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## MANAGERS

# BGO completes largest European real estate fundraise to date

The Miami-based manager raised nearly 30% of Fund IV's equity from co-investment capital, driven in part by platform investments.

**B**GO closed its fourth European value-add real estate fund after raising nearly €2 billion, PERE has learned.

The Miami-based firm gathered a total of €1.98 billion for BentallGreenOak Europe IV, including €1.46 billion for the fund and €520 million in co-investment capital. PERE understands that BGO finished fundraising for the main fund in May 2023 but spent the next year raising co-investment capital on a deal-by-deal basis. That brings the fund, launched in October 2021, to approximately \$2.2 billion – exceeding its \$2 billion target, PERE data showed.

More than 80 percent of the limited partners are existing investors, and more than 70 percent are from outside the US, including Europe, the Middle East, Asia and Canada. According to PERE data, Fund IV investors include the State of Michigan Retirement System, which committed \$114 million in the fourth quarter of 2021.

Fund IV represents the largest European capital raise to date for BGO, slightly exceeding its predecessor fund. Fund III attracted a total of €1.92 billion, comprising €1.47 billion in fund commitments and €450 million in co-investment capital. The manager has raised co-investment capital for all four funds in the series, with the co-investment portions accounting for 23-31 percent of the total

capital raise for each vehicle.

“Co-investment has been a function of our program since we started it,” said Toby Phelps, head of European equity at BGO. “It’s allowed us to invest significant fund capital in a strategy, sector or market we really like. Where additional capital has been needed, without overallocating the fund to one specific investment, we’ve

been able to use co-investment capital to accelerate the business plan for that investment, but on an attractive risk-adjusted basis for the fund.”

## A differentiated angle

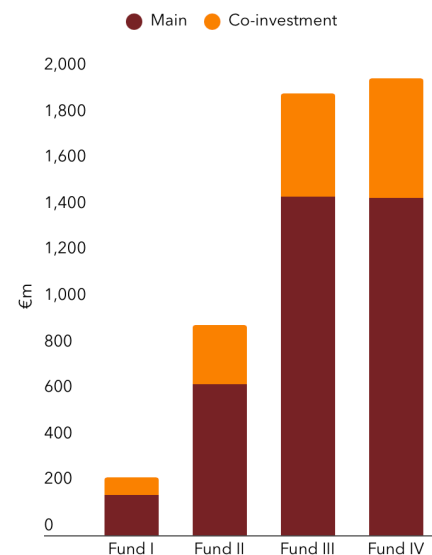
Fund IV's co-investment opportunities included BGO's third investment in Bulk Infrastructure, a Nordics-focused data center developer and operator, with a capital outlay of €350 million, bringing BGO's total investment to more than €640 million and the firm's ownership stake to approximately two-thirds. BGO also invested in Italian logistics company Techbau via Fund IV.

“I'd say both Techbau and Bulk represent, if you will, a slightly differentiated angle and a slightly differentiated way in which we are investing capital in the real estate sector in Europe, more focused on platforms where you're able to continue to grow and scale the investment opportunity,” noted Francesco Ostuni, BGO's European chief investment officer. “It's been a differentiating factor of our Fund III and Fund IV and we expect that kind of investing to continue to feature in our European investment program over the years.”

Phelps considered platforms to be “a very useful addition” to the firm's day-to-day investment approach of focusing on mid-market opportunities on an asset-

## CO-INVESTMENT EDGE

Fund IV raised slightly less equity in the main fund than its predecessor but attracted more co-investment capital



Source: PERE, BGO

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by-asset basis. “Europe continues to be wonderfully opaque and inefficient, and so the information advantage that we have with the scale of the business and these platforms just amplifies our scale,” he said. “So that information advantage that we have actually allows us to, we expect and hope, to do an even better job of that direct asset investing.”

Similar to the prior funds in the series, Fund IV will be largely focused on sectors benefiting from structural growth in demand, particularly residential, logistics and data centers, as well as those experiencing cyclical challenges that impact values. Using local asset management expertise, BGO’s European team will seek to transform undervalued or

under-managed assets in well established locations into high-quality investments with a high stabilized yield on all-in cost.

Roughly 60 percent of Fund IV’s capital has been allocated. “In terms of pipeline, we would expect our continued focus to be on logistics and data centers, for sure. But also, interestingly, the living sector and purpose-built student accommodation in markets which are underpenetrated, like Italy, like Spain,” Ostuni said. The firm is also eyeing potential deals in the cold-storage and self-storage sectors, where “we feel there is a particularly interesting opportunity in the northern European markets.”

Although BGO does not set allocation targets for its funds, the firm expects data

centers to feature more prominently in its latest European fund. While Fund III had an approximately 5 percent allocation to the sector, Fund IV’s allocation is anticipated to be above 10 percent. Meanwhile, more than 25 percent of Fund IV’s capital is expected to be invested in Germany and France, compared with less than 10 percent in Fund III.

BGO launched its European value-add strategy in 2014, closing on a total of €250 million for GreenOak Europe Fund I the following year, according to PERE data. To date, the firm has deployed more than €4 billion in the region. BGO is the fourth-largest on the 2024 PERE 100, having raised \$19 billion in private real estate capital in the past five years. ■