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## Shoreline closes debut fund on \$178m

**The distressed debt and real estate specialist hopes to capitalise on an improving regulatory environment for buyouts of distressed assets in China.**

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[Matt Levin](#)

Chinese distressed debt specialist Shoreline Capital Management has closed its debut fund on \$178 million (€113 million), exceeding its initial target of \$150 million.

Launched roughly a year ago, the fund will invest in distressed debt portfolios, distressed real estate and special situations throughout China but with a particular interest in "second-tier" cities outside of Beijing and Shanghai.

"Three or four years ago it was a much newer market and it was much more difficult to get government approval on deals," Benjamin Fanger, Shoreline managing partner, told PEO. "Now it's easier for us to get things done in terms of prices and assets, but it's still extremely tedious."

Founded in 2004 by Fanger and Chinese real estate developer Xiaolin Zhang while the pair were MBA students at the University of Chicago, Shoreline China Value I represents the firm's first foray into discretionary private equity funds backed by a institutional investors. Shoreline's \$70 million in previous deals were financed on a deal to deal basis.

Commitments from endowments comprised 42 percent of the debut fund, endowment style fund of funds 21 percent, foundations 17 percent, traditional fund of funds 8.5 percent, and pensions 8.5 percent.

The firm has a small office in Silicon Valley but sources deals from its three Chinese offices in Guangzhou, Shenzhen, and Changsha. Fanger touts the firm's local offices as a major advantage in deal-sourcing, especially as Beijing and Shanghai continue to be flooded with foreign capital.

"You can't fly in from New York and set a good price on a non-performing loan portfolio in China," he said. "But if you have a local team, you have a lot of opportunities."

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