

GI Partners acquires €214m of European mortgages

The California and London-based private equity and real estate firm is expected to say tomorrow it has bought €214m face value of residential mortgages backed by assets in the Netherlands.

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GI Partners, the trans-Atlantic private equity firm, has bought €214million face value of performing residential loans backed by assets in the Netherlands.

The California and London-based firm focused on real estate and other asset-intensive businesses, is expected to reveal tomorrow it has teamed with Principal Company, a Dutch asset-based investment and advisory firm, to complete the investment.

GI funded the transaction with equity from GI Partners Fund III, which closed on \$1.9 billion in October 2009. Principal Company provided equity as well, while French bank, Natixis, organised €103.8 million of mortgage-backed securities rated Aaa by Moody's.

The deal comes amid signals that the Dutch residential sector is set to benefit from a number of positive economic developments, most notably a fall in the national unemployment rate – a key driver of borrower defaults. The unemployment rate was reportedly running at around 5.1 percent at the start of the year, down from 5.7 percent a year earlier.

The seller of the performing loans to GI and Principal Company is said to be a global financial institution retrenching from its non-core businesses.

According to GI's website, the firm has around \$5.8 billion of capital under management in North America and Western Europe. Its European activities are led by Mark Tagliaferri.

The firm has invested around two-thirds of GI Partners Fund III to date.

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