Custodian Capital
DIRECT PROPERTY OWNERSHIP

Property Portfolio Report

October 2012

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PROPERTY PORTFOLIO REPORT OCTOBER 2012

Highlights

For the 12 months to October 2012

- Income syndicates return an average of 5.45%
- Geared syndicates return an average of 9.68%
- Total value of syndicate portfolio £102,385,400
- Total rent roll £7,893,961 per annum
- Current vacancy rate 1.52%

Market Trends

The commercial property market often operates an unofficial recess during the summer holiday period and with the added distraction of the Olympics it would not be surprising to discover that the market was quiet. However the statistics tell us a different story, with the third quarter of 2012 being one of the busiest for investment transactions in the last three years. Upon closer inspection this upswing in activity appears to be the result of significant flows of overseas money into large investment properties in central London. Lambert Smith Hampton's Q3 UK Investment Transactions report estimates London accounted for 62% of the total investment volume. Furthermore the average size of investment transaction increased by 45% to over £22 million. While this may seem to have little relevance to the Custodian Capital portfolio, which has no exposure to large, central London properties, the investment rationale for the flow of overseas capital into central London property is just as relevant on a national scale to us and our stock selection.

Across most developed economies interest rates are low, economic growth is subdued and secure investment returns, in the form of government bonds, are at historically low levels. Equity markets remain volatile and the fear of the debt crisis in Europe adds to investors' concerns. All of the above makes prime central London property look very attractive. It offers a relatively high income return; investor friendly lease structures offering long leases, upwards only rent reviews and full repairing obligations on the tenants; a supply of opportunities and a well-developed and liquid market.

A recent report in the Estates Gazette from the Real Estate Research Corporation reports a similar phenomenon in the US. Uncertainty caused by a slow-growth economy, weak consumer demand and the fear of the fiscal cliff (the combination of tax rises and reductions in government spending in 2013) is making real estate investment returns look more attractive. Real estate offers stable, transparent and relative high returns with low volatility relative to equities being a particular attraction.

Custodian Capital Strategy

If we apply this rationale to the Custodian Capital strategy we find a strong fit. We are targeting long leases, often with index linked rent reviews, let to undoubted tenants.

In a low return environment this is providing investors with relatively high returns and low volatility of income. While we do not tend to buy in central London, due to the constraints of lot size excluding us from the better opportunities, we do focus on properties that offer similar defensive qualities.

Market Values

Values across the market have fallen slightly over the last six months by approximately 2% on aggregate. The secondary end of the market has had the greatest impact on the aggregate figures, with little demand for short leases, poor secondary assets or weak locations. By contrast central London and prime properties across the UK have held value.

Forecast

The Investment Property Forum, the leading organisation of property investment professionals forecasts that 2012/13 will be a turning point in the market. It forecasts that capital growth will return to the market in 2014 after a weak 2013. Against this background, the importance of income in delivering a positive total return to investors cannot be underestimated.

There is an argument that property is an interesting two way bet given the uncertain economic environment. Let us consider two economic forecasts:

Forecast 1: Low growth economy; low interest rates; low investment returns.

Property let to financially robust tenants on secure long-term leases offering a relatively high income return could out-perform other asset classes.

Forecast 2: Economic growth; quantitative easing unwinds; inflation.

Property will deliver real returns over the long-term with income and capital values growing with inflation and in the short term offering low volatility of returns.

In either forecast, prime commercial property can provide an interesting opportunity for investors looking for real, stable returns.

Strategy in 2012/13

The official level of inflation is 2.7% (CPI as at October 2012) and somewhat higher if one considers RPI (3.2%). We are determined to provide investors with a real return over and above inflation. We encourage investors to hold a portfolio of ten or more syndicated property investments to gain the benefits of diversification – reduced portfolio risk and lower volatility of returns.

Annual Total Return

Investors' individual reports will provide property by property annual total returns. In short this equates to the improvement in net asset value, plus any income that has been distributed since 5th October 2011.

Across the portfolio, although there have been some falls in property values, in the main these have been mitigated by the income return or the repayment of debt, thus delivering positive total returns.

