Methodology

The PERE 50 measures equity raised between 1 January 2008 and mid-April 2013 for direct real estate investment through closed-ended, commingled real estate funds and co-investment vehicles that sit alongside those funds. The vehicles must give the GP discretion over the capital, meaning club funds, separate accounts and joint ventures are excluded from the ranking. Also excluded are funds with strategies other than value-added and opportunistic, such as core and core-plus, as well as those not focused on direct real estate, like fund of funds and debt funds, and funds where the primary strategy is not real estate-focused, such as general private equity.
The elimination of funds closed in 2007 from this year’s ranking has caused the biggest reshuffling of top firms in recent memory.

Changes abound in this year’s ranking of the largest private equity real estate in the world in terms of fundraising activity. First and most obvious is that the ranking has expanded from 30 firms to 50 this year. This is partly the result of the increased capabilities of PERE’s Research & Analytics team, which did much of the grunt work for this year’s ranking, as well as the desire to offer our readers a wider, more comprehensive look at fundraising activity across the market.

Secondly, the PERE 50 has experienced the biggest reshuffling of firms at the top of the ranking in recent memory. Much of this is due to the elimination of large funds that closed in 2007 and now fall outside the ranking’s five-year fundraising window. Among the casualties are the real estate investment arms of investment banks Morgan Stanley and Goldman Sachs, which declined nine and five spots respectively, as well as private real estate firms such as Beacon Capital Partners and Rockpoint Group. Indeed, Beacon fell 20 places as some $4 billion was shaved from its five-year tally, while Rockpoint dropped 16 spots and now is relying solely on the fund it just closed earlier this year.

The problem for these firms is that much of the capital that has fallen outside the PERE 50’s five-year fundraising window has not been replaced with new equity or it has been replaced at a slower rate and with a lesser amount. Meanwhile, a number of firms have shifted their focus to strategies that are not included in the PERE 50 ranking, such as real estate debt, or have stopped raising their capital through traditional closed-ended commingled funds in favor of other structures sought by LPs.

That said, some firms did find success with new vehicles over the past five quarters. Indeed, three of the biggest fundraisers over the past five quarters also happen to be the biggest climbers in the PERE 50. Starwood Capital Group closed its latest opportunity fund on $4.2 billion, which propelled the firm some 10 spots in the ranking. Brookfield Asset Management, which is in the middle of marketing its first global opportunity fund, moved up 14 spots on the strength of $2.63 billion in equity raised so far. Last but not least, Fortress Investment Group also jumped 14 spots in the ranking due largely to the success of its second Japan-focused fund, which closed on $1.65 billion late last year.

In the face of all those changes, one thing did not change. The Blackstone Group cemented its place as far and away the biggest capital-raiser in the PERE 50 ranking, thanks to the $13.3 billion collected for its most-recent global offering, which is the largest commingled real estate fund ever raised. Indeed, so big is that fund that, had Blackstone not raised another penny over the past five years, the firm still would be atop the ranking. As it is, it raised a total of nearly $32 billion, which is more than the next four firm combined.

Looking at the PERE 50 as a whole, the cutoff for capital raised in order to make this year’s ranking was $1.37 billion over the past five years. Obviously, that is much less than the $2.21 billion cut-off of last year, when just 30 firms were ranked. However, if you look at just the top 30 firms this year, you will see that the cut-off for that sub-group rose to $2.42 billion.

Meanwhile, the expansion of the ranking, as well as the aforementioned reshuffling of firms, has opened the door for several new players to emerge. First-time members of the PERE 50 include notable firms like CapitaLand, Oaktree Capital Management, Niam, GTIS Partners and Crow Holdings, among others. In addition, there were five firms $60 million or less from making the PERE 50, including Europa Capital Management and Iron Point Real Estate Partners. With the disappearance of 2008 funds in next year’s ranking, it is a good bet that these firms will make the cut in 2014.
<table>
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<tr>
<th>2013 Rank</th>
<th>Movement</th>
<th>Name of Firm</th>
<th>Capital Raised ($bn)</th>
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<td>1</td>
<td></td>
<td>The Blackstone Group</td>
<td>$31.947</td>
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<td>Starwood Capital Group</td>
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**TOTAL EQUITY RAISED SINCE 2008**: $192.876

Legend: ↑ Higher rank than 2012  ↓ Lower rank than 2012  ◀◀ Same rank as 2012  ★ PERE 50 debut  ◀ PERE 50 return
The Blackstone Group
HQ: New York / Founded: 1992

During a recent earnings call, Steve Schwarzman, chairman of The Blackstone Group, told reporters: “When real estate works, it really works.” He wasn’t kidding.

Real estate clearly has been working very well for the New York-based investment firm, especially if fundraising ability is any indication, so it should come as no surprise that Blackstone once again tops the PERE 50. The 800-pound gorilla of the private equity real estate world has taken top spot in this annual ranking since PERE first launched it back in 2008 (and it originally was the PERE 30).

Not only does Blackstone’s fundraising prowess top all other real estate firms, it does so by a wide margin. In fact, even if PERE only considered the capital the firm raised from its Blackstone Real Estate Partners (BREP) VII fund, it still would be the largest fundraiser on the scene. The firm managed to raise a staggering $13.3 billion on behalf of BREP VII, exceeding its initial $10 billion target and making the fund the largest of its kind in history.

After raising $6 billion in 2011—the year BREP VII was launched—Blackstone managed to close on another $4 billion of equity during the first two months of 2012, bringing BREP VII to its initial target. Then, from February until October 2012, the firm managed to close out the fund by collecting another $3.3 billion in commitments.

As it stands, however, PERE isn’t just considering the capital that Blackstone attracted via BREP VII. With nearly $32 billion in equity raised since 2008, the firm has amassed roughly four times the capital of the next competitor, solidifying its spot at the top of the PERE 50.

