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## Century Bridge makes first fund investment

The China-focused real estate fund manager has announced its first deal, a \$44 million residential investment, on behalf of its debut fund, which closed last year.

Beijing-based private equity real estate firm Century Bridge Capital has invested \$44.4 million in a joint venture residential development project in Wuhan, a Tier II city in central China, as its first deal on behalf of its debut fund, according to a firm statement.

The project is a joint venture with Chinese property developer Coastal Greenland. Century Bridge has provided \$30.5 million of the equity for the deal, while the remainder came from an unnamed co-investor. The deal size does not include leverage, but the firm is planning to take out a construction loan of between 15 percent to 30 percent of the deal size once the transaction is closed, according to Thomas Delatour, chief executive of Century Bridge.

The project is expected to comprise three residential towers totaling 1.7 million square feet, including 215,000 square feet of retail space on the lower three levels of the towers, Delatour said. The site has "convenient access" to Wuhan's central business district, and most amenities including supermarkets, schools, hospitals and the subway are all within walking distance, he added.

Development is expected to take two to three years, and apartments are expected to be sold to end-users. Century Bridge plans to remain invested in the project until all units are substantially sold, Delatour told PERE. He would not disclose return expectations for this deal, but Chinese opportunistic funds typically target 20 percent returns.

"Our strategy is always to team up with a developer that has been successful in the local market," Delatour said. The focus of Century Bridge is on middle-class residential development in China's Tier II cities, with the goal of capitalizing on China's urbanization trend. With 300 million to 400 million people expected to relocate to China's cities in the next 15 years, he estimates about 10 million units are sold nationwide per year. Even with the government's cooling measures on real estate, the "organic demand" for affordable middle-income housing remains, he insisted.

Although this is the first deal closed out of Century Bridge China Real Estate Fund, Century Bridge has completed two previous deals in China using its own capital and already has exited them at "better than expected" returns, Delatour said. The firm expects to announce a second deal for the fund shortly, having already reviewed 70 potential deals.

The pipeline of the fund is such that Delatour expects most of its remaining \$140 million should be invested by the beginning of next year, and the firm may start fundraising as early as then for a second vehicle.

Co-founded in 2006 by Delatour, Century Bridge closed its debut fund on \$170 million in September, below its \$400 million target. The fund's nine investors include the Church Pension Fund, Metropolitan Real Estate Equity Management, Merseyside Pension Fund, Quilvest and Deutsche Finance Group.

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