



BCP PROPERTY FUND MATURES WITH A GAIN OF +129%

BCP London Commercial Property Fund 1

BCP Asset Management is delighted to announce that the BCP London Commercial Property Fund 1 has matured with a gain of +129%. This gain has been achieved during one of the toughest property market downturns on record.

Property Asset

The Fund purchased a prime building at the corner of 45-50 Old Bond Street & 57-60 Piccadilly, London in January 2004. The property consisted of a retail unit and 5 floors of offices. DeBeers, the diamond Jewellers, was the anchor tenant.

How did BCP achieve this performance?

Timing of Purchase

BCP held off purchasing a property for the Fund until the end of the last property downturn had been reached and a recovery was beckoning.

Rental Growth

45-50 Old Bond Street was selected by BCP as they believed that the retail rent in the prime section of Bond

Street would ripple all the way down the street to this building. At the time of purchase, the passing rent on the retail unit occupied by DeBeers was £800,000 per annum. During the term, BCP negotiated an increase in this rent to £1,490,000 per annum, an increase of +86%. The sale price BCP achieved for the property in May 2011 reflected a rental value of £1,730,000 per annum.

Asset Management

When the property was purchased, one floor of offices was empty and another floor had only a short term lease. BCP secured a deal with DeBeers to take both floors of offices for a lease term of 17½ years.

Interest Rate Hedging

The interest rate for the Bank Loans

was fixed for a weighted average term of 4 years, which meant that the Fund was in a position to take advantage of the drop in interest rates to all time record lows. This led to significant interest cost savings and consequently had a very positive impact on the profitability and cashflows of the Fund.

Timing of Exit

The property was purchased for £16.25m plus purchase costs. The property value in June 2007, at the peak of the economic cycle, had risen to £28.25m. In May 2011, the property was sold for £30.52m.

New Property Fund

BCP has identified other rental growth opportunities in London and is seeking expressions of interest in a new Property Fund.