

Preqin Research Report

Private Equity Real Estate

Core-Plus Fund Managers

Core-plus funds provide investors with the opportunity to invest in moderate-risk real estate vehicles that provide moderate returns. These funds utilize a value added approach to some degree, but investments are predominantly core in nature. Like core vehicles, core-plus funds target Class A or lower properties that require some sort of enhancement such as repositioning. These vehicles typically use leverage of around 30-55% and provide a less risky alternative to value added and opportunistic funds.

As shown in Fig. 1, the best year for core-plus fundraising was 2007, when 30 funds raised an aggregate \$13bn. Fundraising in 2009 proved to be significantly less successful as only seven funds closed with an aggregate \$2bn in commitments. The decline in fundraising in 2009 is not exclusive to core-plus vehicles, but is indicative of the whole private equity real estate fundraising market, which struggled to attract investor commitments during 2009.

Fig. 2 illustrates that there are currently 48 core-plus vehicles in market targeting an aggregate \$18bn in equity. As shown in Fig. 3, the primary geographic location for a high proportion of these funds is Europe, with 48% of core-plus funds focused on this region. North America-focused funds account for 44% of vehicles, with Asia and Rest of World-focused funds accounting for the remaining 8%.

As shown by Fig. 4, Shorenstein Properties has raised the most capital for core-plus funds, having raised an aggregate

Fig. 1: Fundraising by Core-Plus Real Estate Fund Managers: 2005 - 2009

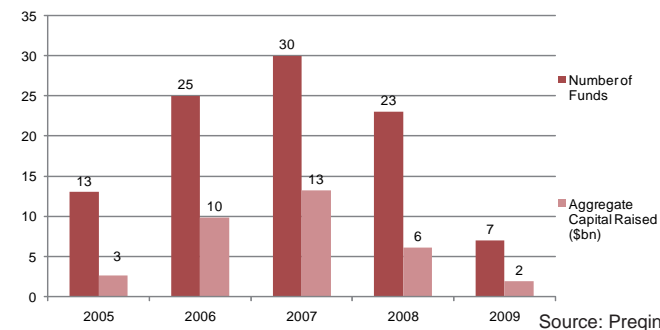
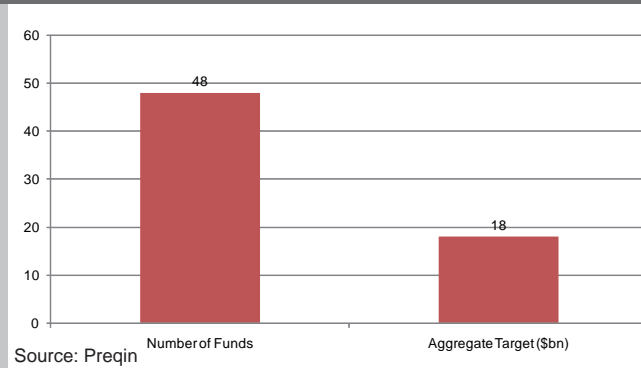
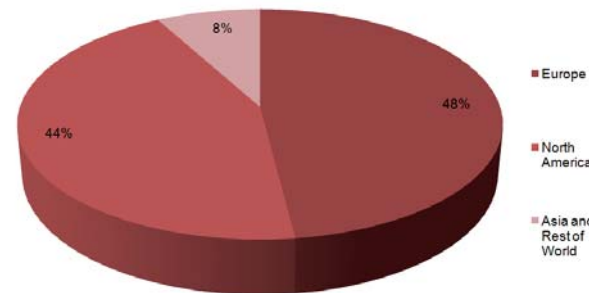


Fig. 2: Core-Plus Real Estate Funds in Market



\$4.5bn over the past 10 years. The largest non-US manager is ING Real Estate Investment Management. The Dutch firm has raised \$3.1bn for core-plus vehicles over the past 10 years. Crow Holdings is another significant core-plus manager, having raised \$2.8bn for these funds over the previous decade.

Fig. 3: Primary Geographic Focus of Core-Plus Real Estate Funds in Market



Source: Preqin

Data Source: Real Estate Online

Preqin's Real Estate Online service is the ultimate resource for all real estate professionals seeking capital or actively managing funds, with the majority of the top real estate firms in the world using the service on a regular basis.

For more information, and to register for a free trial, please visit:

www.preqin.com/realstate

Fig. 4: 10 Largest Real Estate Firms by Capital Raised for Core-Plus Funds

Firm Name	Total Capital Raised for Core-Plus Real Estate in Last 10 Years (\$bn)	Country Headquarters
Shorenstein Properties	4.5	US
ING Real Estate Investment Management	3.1	Netherlands
Crow Holdings	2.8	US
AEW Europe	1.8	France
Henderson Global Investors - Property	1.6	UK
KSL Capital Partners	1.5	US
Angelo, Gordon & Co	1.3	US
TA Associates Realty	1.2	US
AXA Real Estate Investment Managers	1.2	France
LBA Realty	1.2	US

Source: Preqin

Preqin provides information, products and services to private equity real estate firms, fund of funds, investors, placement agents, law firms, advisors and other professionals across six main areas:

- Fund Performance
- Fundraising
- Fund Manager Profiles
- Investor Profiles
- Fund Terms
- Compensation and Employment

Available as:

- Hard Copy Publications
- Online Database Services
- Consultancy and Research Support
- Tailored Data Downloads

For more information and to register for a demo, please visit:
www.preqin.com/realstate

London: Scotia House, 33 Finsbury Square, London, EC2A 1BB
+44 (0)20 7065 5100

New York: 230 Park Avenue, 10th Floor, New York, NY 10169
+1 212 808 3008