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Investor Outlook: current landscape and future sentiment towards private equity real estate

Nicole Douglas

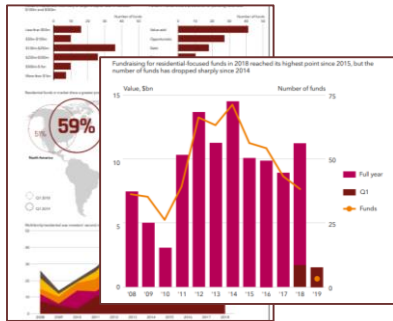
Head of Investor Research, *PERE*

PERE Investor Forum: Seoul, 20 November 2019

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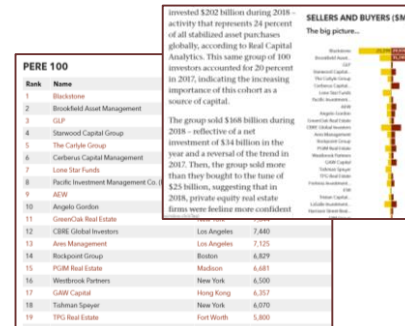
PERE's Research & Analytics team

Our Research & Analytics team provides over 4,300 subscribers with granular data on investors, funds managers and stakeholders active in private real estate. *PERE* offers unparalleled, actionable intelligence across various products and services:



Surveys

- Bespoke opportunities for capturing investor sentiment
- Topical findings on fees, co-investment, and performance



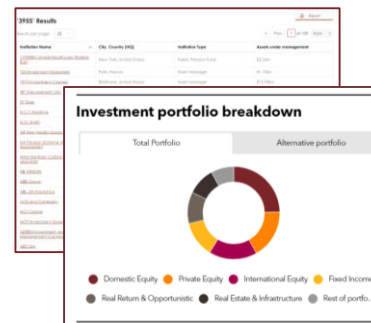
Rankings

- Benchmark against leading investors and fund managers
- Identify underlying trends and inflection points



Reports

- Quarterly fundraising reports
- Topical reports on investor sentiment, performance, and market opportunities