Starwood Capital Group
HQ: Greenwich, Connecticut / Founded: 1991

Thanks to the popularity of its latest distressed fund, Starwood Capital Group, led by Barry Sternlicht, has shot 10 places up the ranking to the number two spot this year. Starwood Distressed Opportunity Fund IX, which was launched in August 2011 with a target between $2 billion and $3 billion, ultimately garnered a whopping $4.2 billion in equity commitments, making it the firm’s largest private investment fund to date.

Helping the opportunity fund to exceed its target was the fact that, for the first time in its history, Starwood offered management fee breaks to institutional investors joining the first close and to larger investors committing more than $150 million of equity. Such incentives allowed the firm to corral commitments from a diverse group of pensions, endowments and foundations, as well as foreign institutions, including the New York State Teachers’ Retirement System, the Florida State Board of Administration and the Teacher Retirement System of Texas.

Fund IX is focused predominantly on distressed opportunities in the US, although Starwood is believed to be eyeing Europe and Brazil for opportunities as well. Already, the firm has made a number of investments on behalf of the vehicle, including the purchase of a 9,500-unit multifamily portfolio with Gaia Real Estate last May and the acquisition of 1372 Broadway in New York. In addition, earlier this year, Starwood and its REIT affiliate Starwood Property Trust agreed to acquire Miami-based special servicer LNR Property for $1 billion.

In terms of the firm’s strategy, Sternlicht told PERE in an interview that, despite its opportunistic focus, Starwood likes to choose its investments cautiously. “There’s risk in the world,” he said.”Therefore, we’re investing with a big margin of safety because we need to preserve capital for a wide range of outcomes.”

Lone Star Funds
HQ: Dallas / Founded: 1995

Even though it hasn’t raised any new dedicated capital for real estate since 2011, Lone Star Funds still makes it to the top three of the PERE 50 since it has managed to raise roughly $7.86 billion in equity over the past five-plus years. In fact, the John Grayken-led firm raised $5.5 billion on behalf of Lone Star Real Estate Fund II alone, which along with The Blackstone Group’s Blackstone Real Estate Partners VII fund helped keep the mega-fund alive following the global financial crisis.

Currently, Lone Star is busy buying up assets on behalf of Fund II. For example, the Dallas-based investment firm bought a distressed loan book valued at £900 million (€1.1 billion; $1.4 billion) from Lloyds Banking Group in late 2011 and agreed to buy the A and B notes of Excalibur, Lehman Brothers’ €1.8 billion legacy securitized real estate debt portfolio, from Deutsche Bundesbank last year. Most recently, in December, Lone Star agreed to buy TLG Immobilien for €1.1 billion in what was one of the largest commercial property transactions in Germany last year, as well as the first privatization in the country since the onset of the global financial crisis.

At its current rate of investment, it appears as though it won’t be long before Lone Star’s latest opportunistic fund will be fully invested. In fact, there are rumors that the firm could be back on the fundraising trail with its third real estate fund within the coming year.
Colony Capital $7,709 billion
HQ: Los Angeles / Founded: 1991

Last year, Colony Capital closed on $1.4 billion in base and co-investment capital for its latest debt fund, Colony Distressed Credit Fund (CDCF) II. Despite being one of the largest fundraises of 2012, that capital did not help the Los Angeles-based firm in the PERE 50 ranking, which does not count debt vehicles towards its fundraising totals. Luckily, Colony was active on the equity side of its business as well.

Helping to solidify Colony’s position within the top five of the PERE 50 ranking is Colony Realty Partners IV, which held a first close on $225 million in equity at the end of last year. More significantly, the firm raised a total of $2.24 billion in investor capital for Colony American Homes, its vehicle for purchasing portfolios of distressed single-family homes across the US. The strategy there is to fix up those properties and rent them out rather than sell them, and Colony anticipates amassing 10,000 to 15,000 homes by the middle of this year.

PERE understands that Colony, led by Tom Barrack, currently is focused on investing in debt rather than equity because of the greater number of compelling deals in the debt space. In fact, so robust is the opportunity in debt that the firm is planning to launch a successor fund to CDCF II sometime this year.

LaSalle Investment Management
$7,395 billion
HQ: Chicago / Founded: 1980

Over the past year or so, LaSalle Investment Management has focused its investment activity primarily on the US and the markets of Asia. Consequently, the Chicago-based real estate investment manager’s recent fundraising activity has focused on those markets as well, with the firm raising $50 million towards its $750 million target for LaSalle Asia Opportunity Fund IV and $305 million against its $600 million goal for LaSalle Income & Growth Fund VI.

In addition, LaSalle formed a $205 million separate account last year to provide liquidity to real estate ownership structures. The opportunistic vehicle, named Salt River Investors after the river in Arizona, will focus on asset and fund-level recapitalizations throughout the US, as well as secondary purchases of joint venture or fund interests. The capital is flexible in structure and can take the form of structured debt, preferred equity or common equity.

In terms of the firm’s recent activity in the Japanese market, it was revealed earlier this year that LaSalle had put a portfolio of eight logistics properties in the Tokyo and Osaka areas up for sale. The firm is looking to sell the assets from its second logistics fund, LaSalle Japan Logistics Fund II, for approximately ¥95 billion (£763.3 billion; $1.01 billion). Meanwhile, the firm is busy raising equity for the latest fund in that series.

LaSalle established its Asia platform in 2000 and, as of April 2012, had approximately 180 staff and nearly $9 billion in assets under management in the region. Last spring, the firm’s plans to focus on country-specific funds in Asia led it to agree to relinquish its responsibility for the Asia Property Fund, the region’s first open-ended core fund. LaSalle launched the vehicle in 2007 with an initial $600 million in assets alongside PRUPIM, which has agreed to assume sole responsibility for managing the fund.

Tishman Speyer
$734 billion
HQ: New York
Founded: 1978

Tishman Speyer has been very busy the past couple of years, particularly in the US and Latin America. Although the New York-based developer and fund manager has never been particularly talkative about its investment activities, it closed two significant funds over the past year, one focused on the US and the other on Brazil.

