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Feature Article: Private Real Estate in Asia – Local Players Come to the Fore
We provide an in-depth review of the private real estate fundraising market in Asia and how international and domestic fund managers target the region, including prevalent strategies and where fund managers are acquiring property.

Lead Article: Pension Funds Investing in Real Estate
The $16.3tn in assets currently managed by pension funds around the world continues to be a key source of capital for the real estate industry. We provide an in-depth review of this investor universe, including their strategic preferences, the largest allocations to real estate and which pension funds are seeking to add to their current portfolio.

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Private Real Estate in Asia: Local Players Come to the Fore

In this month’s feature article, Chris Beales provides an in-depth review of the private real estate fundraising market in Asia and how international and domestic fund managers target the region, prevalent strategies and where fund managers are acquiring property.

Introduction:

In the years following the Global Financial Crisis (GFC), the fundraising environment for Asia-focused private real estate funds has been relatively consistent, with the capital raised each year remaining well below the levels seen in 2007 and 2008. Higher risk, opportunistic strategies dominate the fundraising environment, with China- and Pan-Asia-focused funds the most prevalent in terms of geographic focus. The Asian real estate landscape provides a variety of ways in which investors can diversify their portfolios and generate strong returns; the region provides opportunities to invest in highly developed lower yield markets such as Hong Kong and Taipei, as well the higher yield regions in Indian cities such as Mumbai and Delhi. With such a range of investment opportunities across Asia, we provide insight into which fund managers are active in the region and how both international and domestic managers use the Asian markets to generate returns for their investors.

Using data from Preqin’s Real Estate Online, which features extensive information on over 500 Asia-focused funds and over 250 fund managers active in the Asian market, we examine how the Asian private real estate market is evolving.

Fundraising

Following the Global Financial Crisis (GFC), Asia-focused private real estate fundraising fell to a low of 31 funds reaching a final close for $8.2bn in 2009 (Fig. 1). The number of funds closing annually rebounded to pre-crisis levels relatively quickly, with 39, 41 and 45 funds closing in 2010, 2011 and 2012 respectively. While the amount of capital raised did recover from 2009 lows relatively quickly (funds closed in 2010 secured $12.3bn), totals are still below the levels seen from 2006 to 2008. Funds closed in more recent years (2012 to present) have seen a more sustained recovery in capital raised annually, despite the number of funds reaching a final close falling from 45 in 2012 to 29 in both 2014 and 2015, in line with global trends of capital concentration among a smaller selection of fund managers. Unsurprisingly, over a quarter (26%) of funds closed in 2015 raised $500mn or more, compared with just 8% of funds in 2012, further illustrating the increasing size of Asia-focused vehicles. Examples of this include Singapore-headquartered Global Logistic Properties’ CLF II, which closed in July 2015, securing $3bn for investment in China.

Pan-Asia- ($25bn) and China-focused funds ($24bn) together represent 71% of all Asia-focused capital raised since 2010 (Fig. 2). However, India-focused funds have secured 21% of all capital raised in 2016 so far – the largest proportion secured since 2006, surpassing China-focused funds (9%). While India-focused funds attracted significant proportions of total Asia-focused capital in 2006 (20%) and 2007 (18%), since the GFC, fewer India-focused vehicles have been established, although it seems that institutional investors are increasingly watching India and the growth potential of its real estate markets.

Value added and opportunistic vehicles dominate the Asia-focused fundraising market as the risks involved in investing in the region mean that investors typically target higher returns from their capital. Twenty-three opportunistic funds and eight value added funds have reached a final close since 2015, securing $11.2bn and $2.9bn respectively, compared with just seven core and core-plus funds reaching a final close on $2.6bn in the same period (Fig. 3). Nearly a third (31%) of all Asia-focused funds closed since 2010 spent less than six months on the road, a significantly larger proportion than funds focused on Europe (16%) or North America (15%). However, when looking at private real estate funds closed in 2016, Asia-focused funds have spent more time on the road than both North America- or Europe-focused funds – a trend not seen before. This rise in time spent on the road correlates with the size of Asia-focused funds reaching a final close: the average size of Asia-focused funds reached a post-crisis high of $453mn in 2015. A narrow majority of Asia-focused funds closed since 2014 have met or exceeded their target size (Fig. 4). To put this into context, just 39% of Europe-focused

Fig. 1: Annual Primarily Asia-Focused Closed-End Private Real Estate Fundraising, 2006 - 2016 YTD (As at 9 August 2016)

Source: Preqin Real Estate Online
funds closed in 2016 so far reached their target size.

The vast majority of the largest Asia-focused private real estate funds to close since 2015 operate opportunistic strategies. Interestingly, considering the dominance of higher risk strategies in the Asian market, the second largest fund to close since 2015 – PAG Real Estate Partners – operates core and core-plus as well as value added strategies (Fig. 5). Two of the largest funds have been raised by US-headquartered fund managers, while the remaining eight are managed by domestic fund managers.