In looking at average total returns across the portfolio we have split the figures between the income and geared syndicates and excluded the best and worst performers to provide investors with a more representative average of the annual total return from October 2011–October 2012. If we include all properties the returns are still positive at 4.83% for the income syndicates and 6.83% for the geared syndicates

Portfolio Values

On a like-for-like basis, the total value of the syndicate portfolio has decreased marginally (-1.07%) since April 2012. However this portfolio level figure disguises a more positive picture. The ten most recent properties acquired saw average values increase 2.92% over the same period, demonstrating that good stock selection is crucial to performance. Furthermore with the exclusion of just one property, a large office building in Wolverhampton, where the tenant, Carillion, has recently expressed an intention to vacate, the total value of the syndicate portfolio has increased marginally (0.23%) since April 2012.

A steady market for the secure property assets, which dominate the portfolio, is much more reflective of the tone of the UK property market. The biggest increases in value since April 2012 have been seen at:

Redhill, Brighton Road (+14.2%)
Settlement of the outstanding rent review with Honda at £140,000, an increase from £117,000, combined with continued investor demand for well let properties in the South East has contributed to a significant increase in value.

Glasgow, Argyle Street (+12.94%)
Investor demand for strong retail locations and well-let properties is undimmed despite the widespread bad news on the High Street. Greggs plc in Glasgow city centre fits well with current investor demand.

Kilmarnock, Queens Drive (+5.66%)
Modern industrial units, let to strong tenants such as Royal Mail Group provide investors with a very defensive return which in the current environment is increasing investor demand.

Macclesfield, Statham Street (+5.54%)
Out of town retail warehousing has not been as badly hit as the High Street and the continued shortage of investment opportunities in this market is driving value.

Birmingham, Jewellery Quarter (+4.76%)
This increase has been driven by the recent uplift in rent payable by Tesco, the prospect of a rent increase for Greggs Plc and the fortunes of well-let properties in strong locations.

The properties which have seen the greatest decline in value are those which are considered to be more secondary by reference to the age, location or condition of the property; the lease length, level of rent or the quality of the tenant. One of the sectors of the property market that has been most affected by the current economic conditions and the 2007-09 turbulence in the property market is secondary, regional offices. Unsurprisingly the two properties most affected were Construction House, Wolverhampton, where the tenant Carillion has announced a desire to vacate the building in 2015 and Houndsgate House, Nottingham where the tenant, Browne Jacobson vacated at the end of September. With very low levels of investor demand for these secondary assets and bank lending scarce, values have been hit hard.

Active Management

Active management of the syndicate property assets is a vital part of delivering the long-term performance that investors expect. We take this very seriously and have under constant review the following:

- Tenants' requirements and their obligations
- Rental values
- Debt levels
- Loan covenants
- Value creation opportunities

Across the portfolio at the present time, we are:

- Agreeing terms for new lettings
- Negotiating rent reviews
- Re-gearing leases to create additional value
- Enforcing tenants' repairing obligations
- Exploring re-development opportunities
- Trying to secure advantageous planning permissions
- Exploring re-financing to improve terms for syndicate investors.

We have recently completed the purchase of additional car parking land in Coventry, which is let to the Royal Mail for a further 23 years and increases the rent to the Coventry Geared syndicate by £18,500 per annum.

The Portfolio

Since April 2012, we have completed the purchase or agreed the development funding of a further £8.66 million of well-let property located across the UK.

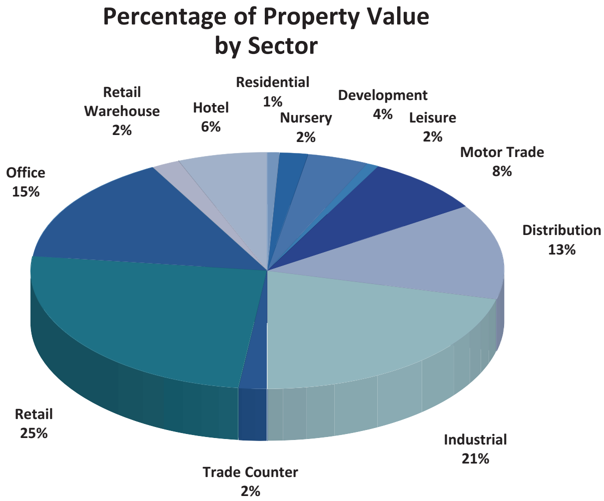
- **Southwark, Verney Road, London**
  Let to Constantine Limited for 15 years.

- **Dudley, Castlegate Business Park**
  To be let to Premier Inn Hotels Limited for a term of 25 years with 5 yearly rent reviews linked to the consumer price index.