Last month, PERE learned that Tishman Speyer had closed its latest US real estate vehicle, Tishman Speyer Real Estate Venture VIII, raising approximately $700 million in commitments. Venture VIII will be focused on value-added investments in North America, following a similar strategy to that of its predecessor, Tishman Speyer Real Estate Venture VII, which closed on a total of $1.5 billion in 2008.

In addition, Tishman Speyer raised a total of $539.5 million for its Tishman Speyer Brazil Fund III and a related feeder fund in August. Brazil Fund III will be similar in nature to the investment manager’s two previous opportunistic funds targeting Brazil, meaning it will focus on development opportunities. Tishman Speyer began investing in Brazil in the 1990s and currently owns 17 properties in Brasilia, Rio de Janeiro and Sao Paulo, according to the firm’s website.

One year earlier, in August 2011, Tishman Speyer had closed on $230 million for both its third Brazil fund and the feeder fund, according to US Securities and Exchange Commission filings. By September, the firm had increased its equity haul to $350 million. Early investors in the vehicle include the National Pension Service of Korea, which committed $200 million towards the first close.
7 The Carlyle Group $7337 billion
HQ: Washington DC / Founded: 1987

The Carlyle Group easily remains in the top 10 of the PERE 50 ranking, having collected more than $7.3 billion of discretionary equity for its real estate vehicles over the past five years. A large chunk of the Washington DC-based firm’s tally comes from the Carlyle Realty Partners series, most notably Carlyle Realty Partners VI. The firm, whose real estate effort is led by managing director Robert Stuckey, raised $2.34 billion for that vehicle in 2011, which was among the largest funds to have closed between 2011 and 2012.

Other significant components of Carlyle’s tally are Carlyle Europe Real Estate Partners III, which raised $3.494 billion in 2008, and Carlyle Asia Real Estate Partners II, which raised $486 million in 2009. In addition, credit funds have been a feature of the firm since the beginning of the global financial crisis, and Carlyle has raised a number of such vehicles. Unfortunately for Carlyle, debt funds are not counted towards its PERE 50 total.

One question mark for Carlyle’s future capital-raising tally concerns its current attitude towards Europe. Indeed, the firm has decided against raising a follow-up vehicle to its most-recent Europe-focused fund in order to concentrate on asset management initiatives for the existing portfolio.

8 Goldman Sachs Real Estate Principal Investment Area $5.626 billion

Goldman Sachs used to be in the top three of the PERE 50 ranking when Wall Street was awash with cash. However, even the most ardent fan of the platform would have to concede that the investment bank has changed enormously since 2008. As a result, Goldman has slipped five places since last year, reflecting the fact that it hasn’t been in the market with an opportunistic fund since Whitehall International 2008. That said, the firm has been very successful in raising real estate debt funds and currently is in the market with another vehicle that will seek to make investments in the US and Europe.

For the purposes of the PERE 50, Whitehall International 2008 is the vehicle that has contributed most to Goldman’s five-year tally, adding $2.34 billion of the firm’s total. The same year, it raised a US-focused real estate vehicle, helping the firm rack up $5.6 billion over the past five years.

Many observers consistently have said that Goldman’s Whitehall series is ‘dead’. That has prompted one of the most intriguing questions in the industry: Is Goldman going to continue to be a major force in global real estate investing the way it has for more than 20 years?

9 Brookfield Asset Management $5.25 billion
HQ: Toronto and New York / Founded: 1899

Brookfield Asset Management is a huge riser in the PERE 50 ranking, up 14 places since last year. The Toronto- and New York-based firm is now among the top 10 real estate capital-raisers.

The single largest contribution towards Brookfield’s $5.2 billion equity total is derived from Brookfield Strategic Real Estate Partners, which was launched in 2011 with a $3.5 billion target and had collected $2.63 billion by the end of last year. The fund is strategically important because it marks the firm’s first global opportunistic real estate offering. Indeed, in a recent interview with PERE, Barry Blattman, head of Brookfield’s real estate fund business, said the firm is very focused on building up its global opportunistic platform.

Brookfield began laying the groundwork for the strategy less than a decade ago with the 2006 launch of its Brazil Retail Property Fund and two North America-focused opportunity funds in 2006 and 2007. In 2009, the firm launched its renowned Real Estate Turnaround Program, which represented its first global real estate capital-raising effort. However, that program, which raised a total of $5.5 billion, was structured as a club venture between a select group of limited partners.

10 MGPA $5.20 billion
HQ: Singapore and London
Founded: 2004

How much does it cost to buy one of the biggest private equity real estate firms in terms of capital raised? The answer might soon be known as MGPA, led by executive chairman James Quille, is up for sale, with a deal imminent as of press time.

One strong contender said to be in talks to buy the platform is BlackRock, the New York-based global asset manager that is conspicuously absent from the PERE 50. Indeed, MGPA currently has the firm pegged as the 95th largest in terms of opportunistic real estate fundraising. Still, the big question is whether MGPA, under any new ownership, will be able to raise another fund of significant size.

For now, MGPA remains in the top 10 of the PERE 50 thanks to two funds that closed in 2008 - MGPA Asia Fund III and MGPA Europe Fund III, which raised $3.89 billion and $1.309 billion, respectively. Since then, the firm has not closed on a large opportunistic fund, although it has been in the market with MGPA Europe Fund IV and MGPA Asien Spezialfonds, the latter of which collects capital from German and Austrian investors for deployment in various Asian markets.
Morgan Stanley always has had one of the largest private equity real estate platforms in the world, in alignment with its global reach and network. Indeed, it came in second only to The Blackstone Group in last year’s PERE 30 ranking.

The big factor in the fall of Morgan Stanley Real Estate Investing (MSREI) this year, however, is the fact that its $8 billion Morgan Stanley Real Estate Fund (MSREF) VI International is now out of consideration because it was raised in 2007, just outside the ranking’s five-year window. That leaves the firm’s fundraising tally hinging largely on MSREF VII Global, which closed on $4 billion in 2008.

In that regard, Morgan Stanley’s story is quite a similar to that of Goldman Sachs, the other Wall Street bank that has up until now paraded in the Top 3 of PERE’s ranking. Still, the future of Morgan Stanley’s real estate platform seems secure, as the firm reportedly is out warming up investors for its next global offering.

