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## Blackstone reaches \$2bn for Europe mega fund

The New York firm has raised the single largest amount of equity for a commingled opportunity fund targeting Europe since the firm's predecessor fund closed in June 2009 on more than €3.1 billion.

By Robin Marriott

The Blackstone Group has brought the capital raised for its latest European opportunistic real estate fund to \$2 billion (€1.48 billion), *PERE* has learned.

Sources said the New York firm has held a first close on Blackstone Real Estate Partners (BREP) Europe IV, meaning the company has raised the single largest amount of equity for a commingled opportunity fund targeting Europe since the firm's predecessor fund closed in June 2009 on more than €3.1 billion.

Blackstone, which has a large dedicated European team in London led by senior managing director Kenneth Caplan, has amassed the sum having launched (BREP) Europe IV just a few months ago.

Overall it is targeting €5 billion of commitments, so the figure by first close means it is 30 percent of the way towards succeeding.

Blackstone is not alone in courting global investors for a European opportunity real estate fund at a time when interest in the region is returning following the economic turmoil of 18 months ago. In July, Perella Weinberg Partners succeeded in raising more than €1.3 billion (\$1.72 billion) for Perella Weinberg Real Estate Fund II. Among the larger fund managers also to have gained traction is Area Property Partners. The New York-based company is due to close AREA European Real Estate Fund VI soon, according to sources. The firm went on the fundraising trail in August last year with the aim of raising around €750 million (\$1 billion) of total commitments.

Orion Capital Managers is also in the final stages of finishing its latest fund, Orion European Real Estate Fund IV, *PERE* can reveal. That fund launched in March last year is gunning for €1.3 billion (\$1.75 billion). Others firms on the capital raising trail include Tristan Capital Partners, Resolution Property, Europa Capital, Frogmore, and AEW Europe.

Overall, sentiment is said to be improving for those raising funds globally. On Monday this week, New York placement agent Hodes Weill & Associates said in a third quarter market commentary that "it was clear that institutional investors had returned to the market in more meaningful numbers". Talking of global funds, and not just those in Europe, it wrote: "It appears that the weight of uninvested allocations has now reached a level where a continued acceleration of capital flows into the sector seems inevitable."

That is certainly the case outside of Europe too. Only this week, *PERE* revealed that Lone Star Funds, arguably one of Blackstone's closest rivals, had raised more than half the \$6.6 billion it is targeting for its third real estate-specific, global opportunity fund, Lone Star Real Estate Fund III, in just three months. Hodes Weill added: "Against all odds, real estate private equity funds are having a resurgence."

"During the first half of the year, we've seen the return of the mega funds, with nine funds holding final closings exceeding \$1 billion for an aggregate of \$26 billion. This is meaningfully above last year at this time, when only three \$1 billion funds held final closings for an aggregate of \$3.3 billion."

News of progress BREP Europe IV coincides with continued activity on the deal front as the firm buys and sells investments



in the UK and mainland Europe. Most recently, Blackstone has been linked the purchase of a €150 million shopping – the San Marco in Milan, Italy.

It has also been reported to be close to taking over Dutch shopping mall developer Multi Corporation in which it is said to own €900 million of corporate debt. Multi is headquartered in The Netherlands and has projects in 14 countries from Spain to Turkey.

Bloomberg has reportedly separately that it is in talks to buy a 25 percent stake in three hotels in Ireland from the UK arm of failed Icelandic bank, Kaupthing Bank. The assets are Berkeley Court, the Towers and Jurys Hotel in Dublin, said Bloomberg.

Blackstone decline to comment on fundraising activities.

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