- **Erdington, West Midlands**
  To be let to the West Midlands Ambulance NHS Trust for a term of 20 years rent reviews linked to the retail prices index.

The above acquisitions increase the total number of properties within the portfolio to 52 and total number of syndicates to 62.

The below chart illustrates the weighting of each asset type within the syndicate portfolio:



We continue to scour the market to identify and bring forward opportunities for new property partnerships. As discussed above the best opportunities are still in strong demand, when openly marketed, but we have had some success in securing properties before they hit the market at prices which we believe represent good value.

Voids and Concessionary Rents

As at October 2012 there was just one vacant property in the portfolio. We continue to work closely with our various advisors and agents to ensure we minimise the opportunities for voids across the portfolio.

All concessionary rents that have been agreed with the handful of tenants who were struggling at the height of the economic downturn have now ceased and full rent is payable.

Rent Arrears

We continue to have a fortunate record with regard to rent arrears with 95% of all rents received on time and the remaining 5% within 28 days of the quarter day.

Lease Terms

The efficient management of key action dates including break dates, lease expiries and rent reviews is imperative to ensure the protection of value and the enhancement of income.

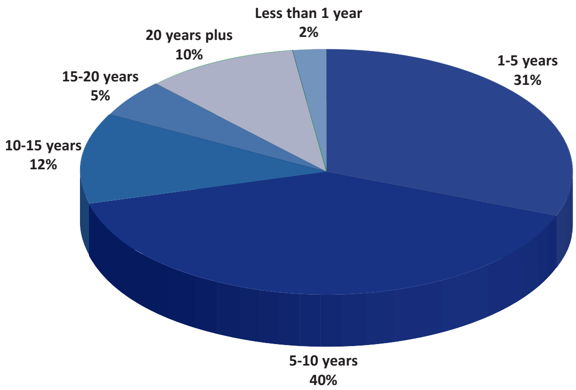
Hinckley, WHSmith
Lease renewal proceedings have concluded with WHSmith in Hinckley, the tenant will continue in full occupation for a further five years. While there has been a rent reduction, reflective of the current market, we have not suffered any void costs or rent free periods.

Browne Jacobson (Hounds Gate, Nottingham) has exercised its option to break the lease and vacated in September 2012. We have agreed a very good settlement with regard to the terminal schedule of dilapidations which is due to the syndicate and the property is currently on the market for sale.

We have two multi-let properties, a ten apartment residential scheme in Nottingham and an eighteen unit industrial estate in Hinckley. Both of these properties are typically let on short leases but we are experiencing high levels of demand and strong tenant retention, despite the short leases.

The chart below shows the earliest date at which lease contracts can be terminated. As you will see 67% of leases will provide secure and stable income for five years or more, and 27% for over 10 years. The portfolio has a good balance of lease expiries and break dates which we continue to monitor.

Period to First Break by Income



Rent Reviews

The prevailing economic conditions have made it difficult to trigger rent reviews as rental growth remains muted and highly localised. We are expecting to document a nil increase in respect of a number of rent reviews falling due in 2012.

However we have agreed or are expecting to achieve an increase at:

- **Aberdeen, Kirkhill**
  Let to DHL
  Passing rent £168,500
  Estimated rent £185,000
  (subject to agreement)

- **Redhill, Brighton Road**
  Let to Honda Motor Europe
  Original rent £117,000
  Agreed rent £140,000

- **Bury St Edmunds**
  Let to Savers Health & Beauty
  Original rent £49,000
  Agreed rent £49,900

Debt

We currently have thirty geared syndicates with a combined value of £62.6 million and outstanding debt as at 5th October 2012 of £22.1 million. Over the last six months, we have repaid £1.68 million of debt, taking advantage of the prevailing low interest rates. Our variable interest rate ranges in price from 1.5% to 3.5% which we keep under constant review.

We are keen to take advantage of low borrowing rates and as a result of prudent property selection, are generally able to source very competitive loan terms. We are seeing margins moving out for five-year plus debt with many banks now insisting on renegotiation clauses for medium-term debt.

Transactions in Syndicate Shares

We facilitate a market between members to enable the transfer of syndicate investments between clients and the secondary market has been very active over the last six months with over £300,000 of syndicate shares traded. In the current market, with demand for property investment outstripping supply, investors wishing to sell their syndicate shares are experiencing a good degree of liquidity. Recently syndicate shares have taken an average of three months to sell, with all shares selling within 12 months. However, we would reiterate that all syndicate properties have been purchased with long-term performance in mind and not short-term trading.

