

## UPDATE FROM KAY BRANDEAUX

Dear Supporters, Brokers, and Advisers,

As the founder and chairman of Brandeaux, I am writing to give you an update on our progress over the last few weeks and to give an outline of our plans for moving forward.

The decision on 12th December to suspend dealing across all funds was a difficult but necessary one to protect all shareholders. I am acutely aware of the worry and concern this must have caused and that you are unnerved and disappointed by this action. I apologise to you all, and especially to those handful of people who wanted to redeem a small portion of their investment ahead of Christmas.

I am overwhelmed with your supportive response and encouragement to get Brandeaux's funds 'back to normal' and able to accept new money. Your loyalty and feedback is extremely important, and it is something I do not take for granted. I thank those of you who have given us your views and comments and have made important input into our plans for moving forward.

The Brandeaux team are committed to putting in place a structure which will give stronger protection against a re-occurrence of the situation which occurred in December, when there was a sudden and high level of redemption requests which, had they been actioned, would have seriously damaged the liquidity of the funds and jeopardised their ability to continue to operate.

We intend to offer a new share class with longer redemption terms more appropriate to the assets of the funds in the current turbulent financial markets. We believe that we are on course for a sensible and workable solution.

We will initially offer a new share class for Brandeaux Student Accommodation Fund, following through next with the dual asset funds, namely Brandeaux Sterling, US Dollar, and Euro Funds. The Ground Rent funds will follow as quickly as practical.

Once the new share class is up and running, we will offer the existing investors the opportunity to switch into the new share class. In simple words, this should begin to 'unlock' the current situation.

Our goal is to have the new share class for Brandeaux Student Accommodation Fund open for new subscriptions, hopefully within the next two to three weeks. We ask your patience as there is a vast amount of documentation and administrative detail to put in place.

In spite of the painful experience this situation has brought about, we believe that we will, through the new share class, have a stronger and far more robust structure for the protection of all shareholders.

There is no perfect solution. We are all only too aware that we are working in uncharted waters. The turbulence we all have experienced in the world financial markets over the past year is without parallel or precedent. Every well-run business must move with the times and adapt to changing conditions in order to be successful. This is what we are striving to do.

On behalf of myself and all of the Brandeaux team, I say an enormous thank-you for your support, understanding, input, and patience while we work through this process. We are making good progress and will report again very shortly.

My very best wishes for a happy and successful 2009.



Kay Brandeaux  
Chairman

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