

Swiss investment fund to take on McCabe Builders' debt

By Ian Kehoe

Invested in opportunities in the Irish distressed debt and property market.

McCabe Builders, one of the country's biggest building firms, has struck a deal with a Swiss-based investment fund that will take on its significant debt pile.

Western Gulf Advisory (WGA) has an option to acquire 50 per cent of McCabe as part of the £300 million strategic investment deal. WGA, which is owned by Indian entrepreneur Ashan Ali Syed, will inject working capital into the construction group and has also agreed to take on the company's outstanding loans to its main lender, Anglo Irish Bank.

WGA is making the investment in J&M McCabe Properties, the main holding company of the McCabe group, which is owned by John McCabe. McCabe's management team will continue to run the business, while WGA will act as the financial partner.

WGA has agreed to provide McCabe with an initial £40 million to complete projects in Britain, where the company has extensive interests.

The deal, which was struck in recent days, is one of the first between an Irish builder and an international investment fund.

WGA is financing the McCabe deal from its own internal resources. The company is based in Zurich and run by Ali Syed, who divides his time between Bahrain and Switzerland. WGA was initially a family-owned private lending business, but has transformed into an international asset management firm with investments in Asia, Europe and Australia.

McCabe employs about 200 people in Ireland and Britain and has worked on a number of major developments, including the Heritage Centre in the Phoenix Park and the Marriott Hotel in Ashbourne, Co Meath. It has won significant government work in recent years.

WGA believes McCabe has a strong portfolio of assets, and will benefit from having a cash-rich backer. Despite the fall off in the property sector, sources stressed that McCabe had not defaulted on any of its loans.

Its most recent accounts showed the firm had bank borrowings of €200 million for the year ending August 31, 2008.

The company made a pre-tax loss of €12.9 million in that year, as revenues fell from €115 million to €94 million. It is understood that WGA is inter-