

US groups focus on Irish distressed assets

Interview with Nicholas Tsafos

US private equity and real estate groups are paying close attention to the opportunities on offer in Ireland to pick up distressed assets, as the ripples of the '08 financial crisis continue to be felt there. Whether they are buying actual assets, or the debt that is held on those assets, depends on what the individual manager is trying to achieve but as Nicholas Tsafos, Chairman and Director of EisnerAmper Global Ltd, observes: "Whether it is commercial real estate or retail real estate, we are seeing managers invest in a variety of property portfolios, buying landmark properties such as the Shelbourne Hotel, for example.

"Private equity groups are also accessing real estate through the acquisition of debt, acquiring the loans of retailers. We also see managers investing in Ireland's healthcare industry due to private hospitals being over-leveraged and unable to get their debt re-serviced. It's a real mix of opportunities."

The primary route to acquiring Ireland's distressed assets is via the National Asset Management Agency ('NAMA').

One of the biggest consequences of the financial crisis is that banks have had to reign in their lending activities to meet capital ratio requirements under Basel III. They are not lending to middle market businesses as readily as they once were. This is making it harder for businesses to extend loans coming to the end of their maturity, or apply for fresh loans for business expansion, R&D, etc.

In Europe especially, more private equity and hedge fund groups are looking to fill the funding gap. "Private equity groups are originating middle market loans in Ireland, as well as in the US. They are paying more attention to Ireland because of the impact the financial crisis had there. In addition, Ireland's tax and legal structure provides



Nicholas Tsafos, Chairman and Director, EisnerAmper Global Ltd

comparatively more flexibility. This appeals to fund managers because they know they can put tax-efficient structures in place, especially now that the ICAV structure is available," says Tsafos.

In tandem with its Ireland team, EisnerAmper LLP sets out to find the best service providers for US-based clients wishing to register investment vehicles in Ireland, which, says Tsafos, "we think will work well with a manager's US service providers. For example, finding a law firm that has the equivalent legal language fluency as their appointed US law firm. It's critical that there's a coordination of service providers between the two countries, and we can facilitate that."

More specifically for hedge fund managers, Tsafos and his colleague and fellow EisnerAmper partner, Peter Cogan, have travelled numerous times to Ireland and forged relationships with many of Ireland's prime brokerage community.

"Crucially, our partners in Ireland have introduced us to the key representatives at NAMA. If US managers are looking to pick up distressed assets, we can help because we have that direct relationship in place," adds Tsafos.

As the Chairman of the Board of EisnerAmper Global, Tsafos is able to point prospective clients, interested in doing business in Ireland, to the best partner to speak with. "It depends on their individual circumstances. If an advisor is based in London or Switzerland, it would make sense to speak to our team in Ireland directly, but if they are based in the US, our New York team would be the best option. We can explain all the necessary US considerations, and Ireland considerations, to setting up an Irish fund vehicle," concludes Tsafos. ■