New Star US Dollar UK Property Unit Trust

Guernsey authorised Class B Scheme

at 29 August 2008

Fund managers

Roger Dossett

Gregor Logan

Fund statistics

The fund is a feeder fund investing substantially all of its assets in the New Star UK Property Unit Trust (UK domiciled collective investment NURS scheme).

Prices

Bid:	US$8.29
Offer:	US$8.68

Fund size US$3.60m

Fund at a glance

Fund aim

To achieve growth of both income and capital.

Launch date	11.04.2006
Fund currency	US Dollar
Fund domicile	Guernsey
Unit type	Accumulation
Minimum investment	US$1,000,000
Annual Management fee#	Nil
Subscription fee	Nil
Redemption fee	Nil
Valuations	Daily
Subscriptions/ redemptions	Daily
NAV Publications	Morningstar, Lipper
ISIN	GB00B12VRM81
Sedol	B12VRM8
Bloomberg	NSUSDUB GU
Registration	Guernsey

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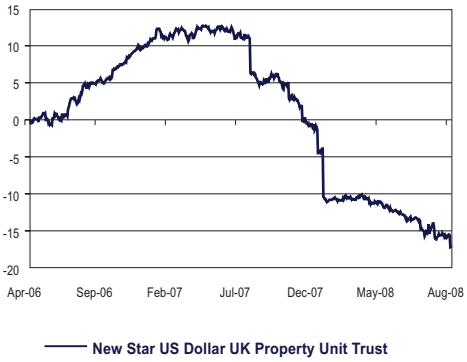
Performance – New Star US Dollar UK Property Unit Trust



	1 month	YTD	1 year	Since launch
New Star US Dollar UK Property Unit Trust	-1.43	-7.27	-21.72	-17.10

Percentage Growth, 11.04.2006 to 29.08.2008
Source: Lipper, bid to bid, US$, net of fees, gross income reinvested at 29.08.2008

This relates to the New Star UK Property Unit Trust in which the New Star US Dollar UK Property Unit Trust invests.

Property	(%)
GOVERNOR'S HOUSE (LONDON EC4)	7.82
STAPLES CORNER (LONDON NW2)	5.93
WINDSOR OFFICE PARK (WINDSOR)	4.70
WHITEHALL RIVERSIDE (LEEDS)	4.09
PLOUGH PLACE (LONDON EC4)	3.80
PARK VIEW, GREAT WEST ROAD (BRENTFORD)	3.42
HAYES BRIDGE RETAIL PARK (WEST LONDON)	3.05
ST PHILIPS PLACE (BIRMINGHAM)	2.99
B&Q WAREHOUSE (FARNOROUGH)	2.99
CO-OPERATIVE WAREHOUSE (ESSEX)	2.92
EALING GATEWAY (EALING)	2.82
RIVERS OFFICE PARK (HERTFORDSHIRE)	2.72
DUNDAS HOUSE (EDINBURGH)	2.02
12 MOORGATE (LONDON EC2)	1.92
JOHN LEWIS (NORTHAMPTON)	1.86
AYMER HOUSE (SURREY)	1.77
CHALFONT GROVE (CHALFONT)	1.62
FAIRMILE PLACE (COBHAM)	1.54
METRO POINT (CROYDON)	1.09
B&Q RIVERSIDE (TAUNTON)	0.99
CHAUCER HOUSE (LEATHERHEAD)	0.96
WORPLE ROAD (WIMBLEDON)	0.94

Property (continued)	(%)
TOWN QUAY (SOUTHAMPTON)	0.93
ALDI UNIT (MANCHESTER)	0.90
HOMEBASE (HIGH WYCOMBE)	0.85
NEXUS POINT (BIRMINGHAM)	0.83
TACHBROOK PARK (LEAMINGTON SPA)	0.81
37 OTHER BUILDINGS (EACH LESS THAN 0.80% OF THE PORTFOLIO) TOTALLING	18.03
TOTAL	**84.31**

