Real Estate Spotlight is the monthly newsletter published by Preqin packed full of vital information and data, all based on our latest research into the private equity real estate industry. Real Estate Spotlight combines information from our online products Real Estate Online.

February 2011
Volume 7 - Issue 2

FEATURED PUBLICATION:

The 2011 Preqin Private Equity Real Estate Employment and Compensation Review

More information available at:
www.preqin.com/recompensation

London:
Equitable House,
47 King William Street,
London, EC4R 9AF
+44 (0)20 7645 8888

New York:
230 Park Avenue,
10th Floor, New York,
NY 10169
+1 212 808 3008

Singapore:
Samsung Hub
3 Church Street
Level 8
Singapore 049483
+65 6408 0122

w: www.preqin.com
e: info@preqin.com

Twitter: www.twitter.com/preqin
LinkedIn: Search for Preqin

Real Estate Spotlight

February 2011

Feature

Regulars

You can download all the data in this month's Spotlight in Excel.
Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. You are welcome to use the data in any presentations you are preparing, but please cite Preqin as the source.

alternative assets. intelligent data.

Preqin Investor Outlook: Attitudes towards Private Real Estate in 2011

Forena Akthar analyzes the results of the latest Preqin study of private real estate investors to find out what the next 12 months holds for the asset class.

Preqin undertook a series of extensive interviews with 107 private real estate investors in Q4 2010. Investors of varying size, type and geographic location were questioned to examine their intentions and attitudes towards investing in private real estate in 2011.

Investor Activity in 2010

Fig. 1 shows that only 37% of the investors that participated in the study had made new private real estate fund commitments in 2010. This is lower than the figure from the study. Preqin conducted in Q4 2009, when 45% of investors surveyed had made new commitments in 2009, thus reflecting the downward trend in real estate fundraising.

A number of factors have contributed to this prolonged fundraising drought. Investors feel that there is still uncertainty in the market and are concerned about the varying issues that remain. Performance of real estate portfolios has remained poor, failing to show the same levels of improvement as other asset classes. It has left investors reasoning that it may be too early to make sizeable investments in property and instead investors may focus on asset classes generating stronger returns.

Another factor that may be influencing investors in their decisions to refrain from fund investments is the cash flow situation within their existing portfolios. In past years, with activity levels at a high, investors were continually having capital called up, and receiving capital back in the form of distributions. Therefore, it was necessary to constantly re-invest capital in new funds in order to maintain a stable allocation. In recent times, fund managers have been calling up committed capital at a slower pace, and with transaction levels low, investors are not seeing distributions from previous investments. As a result, investors have not needed to make new fund investments in order to maintain their allocations to the asset class. Many institutions Preqin spoke with indicated that they have a number of unfunded commitments which they expect to fund in 2011.

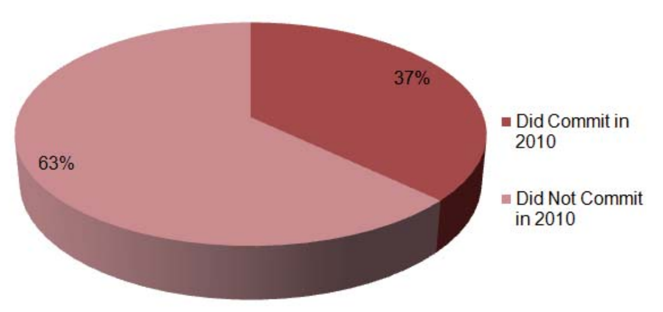
> "45% of investors surveyed stated that they are likely to commit to private real estate funds in 2011"

It is important to note that investor activity differed by location and size in 2010. Of the North American investors surveyed, 49% made real estate fund commitments while 51% did not. This relatively even split contrasts with the pattern observed in European investors, where only 31% were active in 2010. In terms of total assets, 29% of investors with assets of less than $1bn made private real estate fund commitments in 2010; this increased to 39% for those with assets of $1-10bn and 45% for those with $10bn or more in assets under management.

Investor Activity in 2011

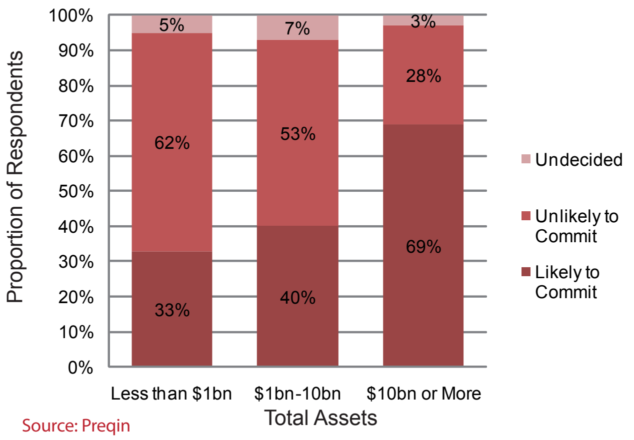
Of the investorsin the study, 45% stated that they are likely to commit to private

Fig. 1: Proportion of Private Real Estate Investors That Committed to Funds in 2010



Source: Preqin

Fig. 2: Fig. 2: Investors' Intentions for Private Real Estate Investment in 2011 (Split by Investor Total Assets)



Source: Preqin

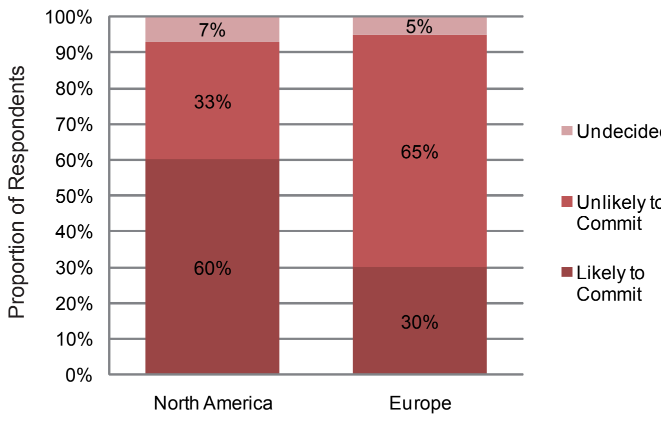
real estate funds in 2011, while 49% are unlikely to invest and 6% are undecided. The state of the real estate market, the drop in property valuations and the poor performance of private equity real estate funds of recent vintages would have influenced the decisions of those that are not planning to invest.