**Domestic vs. International Fund Managers: Fundraising**

Despite the continued presence of a handful of the largest global players, Asia-headquartered fund managers are now dominating fundraising in the region. As the track records of domestic players have lengthened and their experience in fund management develops, institutional investors are becoming more comfortable with allocating capital to their funds. Twelve of the 13 Asia-focused funds closed in 2016 so far are managed by domestic firms, with one fund managed by US-based PGIM Real Estate. This represents a shift towards more domestically managed vehicles entering the market since 2008, when only 52% of Asia-focused funds closed were managed by Asia-based firms and 13% were managed by firms in North America.

Domestic fund managers are also prevalent in terms of the amount of capital raised for Asia-focused closed-end private real estate funds over the past five years (Fig. 6). Only two managers based outside Asia feature in the league table, while Singapore-based Global Logistic Properties has raised the most Asia-focused capital since 2011.

In the period 2006-2008, funds managed by international firms were much more prevalent in the Asian private fund market than in recent years (Fig. 7). While a similar trend is seen in terms of aggregate capital raised, 2014 was dominated by the $5bn closure of Blackstone Group’s Blackstone Real Estate Partners Asia, resulting in international fund managers accounting for 62% of Asia-focused capital raised, compared with just 15% in 2015.
Funds in Market

There are currently fewer Asia-focused private real estate funds in market than 12 months ago; however, the 56 funds currently raising capital are targeting $317mn more in capital commitments than in August 2015 (Fig. 8).

As would be expected given the overwhelming trend in the strategies of Asia-focused private real estate funds, opportunistic strategies account for half of both the number of funds in market and aggregate target capital (Fig. 9).

Domestic vs. International Fund Managers: Funds in Market

The largest Asia-focused private real estate fund currently seeking capital is Hong Kong-based PAG Real Estate’s Secured Capital Real Estate Partners VI, which is targeting $1.5bn for opportunistic investments in Japan, South Korea and China. Edelweiss Real Estate Fund, which is targeting $750mn, represents Mumbai-based Edelweiss Alternative Asset Advisors’ first solely residential private real estate fund targeting opportunities in India.

International fund managers are more prevalent among Asia-focused private real estate funds seeking capital than those recently closed. While each of the funds in market seeking $1bn or more in capital commitments is managed by Asia-based firms, four of the 10 largest funds currently on the road are managed by US-based firms. However, of the 17 Asia-focused private real estate funds to have held an interim close in 2016 so far, just three are managed by firms based outside Asia.

Fig. 5: 10 Largest Primarily Asia-Focused Private Real Estate Funds Closed, 2015 - 2016 YTD (As at 9 August 2016)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Firm</th>
<th>Headquarters</th>
<th>Strategy</th>
<th>Fund Size (mn)</th>
<th>Geographic Focus</th>
<th>Final Close Date</th>
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</thead>
<tbody>
<tr>
<td>CLF II</td>
<td>Global Logistic Properties</td>
<td>Singapore</td>
<td>Opportunistic</td>
<td>3,700 USD</td>
<td>China</td>
<td>Jul-15</td>
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<tr>
<td>PAG Real Estate Partners</td>
<td>PAG Real Estate</td>
<td>Hong Kong</td>
<td>Core, Core-Plus, Value Added</td>
<td>1,350 USD</td>
<td>Asia, Australia</td>
<td>Jun-16</td>
</tr>
<tr>
<td>Fortress Japan Opportunity Fund III</td>
<td>Fortress Investment Group</td>
<td>New York, US</td>
<td>Debt, Distressed, Opportunistic</td>
<td>1,100 USD</td>
<td>Japan</td>
<td>Oct-15</td>
</tr>
<tr>
<td>Fudo Capital III</td>
<td>CLSA Capital Partners - Fudo Capital</td>
<td>Hong Kong</td>
<td>Distressed, Opportunistic, Value Added</td>
<td>1,000 USD</td>
<td>Asia, Australia</td>
<td>Jun-15</td>
</tr>
<tr>
<td>Stable Earner No. 1</td>
<td>Dalian Wanda Group</td>
<td>Beijing, China</td>
<td>Opportunistic</td>
<td>5,000 CNY</td>
<td>China</td>
<td>Jun-15</td>
</tr>
<tr>
<td>GreenOak Asia II</td>
<td>GreenOak Japan</td>
<td>Tokyo, Japan</td>
<td>Opportunistic, Value Added</td>
<td>655 USD</td>
<td>Japan</td>
<td>Mar-16</td>
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<tr>
<td>Asia Property Fund III</td>
<td>PGIM Real Estate</td>
<td>Madison, US</td>
<td>Core, Opportunistic, Value Added</td>
<td>580 EUR</td>
<td>Asia, Australia</td>
<td>Mar-16</td>
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<tr>
<td>Everbright Ashmore Beijing Tongzhou Real Estate Fund</td>
<td>Everbright Ashmore</td>
<td>Beijing, China</td>
<td>Value Added</td>
<td>3,500 CNY</td>
<td>China</td>
<td>Feb-15</td>
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<tr>
<td>Mapletree Japan Office Fund</td>
<td>Mapletree Investments</td>
<td>Singapore</td>
<td>Core, Core-Plus</td>
<td>65,000 JPY</td>
<td>Japan</td>
<td>Jan-15</td>
</tr>
<tr>
<td>Korea Logistics Development Club</td>
<td>Kendall Square Logistics Properties</td>
<td>Seoul, South Korea</td>
<td>Opportunistic</td>
<td>500 USD</td>
<td>South Korea</td>
<td>Nov-15</td>
</tr>
</tbody>
</table>

