



Capview closes largest fund to date – Exclusive By Meghan Morris

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Capview Partners is betting on single-tenant net lease properties with its latest and largest fund, *PERE* has learned.

The Dallas, Texas-based firm closed Capview Income and Value Fund IV on about \$126 million at the end of December, said Ken Shulman, the firm's co-founder. Capview, founded in 2010, launched the core-plus fund at the end of 2013 with a target size between \$115 million and \$126 million. The firm previously focused on raising small funds, up to about \$20 million, to buy institutional-quality assets in the wake of the global financial crisis then moved into separate accounts before it started marketing the fourth fund.

With capital from Fund IV, Capview is assembling a portfolio comprising half investment-grade tenants and half non-investment-grade to sell by the end of the year, likely to a pension fund, insurance company or real estate investment trust, Kevin Connelly, the firm's chief financial officer, said. The firm first began purchasing properties with capital from the fund in 2014 and currently has about 86 properties, with plans to sell the portfolio when it has over 100 assets.

Capview's average purchase is about \$3.5 million, and the firm's portfolio currently spans 29 states. Tenants include pharmacies, fast food restaurants, casual dining and automotive repair stores.

"By having a diversified portfolio, we provide a stable, predictable income stream to our investors," Shulman said.

He said the firm set a 6 percent to 9 percent target for annual cash yield on distribution, and the yield since inception has been 8.6 percent. The firm's net internal rate of return target for Fund IV is in the low teens.

Fund IV's investor base comprised retail investors, family offices and foundations, with an average investment of about \$400,000. About 25 percent of the vehicle's capital came from follow-on investments, Shulman said.

"Going after retail investor base takes much longer. A lot of people will tell you it's almost impossible to raise \$100 million from individuals and small family offices," he said. "But we

believe it's a more stable base of investors as well. You're giving people access to a market they wouldn't otherwise have access to, besides public REITs or direct ownership.”

Capview's most recent publicly-available transaction was the December purchase of a PNC Bank in Springfield, Virginia for \$9.1 million, according to data provider Real Capital Analytics. Connelly, the CFO, said that property was an example of an investment in a higher-end market.

The firm declined to give its assets under management.