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Cavendish & Gloucester launch a residential land fund

By Nick Duxbury

Cavendish & Gloucester (C&G), a London-based property company, has launched a land fund for private investors to take advantage of an 'unprecedented' opportunity in the new-build housing market.

The Cavendish & Gloucester Land Fund 1 will buy land in the south-east with residential planning permission in place at steep discounts, which it will then sell back to developers when the market recovers at a profit.

It will close to investors mid-July and is looking to raise £10m from SIPPS investors who will receive a 5% a year guaranteed return.

The fund has an investment term of five years, and when it expires, C&G intends to return 'substantial gains' to investors in addition to the income produced over the term.

Where there is potential to improve the value of the land by submitting planning changes and purchasing additional land, C&G will have the discretion to re-negotiate planning permissions in order to maximise profit.

The fund launch has been timed to take advantage of the government's South East Plan Initiative, which requires 654,000 new homes in the South East by 2026, which C&G believe will lead to an increase in demand for land with residential planning consent.

C&G has invested in development land in the south-east for over 30 years, and claims to have achieved average annual returns of 20%.

Jeremy Leaf, member of the property advisory board to the fund, said: 'The economic uncertainty has left many property developers with substantial portfolios of land with planning permission but no cash to pay financial lenders.

'In order to keep their businesses viable, they are seeking to sell these properties at steep discounts.

'We believe the next 12-24 months will offer the best potential to purchase discounted land from these developers then re-sell back to the market once there is an upturn in residential developments.'

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