Manager commentary as at 30 September 2016

The portfolio valuation was down 2.8% over the third quarter of 2016. The quarter has been busy with the following asset management initiatives including a new 10 year lease at Magna Park, Lutterworth after a comprehensive refurbishment securing a rental income of £611,500pa which is ahead of ERV. Regarded the lease on the lower ground floor at 75 Farringdon Road, London to align with the other leases in the building in order to facilitate a comprehensive refurbishment ahead of the completion of Crossrail. Completion of two rent reviews for McDonald’s and Pret a Manger at the Exchange Buildings in Birmingham and New Oxford Street respectively resulting in significant increases in rent and valuations. Completed the sale of Unit E4 at J31 Park for £475,000 which was ahead of valuation. Completion of new letting at Units D12 and D13 at Pulborough Way Industrial Estate securing £16,040pa. As at 30th September 2016 the initial yield within the portfolio was 4.7% compared with 4.8% for IPD. The vacancy rate within the portfolio is 6.9% compared to 7.2% for IPD.

Fund performance

Five years cumulative performance

Cumulative performance (%)  
<table>
<thead>
<tr>
<th></th>
<th>5 mth</th>
<th>6 mth</th>
<th>1 yr</th>
<th>3 yr</th>
<th>5 yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>1.6</td>
<td>-1.0</td>
<td>1.5</td>
<td>23.5</td>
<td>30.2</td>
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</tbody>
</table>

Discrete annual calendar performance (%)

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-0.5</td>
<td>7.6</td>
<td>10.9</td>
<td>9.3</td>
<td>-0.3</td>
</tr>
</tbody>
</table>

Top ten holdings

1. Tesco, Cheddars Lane, Cambridge  4.7%
2. Exchange Buildings, Stephenson Place, Birmingham  4.4%
3. Wellbar Central, Newcastle  4.1%
4. 70 New Oxford St, London  3.8%
5. Woolley Edge, Wakefield  3.7%
6. 33 Golden Square, London W1  3.3%
7. J31, Motherwell Way, West Thurrock  3.2%
8. New London House, London  3.1%
9. Richmond Riverside  2.9%
10. St Andrews House, Cambridge  2.4%

Asset allocation

- Office: 27.1%
- Industrials: 15.5%
- Retail: 13.7%
- Retail Warehouse: 10.3%
- Leisure: 4.7%
- Shopping Centres: 3.3%
- Indirect: 1.4%
- Cash: 24.0%

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