

select land and property investments

EQUITY INVESTMENTS – A BRIEF OVERVIEW

What are equity investments?

They are another way for a developer to raise finance and are often used in conjunction with other capital-raising methods such as bank finance or off-plan sales.

Who are equity investments aimed at?

They tend to be targeted at the more experienced investor and individuals of high net worth, as well as funds, syndicates and investor clubs. The developer is often looking to raise several million pounds and may well use a mixture of large and small investors to achieve the desired finance.

Why doesn't a developer just go to the bank?

Funding can be harder to secure in emerging markets and interest rates are often considerably higher than in the UK. It may be that the time taken to raise the money through a bank would mean the developer would lose out on an opportunity where securing an early deal is crucial. In many ways, equity investments reduce the risk for the investor and developer as the project is carrying less debt. In addition, it is often the case abroad that the developer will hold land prior to developing, so reducing cash flow concerns.

What are the advantages of equity investments?

The investor doesn't incur any buying or selling costs.
This makes the investment process virtually hassle free.
In many cases equity investments are SIPP compatible.
A high return on the investment is a realistic prospect.
No bad plots, etc.

Are there any disadvantages?

Equity investments involve a higher level of risk than a property purchase – if the developer gets it wrong you could lose your investment.
Money is tied up for a minimum time period.

What to look for in an equity investment:

A strong and experienced management team with good local contacts and a proven track record.
Although the investment may not be regulated, the UK company often is. Figures should be based on conservative assumptions – if the project is being sold with profits based purely on a rising market, stay well clear!

You should also receive a detailed memorandum and have any questions answered in full. Be sure to clarify at the outset what will happen to your money if the investment doesn't go ahead. At what point will you still get a full refund?

Do your research properly and there is no reason not to benefit from intelligent opportunities offering excellent returns.

Brooks Global Property offers clients a facility to register for opportunities as soon as they become available to BGP, as finance for intelligent investments tends to be raised very quickly.

For information on current and future equity investment opportunities, or to register your interest with us, **please contact us at:** info@brooksglobalproperty.com