

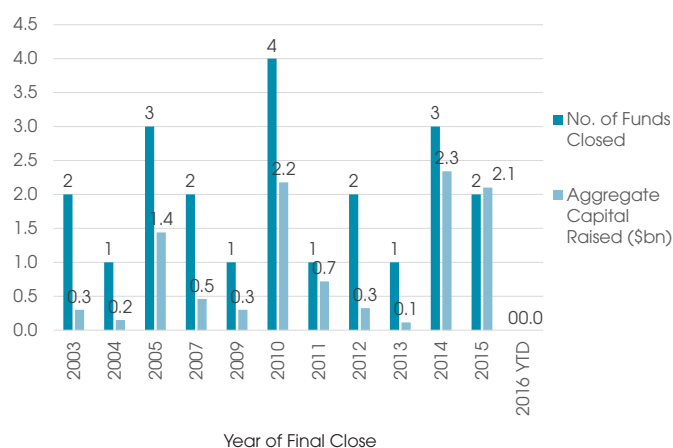
Real Estate Secondaries

Although no real estate secondaries funds have held a final close so far in 2016, a glut of capital was raised in 2014 and 2015 – a combined \$4.4bn – which is being invested in the market (Fig. 1). Secondary fund of funds manager Strategic Partners Fund Solutions is also currently raising capital for its sixth dedicated real estate secondaries vehicle, which will add to the amount of capital available.

Capital from real estate secondaries funds is not the only source of secondary real estate transactions. Preqin's **Secondary Market Monitor** tracks a total of 181 investors interested in buying real estate fund interests on the secondary market. As shown in Fig. 4, 40% of these are public and private pension funds, which typically adopt an opportunistic approach to buying real estate fund stakes on the secondary market.

In terms of the supply of opportunities, Preqin's **Secondary Market Monitor** tracks 130 investors that are open to selling real estate fund interests on the secondary market, the majority (54%) of which are based in Europe (Fig. 6).

Fig. 1: Annual Real Estate Secondaries Fundraising, 2003 - 2016 YTD (As at 17 May 2016)



Year of Final Close

Source: Preqin Secondary Market Monitor

Fig. 2: Five Largest Real Estate Secondaries Funds Raised, All Time (As at 17 May 2016)

Fund	Firm	Headquarters	Vintage	Fund Size (\$mn)	Year of Final Close	Primary Geographic Focus
Partners Group Real Estate Secondary 2013	Partners Group	Switzerland	2013	1,950	2014	Europe
Landmark Real Estate Fund VII	Landmark Partners	US	2014	1,600	2015	US
Partners Group Real Estate Secondary 2009	Partners Group	Switzerland	2010	1,500	2010	Europe
Liquid Realty III	Liquid Realty Partners	US	2006	772	2005	Europe
Landmark Real Estate Fund VI	Landmark Partners	US	2010	718	2011	US

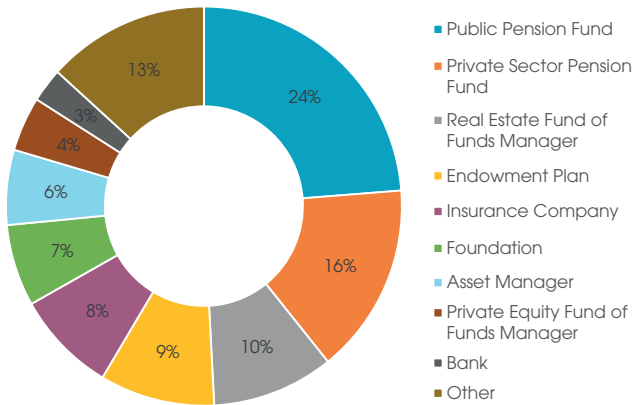
Source: Preqin Secondary Market Monitor

Fig. 3: Five Largest Real Estate Secondaries Fund Managers by Aggregate Capital Raised for Secondary Real Estate since 2003

Firm	Headquarters	No. of Real Estate Secondaries Funds Raised	Aggregate Value of Real Estate Secondaries Funds Raised (\$mn)
Partners Group	UK	2	3,450
Landmark Partners	US	6	3,350
Liquid Realty Partners	US	4	1,354
Strategic Partners Fund Solutions	US	5	1,200
Morgan Stanley Alternative Investment Partners	US	2	870

