

## MIPIM-Special

# "We look for investors that want to find great opportunities at this time"

Redaktionsgespräch mit Frances Reynolds

**Während die Finanzkrise die Immobilienmärkte in Europa, Ostasien und Nordamerika auf Talfahrt schiebt, blieb Lateinamerika, speziell Brasilien, (bislang) weitgehend verschont, erklärt Frances Reynolds im Gespräch mit der Redaktion. Und auch die Vereinigten Arabischen Emirate seien durchaus robust, gleichwohl einige gigantomanische Projekte vorerst gestoppt wurden. Die relative Stabilität dieser Immobilienmärkte hat aus ihrer Sicht seine Ursachen in der Prosperität der Volkswirtschaften und in der Eigenkapitalstärke der lokalen Investoren. (Red.)**

**I&F** You have successfully worked in the media business. What brought you to the subject of real estate? What do you find exciting about this asset class?

In these troubled times, real estate assets, including agro-business and some renewable energy projects, offer a security which financial assets simply do not have: you can touch real assets and if correctly purchased at the right price (which we at Reynolds Ventures help the potential investor to understand) they will offer a solid return in the medium to long runs.

**I&F** How can large real estate projects be realized in the current market environment?

In the emerging markets where Reynolds Ventures is actively involved (notably Brazil, Uruguay, Argentina and the United Arab Emirates) large real estate projects continue. No country can be isolated from what is happening in the international financial markets; that is certainly true.

But some emerging countries are faring better than others. And, indeed, some projects in the UAE are offering guarantees for investments for up to five years via leasebacks and guaranteed rental agreements.

Neither of these two conditions, which are now haunting industrial country real estate markets (a housing bubble and a recession), are taking place in South America. In Argentina, Uruguay and Brazil, mortgages are rarely used given the high interest rates. In most real estate acquisitions in these countries,

the buyer disposes of the funds that he needs to purchase the property. Of course the markets will be affected by the global economic development, but where real estate is concerned, the effects will be much less severe than in other parts of the world.

Brazil in particular is one of the strongest emerging markets worldwide. Brazil has managed to avoid typical mistakes of other markets: the country has a solid middle class and migration into cities is less prevalent here than in other emerging countries. There is no sub-prime issue in Brazil, and the big internal market of about 190 million people guarantees a high base level of internal demand.

In the Emirates, even though there have been some pricing tensions recently, prices are still at the same level as one year ago, finance continues to flow to residents willing to buy housing and guaranteed leaseback structures are available for the international investor.

For projects with high construction quality in prime locations, I am convinced that the Emirates will continue to offer superior returns. For example, we were working on one particular project with architect Zaha Hadid that sold out in spite of the Lehman collapse and was not affected by the current economical situation.

**I&F** How do you finance your real estate projects?

Typically, we find that most of our investors are very liquid and can focus on opportunities even when international markets are going through tough times. There is in fact a lot of savings out there. What is scarce today is confidence. Therefore our main focus is not on financing, but on providing the kind of in-depth, comprehensive information around our projects that allows investors to evaluate them and take coherent and sound decisions.

**I&F** Why do you hold that now is the time for investors to invest in projects in South America and the United Arab Emirates?



"Prices have only one direction: that is, up."

**Frances Reynolds,**  
Chief Executive Officer,  
Reynolds Ventures,  
Buenos Aires

The opportunities that are presenting themselves in South America and the UAE are excellent medium and long run investments. Furthermore, in a market where financial assets present high risks (Madoff, Lehman, sub-prime...) the assets that Reynolds Ventures focuses on are real and, relative to most industrial markets, way below the price levels in for instance London, Paris or Madrid.

**I&F** How sustainable are the high yields in the real estate sector in these emerging markets?

We think that prices have only one direction to follow in the medium (say beyond a two to three year horizon) and long term: that is, up. There are three main assumptions for this estimate. First, we hold that prime, absolutely unique opportunities will almost always hold their value.

Second, relative prices in the emerging markets that we operate in are way below the prices of prime locations in top European cities, for instance. And third, economic conditions in these emerging markets, while less robust than in previous years, are a far cry from the recession in developed countries. As estimated by the International Monetary Fund, positive real GDP growth rates of between 2.0 and 4.5 percent are present in the markets that we advise.

**I&F** What projects do you plan to realize in Europe? Where do you identify market opportunities?

The unique always holds its value and we are looking into some European opportunities as well. However, in the main, our focus is very much targeted on the emerging markets. Where we look to Europe is for disenchanted investors that want to find great opportunities at this time despite the international financial crisis.

**I&F** Which investors would you like to address and which investment vehicles can you use?

In principle we are open to all investors although we sympathize most with demanding investors that expect professionalism and that seek out that which is truly unique. Our range of investors and the amounts that we can place range from as little as 500,000 US-dollars to as much as 250,000,000 US-dollars.

## Die Finanzmarktkrise und ihre Folgen – was bleibt am Ende?

Die Finanzmarktkrise macht deutlich, wie sehr die großen Volkswirtschaften der Welt miteinander vernetzt sind. Durch die modernen Techniken des Kreditrisikotransfers und der Kreditverbriefung sind die Ausfallrisiken mittlerweile rund um den Globus verteilt und wir erleben derzeit eine der schwersten Banken Krisen aller Zeiten.

Wie aber konnte es überhaupt so weit kommen? Welche Auswirkungen hat die Krise auf die Finanzmärkte und die Realwirtschaft? Welche Lehren können daraus für die Zukunft gezogen werden? Das Taschenbuch bietet einen Überblick über die turbulenten Geschehnisse an den Finanzmärkten im Sommer und Herbst 2008 und analysiert Ursachen und Auswirkungen der Hypotheken- und Finanzmarktkrise – unverzichtbare Hintergrundinformationen für Insider und Nicht-Fachleute gleichermaßen!

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