If you would like to review your holdings or wish to invest into another syndicate, please contact your consultant.

Syndicate property	Management comment	Valuation comment	% change in six months from April 12		
			Change in property valuation	Change in net value	Annual Total Return Oct 12
MW Properties (Hinckley Income)	Lease renewal negotiations have concluded with WHSmith. The tenant will continue in full occupation for a further five years. While there has been a rent reduction, reflective of the current market, we have not suffered any void costs or rent free periods. As a result of suffering none of these costs we were able to make an extraordinary distribution to investors.	A combination of both market sentiment and the new level of rent have combined to cause the current reduction in property value. However, the new lease terms have allowed us to restart distributions to investors.	-4.76%	-12.23%	-1.99%
MW Properties (Pride Park)	There are no current management issues to report.	As a result of the current over rent, the shortening lease until the break option in 2018 is continuing to have an adverse affect on the value. Income distributions have mitigated the bulk of the fall in value.	-3.91%	-3.82%	-0.33%
MW Properties (Redcar Income)	There are no current management issues to report.	The value of this asset has remained static since April 2010 reflecting the long-term, fixed, low-risk income.	0.00%	0.08%	6.45%
MW Properties (Knutsford Income)	There are no current management issues to report.	No change since April, but with over ten years remaining on the lease and a guarantee from Bupa, this remains an attractive investment.	0.00%	0.71%	8.52%
MW Properties (Chesham Income)	There are no current management issues to report.	No change since April, but with over ten years remaining on the lease and a guarantee from Bupa, this remains an attractive investment.	0.00%	0.43%	6.18%
MW Properties (Huntingdon Income)	There are no current management issues to report.	As a town Huntingdon appears to be trading well and not experiencing a significant level of empty shop units. This is reflected in a stable valuation.	0.00%	0.98%	8.63%
MW Properties (Huntingdon Geared)	The current loan to value continues to exceed 100% but, Handlesbanken is still supporting the syndicate with a view to reducing their exposure as the rent is used to meet interest and capital payments.	Huntingdon is not experiencing a significant level of empty shop units and this is reflected in a stable valuation.	0.00%	0.00%	0.00%
MW Properties (Basingstoke Geared)	There are no current management issues to report.	This well let property in an affluent south east town is maintaining value.	0.00%	0.67%	9.29%
MW Properties (Edinburgh Geared)	The property is strongly located in a very popular location with high-end retailers and this is leading to continued rental growth. It is expected that there will be a rental uplift in July 2013.	The prospect of future rental growth and the strong location in Scotland's capital city have combined to produce a small increase in value.	1.59%	6.27%	13.67%
MW Properties (Hounds Gate Income)	This property is now vacant and being marketed for sale by Lambert Smith Hampton and New West.	With little prospect of finding a tenant without significant capital expenditure, the valuation has been adversely affected. Approximately 50% of this fall in value has been mitigated by the dilapidations payment made by Browne Jacobson, hence the less significant reduction in net syndicate value.	-24.60%	-17.28%	-18.92%
MW Properties (Hounds Gate Geared)	This property is now vacant and being marketed for sale by Lambert Smith Hampton and New West. Interest repayments will continue to be met for the outstanding loan from the syndicates cash reserves of over £230,000.	With little prospect of finding a tenant without significant capital expenditure, the valuation has been adversely affected. Approximately 50% of this fall in value has been mitigated by the dilapidations payment made by Browne Jacobson, hence the less significant reduction in net syndicate value.	-24.60%	-31.07%	-34.18%
MW Properties (Bardon Income)	The property remains unoccupied and lease re-gear negotiations have been aborted. We understand the tenant has recently appointed Lambert Smith Hampton to market the property and hopefully increase the chances of securing a sub-tenant.	A decrease in value since Apr 2012 owing to the approaching lease expiry in 2015. We expect to see a gradual decline in value as we move closer to the end of the lease. However the income is mitigating the falls in value.	-4.84%	-5.05%	0.46%
MW Properties (Phoenix Park Geared)	All units are now let; we continue to engage with the managing agents to ensure that rents are being collected in a timely manner and lease expiries and break options are being managed proactively.	Values for this property have fluctuated a little but have remained broadly stable over a 12-24 month period.	-1.37%	4.10%	4.62%
MW Properties (Stone Geared)	There are no management issues to report.	The property value has slipped a little but the high income return combined with the low cost of debt is driving very positive total returns.	-0.64%	7.00%	18.67%
MW Properties (Stone Income)	There are no management issues to report.	The property value has slipped a little but the high income return is driving positive total returns.	-0.64%	-0.77%	8.79%

