

Property Week.

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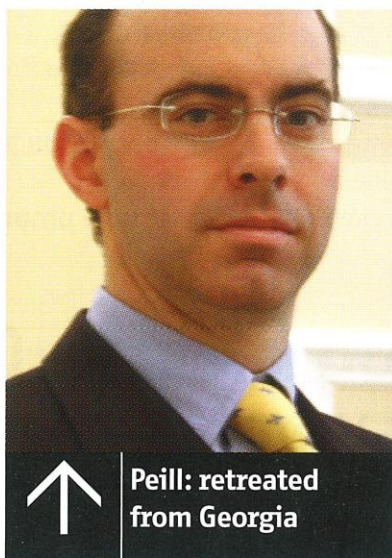
Argo man homes in on distressed UK

THE PARTNERS OF FUND manager Argo Saint George and a trio of UK property veterans have teamed up to create a company to cash in on the depressed UK market.

The company, Heracles, will start to invest in November, targeting the UK's secondary property market. It aims to have £100m of property under management within 12 to 18 months.

The launch of the company, led by Argo partner David Peill (pictured), who will be chief executive, comes one month after the launch of his Alliance Property Fund in Georgia had to be shelved because of the conflict between Georgia and neighbouring Russia.

Peill had planned to launch a \$200m (£109m) opportunity fund in Georgia, and had already raised \$30m (£16.4m) of equity, but decided to put the vehicle on



Peill: retreated from Georgia

hold after Russia retaliated to Georgia's attacks on its breakaway regions of South Ossetia and Abkhazia.

He is now prioritising UK property investment and has teamed up with ex-Mansford Holdings chairman Gavin MacEchern, who will be chairman, ex-Savills equity partner James Dean and property entrepreneur Johnnie Arkwright in a 50:50

joint venture to be based in London's West End.

He told *Property Week*: 'The reason we went as far as Georgia is because we were focused on having an opportunistic business and we couldn't find the returns in the UK. Now we see that opportunity has swung back.' Peill said the Alliance fund would be on hold until early 2009.

Heracles would be the external manager of a series of limited partnerships set up to buy property on behalf of syndicates of wealthy individuals. Heracles' partners would invest a minimum of 10% of the equity of every purchase, which are likely to be between £1m and £20m.

Investors are expected to invest a minimum of £500,000 and Peill said the targeted internal rate of return was 20%.