

## BRANDEAUX UPDATE

### BRANDEAUX'S GROUND RENT FUNDS ON COURSE FOR RE-OPENING

A circular has been sent out today to the institutional shareholders of the three Brandeaux ground rent funds (the "Funds") proposing certain changes to share terms in order to enable the re-opening of the Funds on 30<sup>th</sup> April 2010.

The institutional shareholders have until 16<sup>th</sup> April to respond to the proposed revised share terms. Each fund requires consent from the holders of 75% or more of its shares to allow the changes to the share terms and it to re-open for subscriptions and redemptions.

A principal variance from the existing share terms is in respect of the redemption notice period. The existing redemption terms have a seven day notice period which has proved inappropriate for the underlying property assets which cannot be realised within that time frame to create liquidity. The proposed redemption notice period is six clear calendar months, but the directors have discretion to advance redemptions, which they intend to do, subject to available liquidity.

**This discretion will, where possible, allow for redemptions to be fulfilled as quickly as possible.**

Although the institution, as the shareholder of record, must ultimately signify whether it wishes to consent to the revised terms, some institutions may seek the consent of IFAs and/or policyholders or investors.

**If you receive a communication from an institutional shareholder regarding the approval process for the revised share terms, it is essential that you respond promptly to enable the institutional shareholder to meet the deadline.**

The directors are unlikely to re-open the Funds on the existing seven day redemption terms as their view is that this would probably lead to another suspension. The new six month redemption notice terms, with the directors' discretion to advance payment earlier, will allow a much more effective management of liquidity whilst maintaining flexibility.

We have been making disposals of properties to create liquidity since the Funds were suspended in December 2008. Property disposals have been made at valuation or above, and not at "fire sale" prices and, therefore, have not had a detrimental effect on the Funds' performance.

The directors of the Brandeaux Funds deplored the fact that the only course of action open to them in December 2008 was to suspend the issue and redemption of shares in the Funds. Since that date the directors have been actively monitoring the situation with a view to re-opening the Funds as quickly as possible while at the same time protecting the value of the property portfolio and thus preserving investors' money. The share prices of all the Funds at 28<sup>th</sup> February 2010 are greater than those at the time when the Funds were suspended on 12<sup>th</sup> December 2008.

We thank you for continuing support and particularly as we enter the final stages of re-opening all the Brandeaux funds.

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