Source: Preqin Real Estate Online

Fig. 6: 10 Largest Fund Managers by Aggregate Capital Raised for Primarily Asia-Focused Closed-End Private Real Estate Funds in the Last Five Years (As at 9 August 2016)

<table>
<thead>
<tr>
<th>Firm</th>
<th>Headquarters</th>
<th>No. of Funds Raised in Last Five Years</th>
<th>Aggregate Capital Raised in Last Five Years (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Logistic Properties</td>
<td>Singapore</td>
<td>3</td>
<td>5.8</td>
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<tr>
<td>Blackstone Group</td>
<td>New York, US</td>
<td>1</td>
<td>5.0</td>
</tr>
<tr>
<td>CapitaLand</td>
<td>Singapore</td>
<td>5</td>
<td>3.2</td>
</tr>
<tr>
<td>PAG Real Estate</td>
<td>Hong Kong, China</td>
<td>2</td>
<td>2.8</td>
</tr>
<tr>
<td>Fortress Investment Group</td>
<td>New York, US</td>
<td>2</td>
<td>2.7</td>
</tr>
<tr>
<td>Mapletree Investments</td>
<td>Singapore</td>
<td>3</td>
<td>2.5</td>
</tr>
<tr>
<td>Alpha Investment Partners</td>
<td>Singapore</td>
<td>1</td>
<td>1.7</td>
</tr>
<tr>
<td>SC Capital Partners</td>
<td>Singapore</td>
<td>2</td>
<td>1.4</td>
</tr>
<tr>
<td>CR Capital Real Estate Partners</td>
<td>Hong Kong</td>
<td>4</td>
<td>1.1</td>
</tr>
<tr>
<td>Gaw Capital Partners</td>
<td>Hong Kong</td>
<td>2</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: Preqin Real Estate Online
PERE Deals

In line with the global trend in private equity real estate (PERE), office assets represent the largest proportion (40%) of deals completed in Asia since 2015 (Fig. 10). Mixed-use property accounts for just 14% of the number of deals completed for Asian assets; however, mixed-use assets represent nearly half (46%) of aggregate PERE deal value. While these statistics are significantly affected by Qatar Investment Authority’s $2.5bn acquisition of Asia Square Tower 1 from BlackRock in 2016, even if this deal were excluded from the data set, this asset type would still account for the largest proportion of Asia PERE deal value since 2015.

As seen in Fig. 11, Indian assets represent a quarter of Asian deal flow since 2015, while deals involving Singaporean property represent the largest proportion (38%) of aggregate deal value of any single country. However, excluding the Asia Square Tower 1 deal in Singapore would make Japan the most targeted region for Asian PERE deals in terms of aggregate value.

Deals for larger assets (property over 500,000ft² in size) dominate the Asia PERE deal landscape, accounting for nearly half (42%) of the number of deals and over three-quarters (76%) of aggregate deal value since 2015 (Fig. 12). This is a significantly different trend to that of the PERE deal landscape in North America.

Domestic vs. International Fund Managers: PERE Deals

In terms of the 20 largest Asian PERE deals completed since 2015, just three involved buyers located outside the region, with Blackstone Group’s acquisition of L’Avenue, a mixed-use property located in Shanghai, for $854mn, was the largest deal involving an international fund manager. Nearly half of the 20 largest deals for Asian property involved Singapore-based buyers: one such buyer is Ascendas, a fund manager that has been involved in two of the 20 largest deals since 2015, acquiring CPF Building and One@Changi City Business Park for SGD 550mn and SGD 420mn respectively. Both assets are located in Singapore.

Fig. 7: Primarily Asia-Focused Closed-End Private Real Estate Funds Closed by Fund Manager Location (As at 9 August 2016)

