PEI
PRIVATE EQUITY REAL ESTATE

Swiss property firm to raise €100m

Swiss-Italian financier Marc Cottino is spearheading efforts at M&A Property Investors to source €100m for a private equity real estate fund to invest in Europe and North Africa.

posted - 28 May 2009 16:44 CET
updated - 28 May 2009 16:45 CET
Robin Marriott

Switzerland-based M&A Property Investors, a subsidiary of Swiss financial firm M&A Investors, has launched a €100 million fund to invest in property in Europe and North Africa.

According to a statement, Swiss-Italian financier Marc Cottino is behind efforts to secure capital and invest it. He was previously with Millenium Capital, a private equity real estate investment company based in Luxembourg which he co-founded in 1999, and which he left in 2007 for M&A.

He has assembled seven analysts and other investment professionals in Lugano, Geneva and Paris to target the acquisition of value-added, opportunistic and distressed real estate projects.

The firm has begun approaching institutional and other investors, including high net worth individuals, with the aim of raising €100 million for a Luxembourg-domiciled vehicle, with a first closing of €50 million expected later this year.

The new fund aims to take advantage of the current weakness in the real estate sector by investing in "selected opportunities" that "fall below the radar screen" of larger funds. This, it says, typically includes investments ranging between €10 million and €20 million. The team will look for properties where value can be added by injecting both capital and development or operational expertise.

About sixty percent of the fund will be invested in distressed or non-performing real estate and property investments in Central and Eastern Europe, primarily residential and commercial, while the remainder will be invested in value-added developments coupled with renewable energy projects in North Africa, particularly in Morocco. A project of €5 million has already been identified as a first initial investment by the fund.

"Although Eastern European economies have been hard hit by the global crisis, some local markets offer tremendous potential for opportunistic real-estate investing in a bottom-cycle timing within a medium-term investment time frame," said Cottino in the statement. "In particular, our analysts have detected highly attractive distressed assets launched at high value by international developers in late 2006-2007 when the market started to become saturated. Many of them are now distressed or bankrupt."

He added these assets were located in capital cities and other major cities such as Bratislava, Budapest, and could be acquired at "bargain prices" with a strategy of a 3 to 4-year holding period and targeted returns of more than 20 percent.