

For Immediate Release

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Mayfair Capital Closes Second Residential Debt Fund

Property fund manager, Mayfair Capital Investment Management Limited (“Mayfair Capital”), has announced that it has completed a first close on its second residential debt fund, Mayfair Capital Residential 2 (“MCR2”) with £17 million of commitments.

This second fund follows on from the success of Mayfair Capital Residential 1 (“MCR1”), which was launched in October 2012 with £30 million of committed equity. MCR1 made a total of 7 investments, of which 5 have been fully realised returning 89% of investors’ equity. The 2 remaining investments are expected to be realised in the next 6-12 months. MCR1 is on track to exceed its target of delivering investors an IRR of 15% per annum net of all fees, expenses and carried interest.

MCR1 was focussed primarily on investing in and lending to residential development projects in Zones 1 and 2 whereas the strategy for MCR2 is to focus on Zones 2 to 5. James Thornton, Fund Director and Chief Executive Officer of Mayfair Capital said “the funding gap for developers in London continues to exist with a gap between the amount senior lenders are prepared to advance and the level of developer equity. Each investment will generally be structured on the basis of an interest bearing loan and a profit participating loan. We do not therefore see ourselves as pure mezzanine lenders, more as property partners to the developers we back, given that part of the return is linked to the success of a scheme”.

MCR2 is structured as a closed ended English limited liability partnership with a feeder fund for exempt investors. Investor commitments will only be used once with capital and loan interest returned on a project by project basis. Although the fund is set up with a five to seven-year life it is expected to run for only four years.

In terms of investable area, Simon Martindale, Fund Manager with responsibility for investment said “Parts of London look highly valued and are vulnerable to further value falls as the Government’s tax changes and other measures are fully reflected in the high end segment of the market and buy to lets. For this reason, we are focussing on backing developers with good track records in developing in Zones 2 to 5 in what we call “affordable” London. Projects will comprise a mixture of apartments and houses and we will be avoiding prime central London”.

MCR2 is aiming to deliver an IRR of 10% per annum net of all fees, expenses and carried interest. Investors include investment companies, pension schemes and private investors. Five Directors of Mayfair Capital have committed equity to the new fund in order to align their interests with investors. A second close is scheduled for later in the year which is expected to raise a further £20-30 million.

Ends

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Notes to Editors:

Mayfair Capital Investment Management Limited

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Mayfair Capital is an independent, owner-managed, UK real estate investment management business. 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.

Funds under management are just under £1bn. 100% of Mayfair Capital's current funds have outperformed their targets over 1 and 3 years whilst 98% have outperformed over 5 years (weighted average of AUM of 5 current funds).