Fig. 8: Primarily Asia-Focused Closed-End Private Real Estate Funds in Market over Time, August 2013 - August 2016 (As at 9 August 2016)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Firm</th>
<th>Headquarters</th>
<th>Primary Strategy</th>
<th>Target Size (mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured Capital Real Estate Partners VI</td>
<td>PAG Real Estate</td>
<td>Hong Kong, China</td>
<td>Opportunistic</td>
<td>1,500 USD</td>
</tr>
<tr>
<td>Gateway Real Estate Fund V</td>
<td>Gaw Capital Partners</td>
<td>Hong Kong, China</td>
<td>Value Added</td>
<td>1,300 USD</td>
</tr>
<tr>
<td>Alpha Asia Macro Trends Fund III</td>
<td>Alpha Investment Partners</td>
<td>Singapore</td>
<td>Value Added</td>
<td>1,000 USD</td>
</tr>
<tr>
<td>Redwood Japan Logistics Fund II</td>
<td>The Redwood Group</td>
<td>Singapore</td>
<td>Value Added</td>
<td>1,000 USD</td>
</tr>
<tr>
<td>Aetos Capital Asia V</td>
<td>Aetos Capital Real Estate</td>
<td>New York, US</td>
<td>Value Added</td>
<td>750 USD</td>
</tr>
<tr>
<td>AG Asia Realty Fund III</td>
<td>Angelo, Gordon &amp; Co</td>
<td>New York, US</td>
<td>Opportunistic</td>
<td>750 USD</td>
</tr>
<tr>
<td>Asia Property Fund IV</td>
<td>BlackRock</td>
<td>New York, US</td>
<td>Opportunistic</td>
<td>750 USD</td>
</tr>
<tr>
<td>Edelweiss Real Estate Fund</td>
<td>Edelweiss Alternative Asset Advisors</td>
<td>Mumbai, India</td>
<td>Debts</td>
<td>750 USD</td>
</tr>
<tr>
<td>LaSalle Asia Opportunity Fund V</td>
<td>LaSalle Investment Management</td>
<td>Chicago, US</td>
<td>Opportunistic</td>
<td>750 USD</td>
</tr>
<tr>
<td>HDFC Capital Affordable Real Estate Fund-1</td>
<td>HDFC Capital Advisors</td>
<td>Mumbai, India</td>
<td>Opportunistic</td>
<td>50,000 INR</td>
</tr>
</tbody>
</table>

Source: Preqin Real Estate Online
Outlook

The private real estate fund market in Asia has seen significant changes in recent years. As Asia-based fund managers have become more established and experienced, they have grown to dominate the market, with only a handful of the largest international players maintaining a major influence. Higher risk strategies continue to account for the bulk of aggregate capital raised, but there are signs that investors are also more prepared to commit capital to income-generating investments in Asia as well.

While fundraising levels remain well below the level seen in 2007 and 2008, with Asia uniquely housing cities that provide some of the most developed and valuable real estate in the world – as well as other emerging, high growth cities that attract investment due to the potential for yield in a low interest rate environment – there remains huge potential for the private real estate industry in Asia to continue to grow and diversify in the years to come.

Fig. 10: Asian Private Equity Real Estate Deals by Primary Asset Type, 2015 - 2016 YTD (As at 9 August 2016)

Fig. 11: Asian Private Equity Real Estate Deals by Primary Asset Location, 2015 - 2016 YTD (As at 9 August 2016)

Fig. 12: Asian Private Equity Real Estate Deals by Asset Size, 2015 - 2016 YTD (As at 9 August 2016)

Fig. 13: Five Largest Asian Private Equity Real Estate Deals, 2015 - 2016 YTD (As at 9 August 2016)
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Pension Funds Investing in Real Estate

The $16.3tn in assets under management held by pension funds around the world continues to be a key source of capital for the real estate industry. Charles Wood provides an in-depth review of this investor universe, including their strategic preferences, largest allocations to real estate and which pension funds are looking to add to their current portfolio.

Preqin’s Real Estate Online currently tracks 1,005 private sector pension funds and 772 public pension funds that invest in real estate, accounting for 19% and 15% respectively of all institutional investors active in the asset class, more than any other investor type (Fig. 1). Despite greater participation from those in the private sector, public pension funds currently allocate more than double the amount of capital to the asset class: $681bn compared with the $340bn allocated by private sector pension funds – 28% and 14% of all capital allocated to real estate respectively (Fig. 2).

Real estate remains a principal component of most pension fund portfolios, with 87% of all public and 73% of all private sector pension funds currently investing in the asset class (Fig. 3). The 87% of public pension funds that invest in real estate is the highest participation rate of any institutional investor type: three-quarters (76%) of endowment plans are active in real estate, with insurance companies (68%), sovereign wealth funds (60%) and family offices (48%) among other investor groups with significant participation in the asset class. These high participation rates are partly due to the alignment of the asset class with the long-term investment horizons of investors, as well as satisfying many of these investors’ mandates for a diversified portfolio of investments. A number of pension funds are increasing their real estate weightings, including New Jersey State Investment Council: after recently announcing a reduction in its allocation to hedge funds, the public pension fund has subsequently increased its target allocation to real estate from 5.3% of its total assets to 6.3% for the 2017 fiscal year – equating to approximately $700mn of fresh capital. Furthermore, pension funds which have previously not invested in the asset class are now also looking to add real estate to their portfolio: Pensionskasse des Bundes PUBLICA is one example, having recently created a 4% target allocation to international real estate and is currently in the market for its maiden investment.

Location

Pension funds are geographically diverse, although higher concentrations of funds exist in regions of greater economic development (Fig. 4). The majority of private sector pension funds targeting real estate are split almost equally between those based in North America (47%) and...
Pension Funds Investing in Real Estate

Europe (45%); however, their public sector counterparts are more concentrated in North America than Europe. Pension funds in Asia and Rest of World account for only 7% of both private sector and public pension funds currently investing in real estate.

