

Residential Property Recovery Fund launched

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Residential Property Recovery Fund, a specialist residential property fund focused on distressed and mispriced residential property in the Midlands and the North of England, has launched by way of a private fundraising with institutional and private investors.

The fund, which will be managed by Residential Property Asset Management, intends to raise up to GBP10m of equity/investor subscriptions, which with borrowing will create a fund size of GBP25m. The first close is currently scheduled to complete in the summer 2009.

It is eligible for investment via Sipp's and direct investment with minimum subscription levels of GBP25,000.

The fund's core objective is to invest in quality existing and new build residential property assets, including both houses and apartments. Target properties will be purchased below the national average house price which, according to Halifax Price Index, currently stands at GBP154,716. The monies raised following the fundraising will be invested over six months.

The fund will allow investors to capitalise on the opportunities in the Midlands and North of England. It will initially focus on these regions due to the considerable regeneration and inward investment in these areas.

The fund manager says research undertaken by the Investment Property Databank, Savills and King Sturge supports its belief that properties in regeneration areas tend to outperform in a rising market.

The directors believe that the current economic environment presents a strong opportunity to acquire distressed residential property, and that the timing will prove beneficial to investors.

The fund is closed-ended and will have a life of five years. A majority of the purchased properties are planned to be held on a long-term basis with up to 25 per cent of the portfolio to be developed and traded to further enhance returns.

Barney Buik, executive director of Residential Property Asset Management, says: 'As we launch the residential property recovery fund, both market opportunity and our track record give us a powerful combination. We believe that an unprecedented opportunity is presenting itself in the residential market. At this low point in the cycle, whilst sentiment is weak, to acquire a quality diversified residential portfolio. Through our expertise in sourcing, we will ensure only the best investments are

sourced, and our in house property management team will ensure professional and efficient rental property management. In the eight years in which we have operated in the residential property market, never have we been more excited and look forward to working with our investors to capitalise on this situation.'

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