

# ALL SAINTS

## EVOLVE ALL SAINTS PROPERTY LIMITED PARTNERSHIP ANNUAL REPORT 2010-2011

### Summary:

- Fund Term: 24th March 2010 – 24th February 2017 (or earlier);
- Unit Price £991.82 (Issue price £1,000). 3,777 Units now in issue;
- Two investments acquired in the period with a total of c£3.7m invested;
- Loan of £630,000 advanced attracting interest at 11% per annum (since repaid with interest and new advance put in place);
- Distribution of 1.5% of Investor's Equity authorised;
- First year profit of £58,415 despite Fund establishment and investment activity;
- Bank borrowings reduced to £832,200 (September 2011); and
- Funds raised to date were less than anticipated but we believe this is the largest blind private collective investment scheme closing in 2010 and further subscriptions possible up to end March 2012.

### Key Facts:

#### Activity

Investments totalling £3,689,294 completed in the year at 5th April 2011. Loan of £630,000 also advanced (and since redeemed with interest). Further loan of £650,000 then advanced (May 2011).

#### Bank Loan:

Loan of £900,000 advanced by Barclays Bank PLC to assist in the purchase of the Epsom investment property. This loan is subject to an interest rate cap agreement at 4% and the balance is repayable in December 2015. The balance at September 2011 was £832,200.

#### Investor's Equity:

The sum of £3,777,001 Investor's Equity was invested at Fund formation in March 2010. The Fund remains open to new Investors until the end of the current financial year (the period ended 5th April 2012).

#### 2010/11 Year End Accounts:

The accounts for the first year ending 2010/11 show a profit of £58,415.

Capital allowances of £56,550 (General Pool) and £229,515 (Special Rate Pool) are available pro rata for Limited Partners with income tax liability (from the Epsom property). Further capital allowances may be available following the acquisition of further property investments.



[www.evolveallsaints.co.uk](http://www.evolveallsaints.co.uk)

Passwords have been circulated to investors and their advisers to keep confidential information secure.

If you are potentially interested in investing with us in All Saints, then please look at the website.

The website provides links to all the marketing material and will be used in the future to provide NAVs and news on Fund activity.



## Fund Performance:

We believe that the evolve All Saints Fund was the largest blind private collective investment scheme to close during 2010. A total of £3,777,001 has been raised to date with further subscriptions invested. This sum is below our hopes for the vehicle but as establishment and running costs are tailored to the amount of equity raised we do not expect this to impact on returns.

In total c.£3.7m has been invested in two commercial property investments – a Premier Inn hotel in Norwich (part of another Fund – the St Andrew Norwich Fund), and a well located trade investment in Epsom. The former is let for a further 28 years to Premier Inn Hotels Limited whilst the latter has just over 4.5 years unexpired term but the location is strong and the purchase price is, we believe, favourable. King Sturge valued the property at £2.64m (price contracted £2.52m net of acquisition costs).

A sum of £630,000 was advanced to the St Nicholas Retail Park LP to assist in the construction of a retail warehouse unit. This sum with interest was repaid on the 23rd May 2011. A further loan of £650,000 was advanced on the same date as part of a wider refinancing of that vehicle with Barclays Bank. The combined borrowings of St Nicholas are only 62% loan to value.

Funds have been invested rapidly and the Unit price at £991.82 has recovered to near the £1,000 issue price despite the impact

of establishment and acquisition costs. A Distribution of 1.5% of Investor's Equity has been authorised. We expect profits to increase significantly during 2011/12.

Borrowings are minimal at £832,200 (22% of NAV).

## Commercial Real Estate Market Commentary:

2009 was the low point in prime commercial real estate values, followed by an improvement towards a stable market around March 2010. The following year witnessed a recovery in values such that the total return in the IPD UK monthly index to April 2011 was 9.9%.

The improvement in values has, however, been very dominated by the popularity of central London where the capital values are also significantly larger than average. The City and West End investment markets have seen an excess of demand over supply such that yields have hardened by 1-2%. The demand has been income driven. A 'flight to quality' is often mentioned.

The regional markets have seen some increase in availability of stock and strong demand for prime property, but there has not been the same degree of yield compression. In the absence of bank finance, the market is dominated by institutional and cash driven buyers also seeking

income. Indeed commercial real estate is the only asset class to offer investors a positive real return. Tenant default remains the greatest risk in general. evolve does not expect rental growth to return for a year or two. The debt pressures in the UK economy remain, particularly with RBS, LBG and NAMA. Other banks are lending. Refinancing risks for both property and corporate sectors remains significant, and a dampener on growth.

evolve believes that the regional commercial real estate sector as a whole will be as segmented as the Central London market is from the rest of the UK. Only very well located property let to strong covenants will see value stability as they offer the secure fixed income, positive real return characteristics. Elsewhere values are at risk as a second recession looms, a downturn in general sentiment, save for the value generating asset management deal.

## Tenancy Details

### Epsom

Let to Wolseley Centres Limited for 15 years from 21st February 2001 at a current rent of £216,201 per annum. Rent review due wef 21/1/2011.

### Norwich

Let to Premier Inn Hotels Limited for 35 years from 28th October 2004 at a current rent of £333,450 pa. The Fund receives 19.26% of net income. Next rent review 31/1/2015.

### St Nicholas Retail Park LP

£650,000 advanced to the St Nicholas Retail Park LP. Interest 11% pa. Term to 31st March 2014.

## Property Management & Asset Management:

A rent review specialist has been instructed to advance the rent reviews at Epsom. We are hoping for a modest uplift.

Property investments are managed on a day to day basis (including rent collection) by All Saints Asset Management.

## www.evolvefs.co.uk – Our new-ish website

Have you seen the evolve website?

A key feature is the 'My Investment' section that was recently launched. Passwords were circulated to investors and their advisers.

There is a direct link to the All Saints website and information about each of the other evolve funds.



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