The Glanmore Property Fund Limited

P.O. Box 255, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands, GY1 3QL.
Tel: +44 (0)1481 745001. Fax: +44 (0)1481 745051.
Website: www.glanmore.com

28 August, 2014

Dear Shareholder

THE GLANMORE PROPERTY FUND LIMITED

I write to you with details of the upcoming Annual General Meeting (the "AGM"). This will be held on 23 September, 2014 at 10.30am at Northern Trust International, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands, GY1 2JA. Enclosed are the forthcoming AGM documents, together with a Form of Proxy. Shareholders will also be able to access this letter and the enclosed documents on the Fund website www.glanmore.com.

There are six resolutions requiring your vote:-

1. Approve the re-appointment of KPMG as Auditor;
2. Approval for the Board of Directors to determine the Auditor's remuneration;
3. Approval to distribute papers, including all other Shareholder communications, electronically unless individuals request formally in writing to continue to receive such communications in hard copy format;
4. Approval for the extension of the postponement regime by a further 15 months to beyond the expiry date of the current borrowings;
5. Approval to change the Articles to reflect resolution 3; and
6. Approval for certain changes to the calculation of the pricing on redemption to ensure all Shareholders are treated fairly.

Outlook

The UK economy has continued to strengthen over the last year. Gross Domestic Product ("GDP") is now running at its highest level for five years and investor confidence has significantly improved. This growth is forecast to continue over the near term. Businesses have responded by increasing investment and this expansion has helped the unemployment rate to fall to 6.4% in June 2014, its lowest level since the fourth quarter of 2008.
This confidence has spilled over into the UK property market. Since May 2013, the recovery in the UK real estate market has both accelerated and spread to all the regions and sectors of the market. Capital growth recorded by IPD UK Quarterly Property Index, which is a proxy for the UK real estate market, totalled 10.1% for the 12 months to 30 June 2014. The index recorded a capital growth of 3.3% for all property for the second quarter of this year, the highest quarterly growth rate since 2010 and the market has now seen five successive quarters of rising values. The majority of this growth has been driven by the weight of money chasing commercial property assets as a result of continuing improvement of investor sentiment and this is now filtering into the more adventurous secondary commercial property market as a result as investors look for a higher yields.

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The office and industrial sectors have led the market over the last 12 months with capital growth being 15.1% and 13.2% respectively. The Fund has sold some office and industrial assets into this improving market. The retail sector has lagged behind but is now beginning to improve with capital growth running at 2.9% for quarter two of 2014. Our sales programme has been crafted to reflect this with the Fund retaining an overweight position to retail. By comparison, rental growth recorded by IPD, has been muted with 2.0% being recorded over the 12 months to June 2014. Analysis by region and sector shows a more varied story with London showing the strongest rental growth. It is expected that rental growth will strengthen across the regions as the economic recovery spreads.

On the horizon, interest rates which are at an historic all time low are forecast to gradually rise from 2015 onwards which is likely to cause a slowdown in yield compression and returns are forecast to return to their long-term norm.

Fund Progress
Since the last AGM, we have made some progress in stabilising the Fund and a return to growing the share price. Over the last 12 months, the Fund has continued to reduce its borrowings in accordance with the terms of the loans and this has opportunely coincided with an improving market. The sales strategy has been to sell office and industrial assets which have seen the earliest improvement in yields and retain the shopping centre portfolio until later in the cycle. Over the 12 months to June 2014, the Fund has sold 21 assets for £136.8m. These sales were 8.8% ahead of the June 2013 valuation. The residual portfolio of assets has seen 3.6% growth in valuations over a similar time period. At June quarter day, the residual portfolio of 18 assets had a value of £156.9m. Borrowing currently totals £117.6m plus £6m for profit share which reflects a loan to value 78.9%. Of this borrowing, £8.8m (7.1%) expires in December 2014 with the remainder expiring in October 2015. The Board continues to look at a variety of strategies to alleviate the level of borrowings but in the absence of a suitable alternative loan, the strategy is to continue to sell assets to meet the amortisation targets until the current borrowings are paid back in full.