Private real estate activity in 2011 is also likely to differ by investor size and location. Fig. 2 demonstrates that the likelihood of investing in private funds in 2011 increases as the total assets of the investors increase. 33% of investors with total assets of less than $1bn are likely to invest in private funds in 2011; this increases to 40% for those with assets of $1-10bn and 69% for those with assets of $10bn and above. A significant 62% of investors with assets of less than $1bn will be inactive in private real estate in 2011. Smaller institutions, which typically make commitments less frequently, are more likely to halt private real estate allocations due to market conditions and reduced distributions.

Fig. 3 shows that North American institutions are more likely to make new fund commitments in 2011, with 60% expecting to invest in 2011. Only 31% of European institutions surveyed made commitments in 2010, and 65% do not anticipate making new commitments in 2011. In addition to the factors influencing all institutions, this decline in activity of European investors also reflects the impact of a number of new investment regulations in the region. This includes the Solvency II legislation, which will affect European insurance companies and certain asset managers.

64% of the investors surveyed were below their target allocations to real estate, while 28% were at their target allocation and 8% were above their targets. Fig. 4 shows that a higher proportion of investors based in North America were below their targets compared to their European counterparts. Investors are likely to maintain their targets to real estate in the long term but, unlike previous years, under-allocation to the asset class is no longer coercing investors into making further commitments to real estate in the short term.

Fig. 3: Investors' Intentions for Private Real Estate Investment in 2011 (Split by Investor Region)



Source: Preqin

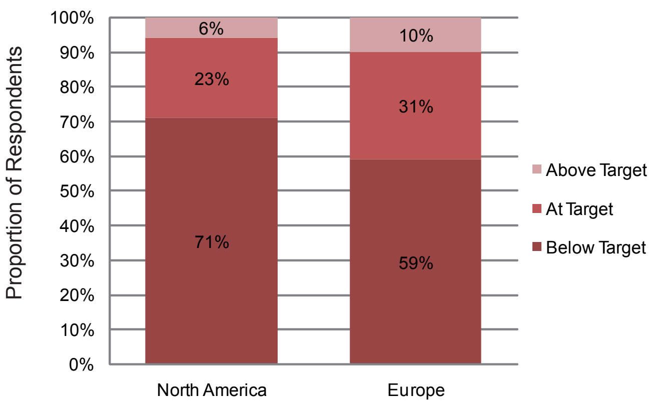
Timing of Next Fund Commitment

Investors that stated they are looking to make new fund commitments in 2011 were asked when they would make their next commitment. Fig. 5 shows 32% expect their first commitment of the year to occur by the end of Q1 2011, and 27% expect to make their first commitment of 2011 in the second quarter. 3% expect their next commitment to be made in Q3 2011 and the remaining 38% are unsure, or have not decided the exact timing of their next commitment. This shows that many investors are still being defensive in this market, waiting for the right opportunities to arise rather than being proactive and setting timeframes for fund commitments.

Capital Outlay in 2011

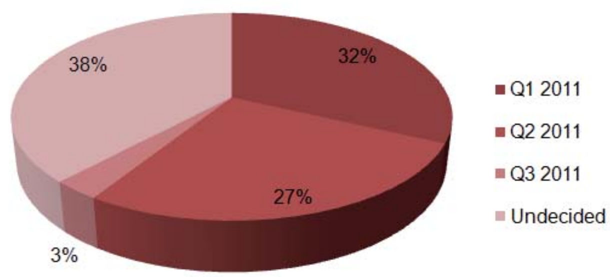
Investors were asked to estimate the number of fund commitments they will make in 2011 and how much capital they expect to deploy. The majority stated that they will have an opportunistic outlook and determine commitment sizes on a case-by-case basis. However, most investors were able to indicate how their capital outlay in 2011 would compare to that in 2010.

Fig. 4: Investors' Current Real Estate Allocations Compared to Target Allocations (Split by Investor Region)



Source: Preqin

Fig. 5: Anticipated Timing of Next Private Real Estate Fund Commitment of Those Expecting to Invest in 2011



Source: Preqin

Fig. 6 presents data relating to the responses of investors that had either made private real estate commitments in 2010 or are likely to invest in 2011. 66% of investors expect to commit more capital to real estate funds in 2011 than they did in 2010. A little over half of the investors in this group did not commit to real estate funds in 2010 but are hoping to resume investments in 2011. 14% of investors that had either made private real estate commitments in 2010 or are likely to invest in 2011 stated that they will commit the same amount of capital to private funds in 2011 as they had in 2010. These findings suggest that there may be an increase in the amount of capital entering the market in 2011, and that fundraising may therefore improve. The remaining 20% comprise those that invested in 2010 but do not expect to do so in 2011.

Key Issues in Private Real Estate

The results of this survey reflect the number of issues and concerns surrounding the private real estate market. Preqin therefore asked investors which issues they thought were of key concern to them.

Fig. 7 shows that the economic climate and the resulting volatility in the real estate market was the most prevalent issue cited by investors, with 28% of those surveyed feeling apprehensive about the state of the market. 26% said that the illiquid nature of private real estate investments is an issue for them and 21% of investors are worried about current real estate valuations.

Another issue that investors consider to be of increasing importance in the private real estate market is the misalignment of interest between fund managers and investors. 18% of investors believe that the interests of fund managers and investors need to be better aligned. The level of leverage utilized by private real estate fund managers and prevailing debt financing issues were cited by 16% of investors, and 15% feel that transparency levels need to increase. Fund terms and conditions and the fees charged by real estate firms were of concern to 10% of investors surveyed, and 10% thought that the poor performance and returns generated by private real estate funds were key issues.

