

From the Triangle Business Journal:

<http://www.bizjournals.com/triangle/news/2017/02/06/australian-investor-enters-u-s-apartment-market.html>

## Australian investor enters U.S. apartment market with \$22M acquisition in Triangle

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An Australia-based real estate investment fund seeking to switch from single-family home investing in the U.S. to multifamily properties has made its first big acquisition of an apartment community in Hillsborough.

A joint-venture partnership between US Residential Fund (ASE: USR), a publicly-traded company based in Sydney, Australia, and 10 Federal of Raleigh has paid \$21.5 million for the 240-unit Patriot's Pointe apartment community, according to Orange County records. The garden-style apartment community, built in 2004, is located off of Orange Grove Road near the junction of Interstates 85 and 40.



US RESIDENTIAL FUND

The transaction marks US Residential Fund's entry into the multifamily apartment market in the U.S. Up until now, USR's investments had been entirely in single-family houses acquired during the financial crisis. As of March 2016, it had ownership in 140 single-family homes in Texas, Georgia and Ohio, and is in the process of winding down that portfolio through the sale of the properties.

Andrew Meakin, managing director at US Residential Fund, says the Patriot's Pointe apartments is the company's only investment in North Carolina, so far. "However, I will be in North Carolina in the next few weeks for further discussions with our partners," he writes in an email. "US Residential Fund is looking to expand its reach in North Carolina and is on the lookout for additional assets."

USR's partners in the Patriot's Pointe acquisition are local investors: brothers Brad Minsley and Cliff Minsley, of Raleigh with 10 Federal. 10 Federal also has ownership in multiple multifamily communities and self-storage properties in Durham, Mebane, Graham, Boone and Fayetteville.

According to USR documents, it has surmised that the property is "significantly under rented" with an initial yield of 6 percent. Occupancy was around 90 percent in January, Meakin says.

"We believe that improvements in asset management will increase occupancy and deliver increased rents in the near term," the company states in a news release about the deal. USR in its pitch to investors has stated that it is targeting an 8.4 percent average annual yield and a 15-17 percent internal rate of return for investors of Patriot's Pointe.

USR also noted the property was purchased with a debt package of \$14.1 million, which is fixed at 3.65 percent for the next 30 years.

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