

# REAL ESTATE SPOTLIGHT

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## CROSSING THE FINISH LINE: TIME ON THE ROAD IN 2017



Funds that have closed so far in 2017 took an average of 16 months to finish securing capital, the lowest average time on the road since 2013. What factors have the greatest influence on whether fund managers successfully reach their target and hold a final close quickly?

[Find out more on page 2](#)

## SOVEREIGN WEALTH FUNDS INVESTING IN REAL ESTATE



The proportion of sovereign wealth funds investing in real estate has grown steadily over recent years, with 63% of sovereign wealth funds allocating to the asset class as of early 2017. We look at how these influential investors gain access to real estate.

[Find out more on page 6](#)



All data in this newsletter can be downloaded to Excel for free



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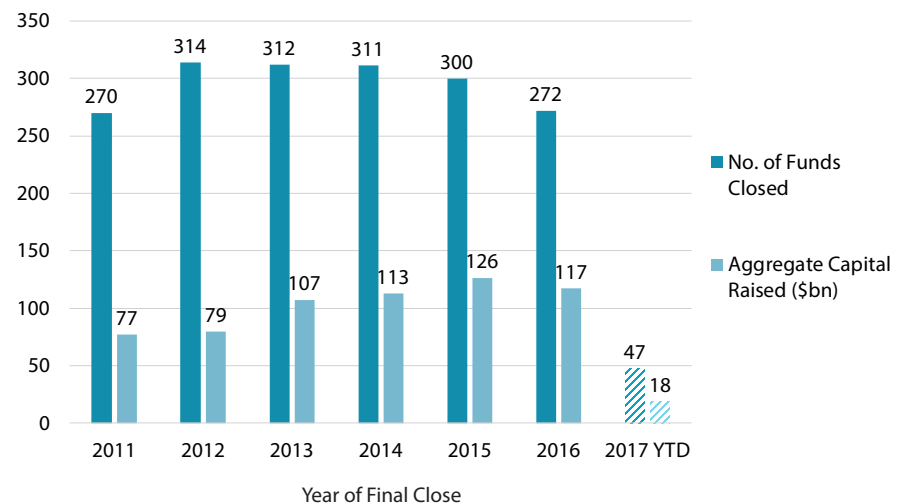
# CROSSING THE FINISH LINE: TIME ON THE ROAD IN 2017

We examine the most influential factors affecting the time it takes to raise a real estate fund.

From 2012, the number of closed-end private real estate funds to reach a final close each year has fallen steadily, while the aggregate capital raised annually has risen over the same period. In 2012, 314 closed-end private real estate funds secured \$79bn, compared to 2016, when 272 funds secured \$117bn (Fig. 1). With competition for capital increasing, fund managers face growing pressure to differentiate themselves. But what factors have the greatest influence on whether fund managers successfully reach their target, and what helps them to hold a final close as quickly as possible?

The average time taken for closed-end private real estate funds to reach a final close has remained relatively consistent from 2011 and is a long process for most firms. Funds that have closed so far in 2017 (as at April 2017) took an average of 16 months to finish securing capital, the lowest average time on the road since 2013 (Fig. 2). While the average time spent in market remained relatively unchanged from 2014 to 2016, there was a modest increase in average fund size over the same period (\$474mn to \$498mn respectively), indicating that funds were

Fig. 1: Annual Closed-End Private Real Estate Fundraising, 2011 - 2017 YTD (As at April 2017)



Source: Preqin Real Estate Online

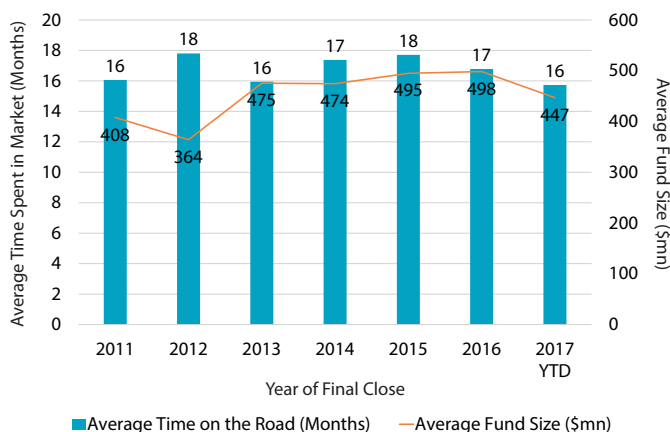
able to secure more capital without spending more time on the road. However, as at April 2017, the average final size of funds closed has dropped off noticeably to \$447mn, the lowest since 2012.

### FUND MANAGER EXPERIENCE

One of the most influential factors on the time taken for a fund to reach a final close is the previous experience of the fund manager. Managers with proven track

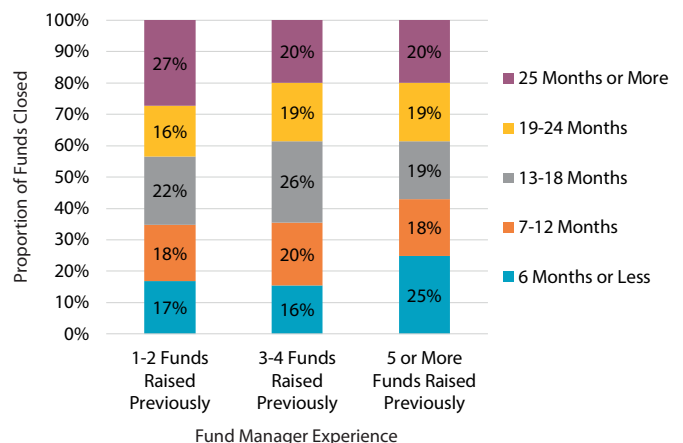
records often attract vital cornerstone investors early in the fundraising process, as well as investors that are eager to re-up with managers already in their portfolio with which they have built strong relationships. Since 2013, 35% of funds raised by managers that had previously raised one or two vehicles took under a year to reach a final close (Fig. 3). In contrast, 43% of funds raised by managers that had previously raised five or more

Fig. 2: Average Time Taken for Closed-End Private Real Estate Funds to Reach a Final Close, 2011 - 2017 YTD (As at April 2017)



Source: Preqin Real Estate Online

Fig. 3: Time Taken for Closed-End Private Real Estate Funds to Reach a Final Close by Fund Manager Experience, 2013 - 2017 YTD (As at April 2017)



Source: Preqin Real Estate Online

funds spent less than 12 months in market. Furthermore, 27% of funds raised by the least established managers took longer than two years to reach a final close, compared to 20% for funds raised by the most established managers. This illustrates the momentum in the fundraising market that is gained with each fund that a manager raises with demonstrable performance. Newer fund managers face the challenge of competing for capital in a market that favours the more established managers.

**THE IMPORTANCE OF THE FIRST CLOSE**

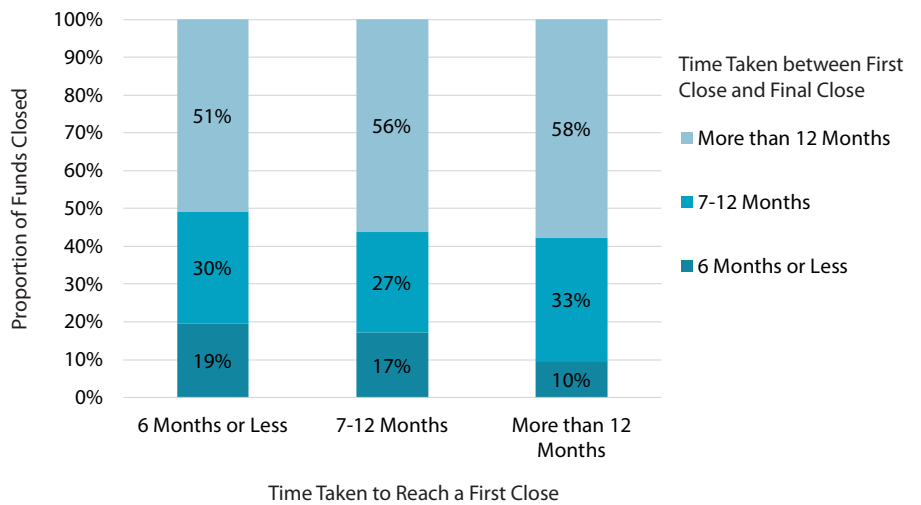
As illustrated in Fig. 4, holding a first close quickly increases the likelihood of reaching a final close sooner. Nineteen percent of funds that held a first close in six months or fewer then reached a final close within the next six months. In contrast, just 10% of funds that took more than 12 months to reach a first close then reached a final close within the next six months. This illustrates the impact of securing capital early on fundraising momentum. Many investors will commit after a first close has been held and the credibility of the fund’s strategy has been bolstered by commitments from cornerstone investors.

