

First World Hybrid Real Estate

Inflection point – repricing behind us,
opportunity ahead

July 2025



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Inflection point – repricing behind us, opportunity ahead

What we said in February?

“We remain confident and expect attractive returns from the Fund in the years ahead”



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Why we see opportunity ahead

1. Inflation and interest rates

- **Expectation of lower interest rates has materialised** (4 x 25 bps) cuts since Aug 24 peak, now 4.25%
- **Consensus of further cuts from here**

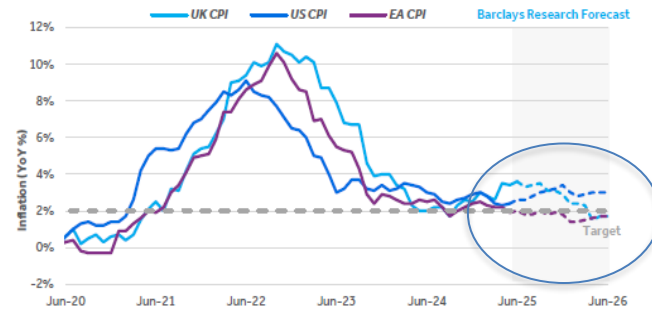
2. Debt refinanced

- Reduced banking margin – **now 175 bps**
- Additional Revolving Credit Facility
- Effective 5-year terms

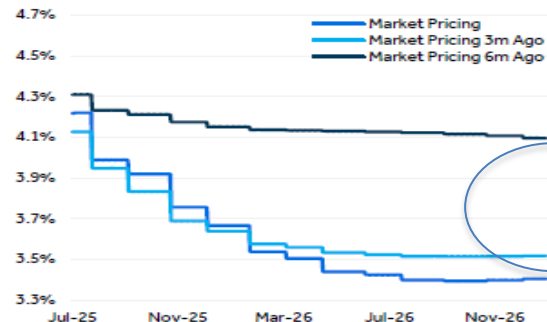
3. Hedging

- Market volatility presented opportunity to take out 3 short term interest rates swaps (ave swap rate of 3.8%)
- **70% of term debt now fixed for average 3.8 years**

Inflation Outlook



Short End Market Pricing – SONIA



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Why we see opportunity ahead

REITs are offering good value

REITs	Dividend Yield		Discount/NAV Dec 2024
	Dec 2024	Historic Average (10yr)	
Big Yellow	4.7%	3.3%	-25.6%
LondonMetric	6.2%	4.5%	-9.4%
Segro	4.0%	4.3%	-1.8%
Tritax Big Box	5.7%	4.3%	-25.2%
Urban Logistics	7.4%	5.2%	-35.4%
Average	5.6%	4.0%	-23.1%

Attractive Valuations

As at 31st December 2024

Source: Bloomberg & Company Financials

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Why we see opportunity ahead

REITs are offering good value

REITs

Dividend Yield

Discount/NAV

Big Yel

Londo

Segro

Tritax B

Urban

- **2025 REIT returns have been strong**

- Approx £3.2 capital upside
(6 months to June 2025)
- Adding 2.3% to Fund NAV

Average

5.6%

4.0%

-23.1%

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Why we see opportunity ahead

