Mayfair Capital charities fund buys £40m of regional assets

The Property Income Trust for Charities (PITCH), managed by Mayfair Capital Investment Management has bought an office building and a retail park for a total of £40m.

Located one mile from Nottingham city centre, the Lady Bay Retail Park is let to 12 national retailers including The Range, Hobbycraft, B&M, Carphone Warehouse and Burger King at an annual passing rent of £1.61m, equating to an average rent of £15.25 per sq ft. The park has been acquired for £24.2m at a net initial yield of 6.3% (6.6% to PITCH).

In Cheltenham, PITCH has bought Jessop House – a 59,828 sq ft office investment - for £14.8m at a net initial yield of 6.5% (6.9% to PITCH). Built in 2002, the building provides space over basement, ground and four upper floors and is multi-let at a current annual rent of £1.03m, equating to an average rent of £17.20 per sq ft.

Fund Manager Simon Martindale said, “these acquisitions are consistent with our thematic investment strategy. Not only do the properties produce an attractive blended yield of 6.7% to PITCH but, in addition, offer good rental growth prospects and value enhancement potential through asset management.

The Cheltenham office market has been marked by a declining volume of office stock as buildings have been converted to residential use under permitted development. Cheltenham is a location that appeals to employees for its live/ work balance whilst the technology companies that support the activities at GCHQ is stimulating office demand, particularly from firms involved in cyber security.

In Nottingham, Lady Bay Retail Park is recognised as the principal discount/ value retail park in the city. It is this segment of the market which is attractive to consumers, particularly at a time when increased inflation is set to affect household spending. As with Cheltenham, the Park offers opportunity for scheme enhancement through lease management.”

PITCH was advised by Strutt & Parker in Nottingham and by Lambert Smith Hampton in Cheltenham. The vendor of Jessop House, Aviva, was advised by Cushman & Wakefield while Knight Frank acted for an institutional vendor in the Nottingham sale.

Fund Director and Mayfair CEO James Thornton said “after an understandable pause in activity in Q3, 2016 PITCH is once again attracting new equity from charity investors. Doubts remain over the future direction of the stock market whilst gilts will lose value as yields rise. As an asset class, property continues to be seen as an attractive source of income yield and diversification in charity investor portfolios.”

PITCH is the highest yielding of the three specialist pooled property funds designed for UK charities. It delivered a distribution yield of 6.3% for the 12 months to 31 December 2016 with income growth of 6.5% compared with 2015. PITCH is ranked in the upper quartile of the AREF All Balanced Funds Index over a 1, 3 and 5 year period.
Mayfair Capital Investment Management (MCIM)

MCIM is a UK real estate investment management business and a member of Swiss Life Asset Managers. 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) and Robert Palmer (chief investment officer).

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, Mayfair Capital Residential 1 and Mayfair Capital Residential 2.

It was acquired by Swiss Life Asset Managers in November 2016.

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