



UK Residential Factsheet

1. Rationale and objective

Investment returns on residential property in the UK have historically produced strong returns, whilst also providing diversification away from UK equities, bonds as well as the commercial property sector. In addition, residential investment returns do not exhibit the same volatility attributed to other property and non-property investments.

In the medium to long-term, strategies can realise reliable performance comprised of income yields and capital growth, for example in leased residential units, whilst the off plan development of residential property can also produce capital gains in opportune markets.

The objective of the UK Residential Sub-fund is to develop an opportunistic diversified portfolio consisting of a range of directly or indirectly held complimentary assets, many of which would be outside the realm of assets normally available to the individual investor.

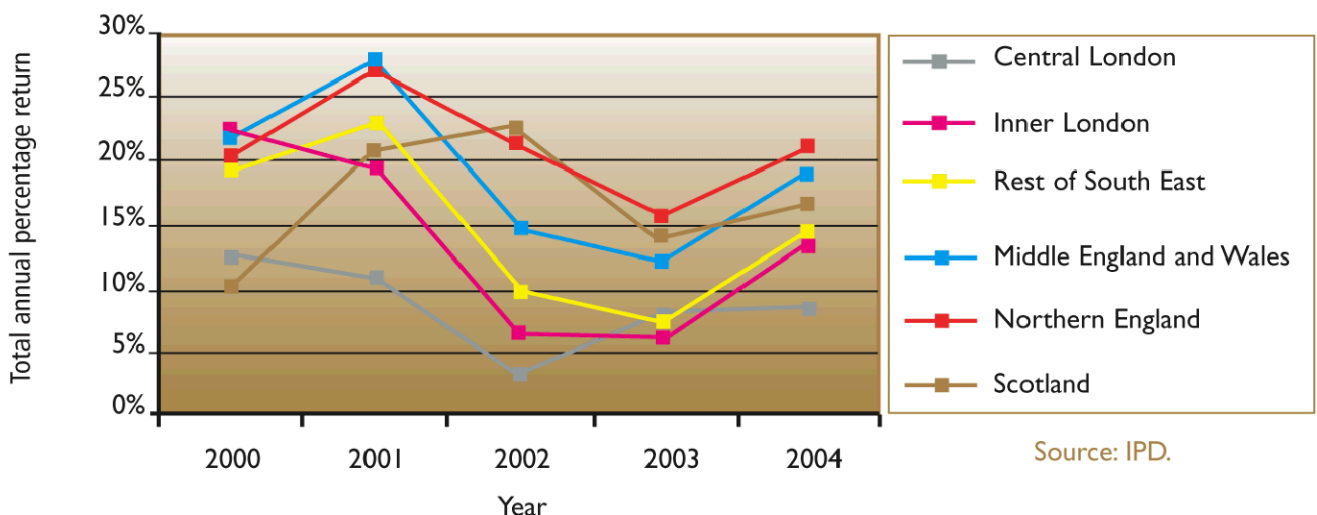
2. Current assets

An investment in the UK Residential Sub-fund option offers an opportunity to participate in a diversified pool of directly or indirectly held UK residential property assets that may include:

- Off plan developments
- Leased residential units
- Serviced accommodation
- Property companies primarily focused on UK residential property
- Long term care property
- Student accommodation
- Apart hotels

3. Performance

Whilst it is impossible to predict the future performance of a particular asset or group of similar assets types, investment in UK residential property has produced positive performance over many years. However growing demand for housing due to organic population growth, inward migration and transient employment/living patterns result in regional variations as demonstrated in the chart below. According to the IPD UK Residential Index over the four years ending 2004, the total annualised return was +13.9% pa whilst an investment in such markets also provided increased investment portfolio diversification.



4. Property expertise

Colliers Capital UK Limited

Colliers Capital, a wholly owned subsidiary of Colliers CRE plc, has been appointed to provide property advisory and management services to the Fund. They are one of the UK's leading real estate advisory organisations and are a member of Colliers International, a global alliance having:

- Over 50 independent property consultancies with 248 offices in 51 countries
- Collectively over 9000 people in employment
- Approximately 63 million square metres under property management



In 2004 Colliers International was the third largest property consultant in the world with an aggregate turnover of US\$1.17 billion.

DTZ Debenham Tie Leung Limited

DTZ Debenham Tie Leung Limited ("DTZ") is a member of the DTZ Holdings plc Group, which is listed on the London Stock Exchange.

They are one of the world's largest property advisory companies, covering all aspects of commercial and residential property.

DTZ is the property valuer to the Fund, and valuations provided by them, along with the valuation of other Fund assets, will form the basis of the share price.



5. Corporate structure

Constituted in the Isle of Man as an Open Ended Investment Company (OEIC)

Custodians: The Royal Bank of Scotland Trust Company (IOM) Limited - regulated in the IOM

Auditors: KPMG Audit LLC - regulated in the IOM

Administrators: Abacus Financial Services Ltd – regulated in the IOM

Investment Managers: Capital International Limited

Listed on the Channel Islands Stock Exchange (CISX)

6. Investment options and dealing

a). The Growth Option

- 100% of the subscription is applied to purchase shares
- Designed for clients looking for diversity and growth within a balanced portfolio
- Redemption Penalty from 9% reducing over 5 years at a rate of 0.45% per quarter to 0% at the start of year 6
- Monthly dealing on the first day of each month
- Penalty free withdrawals of up to 7.5% pa available
- Minimum investment: £10,000: \$15,000: €15000 reduced to £5,000, \$7,500 & €7,500 via portfolio bond

b). The Enhanced Option

- 110% of the subscription is applied to purchase shares
- Designed for clients looking to move away from distressed investments such as WPB's
- If redeemed within 6 years, the cost of the additional 10% allocation is clawed back on a pro rata basis
- Redemption Penalty from 9% reducing over 5 years at a rate of 0.45% per quarter to 0% at the start of year 6
- Monthly dealing on the first day of each month
- Penalty free withdrawals of up to 5% pa available
- Minimum investment: £10,000: \$15,000: €15000 reduced to £5,000, \$7,500 & €7,500 via portfolio bond