8% of investors stated there is a strategy-to-market fit discrepancy, reasoning that a significant proportion of funds in market are not well positioned to succeed in the current market. Investors thought that funds utilizing strategies which were suited to the current market were difficult to locate and the right opportunities were not readily available.

Finally, 8% of investors are concerned about changing investment regulations. This includes the Solvency II legislation primarily affecting European insurance companies. Solvency II is a fundamental review of the capital adequacy regime for the European insurance industry, aiming to establish a revised set of EU-wide capital requirements and risk management standards that will replace the current solvency requirements. A number of Europe-based insurers believe that this legislation will have an impact on their private real estate portfolios and compel them to make fewer fund commitments.

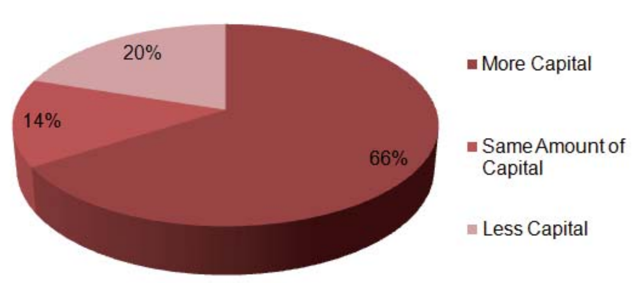
Conclusion

The survey reveals a number of important issues affecting the private real estate market, with the low proportion of respondents that have allocated to funds in 2010 underlining the extent to which uncertainty and caution is influencing investor appetite for new funds.

There are, however, some encouraging signs. Although only 45% of all respondents are likely to commit to new vehicles in 2011, of those investors that committed in 2010 or expect to do so in 2011, 66% are intending to invest more in the current year than they did in 2010. The results also suggest that it is the larger investors, and those based in the US, that will be more active in 2011, and H1 2011 may see an increase in investor commitments.

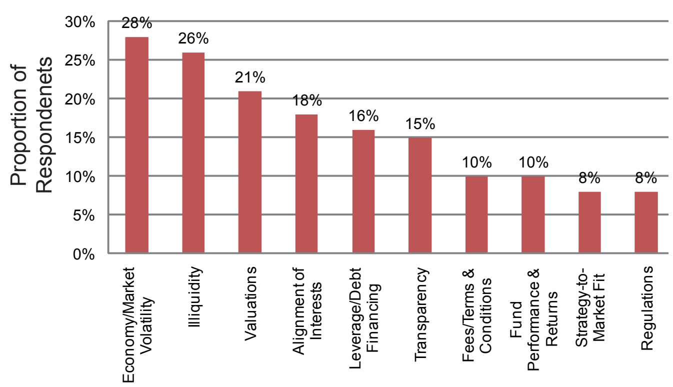
In order to be successful in the current fundraising market, it is necessary for fund managers to successfully convey how they intend to overcome market conditions, and why their strategy is well suited to achieve successful returns in the current investment climate.

Fig. 6: Expected Capital Outlay to Private Real Estate in 2011 Compared to 2010 (of Those Active in Either of the Two Years)



Source: Preqin

Fig. 7: Investors' Perception of Key Issues in the Private Real Estate Market

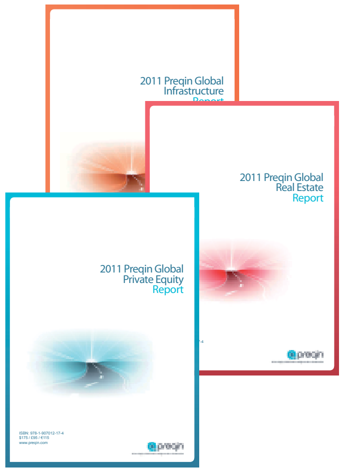


Source: Preqin

2011 Preqin Global Alternatives Reports

preqin
alternative assets. intelligent data.

The 2011 Preqin Global Alternatives Reports are the most comprehensive reviews of the alternatives investment industry ever undertaken, and are a must have for anyone seeking to understand the latest developments in the private equity, real estate and infrastructure markets.



Key content includes:

- Interviews and articles from the most important people in the industry today;
- Detailed analysis on every aspect of the industry with a review of 2010, and predictions for the coming year;
- Comprehensive source of stats - including fundraising, performance, deals, GPs, secondaries, fund terms, investors, placement agents, advisors, law firms;
- Numerous reference guides for different aspects of the industry - Who is the biggest? Where are the centres of activity? How much has been raised? Where is the capital going? Who is investing? What are the biggest deals? What is the outlook for the industry?

For more information visit: www.preqin.com/reports

I would like to purchase:

Name	1 Copy	✓	2 Copies (10% saving)	✓	5 Copies (25% saving)	✓	10 Copies (35% saving)	✓	Data Pack* (Please Tick)
Private Equity	$175/£95/€115		$315/£170/€205		$655/£355/€430		$1,135/£620/€750		
Real Estate	$175/£95/€115		$315/£170/€205		$655/£355/€430		$1,135/£620/€750		
Infrastructure	$175/£95/€115		$315/£170/€205		$655/£355/€430		$1,135/£620/€750		
All Titles (33% Saving!)	$350/£190/€230		$630/£340/€410		$1,310/£710/€860		$2,270/£1,240/€1,500		

If you would like to order more than 10 copies of one title, please contact us for special rates

* Data Pack Costs: $300/£180/€185 for single publication

Shipping Costs: $40/£10/€25 for single publication
$20/£5/€12 for additional copies

(Shipping costs will not exceed a maximum of £15 / $60 / €37 per order when all shipped to same address. If shipped to multiple addresses then full postage rates apply for additional copies)

Completed Order Forms:

Post (to Preqin):
Equitable House,
47 King William Street,
London, EC4R 9AF

230 Park Avenue
10th Floor,
New York, NY 10169

Samsung Hub
3 Church Street
Level 8
Singapore 049483

Fax:
+44 (0)87 0330 5892
+1 440 445 9595
+65 6408 0101

Email:
info@preqin.com

Telephone:
+44 (0)20 7645 8888
+1 212 808 3008
+65 6408 0122

Payment Details:

☐ Cheque enclosed (please make cheque payable to 'Preqin')

☐ Credit Card ☐ Amex ☐ Mastercard

☐ Visa ☐ Please invoice me

Card Number: ____________________

Name on Card: ____________________

Expiration Date: ____________________

Security Code: ____________________

American Express, four digit code printed on the front of the card.

