
From the Washington Business Journal:

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Potomac investor Ethan Assal raises another \$60M. Here's where he's putting the money.

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Potomac investor Ethan Assal's sixth fund has raised more than \$60 million 18 months after closing its fifth fund of more than \$40 million, but Assal expects his pace of fundraising to slow as the economy begins to cool.

The new fund will continue the two-fold investment strategy Assal's firm, Current Yield with Participation Fund, has used with previous funds: providing debt and equity investments to profitable, non-startup operating companies and investing in commercial real estate.

Led by Assal, a managing partner, and partner David Brink, the fund has a broad mandate, splitting its investments about 50/50 between real estate and operating companies.



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Previous investments span the likes of Hilton BWI, Renaissance Baltimore Harborplace Hotel, Parsippany, New Jersey, biotech Interpace Biosciences and Arlington-based coworking provider MakeOffices, which closed down in 2021 amid the pandemic.

Potomac Investor Ethan Assal continues to invest in commercial real estate, but he's steering clear of office properties. "At some point the market is likely to take a really bad turn," he said.

On the real estate side, CYwP Fund invests primarily in multi-family housing, hotels, student housing, senior assisted living, retail centers and industrial properties, primarily in "secondary or tertiary markets," Assal said. Though based in Greater Washington, the firm largely steers clear of investing in real estate here, he said, because fierce competition drives up prices and lowers the rates of return.

"In a lot of major markets like D.C., specifically when you invest in real estate, you don't get the type of returns we're looking for," Assal said.

Assal also continues to avoid investing in office properties, pointing to rising vacancy rates brought on by the Covid-19 pandemic. "Companies are finding they don't need anywhere as much space," Assal said. "Office space is extremely overbuilt, and at some point the market is likely to take a really bad turn, so we're staying clear of office space."

Assal, who is also the founder and chairman of the Potomac public relations firm Verasolve, is more bullish on leisure hotels, while less interested in "the more business-oriented hotels," which he said have been slower to recover. He's also investing in a company that is converting hotels into multifamily housing.

Already, CYwP Fund has committed about 60% of the sixth fund, Assal said, including in townhomes in New Hampshire, multifamily developments in Tennessee, a mining company in New Mexico and a telecommunications firm. The latest capital raise has two components: \$38.25 million in the Current Yield with Participation Fund VI and \$22.4 million in a separate private debt investment vehicle.

But given the current economic challenges, Assal says he expects the firm's pace of investing and fundraising will slow. "I think it'll

take us a little longer to get this money invested, but it's helpful to have dry powder when there is a recession," he said.

CYWP Fund generally launches new funds every 18 months, but Assal said it could be up to two years before it rolls out its seventh fund.

"We need to be able to get the right valuations on investments we're making," he said.

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