Assets under Management

As shown in Fig. 5, all of the largest private sector pension funds (those with over $100bn in AUM invest in the asset class, owing to the sizeable human and capital resources available, providing greater capability to source, select and monitor a diversified portfolio of properties and fund investments. Conversely, smaller private sector pension funds are less likely to allocate to real estate: two-thirds of private sector pension funds with less than $1bn invest in the asset class. However, public pension funds do not exhibit this trend, with a consistently large proportion (84%) of participation.

Largest Investors

Institutions based in the US and the Netherlands feature prominently as the largest allocators to real estate for both private sector and public pension funds (Fig. 6 & 7). The largest real estate allocation by a private sector pension fund is from US-based Teachers Insurance and Annuity Association (TIAA), which invests $24.2bn in the asset class primarily through direct investments, although it also allocates to listed and unlisted funds. ABP, the national civil pension fund of the Netherlands, invests just over 10% of its $400bn in AUM via direct, listed and unlisted investments, making it the largest public pension fund active in real estate. As shown in Fig. 8, public pension funds maintain a higher average current and target allocation to real estate (9.7% and 10.3% respectively) compared to private sector pension funds, which allocate 9.3% and 10.2% respectively.

Route to Market

Both private sector and public pension funds look to gain access to real estate in a variety of ways. As shown in Fig. 9, unlisted investment in real estate funds
remains the most widely used route to market for both types of pension funds (77% and 84% respectively). Private real estate funds suit the many characteristics of these long-term investors, providing low correlation with bonds and stocks, while reducing the sensitivity of investor capital to the potential short-term market volatility of listed real estate investment trusts.

Both direct and listed real estate investments are utilized by approximately a third of pension funds. The higher cost and experience required to invest, as well as the illiquid nature of direct investments, could be reasons behind the lower participation rate. Listed funds can experience short-term volatile price movements in turbulent markets, possibly dissuading pension fund investment. Similar proportions (31% and 24% respectively) of public and private sector pension funds also target co-investments; both investor types are also currently open to investing alongside a fund manager.

As seen in Fig. 10, the rate of participation in direct real estate by pension funds has a strong correlation to investor AUM, as would be expected. Just 13% of public pension funds with less than $1bn in AUM partake in direct investments, compared with nearly two-thirds of investors with over $50bn in AUM, with this figure rising to 82% for private sector pension funds.

The $820mn City of Fort Lauderdale Police & Fire Retirement System has its entire real estate portfolio invested in private real estate funds – an indicator of the restricted scope available to smaller pension funds and the high barriers in place for direct investment. On the other hand, larger pension funds have the capability to access real estate through all routes to market, including direct holdings: one such investor is Stockholm-based AMF Pensionsförsäkring. The private sector pension fund invests its $7.7bn allocation to real estate solely via direct acquisitions.

Regional Preferences

North America is the most targeted investment destination by both private sector and public pension funds, with 49% and 63% of each investor type active in the region respectively (Fig. 12). Furthermore, nearly half of all private sector and public pension funds target real estate investments in Europe, this is unsurprising given the high concentration of both public and private sector pension funds based in these established regions as well as the amount of institutional-quality real estate located in these markets.

Strategy Preferences

Overall, there is a general preference of both private sector and public pension funds for lower risk core strategies, as investors aim to match their long-term liabilities with funds generating reliable income (Fig. 11). However, higher risk value added real estate strategies are also utilized by significant proportions of both private sector and public pension funds (49% and 60% respectively).

Fig. 8: Average Allocation to Real Estate: Private Sector Pension Funds vs. Public Pension Funds

Fig. 9: Pension Funds Investing in Real Estate by Route to Market

Fig. 10: Pension Fund Participation in Direct Real Estate by Assets under Management
Pension Funds Investing in Real Estate

Outlook

Pension funds face a number of challenges in the current real estate market: two-thirds (67%) of pension funds currently view asset prices as a key concern in the industry, while 64% believe it is harder to find attractive opportunities compared with 12 months ago. A limited supply of, and increasing demand for, institutional quality assets means that gaining exposure for the right price has become increasingly difficult for pension funds and other investors alike. Nonetheless, real estate remains a crucial part of many pension fund portfolios, with investments in the asset class able to mitigate against fluctuations in traditional bond and stock markets. Additionally, real estate can further diversify investment portfolios, hedge against inflation and produce a consistent income stream that can be matched against the long-term liabilities held by pension funds.

Fig. 11: Strategy Preferences of Pension Funds Investing in Real Estate

Fig. 12: Regional Preferences of Pension Funds Investing in Real Estate

Fig. 13: Sample of Pension Funds Investing in Real Estate in the Next 12 Months

Data Source:

Preqin’s Real Estate Online currently tracks 1,777 pension funds investing in real estate, providing key information on investment preferences, geographic foci, strategies employed, fund managers invested with, future investment plans, key contact details and more.