Visa and Mastercard, last three digits printed on the signature strip.

Shipping Details:

Name: ____________________

Firm: ____________________

Job Title: ____________________

Address: ____________________

____

____

City: ____________________

Post/Zip: ____________________

Country: ____________________

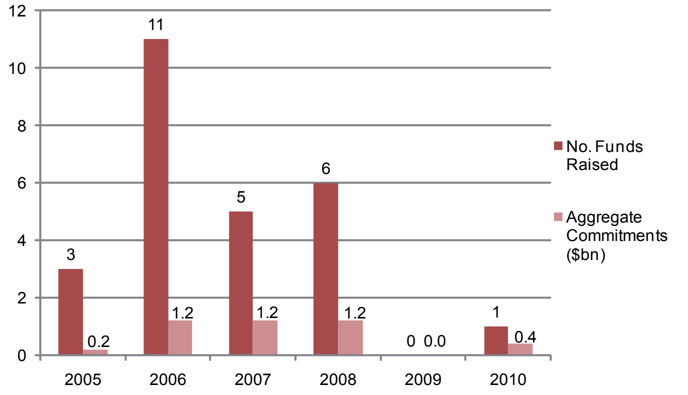
Telephone: ____________________

Email: ____________________

MENA Fund Managers

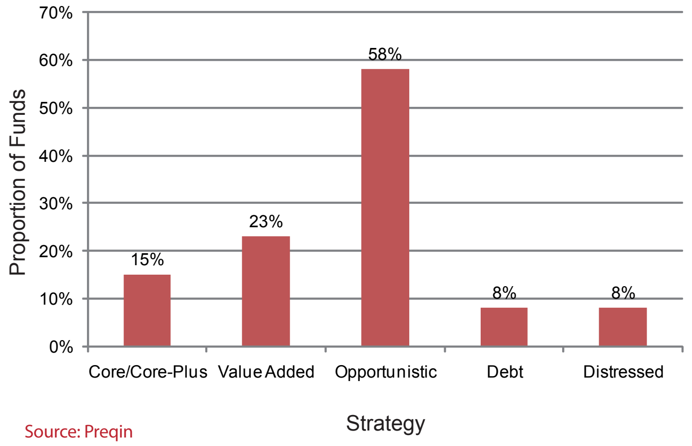
Farhaz Miah examines fundraising by MENA Fund Managers.

Fig. 1: Annual Fundraising by MENA-Based Fund Managers, 2005 - 2010



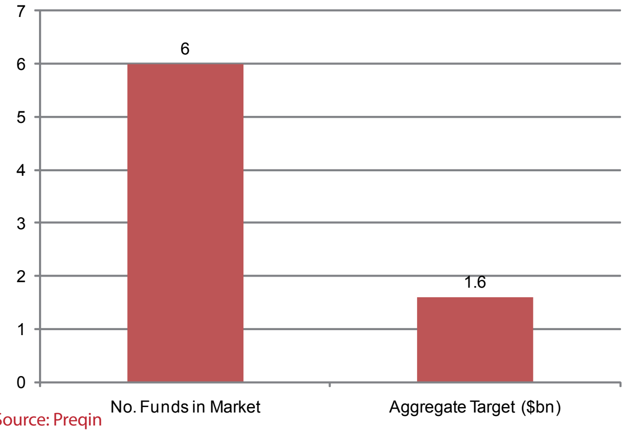
Source: Preqin

Fig. 2: Strategies Employed by MENA-Based Fund Managers, Funds Closed 2005 - 2010



Source: Preqin

Fig. 3: Funds on the Road Managed by MENA-Based Firms



Source: Preqin

Data Source:

Real Estate Online

Preqin's industry-leading product Real Estate Online features detailed profiles on 45 MENA Fund Managers.
For more information please visit:

www.preqin.com/reo

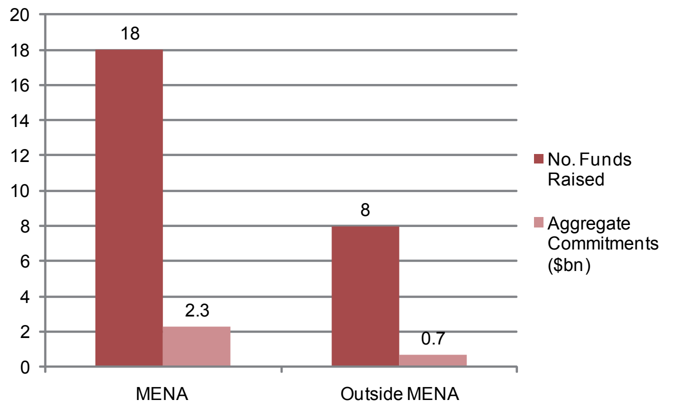
Fig. 4: Largest MENA-Based Firms by Capital Raised for Private Equity Real Estate Funds in the Last 10 Years

Firm	Total Capital Raised for Private Equity Real Estate Funds in Last Ten Years ($mn)	Firm Location
Kuwait Finance House	468	Kuwait
SHUAA Partners	405	United Arab Emirates
Al Futtaim Investment Management (AFIM)	385	United Arab Emirates
Global Investment House	375	Kuwait
Kuwait Financial Centre Real Estate	370	Kuwait
Eastgate Capital Group	300	United Arab Emirates
Atlas Investment Group	250	Jordan
Actif Invest	202	Morocco
Amwal	200	Qatar
AREIT Management	200	United Arab Emirates