Reaching a first close quickly also increases the likelihood of achieving the fundraising target at final close. The majority (57%) of funds that held a first close in the first six months either reached or exceeded their target size at final close, whereas 44% of funds that took more than 12 months to reach a first close reached or exceeded their target (Fig. 5). Westbrook Real Estate Fund X held a final close in January 2016 on \$2.85bn, exceeding its initial target of \$2bn, having held a first close within four months and a final close within a year.

**FUND MANAGER SIZE**

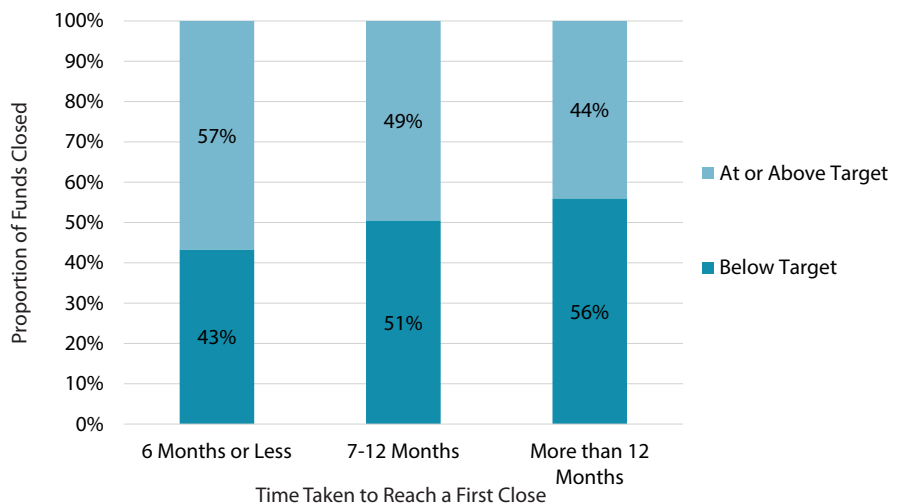
The size and reputation of fund managers has a moderate influence on the time taken to reach a final close. Larger, more established fund managers often benefit from greater human and financial resources and the economies of scale that these provide when marketing new funds. Beyond this, existing relationships with investors can help managers gain momentum towards their fundraising target. Fund managers that have raised larger amounts of capital in the past 10

**Fig. 4: Time Taken between First Close and Final Close for Closed-End Private Real Estate Funds by Time Taken to Reach a First Close, 2013 - 2017 YTD (As at April 2017)**



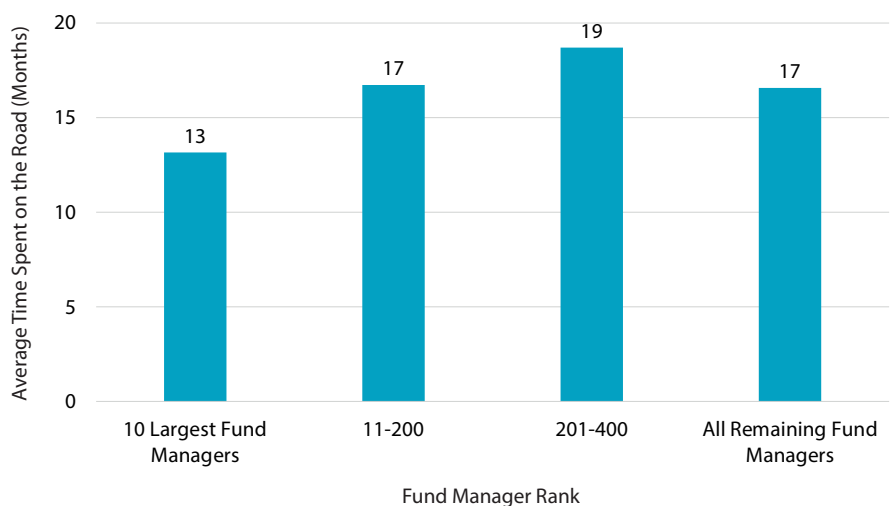
Source: Preqin Real Estate Online

**Fig. 5: Fundraising Success of Closed-End Private Real Estate Funds by Time Taken to Reach a First Close, 2013 - 2017 YTD (As at April 2017)**



Source: Preqin Real Estate Online

**Fig. 6: Average Time Taken for Closed-End Private Real Estate Funds to Reach a Final Close by Fund Manager Rank, 2013 - 2017 YTD (As at April 2017)**



Source: Preqin Real Estate Online

years have, on average, reached a final close in a shorter period of time. As shown in Fig. 6, funds closed since 2013 by the 10 largest fund managers spent the shortest average time on the road (13 months).

**PERFORMANCE TRACK RECORD**

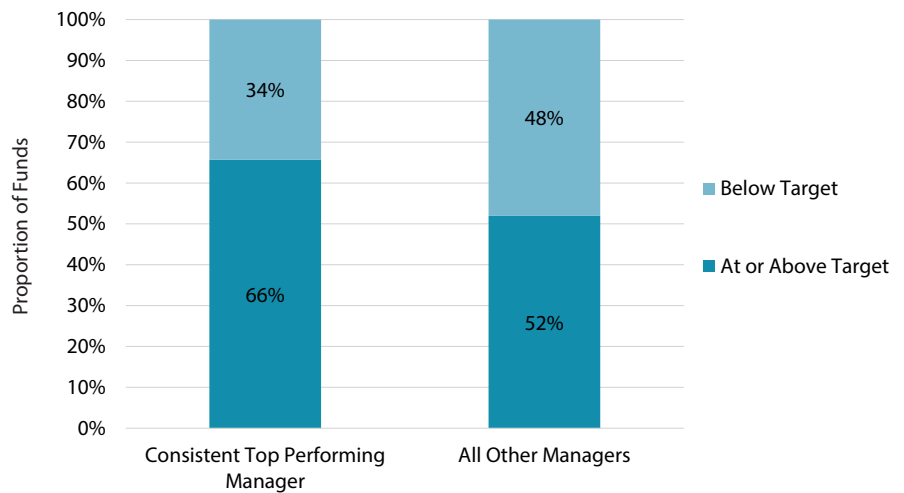
Fund managers that have demonstrated high returns across multiple funds are attractive to investors and are, consequently, often able to raise capital for new funds quickly. Preqin's **Real Estate Online** assigns each closed-end fund a quartile ranking based on its performance against other funds of the same geographic focus and vintage year. Using these rankings, we can identify a group of 41 firms that have most consistently generated top- or second-quartile returns.

Fig. 7 shows the fundraising success of consistent top performing managers vs. all others fund managers that have closed a vehicle from 2014. The majority (66%) of funds raised by one of the most consistent performing managers either reached or exceeded their target. In contrast, 52% of funds raised by all other managers achieved the same. This illustrates the attractiveness of consistent performance to the investor community and the fundraising success from which proven managers often benefit when launching a new fund.

**OUTLOOK**

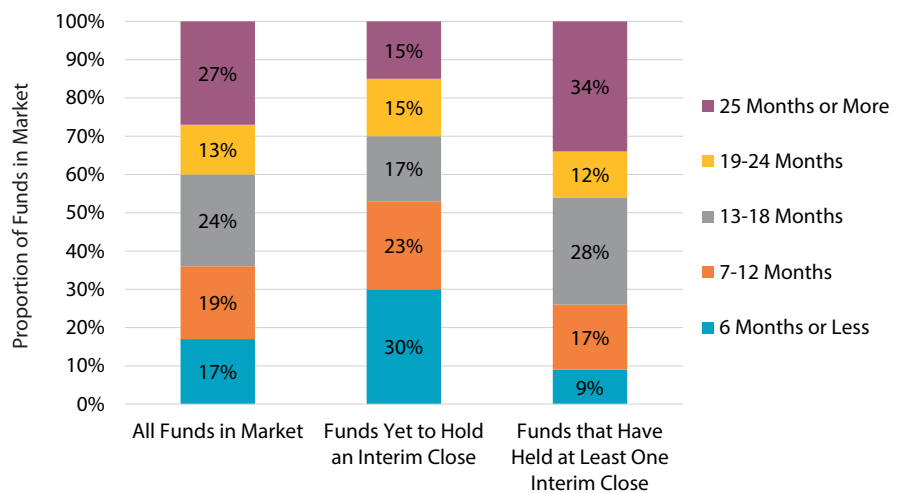
As competition for capital grows in intensity, the value of securing cornerstone investors and gaining fundraising momentum is greater than ever. While the average time on the road has been falling since 2015, larger, more experienced managers are the driving force of this trend. However, other managers are struggling to reach a final close and often fail to reach their target size. Twenty-seven percent of closed-end private real estate funds currently in market have already been raising capital for more than two years, while 30% of funds that have yet to hold an interim close have been on the road for over 18 months (Fig. 8). Many of these funds are likely finding securing

**Fig. 7: Fundraising Success of Closed-End Private Real Estate Funds by Fund Manager Performance, 2014 - 2017 YTD (As at April 2017)**



Source: Preqin Real Estate Online

**Fig. 8: Time Spent on the Road by Closed-End Private Real Estate Funds Currently in Market (As at April 2017)**



Source: Preqin Real Estate Online

investor commitments a very challenging process given the level of competition, and it is unlikely that all will be successful.

