

LJCB buys into Rismark's shared equity model

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The LJCB Investment Group has acquired a major stake in property funds management group Rismark International and has taken a cornerstone position in its latest residential property fund.

The Melbourne-based group, associated with part of the Liberman family, has invested \$25 million in the fund and the group's chief executive, Greg Woolley, has joined Rismark's board.

Macquarie Bank also remains as an investor and partner to the fund manager as it looks to set up its revolutionary equity finance mortgages in Australia.

Under the system, home owners and Rismark investors will share in the capital gains and losses on properties. The investors should receive higher returns than the residential property market as a whole because they receive a greater profit share - they take 40 per cent of any price rise in a home's price but only 20 per cent of any price fall.

Rismark holds six patents relating to design and management of the mortgages and its business processes.

Rismark has just launched a high-return unlisted trust that will invest in the mortgages, which asset consultants said was forecasting returns well above other property funds.

Investors in the trust will take a leveraged exposure to a select pool of the mortgages that show favourable return characteristics in strong locations.

Last year, Rismark marketed a more passive version of the trust to major superannuation funds.

Many were keen to gain exposure to the \$2.5 trillion residential real-estate sector, an area that has previously been closed to institutional investors.

Rismark is now focusing on marketing the higher-return vehicle.

Rismark says the residential real-estate cycle has fallen since the peak of 2003 but notes that BIS Shrapnel has forecast a rebound in 2008, by which time its new vehicle is expected to have acquired all of its assets.

Separately, Adelaide Bank's head of strategic development, John Powell, has joined Rismark International as head of wholesale funding.

Mr Powell was a member of Adelaide Bank's executive committee for six years, reporting directly to chief executive Barry Fitzpatrick.