Source: Preqin

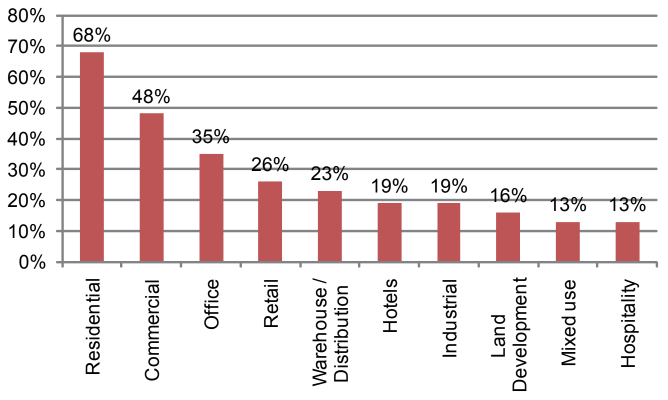
Download Data

Fig. 5: Primary Geographic Focus of Funds Raised by MENA-Based Firms, 2005 - 2010



Source: Preqin

Fig. 6: Property Type Preferences of MENA-Based Fund Managers



Source: Preqin

Foundations

Many foundations allocate a significant proportion of their assets under management to private real estate funds, Clare Bowden examines the investment preferences of these institutions.

Key Facts:

Average Allocation to Real Estate:
$141mn (8.2% of Total Assets)

Average Target Allocation to Real Estate:
$197mn (9.1% of Total Assets)

Despite their smaller size when compared to other categories of investor, foundations are frequent investors in the real estate asset class and over 200 foundations that actively invest in real estate are listed on the Preqin database.

Foundations are typically considerably smaller than many other institutional investors in terms of their assets under management. Fig.1 shows that of the foundations that invest in real estate, 35% have less than $250 million in assets under management and almost two-thirds have less than $1 billion in assets. 9% of foundations have $5 billion or more in assets under management. An example of a foundation of this size is W.K. Kellogg Foundation, which has total assets of $7 billion and a real estate allocation of 3%. The foundation committed to one private real estate fund during 2010 and will consider making further commitments during 2011 should it identify suitable opportunities.

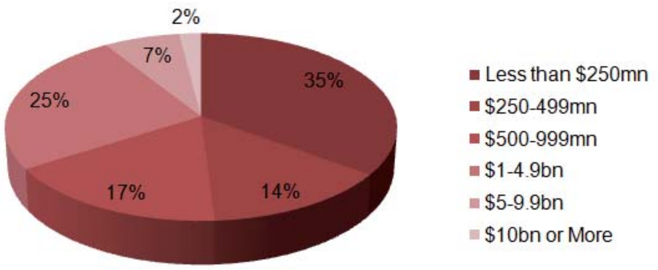
Fig. 2 shows the private real estate allocation of foundations. 36% have allocations of less than $25 million. Over a half of foundations have an allocation of between $25 million and $249 million, while 13% allocate $250 million or more to the asset class. An example of such an investor is Church Commissioners for England, which has an allocation to real estate of £1.5 billion. The foundation invests in direct and listed real estate, as well as through private real estate funds.

As show in Fig. 3, the majority of foundations (80%) are based in North America. Europe is home to 18% of foundations, and 2% are located in Asia and Rest of World, including Hong Kong Jockey Club and New Zealand-based Eastern & Central Community Trust.

As can be seen in Fig. 4, foundations have a particular preference for vehicles with opportunistic, core and value added strategies. Children's Healthcare of Atlanta Foundation is an example of a foundation with a preference for opportunistic private real estate funds. It has a 10% allocation to real estate, which is split equally between REITs and opportunistic private equity real estate vehicles. Debt and distressed strategies are the next most popular with 30% and 28% of foundations having a preference for these investment types respectively. Funds of funds and core-plus are the strategies least favoured by this group of investors.

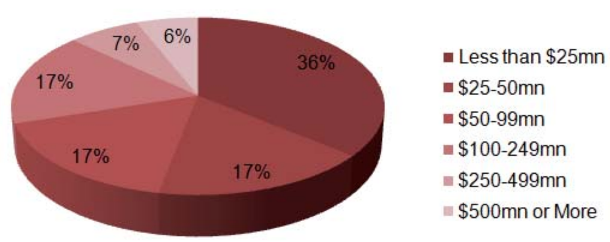
As shown in Fig. 5, 91% of foundations use a real estate investment consultant while only 9% rely solely on in-house advice. As mentioned previously, many foundations are relatively small in terms of the amount of assets they manage, and so may not have the internal resources required to undertake fully the necessary investment search and analysis, and thus prefer to outsource some of the workload to an external firm.

Fig. 1: Breakdown of Foundations by Assets under Management



Source: Preqin

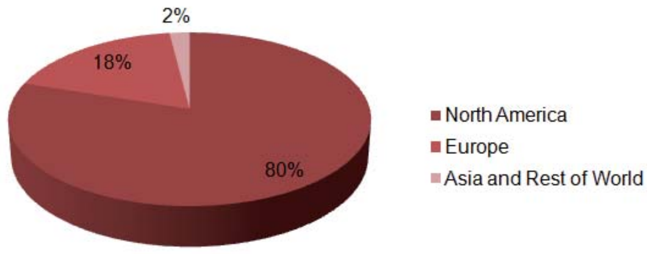
Fig. 2: Breakdown of Foundations by Real Estate Allocation



