First World Hybrid Real Estate Plc

31 March 2025

MARRIOTT INVESTMENT MANAGERS

This Mandatory Disclosure Document (MDD) provides investors with key information that is intended to assist the investor in understanding the nature and risks of investing in this fund.

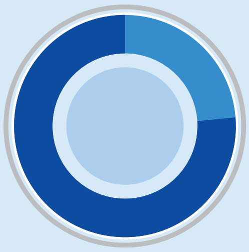
How This Fund Works

First World Hybrid Real Estate Plc ("FWHRE") is a real estate investment company that invests in a combination of primarily direct real estate and listed real estate investment trusts ("REITS"). All direct real estate is located in Great Britain and is predominantly distribution and warehousing in nature. Tenants are large, multinational and/or listed companies with strong financial ratings. The weighted average unexpired lease term of the portfolio is more than 9 years. All leases are fully repairing and insuring and tenants are therefore responsible for paying all operating costs.

FWHRE provides investors with reasonable liquidity and transparent pricing, two criteria that are not often found in direct property investments. The Company is a Regulated Fund in the Isle of Man and is subject to the Collective Investment Schemes Act 2008. It is managed by FIM Capital Limited ("FIM Capital") who is regulated by the Isle of Man Financial Service Authority and the UK Financial Conduct Authority. FWHRE is listed on The International Stock Exchange and is subject to the exchange's listing rules. The fund is regulated in terms of the Isle of Man Collective Investment Schemes (Regulated Fund) Regulations 2017. The fund is approved for sale in South Africa by the Financial Sector Conduct Authority (FSCA).

Direct Real Estate

- UK commercial real estate, yielding approximately 6.1%
- Weighted average remaining lease term of 9.0 years
- Each property is independently appraised at least twice per annum on a rolling basis, therefore less volatile pricing



Listed REITs

- UK listed REITs yielding approximately 5.4%
- Priced on stock market, therefore readily traded and liquid
- Pricing volatility
- Primarily to provide liquidity for redemptions

Fund Objective and Investment Approach

The objective of the fund is to generate a reliable, predictable and growing income primarily though investment in certain kinds of direct real estate, listed Real Estate Investment Trusts, property investment companies and money market instruments.

Key Features

Fund Classification (ASISA)	Real Estate - General
Inception Date (Class A)	14 December 2013
Base Currency	GBP
Minimum Initial Investment	£10,000
Minimum Additional Investment	n/a
Distribution Declaration (Class A)	Quarterly
Distribution Payment Dates (Class A)	Within 1 month of declaration
Instruction Cut-off	17h00 on weekly valuation day
Fund Valuation Frequency	Weekly
Risk Category	Moderately Aggressive

Low Medium High

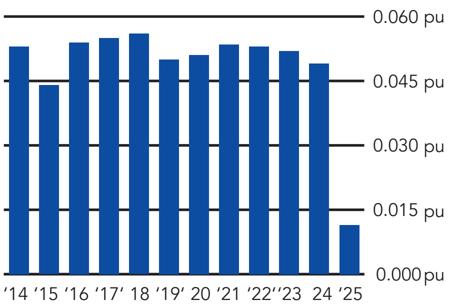
This fund aims to provide a reliable, predictable and growing income stream with low capital volatility. It aims for low to moderate growth on invested capital.

Fund Information

Registered Name	First World Hybrid Real Estate Plc
Fund Size	£134,376,805
Value of direct real estate:	£182,510,750
Value of external debt:	£79,068,720
Current loan to value of direct real estate:	43.3%
Distribution	£0.0115 per share Class A
Price (NAV) as at the last pricing date of the quarter	
Class A	£1.0977
Class B	£1.4624
Class C – LISP only	£1.4146