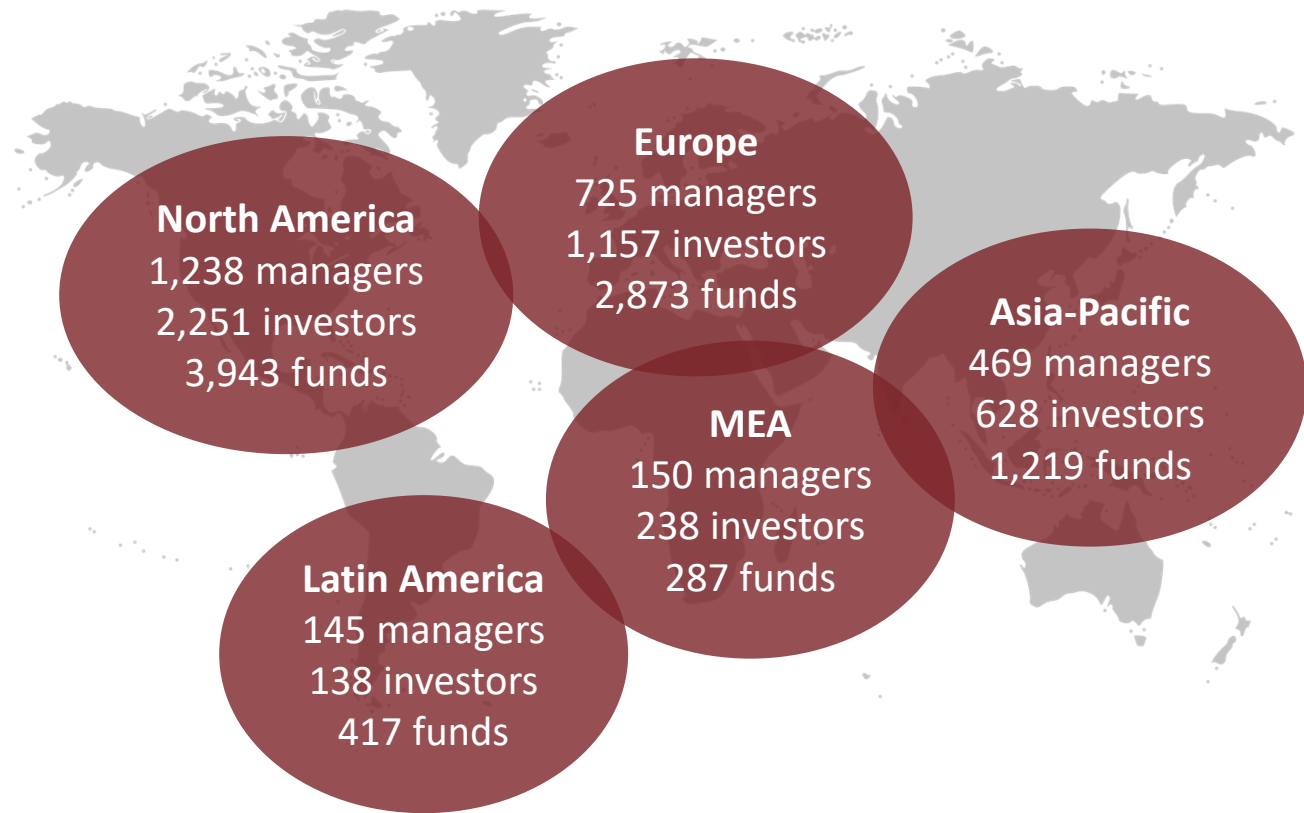
Database

- Granular insight and bespoke data cuts
- Investor appetite, portfolio, and commitments
- Funds in market, strategies, and targets

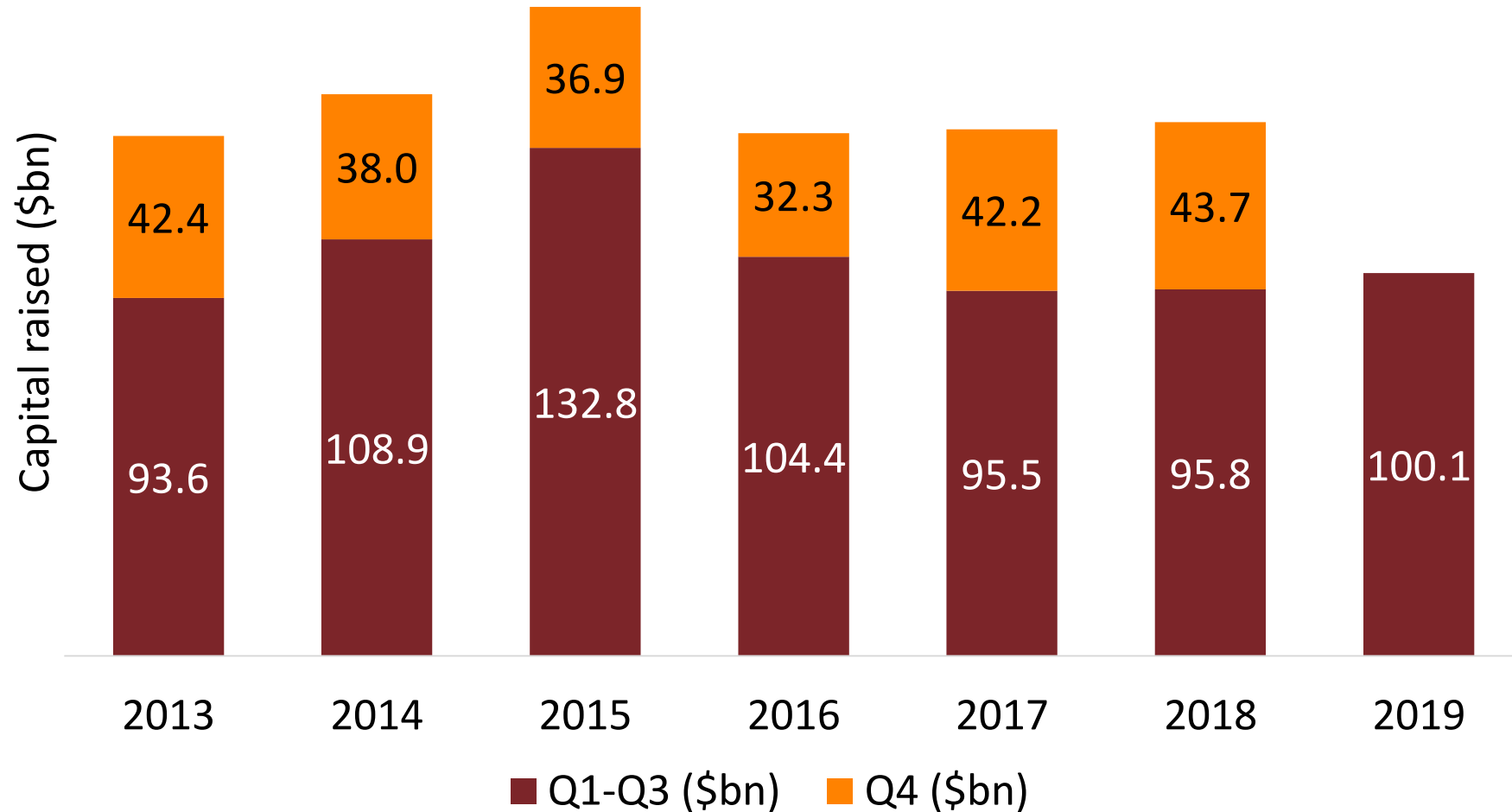
PERE's Database

Our deep relationships with investors, fund managers and other industry experts globally allows us to provide thousands of subscribers with granular private real estate data:

