

Berkshire raises \$161.5m for new strategy

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The Boston-based firm has raised equity for a private equity-style fund backing operating companies as it continues to branch out from being a multifamily specialist

Berkshire Group has branched out its business into making private equity-style investments in operating partners.

The Boston-based company which hitherto has been a multifamily specialist, has raised \$161.5 million for BRV Partners Fund I that will comprise a portfolio of what it describes as “growing, high-potential, real estate-related operating platforms nationwide”.

So far the firm has made two investments. The first is in a hotel investment company alongside Lodging Capital Partners and the second is in a senior housing development and management firm, LCB Senior Living. More operating partner platforms are expected to follow in the West Coast senior housing sector, self-storage assets, retail, office, industrial, medical office and the mixed-use development sectors.

Larry Ellman, managing director, and head of venture investments, said: “We seek to actively partner with these management teams to set strategy and drive execution.” He added Berkshire would “add value through providing growth capital and leveraging our team’s diverse real estate operating and investment experience”.

The news comes after the company formed a board of directors in October 2014 to oversee the strategic direction of the company aimed at becoming a “multi-initiative real estate investment management company”.

The board includes Joseph Azrack, past chairman and managing partner of Apollo Global Real Estate.

Chuck Leitner is chief executive officer of the company having joined in 2013 after serving as global head of RREEF as well as stints at GE Capital in Chicago and TIAA CREF.

The company was initially co-founded as Krupp Companies in 1969 by George and Douglas Krupp who serve as chairman and vice chairman respectively. Between them they have a history of creating public REITs, including Berkshire Realty Income that was eventually taken private by the group together with Goldman Sachs and The Blackstone Group.

Up to this point, the strategy has been to raise multifamily vehicles. In 2003, it formed Berkshire Income Realty, which was a multifamily REIT with a \$900 million market capitalization. Then, in 2005, it formed Berkshire Multifamily Value Fund to assemble a \$1.2 billion value-add portfolio of assets across the US and followed up in 2007 with the \$1.4 billion Berkshire Multifamily Value Fund II targeting major US markets. Next it closed two more funds in quick succession; Berkshire Multifamily Equity Fund on \$930 million in 2011 which was a single investor fully discretionary fund, and Berkshire Multifamily Value Fund III on \$1.3 billion in 2012.

The firm has recently been expanding its client relations team. In April it hired Mike Coffey as senior vice president, client relations, and Jen Cooper as manager in the same division reporting to John Bottomley. Coffey joined from Greenhill & Co while Cooper joined from Guggenheim Partners.