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MW Properties (Swindon Geared)	There are no management issues to report. The property is over-rented which is allowing a more rapid reduction of debt than had originally been forecast.	A small decline in property value since Apr 12 as we move closer to the tenant's break option in Dec 2014 whilst reduction in debt has driven the net syndicate value and a positive total return.	-2.63%	3.32%	9.30%
MW Properties (Madison Place Income)	There are no current management issues to report.	The property value has remained broadly static for the last 18 months. The undoubted income from the NHS has become more valued while the shortening lease has been having an equal and opposite affect. Total returns are driven by income.	-0.30%	-0.29%	5.63%
MW Properties (Stourbridge Income)	There are no current management issues to report.	The property is let to five strong tenants for a further eight years. This diverse and secure income is supporting the current valuation.	0.00%	0.17%	2.40%
MW Properties (Durham Income)	There is no change in the market for development land.	Property value is unchanged	0.00%	0.86%	-60.65%
MW Properties (Cheltenham Geared) Ltd	The syndicate currently owns the long leasehold interest in the ground floor. We are exploring an opportunity to buy the freehold interest in the entire property for £1. This would enable the syndicate to more effectively manage the maintenance of the building. Members will be consulted in due course should this opportunity give rise to something more substantive.	A small decline in value as a result of reduced sentiment for secondary retail in the investment market. The reduction in debt has off-set the shift in valuation to provide a small but positive total return.	-1.64%	4.47%	1.57%
MW Properties (Bury St Edmunds Geared)	We have concluded rent review negotiations with the tenant, Savers Health & Beauty and achieved a 1.84% uplift in rent.	The rental uplift and micro location of this property in a busy, pedestrianised street has maintained value since April. The reduction in debt has delivered a strong total return for the last 12 months.	0.00%	8.54%	9.55%
MW Properties (Cirencester Geared)	There are no current management issues to report.	Cirencester is one of a number of retail locations that appears largely unaffected by the turmoil on the High Street. Having recently experienced a good uplift in value, following the rent reviews, the value has now stabilised. The repayment of debt has continued to provide a positive total return.	0.00%	5.94%	5.98%
MW Properties (Solihull Geared)	The property has now been trading as a Kia Dealership for over 12 months and there are no current management issues to report.	The valuation has eased back a little in the last six months but remains ahead of the position last October. This combined with the low cost of debt and high income return has resulted in a good reduction of outstanding debt and a significant annual total return.	-1.47%	3.23%	20.17%
MW Properties (Solihull Income)	The property has now been trading as a Kia Dealership for over 12 months and there are no current management issues to report.	The valuation has eased back a little in the last six months but remains ahead of the position last October. This combined with the high income return has resulted in a good reduction of outstanding debt and a significant annual total return.	-1.47%	-1.67%	10.49%
MW Properties (Wolverhampton Geared)	Unfortunately the predicted fall in property value has taken place and the effective net syndicate value is now zero. We have made a proposal to Carillion to tempt them to remain in occupation beyond the break in 2015, but are yet to have a response. We have been working with HSBC, who have an outstanding loan against the property and they have agreed to continue to support the syndicate for the time being.	As a result of Carillion confirming their intention to operate the break, there has been a marked reduction in value since April 2012.	-34.29%	-100.00%	-100.00%
MW Properties (Wolverhampton Income)	We have made a proposal to Carillion to tempt them to remain in occupation beyond the break in 2015, but have yet to have a response. Distributions will be withheld for the time being to help meet the costs of holding a vacant or part vacant property post 2015.	As a result of Carillion confirming their intention to operate the break, there has been a marked reduction in value since April 2012.	-34.29%	-25.97%	-31.29%
MW Properties (Lace Market Income)	We are liaising with the tenant, Rothera Dowson, in connection with their break option in November 2013. Members will be consulted once the tenant has confirmed its intentions.	The valuation is fairly stable as with a very short lease the investment value is very close to the vacant possession value. While the lease persists the income is delivering a strong annual total return.	1.52%	2.79%	8.17%
MW Properties (Avonmouth Geared)	There are no current management issues to report.	Well let, modern industrial property is a reasonably defensive asset, with high levels of income, low obsolescence and reasonable tenant demand. While values have remained stable the repayment of debt has delivered a significant total return.	0.00%	5.53%	13.15%