Investor appetite for real estate remains strong, however: according to interviews of institutional investors carried out by Preqin in December 2016, 76% of those surveyed expected to commit the same amount of capital or more to the asset class in 2017 compared to 2016. Furthermore, investors' average current allocation to real estate is 8.0% of total assets, below the average target allocation

of 9.9%. This investor demand will be captured by those fund managers that can demonstrate a strong pipeline of deals and can convince investors that they will be able to find value in today's market. We are likely to continue to see more experienced managers able to leverage their existing relationships and track records to secure a growing proportion of the overall capital being raised. For small and mid-sized players, competition will remain intense, but those that can stand out will likely be very successful in the fundraising market this year.

# PREQIN GLOBAL DATA COVERAGE

| ALTERNATIVES COVERAGE                                | FIRMS  | FUNDS  | FUNDS OPEN TO INVESTMENT   | INVESTORS MONITORED                                      | FUNDS WITH PERFORMANCE   | DEALS & EXITS                                      |
|--|--|--|--|--|--|--|
|  | <b>26,659</b>  | <b>48,068</b>  | <b>18,764</b>  | <b>14,262</b>  | <b>24,829</b>  | <b>271,901</b>                                     |
|  | <b>PRIVATE EQUITY*</b>   | <b>HEDGE FUNDS</b>   | <b>REAL ESTATE</b>   | <b>INFRASTRUCTURE</b>                                    | <b>PRIVATE DEBT</b>  | <b>NATURAL RESOURCES</b>                           |
| <b>INVESTOR COVERAGE</b>                             | <b>6,463</b><br>Active Private Equity LPs                      | <b>5,135</b><br>Active Hedge Fund Investors                                    | <b>5,636</b><br>Active Real Estate LPs                             | <b>2,996</b><br>Active Infrastructure LPs                | <b>2,582</b><br>Active Private Debt Investors                  | <b>2,588</b><br>Active Natural Resources Investors |
| <b>FUND COVERAGE</b>                                 | <b>16,636</b><br>Private Equity Funds                          | <b>23,809</b><br>Hedge Funds   | <b>6,330</b><br>PE Real Estate Funds                               | <b>1,126</b><br>Infrastructure Funds                     | <b>2,231</b><br>Private Debt Funds                             | <b>1,638</b><br>Natural Resources Funds            |
| <b>FIRM COVERAGE</b>                                 | <b>11,117</b><br>Private Equity Firms                          | <b>8,871</b><br>Hedge Fund Firms   | <b>3,793</b><br>PE Real Estate Firms                               | <b>509</b><br>Infrastructure Firms                       | <b>1,447</b><br>Private Debt Firms                             | <b>922</b><br>Natural Resources Firms              |
| <b>PERFORMANCE COVERAGE</b>                          | <b>5,744</b><br>Private Equity Funds                           | <b>15,947</b><br>Hedge Funds   | <b>1,642</b><br>PE Real Estate Funds                               | <b>225</b><br>Infrastructure Funds                       | <b>791</b><br>Private Debt Funds                               | <b>480</b><br>Natural Resources Funds              |
| <b>FUNDRAISING COVERAGE</b>                          | <b>1,903</b><br>Private Equity Funds                           | <b>15,733</b><br>Hedge Funds   | <b>1,075</b><br>PE Real Estate Funds                               | <b>266</b><br>Infrastructure Funds                       | <b>284</b><br>Private Debt Funds                               | <b>250</b><br>Natural Resources Funds              |
| <b>DEALS &amp; EXITS COVERAGE</b>                    | <b>BUYOUT</b><br><b>79,175</b><br>Buyout Deals** and Exits     | <b>VENTURE CAPITAL</b><br><b>131,766</b><br>Venture Capital Deals*** and Exits |  | <b>REAL ESTATE</b><br><b>34,436</b><br>Real Estate Deals | <b>INFRASTRUCTURE</b><br><b>26,524</b><br>Infrastructure Deals |  |
| <b>Alternatives Investment Consultants Coverage:</b> | <b>Funds Terms Coverage: Analysis Based on Data for Around</b> |  | <b>Best Contacts: Carefully Selected from our Database of over</b> |  |  |  |
| <b>546</b><br>Consultants Tracked                    | <b>15,560</b><br>Funds   |  | <b>390,733</b><br>Contacts   |  |  |  |



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\*Private equity includes buyout, growth, venture capital, turnaround, private equity fund of funds, private equity secondaries, direct secondaries, balanced, hybrid, hybrid fund of funds, PIPE, co-investment and co-investment multi-manager funds.  
\*\*Buyout deals: Preqin tracks private equity-backed buyout deals globally, including LBOs, growth capital, public-to-private deals, and recapitalizations. Our coverage does not include private debt and mezzanine deals.  
\*\*\*Venture capital deals: Preqin tracks cash-for-equity investments by professional venture capital firms in companies globally across all venture capital stages, from seed to expansion phase. The deals figures provided by Preqin are based on announced venture capital rounds when the capital is committed to a company.

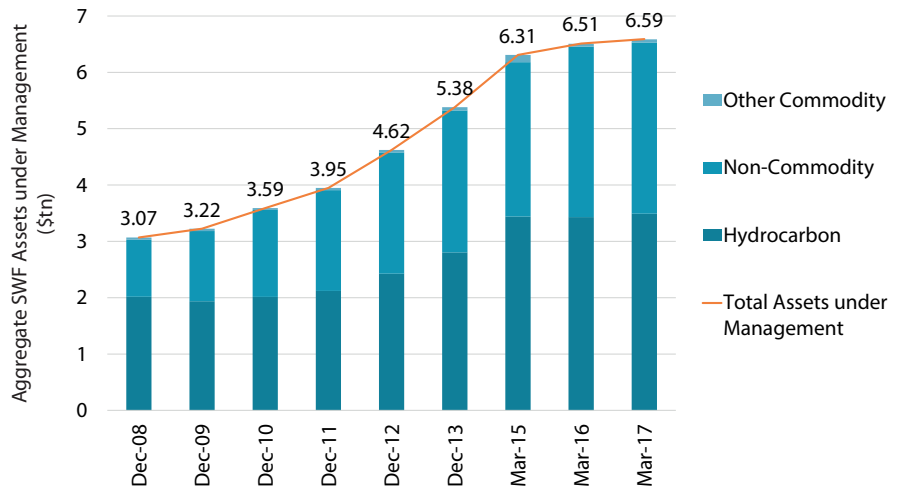


# SOVEREIGN WEALTH FUNDS INVESTING IN REAL ESTATE

In this extract from the newly launched **2017 Preqin Sovereign Wealth Fund Review**, we take a look at how these influential investors access the real estate asset class.

Sovereign wealth funds continue to capture attention as a result of their ever growing assets under management (AUM) and corresponding influence on global financial markets. Today, the total assets of sovereign wealth funds top \$6.59tn (Fig. 1), a relatively small increase from March 2016 (\$6.51tn), but more than double the capital that these entities represented in 2008, the year Preqin launched its first Sovereign Wealth Fund Review. This growth has been driven by continued funding from governments and reserves, as well as from investment returns generated by these investors in their continued hunt for long-term yield.