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

www.preqin.com/reo
## PREQIN GLOBAL DATA COVERAGE

### INVESTOR COVERAGE

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<thead>
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<th>Category</th>
<th>Private Equity*</th>
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<th>Real Estate</th>
<th>Infrastructure</th>
<th>Private Debt</th>
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### FUND COVERAGE

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### FIRM COVERAGE

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<td>Active Firms</td>
<td>10,216</td>
<td>8,208</td>
<td>3,578</td>
<td>499</td>
<td>1,082</td>
<td>824</td>
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<tr>
<td>Hedge Fund Firms</td>
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</tr>
</tbody>
</table>

### PERFORMANCE COVERAGE

<table>
<thead>
<tr>
<th>Category</th>
<th>Private Equity Funds</th>
<th>Hedge Funds</th>
<th>PE Real Estate Funds</th>
<th>Infrastructure Firms</th>
<th>Private Debt Firms</th>
<th>Natural Resources Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Firms</td>
<td>6,420</td>
<td>14,163</td>
<td>1,569</td>
<td>224</td>
<td>761</td>
<td>442</td>
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<tr>
<td>Hedge Fund Firms</td>
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</table>

### FUNDRaising COVERAGE

<table>
<thead>
<tr>
<th>Category</th>
<th>Private Equity Funds</th>
<th>Hedge Funds</th>
<th>PE Real Estate Funds</th>
<th>Infrastructure Firms</th>
<th>Private Debt Firms</th>
<th>Natural Resources Firms</th>
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</thead>
<tbody>
<tr>
<td>Active Firms</td>
<td>2,234</td>
<td>15,828</td>
<td>1,013</td>
<td>200</td>
<td>291</td>
<td>261</td>
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<tr>
<td>Hedge Fund Firms</td>
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<td></td>
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### DEALS COVERAGE

<table>
<thead>
<tr>
<th>Category</th>
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<th>VENTURE CAPITAL</th>
<th>REAL ESTATE</th>
<th>INFRASTRUCTURE</th>
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</thead>
<tbody>
<tr>
<td>Exits</td>
<td>(48,162 + 21,902)</td>
<td>(104,278 + 12,285)</td>
<td>13,455</td>
<td>16,660</td>
</tr>
</tbody>
</table>

### Alternatives Investment Consultants Coverage:

- **536 Consultants Tracked**

### Funds Terms Coverage: Analysis Based on Data for Around 14,900 Funds

- **369,643 Contacts**

### Best Contacts: Carefully Selected from our Database of over 369,643 Contacts

### THE PREQIN DIFFERENCE

- Over 200 research, support and development staff
- Global presence - New York, London, Singapore, San Francisco, Hong Kong and Manila
- Depth and quality of data from direct contact methods
- Unlimited data downloads
- The most trusted name in alternative assets

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*Private Equity includes buyout, venture capital, distressed, growth, natural resources and mezzanine 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-to-cash 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.

As of 1 August 2016
Preqin Industry News

Following on from this month’s feature article, Chris Beales takes a look at the recent activity of Asia-focused real estate funds and pension funds in the real estate industry, as well as an excerpt from the recently launched 2016 Preqin Alternative Assets Performance Monitor.

Recently Closed Asia-Focused Funds

In August 2016, Logos China Logistics Venture, an opportunistic vehicle managed by Logos Property, reached a final close securing $400mn. The fund acquires and develops logistics facilities in Shanghai and neighbouring cities. Sydney-based Logos Property also manage one other China-focused fund, Logos China Logistics Club, which also invests in logistic properties in Shanghai.

Amplus Capital Advisors’ Amplus Realty Fund II held a first close in July 2016, securing INR 2bn of its INR 3bn target size. The fund is a follow on from Amplus Realty Fund I and invests in projects and developments in higher growth cities such as Gujarat, Bangalore, Mumbai and the National Capital Region. It mainly targets mid-market to high-end residential development projects, but will also look at opportunistic investments in commercial and retail projects.

Investors in Asia-Focused Funds

PAG Real Estate Partners (PAG) reached a final close in June 2016, securing $1.35bn. Among the investors in the core fund is public pension fund, California State Teachers’ Retirement System (CalSTRS) and Netherlands-based asset manager, PGGM. PAG’s eleventh real estate vehicle seeks to acquire properties in nine gateway cities across Asia in markets such as Japan and Australia, with the fund able to deploy up to 20% of its capital in investments in China.

Gaw Capital Partners is currently raising its fifth fund that seeks to invest in properties in Greater China as well as the rest of the ASEAN region. In April 2016, Gateway Real Estate Fund V reached a first close securing $700mn of its $1.3bn target size, attracting commitments from New York State Teachers’ Retirement System and San Francisco Employees’ Retirement System. Gateway Real Estate Fund V targets a diversified range of property types such as retail, office and hospitality assets and can invest up to 50% in Chinese property.

India-Focused Funds Seeking Capital

In July 2016, First Eagle Capital Advisors launched its maiden private real estate fund, Alpha Advantage Real Estate Fund. The fund is targeting INR 5bn to invest in Indian property and will employ an opportunistic strategy targeting commercial and residential assets, with a focus on investing equity in mid-sized developments at an early stage.

Newly established Lapis India Capital Advisors is currently raising a Singapore-domiciled private real estate fund, Lapis India Fund II. The fund is targeting $150mn to invest in the Indian residential market and seeks to invest at least 80% of its capital in for-sale residential projects and the rest in rescue investments.