REITs are offering good value

REITs

Dividend Yield

Discount/NAV

Attractive REIT Valuation

	Dec 2024	June 2025
Dividend Yield	5.6%	5.2%
Discount to NAV	-23.1%	-19.8%

Average

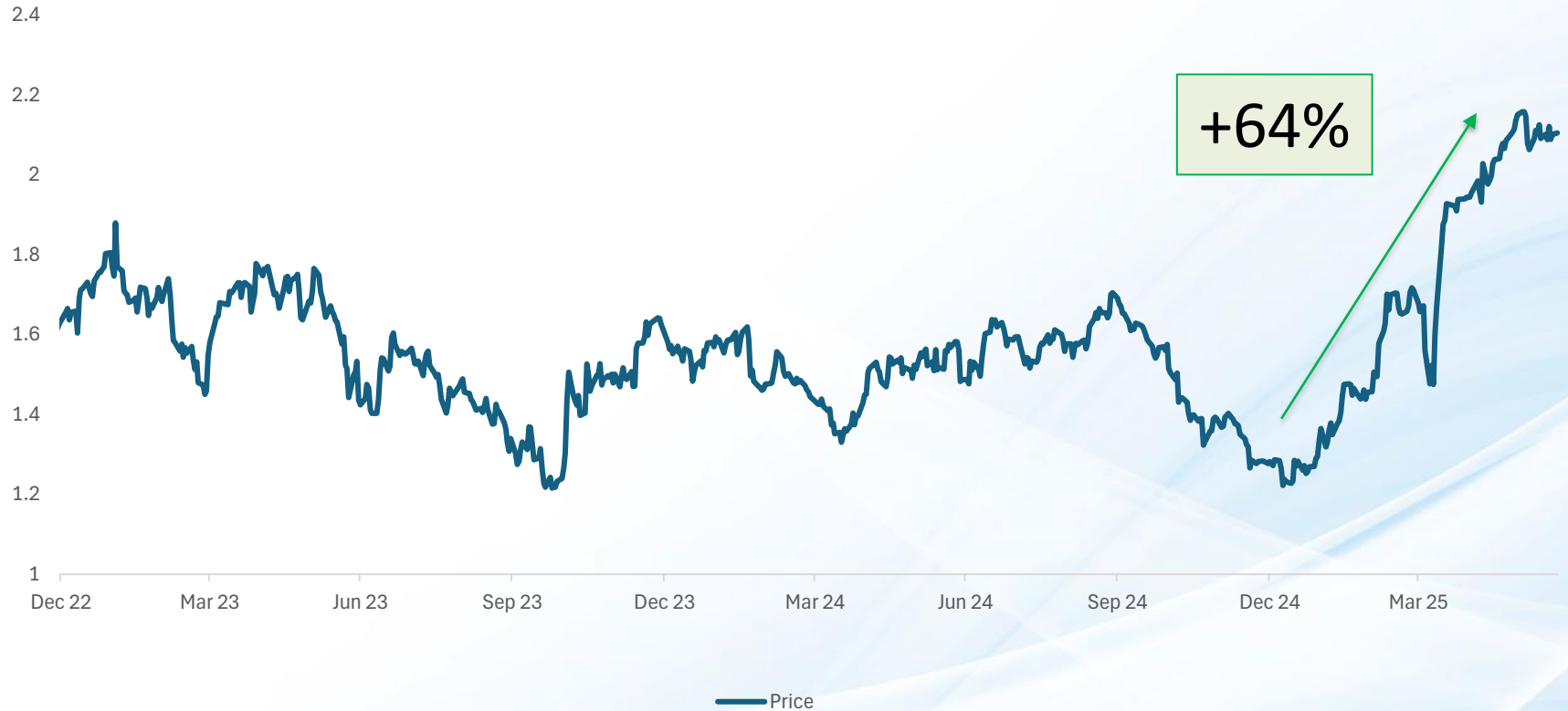
5.6%

4.0%

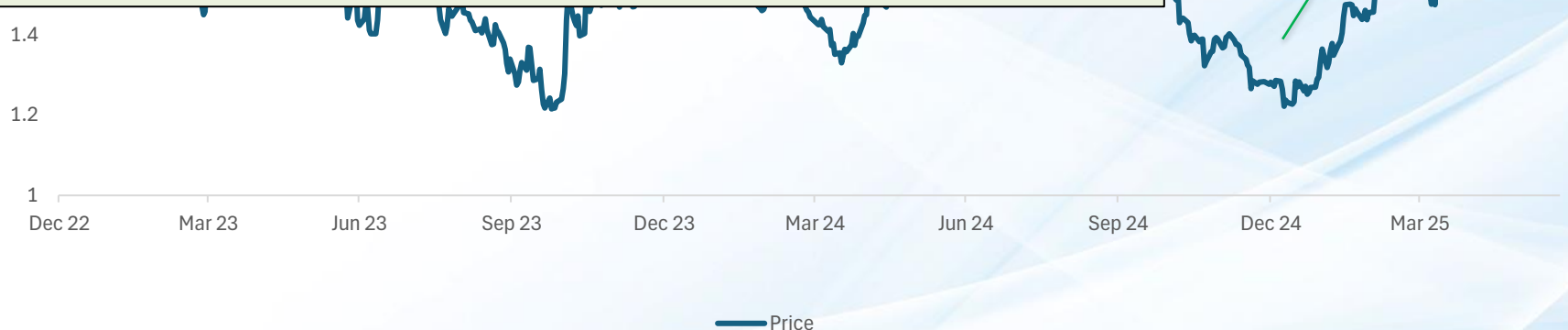
-23.1%

As at 31st December 2024 / 30 June 2025

Source: Bloomberg & Company Financials



- LondonMetric acquired Urban Logistics in a share and cash deal
- Price
 - 27% above 30 day VWAP Price
 - Close to Net Asset Value (NAV)
- Astute buyer paying up for value suggesting these discounts are unsustainable
- Indicative of a firming cycle



+64%

Price

- Yields & discounts to NAVs **remain compelling**
- Lower interest rates will likely be catalyst
- **Good runway ahead**

Attractive REIT Valuation

	Dec 2024	June 2025
Dividend Yield	5.6%	5.2%
Discount to NAV	-23.1%	-19.8%

Average

5.6%

4.0%

-23.1%

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Direct Property Portfolio – Increased valuations, some real examples

Direct Real Estate Holdings

+ Distribution Warehouse

+ Offices

+ Retail Warehouse



Distribution Warehouse

- 1 Bidfood
- 2 Matthew Clark
- 3 DPD
- 4 Sheffield Insulations
- 5 Booker Cash and Carry
- 6 FPE Seals
- 10 Spectrum Brands
- 13 Sonoco Metal Packaging
- 15 Sysco GB
- 17 DHL Supply Chain