Fig. 1: Aggregate Sovereign Wealth Fund Assets under Management, 2008 - 2017



Source: 2017 Preqin Sovereign Wealth Fund Review

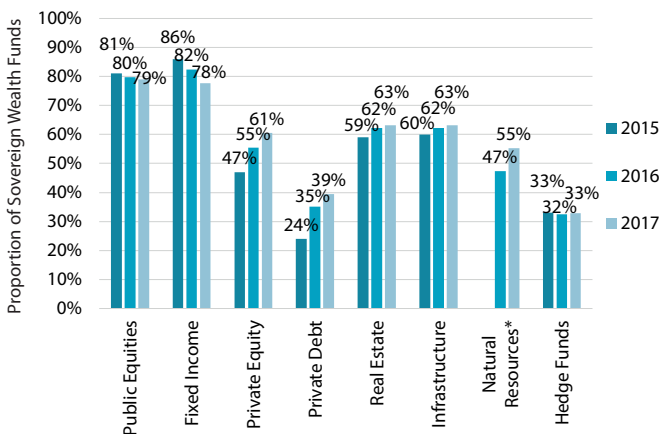
Fig. 2 shows that sovereign wealth funds invest in a range of asset classes, including traditional and alternative assets. Notably, the proportion of sovereign wealth funds investing in real estate and infrastructure has grown steadily over recent years, with 63% of sovereign wealth funds allocating to both asset classes as at early 2017.

Real estate remains a key asset class that continues to attract vast investment from sovereign wealth funds, largely due to the nature of real estate offering long-term investments across national and

international markets which align with the long-term investment horizons of these investors. In light of interest rates remaining low, it is unsurprising to see many sovereign wealth funds investing further capital in real estate in a bid to improve returns. However, investment in the asset class does not come without hurdles and even the largest investors can face challenges when accessing the real estate markets.

The proportion of sovereign wealth funds that invest in real estate has increased by two percentage points from last year. This proportion includes some of the world's largest sovereign wealth funds, such as Government Pension Fund Global, Kuwait Investment Authority and GIC, which all have over \$19bn allocated to real estate. A third of sovereign wealth fund investors do not invest in real estate, which could be due to restrictions in government mandates preventing them from doing so.

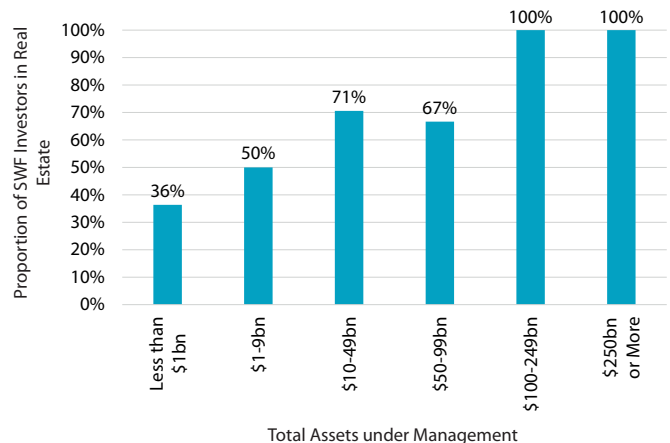
Fig. 2: Sovereign Wealth Funds Investing in Each Asset Class, 2015 - 2017



Source: 2017 Preqin Sovereign Wealth Fund Review

\*Please note: Preqin has only been collecting natural resources data since 2015.

Fig. 3: Sovereign Wealth Funds Investing in Real Estate by Total Assets under Management



Total Assets under Management

Source: 2017 Preqin Sovereign Wealth Fund Review

The Kevin P. Reilly Sr. Louisiana Education Quality Trust Fund is one such investor that does not invest due to state laws restricting its investments to only equities and fixed income.

**ASSETS UNDER MANAGEMENT**

Traditionally, larger sovereign wealth funds have shown a greater preference for investing in real estate, primarily due to their greater capability and expertise to run a globally diversified portfolio of properties. As shown in Fig. 3, all of the largest sovereign wealth funds (those with over \$100bn in assets) invest in the asset class, owing to the vast resources and expertise available to these large investors, which are therefore able to manage large, diverse portfolios in a range of asset classes.

Conversely, smaller sovereign wealth funds are less likely to allocate to real estate: only half of funds with total assets between \$1bn and \$10bn invest in the asset class, while this proportion reduces to just over a third (36%) for funds with under \$1bn in assets.

**LOCATION**

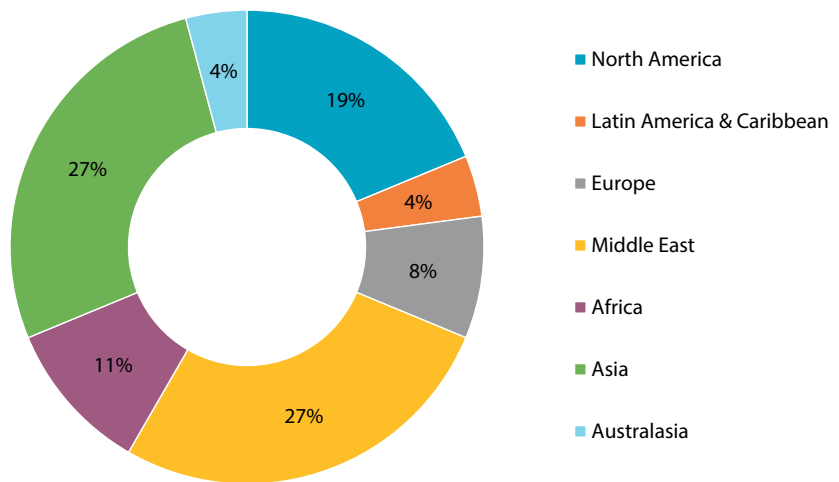
The Middle East and Asia are home to the largest proportions of sovereign wealth funds investing in real estate, each accounting for 27% of investors (Fig. 4), indicative of the high concentration of capital in these two areas.

Other regions represent smaller proportions of sovereign wealth funds investing in real estate, largely owing to the small proportion of such sovereign wealth funds that exist worldwide. Nigeria Sovereign Investment Authority (NSIA) is one such investor that is active in the asset class. In Q3 2016, NSIA, alongside Old Mutual Investment Group South Africa, established a \$500mn real estate vehicle that will make investments in commercial, retail and hospitality assets.

**ROUTE TO MARKET**

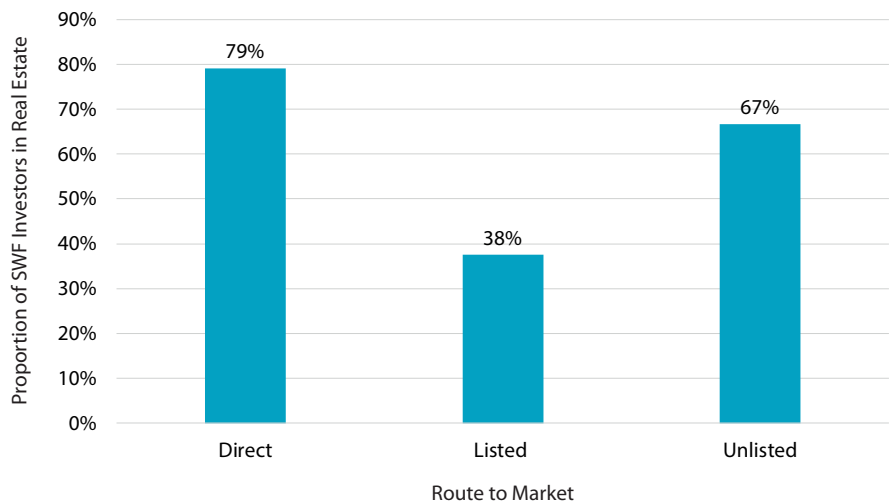
Sovereign wealth funds look to gain access to real estate in a wide variety of ways. As shown in Fig. 5, direct investment in real estate remains the most widely used route to market for sovereign wealth funds, as employed by 79%. Investing directly provides unique advantages: greater

**Fig. 4: Sovereign Wealth Funds Investing in Real Estate by Location**



Source: 2017 Preqin Sovereign Wealth Fund Review

**Fig. 5: Sovereign Wealth Funds Investing in Real Estate by Route to Market**



Source: 2017 Preqin Sovereign Wealth Fund Review

control over the management of real estate assets, and not being constrained by the closed-end fund model of buying and selling at specific times. Additionally, many acquire landmark properties in major cities, although these capital-intensive trophy assets are mainly the reserves of the largest sovereign wealth funds.