Chart of the Month

Real Estate - Annual Capital Called, Distributed and Unrealized Value

September’s Chart of the Month comes from the recently launched 2016 Preqin Alternative Assets Performance Monitor, an annual publication providing unrivalled insight into the performance of over 22,800 alternative assets funds, including over 1,500 real estate funds.

As seen in the chart above, 2015 saw a record amount of capital ($194bn) distributed back to investors from private real estate funds, increasing 4% from the $186bn returned to investors in 2014. The $93bn called up by fund managers in 2015 was also the smallest amount called up since 2011 ($84bn). The unrealized value of assets held by private real estate fund managers has increased every year since 2009 ($226bn) to 2015 ($579bn), helping to drive industry assets under management up to $809bn as of 31 December 2015.

To find out more about the 2016 Preqin Alternative Assets Performance Monitor, or to order your copy, please visit: www.preqin.com/pm

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 and we will endeavour to publish them in the next issue.

Preqin Industry News
The 11th Annual
INDIA GRI 2016
30 NOV - 1 DEC
MUMBAI

Connecting Indian & Global Real Estate Leaders

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Managing Director
PIRAMAL CAPITAL

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CEO & Managing Director
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JAGUAR GROWTH PARTNERS, LLC

SANJAY CHHABRIA
Managing Director
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AMBAR MAHESHWARI
CEO Private Equity
INDIABULLS ASSET MANAGEMENT

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MILAN

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

Using data from the recently launched Preqin Special Report: Real Estate Fund Manager Outlook, we present fund manager views on competition in the real estate industry.

Key Facts

- **59%**: Proportion of fund managers that currently consider ESG policies as part of their deal-making process.
- **26%**: Over a quarter of fund managers believe that their network is the most important factor in differentiating themselves from competitors.
- **63%**: Nearly two-thirds of fund managers plan to commit more capital to the real estate industry in the next 12 months than the previous year.
- **58%**: Proportion of fund managers that reported an increase in the appetite of Asia-based investors for real estate over the past 12 months.

**Fig. 1:** Fund Manager Views on the Level of Competition for Real Estate Assets Compared to 12 Months Ago by Fund Manager Location

**Fig. 2:** Fund Manager Views on the Level of Difficulty in Finding Attractive Investment Opportunities Compared to 12 Months Ago by Primary Strategy

**Fig. 3:** Fund Manager Views on the Level of Competition for Investor Capital Compared to 12 Months Ago

**Fig. 4:** Biggest Challenges Facing Real Estate Fund Managers in the Next 12 Months

Source: Preqin Special Report: Real Estate Fund Manager Outlook, July 2016
Residential Private Equity Real Estate Deals

Following on from last month’s analysis of the office private equity real estate deal landscape, Luke Alexander takes a look at the residential industry, including the largest deals completed in recent years and prevalent asset locations.

Key Facts

- **20%**
  Proportion of the aggregate value of residential private equity real estate deals completed since 2015 that is accounted for by New York-based assets.

- **$6.1bn**
  Connecticut-based Starwood Capital Group is the largest individual buyer of residential assets since 2015, completing seven deals for $6.1bn.

- **23%**
  Proportion of private equity real estate deals completed since 2015 accounted for by residential assets, second only to deals involving office assets (30%).

- **$390mn**
  The joint venture between Slate Property Group and GreenOak Real Estate for the 38-storey RiverTower building in New York was the largest single-asset residential private equity real estate deal completed in 2016.

**Fig. 1:** Residential Private Equity Real Estate Deals as a Proportion of All Completed Private Equity Real Estate Deals, 2013 - 2016 YTD (As at 12 August 2016)

**Fig. 2:** Top Five Cities for Residential Private Equity Real Estate Deals by Number and Aggregate Value, 2015 - 2016 YTD (As at 12 August 2016)

**Fig. 3:** Five Largest Single-Asset Residential Private Equity Real Estate Deals, 2015 - 2016 YTD (As at 12 August 2016)

<table>
<thead>
<tr>
<th>Asset</th>
<th>Buyer(s)</th>
<th>Seller(s)</th>
<th>Deal Size (mn)</th>
<th>Asset Location</th>
<th>Deal Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Belnord</td>
<td>HFZ Capital Group</td>
<td>Extell Development Company</td>
<td>575 USD</td>
<td>New York, US</td>
<td>Mar-15</td>
</tr>
<tr>
<td>50 Riverside Boulevard</td>
<td>General Investment &amp; Development Companies</td>
<td>Carlyle Group, Extell Development Company</td>
<td>411 USD</td>
<td>New York, US</td>
<td>Apr-15</td>
</tr>
<tr>
<td>Tower Two at One Rincon Hill</td>
<td>Maximus Real Estate Partners, Rockpoint Group</td>
<td>Principal Real Estate Investors</td>
<td>410 USD</td>
<td>San Francisco, US</td>
<td>Sep-15</td>
</tr>
<tr>
<td>RiverTower</td>
<td>GreenOak US, Slate Property Group</td>
<td>Equity Residential</td>
<td>390 USD</td>
<td>New York, US</td>
<td>Apr-16</td>
</tr>
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</table>

Source: Preqin Real Estate Online
Value Added Fundraising

Lauren Mason takes a detailed look at closed-end value added private real estate fundraising, by geographic and property focus, as well as the largest funds operating this strategy to have closed in recent quarters.

