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## **Virtus Plans to Launch \$500 Million Private Equity Real Estate Fund**

*Institutional Real Estate Newsline*  
*November 7, 2011*

Virtus Real Estate Capital has plans to launch a \$500 million private equity real estate fund this December. The new fund will be called Virtus Real Estate Capital Fund and is the largest in the company's history. For the first time, the company has combined in a single fund all four of Virtus' preferred property types — student housing, self-storage, medical office and senior living projects located in the United States.

"We target investments that will provide strong cash flow with upside through implementing the Virtus value-add model," says Terrell Gates, CEO and founder of Virtus Real Estate Capital. "In addition to purchasing projects directly, the fund will also deploy capital in mezzanine loan, preferred equity and joint venture equity positions.

"Our company is very entrepreneurial and flexible, so we're always looking for ways to lower our risk such as going lower in the capital structure while still being able to achieve private equity like returns. During the recent economic downturn, we acquired several notes directly from banks.

"The real estate market is dynamic," continues Gates.

"Historically most of our properties were acquired off-market directly from smaller or regional operators, but today a growing percentage of our investments are more opportunistic in nature to take advantage of the opportunities left over from the credit crisis."

The fund aims to have its first property acquisition during first quarter 2012 with capital being deployed over the next 24 to 36 months. The target closing of the fund is projected to be year-end 2013.

"We have the same goals for this fund as we do with all of the funds that we manage: deliver our investors the highest risk-adjusted returns as possible with strong cash flow throughout the cycle of the investment," Gates says.

Virtus seeks investments it considers to be resilient even through difficult economic and capital market cycles.

Gates adds, "We have been very fortunate to close out of the last two funds faster than we had originally anticipated.

The uncertainty of publicly traded equity markets has increased the demand for a real estate fund that delivers tax-efficient cash flow to investors with significant upside potential."

Virtus develops its investing strategy emphasizing the role of specific demographic trends, which include the aging and growth of the baby boomer generation; the coming of age of the millennial

generation, also known as the echo boom; the growth of the Hispanic market in the United States; and the transitory nature and decreased job tenure of the American worker.

In addition to this demographic focus, Virtus targets asset types with fragmented ownership and income streams that are historically more robust than traditional real estate asset classes and other income-oriented investments.