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MW Properties (Avonmouth Income)	There are no current management issues to report.	Well let, modern industrial property is a reasonably defensive asset, with high levels of income, low obsolescence and reasonable tenant demand. While values have remained stable the income has provided a competitive total return.	0.00%	-0.13%	6.45%
MW Properties (Llandudno Income)	There are no current management issues to report.	WHSmith have been trading strongly across the UK and this property occupies a busy pitch in a strong retail location. These factors have helped to maintain value.	0.88%	0.95%	6.32%
MW Properties (Sheffield Income)	Unipart has requested consent to install mezzanine flooring which indicates commitment to the building. Solicitors have been instructed to prepare a simple licence for alterations. We believe the tenant is still keen to proceed, althought the matter is not yet concluded.	The River Island and Uni-Part leases will expire in less than five years. We expect the value to show a gradual decline as we move towards both lease expiries, but the income return should mitigate most of the falls in value.	0.00%	0.03%	4.54%
MW Properties (Aberdeen Geared)	J & E Shepherd in Aberdeen is instructed to act on the syndicate's behalf in rent review negotiations which are on-going. There is substantial evidence to support an uplift in the rent payable by DHL and we hope for a good settlement.	No change in the valuation since April as the rent review remains unsettled.	0.00%	4.04%	3.91%
MW Properties (Bedford Geared)	Both properties are occupied and tenants are trading. We have recently been notified that Chloride has been bought for $1.5 billion and is changing its name to Emerson Network Power	There has been a further improvement in sentiment towards this property as the presence of the newly improved A dual-carriageway impacts on the quality of this location. When combined with the high income return and low cost of debt this provides a substantial total return for the year.	5.56%	18.80%	29.34%
MW Properties (Bedford Income)	Both properties are occupied and tenants are trading. We have recently been notified that Chloride has been bought for $1.5 billion and is changing its name to Emerson Network Power	There has been a further improvement in sentiment towards this property as the presence of the newly improved A dual-carriageway impacts on the quality of this location. When combined with the high income return this provides a substantial total return for the year.	5.56%	7.09%	13.01%
MW Properties (Lenton Geared)	There are no current management issues to report. The property remains fully let; we continue to work closely with the agents, FSP, to manage the expiry of various short-term tenancy agreements.	The valuation has been consistent for over two years, but the repayment of debt is delivering returns to investors.	0.00%	1.75%	4.66%
MW Properties (Triangle & Dome Geared)	There are no current management issues to report.	No change in the valuation since April for these well-let properties that remain popular in the property investment market. The income return and low cost of debt is delivering a strong total return.	-0.77%	1.78%	8.73%
MW Properties (Triangle & Dome Income)	There are no current management issues to report.	No change in the valuation since April for these well-let properties that remain popular in the property investment market. The income return is continuing to deliver a strong total return.	-0.77%	-0.70%	6.51%
MW Properties (Crewe Geared)	There are no current management issues to report.	The valuation has been stable over a 12 month period but with a slight improvement and proportionate fall back since April. The income return and low cost of debt is delivering a strong total return.	-1.10%	2.98%	10.29%
MW Properties (Oldbury Geared)	The tenant Ryland Properties has requested permission to assign the lease to Sytner Limited, a group company but with better financial strength. The guarantee from Sytner Group Limited remains unaffected.	A slight fall in value reflecting the over rent at the property. However the property remains let to a strong tenant for a further 15 years and the fall in value has been off-set against the repayment of debt to deliver a strong total return.	-1.09%	3.44%	9.29%
MW Properties (Oldbury Income)	The tenant Ryland Properties has requested permission to assign the lease to Sytner Limited, a group company but with better financial strength. The guarantee from Sytner Group Limited remains unaffected.	A slight fall in value reflecting the over rent at the property. However the property remains let to a strong tenant for a further 15 years and the fall in value has been off-set against the income to deliver a positive total return.	-1.09%	-0.74%	5.74%
MW Properties (Norwich Deferred Income)	There are no current management issues to report.	Norwich is amongst a number of prime retail centres which have fared much better though the retail downturn than most. Retailer vacancy remains low in the city centre and investor demand remains strong, supporting the current valuation.	0.00%	2.65%	5.56%