Fig. 1: Annual Closed-End Value Added Private Real Estate Fundraising, 2011 - 2016 YTD (As at 12 August 2016)

Fig. 2: Closed-End Value Added Private Real Estate Fundraising by Primary Geographic Focus, 2014 - 2016 YTD (As at 12 August 2016)

Fig. 3: Closed-End Value Added Private Real Estate Fundraising by Primary Property Focus, 2014 - 2016 YTD (As at 12 August 2016)

Fig. 4: Closed-End Value Added Private Real Estate Fundraising by Proportion of Target Size Achieved, 2014 - 2016 YTD (As at 12 August 2016)

Fig. 5: Five Largest Closed-End Value Added Private Real Estate Funds Closed, 2015 - 2016 YTD (As at 12 August 2016)
## Conferences Spotlight

<table>
<thead>
<tr>
<th>Conference</th>
<th>Dates</th>
<th>Location</th>
<th>Organizer</th>
<th>Preqin Speaker</th>
<th>Discount Code</th>
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<tr>
<td>MIPIM Japan</td>
<td>8 - 9 September 2016</td>
<td>Osaka</td>
<td>MIPIM</td>
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<tr>
<td>1st Annual Real Estate Family Office &amp; Private Wealth Management Forum</td>
<td>12 - 13 September 2016</td>
<td>Chicago, IL</td>
<td>IMN</td>
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<td>10% Discount - PQ10</td>
</tr>
<tr>
<td>Europe GRI</td>
<td>14 - 15 September 2016</td>
<td>Paris</td>
<td>GRI</td>
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<tr>
<td>15th Global Real Estate Private Equity Summit: West</td>
<td>14 - 15 September 2016</td>
<td>Los Angeles, CA</td>
<td>iGlobal Forum</td>
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<tr>
<td>FundForum Africa</td>
<td>14 - 16 September 2016</td>
<td>London</td>
<td>Knect365</td>
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<td>5th Annual Real Estate CFO Forum</td>
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<td>IMN</td>
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<tr>
<td>Ai CEO Institutional Investment Summit 2016</td>
<td>19 September 2016</td>
<td>New York</td>
<td>Africa investor</td>
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<tr>
<td>Latin Private Wealth Management Summit</td>
<td>22 - 23 September 2016</td>
<td>Panama</td>
<td>marcus evans Summits</td>
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<td>West Africa Real Estate Investor Forum 2016</td>
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<td>London</td>
<td>Ace Corporate Events</td>
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<tr>
<td>DACH Elite Summit</td>
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<tr>
<td>Context Summits West 2016</td>
<td>25 - 27 September 2016</td>
<td>Dana Point, CA</td>
<td>Context Summits LLC</td>
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</tbody>
</table>

This conference will have in-depth analysis of the game changing trends affecting institutional private real estate investment for LPs, GPs, and their advisors.

**Privcap**/Game Change

**REAL ESTATE**

**2016**

**Save the Date**

**NOV 2, 2016**

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**Chicago, IL**

[www.regamechange.com](http://www.regamechange.com)
AsiaPac Property Leaders Summit

**Date:** 26 - 27 September 2016  
**Information:** www.apreasummit.asia  
**Location:** Asia Society Hong Kong Center, 9 Justice Dr, Admiralty, Hong Kong  
**Organizer:** Asia Pacific Real Estate Association Limited (APREA)

The AsiaPac Property Leaders Summit is an exclusive gathering of key decision makers at the largest institutional property investors, fund managers and corporates in Asia Pacific. Join us to learn about new trends impacting business strategy and to meet your next business partner.

IMN’s Borrower & Investor Forum on Real Estate Mezzanine Financing & Subordinated Debt

**Date:** 1 November 2016  
**Information:** http://www.imn.org/resubdebt16  
**Location:** New York, NY  
**Organizer:** IMN

IMN’s Borrower’s Forum on Real Estate Mezzanine Lending/Sub Debt Forum is scheduled for Nov 1 at the Union League Club in NY. This event convenes the “who’s who” of Mezz Lenders and Borrowers to discuss financing strategies for new acquisitions, development and refinance. Discount Code = PQ10

India GRI 2016

**Date:** 8 - 9 November 2016  
**Information:** www.italiagri.com  
**Location:** Milan, Rosa Grand Milano Hotel  
**Organizer:** GRI

India GRI 2016 is a get-together of senior international and local real estate investors, developers and lenders.

India GRI 2016

**Date:** 30 November - 1 December 2016  
**Location:** Mumbai  
**Organizer:** Global Real Estate Institute

India GRI is a get-together of senior international and local real estate investors, lenders and developers active in India. The collegial discussions enable you to interact and engage - much like an after-dinner conversation in your own living room. Identify like-minded peers, build relationships, and continue the conversation afterwards.