



# LENNERTZ & CO

## Lennertz & Co. offer early access to attractive real estate developments

Hamburg, May 2018

A suitable weighting in real estate forms a normal part of a balanced portfolio. "Many properties in attractive locations are extremely highly valued right now, so it often no longer makes sense for wealthy families to keep their money in investment or commercial real estate," explains Oliver Piworus, managing partner at Lennertz & Co. However, the co-owner of the Hamburg family office sees investing in promising development projects as an attractive alternative way of continuing to benefit from rising real estate prices.

"Essentially, development projects offer investors the opportunity to participate in the value chain of a property at an early stage. But you have to always focus on the balance of risks and rewards," says Mr Piworus. That is why the Hamburg family office avoids most standard concepts in the market, which tend to be structured so the developer puts up a relatively small amount of equity, while most of the capital to realise the project is provided by investors in the form of mezzanine financing. In return for their loan, investors receive a normal market rate of interest on the capital employed, in the low single digits.

The imbalance in this structure is obvious: the developer gets most of the potential upside in a project. And if something goes wrong, the lender faces a much greater risk of loss than the sponsor. "So we only invest jointly with developers who have a special niche and put up a large share of the equity themselves. That way, the risks and rewards for our clients in terms of capital gain or loss are balanced," comments Mr Piworus.

For instance, Lennertz & Co. has a special market niche with a developer for luxury properties. Four projects have now been launched for clients. "Our chalets set the highest standards for alpine architectural design and luxurious comfort in exceptional locations,"

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says Oliver Piworus, managing partner at Lennertz & Co. Demand for the properties is further helped by the fact that the furnishings and marketing for the projects involve cooperations with star designers.

### **About Lennertz & Co.**

Lennertz & Co. is an owner-run family office with a clear focus on developing and increasing the value of its clients' assets. This is achieved by constantly reviewing in depth their specific family, corporate and portfolio circumstances and taking the legal and tax framework into consideration. Investment recommendations match clients' personal preferences. They benefit from the independence of Lennertz & Co. in assessing and selecting investment opportunities and discreetly putting them into practice.

As an entrepreneurial multi-family office, Lennertz & Co. shares the aspirations of its clients to take rapid, well-founded and secure decisions. The Lennertz & Co. Family Equity Fund has an expert team with many years of experience to analyse in depth on behalf of clients the opportunities which arise in the private equity segment. Team members and advisers formerly worked for Bain Capital, Bain Consulting, BC Partners, Capiton, EMC, Goldman Sachs, McKinsey, MIG, Roland Berger, Swift Capital and 3i. There is also an advisory board comprising well known industrial and private equity experts such as Heinrich von Pierer, Klaus Wucherer, Stefan Theis, Daniel Milleg and Florian Heinemann.

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