

BOONE REAL ESTATE - MIXED FUND (JUL - SEP 2017)

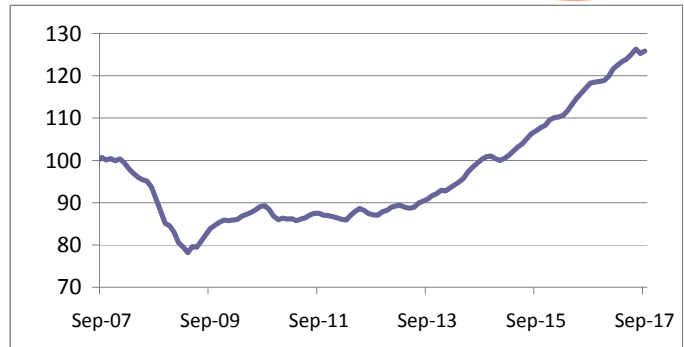


PROPERTY MARKET NEWS

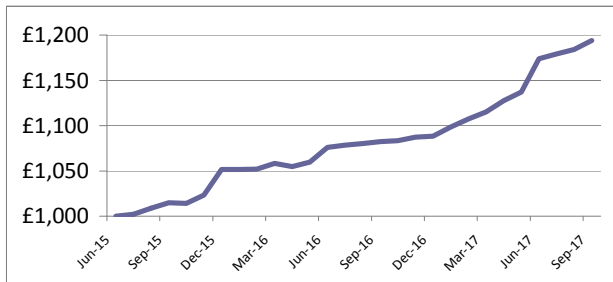
The third quarter of 2017 saw a modest improvement in the market with regional house prices rising by 0.6%. A slow down in the third quarter as compared to the second is not uncommon in the UK and the market is reflective of continued uncertainty regarding Brexit and the political outlook. The rise is reflective of all housing prices in the region.

Rental rates and property prices across the region continue to be sustained by consistency in the local supply and demand. Longer term, demand in the region remains strong with Northampton currently recognised in the UK for fast selling properties. Despite the slow-down, property value increases in-line with expectations are still anticipated for 2017.

Northampton 10 year House Price Index



SHARE PERFORMANCE



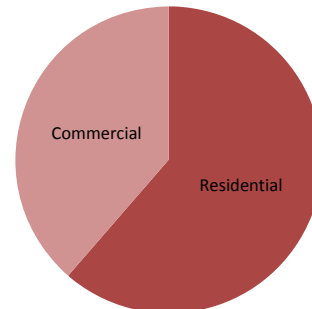
The share price rose by 1.7% in the quarter. Net income from the properties remained consistent and strong during the quarter but was offset by fund costs at a slightly higher value than the last quarter.

Quarterly performance contributed to an annual rise of 10.3%, continuing to outperform the aspirational target set by Management. As before, there is continued optimism that, provided that we maintain our existing commercial tenants, the fund will continue to perform at this level.

PORTFOLIO POSITION

As at 30 September 2017, the Fund remained consistent with the previous quarter with residential property making up 61.4% of the entire portfolio. Average gross rental yield stayed at 7.2% with only marginal changes across the portfolio.

The Commercial interests represent the remaining 38.9% of the assets with rental yield maintaining its current average level at 8.5% across the commercial units. During the final quarter rental yield on the restaurants at Dergate and The Old Bakehouse should improve as annual increases are applied.



PROPERTY BREAKDOWN

Property	Value (£'000)	Annual rent (£)	Yield %
Semilong - completed residential development	776.9	48,960	6.3%
Dergate - restaurant and apartments	767.8	67,524	8.8%
Gold Street - restaurant and apartments	883.4	75,300	8.5%
The Old Bakehouse - restaurant	328.6	19,500	5.9%
Total	2,756.7	211,284	7.7%

Property costs during the quarter were low with maintenance costs representing a little over 4% of gross income (6% in the previous quarter).

Rental values remained largely static but management plan to continue the existing strategy of maintaining the properties to a high level in order to have a positive impact on property values. Management meet regularly to review properties and discuss scheduled work, issues are identified early and sufficient contingency established to mitigate emergencies.

During the quarter, property values increased by 0.5%, the Fund has a valuation policy to increase the carrying values of each property at the rate of 2% per annum in order to calculate the Net Asset Value of the Fund's shares. This reflects the investment objectives of a combination of net rental income plus capital appreciation. At each 6 monthly interval, the Fund will arrange for an independent valuation of the properties by a qualified third party and restate the carrying values of each property accordingly.



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