- 18 Sonoco Promotional Metal Packaging

Offices

- 7 Keepmoat
- 9 Vanquis Bank
- 11 SIG
- 12 Barratt
- 16 Marsh McLennan

Retail Warehouse

- 8 Wickes
- 14 B&M Retail
- 19 Marina Quay Retail Park
- 20 Aldi Stores & Home Bargains
- 21 North Durham Retail Park
- 22 Tesco



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Increased Valuations: Leasing & asset management initiatives and rental growth



Doncaster office property let to Keepmoat

- Property Valuation:
 - **£270k increase** in property value (Feb 25), **9.5% up**
- Driver:
 - **Removal of tenant break**
- Key feature:
 - High specification office accommodation, used as national headquarters by Keepmoat
 - Lease has 5 ½ years remaining



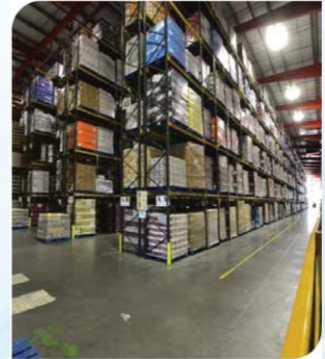
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Increased Valuations: Leasing & asset management initiatives and rental growth



Doncaster warehouse let to DHL

- Property Valuation:
 - **£325k increase** in property value (April 25), **1.5% up**
- Driver:
 - **Increase in valuer's opinion of market rental**
- Key feature:
 - 272 399 sqft distribution facility located 3.7 miles from the A1
 - Leased to DHL with 5 ½ years remaining



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Increased Valuations: Leasing & asset management initiatives and rental growth



