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Ex-Doughty Hanson head sets up new firm

Date: **31 May 2013**

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Edward Bates, who stepped down as co-head of real estate at European private equity company Doughty Hanson in 2011, has formed a new investment company.

Based in Paris, Bates has set up Eurovest Capital Partners to focus on value-add real estate investment in France.

'We already have three investments under our belt,' Bates told PropertyEU in an interview.

On 30 May, the company closed the acquisition of a mixed-use office and retail building at 131 rue Cardinet in the French capital. Located in the emerging Batignolles area, the 1,100 m2 asset was bought in joint venture with private investor CATM Cardinet as well as GDG Investissements. The vendor was Eurosic Palmer.

Commenting on Eurovest's strategy, Bates said the company is focusing on the acquisition of existing buildings to either renovate them and re-lease them or convert them into residential.

Bates: 'We've been playing this niche strategy in the residential sector because we still see strong demand for housing here in Paris and we are able to raise third party debt with the banks. There are many things for sale - mainly offices which are vacant, and few interested buyers which for us mean opportunities.'

He also sees investment opportunities in the current mispricing of secondary markets. 'We are looking for prime cash-flowing assets in good locations in secondary markets which are off investors' radar screen. We like to go where there are fewer players,' Bates noted. The company is targeting returns of between 12-18%.

In addition to investment, Eurovest also provides asset management services for third parties, having recently secured a mandate to manage a €100 mln portfolio owned by a French private investor, Bates said. The assets include retail, offices and hotels.

The manager is also considering the launch of a small investment fund focusing on French real estate. 'However, the capital markets are still complicated here in France and as the real estate market is only sick not distressed, there are fewer opportunities.'

Bates previously worked as co-head real estate at Doughty Hanson which he joined in 2007 to replace John Howard. Bates led the group's growth in continental Europe, alongside fellow co-head Julian Gabriel. Before then the manager worked for almost a decade for Orion Capital Managers.

Bates is the latest big shot private equity executive to go solo in the past months. Earlier this month, Ellis Short of Lone Star Funds reportedly formed his own

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firm aiming to raise \$1 bn for investments in distressed real estate assets and non-performing debt in Europe.

Former Starwood Capital manager Desmond Taljaard is also said to be establishing a firm on his own, known as Mildmay Capital, to invest in hotels across northern Europe.

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