Source: Preqin

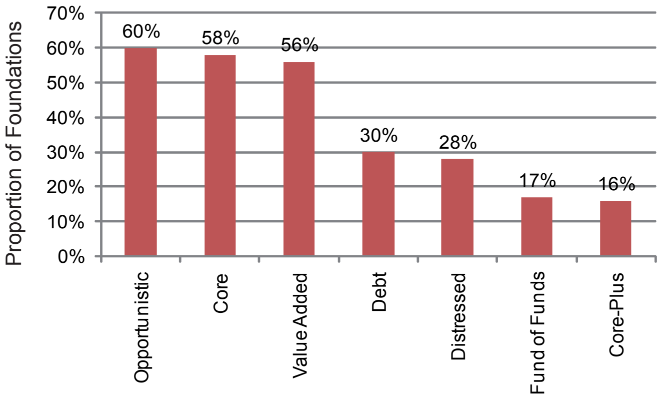
Download Data

Fig. 3: Breakdown of Foundations by Region



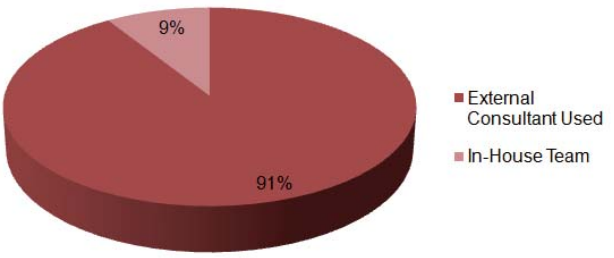
Source: Preqin

Fig. 4: Real Estate Strategic Preferences of Foundations



Source: Preqin

Fig. 5: Proportion of Foundations Using a Real Estate Investment Consultant



Source: Preqin

Data Source:

Real Estate Online

The information in Investor Spotlight is taken from Preqin's Real Estate Online product. There are currently profiles for more than 200 foundations with an active interest in real estate.

For more information, or to arrange a demo, please visit:

www.preqin.com/realestate

2010 Private Equity Real Estate Fundraising

Fundraising for private equity real estate funds is still slow, Andrew Herman looks at the activity that has taken place in 2010

2010 was another poor year for private equity real estate fundraising, as fund managers struggled to attract investor commitments. 90 funds reached a final close in 2010, raising an aggregate $37.2 billion, the lowest figure since 2003. Investors continued to display limited appetite for private equity real estate funds, forcing fund managers to delay interim and final closes, while additionally influencing a number of firms to abandon their fundraising plans altogether.

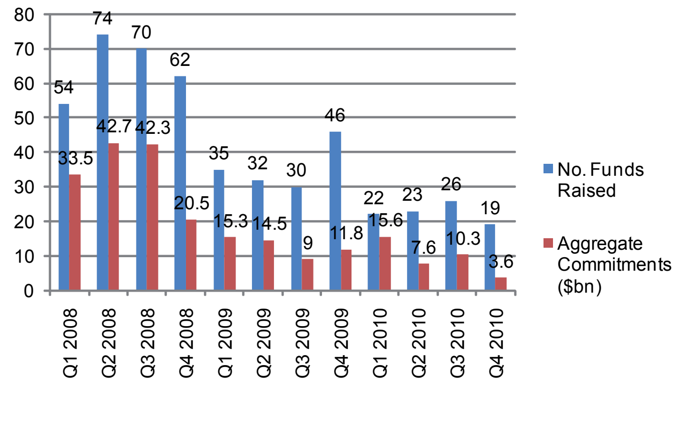
Fundraising by Quarter

Fig. 1 displays private equity real estate fundraising by quarter. The downturn in fundraising began in Q4 2008 and has continued thereafter. There were signs of a potential recovery in Q1 2010, when an aggregate $15.7 billion was raised, the highest total since Q4 2008. However, the final three quarters of 2010 were particularly poor, and this culminated in just $3.6 billion being raised in Q4 2010.

Success in Achieving Fundraising Target

The proportion of fund managers that meet, exceed or fall below their fundraising targets is a useful indicator to measure the level of success firms are having in garnering commitments from investors. Fig. 2 illustrates that just over half of funds closed in 2010 failed to reach their initial fundraising targets. Around 20% of funds completed fundraising having collected their target amounts, while just under 30% exceeded their initial fundraising goals. Despite the poor levels of fundraising in 2010, fund managers have been more successful in achieving their fundraising targets than they were in 2009. 81% of funds failed to reach their target size in 2009; notably more than the number that fell short in 2010. This reveals that fund managers are beginning to grow accustomed to difficult fundraising conditions and are now setting lower, more realistic fundraising targets.

Fig. 1: Quarterly Private Equity Real Estate Fundraising, Q1 2008 - Q4 2010

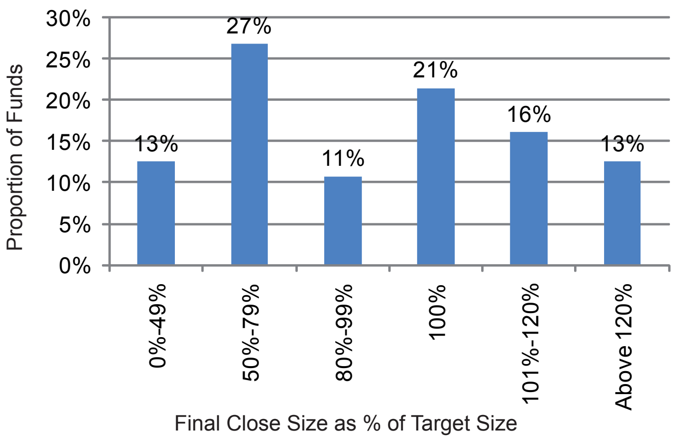


Source: Preqin

Fundraising by Regional Focus

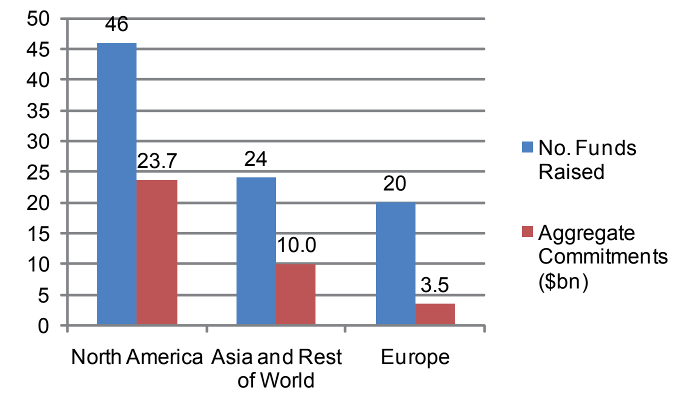
Fig. 3 displays 2010 private equity real estate fundraising by primary regional focus. 46 North America-focused funds reached a final close in 2010, raising an aggregate $23.7 billion. 24 Asia and Rest of World-focused funds received aggregate commitments of $10 billion, and 20 European funds raised $3.5 billion. Although fundraising levels decreased across the market as a whole, the decline in capital raised by European funds was particularly noticeable. In 2009,