Leicester warehouse let to Sonoco

- Property Valuations:
 - **£1.150m increase** in property value (Feb 25), **5.8% up**
 - **£1.275m increase** in property value (June 25), **6.0% up**
- Drivers:
 - 10-year **lease extension**
 - **Increase in valuer's opinion of market rental**
(following unsolicited buyer interest in the property)
- Key feature:
 - 183 267 sqft distribution warehouse located in Golden Triangle, 2.5 miles from the M1
 - Leased to Sonoco, global leader in packaging, with 12 years remaining



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Increased Valuations: Leasing & asset management initiatives and rental growth



Runcorn warehouse let to Matthew Clark

- Property Valuation:
 - **£520k increase** in market value (June 25), **8.3% up**
- Driver:
 - **Better rent review outcome** than valuer's opinion of market rental achieved
- Key feature:
 - 53 023 sqft distribution warehouse in Liverpool
 - Leased to Matthew Clark with 9.4 years remaining

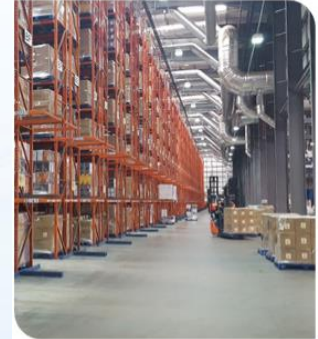


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Increased Valuations: Leasing & asset management initiatives and rental growth

Wolverhampton warehouse let to Spectrum Brands

- Property Valuation:
 - **£1mil increase** in property valuation (July 25), **7.7% up**
- Driver:
 - **Better rent review outcome** than valuer's opinion of market rental achieved
- Key feature:
 - 131 984 sqft distribution warehouse
 - Leased to Spectrum Brands with 4.6 years remaining



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Increased Valuations: Leasing & asset management initiatives and rental growth

- It is significant that these valuation increases are **NOT** due to yield compression but rather the result of leasing & asset management initiatives and rental growth.
 - Valuation upside (YTD 2025) = £4.122m
 - 2.3% on property portfolio value at 1 Jan 2025
 - Adding 2.9% to Fund NAV



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Why we see opportunity ahead

- Prospect of yield compression remains real and will boost Fund returns

- For example, on a 5.5% property:
 - A relatively modest 25bps ↓ in property yield = 4.5% ↑ in capital value,
 - A 50 bps ↓ in property yield = 9.5% ↑ in capital value
- Lower interest rates, as expected, will be the trigger to these tailwinds.

- In the interim:
 - Buyers are returning
 - Transaction volumes are picking up
 - Good confirmation of a firming property cycle



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Return expectations

LONGER TERM GROSS return 4.0% to 6.5% pa (in Sterling):

- 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
- Portfolio rental growth
 - 5 rent reviews in 2nd half 2025
 - 20% of portfolio rental
 - 12% average rental upside expected from these reviews
 - Approx 7% inherent rental upside across the portfolio

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Return expectations

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- 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:

- A Year-to-date return (first six months) of 5.3%
- The expectation of lower interest rates which will be supportive of yield compression and property pricing (both REITs and direct), enhancing these longer-term returns expectations.



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Historical comparative calendar year returns

Calendar years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD (27/6/25)
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%	5.3%
UK REITs	10.4%	-7.4%	12.7%	-13.3%	31.8%	-16.6%	28.8%	-31.6%	11.1%	-11.9%	12.2%

The Fund has **performed comparatively well** and with **much less volatility than UK REITs**.

The Fund has **exceeded long term guidance in 5 of the last 10 years**

With a **5.3% return for the first 6 months**, the Fund is **well positioned to produce a good outcome for 2025**.

Yield compression is expected as the property cycle gathers momentum bringing property return tailwinds, with double digit returns possible again.

Thank You





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FIM Capital Ltd have been appointed as Manager of the Fund, and are regulated by the Isle of Man Financial Services Authority. Copies of the offering document, financial statements and constitutional documentation for the Fund can be obtained from their address, 55 Athol Street, Douglas, Isle of Man IM1 1LA