- Investor appetite (region, strategy, sector), fund commitments, asset allocations, office locations, contacts, bitesize, and complete investment portfolios
- Manager funds in market, strategies, regions, sectors, office locations, and contacts
- Fund sizes, targets, vintages, strategies, regions, and sectors
- Details of investment consultants and placement agents



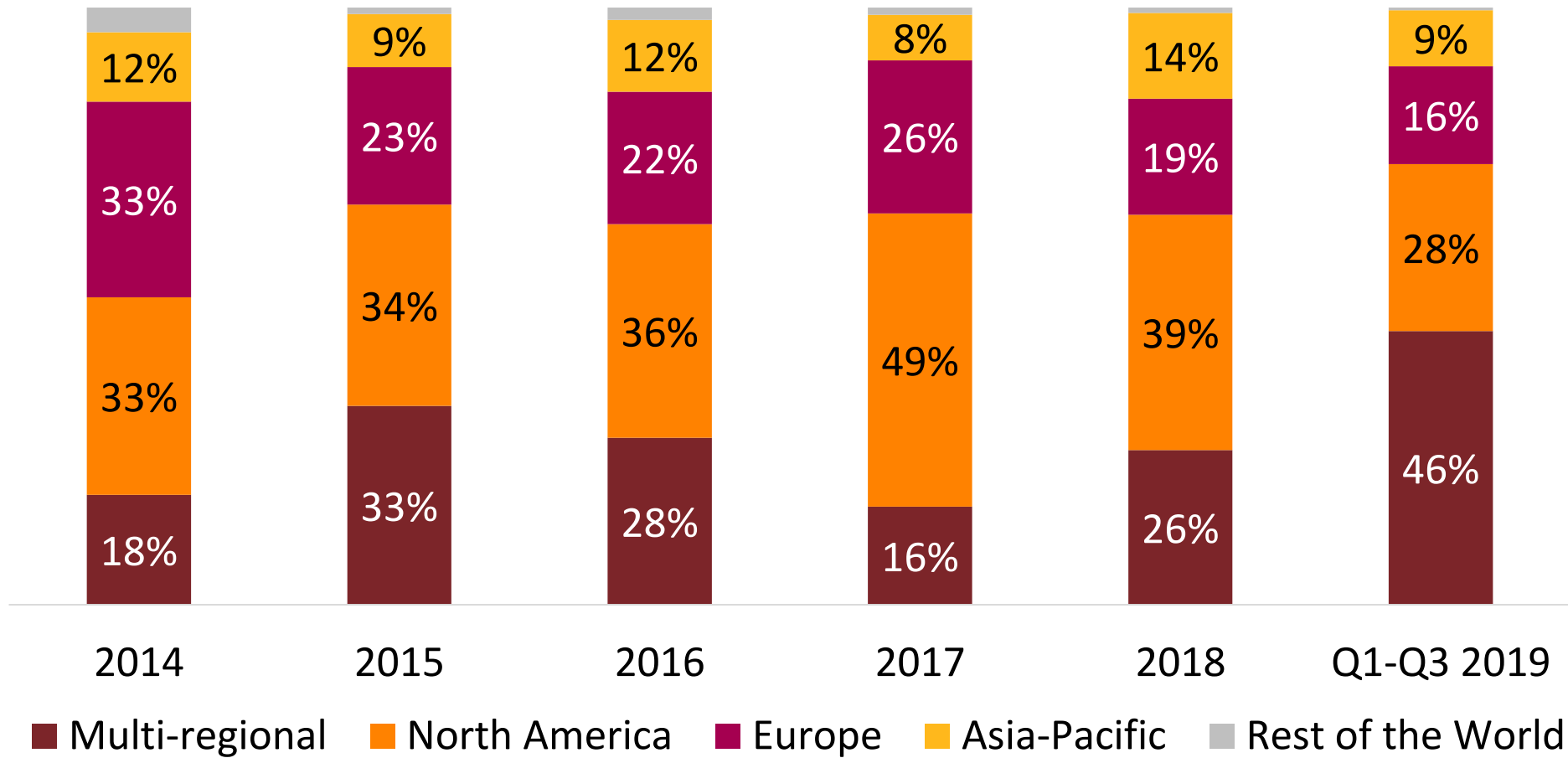
Fundraising in the first three quarters of 2019 exceeded \$100bn