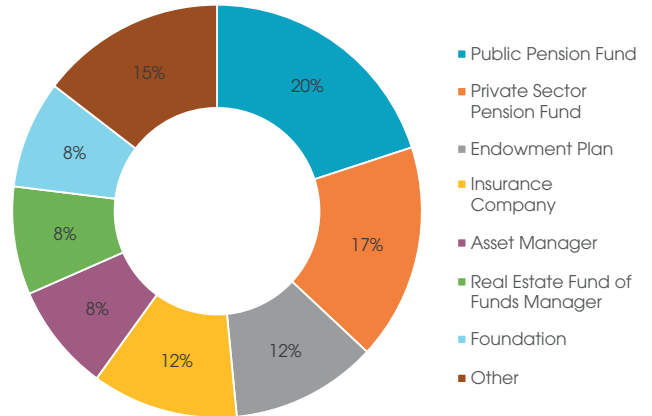
Source: Preqin Secondary Market Monitor

Fig. 4: Investors Interested in Buying Real Estate Funds on the Secondary Market by Type



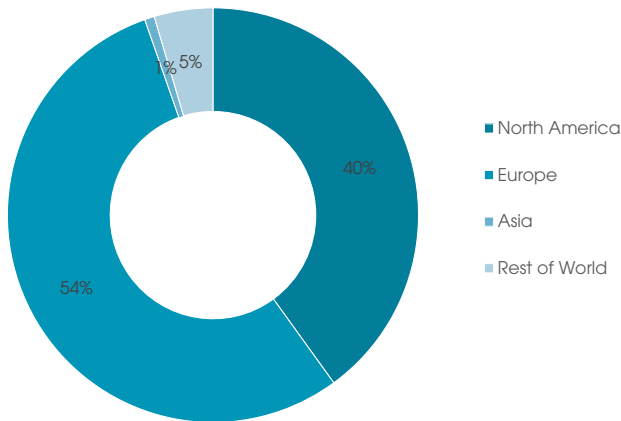
Source: Preqin Secondary Market Monitor

Fig. 5: Investors Interested in Selling Real Estate Funds on the Secondary Market by Type



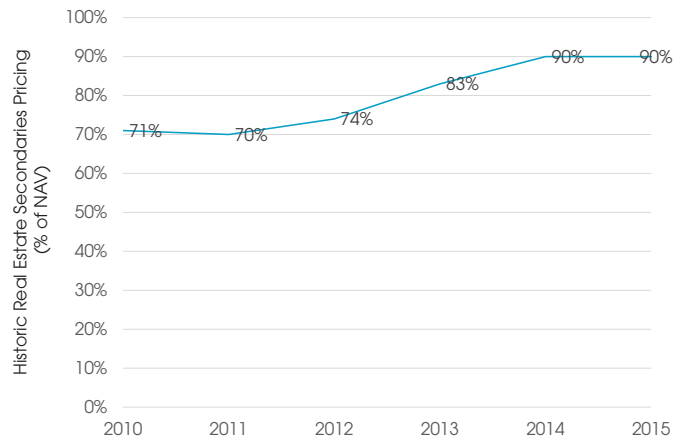
Source: Preqin Secondary Market Monitor

Fig. 6: Investors Interested in Selling Real Estate Funds on the Secondary Market by Location



Source: Preqin Secondary Market Monitor

Fig. 7: Historic Real Estate Secondaries Pricing (% of NAV), 2010 - 2015



Source: Preqin Secondary Market Monitor

Fig. 8: Sample Real Estate Secondary Transactions in the Last 12 Months

Fund	Seller	Buyer(s)	Date
Red Fort India Real Estate Fund II; Gateway Capital Real Estate Fund III	New Zealand Superannuation Fund	Partners Group	May-16
Standard Life Investments European Property Growth Fund	Stichting Pensioenfonds APF	Leicestershire County Council Pension Fund, Lloyd's Superannuation Fund	Mar-16
Rockspring Portuguese Property Partnership; Rockspring German Retail Box Fund; Aviva Investors Property Investment Fund; Rockspring PanEuropean Property	BNP Paribas Investment Partners	Partners Group	Q4 2015
Rockspring German Retail Box Fund; Colyzeo II	Wellcome Trust	Partners Group	Q4 2015
Brockton Capital II	ImmoFinRe Group	Partners Group	Q4 2015
Standard Life Investments European Property Growth Fund	Akzo Nobel Pension	EirGrid Pension Fund, Lloyd's Superannuation Fund, Royal Bank of Scotland Group Pension Fund	Q4 2015
Waterton Residential Property Fund IX	California State Teachers' Retirement System (CalSTRS)	Oregon State Treasury	Nov-15
CB Richard Ellis Strategic Partners III; Harbert European Real Estate Fund II; LaSalle Asia Opportunity Fund III; European Property Investors; Niam Fund IV	California Public Employees' Retirement System (CalPERS)	Strategic Partners Fund Solutions	Nov-15

Source: Preqin Secondary Market Monitor