

	Pros	Cons
Investor	<ul style="list-style-type: none"> Creates opportunity to “cherry pick” by reviewing individual deals and opting in to those that best fit individual investor criteria. Investor may be able to achieve better economics (lower fees, better waterfall) than those offered to fund investors. 	<ul style="list-style-type: none"> Requires thorough and timely due diligence on individual properties or portfolios, which may strain investor resources. If investor’s existing portfolio is primarily fund-oriented, co-investing may add “lumpiness” by introducing concentrated exposures to individual properties. The sponsor may encounter conflicts of interest while managing both the “host” fund’s interest and the co-investors’ interest in the same property or portfolio. (For example, differing fees, prefs, and promotes between the two could motivate the sponsor to act differently.)
Sponsor	<ul style="list-style-type: none"> Provides a way to invest in assets that would otherwise be prohibited due to concentration limitations or other fund restrictions. 	<ul style="list-style-type: none"> Spreading investments across more vehicles increases up-front documentation and ongoing administrative and reporting burdens.