

Glanmore Gearing and Loan-to-Value (LTV)

Since the successful capital raising during the course of 2009, the fund has managed to reduce its LTV to approximately 70% and with a strong rental income has managed to weather the continued falls in NAV. The near term goal of the fund is to reduce the LTV to 65%, which will trigger more attractive interest repayments for the fund and meet with the commitments to the bankers, RBS. Indications suggest that once the fund valuations show some sign of positive movement, there could be significant flows to the fund on the basis of its relative attractiveness.

Glanmore Valuations

While valuations have continued to disappoint during the last few months of 2009, it is interesting to note that the fall in values has been steadily declining as the valuers have reduced the severity of their cuts in value. In fact the level of downward property valuations has become minimal with the NAV decline being affected more by the gearing than actual property re-valuations. In addition, one of the key drivers of the NAV falls can be attributed to the interest rate hedging instruments that are in existence at the insistence of the bankers. Insofar as these instruments have had a negative impact over the last few months, it is felt that they may contribute to some positive performance once the property valuations move into positive territory.

Redemption Notice Period

Following the successful capital raise, the bulk of redemptions were honoured according to chronological order, the remaining redemptions, it is hoped will be honoured as soon as possible. Until such time the strict redemption notice period remains in place. Again indications are that the balance of redemptions will be dealt with in the first half of 2010 and the fund would like to be in a position to move to quarterly redemptions by the end of 2010.

Dividend Declarations

The managers have indicated that there is a strong probability of a dividend declaration for the Glanmore Property Fund as at 31st December 2009. A formal notification needs to be sent to shareholders and we will pass this information on as soon as it is available.

Prospects for 2010 – is Glanmore looking attractive for new investors?

With UK property REIT's having shown a marked rise in share prices during the course of 2009, the actual property values have lagged market sentiment considerably. The IPD (Independent Property Databank) Index has only moved into positive territory in the last couple of months and is as a result of improvements in the high quality institutional market and area specifics such as London. While the IPD suggests the first signs of recovery, the managers of Glanmore are keen to point out that Glanmore tends to lag the IPD as it is a tier removed from the high quality institutional stock and is relatively under exposed to London. However, the fact that REIT's have recovered so steeply over recent months which has led to their share prices rising and their yield falling, this would suggest that Glanmore is well poised for recovery. Where REIT's are trading on yields of about 5.5%, Glanmore has a current yield of well in excess of 8%. On this evidence alone, the managers are confident that the fund will attract new monies and with the potential for the properties to be valued upwards, this should augur well for the Glanmore Property Fund in 2010.

Key Statistics for the Glanmore Property Fund

Glanmore Property Fund Size:	£765.819m (As at 1 st November)
Loan to Value (LTV):	70%
Total Number of Properties:	67
Property Rental Yield:	8.17%
Vacancy Rate:	6.4%
% of Leases greater than 5 Years:	75%
Largest single tenant exposure:	3.84%