Fig. 2: Breakdown of Private Equity Real Estate Funds Closed in 2010 by Proportion of Target Size Achieved



Source: Preqin

Fig. 3: Private Equity Real Estate Fundraising in 2010 by Fund Primary Geographic Focus



Source: Preqin

these funds accounted for nearly a third of all capital raised, compared to less than 10% in 2010. 27% of the aggregate capital raised in 2010 was by Asia and Rest of World-focused funds, compared with 15% in 2009. This suggests that investors are becoming aware of the opportunities available in Asia and other emerging markets and are seeking to diversify their property portfolios through investments in these regions. It is important to note that many of the largest funds with a primary focus on investment in North America will also invest in other regions.

Length of Time in Market

The length of time funds spend on the road is another useful indicator of the level of investor appetite towards committing to private equity real estate funds. In 2006 and 2007, funds spent on average 9.3 months in market raising capital, as shown in Fig. 4. This increased to over 12 months in 2008, as the start of the economic crisis began to slow down the rate at which investors were committing to funds. In 2009 and 2010, increased investor caution created difficult fundraising conditions, leading to funds being on the road for longer periods of time. Funds that held a final close in 2010 spent on average 17.7 months in market, almost twice the length of time it took to close a fund in 2006 and 2007.

Fund Manager Experience

Fig. 5 shows that 62% of capital raised during 2010 was raised by firms which have raised eight funds or more. More experienced managers tend to raise larger funds than less experienced managers as with their previous track records it is possible for them to attract more investor commitments than managers that are relatively unproven.

Q4 2010 Fundraising

Fundraising in Q4 2010 was exceptionally poor, even compared with the rest of 2010. 19 funds closed in the final quarter of the year, raising an aggregate $3.6 billion, equating to less than 10% of the total capital raised in 2010. Of the $3.6 billion raised, two-thirds of the capital was garnered by eight North America-focused funds. Five Asia and Rest of World funds gathered $1.0 billion, while European funds struggled to attract investor commitments, with just $0.2 billion being raised by four such funds. 64% of the capital raised in Q4 2010 was by firms located in the US; these firms closed eight funds, raising a combined $2.3 billion.

Largest Funds to Close in Q4 2010

As shown in Fig. 6, the largest fund to close in Q4 2010 was Shorenstein Realty Investors Ten, which raised $1 billion. The fund seeks to generate attractive risk-adjusted returns in the low-to-mid teens through investments in high-quality office properties throughout the US. Canada-based KingSett Capital raised C$450 million for KingSett Real Estate Growth IV. Other notable funds to reach final closes in Q4 2010 include Prime Finance Partners II and AMB Brazil Logistics Partners Fund I, which raised $440 million and BRL 720 million respectively.

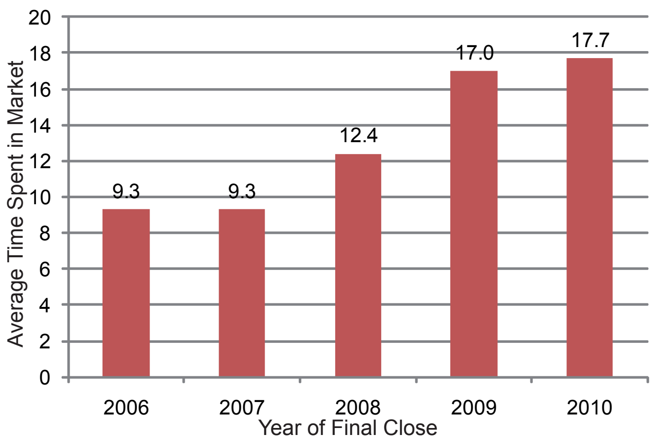
Data Source:

Real Estate Online

The information in Fundraising Spotlight is taken from Preqin's Real Estate Online product.

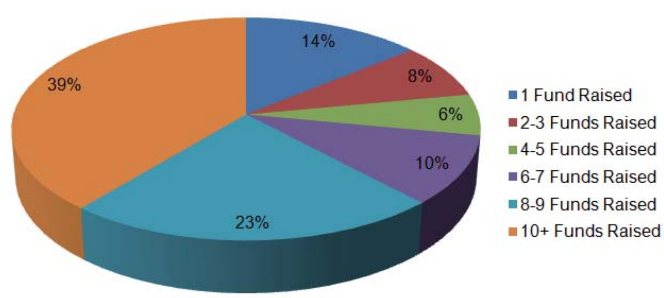
To find out more information about this product, or to arrange a demo, please visit:
www.preqin.com/realestate

Fig. 4: Average Time Taken for Funds to Achieve a Final Close, 2006 - 2010



Source: Preqin

Fig. 5: Breakdown of Private Equity Real Estate Funds Closed in 2010 by Manager Experience (Value of Funds Closed)



Source: Preqin

Download Data

Fig. 6: Five Largest Private Equity Real Estate Funds Closed in Q4 2010

Fund	Firm	Size (mn)	Strategy	Focus
Shorenstein Realty Investors Ten	Shorenstein Properties	1,000 USD	Value Added	US
KingSett Real Estate Growth IV	KingSett Capital	450 CAD	Opportunistic	Canada
Prime Finance Partners II	Prime Finance Partners	440 USD	Debt	US
AMB Brazil Logistics Partners Fund I	AMB Capital Partners	720 BRL	Opportunistic	Brazil
Boston Capital Tax Credit Fund XXXIII	Boston Capital	305 USD	Opportunistic	US