As previously reported, MSREI is in the early stages of launching a global opportunistic real estate fund after reconsidering a series of regional offerings. The firm has not yet commented on the target for its fund officially, but it no doubt will be seeking billions. Whether that will be enough to put the firm back into the Top 3 of the PERE 50 next time around is a moot point. For now, MSREI is still a big player on the stage.

AREA Property Partners
$4.055 billion
HQ: New York / Founded: 1993

There was no change in the standings for AREA Property Partners this year. Capital-raising activities over the past five years include $1.375 billion for AREA European Real Estate Fund III and $756 million for AREA Value Enhancement Fund VII, both of which closed in 2008. Interestingly, the firm is back in the market with the next vintages of those two offerings, although first closings have yet to occur for either fund. Also adding to AREA’s tally is the latest vehicle in its opportunistic series, AREA Real Estate Opportunity Fund VI, which closed on $518 million in 2011.

CBRE Global Investors
$4.181 billion
HQ: Los Angeles / Founded: 1972

CBRE Global Investors is huge in the private real estate world with more than $90 billion under management, but the Los Angeles-based juggernaut led by Matthew Khourie still is not really a powerhouse in terms of opportunistic and value-added funds. Nevertheless, the firm registers as a significant player, coming in at Number 12 in the PERE 50 ranking.

Almost all of CBRE Global Investors’ recent capital-raising activity has focused on the US. For example, in 2012, the firm raised $1.1 billion for CBRE Strategic Partners US Value 6. The predecessor fund, US Value 5, closed on $1.295 billion in 2008 and, that same year, the firm raised $679 million for CBRE Strategic Partners US Opportunity 5. The primary exception to that US-centric focus is its European Shopping Center Fund, which has attracted €231 million in equity so far.

Westbrook Partners
$4.088 billion
HQ: New York / Founded: 1994

Westbrook Partners would have been slightly higher in this year’s PERE 50 ranking had it reached its target for its latest opportunity fund, Westbrook Real Estate Fund IX. As it was, the New York-based firm, founded by Morgan Stanley alum Paul Kazilionis, captured a respectable $1.588 billion in commitments, just shy of the $2 billion in equity it anticipated. Still, the capital that Westbrook did raise came from 78 institutional investors, including early commitments of $200 million apiece from the endowments of Harvard University and the Massachusetts Institute of Technology. Fund IX combined with Westbrook Real Estate Fund VIII, which closed on $2.5 billion in 2008, gave Westbrook its tally.

Angelo, Gordon & Co
$3.798 billion
HQ: New York / Founded: 1988

Angelo, Gordon & Co moves up two places in this year’s ranking. The New York-based investment firm frequently is out raising capital in any given year, and last year was no exception. Indeed, in 2012, the firm attracted $1.265 billion in commitments for its latest opportunity fund, AG Realty Fund VIII, as well as just over $1 billion for a core-plus vehicle, AG Core Plus Realty Fund III, although that fund is not counted for the purposes of the PERE 50, which focuses on value-added and opportunistic strategies. In addition, the firm currently is in market with the latest fund in its net lease series, AG Net Lease Realty Fund III, and is expecting to hold a first close imminently.
Besides raising significant equity for real estate debt strategies, 2012 was the year that Prudential Real Estate Investors wrapped up capital-raising for its latest fund focused on senior housing investments. The real estate investment management arm of US insurer Prudential Financial firm brought in $568 million for its Senior Housing Partners IV fund, beating its original $500 million capital-raising target. That fund will be used for direct and joint venture acquisitions of existing properties, forward commitments on developments and mezzanine loans. Prudential Real Estate Investors’ largest qualifying fundraising, however, came in Asia in 2009, when the firm raised $1.02 billion for its Asia Property Fund II.

San Francisco-based Shorenstein Properties moves up the PERE 50 ranking by two places, not because of any new capital-raising endeavours of its own but due to declines by others. The firm’s last fundraising remains Shorenstein Realty Investors Ten, which collected $1.23 billion in 2011. Still, the firm has been busy deploying that capital. According to Shorenstein, the fund has been used for investments in five properties, ranging from traditional properties like offices to alternative real estate like parking garages, in large cities like Chicago, Boston, San Francisco, Minneapolis and Houston. The firm is now landlord for some 23.6 million square feet of space across the country.

Given how well Fortress Investment Group’s maiden Japan-focused private equity real estate fund has performed since being launched in 2009, it was easy to predict a sequel fund by the New York-based alternative investment management firm would prove popular with investors. However, in raising almost twice the equity of its first vehicle, there was surprise both outside and inside the firm.

In December, little more than one year after launching Fortress Japan Opportunity Fund II, the firm closed the vehicle on ¥130 billion (£1.29 billion; $1.65 billion) in equity thanks to commitments from 73 investors, 29 of which were from Japan. It was the biggest private equity real estate fund raised anywhere in Asia during 2012 and the central reason why Fortress was able to soar 14 places in this year’s PERE 50 ranking. Of course, not all of Fortress’ efforts in the real estate space are Nippon-focused. The firm also raised $515 million for its Fortress Real Estate Opportunities Fund, a US-focused opportunity fund, last year. Nonetheless, it is the firm’s efforts in Japan — to date, its first fund is projecting net IRRs of 22.4 percent and an equity multiple of 1.6x just two years in — that have resulted in the most investor enthusiasm and, consequently, the greatest share of equity commitments.

For TA Associates Realty, the last 12 months have been business as usual on the capital-raising front. Once again, the Boston-based firm has managed an equity haul bigger than $1 billion, smashing its $1.25 billion capital-raising target for its latest fund, Fund X, and collecting $1.575 billion, a total that pushed its hard cap out by $75 million. Fund X will continue the same strategy as the firm’s predecessor vehicles, investing in industrial, office, residential and retail properties with a view to achieving value-added returns. The vehicle will focus on major US markets with an emphasis on the East and West coasts.