A significant proportion (67%) of sovereign wealth funds invest in the asset class through unlisted private real estate funds. This includes those that lack the resources to make direct investments, and that use fund commitments to access particular markets or to gain access to the skill and deal flow of an external manager. The \$2.5bn Alabama Trust Fund has its

entire real estate portfolio invested in private funds, indicative of the limited scope available for smaller sovereign wealth funds and the high barriers to entry for direct real estate investments; in comparison, larger investors are able to access the asset class through all routes to market, including direct holdings. National Investment Corporation gains access to the asset class entirely through private real estate funds and, in July 2016, announced its plans to deploy \$80-160mn via both primary and secondary funds of funds. The \$799mn Kazakhstani sovereign wealth fund maintains an interest in a wide range of strategies, including core, core-plus, value added, opportunistic and debt investments with a global reach.

Listed real estate is the least favoured route to market, as utilized by 38% of sovereign wealth funds investing in real estate, none of which invest solely through listed real estate.

**STRATEGY PREFERENCES**

The majority (52%) of sovereign wealth funds investors in real estate have a preference for either value added or opportunistic strategies, more than for core investments (50%, Fig. 6). Secondaries and fund of funds remain the least favoured strategies, as the level of sophistication and capital potential of these investors typically enable them to access the asset class directly or through primary fund commitments.

**REGIONAL PREFERENCES**

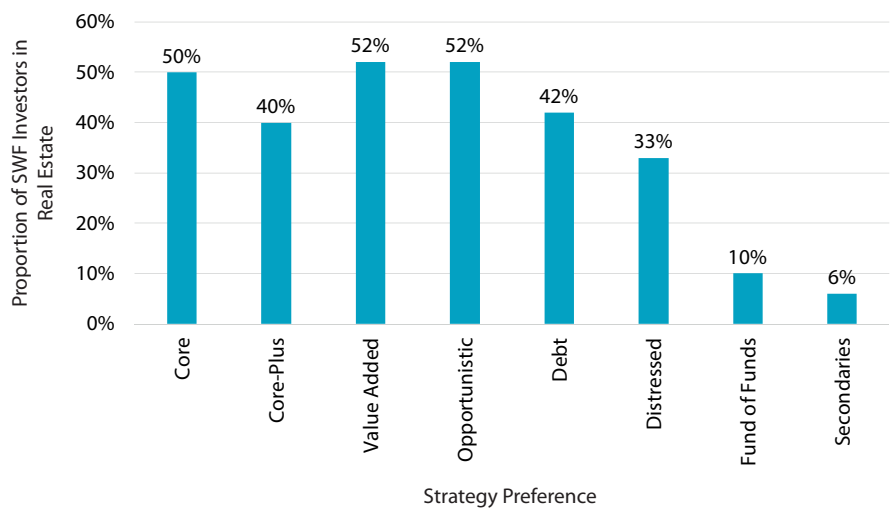
Over half (56%) of sovereign wealth funds have a global focus for their real estate investments, indicative of their wide scope for real estate opportunities and their intention to reduce geographic concentration risk (Fig. 7). Europe and North America remain key regions for investment by sovereign wealth funds, targeted by 63% and 60% respectively, with Asian real estate utilized by half of sovereign wealth funds.

Fewer sovereign wealth funds have a preference for regions focused outside North America, Europe and Asia, which could be attributed to the relatively less mature markets in many of these regions. It is mostly Middle East-based sovereign wealth funds which have a preference for real estate in the domestic MENA region, with 31% of funds targeting this region; this figure includes Abu Dhabi Investment Authority and Qatar Investment Authority.

**OUTLOOK**

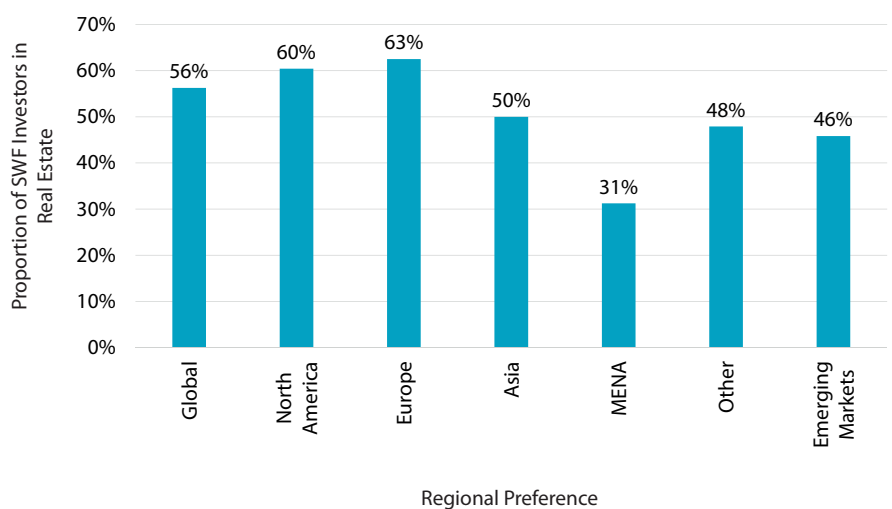
Real estate remains a key component of many sovereign wealth fund portfolios, both to help achieve portfolio objectives and because domestic investments can

**Fig. 6: Strategy Preferences of Sovereign Wealth Funds Investing in Real Estate**



Source: 2017 Preqin Sovereign Wealth Fund Review

**Fig. 7: Regional Preferences of Sovereign Wealth Funds Investing in Real Estate**



Source: 2017 Preqin Sovereign Wealth Fund Review

help vitalize both the social and economic aspects of a country.

However, sovereign wealth funds are not exempt from the challenges faced by investors in the asset class. Finding attractive prime assets as a result of increased demand and limited supply means that finding deals at the right price is a concern for sovereign wealth funds and other investors alike. Those

entering the asset class now may find limited opportunities, particularly if they have large sums of capital to deploy. Nevertheless, the asset class will remain attractive to these long-term investors for its diversification benefits and capacity to generate attractive risk-adjusted returns in the form of a relatively stable income stream.

**2017 PREQIN SOVEREIGN WEALTH FUND REVIEW**

The 2017 Preqin Sovereign Wealth Fund Review, now in its 9th year, is the indispensable and most comprehensive guide on sovereign wealth funds and their investment activity, featuring detailed profiles for 76 global sovereign wealth funds.

[www.preqin.com/swf](http://www.preqin.com/swf)





# INDUSTRY NEWS

We take a look at the latest real estate news, including recent hotel transactions and UK-focused funds that have held a final close, as well as MENA-focused funds raising capital and active investors in the region.

## RECENT PERE HOTEL DEALS

There have been 39 private equity real estate deals involving hotel assets so far in 2017, worth a combined \$2.6bn. The largest transaction of the year so far involved **Oaktree Capital Management** and **Trinity Investments'** acquisition of **Westin Maui Resort & Spa on Ka'anapali Beach** in Hawaii from Marriott International for \$317mn in April 2017.

Furthermore, the five largest hotel transactions of 2017 so far have been in the US: the aforementioned Westin Maui Resort deal, the \$290mn acquisition of the **Ritz-Carlton San Francisco**, the \$220mn transaction involving **W Hollywood**, the \$214mn acquisition of **Don CeSar** and the \$206mn acquisition of **Courtyard New York Manhattan/World Trade Center**.

Outside the US, the largest hotel deal occurred in Australia, with **United Overseas Land** acquiring **Hilton Melbourne** from a joint venture between **Host Hotels & Resorts** and **Plenary**.

## RECENTLY CLOSED UK-FOCUSED FUNDS

So far in 2017, five Europe-focused funds have reached a final close that include the UK as part of their investment mandate, including one solely UK-focused vehicle. **Frop UK Special Opportunities** reached a final close in January on £15mn and will focus on value added investments in commercial property across the UK. The fund was set up on behalf of colleges from Oxford and Cambridge universities.

However, the largest vehicle to close this year so far that includes the UK in part of its investment mandate is **Orion European Real Estate Fund V**, which secured \$1.5bn at final close in March. Managed by UK-based **Orion Capital Managers**, the fund will focus on underperforming and poorly managed properties across Western Europe, although

it can invest in a wide range of real estate assets, loans, portfolios or real estate companies across the continent.