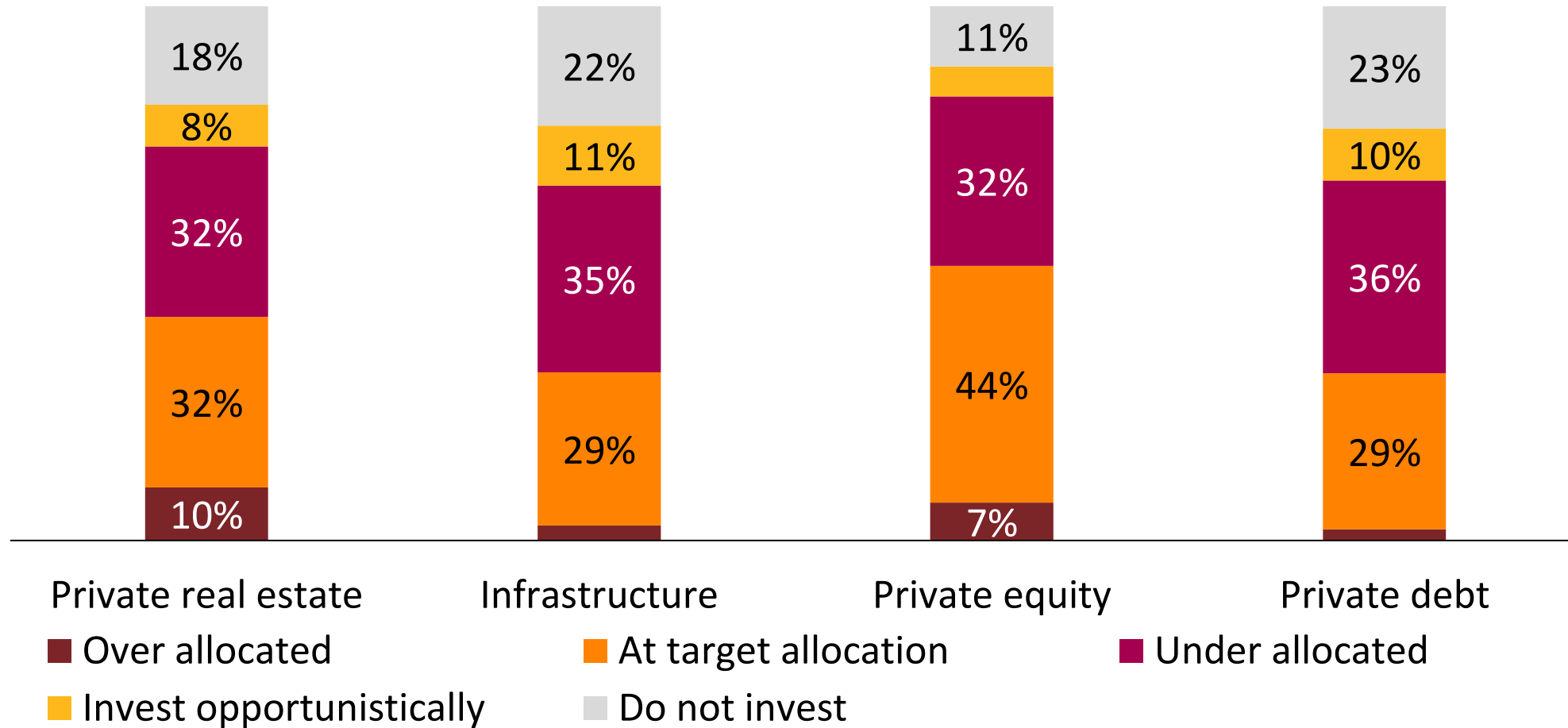
The 10 largest funds in market are targeting \$41.5bn in total, namely with a North America focus

Fund Name	Target Size (\$bn)	Region focus
Blackstone Real Estate Partners Europe VI	10.9	Europe
CIM Opportunity Zone Fund	5.0	North America
Nuveen Global Cities	5.0	Multi-regional
Oaktree Real Estate Opportunities Fund VIII	3.5	North America
Generali Real Estate Debt Investment Fund	3.3	Europe
Rockpoint Real Estate Fund VI	3.3	North America
Partners Group Real Estate Opportunities 2019	3.0	Multi-regional
TPG Real Estate Fund III	3.0	Multi-regional
CIM Fund IX	2.5	North America
AIG U.S. Real Estate Fund III	2.0	North America

Regional focus of capital raised (as a % of total capital raised)