Top five shares	(%)
HAMMERSON	2.17
LIBERTY INTERNATIONAL	2.15
LAND SECURITIES	1.96
BRITISH LAND	1.89
BRIXTON	1.52
OTHER SHARES	0.71
TOTAL	**10.40**

Cash & deposits	(%)
TOTAL	**5.29**

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Managers' commentary

During August, the New Star UK Property Unit Trust agreed a number of lettings in its portfolio of small South East of England industrial properties. Rent reviews involving several key properties were continuing at the month end, including the fund's two City of London properties at 12 Moorgate and Governor's House, as well as its B&Q retail warehouse in Farnborough. The fund is also pursuing a number of redevelopment projects and has been in discussions with local authority planning officials about potential schemes at retail properties in Gloucester, Fareham, North London, Bedford and Havant.

The UK commercial property market remained beset last month by a general lack of transactions due largely to the difficulty in obtaining bank funding. This meant there were further falls in property values in August and the fund was not immune to these factors, declining 1.43% during the month.

The fund ended August 84.3% invested in direct property and 15.7% in liquid assets. Within its direct property portfolio, 60.6% of the assets were in offices, 13.5% were in industrials and 24.9% were in retail and leisure properties.

UK property shares rose during August as further falls in the oil price generated hopes of lower interest rates later in the year.

Liberty International put on 5% after the two largest shopping mall owners in the world, Simon Property Group of the US and Westfield Group of Australia, disclosed stakes of 4.2% and 3% respectively.

Past performance is not necessarily a guide to future performance. This document is prepared for professional advisers and other financial institutions only and is not to be relied upon by private investors. If you invest indirectly through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially and you may not have any legal relationship with New Star. #The underlying fund has a 1.5% annual management charge. Whilst there is currently no investment adviser fee a management fee of £20,000 p.a. is payable. The New Star US Dollar UK Property Unit Trust (the "Fund") has been authorised by the Guernsey Financial Services Commission as a Class B Scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987 (the "POI Law"). New Star Asset Management (Guernsey) Limited is the manager of the New Star US Dollar UK Property Unit Trust which is a feeder fund into the New Star UK Property Unit Trust (UK domiciled non-UCITS retail scheme) managed by New Star Investment Funds Ltd. The value of the investments in the Fund are subject to market fluctuations and may fall as well as rise. In addition, the value of investments in the Fund may increase or decrease as a result of changes in exchange rates between currencies. Full details of the Fund including risk factors can be found in the scheme particulars which are available on request. Management charges for the New Star UK Property Unit Trust are taken from capital. Capital growth may therefore be restricted. The New Star UK Property Unit Trust invests in a specialist sector which may be less liquid and produce more volatile performance than an investment in broader investment sectors. The underlying fund also invests in the shares of property investment companies. Whilst equity investments carry potential for attractive returns over the longer term, the volatility of these returns can also be relatively high. You should also bear in mind that the valuation of property is generally a matter of valuers' opinion rather than fact. Property valuation is a matter of judgement by the Standing Independent Valuer. Investors may not get back the amount they originally invested when they sell their investment. The Fund will prepare its financial statements in US Dollars. Please note, the bid-offer spread for this fund is likely to be wider than on less specialist funds and may vary. The bid-offer spread represents the difference between the buying and selling prices for the underlying assets in the fund. Changes to the fund's pricing basis will lead to an increase or decrease in what you will pay or receive when buying or selling units. The overall impact of these changes should be less for long term investors and may be either positive or negative.
The Fund may be exposed to fluctuations in the value of assets denominated in currencies other than US Dollars. Currency hedging may be used by the Fund to reduce the impact of adverse movements in such currencies. Foreign exchange transactions and currency derivatives may be used for managing currency exposures. There can be no assurance that any such currency hedging will be effective. Please refer to the scheme particulars for additional expenses.