

23 October 2019

Mayfair Capital acquires thematic-led Cardiff office building

Mayfair Capital's Property Income Trust for Charities (PITCH), the top-performing fund in the MSCI/AREF All Balanced Property Fund Index over ten years¹, has completed the acquisition of 3 Capital Quarter, Cardiff.

The newly developed office, completed in 2018 by JR Smart, comprises a Grade A building of 77,000 sqft in Cardiff city centre. It forms part of an eight-acre mixed use development, including 370,000 sqft of offices, 1,200 student beds and a 307 unit build-to-rent residential tower.

The specialist UK real estate investment manager's thematic approach to investing looks to capitalise on long-term structural changes in the economy by positioning on the right side of long-term trends – such as technological innovation, demographics and changes to infrastructure.

As an office location, Cardiff benefits from multiple thematic drivers. There is a strong university presence, supported by high graduate retention rates, as well as excellent digital connectivity and a fast-growing tech and life sciences employment sector. This has attracted a number of companies to the city centre, including Sky, Monzo, Opus Energy, Aon Insurance and Optimum Credit.

This acquisition enhances Mayfair Capital's ability to provide long-term, sustainable income for charity clients within a socially responsible framework. This property features strong environmental credentials, including a roof mounted photovoltaic system with a BREEAM Excellent rating and EPC of A, in addition to an excellent specification and tenant amenities.

The building is let to two high-calibre tenants, Admiral Insurance and Which? Consumer Services, providing secure, long-term income with an unexpired lease term of 9.5 years. The property also offers excellent rental growth prospects, with the passing rent of £22.30 per sqft at a discount to prime rents in Cardiff – currently sitting at £25 per sq ft – as well as comparable office markets such as Bristol, at £35 per sq ft.

The purchase forms part of a wider portfolio repositioning strategy, following the disposal of offices in Amersham and Wootton Bassett, and will be accretive to income. Although these assets benefit from a similar income profile, the Cardiff property offers a higher quality specification with greater prospects for rental and capital growth, while also providing a higher yield.

Simon Martindale, Fund Manager of the Property Income Trust for Charities, says:

“This acquisition has allowed us to participate in a market supported by positive long-term trends, which has been bolstered by the recent commitment from a number of well-known corporates. By allocating to high-quality and well-located regional offices, where demand continues to exceed supply and letting activity remains strong, we see the opportunity for further performance from income growth.”

“The building itself provides high-quality space at an attractive yield, allowing us to continue to provide long-term sustainable income for our charity investors.”

Alex Smart, of developers JR Smart commented:

“We are delighted to have secured the sale of No 3 Capital Quarter to PITCH, which follows our successful sale of No 2 Capital Quarter to another UK pension fund in 2017 and further demonstrates the level of institutional interest for the product we have created at Capital Quarter. We had a number of strong bids on this asset and are also delighted that No 4 Capital Quarter is also fully let. We have now commenced on our next exciting office development in Cardiff City centre at John Street, Callaghan Square.”

PITCH was advised by JLL whilst JR Smart was advised by Knight Frank.

¹Source: MSCI

ENDS

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Notes to Editors:**The Property Income Trust for Charities (PITCH)**

PITCH helps over 1,250 charities to invest in property in an ethical, responsible and tax-efficient way. The Fund at £657m AUM, provides an annual distribution yield of 5.5% to investors and is the best performing specialist property Fund for charities over 3,5 and 10 years¹ (as at 30 Sept. 2019).

Mayfair Capital Investment Management Limited (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 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, Mayfair Capital Residential 2, Mayfair Capital UK Thematic Growth Fund and Cadogan Income Properties. As a Member of Swiss Life Asset Managers, MCIM is the UK real estate investment manager investing for Swiss Life's diversified pan-European Funds.

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