

Jack of all trades

Swiss investment firm Stoneweg has managed to fly under the radar while amassing a fortune both in Europe and the US. PropertyEU talks to the founders Jaume Sabater and Joaquin Castellvi

BY VIRINA ASARA

Investors generally start off in one or two sectors and hone their specialities. Stoneweg has instead taken a more opportunistic approach which has seen it invest across two continents, several sectors and the entire capital stack.

Since its founding in 2015, the Geneva-based privately held investment firm has launched a dozen different strategies and built up a €5 bn portfolio of assets, spanning both equity and debt, in the US, Switzerland, Spain, Italy, Ireland and the UK.

From the very beginning we had an opportunistic mindset and were agnostic in terms of markets and sectors,' founder and CEO Jaume Sabater tells PropertyEU in an interview. Fresh from announcing a new deal at Mipim – a below-the-radar hotel transaction in Spain (see box page 24)

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JAUME SABATER

Sabater sat down with PropertyEU, together with co-founder and head of acquisitions Joaquin Castellvi, to talk about the next phase of growth for the business. Sabater and Castellvi go back a long way. Having both grown up in Barcelona, they started working together in 2003 at Edmond de Rothschild's Geneva head office where they set up the alternative asset management business heading real estate. Together with

seven other executives, mostly colleagues from Edmond de Rothschild, they decided to leave the financial institution in 2015 to start 'their own journey', as Sabater puts it. 'We opened an office in Geneva and then another in Barcelona right away, because we knew the Spanish market would be a natural target for us. As we developed the business we went on opening offices in the different regions where we invested or where we were targeting growth.'

RESIDENTIAL, DEBT AND TECH

In 2016 the firm entered the US with a focus on multi-family residential and a year later it launched a debt investment arm and established the Swiss Realtech strategy focused on commercial assets impacted by the digitalisation of the economy. Launched together with Swiss investment manager Decalia, the strategy has since grown to include 15 assets with a value of CHF 380 mln



Jaume Sabater

POSITION Founder and CEO

JOINED 2015

CURRENTLY BASED Geneva

PREVIOUS POSITION Head dedicated accounts and real estate, Edmond de Rothschild



Joaquin Castellvi

POSITION Founder and head of acquisitions

JOINED 2015

CURRENTLY BASED Geneva

PREVIOUS POSITION Associate real estate and private equity, Edmond de Rothschild

(€185 mln) held under the company name of Varis Swiss Realtech Properties. The business accelerated further in 2019, with the establishment of a build-to-rent investment programme in Spain and the

opening of the Dublin (2019) and London offices (2020). Says Sabater: 'We started building up local platforms which would identify opportunities in the different markets. We also started a number of partnerships on a deal-by-deal basis with family offices or other asset managers. In some cases, these transformed into more extensive, strategic partnerships.'

He continues: 'A good example of this is our multi-family venture in the US. Together with a partner we entered this sector with \$100 mln of initial capital, and having taken it public three years later, it is now a Swiss listed company with total assets of \$1.7 bn.' Another example is the firm's partnership with client Icona Capital. An independent investment firm headquartered in London, Icona ended up acquiring a minority stake of 40% in the business in December 2022 (Stoneweg's founding partners have retained the majority stake). 'Icona had been

an active investor in several of our initiatives and we considered that we could create more synergies by joining forces,' Sabater points out. 'We expect Icona to actively invest in the new investment strategies that we will develop while at the same time broadening our investor network and helping accelerate our growth.'

FLEXIBLE INDUSTRIAL SPACE

Although Stoneweg has a knack for investing in multiple sectors, it has recently focused on three pillars of activity: living, logistics/industrial and hospitality. In Spain, the firm has been building a residential build-to-rent platform since 2018, with a focus on Madrid and Barcelona.

The business, known as Best Space, represents a joint venture between Stoneweg and M&G, the UK real estate investment manager, and is targeting around €500 mln of capital investment. 'Rental residential seems like the oldest real estate asset class, but in

'Rental residential wasn't really an institutional product in Spain until a few years ago'

JOAQUIN CASTELLVI

Spanish hotel spree as tourism rebounds strongly

During Mipim, Stoneweg announced the acquisition of two luxury beach hotels on the Spanish islands of Tenerife and Mallorca from Globalia, the largest tourism and transport holding company in Spain. Under the terms of the transaction, Stoneweg's hospitality platform has acquired two of Globalia's Be Live hotels, and separately closed a deal with operator Hyatt to take over the management of the hotels following a major capex programme.

