

Eastern Europe Real Estate Fund

There is an opportunity to create a risk-adjusted market-rate-of-return private equity fund specializing in Eastern European real estate that could advance the digital media park and economic development agenda much more rapidly than those markets will evolve without such a market-driven catalyst. For the purposes of simplicity, the following example is for a \$100 million fund.

1. Fund Development Team ("Team")

PHASE I: Feasibility (4 months)

- Economic Feasibility Study (Real Estate)
- Develops parameters of Fund
- Assists Sponsor with creating/structuring NGO
- Identifies potential Fund Managers

PHASE II: Building of the Fund (3 – 6 months)

- Prepares RFP for selection of Fund Manager
- Interviews Fund Managers
- Reports recommendations to Sponsor
- Negotiates contract b/w Sponsor & Fund Manager

PHASE III: Capitalizing the Fund (6 – 12 months)

- Assists with capitalizing the Fund

2. Fund Sponsor and Regional Economic Development NGO

- Raises seed capital (\$600,000 for Phase I and Phase II)
- Manages creation of the Fund
- Selects and hires the Fund Manager
- Receives \$600,000 back once Fund is closed
- Hires staff - regional economic development assistance
- Receives 20% of Fund Manager's Fee annually (\$400,000)
- Financially self-sustaining from Fund Manager's fee
- Helps develop early stage projects

3. Eastern Europe Real Estate Fund I

- Raises \$100M from Investors
- Private-Sector Fund Manager
- Makes investment decisions
- Provides capacity to developers
- Receives 2% annual management fee \$2M/year
- Invests the \$100M (\$1M – 20M in each project)
- \$100M investment plus profit is returned to investors (target net returns to investors of 12% to 16%)

4. Investors

\$3M – 20M each



- Corporate Investors
- Banks
- Aid Agencies
- Pension Funds
- Insurance Companies

5. Real Estate Projects