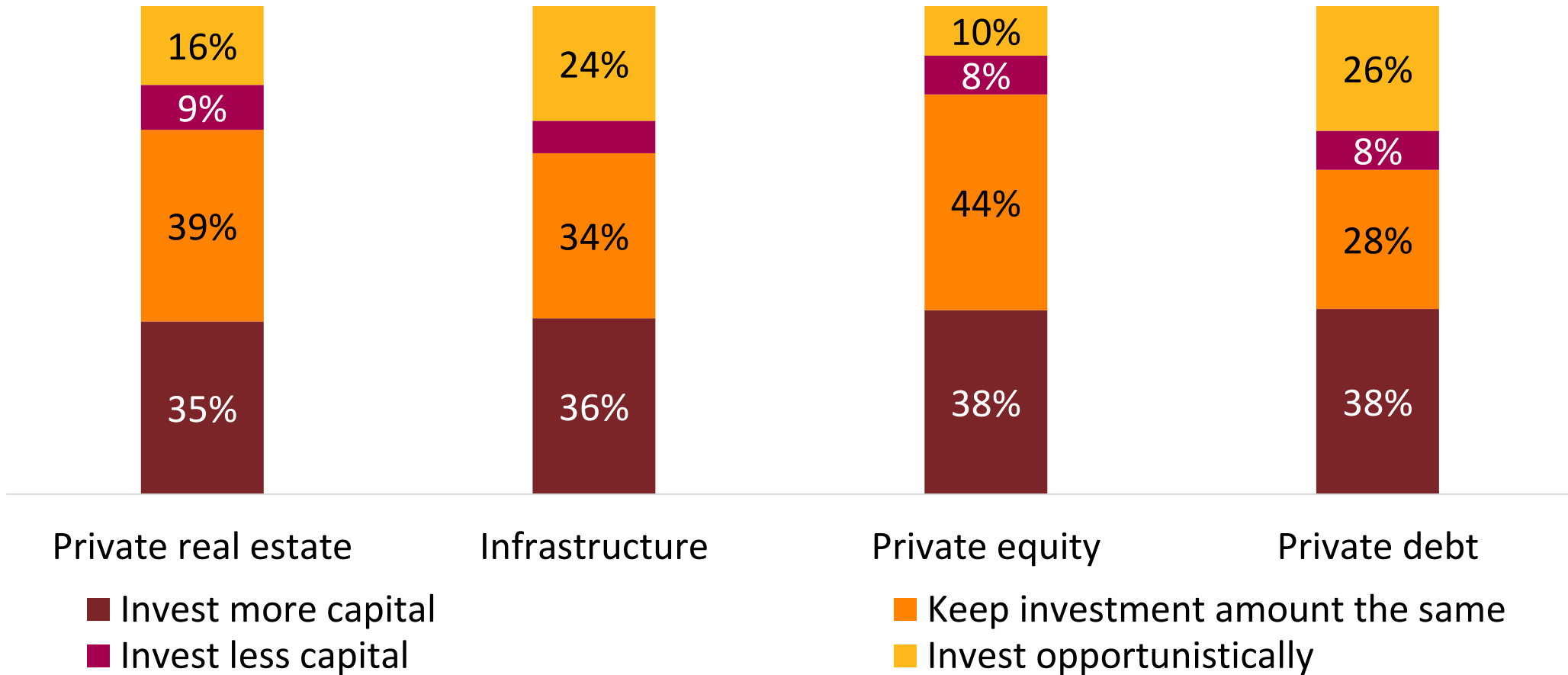
Nearly one-third of investors are underweight in their current allocation to private real estate



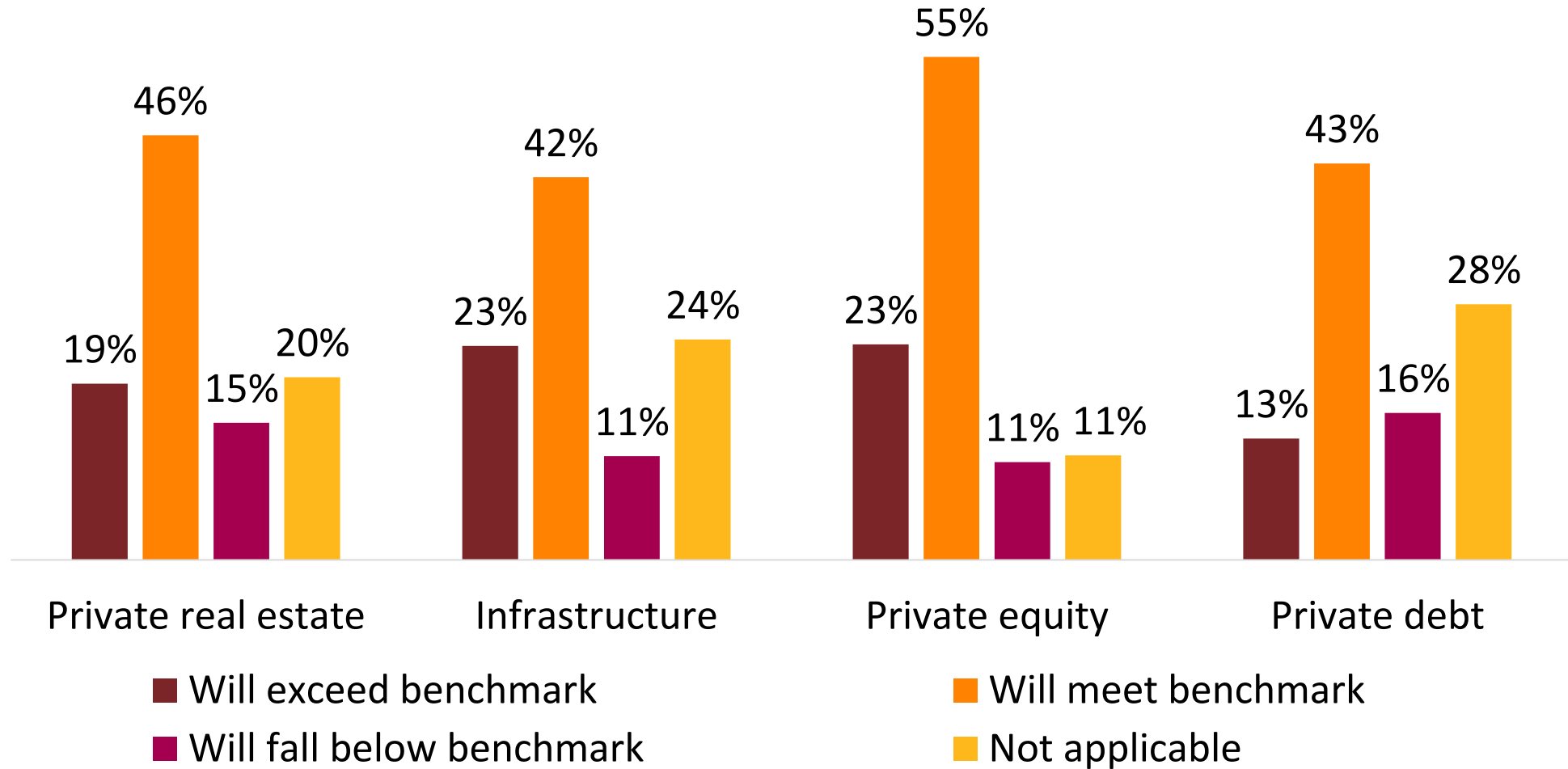
Q: Please indicate your current allocation position for the following asset classes.

