

The London-based private investor specialises in sale and leaseback deals and has €450m to invest in assets in its core markets of France and Germany, but also in Belgium and Switzerland

Mansford

Sale-and-leaseback deals could become more popular as the global financial outlook bleakens and companies seek to unlock capital.

London-based private investor Mansford has long pursued such deals, agreeing sale-and-leasebacks in the UK with cinema chain UGC and healthcare firm Medical Solutions. Both 2004 deals were small – £7m (€8.9m) and £4.6m respectively – and reflected Mansford's and the UK market's appetite for sale-and-leasebacks.

"Sale and leaseback is proof that bricks and mortar can boost your profits whatever business you're in," Mansford director Charles Knight said at the time.

Mansford effectively left the UK market in 2006. All that remains of the company's UK operation is a leisure park, Bluestone, in Wales. But with Germany and France still firmly on Mansford's agenda, the company is as keen as ever on the sale and leaseback model.

"Sale and leaseback has always been around as one method for companies to release capital," says chief executive Oliver Smith. "We have a long track record of working in partnership with owner-occupiers."

Formed in 1995, Mansford has pursued both conventional sale and leaseback strategy and the development route when pursuing expansion. "We have worked with companies on development sites and, where they wanted us to, we remained involved," says Smith.

This year, Mansford has €450m to invest in European property. It is expected that much of that will be in France and Germany. But the company may also make inroads into Belgium and further exploit its business activity in Switzerland.

"Having operated in France in the past means that we are able to look also at other French-speaking areas," says Smith.

Two ongoing projects in Switzerland, both of which are in the company's Luxembourg-based pan-European closed-end Europe Fund I, are due for completion this year, with web company Yahoo showing an interest in becoming a Mansford tenant as part of its move into Switzerland.

The 15,699 m² Rolle development of three office buildings between Geneva and Lausanne is expected to open next month, while a second four-office office project in the same area is scheduled for completion in October and will be let to nine tenants. Geneva's vacancy rate is low and it is becoming a popular location for occupiers and consequently investors, says Smith.

In September last year, Mansford recruited Savills' former Paris-based associate director, Stephane Adeline. Known as a sale-and-leaseback expert, Adeline is charged with the investment of Mansford money in Belgian, French and Swiss assets from its new Paris office.

The company closed its Luxembourg-based, closed-ended, France-specific fund last October. Launched in late 2005 to target light industrial and logistics properties, the fund had an initial investment capacity of €80m, and had assets near the French capital and in the regions.

"Naturally, you can't help but have a big concentration in the Paris and the Ile-de-France area," says Smith. "But the whole of France offers opportunities for us."

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Oliver Smith, Mansford

Mansford's strategy is simply to buy and add value to low-risk assets where income is secured in the long term or where an alternative use is possible. The company is unlikely to invest in eastern Europe, preferring to focus on western Europe, Smith explains. The regions of France, therefore, are of more interest to the company than, say, Poland.

Mansford's acquisitions have included multi-tenanted shopping centres, portfolios, industrial estates, high-street units as well as some development projects.

Two-thirds of assets in Germany

Germany is a core market for the company. Two-thirds of Mansford's Europe fund assets are in the country, and these consist mainly of small out-of-town retail assets. Between mid-2006 and August last year, Mansford made eight German retail acquisitions, the most significant being its purchase of the 118,095 m² OBI DIY warehouse portfolio in the west of the country.

Wobbles in the German domestic retail market do not worry Smith, who is confident in the OBI business model. "When we did that deal, we carried out extensive analysis, looking at the respective locations of the stores," he says, adding: "There will always be a need for do-it-yourself stores and OBI is the market leader."

Mansford's strategy will not change this year, and the company expects there to be a steady flow of sale and leaseback opportunities in continental Europe. The company is looking forward to a return to the UK now that the market has changed.

"The only thing that has changed is pricing and the potential for rental falls in both the office and retail sectors," says Smith.

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