

# STRATA Fund

## AN INTERESTING OPPORTUNITY FOR SIPPS



- A TAX TRANSPARENT PROPERTY FUND for PRIVATE INVESTORS
- ANTICIPATED MEMBER'S RETURN of 13% p.a. IRR
- DISTRIBUTION forecast: 5% p.a. end of YEAR 2 (7% p.a. from YEAR 4)
- 7.25 years (opportunities to terminate and extend)

### Mission Statement

Land is known to be in short supply in the South of England due to factors such as planning policy/delays and high transaction costs.

Demand for housing is sustained, if not growing, and likely to continue in the future.

This Fund has been established to provide Members with access to reputable Developers. All Developers have proven track records in sourcing sites (and/or have known requirements for funding from 2007 onwards) and delivering completed housing.

**The Fund will be aiming to generate maximum returns for Members with a minimum of risk by providing second charge funding to these Developers (in a variety of projects across the South of England) over a 7.25 year period.**

### Spread of Risk - 30-50 Different Developments

The Fund is expected to participate in circa 30-50 developments over 7.25 years.

evolve and Davon will ensure that each development passes a number of tests. These include:

- Developers to have experience/demonstrable track record;
- Each development to show anticipated profit on cost of 20% (min 15%);
- Developer to invest minimum 5% of total costs;
- Return on Fund's equity generated at level equivalent to 30% p.a.;
- Fund's equity to be 'spread' (the range will be a minimum of £0.5m, and a maximum of £2.5m per development);
- The building contract to be not only at fixed cost and warranted, but also approved by Fund's lawyers ; and
- Valuer and Project Monitor to have direct responsibilities to the Fund.

In this way the Fund will only participate in developments with a controlled level of risk.

### Protection 'buffer'

Each Developer must contribute no less than 5% of total costs. Each development appraisal must demonstrate a 20% profit on cost.

Accordingly, the Fund's equity will only be diminished if the value of properties being developed falls by more than circa 20% (assuming all other factors are as expected and no inflation in house prices during the assumed 12 month build period). evolve and Davon both consider this an unlikely scenario.





## **Progress**

The First Closing was on the 11<sup>th</sup> April 2007. Of the funds available from the First Closing, 75% was invested in three developments in Putney, Wimbledon and Kensington within 3 months.

This compares favourably to the Fund's financial model which assumes it takes 12 months to invest all equity.

## **SIPPs, SSASs and other tax exempt investors**

The Fund is proving to be attractive to SIPP or other tax-exempt investors for the reasons mentioned above.

Applications have been received into the Fund by many of the major providers. No SIPP provider has not approved the Fund.

(Please consult your financial adviser to discuss this opportunity further if you think it might be of interest).

## **Background**

evolve Fund Services Ltd ('evolve') has combined forces with Davon Ltd ('Davon') to provide private investors with the opportunity to participate in the potentially attractive returns available from funding residential development in the South of England.

evolve focuses on providing private investors with investment opportunities in the property market. The company is the asset manager of circa £100 million of property in a variety of different structures. evolve's UK based collective investment schemes are promoted in the UK by Partnership Incorporations Limited ('PIL'). evolve's website is [www.evolvefs.co.uk](http://www.evolvefs.co.uk).

Davon has an established reputation in the property market for introducing funding to residential developers, both senior debt and equity. Davon has worked with over 50 developers in the last 5 years alone – companies that have together developed over £750 million of property. Critically these developers require funding for new projects in the future. Davon's website is [www.davonltd.co.uk](http://www.davonltd.co.uk).

PIL can be found on the web at [www.pincs.com](http://www.pincs.com).

## **Information Memorandum**

An Information Memorandum is available from PIL or evolve detailing the offer to subscribe for interests in the Strata Fund. PIL is authorised and regulated by the Financial Services Authority. The information contained in this summary sheet should not be relied upon in isolation. All interested investors should read the contents of the Information Memorandum dated January 2007 in full, and in particular note the section headed 'Risk Factors' therein.

## **Further Information**

**To receive a copy of the Information Memorandum please contact your Financial Adviser or**

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*Photographs: Some projects by clients of Davon.*