MAYFAIR CAPITAL

For Immediate Release

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Stamp duty increase reinforces case for charity investors to invest in stamp-exempt funds

The announcement in last week's Budget that the top rate of stamp duty on commercial property in England and Wales would increase from 4% to 5% was not unwelcome for all investors.

The immediate effect of this change is to reduce the value of all investment portfolios by 1%, as valuers adjust their purchase cost assumptions from around 5.8% to 6.8% in order to calculate net yields.

Charity portfolios and pooled funds designed for charities will also suffer the 1% adjustment because valuers, in accordance with the RICS Red Book Valuation Code, are directed to assume a "standard" buyer in the market.

However, given that charities are exempt from paying stamp duty on purchase, the tax advantage of buying property has increased. If investing indirectly, charities would be ill advised to purchase units in a pooled fund that does not enjoy the stamp duty exemption.

Without stamp duty, purchase costs, which include fees of solicitors, agents and valuers, are around 1.5%. If one assumes a notional property of £10 million, yielding 6% based on market costs, the yield to a charity increases to 6.3%. Over a five-year period, allowing for quarterly-in-advance rent payments (and assuming no growth and a constant yield), this translates into an increase in total return of 1.26% a year over five years.

In relation to other asset classes, property stands alone with a unique and increased tax advantage for charity investors.

James Thornton, Fund Director of Mayfair Capital Investment Management's Property Income Trust for Charities, said: 'At a point in the cycle where yield compression has dissipated and income is set to become the driver of returns, this is a meaningful excess return. Charities should take advantage of this increasingly significant tax exemption to generate higher returns and provide access to the asset class on a reduced cost basis with increased liquidity".

Launched in January 2005, PITCH has outperformed the AREF/IPD UK All-Balanced Property Funds Index over three months, six months, 12 months, 3, 5 and 10 years to 31 December 2015. The Fund was also the equal second-best performing fund in the AREF/IPD All Balanced Funds Index in 2015, returning 14.6% against the benchmark of 12.5%.

PITCH is the only property fund for charity investors with an absolute income objective and, with a yield of 6%, the highest yielding.

As a result of the increase in stamp duty, the majority of the funds belonging to the Association of Real Estate Funds now have a spread between bid and offer (to reflect property buying and selling costs) of up to 8%. In contrast, PITCH has a spread of just 3.1%.

-Ends-

For further information, please contact:

Tavistock
James Whitmore / Kirsty Allan
T: 020 7920 3150
E: james.whitmore@tavistock.co.uk / kirsty.allan@tavistock.co.uk

Mayfair Capital Investment Management
James Thornton / James Lloyd
T: 020 7291 6662 / 020 7291 6664
E: jthornton@mayfaircapital.co.uk / jlloyd@mayfaircapital.co.uk

Notes to Editors:

Mayfair Capital Investment Management
www.mayfaircapital.co.uk

Mayfair Capital is an independent, owner-managed, UK real estate investment management business with AUM of just under £1bn. Founded in 2002 and headquartered in London, Mayfair Capital is authorised and regulated by the FCA. Its management board, which is chaired by Stephen Musgrave, includes William Hill (non-executive director), James Thornton (chief executive officer), Robert Palmer (chief investment officer), Graham Langlay-Smith (chief operating officer), Ned Pumphrey (fund director) and James Lloyd (director of business development & marketing). Mayfair Capital serves a diverse client base, through its discretionary and advisory funds, which include The Property Income Trust for Charities, Mayfair Capital Property Unit Trust, Mayfair Capital Commercial Property Trust, MC Property Growth Fund No 2 and Mayfair Capital Residential 1.