## MENA-FOCUSED FUNDS IN MARKET

There are currently four closed-end private real estate funds in market that are seeking investments predominantly in the MENA region, targeting \$427mn in institutional capital commitments. The largest of these is **SHUAA Cayan Hospitality Fund**, an opportunistic vehicle created by Saudi Arabia-based real estate developer Cayan Group and UAE-based investment firm **SHUAA Capital**. The fund is seeking AED 1bn to focus on the construction of a residential and hotel apartment project located in Umm Suqeim Road in Dubai.

SHUAA Capital's vehicle is the only MENA-focused fund in market that targets investment in the UAE, with the three others all targeting property in Saudi Arabia. Of these three, the largest is **Manazel Mamlaka**, which is seeking SAR 375mn to invest in Saudi Arabian residential real estate. The fund, managed by **The First Investor**, held a first close in November 2015 securing SAR 167mn.

## ACTIVE MENA-BASED INVESTORS

Preqin's **Real Estate Online** profiles 135 MENA-based institutional investors active in real estate, some of which are looking to invest through private real estate funds in the year ahead. **Emirates National Bank of Dubai - Private Banking**, which will focus on investment in private or listed vehicles that target developed property markets.

Also planning to be active is Saudi Arabia-based investment company **Al Muhaidib & Sons Group**. The investor is looking to commit \$10-20mn to up to three core or opportunistic private real estate funds that focus on investments across the Middle East.

## KEY FACTS



### 28

UK-focused closed-end private real estate funds are currently in market (as at April 2017).



### 16 Months

Average time spent on the road by closed-end private real estate funds that have closed so far in 2017 (as at April 2017).



### €400mn

Value of the largest hotel deal completed so far in 2017: Stadtquartier Q6 Q7 in Mannheim, Germany was bought by BMO Real Estate Partners.



### 63%

of sovereign wealth funds invest in real estate, up from 62% in 2016.

## SHARE YOUR NEWS

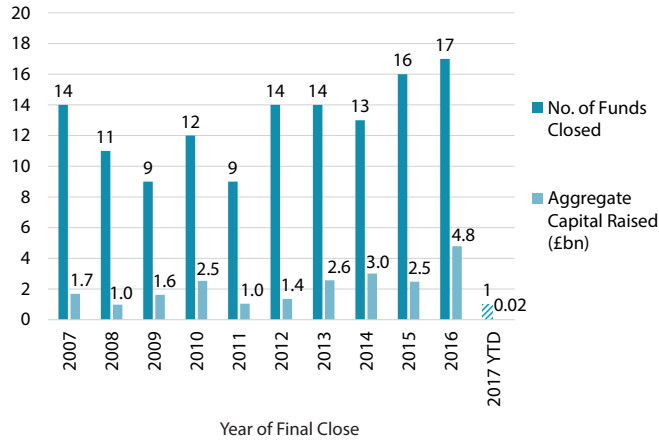
Do you have any news you would like to share with the readers of **Spotlight**? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to [spotlight@preqin.com](mailto:spotlight@preqin.com) and we will endeavour to publish them in the next issue.

# UK-FOCUSED FUNDRAISING

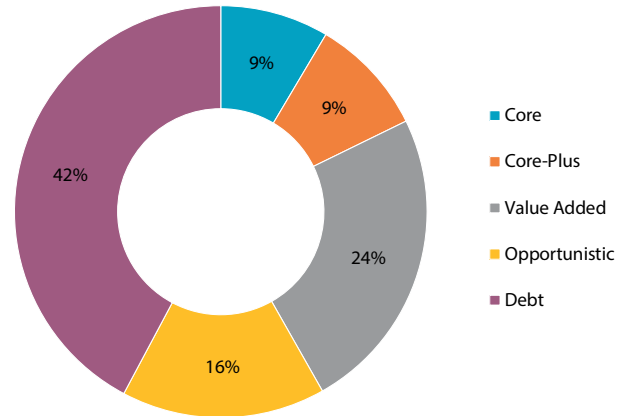
We analyze UK-focused fundraising by strategy and proportion of target size achieved and also look at the largest funds closed.

**Fig. 1: Annual UK-Focused Closed-End Private Real Estate Fundraising, 2007 - 2017 YTD (As at April 2017)**



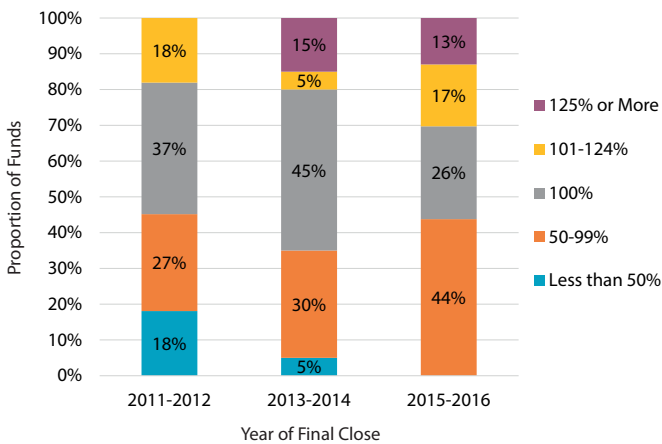
Source: Preqin Real Estate Online

**Fig. 2: Proportion of Aggregate Capital Raised by UK-Focused Closed-End Private Real Estate Funds by Primary Strategy, 2011 - 2017 YTD (As at April 2017)**



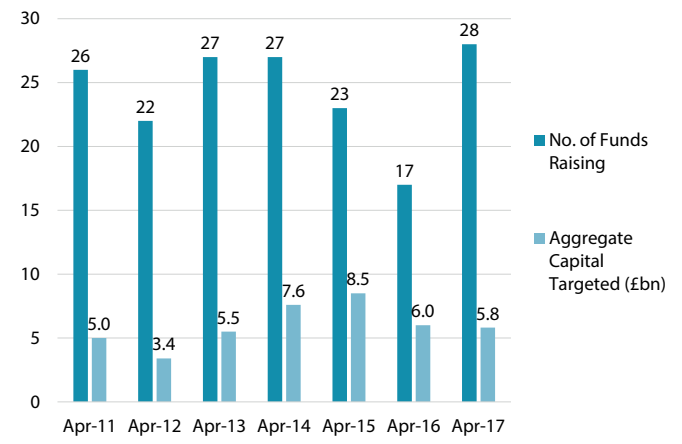
Source: Preqin Real Estate Online

**Fig. 3: UK-Focused Closed-End Private Real Estate Funds by Proportion of Target Size Achieved, 2011 - 2016 (As at April 2017)**



Source: Preqin Real Estate Online

**Fig. 4: UK-Focused Closed-End Private Real Estate Funds in Market over Time, 2011 - 2017**



Source: Preqin Real Estate Online

**Fig. 5: Five Largest UK-Focused Private Real Estate Funds Closed, 2016 - 2017 YTD (As at April 2017)**

| Fund  | Firm               | Fund Size (mn) | Strategy                   | Property Focus |
|---|--------------------|----------------|----------------------------|----------------|
| ICG-Longbow UK Real Estate Debt Investments IV  | ICG-Longbow        | 1,000 GBP      | Debt                       | Diversified    |
| AgFe Real Estate Senior Debt Floating Rate Fund | AgFe               | 910 GBP        | Debt                       | Diversified    |
| Brockton Capital III                            | Brockton Capital   | 860 GBP        | Opportunistic, Value Added | Diversified    |
| Hermes Real Estate Senior Debt Fund             | Hermes Real Estate | 400 GBP        | Debt                       | Diversified    |
| Global Real Estate Debt Partners - Fund I (UK)  | TH Real Estate     | 250 GBP        | Debt                       | Diversified    |

Source: Preqin Real Estate Online

# HOTEL DEALS

We examine private equity real estate (PERE) deals in the hotel sector.



**5%**

of total PERE deal value in 2016 was accounted for by hotel assets.



**9%**

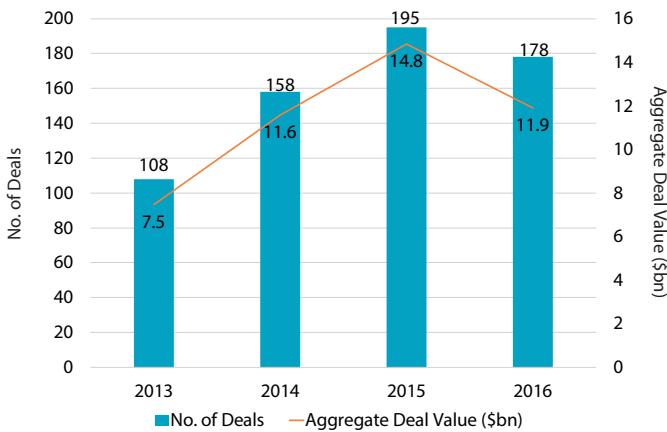
Decrease in number of PERE hotel deals from 2015 to 2016.