Source: PERE's Perspectives 2020 study

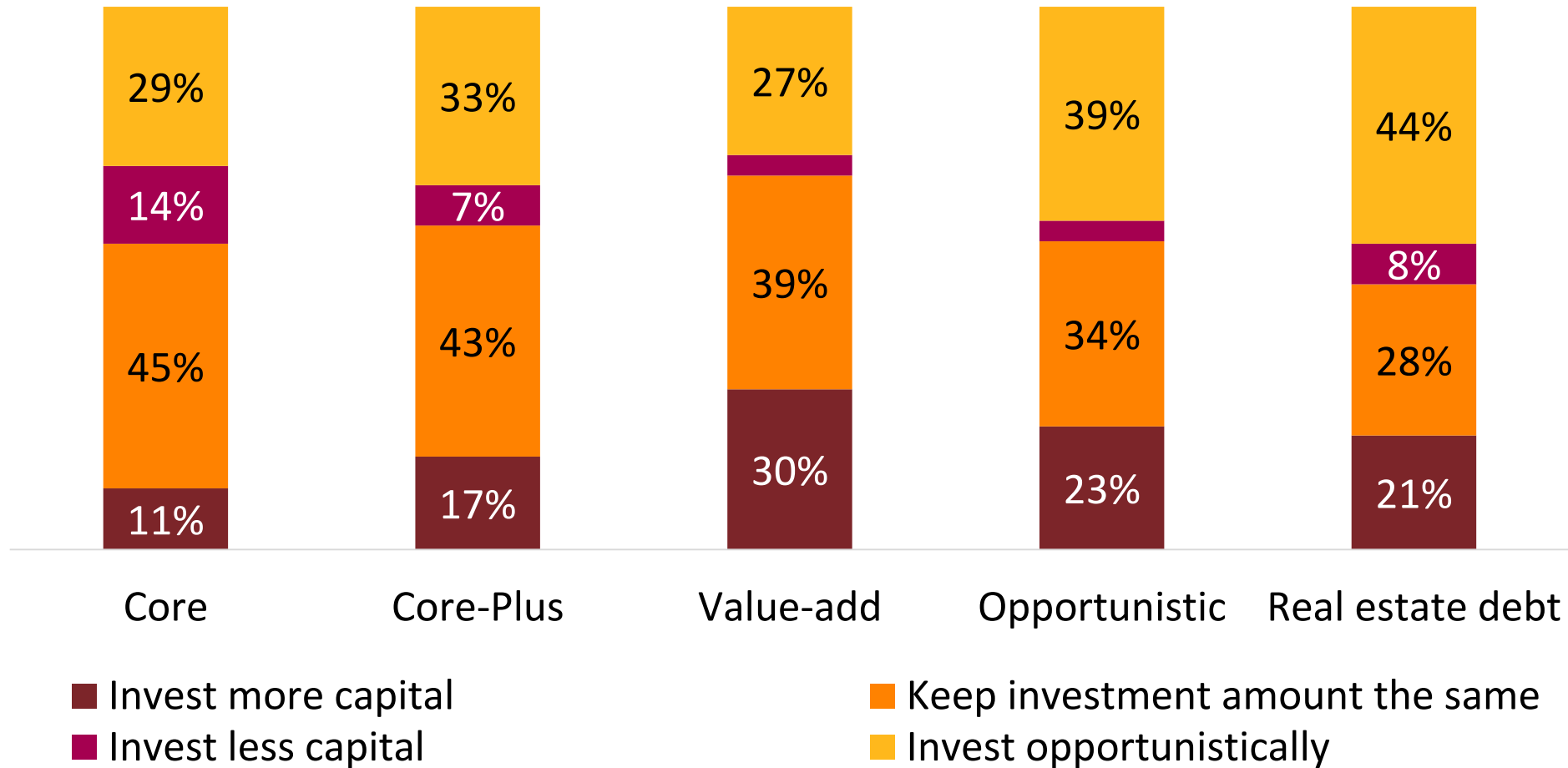
Over 70% of investors plan to maintain or increase their investment amount to private real estate



