

# BREL - MIXED FUND (APR - JUN 2016)

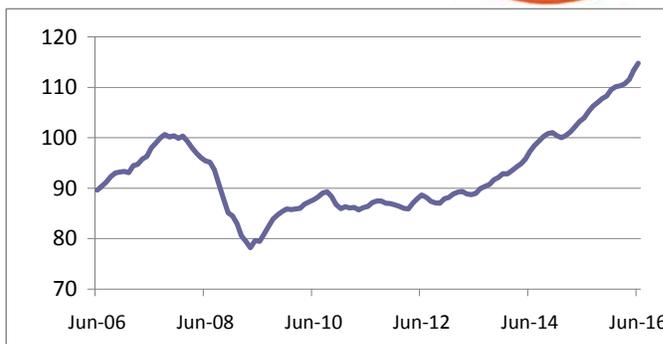


## PROPERTY MARKET NEWS

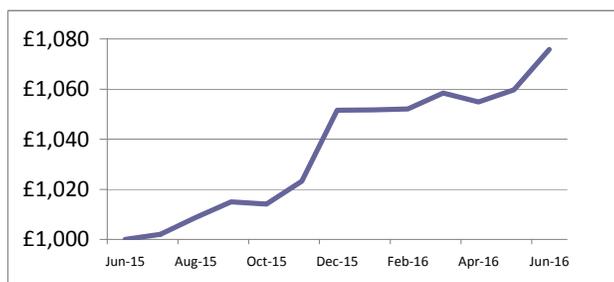
The 2nd quarter of 2016 saw the market continue to rise with regional house prices rising 3.7%. Quarterly performance was surprisingly strong given uncertainty, at the time, surrounding the UK's future in or out of the European Union. The rise is reflective of all housing prices in the region.

Locally, several commentators have noted a slowing in the market for properties to let with rental increases and subsequently prices likely to slow during the summer. Longer term, the sustained demand in the region will continue and increases are expected through to the end of 2016 and into 2017.

Northampton 10 year House Price Index



## SHARE PERFORMANCE



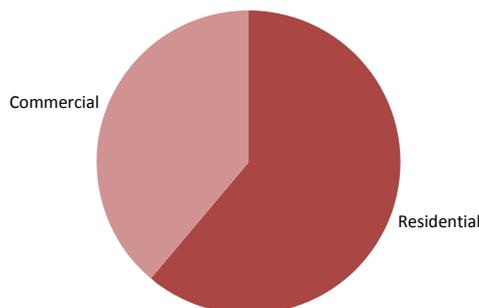
Share price rose by 1.6% during the quarter. Net income from properties was consistent across the 3 months but was offset by the legal costs associated with re-letting the commercial premises at Dergate.

In June 2016 the portfolio was revalued resulting in an increase of 1.6% from the values as at 31 December 2015. The rise in property values contributed significantly to the overall share price increase of 2.1% during the first half of 2016.

## PORTFOLIO POSITION

The proportion of the portfolio represented by residential property increased to 61.1% during the quarter, the average gross rental yield across the residential portfolio decreased marginally from 7.1% to 7.0%. This remains strong compared to traditional market rates, especially considering the portfolio comprises of houses as well as apartments where yield is traditionally higher.

The Commercial portfolio represents the remaining 38.9% of value and yield has increased slightly from 7.9% to 8.0%.



## PROPERTY BREAKDOWN

Property	Value (£'000)	Annual rent (£)	Yield %
Semilong - completed residential development	753.0	45,900	6.1%
Dergate - restaurant and apartments	738.0	63,240	8.6%
Gold Street - restaurant and apartments	866.0	73,800	8.5%
The Old Bakehouse - restaurant	302.0	14,004	4.6%
<b>Total</b>	<b>2,659.0</b>	<b>196,944</b>	<b>7.4%</b>

During Q2 2016 there was limited refurbishment work on the portfolio. Management continue to review rental income from the different properties and consider whether work would be beneficial in order to make significant advancements in the portfolio value.

In April 2016 the fund settled the legal bill in relation to the re-letting of Dergate ground floor and basement. Although the legal position was settled in April the tenant, a local restaurateur has been in place since November 2015 and has made an encouraging start quickly developing a good reputation.

During the quarter property values increased by 1.1%, a total of 1.6% for the first six months. 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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