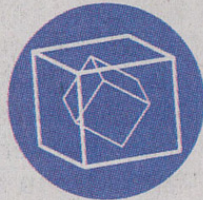


WEALTH

WEEKEND EDITION | Edited by Andrew Main



PRODUCT WATCH

HCAP Lane Cove Fund

WHAT IT IS: It's what's called a single-asset property trust.

WHAT IT DOES: A provider of mezzanine finance to a single boutique residential development in Lane Cove on Sydney's north shore, about 9km from the CBD. The development is called Aston Apartments and the intention is to earn more than 25 per cent on the investment over an 18-month period. It's not the developer: it works beside them.

WHAT WE LIKE: CEO Steve Howell and HCAP have been doing this for some years on a one-at-a-time basis around Sydney's lower north shore, and three recently completed developments close to the Brisbane CBD distributed between 25 and 28 per cent, against a target of 20 per cent. As the only investments of that exact type, they nailed three out of three. Try getting that sort of return by buying an apartment and holding it for 18 months. You might beat that target, but you'd be in a minority.

WHAT WE DON'T LIKE: It's a single asset and as you can see from Mr Bouris' comments opposite, such developments are something of a crowded trade. To be fair, it's 20 one-bedroom and 26 two-bedroom units, all with car spaces. Location looks pretty good, facing north and elevated on the less busy side of Mowbray Road, but there could also be dramas with completion dates etc if things go awry. The blurb says the builder is "TBA", so the excitement's all ahead. It's not cheap at a 2 per cent fee per annum and a minimum subscription of \$100,000. But that sort of investment won't get you far if you go on your own and a 2 per cent management fee might end up looking pretty cheap against doing things yourself. Launch date is May 1.

ANDREW MAIN