**18%**

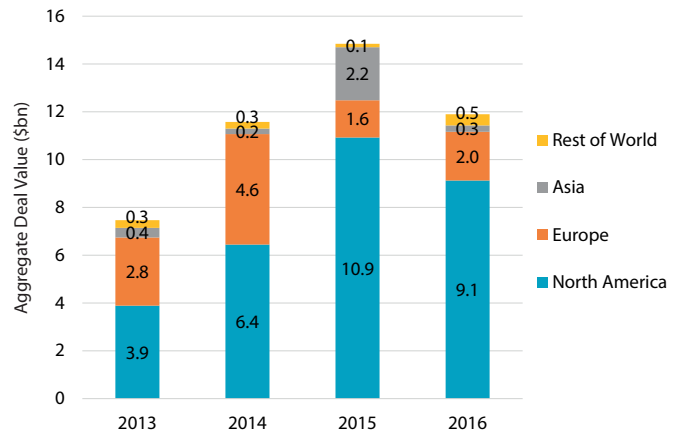
Decrease in average PERE hotel deal value in 2016 compared with 2015.

**Fig. 1: Number and Aggregate Value of Completed PERE Hotel Deals, 2013 - 2016**



Source: Preqin Real Estate Online

**Fig. 2: Aggregate Value of Completed PERE Hotel Deals by Region, 2013 - 2016**



Source: Preqin Real Estate Online

**Fig. 3: Five Largest PERE Hotel Deals Completed in 2016**

| Asset                                    | Location   | Buyer   | Seller                     | Deal Size (mn) | Deal Date | Transaction Type |
|--|--|---|----------------------------|----------------|-----------|------------------|
| Blanchardstown Centre                    | Dublin, Ireland                                  | Blackstone Group  | Unidentified Seller(s)     | 950 EUR        | Apr-16    | Single Asset     |
| Hyatt Regency Waikiki Beach Resort & Spa | Honolulu, US                                     | Mirae Asset Global Investments                              | Blackstone Group           | 756 USD        | Oct-16    | Single Asset     |
| Manhattan, NY, Hotel Portfolio           | New York, US                                     | Cindat Capital Management                                   | Hersha                     | 571 USD        | May-16    | Portfolio        |
| AMA Plaza                                | Chicago, US                                      | China Investment Corporation, LaSalle Investment Management | Five Mile Capital Partners | 547 USD        | Apr-16    | Single Asset     |
| US, Hotel Portfolio                      | Boston, Chicago, Philadelphia, San Francisco, US | Blackstone Group  | Unidentified Seller(s)     | 405 USD        | Mar-16    | Portfolio        |

Source: Preqin Real Estate Online

Award Winning  
Capital Raising Events



# CATALYST CAP INTRO: REAL ESTATE FUND INVESTING

## STRATEGIES

Development • Added-value • Commercial

Single-multi residential • Single family • Luxury hotels

Real estate financing and debt • Bridge financing

Infrastructure • Projects and complexes • International projects

## Capital Raising: Solved!

Catalyst Cap Intro Events are sector focused, investor driven events that host hand-picked investment managers and investors that are introduced to each other with a view to become investment partners.

This Catalyst Cap Intro Event focuses only on the Real Estate Fund investing sectors.

Introductions are accomplished through private meetings which are arranged prior the events, in an investor driven fashion based on the merits of each investment manager and the requests made by the investors. Investors constitute predominantly single and multi-family offices, endowment and foundations, and their advisors, located on the US East Coast corridor, but also internationally.

Catalyst Financial Partners has established itself as one of the leading, independent cap intro providers, with an investor events model showing a track record of resulting allocations.



Catalyst Financial Partners LLC

28 West 44th Street, 16th Fl., New York, NY 10036

T: +1 212 966 2993 E: info@catalystforum.com



New York City, July 17, 2017

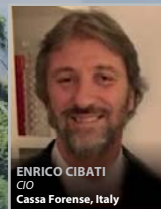
[www.catalystforum.com](http://www.catalystforum.com)

The 4th Annual  
**ITALIA**  
GRI 2017

Connecting Italian &  
Global Real Estate Leaders

Milan, 13 - 14 June

### PARTICIPANTS INCLUDE:



Visit our website for full up to date list of participants

+44 20 7121 5093 | [eli.georgieva@griclub.org](mailto:eli.georgieva@griclub.org) | [www.italiagri.org](http://www.italiagri.org)

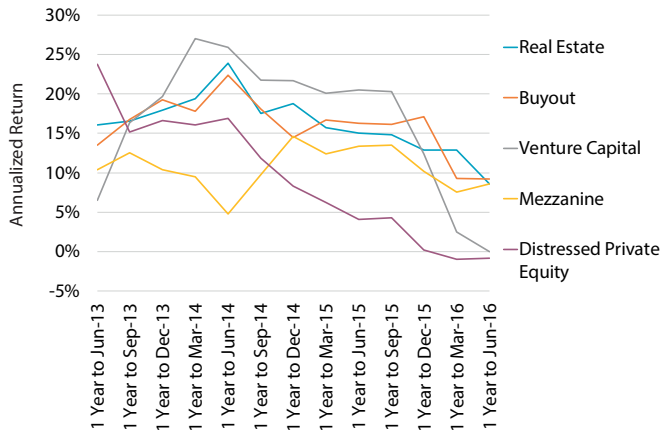
Since 1998, GRI meetings provide a forum for the world's leading real estate players to develop valuable relationships, and new business partners, and strengthen their global networks.



# PERFORMANCE UPDATE

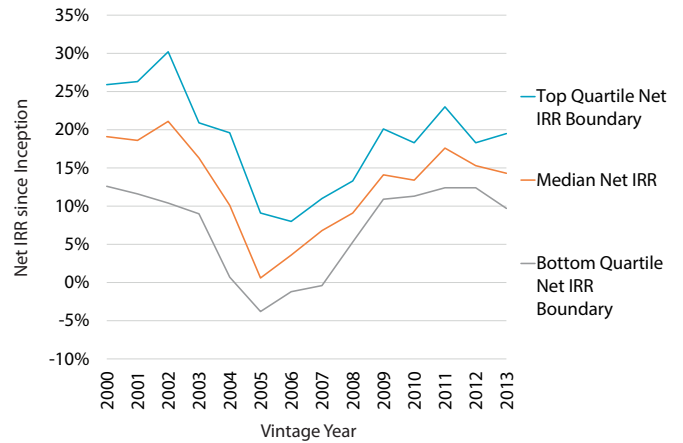
We take a look at the latest real estate performance metrics, including one-year rolling horizon IRRs, net multiples and the relationship between previous fund quartile rankings and subsequent fundraising success.

**Fig. 1: One-Year Rolling Horizon IRRs: Closed-End Private Real Estate vs. Private Capital Strategies, 2013 - 2016**



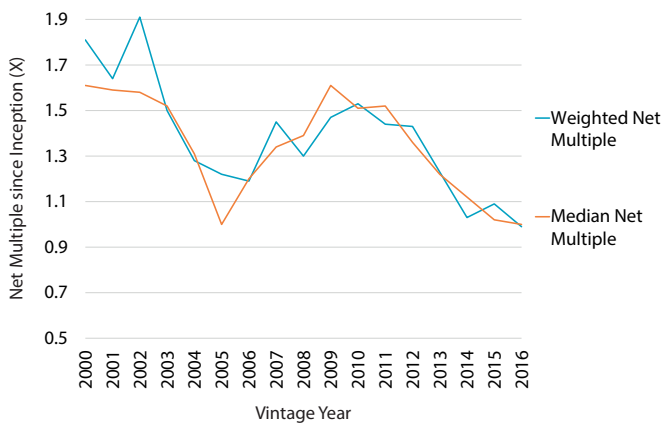
Source: Preqin Real Estate Online

**Fig. 2: Closed-End Private Real Estate Funds: Median Net IRR and Quartile Boundaries by Vintage Year (As at June 2016)**