Investors are confident in the performance of their real estate investments over the next 12 months

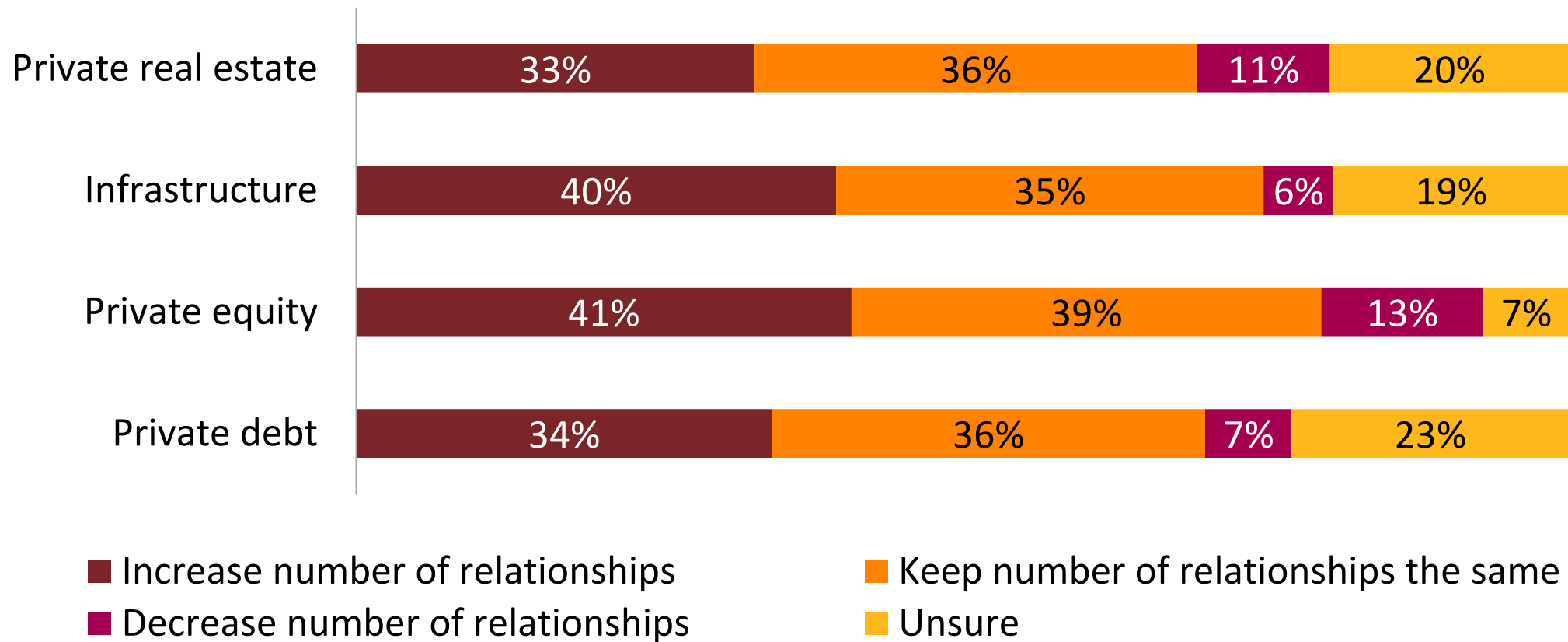


Investors are keen to increase exposure to opportunistic and value-add opportunities