Fig.7: 10 Largest Private Equity Real Estate Funds Closed in 2010

Fund	Firm	Size (mn)	Strategy	Focus
Real Estate Turnaround Consortium	Brookfield Asset Management	5,565 USD	Debt, Distressed, Opportunistic	Global
Morgan Stanley Real Estate Fund VII Global	Morgan Stanley Real Estate	4,700 USD	Debt, Distressed, Opportunistic	Global
Fortress Credit Opportunities Fund II	Fortress Investment Group	2,600 USD	Debt, Distressed	Global
Beacon Capital Strategic Partners VI	Beacon Capital Partners	2,500 USD	Value Added	US, West Europe
Starwood Global Opportunity Fund VIII	Starwood Capital Group	1,800 USD	Distressed, Opportunistic	Global
TA Realty Associates IX	TA Associates Realty	1,700 USD	Core-Plus, Debt, Distressed, Value Added	US
Shorenstein Realty Investors Ten	Shorenstein Properties	1,000 USD	Value Added	US
Starwood Capital Global Hospitality Fund II	Starwood Capital Group	965 USD	Distressed, Opportunistic	Global
Fortress Japan Opportunity Fund	Fortress Investment Group	75,000 JPY	Debt, Opportunistic	Japan
Brockton Capital II	Brockton Capital	496 GBP	Debt, Distressed, Opportunistic	UK

Conferences Spotlight: Forthcoming Events

Conference	Dates	Location	Organizer
Real Estate Investment World Brasil 2011	2 - 4 February 2011	Sao Paulo	Terrapinn
Global Real Assets Investment Forum	8 - 9 February 2011	New York	Institutional Investor
Green Building Asia 2011	23 - 24 February 2011	Singapore	IBC Conferences
Fund Management Regulation 2011	30 - 31 March 2011	London	Infoline
2nd Real Estate Mezzanine Finance Summit	6 April 2011	New York	iGlobal Forum
Real Estate Investor Summit: Dealmakers Conference	13 - 15 April 2011	Miami	Opal Financial Group
2nd Alternative Investments Summit	04 May 2011	New York	iGlobal Forum
5th Real Estate Private Equity Summit	18 May 2011	California	iGlobal Forum
Private Healthcare World Asia 2011	13 - 17 June 2011	Singapore	Terrapinn

Investor News

Farhaz Miah takes a look at the latest real estate investor news.

Pensioenfonds Horeca & Catering to consider committing to private real estate funds during 2011

The EUR 3.6 billion private sector pension fund will consider committing to private real estate funds over the next 12 months if it identifies suitable opportunities. Pensioenfonds Horeca & Catering is at its 10% target allocation to the asset class and invests through listed real estate and private real estate funds. It has a preference for core vehicles with a domestic focus and did not make any private real estate fund commitments during 2010.

Novartis Pension Fund considers committing to private real estate funds in 2011

The USD 17.6 billion private sector pension fund will commit to private real estate funds over the next 12 months if suitable opportunities are identified. Novartis Pension Fund has a 16% target allocation to real estate and a current allocation of 15.9%. It invests in the asset class solely through Switzerland-focused private real estate funds. The opportunistic investor has a preference for core vehicles and residential real estate. Novartis Pension Fund did not make any private real estate fund commitments during 2010.

SPP Life Insurance to invest up to EUR 1.2 billion in real estate in next four years

The SEK 83.3 billion insurance company envisages allocating between EUR 200 million and EUR 300 million to real estate per year over the next four years in order to reach its target allocation of 8-12%. Its investments in the next 12 months will be targeting direct real estate, and the insurance company thinks that it is unlikely to commit to private real estate funds during this period. However, it will not rule out fund commitments if an attractive opportunity arises. It feels that its future international real estate fund commitments will be orientated towards Asia in the long term as it is optimistic about the growth prospects of this region. As such, its focus on Europe will subside.

IBM UK Pension Plan considers maiden allocation to private equity real estate funds

The GBP 6.2 billion pension fund expects to invest in the real estate asset class in the next 12 months. It will do so on the basis of arising opportunities. Its real estate investment manager, CBRE, will determine the strategy and location focus of all its investments in the coming year. The pension fund has not invested in closed-end real estate funds in the past but it may gain exposure to such vehicles in the next 12 months. It is unsure about the timing of its first commitment as that will be decided by CBRE, but the pension fund will only invest in UK markets. IBM UK Pension Plan's 6% property allocation is currently split between direct holdings and property unit trusts (PUTs).

National Pension Service seeks to expand its real estate portfolio with USD 1.2 billion war chest.

National Pension Service (NPS) is seeking to commit approximately USD 1.2 billion to private equity real estate funds in 2011 and increase its allocation to real estate from 1.6% to 2%. The USD 280 billion pension fund prefers opportunistic and value added funds and will invest approximately USD 150 million per vehicle in up to eight such funds. It will commit up to 50% of its war chest to US-focused funds. While NPS has invested in core funds in the past, it is unlikely to do so in the next 12 months due to the large investment capital required and the lack of suitable core real estate opportunities. Its real estate activities in 2011 will also include direct investments in properties, especially those in developed markets such as London, New York and Australia.

Societa Cattolica di Assicurazioni to commit EUR 192 million to Italy-focused private equity real estate funds in next 12 months

The EUR 19.2 billion insurance company is looking to commit EUR 192 million to private equity real estate funds in the next 12 months in order to achieve its real estate target allocation. It currently has a 1% allocation to the asset class, below its 2% target allocation. It will seek to commit to Italy-focused funds across the fund strategy spectrum, and will look to achieve returns in excess of 6% per annum through these investments. The insurance company will decide upon the number of funds it will commit to and the timing of its first fund commitment in due course.

Minnesota Mining and Manufacturing Company Pension Plan to commit to private real estate funds in 2011

The USD 11 billion private sector pension fund plans to commit to private real estate funds over the next 12 months. Minnesota Mining and Manufacturing Company Pension Plan is unsure as to the amount of capital it will commit or the timing of its next commitment but it is likely to target opportunistic vehicles. In terms of geography, it will predominantly target US-focused funds. The private sector pension fund has a 3% target allocation to real estate and an actual allocation of 1%. It invests in the asset class solely through private real estate funds.