Distributions Since Inception Class A

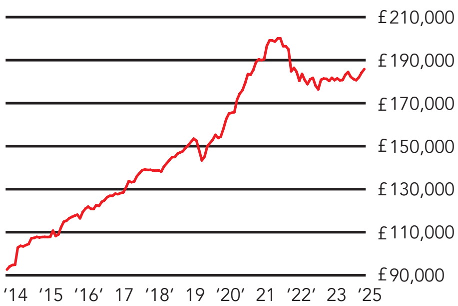
(Paid quarterly in pounds sterling per unit)



Source: Marriott

Total Returns Since Inception Class A

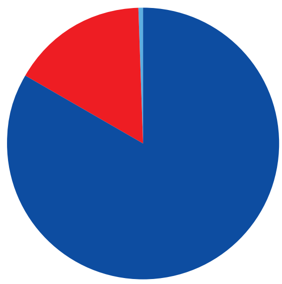
(Assuming £100,000 invested at inception)



Source: Marriott

Current Net Asset Allocation

- Direct Real Estate 83.5%
- REITS 16.0%
- Int Money Market 0.5%



Source: Marriott

Fund Limits and Constraints

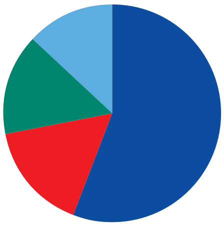
The fund endeavours to be fully invested in a combination of direct real estate and listed real estate investment trusts ("REITS")and reports in GBP.

Portfolio Analysis:

Property Sector Type by Value

LT Target: 75% Warehousing, 25% Regional Offices

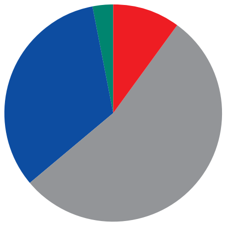
- Distribution Warehouse – 56%
- Retail Warehouse - Food – 16%
- Retail Warehouse - Value, DIY, Other – 15%
- Regional Offices – 13%



Lease Expiry Profile by Value

WAULT Target >10 yrs, Actual = 9.0 yrs (8.2 to TOBs)

- <5 years – 10%
- >5 years and <10 years – 54%
- >10 years and <15 years – 33%
- >15 years – 3%



Performance (£): Class A & B

Net of all fees and expenses, excluding the Investment Management Fee.

Annualised (pa)	1 year	5 years	10 years	Since Inception (14/12/2013)
Income Return	4.3%	4.5%	4.8%	4.8%
Price Return	-2.2%	0.8%	0.9%	0.8%
Total Return	2.1%	5.3%	5.6%	5.7%

Performance (£): Class C (LISP only)

Net of all fees and expenses, including the Investment Management Fee.

Annualised (pa)	1 year	5 years	Since Inception (15/10/2018)
Price Return	1.6%	4.9%	4.2%
Total Return	1.6%	4.9%	4.2%

Source: Marriott

For periods longer than 12 months annualised performance figures are used. An annualised performance figure represents the compounded average return in percentage terms earned by the fund over the given period of time. Returns from 13 March 2020 to 24 August 2020 are calculated using the Fund's indicative published prices, as a consequence of the temporary hold on pricing and weekly trading of the Fund's shares during that time. Please note that while the Class B Total Return is the same as that of Class A, Class B is an accumulating class and therefore no income is declared or distributed.

Fees and Charges

Total Expense Ratio of the fund 1.35% (Class A)**
1.35% (Class B)**
1.85% (Class C LISP only)

Transaction Costs 0.89% per annum (includes the effective cost of direct property acquisition amortised over a 10 year period)

Advisor Initial Fee maximum 3%

Marriott Initial Fee 0%

Advisor Annual Fee maximum 1%

Investment Management Fee
Costs are based on a sliding scale for Class A and Class B (right) depending on investment size.
This fee is excluded from the TER.
Class C investment management fee is 0.5% and is included the TER.