Syndicate property	Management comment	Valuation comment	% change in six months from April 12		
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MW Properties (Coventry Geared)	We have recently completed the acquisition of an additional piece of land which now forms an integral part of the Royal Mail car park and is let to them for a further 23 years. This land increases the rental income by £18,500 per annum.	The property has experienced a significant increase in value. In part this is due to the additional land but more importantly this property is considered a low risk, defensive asset, much prized in the current market.	8.59%	4.31%	19.52%
MW Properties (Ermine Business Park)	There are no current management issues to report.	The valuation has been stable since April but has improved over a 12 month period. Combined with the income return and low cost of debt, this is delivering a strong total return.	0.00%	4.77%	14.70%
MW Properties (Abbeyfield Road, Nottingham)	A proposal was recently submitted to the tenant, Vision Express after it asked whether the syndicate would consider selling its interest to allow them to redevelop the site. We have not received a response to date but will continue to monitor the situation. Members will be consulted should there be any substantive progress.	There has not been a significant change in the valuation but the income return and low cost of debt are delivering a strong total return.	2.05%	10.61%	15.91%
MW Properties (Grove Park Geared)	There are no current management issues to report.	The valuation has eased a little since April but with the income return and low cost of debt, this is delivering a strong total return.	-0.95%	5.87%	10.85%
MW Properties (Knutsford Parkgate Geared)	There are no current management issues to report.	The valuation has been stable since April but has improved over a 12 month period. Combined with the income return and low cost of debt, this is delivering a strong total return.	0.39%	4.74%	10.35%
MW Properties (Knutsford Parkgate Income)	There are no current management issues to report.	The valuation has been stable since April but has improved over a 12 month period. Combined with the income return, this is delivering a strong total return.	0.39%	0.61%	6.42%
M W Properties (Jewellery Quarter Income)	The next asset management event is the Greggs lease renewal in September 2014, which should show a meaningful rental increase.	The property, located in a major regional city is let to four strong tenants providing a diverse and secure income, much in demand in the market. This has supported the current valuation increase, which combined with the income return has delivered a substantial total return for the year.	4.76%	6.15%	15.65%
M W Properties (Weston-super-Mare Deferred Income)	There are no current management issues to report.	There has not been a significant change in the valuation but the income return and low cost of debt are delivering a strong total return.	2.06%	5.02%	8.87%
M W Properties (Portsmouth Income)	There are no current management issues to report.	The valuation is unchanged but the income return is delivering a strong total return.	0.00%	-0.08%	7.08%
M W Properties (Trafford Park Deferred Income)	There are no current management issues to report.	There has not been a significant change in the valuation but the income return and low cost of debt are delivering a strong total return.	0.00%	3.53%	8.81%
M W Properties (Portishead Income)	Travelodge have now come through the CVA and are trading strongly from the site. We have the benefit of a tenant with significantly less debt than prior to the CVA and forecast calmer waters ahead.	The valuation has been impacted by the recent Travelodge CVA but we would be hopeful that the valuation will recover over time. The current valuation is equivalent to the purchase price agreed in 2010.	-3.33%	-2.09%	1.91%
M W Properties (Sheffield Parkway)	There are no current management issues to report.	Another small increase in value to reflect investor appetite for well-let investments that can provide secure, long-term income which translates to strong returns for investors	1.32%	3.24%	9.11%
M W Properties (King's Lynn)	Arcadia have undertaken works to the building to bring the property back into an appropriate standard of repair.	The slight fall in value as a result of general sentiment towards the High Street has been off-set by a steady income return, to produce a positive return for the year.	-1.37%	1.45%	4.54%
Glasgow, Argyle Street Deferred Income Partnership	There are no current management issues to report.	The increase in value demonstrates the continued demand for retail assets in prime locations.	12.94%	19.40%	11.40%
Redhill, Deferred Income Partnership	We have appointed Automotive Property Consultancy Ltd to act on the partnership's behalf in rent review negotiations with the tenant, Honda UK. The rent review has now been settled at £140,000 per annum an increase of 19.7%.	As a result of the significant rental increase and this valued location in an affluent South East town investors have experienced a substantial increase in value.	14.20%	18.58%	14.25%
Macclesfield, Statham Street Deferred Income Partnership	There are no current management issues to report.	With two strong tenants and long unexpired leases this retail warehouse property would be considered in demand by the investment market, which is short of this type of investment. This has helped to deliver such a strong increase in value since purchase.	5.54%	-	-

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