

TFI looks to Brazil and Russia

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A Qatari investment company linked to the country's sovereign wealth fund plans to launch two \$500m funds to invest in Russian and Brazilian real estate, a further sign of deepening economic links between emerging market countries.

The First Investor (TFI), a company controlled by Qatari Diar, the real estate arm of the Qatar Investment Authority (QIA), will partner Gazprombank in Russia to launch a mostly Moscow-focused real estate fund in October 2010.

The two parties have so far committed a total of \$150m to the fund, which is targeting a rate of return of 20 to 25 per cent.

TFI and Qatari Diar have made a "soft commitment" of \$100m to its Brazil-focused fund, and are in advanced stages of negotiating a partnership with a local real estate owner and operator, according to a senior company executive. The fund's launch is pencilled in for December, with a targeted return of 18 to 20 per cent.

"Latin America, in particular Brazil, and Russia, offer very attractive investment opportunities in the current times," said Rakesh Patnaik, executive director of real estate funds at TFI. "Whilst being very different markets, in terms of risk versus rewards, Russia and Brazil both look very attractive. It's a unique opportunity for Gulf investors to consider."

Qatar's vast gas wealth has buoyed its economy during the financial crisis and financed a series of high-profile acquisitions by its state-owned investment arms in recent years.

Qatar Holding, the direct investment arm of the \$60bn-plus QIA, owns significant stakes in J Sainsbury, the UK retailer, Volks-wagen/Porsche, the London Stock Exchange, Credit Suisse, Barclays and Songbird Estates, owner of Canary Wharf in London.

Qatari Diar, which is wholly owned by QIA, is also indirectly involved in the Shard of Glass tower development and owns the Chelsea Barracks project, both in London. It has acquired a 40 per cent stake in luxury hotel chain Fairmont Raffles Hotels International. Qatari Diar's domestic arm, Barwa Real Estate, owns Barwa Bank, which is in turn the sole owner of TFI.

The state investment funds of the Gulf have historically favoured investments in western markets such as Europe and the US, but are now casting their nets wider, spurred by healthy growth rates in Asia and Latin America.

"Mature markets are still high on the agenda of Gulf investors, but they are increasingly looking at high-growth markets, including Bric [Brazil, Russia, India, China] countries," Mr Patnaik said. "This also helps in asset allocation and diversification."

Bankers say the interest is two-way. Itau Unibanco of Brazil, one of the largest banks in Latin America, opened an office in Dubai in 2008 and last year sent a senior management team on a Gulf tour, hoping to boost ties with the region's deep pools of capital.

"It's a good match. Ten years ago all we would have wanted was oil, and the Middle East probably wanted our meat, but it's becoming deeper than that now," Pedro Moreira Salles, chief executive of Itau Unibanco said at the time.

Fonte: Financial Times, London, May 4th 2010, Companies, online.