Investment amount	Total investment management fee per annum, excluding VAT* (Class A and B)
£10,000 – £49,999	0.75%
£50,000 – £99,999	0.70%
£100,000 – £249,999	0.65%
£250,000 – £499,999	0.60%
£500,000 – £999,999	0.55%
£1m – £1,999,999	0.50%
> £2m	0.45%

* For clients based outside of the EU the investment Management Fee does not attract Isle of Man VAT (20%).

** Excludes investment management fee

Total Expense Ratio (TER):

The TER of FWHRE comprises its operating costs. It is not comparable to normal unit trusts which are investment holding entities that generally have no distinct operations. In contrast, FWHRE must manage a direct property portfolio, have the properties valued and incur costs of a normal operational company.

The TER of FWHRE includes the following expenses: property management, fund administration (accounting and regulatory), Custodian fees (as required by the Collective Investment Scheme regulations), audit fees, regulation, listing & license fees, directors fees & expenses, professional fees, property valuation fees, insurance, and other smaller, miscellaneous operating expenses such as bank fees.

Transaction Costs (TC):

Transaction costs of FWHRE include the costs of purchasing and selling REIT's within the portfolio (approximately 0.2%) as well as the costs of acquiring direct property. As a result of the latter, the TC of FWHRE is not comparable to the TC of a normal unit trust. The costs incurred in acquiring direct properties comprise predominantly Stamp Duty, which is a legislated tax in the UK levied at an effective rate of close to 5% on the value of property purchased. This is an unavoidable cost of acquiring properties and is incurred by all REIT's in the UK. The residual acquisition costs are less significant, and comprise the fees of the broker and various professionals involved in the transaction. Since 2016, acquisition costs are initially capitalised and subsequently amortised over a 10 year period. Had they been expensed fully in the year of acquisition, the TC would be 0.40%.

Fund Codes

Share Class	ISIN	SEDOL	Bloomberg ID
Class A - Distributing	IM00BZ1F5F87	BZ1F5F8	FWHREPP:IO
Class B - Accumulating	IM00BFXBM318	BFXBM31	FWHREBG:IO
Class C – Accumulating (LISP only)	IM00BFXBM425	BFXBM42	FWHRECG:IO

Liquidity and Redemptions

FWHRE invests approximately 75% of its portfolio in direct real estate which can only be realised in the medium to long term. Whilst the Fund also invests in listed REIT's to provide a reasonable level of liquidity, in certain circumstances it may be appropriate to limit redemptions to ensure the interests of existing shareholders are protected at all times. Consequently, the Offering Document allows the manager to limit the weekly redemptions to a maximum of 5% of the Fund, and also allows for the suspension of all redemptions where, at the discretion of the manager, it is considered to be in the best interests of investors. For further information, please refer to the Offering Document.

Portfolio Review

Despite elevated global uncertainty, the UK property market remains resilient and the overall outlook for property, and the First World Hybrid Real Estate Plc (FWHRE or Fund), is positive. This is evidenced in the performance of the Fund's direct property portfolio and the listed REITs held by the Fund which have both contributed positively to the Fund's returns during Q1 2025.

Direct Property – strong fundamentals underpinning performance

The Fund's direct properties continue to perform well: the portfolio remains fully tenanted, 100% of the rent due for Q1 2025 has been collected, leases are being extended by tenants, and there is encouraging rental growth. These are the fundamentals that drive property performance.

The following leasing outcomes were achieved during Q1 2025:

- The rent review with Matthew Clark at the Runcorn distribution warehouse was concluded, effective Dec 2024, resulting in the rental being reset at £446 158pa, a substantial 42% increase on the previous passing rent. This can be expected to impact positively when the property is revalued again in June this year.
- The rent review with Tesco at Tavistock was concluded, also effective Dec 2024, at £599 504pa, a meaningful 17.8% increase on the previous passing rent.
- The rent review with Tim Hortons at Stenhousemuir was also finally concluded, a £85 000pa, a 13% increase on previous passing rent. This is backdated to May 2023.
- The removal of the tenant break in favour of Keepmoat (Doncaster office building) was negotiated, extending the certain term of this lease by 3 years to Dec 2030, adding certainty of tenure and a £270k (9%) upliftment in the property's valuation

These are positive, value-enhancing leasing outcomes. There are a further six lease reviews due in 2025, representing 27% of total portfolio rental. Approximately 13% rental upside is expected from these rental resets. Discussion is also being held with several tenants around extending their leases.

