

Press release

Monday, 25 January 2010

CHARITIES POSITIVE ON PROPERTY; MAYFAIR CAPITAL SEES STRONG INFLOWS

Commercial property specialist Mayfair Capital Investment Management Ltd. has ended 2009 in a strong position following over £10 million of new investments into its Property Income Trust for Charities (PITCH) in December 2009 alone. The £80 million fund*, with investors including the National Trust for Scotland and the Bernard Sunley Foundation, saw a total return of 12.1% in Q4 2009 and 9.1% in 2009. It was the best performing of the specialist funds available to charity investors in 2009. The Fund also outperformed the AREF** All Balanced Property Funds Index, which returned -1.8%.

The Fund's investment pipeline is more than keeping pace with inflows. It purchased three buildings in the fourth quarter of 2009: a retail warehouse let to Wickes Building Supplies in Pudsey, Leeds; a modern warehouse unit in Thatcham, Berkshire; and a retail property in Hampton Hill, Greater London, whose primary tenant is Sainsbury's.

Fund Director James Thornton commented, "These are three contrasting acquisitions. On one hand, the property in Leeds generates long-term, secure income with a fixed rental increase in four years, whilst Thatcham provides us with an opportunity to display our active investment style and add value through lease management. Hampton Hill is an affluent London suburb and we expect the food store operators to continue to be acquisitive maintaining upward pressure on rents."

Mayfair Capital believes that the prospects for continuing capital growth in 2010 remain good, given the gap between property yields and gilt yields. The firm remains cautious, however, over the prospects for rental growth given the relatively high vacancy ratios and the expected anaemic recovery in the economy.

James Thornton said: "The portfolio of assets held by the Property Income Trust for Charities is well placed to benefit from the current upturn. We would not be surprised to see a 10% total return in 2010 with yield compression providing the stimulus. The prospective distribution yield at 8.5% is proving attractive to new investors. Furthermore, with the expectation of rising interest rates and bond yields, property is returning to favour with asset allocators."

- Ends -

Gross asset value

**The Association of Real Estate Funds

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Photographs of Mayfair Capital personnel and of the recently-purchased properties are available, upon request.

Notes to Editors

Mayfair Capital Investment Management

www.mayfaircapital.co.uk

Mayfair Capital was formed in June 2002 as an independent property fund management business designed to serve charities, private investors and pension funds. It currently manages £150 million in four pooled funds with a further £50 million of advisory mandates..

Founders Guy Brogden and James Thornton have complementary skills with James having a background in fund management and Guy having been involved in investment transactions for nearly 30 years. Both Guy and James were Partners at Jones Lang Wootton (now Jones Lang LaSalle) in the 1980s and '90s. James subsequently left to become Head of Fund Management at Savills.

The Property Income Trust For Charities

www.pitch-fund.co.uk

The £85 million Property Income Trust for Charities is the first exempt, unauthorised unit trust open to charities to invest in commercial property. Purchases are exempt from Stamp Duty Land Tax (SDLT), which is currently levied at 4% on all property transactions involving £500,000 or more, hence the yields to the Fund quoted in this release are enhanced by the exemption from this tax. Following the withdrawal of tax credits on dividends, the exemption of charities from paying SDLT is the last special tax advantage remaining for this sector and PITCH benefits from this exemption on all property purchases.

The Fund aims to deliver an income yield of 5.75% to 6.00% whilst protecting capital value from inflation.

PITCH yields over 9% to new investors with the income generated from a defensively positioned portfolio, with a void rate of only 0.4% (compared to more than 12% for the IPD Index) and a weighted unexpired lease profile (allowing for all break clauses and lease expiries) of 8.28 years (the IPD equivalent is circa 6%).

PITCH Acquisitions January 2010

Wickes, Pudsey, Leeds

The property comprises a purpose built retail warehouse building constructed in the late 1980s. It is currently let to Wickes Building Supplies until March 2014 with a 15 year FRI reversionary lease thereafter with no breaks. The current rent is £425,220 per annum (£12.05 sq. ft.) and there is a fixed increase to £461,721 per annum (£13.00 sq. ft.) with effect from 25 March 2014. Rent reviews thereafter will be on a five-yearly upwards only basis.

Thatcham Unit, Colthrop Lane, Thatcham

The property comprises a modern warehouse unit linked to an ancillary three storey office building totalling some 45,601 sq. ft. A simultaneous agreement was reached to agree a restructure of the occupational sub-lease to extend the unexpired term to 15 years. The unit is let to Arkema on FRI terms at a rent of £394,066 per annum expiring 16 April 2015 (5.75 years unexpired). The property is sub-let on a co-terminus lease to The Motor Insurance Repairing Research Centre (known as Thatcham) which has been established in the area for over 40 years. The purchase price was £4,380,000 reflecting an initial yield of 8.82% to the Fund (8.50% on standard purchasers' costs) and simultaneously agreed a restructure of the occupational sub-lease to extend the unexpired term to 15 years.

Sainsbury's Hampton Hill, Greater London

Property comprises three retail units let to Sainsbury's (4,200 sq. ft.) and the London Borough of Richmond (1,621 sq. ft.) for 15 years from 2009 and Costa Coffee franchise (915 sq. ft.) for 10 years from 2009 off rents between £21 and £24 per sq. ft. The purchase price was £2.5 million reflecting an initial yield of 5.9% to the Fund (5.69% based on normal purchasers costs).