Redemptions
Currently the redemptions continue to be postponed. The terms of the loan facilities preclude any redemption from being paid until the loans and facility costs have been paid back in full. All monies, therefore, from sales go towards paying back the loans. Once the loans have been repaid in full, the Board can consider re-opening the redemption queue.

Given the constraints imposed by the lenders, the Board proposes that the Fund extends the period for postponement of redemptions by a further 15 months to a maximum of 87 months. The proposed extension of a further 15 months will take the date for the first redemption payment to beyond the expiry of the current loans.

The Fund may pay off the outstanding debt sooner than anticipated by achieving sales earlier than forecast. If this is the case then the Board will be in a position to consider accelerating the payment of redemptions and returning to a shorter redemption period.

Should shareholders decide not to support the 15 month extension, the Fund would not be able to make redemption payments when the current postponement period runs out on 1 October 2014, without a waiver from Galway II S.A.R.L (the Fund's principal lender). In the Directors view, such a waiver would not be granted or, if it was granted, would cause the Fund to incur a material financial penalty. As a consequence, the Fund could find itself in a position of having to suspend and possibly liquidate assets at prices below current market valuations.

Share Pricing

The Board is concerned that when the Fund is able to start paying redemptions, there may be a significant increase in redemption notices which without an inflow of new capital could threaten the viability of the Fund which could, in turn, result in a wind up of the Fund.

To protect the interests of all shareholders, the Board is proposing a change to the redemption policy by permitting the costs of sale and liquidation, associated with a disposal of the entire portfolio of assets of the Fund, to be accrued in the calculation of the price. The purpose of this is to ensure equal treatment of all shareholders, irrespective of their standing in the redemption queue. This will allow the costs associated with a disposal of the entire portfolio of assets and a wind up of the Fund to be accrued in the calculation of the price. While the Fund already has the facility under its Articles to deduct an amount in this regard, the Board proposes that the articles be updated and clarified to allow all the costs normally associated with a full liquidation to be accrued and therefore spread the costs of liquidation across all shareholders. An amendment to Article 27 of the Articles of Incorporation is included in this regard as part of the AGM notice.

Other matters

1. The Board is seeking to reduce costs where possible and with a large shareholder base the cost of printing and distributing the annual and interim accounts and shareholder correspondence is a cost that can be reduced by a move to electronic delivery. Therefore they are proposing to cease postal communication except in exceptional cases where the individuals request formally in writing, to the Fund c/o Northern Trust, the Fund’s Administrator, at the below address, to continue to receive such communications in hard copy format.

2. Given the current and continuing unusual circumstances for the Fund and the large pending redemptions queue, the board has determined that it may need to keep cash reserves of up to 50% of NAV if required. Historic policy, as disclosed in the Fund prospectus, for cash held for redemptions was 5% of NAV in usual circumstances.

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I would like to remind shareholders at this point that as well as accepting redemption requests, the Fund is also accepting the retraction of redemption requests. For those who wish to submit a redemption request, the necessary form can be downloaded from the Fund website home page. Shareholders who wish to retract their redemption request should forward their request in writing to the Fund c/o Northern Trust, the Fund's Administrator, at the below address.

Your participation in the AGM is appreciated and the Board encourages all Shareholders to read the enclosed papers thoroughly and consider carefully the resolutions before completing the Form of Proxy.

If you are unable to attend the AGM in person, please arrange for the Form of Proxy to be completed, signed and **returned to arrive no later than 10.30 am on Sunday 21 September, 2014** by e-mail to NTIFASGL_Corporate_Secretarial@ntrs.com or fax as detailed above, sending the original by post to the following address:

The Glanmore Property Fund Limited
C/O Northern Trust International Fund Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 3QL

The results of the AGM will be available on the Fund website as soon as is reasonably possible after the AGM.

The Board thanks you for your participation.

Yours faithfully

Robert Court
Chairman

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