During the past 3 months there were 10 routine property valuations which comprised 38% of the portfolio by value. The net increase was £1.35m, which is 2% average upside on those properties valued and contributes 1% upside to the Fund's net asset value. This trend is positive and entrenches what has been seen in the prior quarter. It is also important to note that the increases in value are driven by rental growth and leasing outcomes, rather than yield compression. Indeed, there is good evidence of yields having stabilised and increasing market commentary of early signs of yield compression, which augurs well for future valuation upside and pricing tailwinds.

The chart below shows these recent valuations:

Property	Valuation Date	Valuation Change
Barratt, Gateshead	1 January 2025	flat
B&M Tim Hortons, Stenhousemuir	19 January 2025	flat
DPD, Snetterton	30 January 2025	- £125k
SIG Sheffield	31 January 2025	flat
Eviosys, Leicester	1 February 2025	+ £1 150k

Property	Valuation Date	Valuation Change
Keepmoat, Doncaster	5 February 2025	+ £270k
Tesco, Tavistock	9 February 2025	+ £50k
Marsh, Norwich	13 February 2025	-£18k
SIG, Cardiff	3 March 2025	flat
FPE Seals, Darlington	23 March 2025	+ £20k

Source: **Marriott**

The Fund's direct property portfolio is well placed, let to financially robust tenants on long leases, where the tenants pay all operating costs such as insurance, maintenance and rates. The weighted average unexpired lease term is 9 years exactly, which adds to the certainty of rental income.

Listed REITs – as expected, prices have firmed

In our previous update (dated 28 February 2025) we noted our view that REITs were attractively priced, based on their dividend yields and the significant discounts to their underlying net asset values that they were trading at, and were well-positioned for price recovery. We are pleased to report that REIT prices have indeed firmed during the past quarter, with a £1.8m gain (8.2% on opening REIT portfolio value) and contributing approximately 1.3% to the Fund's net asset value. We remain of the view that the Fund's REITs continue to offer good value.

Below, we highlight the attractive valuations as of the 31 March 2025 of the REITs within the portfolio:

	Dividend Yield		Discount/NAV
REITs	**Current**	**Historic Average (10yr)**	
Big Yellow Group	4.8%	3.4%	-27.8%
LondonMetric Property PLC	6.4%	4.5%	-7.7%
Segro PLC	4.2%	2.9%	-23.8%
Tritax Big Box REIT PLC	5.5%	4.3%	-23.7%
Urban Logistics REIT Plc	5.8%	5.8%	-18.0%
Average	5.4%	4.2%	-20.2%

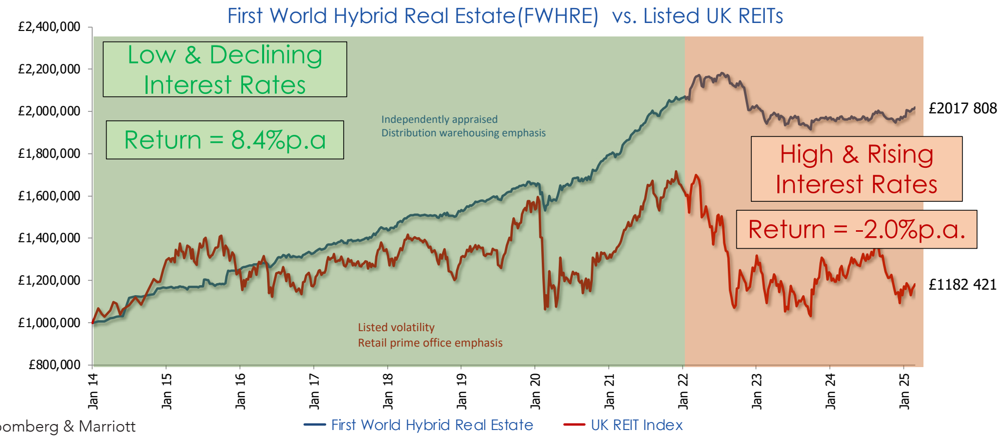
Source: **Bloomberg & Company Financials**