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Oaktree Capital Management owes much of its prominent debut – one of the highest new entries in this year’s PERE 50 ranking – to the fast pace of investing by its most recent real estate funds. During the second quarter of 2012, the Los Angeles-based investment manager launched its latest real estate offering, Oaktree Real Estate Opportunities Fund (ROF) VI, just a few months after the $1.3 billion final close of its predecessor, ROF V. Even more remarkable, the earlier vehicle’s fundraising period began just 18 months earlier.

The pace of investment for ROF V “was unusual for us,” said Oaktree’s chairman, Howard Marks, during an earnings call last year. “Usually, the process is you raise the money and then you invest it. ROF V was largely invested with each closing.”

With ROF V now fully invested, Oaktree is now focused on investing and raising ROF VI. The firm held a first close on $225 million in equity during the third quarter of 2012, followed by a second close in January, which brought the fundraising total to $426 million. The fund, which began investing in September, had amassed $746 million in commitments at press time and is expected to exceed its $1.5 billion target by the time fundraising concludes this year.

Bank of America Merrill Lynch Global Principal Investments
$2.992 billion
HQ: New York / Life: 2005-2010
Bank of America Merrill Lynch Global Principal Investments is a vestige of an era that once saw the likes of Lehman Brothers and Citibank roam the earth as large opportunistic real estate beasts. The firm’s European funds are now being managed by Peakside Capital, while its pan-Asia fund, Merrill Lynch Asian Real Estate Opportunities Fund, which raised $2.65 billion in 2008, is being managed by The Blackstone Group. The defunct Bank of America Merrill Lynch platform will disappear from the PERE 50 without a trace next year, when it falls outside the ranking’s five-year fundraising window.

Walton Street Capital
$2.887 billion
HQ: Chicago / Founded: 1994
Walton Street Capital moves up seven spots in this year’s ranking, thanks to the completion of the first round of fundraising for its seventh commingled real estate fund, Walton Street Real Estate Fund VII, which attracted $710 million in commitments from limited partners such as the Teachers’ Retirement System of the State of Illinois and the Indiana Public Retirement System. The closing marks the first new equity raised by the Chicago-based firm since Walton Street Real Estate Fund VI, which raised $1.9 billion in 2009. The firm, which co-invested $50 million in the first closing, is expected to close on an additional $300 million in commitments imminently.

Northwood Investors
$2.809 billion
Northwood Investors continues to boost its total equity haul with the 2012 closing on $500 million in commitments for the third offering of its opportunistic real estate fund, Northwood Real Estate Partners, and related co-investment vehicles. The new closing follows the New York-based private equity real estate firm’s initial fundraising of $1.25 billion in August 2007 and a second capital-raise of more than $1 billion in September 2011. The fund has a unique ‘evergreen’ structure, whereby Northwood can add capital to the fund once each calendar year, which is distinct from open-ended funds that can accept capital on a more frequent basis.

Perella Weinberg Partners
$2.71 billion
HQ: New York / Founded: 2006
Another firm making its debut in this year’s ranking is Perella Weinberg Partners, which received a boost from raising some €900 million in equity commitments – including a first close of more than €600 million in July – for its pan-European opportunistic real estate fund, Perella Weinberg Real Estate Fund II. The new capital haul, which included Dutch pension fund administrator APG Asset Management as a limited partner, nearly doubles the amount of equity that the New York-based asset management firm had collected over the past five years. The firm, led in Europe by Leon Bressler, previously raised €1.2 billion for its debut European vehicle, Perella Weinberg Real Estate Fund I, in 2008.
Lubert-Adler Partners
$2.604 billion
HQ: Philadelphia / Founded: 1997

Lubert-Adler Partners owes its position in the PERE 50 ranking primarily to capital-raising endeavours on behalf of its 2008 fund, Lubert-Adler Real Estate Fund VI, which raised just over $2 billion in equity commitments. The Philadelphia-based firm followed up that offering, which was geared towards larger deals, second-home developments and resort properties, with two co-investment vehicles in 2010 and 2011. As PERE previously reported, Lubert-Adler is back in the market with its next offering, Lubert-Adler Fund VII, with a target size of $500 million and a hard cap of $850 million. The strategy is different this time around in that the focus is on middle-market retail, multifamily, hotel and industrial assets in the US through joint ventures with operating partners.

AEW Global $2.561 billion
HQ: Boston / Founded: 1981

AEW Global has slipped a little in the ranking since last year, losing six places. The Boston-based firm, which is a stalwart of the private equity real estate industry, last closed on a qualifying commingled fund in 2010, when investors committed $424 million to AEW Partners VI. Of course, it recently came to market with the latest offering in that series, Lubert-Adler is back in the market with its next offering, Lubert-Adler Fund VII, which closed on $2.54 billion in 2010. That is a good-sized fund, but it is notably less than the $4 billion that the firm managed to attract for Beacon Capital Strategic Partners V in 2007, which now falls just outside the ranking’s five-year window.

Beacon Capital Partners is a big decliner in the PERE 50 ranking, down 20 places from its lofty perch in the eighth spot last year. The last significant fundraising by the Boston-based firm came on behalf of Beacon Capital Strategic Partners VI, which closed on $2.54 billion in 2010. That is a good-sized fund, but it is notably less than the $4 billion that the firm managed to attract for Beacon Capital Strategic Partners V in 2007, which now falls just outside the ranking’s five-year window.

Beacon's fifth fund famously amassed a real estate portfolio that included 42 office properties in the Washington DC and Seattle areas, which were acquired from The Blackstone Group at the height of the market in 2007 for $6.4 billion. In recent years, the firm, led by Alan Leventhal, has restructured the debt on properties in the fifth fund and has sold at least 10 assets with a total value of $3 billion.

In October, the Montana Board of Investments added Beacon’s fifth fund to its ‘watch list’ of troubled investments. “While the manager has done a good job of trying to preserve value, suffering from the impact the recession has had on office properties, the fund is not expected to recover our cost,” the pension plan noted in documents from a board meeting. What, if anything, that means for future fundraising activity remains to be seen.

