

Catalyst launches €600m 'hybrid' fund

The London-based private equity real estate firm has structured its offering with co-investment capital at the heart of its strategy.

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Catalyst Capital, the London-based opportunistic fund manager, has launched a €600 million vehicle, Catalyst European Property Fund II (CEPF II), seeking €450 million of that in co-investment capital.

The firm said CEPF was an "innovative co-investment vehicle" in which each investor's financial allocation would be split into two elements: a smaller firm commitment over which Catalyst would have discretion, combined with a **larger amount for co-investment** over which each investor would retain the investment decision.

CEPF II is a follow-up to Catalyst's first fund that has a 2007 vintage but which only made one investment before late 2010. The structure is different as the new vehicle is seeking to raise €150 million of capital commitments in a traditionally blind commingled discretionary fund, with the rest of the equity committed on a non-discretionary basis.

PERE understands the firm already has a first deal in Germany lined up for the vehicle which it is putting in front of potential investors.

The fund in general will invest in the office and retail sectors in countries where Catalyst already has an established presence: the UK, France, Belgium, Germany and Poland where it will find investments it can add or create value to. The strategy is to target a diversified portfolio of income-producing assets and development and refurbishment opportunities.

Julian Newiss, founding partner, said in a statement: "There is a compelling, immediate opportunity to purchase selectively from an increasing stream of cash-starved and management-neglected properties becoming available from failed banking situations. The assets will benefit from Catalyst's in-house asset management skills to create value for the Catalysts investors."

In December, the firm announced it had completed one of its largest investments in recent years, acquiring a portfolio of German retail properties valued at more than €150 million.

It was reported that Abu Dhabi Investment Authority (ADIA) was one of its investment partners. In December Catalyst was appointed by the sovereign wealth fund as asset manager for a 650,000 square foot office recently bought in Ghent, Belgium. ADIA was understood to have paid approximately €100 million for the office at G Crommenlaan 9 to an Icelandic investor.