



Nottingham NG5

Portfolio of 8 no, 1 & 2 bed apts in, Sherwood, Nottingham. Price shows a discount to current market Value of c23% and discount to previous sales in excess 35%. The units are let and with a gross yield of c8%



Birmingham B5

Portfolio of 7no, 1bed apt located in central Birmingham. The Price reflects shows a discount to vacant possession of c20% The portfolio is fully let showing a gross yield in excess of 8%.



Milton Keynes MK9

A property re-presented to us, the first purchaser having been unable to purchase. A freehold block of 12no 2 bed apts. All the properties are let showing a gross yield of c10% and a discount to vacant possession of c24%.

## Fund Strategy

*An Opportunity for private investors, including SIPPS and SSAS and Institutions to invest in a diversified portfolio of distressed, mispriced residential property in the UK with a focus on the Midlands and the North of England.*

### Current Opportunities

We have outlined, on the left, 3 more opportunities that we are pursuing currently.

We have, since our last missive completed on another £260k of property and have agreed to purchase another £640k of property; with £3m+ on which we have made formal offers.

All the property to date has been purchased in line with the Fund's investment criteria and is showing a gross yield above 8% with discount at purchase to current prices of c25%.

The properties mentioned above are located in, Nottingham, Birmingham Milton Keynes, Lincoln and Northampton. The stock is a mix of Newbuild and Victorian property.

The Birmingham properties are not as highly discounted as some but they let extremely well and are in high demand both for sales and lettings.

The Milton Keynes freehold block of flats is, we hope something that you will recognise and is a good example of how this market is working (or not) currently: We Bid on this in November 2010 and were underbidder by £5,000 the original purchaser has failed to exchange (let alone complete) for a number of reasons mainly lack of finance. We have since reduce our bid by £40,000 and have had it accepted STC.

We are continuously monitoring our market place and will continue to update on our progress.

### Investment Timetable

We aim to have full Fund investment by end of 2Q 2011. We still see genuine concern and uncertainty in the residential market, in our chosen areas, which we are keen to exploit and will continue to do so.

### Market Commentary

The residential market in our chosen areas continues to provide both opportunity and frustration in equal measure; as the Milton Keynes block may demonstrate, in part.

Vendors are coming a little closer to reality (both banks and Investors) but not quite close enough for our liking. We did however (prior to the budget) see a decent flow of stock, as mentioned already and are working hard on some of it.

The Budget did produced some interesting news on many fronts; for our purposes, however, the key point was that investment portfolios would attract stamp duty at the average price of the individual properties within the portfolio; rather than the portfolio price itself.

This presents the Fund with potential savings given that the average unit price of our properties would normally only attract 1% stamp duty. For example: a portfolio of 7 flats in Birmingham with a unit price of £100, Total £700k would have normally attracted Stamp at 4% - i.e. £28k but once the new legislation passes into statute this rate will be reduced to 1% - i.e. £7k. Obviously we will try and incorporate this potential price differential in our bids, prior to the Finance Bill 2011 receiving Royal Assent. Watch this space...

#### CONTACT DETAILS

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#### Market Commentary . /...cont

The rental market remains very robust in our areas, little has changed in the mortgage market to alleviate this pressure. We are yet to see tenants in arrears due to pressure on household budgets but we are keeping a close eye on this possibility.

#### Final Closing

This happened on 6<sup>th</sup> January 2011

#### Fund Update

**This update is the Fund quarterly update. The Fund's year end is on 5<sup>th</sup> April every year, and as such you will be in receipt, shortly of audited accounts, yearly valuation and a more in-depth update from both Gallium Fund Solutions, the Operator and us.**

As ever we welcome your calls, and if you wish for more information please do not hesitate to contact us.

#### Fund Facts

<b>Equity size:</b>	<b>£2.95m</b>
<b>Anticipated debt:</b>	<b>c£5m</b>
<b>Total Fund size:</b>	<b>c£7.95m</b>
<b>Investment vehicle:</b>	<b>Limited Partnership</b>
<b>Term:</b>	<b>5years</b>
<b>Investment criteria:</b>	<b>UK Residential</b>
<b>Targeted IRR:</b>	<b>16%</b>
<b>Unit Price at first close:</b>	<b>£1,000</b>

Robert Brown  
James Turcan

The Directors  
Residential Property Asset Management Ltd

April 2011

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