



Press Release

Strictly under embargo until 30 April 2010

Residential Property Recovery Fund

("RPRF" or "the Fund")

First Close of Residential Property Recovery Fund

Residential Property Recovery Fund ("RPRF"), the specialist residential property fund focused on distressed and mispriced residential property in the Midlands and the North of England, today announces the first close of the Fund, having raised £3 million, which is above its target, from individuals, corporates and pension investors. The Fund will have a series of monthly closings from this point.

Highlights

- The Fund has successfully raised £3 million of investor subscriptions to create a fund size initially of approximately £7.5 million, with borrowing
- The monies have been raised despite very difficult economic conditions, and will be invested over the coming months in houses and apartments below the national average house price in the Midlands and North of England
- In the Fund's target areas there has been an increase in distressed stock on the market since January, and the Board believes that this will continue
- Mortgage lending still remains constrained but the Fund is in a strong position to buy distressed and mispriced properties with cash
- The Fund is available to private investors, including SIPPs and SSAS, and institutions, enabling investors to benefit from the rare opportunity in the residential property market through their pensions, and direct investment
- Minimum investor contribution £25,000

The Fund is focused on the Midlands and North of England. These regions have been harder hit by the downturn in prices thereby offering greater opportunities for the Fund, combined with the expectation that they will benefit from considerable regeneration and inward investment in the medium to long term; RPRF offers investors the opportunity to capitalise on this. The economic conditions remain

difficult, and regardless of the low interest rate environment, banks are looking to offload stock that they have written down over the last 12 months, which offers exciting and attractive opportunities for the Fund.

The Fund has identified several opportunities over the last three months which it is considering, including new build properties, existing housing stock, and development opportunities in regions such as Leeds, Birmingham and Leicester. To supplement these opportunities, the Board has an excellent network of contacts in its target areas, and is reviewing a number of off market residential investments that will provide the Fund with exceptional value. Once the properties have been purchased, they will be actively managed by the Fund manager's established in-house property management team, thereby maximising investors' returns.

Commenting on the launch, Barney Buik, Executive Director of Residential Property Asset Management, said: "We are pleased to have completed the first close of the fund despite the unprecedented difficult economic conditions, which will allow us to pursue a number of the opportunities which we have identified. We believe this momentum will follow through to successful further fund closes on a monthly basis over the summer. We are excited about the investment possibilities in our target area of the Midlands and North of England.

"Residential property offers an extremely attractive asset class with proven long-term performance, and many risk-averse investors are realising the inherently strong investment characteristics of this sector. We have seen evidence over the last three months that there are and will continue to be plenty of buying opportunities for the Fund. Our targeted geographic focus, strong network of contacts, and experience in residential property position RPRF well to capitalise on the opportunities in the market."

- Ends -

For further information:

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Photography

Photographs of Barney Buik, Executive Director of Residential Property Asset Management are available from Abchurch. To arrange to receive copies, please contact Nick Probert on 020 7398 7715 or nick.probert@abchurch-group.com

Notes to Editors:

The Residential Property Recovery Fund is a closed-ended investment vehicle, with a life of five years, focused on investment in residential properties in the Midlands and the North of England. These areas are expected to benefit from continuing inward investment and regeneration projects. 25% of the Fund's total assets can be allocated to trading and development to enhance returns, whilst the remainder will be held over the life of the fund.

The Fund aims to purchase both existing stock and new build properties with an estimated gross property yield of 8% or more, a discount to current valuation of approximately 25% and unit price below national house price average.

Residential Property Asset Management is the Fund Manager, and has an experienced management team with a strong investment track record. Residential Property Group will act as property agent and provides the fund with property sourcing and disposal, lettings and management services.

The Structure of the Fund

The Fund is closed-ended and will have a life of five years. It is tax transparent and tax efficient focussed on capital growth. To enhance returns, the Fund intends to use conservative gearing. A majority of the purchased properties are planned to be held on a long-term basis with up to 25% of the portfolio to be developed and traded to further enhance returns.

The Fund will be managed by Residential Property Asset Management ("RPAM"). The Directors of RPAM have overseen the purchase and management of more than £200 million of residential property throughout the UK.

| For further information, visit www.rpamfunds.co.uk

