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New firm ShoreVest launches to invest in Chinese distressed debt.

ShoreVest Capital Partners, Ltd. has launched to invest in distressed debt and structured credit in China, leveraging the founding principals' experience at their prior firm Shoreline Capital Management.

ShoreVest, with offices in Guangzhou, China, and Los Gatos, California, said it had begun investing by bidding on nonperforming loans that Chinese financial institutions have put up for sale.

Eight of the 12 senior professionals of ShoreVest come from Shoreline Capital, the firm said in a release today (11 November). Shoreline was formed in 2004 by Benjamin Fanger and Zhang Xiaolin. Mr. Fanger is now at ShoreVest, while Ms. Zhang remains at Shoreline.

In the release, ShoreVest pointed to the amount of Chinese nonperforming loans on the market – an estimated USD 3trn, or at least six times as much as the issuance seen during the previous cycle that followed the financial crisis of 2007-2008.

“China has entered the distressed stage of the cycle and started deflating one of the world’s largest credit excesses,” the release said. “Indeed, we are working with an unprecedented deal flow.”

ShoreVest said it has adopted a customized software tool to track NPL deals the firm is reviewing, which it said are currently worth more than USD 15bn.

The firm is preparing to bid on several loan portfolios on behalf of itself and an identified partner firm, ShoreVest said.

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