First World Hybrid Real Estate Plc

Track Record & Outlook

The fund has demonstrated solid long-term performance, with investors seeing their value double since 2014, as illustrated in the chart below. The chart highlights a £1 million investment. The fund's track record can be divided into two distinct phases:

- **Phase 1 (2014–2021):** During this period of low and declining interest rates, the fund performed strongly, delivering an annual return of 8.4%. This was driven by favorable market conditions that supported property investments.
- **Phase 2 (2022–Present):** The rise in interest rates beginning in 2022 created challenges for property investments, resulting in weaker performance. Over this period, the fund has generated a -0.75% annual return.



Source: Bloomberg & Marriott

Looking ahead, we believe that the next phase will be characterized by a reduction in interest rates. The Bank of England has cut interest rates by 0.75% since August 2024, lowering the rate from 5.25% to 4.5%. Moreover, the outlook for further rate reductions is increasingly optimistic. Both HSBC and Barclays, the Fund's debt providers, have forecasted significant cuts, with UK interest rates potentially falling to between 3% and 3.5% by mid-2026.

While higher interest rates have negatively impacted property investment returns in recent years, a falling rate environment is expected to have a positive effect on property investments moving forward. As a result, the investment case for property has become significantly more attractive, especially in comparison to equities, which are currently facing their own set of challenges—particularly with the anticipated implementation of tariffs under President Trump.

Market Volatility – April 2025

On the second of April, the US President Donald Trump announced a range of tariffs targeting countries around the world, that has caused major concern due to a possible trade war, its impact on global growth and expected increase in inflation. We have seen a major sell off in markets across the world with no sector being spared. However, First World Hybrid Real Estate has held up well given the extent of the market sell off. The below highlights year to date returns.

Total Return – as at 14th of April 2025 (GBP)		
	Year to Date	1 Year
First World Hybrid Real Estate PLC	2.5%	2.5%
UK REITs	0.3%	-5.6%
American Equities	-12.3%	1.1%
American Growth Equities	-17.0%	-0.9%
World Equities	-9.4%	1.0%

Source: Bloomberg and Marriott returns are as at 14th of April the last weekly price of FWHRE

In our view, property investments that feature long-term leases with high-quality, secure tenants, along with an expected outlook for rental growth, will not only help diversify investor portfolios but also serve investors well.

Conclusion

In summary, while rising bond yields have led to lower REIT pricing, the REITs held by the Fund offer attractive investment merits. The long-term outlook for the UK property market remains promising, with interest rates expected to decrease and continued rental growth supporting valuation increases. The Fund's property portfolio is fundamentally sound and performing as anticipated, with strong rental growth driving valuations upwards. The potential for yield compression further strengthens the outlook for property returns. As such, we remain confident and expect attractive returns for investors in the years ahead.

*The expected returns highlighted above are not guaranteed but are an indication given the current holdings within the fund, their current rental yields and expected rental growth. The Fund is expected to deliver a 4% level Income and capital growth in line with rental growth of between 1-2%p.a. over the longer term.

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Name of Scheme: First World Hybrid Real Estate Fund PLC

Fiduciary Custodian: EFG Fund Services, 44 Esplanade, St Helier, Jersey JE1 3FG

Name of Representative: Marriott Asset Management (Pty) Ltd

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