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Tritax moves to open-ended model with launch of £200m UK vehicle

DANIEL CUNNINGHAM

Fund manager Tritax has teamed up with asset manager Brooks Litchfield to launch a £200m open-ended fund.

The tax-efficient Wealth Protection Fund will invest in asset-backed businesses across the country, such as hotels, healthcare facilities and data centres.

By investing in income-generating trading businesses, the fund gets access to Business Property Relief, which can reduce inheritance tax for its private investors.

The fund also aims to deliver

a return to investors from the businesses' profits and, through its partnership with Edinburgh-based Brooks Litchfield, by improving the properties owned by the businesses.

It is aiming for a 3% pa income return and, with 1% capital growth, a total yearly return of 4%.

The vehicle is targeting high-net-worth individuals and aims to raise £200m, including £15m at first close in early 2012. It is Tritax's first open-ended fund.

Partner Colin Godfrey said: "Our experience shows that many people are reluctant to

hand over their investments permanently."

The fund will retain a cash reserve equivalent to around 5% of its net asset value to ensure liquidity.

Godfrey said the fund will be targeting businesses with "stable, predictable" streams, such as budget brand hotel groups Holiday Inn and Novotel.

Tritax has lined up a pipeline of around £30m of assets, including two in the South East – a £10m hotel and a £15m hospital – as well as a £5m Midlands nursing home. Investments will have a gearing of up to 25% per asset.