

Banor launches new illiquid assets fund

Investments

100 million first close in April, end-of-year target 200 million

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Finding the best opportunities in the most distressed assets, or better yet, getting trophy assets back on track. After the success of the Special Situations I fund launched in 2018, Banor — with over €11 billion in managed assets — is launching a new closed-end fund aimed exclusively at professional investors.

In fact, fundraising with Special Situations II is already underway. The first close, totalling €100 million, is scheduled for the end of April, while the second is expected at the end of the year and aims to hit €200 million. The fund targets family offices and private and institutional investors.

“Like its predecessor, this Banor Special Situations fund (BSSII) focuses on the investment opportunities presented by distressed assets on the market, with a particular em-

phasis on trophy real estate assets”, explains Lorenzo Guidi, Portfolio Manager at Banor. “The fund’s investments originate from situations of financial stress (bankruptcy proceedings, bridge financing, etc.) and mainly consist of three categories: financing of real estate assets and projects with subordinated debt instruments (mezzanine, preferred equity, etc.), non-performing loans and the purchase and redevelopment of existing property in distress situations or through the conversion of debt instruments”. The Fund itself has a positioning on a market segment between €5 and €20 million of investments per transaction.

“We believe that this represents a medium-low size investments segment, a context with fewer competitors and which, therefore, deserves to be better monitored”, added Guidi. With returns standing at 11% to 12% per annum for the first fund, the second should provide yields between 13% and 14% pa.

BSS II is also mirroring the experience of the first fund in

terms of geographic positioning, with investments equally distributed between the UK and Italy (50% UK and 45% Italy for the first fund), with 5% in France, all concentrated in the residential, retail and hospitality asset classes.

The assets in the portfolio of the first fund — €115 million with 23 investments representing 80% of the capital (the remaining 20% invested in Q1 ‘23) — include the purchase and repositioning of a hotel in Cortina (acquired through NPLs), the completion of a 200-room hotel overlooking the Silverstone race track, the repositioning of a private square in the heart of Milan, the conversion of a boarding school near London for residential use, and the renovation of a villa in Santa Margherita.

“From our perspective, rising interest rates (and therefore the higher loan burden) combined with the increased selectivity of banks creates a more favourable investment environment, where we can offer our capital as an alternative source of financing”.

THE STRATEGY

Lorenzo Guidi: “Opportunities in distressed assets, with a particular emphasis on trophy real estate assets”

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