

## Emet Capital closes first fund on \$127m

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*The New York-based firm will use capital from the vehicle to acquire distressed debt secured by multifamily housing assets that qualify for tax-exempt financing.*

Emet Capital, a private equity real estate firm that invests in distressed debt secured by affordable housing, has closed its first opportunistic fund, *PERE* has learned.

The New York-based firm declined to comment, but *PERE* understands that the firm has raised \$127 million from endowments and family offices for Emet Municipal Real Estate Strategy. The firm launched the vehicle in December 2014, according to a filing with the US Securities and Exchange Commission.

About a quarter of the vehicle's capital has been deployed, and the firm is targeting a 20 percent gross internal rate of return. With capital from the vehicle, the firm will continue its strategy of acquiring distressed debt secured by multifamily housing assets that qualify for tax-exempt financing. Emet invests nationally in these municipal bond-backed assets, which includes affordable housing, senior housing and student housing.

The University of Michigan's endowment allocated \$50 million to the vehicle, according to investor documents, which detailed the firm's investment strategy: "Emet identifies opportunities where they can buy such bonds at a discount and install best-in-class property management to bring about a financial turnaround while maintaining the public purpose of the properties. They then realize the returns when the bonds again become performing or the underlying assets are sold or refinanced."

Emet finds returns from a combination of a property's cash flow; capital appreciation after value-add asset rehabilitation; and the premium for a property's return to performing status.

The firm has a two-year investment period for Emet Municipal Real Estate Strategy and plans to begin fundraising for the second vehicle the first quarter of 2018.

Paul Siegel, Cameron Booth and Stefan Baugh founded the firm in 2011.

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