The firm is believed to have paid circa €80 mln for the two assets – the five-star Be Live Palace de Muro on Mallorca (pictured) and the four-star Be Live Experience La Nita in Tenerife – and is planning to invest extensively to upgrade the properties. Opened in 2002, Be Live Palace de Muro is located on the island's Playa de Muro and has 184 rooms while La Nita is located in the south of Tenerife and counts 226 rooms.

Stoneweg Hospitality has been increasingly active following the pandemic, at a time when the hotel industry was experiencing a significant decline in asset values due to lower profitability, yield softening and lack of finance. As such, Stoneweg saw an attractive opportunity to enter the sector at a discount.

'A common aspect of this strategy is a focus on leisure-oriented hotels. We do not invest in business hotels, in fact, even the hotel we

acquired in Barcelona has a strong leisure component,' says investment head Castellvi. 'The timing of the acquisition is also a recurring theme, with all of these properties having been acquired during the downturn and with a capex programme in mind,' he adds.

The hotel strategy targets IRRs of between 15% and 20% and currently encompasses a total of seven hotels, all in Spain. They include the Los Monteros Spa & Golf Resort in Marbella and the Palladium hotel Don Carlos de Ibiza, both acquired in 2022. 'Post Covid, our opportunistic thinking led us to be much more active in hospitality and we launched this strategy with an initial focus on Spain, which has seen a huge post-Covid rebound in tourism numbers. Going forward, we would like to take this investment strategy into other Southern European countries,' comments CEO Sabater.



Spain it wasn't really an institutional product until a few years ago,' comments Castellvi. 'The main reason is that the market has historically been dominated by developers that wanted to build and sell the apartments and there weren't many situations where the landlords were looking to keep ownership of the buildings.'

The company recently completed its first asset with the delivery of the Skyline towers in Madrid. 'Other assets are still in the development phase and for some others we just acquired the land,' Castellvi adds.

In the logistics sector the firm is breaking ground with the launch of Bezi, a flexible logistics platform where, replicating what has happened in the office space with the co-working concept, tenants only pay for the space they are using and they are offered both common areas and an increasing amount of amenities on site.

Launched in December 2021 with the start of construction of the first Bezi centre in Tolochenaz, Switzerland, the new-generation industrial platform currently encompasses around €400 mln of assets in Meyrin,

Wiggoltingen, Aargau and Bern. It is expected to reach €800 mln in the future, although not all the assets will be Bezi-related. 'We are working on building a brand which will play a major role in the repositioning of industrial sites, bringing elements of the co-working office revolution to the industrial sector,' Sabater says.

Stoneweg is currently developing the Bezi brand throughout Switzerland, creating a network of new-generation industrial spaces. Looking ahead, the firm has the 'ambition to bring the brand to all the other European markets,' he adds. 'It makes a lot of sense to expand to other countries starting from Spain and Italy.'

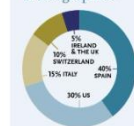
The financing environment is, however, making expansion more difficult. Says Sabater: 'With the recent banking crisis moving to Europe (i.e. the forced takeover of Credit Suisse by UBS), the availability of finance has become even more constrained. There is less and less primary financing because lenders are focusing on refinancings as they do not want to take on additional risk. Generally speaking we do not have refinancing needs at the moment, but when we are looking at new opportunities we have to be very careful in the current market conditions.' ■



Stoneweg allocation mix

TOTAL PORTFOLIO: €5 BN (INCLUDING –€4.25 BN OF EQUITY STRATEGIES AND –€0.75 BN OF DEBT)

1. Geographies



2. Sectors



Company profile

FOUNDED 2015

HEADQUARTERED Geneva, Switzerland

OFFICES Madrid, Barcelona, Milan, Saint-Petersburg (Florida), Dallas (Texas), London, Dublin and Andorra

STAFF 140

OWNERSHIP 40% Icona Capital, 60% management

INVESTMENT RISK PROFILE Value add/Opportunistic