Orion Capital Managers $2.491 billion
HQ: London and Paris / Founded: 1999

Orion Capital Managers is the highest-ranked European firm in the PERE 50 – indeed, it is the only Europe-based firm in the Top 30 if one overlooks MGPA, which is more of an Asia-based operation, and Perella Weinberg Partners, which is headquartered in New York. Orion makes the cut having raised €1.28 billion for Orion European Real Estate Fund III in 2009 and reportedly some €650 million for its follow-up vehicle, Fund IV. Although that fund has yet to close, the firm, which is fronted by Van Stults, Bruce Bossom and Aref Lahham, is understood to be targeting a similar capital haul to that of its predecessor.

Alpha Investment Partners $2.42 billion
HQ: Singapore / Founded: 2003

Alpha Investment Partners is another new entry to the PERE 50 ranking. The Asia-focused firm, which is headquartered in Singapore, sneaks into the Top 30 by dint of two funds - Alpha Asia Macro Trends Fund, which attracted $1.18 billion in equity in 2008, and Alpha Asia Macro Trends Fund II, which has commitments of $1.24 billion, including co-investments. Alpha has $7.3 billion of gross assets under management, with just under half of its 51 properties located in Japan. Its next biggest market is Korea, followed by Singapore, Hong Kong, China, India and Thailand.
DRA Advisors
$2.25 billion
HQ: New York / Founded: 1986
It has been 18 years since New York-based DRA Advisors raised $189 million for its first private equity real estate fund. The 70-strong firm evidently has been doing the right things since then as today it is a $1 billion-plus fund manager. Its latest vehicle, DRA Growth and Income Fund VII, brought aboard $1 billion in equity commitments in 2011. For that money, investors can expect DRA to target existing properties with good cash flows and, predictably, an emphasis on coastal markets. Nevertheless, the strategy marks a continuation for the firm, proving predictability is one thing its investors do not mind.

ARA Asset Management
$2.074 billion
HQ: Singapore / Founded: 2002
In collecting $441 million in commitments for ARA Asia Dragon Fund II, ARA Asset Management raised less than half the amount it originally intended or, for that matter, than its predecessor fund collected. Still, the Singapore-based firm received significant backing from the largest US pension plan, the California Public Employees’ Retirement System, outside the confines of its commingled funds. Besides placing $50 million into Dragon Fund II, the $240 billion pension system awarded a $480 million separate account mandate to ARA for long-hold investments in China’s retail sector. Unfortunately, that capital does not count for the purposes of the PERE 50 ranking – not like ARA minds, given all it has gained.

KSL Capital Partners
$2.211 billion
HQ: Denver / Founded: 2005
The lion’s share of KSL Capital Partners’ qualifying equity for the PERE 50 ranking comes from KSL Capital Partners Fund III, which it closed on $2 billion in 2011. The Denver-based firm focuses on acquisitions of “complex, operationally-intensive businesses” and strives to unlock “hidden value through re-envisioning and repositioning.” Indeed, KSL has been busy putting its strategy to the test with recent investments in markets such as North Carolina, where it purchased the historic Grove Park Inn Resort & Spa for more than $100 million in April 2012. Its capital has a global appetite as well. Earlier this year, KSL was linked to bids for UK fitness chain David Lloyd Leisure, having already snapped up boutique hotel companies Malmaison and Hotel du Vin.

Niam
$1.91 billion
HQ: Stockholm / Founded: 1998
The strapline on the homepage of Niam’s website reads ‘partner of choice’ and, in terms of support from institutional investors, it would be tough to argue. Fifteen years after the firm’s formation, the Stockholm-based fund manager has twice closed the largest vehicle focused on the Nordics, in 2008 and last year. Dwarfing rival efforts in the region and surpassing its own €600 million target, its latest fund, Niam Nordic Fund V, collected €719 million, thanks to commitments from public and corporate pension plans, sovereign wealth funds, endowments and financial institutions both old and new to the firm.

“It has been a challenging fundraising environment, and we are very pleased with having been able to surpass our own target,” Johan Bergman, chief executive officer of Niam, said at the time of Fund V’s closing. Perhaps he should not have been too surprised given the firm’s track record. Indeed, the firm stated at that time that it had delivered leveraged IRRs of 31 percent since inception.

Niam’s inclusion in the PERE 50 comes in part because the ranking has been extended from 30 firms and in part because the sector as a whole has raised less equity through the mega-funds and allocators that dominated prior to the global financial crisis. Still, those factors should not detract from the meaningful impact Niam has had in its markets, a point with which institutional investors evidently concur.

Rockpoint Group
$1.952 billion
HQ: Boston / Founded: 2003
Rockpoint Group had the biggest final closing of the first quarter of 2013, raising $1.952 billion in equity for Rockpoint Real Estate Fund IV, and that haul alone determined the firm’s position in this year’s PERE 50. As with most fundraises these days, it has been a long slog getting over the finish line. Originally launched in 2011, the fund held its first close on $330 million in November that year. About $1.4 billion was raised by July before Rockpoint finally closed the vehicle in March this year. Distressed real estate is the label on the tin for this fund, while the small print notes that 20 percent of the equity can be deployed internationally.
Hemisferio Sul Investimentos $1.899 billion

HQ: São Paulo / Founded: 2011

Senior management changes evidently haven’t diminished the fundraising power of the real estate fund manager formerly known as Prosperitas Investimentos. In fact, the new entity, Hemisferio Sul Investimentos, is the highest-ranking Latin America-focused firm in the PERE 50 – and one of several newcomers to the ranking.

Maximo Lima, a founding partner of Prosperitas, formed Hemisferio Sul in November 2011, following the exit of the firm’s two other founding partners, Luciano Lewandowski and Jorge Nunez. Prosperitas previously had raised three Brazil-focused funds, including Prosperitas Real Estate Partners III, which closed on $750 million in 2011.

