

# Project Ares



Project Ares involved a mezzanine loan to a Hong Kong listed developer, secured by a nearly completed prime mixed-use asset in Guangzhou, China. The project was exited successfully in 2017.

**December 2015**

Acquisition date

**Guangzhou**

Location

**Mixed use**

Sector

**c.118,000 sqm**

GFA

### **Transaction background**

- Prime location: The underlying property is located in Guangzhou's prime CBD with a direct subway connection through its basement level.
- Off-market deal: The borrower, a Hong Kong listed company, owned 51% of the property and was seeking acquisition financing to acquire the remaining 49% interest. The investment was sourced off-market through InfraRed NF's extensive network.

### **Investment rationale**

- Good credit: The borrower's controlling shareholder was a high profile HNW with controlling interests in a number of listed companies.
- Low development risk: The loan collateral was a nearly completed development. The mixed-use property with a shopping mall, office floors and serviced apartments required only internal fit-out.
- Outstanding risk-adjusted returns: The loan included a fixed interest component and an equity kicker linked to serviced apartment sales, while also benefiting from a robust security package including a personal guarantee from the borrower's controlling shareholder, a board seat and various equity pledges.

## Value-addition

- Early repayment with full interest: The loan was repaid three months early at the borrower's request, however interest was paid in full up to the original maturity date due to the structuring of a minimum loan term.