

## **1. Why have you had to suspend redemptions?**

A sudden and high level of redemption requests for the Brandeaux ground rent funds has been initiated by a broker on behalf of its clients, seemingly based on the broker's pessimistic view of the general residential property market. Until this event Brandeaux had a healthy level of net subscriptions with more investor money coming in than going out. Since the Directors have no intention of engaging in a fire sale of quality assets we have acted swiftly to suspend the funds to ensure all shareholders are protected and treated fairly.

## **2. Why have you suspended all the funds?**

The Directors believed that the sudden and high level of redemption requests for the Brandeaux ground rent funds was beginning to affect redemption levels in all Brandeaux funds. This led the Board of Directors of each of the Brandeaux funds to act swiftly to protect the funds and all shareholders.

## **3. Don't you have sufficient cash to pay redemptions?**

We always have had sufficient cash - liquidity - for normal redemptions. These are not normal redemptions. If funds hold very high levels of liquidity then investment performance will suffer.

## **4. Why suspend subscriptions as well as redemptions?**

We could not continue to accept subscriptions since the fund allows subscriptions on the basis that an investor can redeem on normal terms – which in the current circumstances they cannot.

## **5. When are you likely to re-open for new money?**

We hope to announce a plan in January which will allow subscriptions to resume.

## **6. How have the funds performed this year?**

All Brandeaux funds are in positive territory. In the twelve months to the end of November 2008, Brandeaux's Ground Rent Income Fund has returned +8.01% and Brandeaux Student Accommodation Fund has returned +10.71%.

## **7. What is your outlook for the property sector?**

The Brandeaux funds are invested in student accommodation and ground rents, not in the general residential property market, and we expect Brandeaux's asset classes will continue to perform.

Ground rent assets have limited correlation to the general property sector; student accommodation has no correlation as it is valued on a rental income basis.

## **8. Where do you see opportunity going forward?**

We are optimistic about 2009. We expect a number of interesting opportunities to arise.

## **9. Have you seen valuations fall?**

Funds are valued weekly so we see values change all the time. However, all Brandeaux funds are in positive territory in 2008, and they are performing well.

**10. How are valuations carried out?**

Funds are valued weekly. Property portfolios are valued monthly by an independent external valuer in accordance with the Royal Institution of Chartered Surveyors (RICS) 'Red Book'. The valuer of the ground rent funds is CB Richard Ellis. The valuer of the student accommodation fund is Lambert Smith Hampton. Both valuers issue formal valuation certificates to the Directors of the funds on a monthly basis.

**11. Do the funds have debt?**

The ground rent funds are, and always have been, debt free. The student accommodation fund has a very low level of debt, secured until 2012.

**12. Who audits the funds?**

Deloitte & Touche.

**13. Who are the funds' bankers?**

HSBC.

**14. Is there a queue of redemptions for when the funds re-open?**

There is no queue for redemptions. Redemptions were refused as soon as the problem became evident.

**15. Won't you have to sell assets to meet redemption requests?**

We'll continue to manage the funds actively. The Directors have no intention of engaging in a fire sale of quality assets.

**16. Are you continuing to price the funds?**

Yes.

**17. Apart from plans to resume dealing do you expect to make any changes to your investment strategies?**

No.

**18. When will I get back the money I sent in as a subscription?**

All monies received since the last dealing date before suspension are being returned.

**19. What proportion of your investors are hedge funds?**

None.

**20. Is Brandeaux exposed to Madoff funds?**

No