The new firm, which is led by Lima and four new partners, held a first close of $140 million on its first offering, Hemisferio Sul Investimentos Fund IV, in early December. The fund was oversubscribed just five months later, with demand of $1 billion against a hard cap of $650 million. The fund attracted commitments from 20 investors, all of which previously had invested with Prosperitas.

Despite the level of investor interest, Fund IV was sized smaller than its predecessor vehicle, based on what Lima saw as more limited opportunities in Brazil. “You need to be careful not to raise too much money because it’s difficult to deploy it,” he told PERE last year. “We’d rather go back to our investors more often than sit on so much capital.”

Cerberus Capital Management $1.884 billion

HQ: New York / Founded: 1992

After attracting $1.25 billion in commitments for its second opportunistic real estate fund, Cerberus Institutional Real Estate Partners II, in 2010, Cerberus Capital Management was back in the market with a successor fund last year. Fund III, which is targeting $1.2 billion in commitments, had raised $580 million as of press time. The new fund-raising comes as no surprise when considering the pace at which the New York-based investment firm has been putting capital to work. Notably, in January, a Cerberus-led consortium agreed to buy five grocery chains comprising 877 retail stores from Minneapolis-based retail giant Supervalu for $3.3 billion.

Hines $1.884 billion

HQ: Houston / Founded: 1957

Hines saw one of the biggest declines this year, falling 16 spots in the PERE 50, now that several of its funds, including the €647.10 million Hines European Development Fund II and the $300 million Hines India Fund, are no longer within the ranking’s five-year window. The Houston-based firm has raised just one new qualifying vehicle since last year’s ranking, the $210 million Hines Value Added Venture III, but a substantial amount of its current tally comes from the nearly $1 billion in commitments that Hines previously gathered in 2012 and 2011, such as for the $515.8 million Hines Russia & Poland Fund.

GI Partners $1.864 billion

HQ: Menlo Park, California / Founded: 2001

In recent years, GI Partners has raised capital primarily through separate accounts, including a total of $754 million for TechCore and DataCore, through which the firm will invest in technology-focused properties in the US on behalf of the California Public Employees’ Retirement System and the California State Teachers’ Retirement System, respectively. The California-based firm’s most recent commingled effort, GI Partners Fund III, which collected $1.864 billion in 2009, is the sole reason for its inclusion in the PERE 50. However, if separate accounts continue to represent the bulk of the firm’s new capital-raising efforts, PERE may be bidding GI Partners adieu from the ranking in two years.

GTIS Partners $1.791 billion

HQ: New York / Founded: 2005

Raising the largest Brazil-focused real estate fund ever certainly goes a long way in bolstering a firm’s five-year equity tally. GTIS Partners, another first-timer to the PERE 50 ranking, accomplished such a feat in February 2012, closing on $810.2 million in commitments for its second Brazilian real estate fund, GTIS Brazil Real Estate Fund II, and significantly exceeding its original target of $500 million.

GTIS, however, isn’t just focusing its capital-raising efforts on Brazil. The firm currently is in the market raising GTIS US Residential Strategies Fund and, as of March, it had amassed $185.85 million in equity towards a $400 million target, according to SEC filings.
CIM Group $1.632 billion
HQ: Los Angeles / Founded: 1994

CIM Group has slipped 16 places in the PERE 50, primarily due to its $2.37 billion CIM Real Estate Fund III now falling outside the ranking’s five-year window. Its last qualifying fundraising endeavour saw the Los Angeles-based firm close on $724 million for CIM Fund VI last year and return shortly afterwards with $360 million for Fund VIII, which currently is in the market. CIM also has raised significant co-investment capital over the past five years.

CIM manages three different strategies – opportunistic funds, core/stabilized funds and infrastructure vehicles – and specializes in repositioning and development projects in established or emerging urban neighbourhoods across the US. According to the firm, one of its most successful investments has been the 632,000-square-foot Hollywood & Highland Center in its hometown in 2004.

Crow Holdings $1.649 billion
HQ: Dallas / Founded: 1998

Established in 1998, Crow Holdings manages the investments of the Trammell Crow family and its partners. In 2008, the Dallas-based firm raised $951 million for Crow Holdings Realty Partners V and is understood to have raised nearly $700 million in commitments for its sixth fund, which currently is in market. Like its predecessors, Realty Partners VI is targeting such US real estate assets as industrial, grocery-anchored and neighborhood retail properties, multifamily housing, offices, hotels and land. The vehicle, which will include income-oriented investments with modest forecasted appreciation as well as value-added investments, is expected to wrap up fundraising sometime this year.

Rockwood Capital $1.629 billion

Rockwood Capital has raised just north of $1.6 billion over the last five years for its value-added real estate strategy. In 2008, the White Plains, New York-based firm collected $964 million for Rockwood Capital Real Estate Partners Fund VIII and, more recently, followed up that effort with commitments of around $458 million so far for Fund IX. As PERE reported, Rockwood is seeking $750 million for its latest vehicle to invest in hotels, offices, residential and retail properties throughout the US that are underperforming or suitable for redevelopment or expansion. The firm launched the fund around February of last year.

Berkshire Property Advisors $1.619 billion
HQ: Boston / Founded: 1969

Berkshire Property Advisors has raised a series of commingled funds and co-investment vehicles over the past five years, establishing a foothold among the PERE 50 in doing so. Recent fundraising activity by the Boston-based multifamily specialist includes $590 million for Berkshire Multifamily Value Fund II in 2008, $260 million for Berkshire Multifamily Equity Fund in 2011 and $300 million for Berkshire Multifamily Value Fund Co-investment III last year. That co-investment vehicle was formed on behalf of Australia’s Future Fund to invest alongside Berkshire Multifamily Value Fund III, to which the Australian investor committed an additional $50 million.

The arrangement cements a powerful relationship with an AS$80 billion (€64.2 billion; $84 billion) state fund. Future Fund held AS$5.2 billion, or 6.4 percent of its total assets, in real estate as of 30 September, and about 41 percent of that portfolio is invested in North America.
After closing its second opportunity fund on $575 million in equity in October 2011, Kayne Anderson Real Estate Advisors, the real estate arm of Los Angeles-based private equity firm Kayne Anderson Capital Advisors, launched a new opportunistic vehicle in December, but the fund, Harrison Street Real Estate Partners IV, managed to attract $465 million in commitments by March.

