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Cornerstone Real Estate raises \$315 million for club-style debt investment vehicle - closes Enhanced Mortgage Fund

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Cornerstone Real Estate Advisers has closed its Cornerstone Enhanced Mortgage Fund LP after a raise of \$315 million from domestic and international institutional investors.

The fund, designed on the club concept of fewer, select investors, invests in first mortgage debt secured by real estate that has undergone an ownership change or other transition as a result of recent financial conditions. The fund seeks investments with strong sponsors, locations, and business plans over a two to five year period. Yields will be achieved through a combination of fees, current coupon, and potential upside participation.

In addition to the \$315 million raise, Cornerstone also received a mandate from an institutional investor in 2011 for a \$200 million separate account based on a similar strategy.

"There is growing interest in debt investing among institutional investors right now, partly in response to volatility in equity real estate and aggressive pricing in core equity real estate," said Robert Little, chief investment officer, finance, who will also serve as portfolio manager.

"We think market conditions and trends, including the liquidity-constrained financing market, market-wide repricing of assets, and distress-motivated trades suggest that attractive returns could be available," he added.

The fund is consistent with Cornerstone's practice of assembling smaller groups of like-minded investors to pursue a given strategy. "This fund has been very well received, with both new and existing clients participating," said Little.

About Cornerstone Real Estate Advisers LLC

Cornerstone Real Estate Advisers LLC, with affiliate and subsidiary offices in the US, UK, Europe and Asia, is one of the world's largest real estate investment advisers. It provides core and value-added investment and advisory services, including a comprehensive suite of real estate debt, equity and securities expertise and services, to institutional and other qualified investors around the globe. Cornerstone is a member of the MassMutual Financial Group. Cornerstone and its subsidiaries have assets under management totaling more than \$32 billion.

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