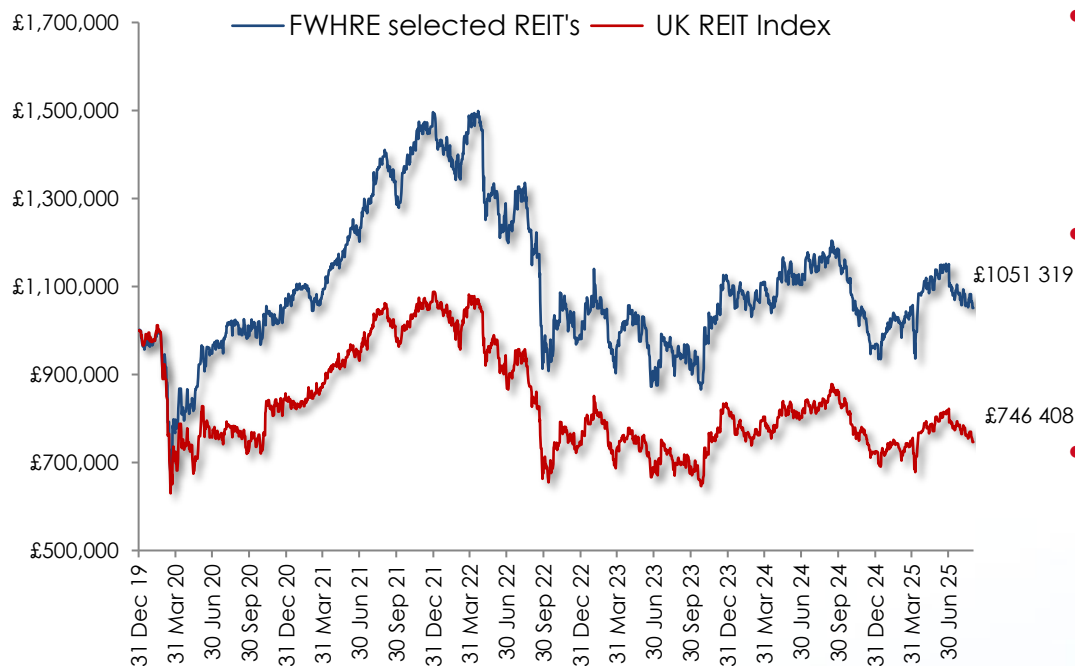
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Our REIT selection - large warehousing dominant REITs



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REITs - large warehousing dominant



Source: Bloomberg & Marriott

- Held for **liquidity** - pricing volatile and interest rate sensitive
- **REIT prices are expected to respond positively as interest rates come down.**
- REITs held by the Fund have **performed comparatively well** – supports the type of property selected by the Fund

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Liquidity & Redemptions

- **Liquidity target levels**

- The targeted Minimum Liquidity Level (MLL) is 25%, reviewed quarterly based on market conditions, redemption trends and expectations.

- **Flows and actual liquidity**

- Inflows for FYR 2025 were £4.4m while redemptions were £24.8m, circa 17% of NAV.
- By comparison, 2024 FYR inflows were £7.6m while redemptions were £22.5m and for 2023 FYR inflows were £15.1m while redemptions were £17.2m
- Current liquidity is circa 18%.

- **Gating and suspension provisions**

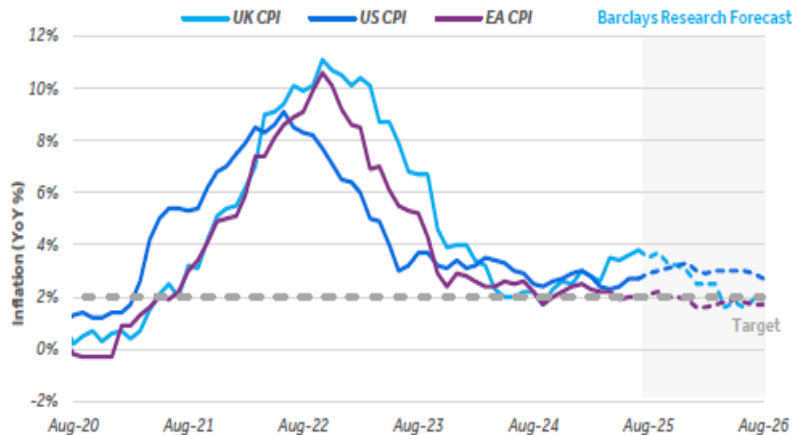
- As with all open-ended funds, there are standard provisions to deal with extraordinary circumstances in order **to protect the interests of all investors**.
- Gating – maximum weekly redemption is 5% of shares in issue, excess c/f.
- Suspension circumstances - where pricing is not reflective of underlying property valuations or where not practical to realise an investment.



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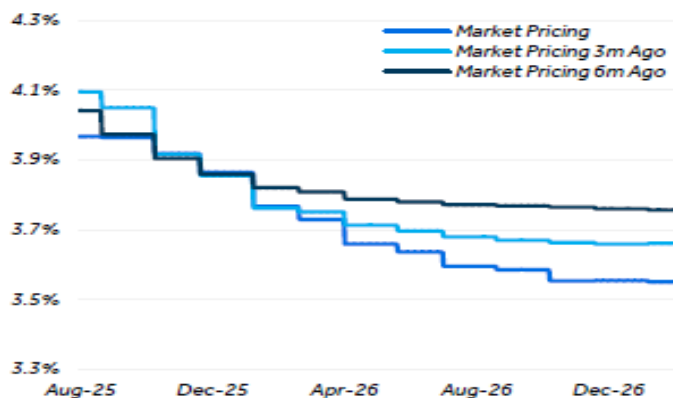
Inflation outlook, interest rates and property investment

Inflation Outlook



Source: Barclays Research & Bloomberg as of 29th August 2025.

Short End Market Pricing – SONIA



- Inflation has fallen and the **outlook is for a return to 2% target levels.**
- There have now been 4 x 25bps interest rate cuts since 1 August 2024, and **further cuts are expected.**
- **REITs** prices have firmed during 2025 but are still seen to **offer good value**
- Direct property valuation yields have stabilised, and **property values are benefiting from rising rents levels.**
- Lower interest rates are expected to result in yield compression, resulting in **valuation tailwinds.**

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Quality, Defensive, Dividends

- UK is a **1st world economy** with **entrenched property rights** and **good levels of governance and transparency**.
- The Fund is structured to offer better **liquidity and pricing certainty** than typical direct property investments but with **less volatility** than publicly quoted and traded property, this with the **comfort of a Regulated Fund**.
- The Fund remains **well positioned** due to the **type of properties selected, the structure and length of the leases**, and the **nature and financial strength of the tenants**.
- The Fund's leases and tenant strength can be expected to underpin a **robust dividend yield in Sterling**.



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Return expectations

LONGER TERM 4.0% to 6.5% pa (in Sterling)
underpinned by:

- **Reliable rental income** from long leases underpinned by strong financial covenants
- **Portfolio rental growth to continue**, underpinned by RPI linked leases and upcoming open market reviews with inherent rental upside

SHORT TO MEDIUM TERM returns likely to be better
underpinned by:

- A Year-to-date return (first 8 months) of 6.1%
- Further cuts in **interest rates** will be supportive of yield compression and property pricing (both REITs and direct property), **enhancing longer-term return expectations.**



Before making a decision about investing, you should read the following information and make sure you are comfortable.

All investment involves risk. Past performance is not necessarily a guide to future performance. The value of investments can go down as well as up and investors may not receive back the original amount that they invested. Where investment is in a different currency, movements in exchange rates can have an effect that is unfavourable as well as favourable.

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