These days, Harrison Street finds itself in a very good place. Student housing, one of the firm’s specialties, is becoming an increasingly popular property type among investors. Perhaps this is why the Chicago-based firm was able to raise nearly a half billion dollars in just three months. It also should be noted that Fund IV, which is targeting between $600 million and $700 million in equity, was launched just a little more than 18 months after Harrison Street closed its last commingled vehicle. In June 2011, Harrison Street Real Estate Partners III received more than $595 million in commitments, exceeding its original $500 million target.

GE Capital Real Estate $1.514 billion
HQ: Norwalk, Connecticut / Founded: 1972

Due to its prior investment funds, most of which closed in 2008 and 2011, GE Capital Real Estate makes its debut on the PERE 50 list. Unfortunately, that honor may be short-lived as the Norwalk, Connecticut-based firm is in the process of winding down its real estate equity investment management business. Witness the sale of the management contract for its €240 million Polish Retail Fund to Valad Europe at the end of December and the departure of Jonathan Kern, its president of global investment management, earlier this year. While GE Capital Real Estate plans to manage out a number of its current equity holdings, the strategy going forward is to concentrate on the debt space.

Kayne Anderson Real Estate Advisors $1.411 billion

After closing its second opportunity fund on $575 million in equity in October 2011, Kayne Anderson Real Estate Advisors, the real estate arm of Los Angeles-based private equity firm Kayne Anderson Capital Advisors, hit the fundraising trail with its third commingled real estate vehicle in early 2013.

The Armonk, New York-based student housing specialist, led by Al Rabil, launched Kayne Anderson Real Estate Partners (KAREP) III in January to target off-campus student housing opportunities in the US. The opportunistic vehicle is seeking $700 million in equity from high-net-worth individuals, family offices, foundations, endowments and pension plans. By mid-April, the fund already had attracted $675 million in commitments.

Kayne Anderson’s prior fund, KAREP II, was raised over the course of approximately one year, having held a first close in December 2010. The firm still is investing on behalf of KAREP II, with approximately 75 percent of the capital accounted for, and it is anticipated that the fund will be fully invested by the third quarter.

Spear Street Capital $1.40 billion
HQ: San Francisco / Founded: 2001

Spear Street Capital, which has closed on $1.4 billion in equity since 2008, focuses on US office assets and portfolios valued at more than $25 million. Target assets are well-located properties that can generate high returns through proactive leasing efforts, physical improvement or repositioning, entitlement changes or the realization of adaptive re-use strategies. Properties in the San Francisco-based firm’s portfolio include Research Park Plaza I & II in Austin and Montague Park in San Jose.

Stockbridge Capital Group $1.37 billion
HQ: San Francisco / Founded: 2003

Last summer, Stockbridge Capital Group closed on $220 million for its first value-added real estate fund, Stockbridge Value Fund. That fund will pursue office, industrial, retail and multifamily investments in major US markets, with a focus on distressed properties and portfolios that are undervalued or underutilized. Previously, the San Francisco-based firm sponsored three opportunistic funds and related co-investment vehicles that raised a total of $2.6 billion. Its last opportunistic fund, Stockbridge Real Estate Fund III, closed in 2008 and raised $1.15 billion.
Top 10 recent fundraising efforts

The fundraising environment for real estate funds continued to be challenging, but some firms were able to close on significant amounts of capital in 2012 and the first few months of 2013. Below are the 10 biggest closers of capital over that timeframe:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Firm</th>
<th>Fund name</th>
<th>Equity raised (US$m)</th>
<th>Year of final or interim close</th>
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<tr>
<td>1</td>
<td>The Blackstone Group</td>
<td>Blackstone Real Estate Partners VII</td>
<td>$13,376.20</td>
<td>2012</td>
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<td>2</td>
<td>Starwood Capital Group</td>
<td>Starwood Distressed Opportunity Fund IX</td>
<td>$4,200.00</td>
<td>2013</td>
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<td>3</td>
<td>Brookfield Asset Management</td>
<td>Brookfield Strategic Real Estate Partners*</td>
<td>$2,630.00</td>
<td>2012</td>
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<td>Rockpoint Group</td>
<td>Rockpoint Real Estate Fund IV</td>
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<td>Fortress Investment Group</td>
<td>Fortress Japan Opportunities Fund II</td>
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<td>Westbrook Partners</td>
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<td>TA Associates Realty</td>
<td>Realty Associates Fund X</td>
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<td>Angelo, Gordon &amp; Co</td>
<td>AG Realty Fund VIII</td>
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<td>Patron Capital</td>
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<td>CBRE Global Investors</td>
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<td>2012</td>
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</table>

Note: * still in market

A buyer’s market

The firms in this year’s PERE 50 purchased some $88.2 billion of property since the start of 2012, according to Real Capital Analytics. The Blackstone Group was far and away the most active buyer, outdistancing the next closest firm – Starwood Capital Group – by more than $9 billion.

A good time to sell

According to Real Capital Analytics, the firms in this year’s PERE 50 sold $78.8 billion of property since the start of 2012. The Blackstone Group topped all sellers, offloading $7.4 billion in real estate assets over the past five quarters.

Net results

With just a few exceptions, the firms of the PERE 50 engaged in both the buying and selling of real estate assets over the five quarters since the start of 2012. Among net buyers, look no further than The Blackstone Group, with more than $7.4 billion in net purchases. For net sellers, GE Capital led all firms with $3.7 billion in net sales.

Data provider Real Capital Analytics has tracked the volume and value of property transactions for the PERE 50 firms from January 2012 to the end of March 2013. The data is believed to be accurate but is not guaranteed. It includes direct property transactions only and covers activity by the parent companies as well as by a firm’s dedicated real estate funds. Full deal credit is allocated to both joint venture partners. © Real Capital Analytics, Inc. 2013. http://rcanalytics.com