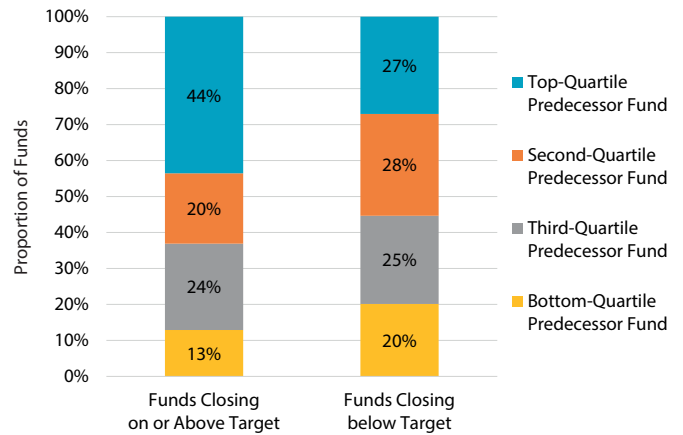
Source: Preqin Real Estate Online

**Fig. 3: Closed-End Private Real Estate Funds: Median and Weighted Net Multiples by Vintage Year (As at June 2016)**



Source: Preqin Real Estate Online

**Fig. 4: Closed-End Private Real Estate Funds: Relationship between Previous Fund Quartile Ranking and Subsequent Fundraising Success**



Source: Preqin Real Estate Online

**DATA SOURCE:**

Preqin's Real Estate Online contains individual performance information for over 1,600 funds of all strategies. Assess performance by size, vintage, type, capital called-up and distributed, unrealized value, multiple and IRR.

For more information, please visit:

[www.preqin.com/reo](http://www.preqin.com/reo)

# CONFERENCES

## MAY 2017

| Conference  | Dates            | Location             | Organizer                      | Preqin Speaker   | Discount Code       |
|---|------------------|----------------------|--------------------------------|------------------|---------------------|
| Deutsche GRI  | 8 - 9 May 2017   | Frankfurt            | GRI                            | -                | -                   |
| 2nd Annual Investor Conference  | 09 May 2017      | Oslo                 | Pareto Alternative Investments | Andrew Moylan    | -                   |
| The 3rd Annual Real Estate Family Office and Private Wealth Management Forum (West) | 11 - 12 May 2017 | Huntington Beach, CA | IMN                            | -                | 15% Discount - PQ15 |
| AsiaPac Property Leaders Summit   | 15 - 16 May 2017 | Singapore            | APREA                          | -                | -                   |
| European Pensions and Investments Summit 2017                                       | 15 - 17 May 2017 | Montreux             | marcus evans Summits           | -                | -                   |
| The 5th Annual Real Estate CFO & COO Forum (West)                                   | 16 - 17 May 2017 | San Diego, CA        | IMN                            | -                | 15% Discount - PQ15 |
| CAIA Chapter Event  | 17 May 2017      | Zurich               | CAIA                           | Elliot Bradbrook | -                   |
| CRE Lending & Investment Summit: Mezz Debt, Preferred Equity & Pure Equity          | 17 May 2017      | New York, NY         | iGlobal Forum                  | -                | -                   |
| España GRI  | 23 - 24 May 2017 | Madrid               | GRI                            | -                | -                   |

## JUNE 2017

| Conference  | Dates             | Location    | Organizer            | Preqin Speaker | Discount Code       |
|---|-------------------|-------------|----------------------|----------------|---------------------|
| Private Wealth Management Summit 2017                                 | 4 - 6 June 2017   | Orlando, FL | marcus evans Summits | -              | -                   |
| Elite Summit 2017   | 7 - 9 June 2017   | Montreux    | marcus evans Summits | -              | -                   |
| Italia GRI  | 13 - 14 June 2017 | Milan       | GRI                  | -              | -                   |
| 5th Real Estate Crowdfunding Summit                                   | 22 June 2017      | Los Angeles | iGlobal Forum        | -              | -                   |
| 18th Annual US Real Estate Opportunity & Private Fund Investing Forum | 25 - 27 June 2017 | Newport, RI | IMN                  | Andrew Moylan  | 15% Discount - PQ15 |

### ITALIA GRI 2017

**DATE:** 13 - 14 June 2017

**INFORMATION:** [http://www.griclub.org/event/world/italia-gri-2017\\_191.html?utm\\_source=Preqin&utm\\_medium=Listing&utm\\_campaign=ItaliaGRI2017](http://www.griclub.org/event/world/italia-gri-2017_191.html?utm_source=Preqin&utm_medium=Listing&utm_campaign=ItaliaGRI2017)

**LOCATION:** Milan

**ORGANIZER:** GRI Club

Italia GRI 2017 is a get-together of senior international and local real estate investors, developers and lenders. Much like a conversation in your own living room, the discussion format enables you to interact and engage. Quickly find the right partners for your business, build high value relationships, and continue the conversation afterwards.

## CATALYST CAP INTRO: REAL ESTATE FUND INVESTING

- DATE:** 17 July 2017  
**INFORMATION:** <http://catalystforum.com/events/real-estate-fund-investing-3/>  
**LOCATION:** New York City  
**ORGANIZER:** Catalyst Financial Partners

Catalyst Cap Intro Events are sector focused, investor driven events that host hand-picked investment managers and investors that are introduced to each other with a view to become investment partners.

This Catalyst Cap Intro Event focuses only on the Real Estate Fund Investing sectors. Strategies covered will include, among others: development, added-value, commercial, single-multi residential, single family, luxury hotels, real estate financing and debt, bridge financing, infrastructure, projects and complexes, and international projects.

## 18TH ANNUAL US REAL ESTATE OPPORTUNITY & PRIVATE FUND INVESTING FORUM

- DATE:** 25 - 27 June 2017  
**INFORMATION:** <https://www.imn.org/usopps2017>  
**LOCATION:** Newport, RI  
**ORGANIZER:** Information Management Network

IMN's 18th Annual US Real Estate PE Fund Forum will be at the new location of Newport, RI, June 25-27. IMN's series of Real Estate PE Fund Forums occur twice annually, with 1000 attendees, including a who's who of Real Estate PE Funds, Investors, Owners/Operators, Developers, Lenders, and Service Providers.

Use Discount Code 'PQ15' For 15% Savings!



850+ Attendees Annually!

### The 18th Annual U.S. Real Estate Opportunity & Private Fund Investing Forum

June 25-27, 2017  
 Newport, RI

#### GPs & LPs Speaking Include:

- |  |  |  |   |
|--|--|--|---|
| Robert Masters, <i>Legal Consultant, Acadia Realty Trust</i>   | Daniel Edrei, <i>Managing Partner, Anika Equities</i>                                | Russ Bates, <i>Head of the Americas-Global Indirect Real Estate, Aviva Investors</i> | Pat Ryan, <i>Executive Vice President-Investment, Cabot Investments</i>   |
| Scott Kelly, <i>Founder &amp; CEO, Aetos Capital Real Estate</i>   | Mark Singer, <i>Assistant General Counsel, APG Asset Management US Inc.</i>          | Tarak Patolia, <i>Founder and Managing Principal, BanyanTree Group</i>               | Robin Potts, <i>Co-Head of Real Estate Investments, Director of Acquisitions, Canyon Partners Real Estate LLC</i> |
| Mike Acton, <i>Managing Director, AEW Capital Management LP</i>  | Eric Cannon, <i>Senior Director-Investment Group, ARA   American Realty Advisors</i> | Roy Schneiderman, <i>Principal, Bard Consulting LLC</i>                              | Chad Burkhardt, <i>Senior Vice President, CenterSquare Investment Management</i>                                  |
| Richard Brace, <i>Director of Research, AEW Capital Management</i>   | Andrew Holm, <i>Managing Director, Ares Management</i>                               | Barry Chase, <i>Managing Principal and CEO, Belay Investment Group</i>               | Sunder Jambunathan, <i>Principal, Certes Partners</i>   |
| Paul Kang, <i>President &amp; CIO, Alta Companies</i>  | Sara Doelger, <i>Vice President, Argosy Real Estate Partners</i>                     | Ryan Albano, <i>CFO, Broadstone</i>  | Eric Rubenfeld, <i>Principal &amp; Chief Legal Officer, CIM Group</i>   |
| Jon Dishell, <i>Managing Director- Fund Management &amp; Investor Relations, American Real Estate Partners</i> | Michael Bernstein, <i>Principal-Acquisitions, Artermis Real Estate Partners</i>      | Christopher J. Brodhead, <i>Senior Vice President-Investor Relations, Broadstone</i> |   |

For a full list of speakers, please visit: [www.imn.org/usopps2017](http://www.imn.org/usopps2017)

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