

BREL - MIXED FUND (JUL - SEP 2016)

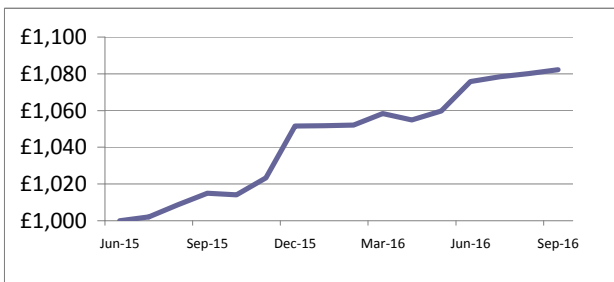


PROPERTY MARKET NEWS

The 3rd quarter of 2016 saw a continuation of the upward market trend with regional house prices rising 4.7%. Quarterly performance remains reassuring given continued macro-economic uncertainty, surrounding the UK's Brexit from the European Union and the US elections. The rise is reflective of all housing prices in the region.

Despite expectations regarding a slowing in the market for properties to let and the subsequent softening of rental increases and property prices the market has remained positive and seems to be driven by local supply and demand. Longer term, the demand in the region is expected to continue and increases are expected through to the end of 2016 and into 2017.

SHARE PERFORMANCE



PORTFOLIO POSITION

The proportion of the portfolio represented by residential property maintained at 61.1% during the quarter and the average gross rental yield across the residential portfolio increased marginally, back to 7.1% from 7.0%. Boone Real Estate are confident that this high level, as compared to traditional market rates, can be maintained through actively managing the portfolio and working with our local agent to source good tenants.

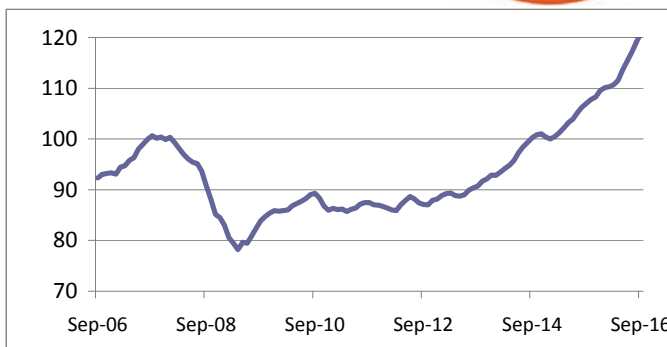
The Commercial portfolio represents the remaining 38.9% of value with rental yield maintained at 8.0%.

PROPERTY BREAKDOWN

| Property | Value (£'000) | Annual rent (£) | Yield % |
|--|----------------|-----------------|-------------|
| Semilong - completed residential development | 756.8 | 45,900 | 6.1% |
| Derngate - restaurant and apartments | 741.7 | 64,500 | 8.7% |
| Gold Street - restaurant and apartments | 870.3 | 74,940 | 8.6% |
| The Old Bakehouse - restaurant | 303.5 | 14,004 | 4.6% |
| Total | 2,672.3 | 199,344 | 7.5% |

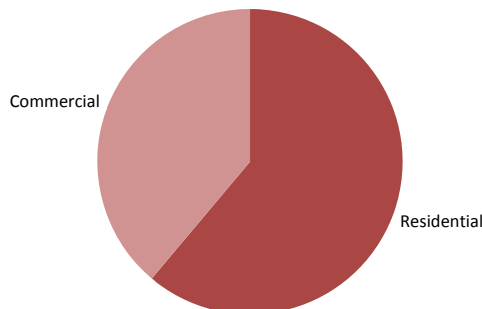
During the quarter property values increased by 0.5%, a total of 2.1% for the year to date. The Fund has a valuation policy to increase the carrying values of each property at the rate of 2% per annum in order to calculate the Net Asset Value of the Fund's shares. This reflects the investment objectives 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.

Northampton 10 year House Price Index



Share price rose by 0.6% during the quarter. The net income from the properties dipped in July and a little in August due to scheduled repair / refurbishment work at Semilong.

The quarterly performance contributed to an annual increase of 2.9% for the year to date. In addition to this positive performance there is optimism that through a combination of market increases and a continuation of portfolio performance management that we can get closer to the desired annual growth by the end of the 4th quarter.



During Q3 2016 refurbishment took place at Semilong. The work was scheduled and will have a positive impact on property values, whilst these did not come through in the quarter we will see rises in Q4 2016.

Active management of the rental income from the different properties and consideration of the quality of tenants led to increases in income from both Derngate and Gold Street during the quarter. This process is ongoing and management are pleased with the impact over the last 6 to 12 months.



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