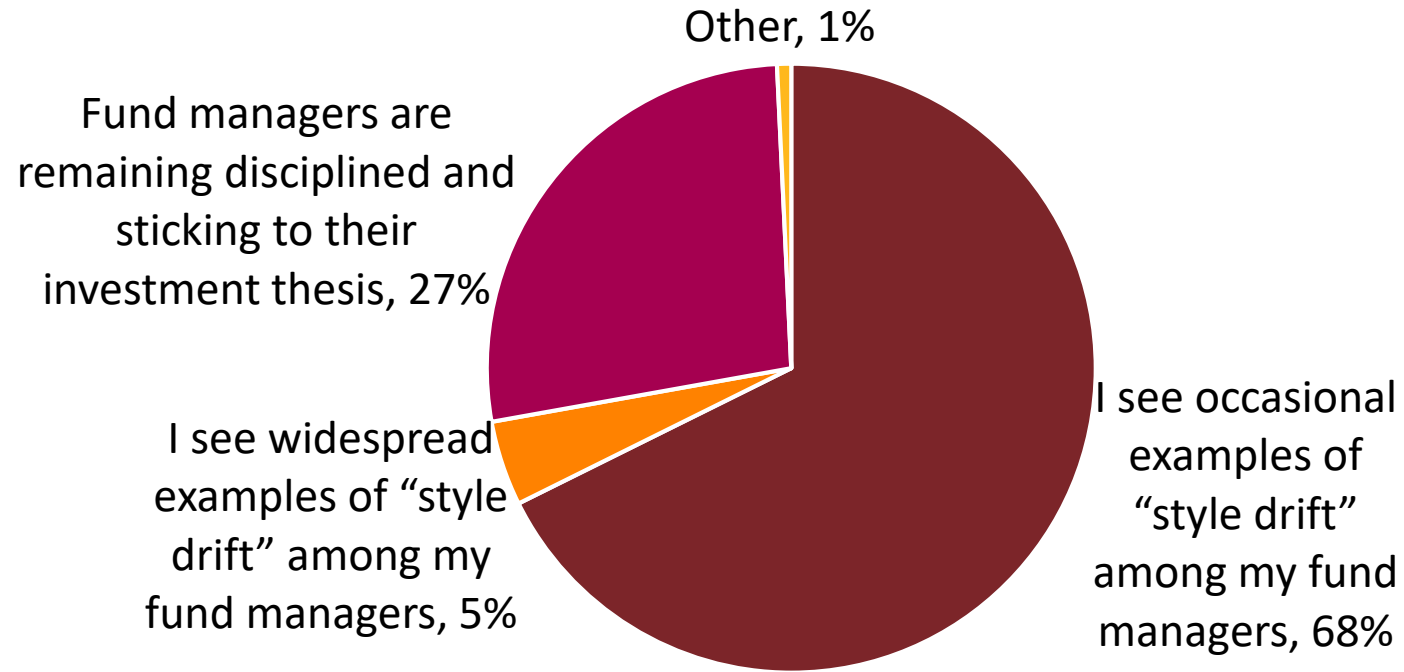


Q: Regarding private real estate, how much capital do you plan to invest in the following strategies in the next 12 months compared to the previous 12 months?
 Source: PERE's Perspectives 2020 study

Investors are more likely to increase than decrease their number of fund manager relationships



About one in four investors believe their fund managers are remaining disciplined with their investment behaviour

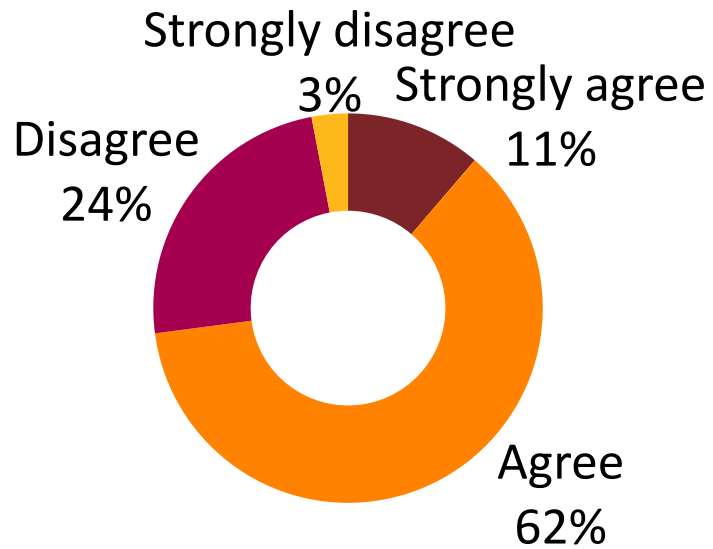


Q: Which of the following best describes your assessment of fund manager investment behaviour in the last 12 months?

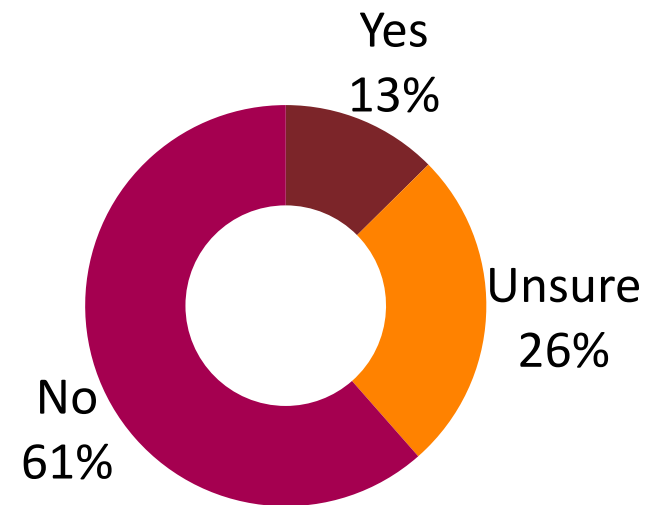
Source: PERE's Perspectives 2020 study

Investors find it difficult to justify fees, yet most are not planning to seek external help with fee validation

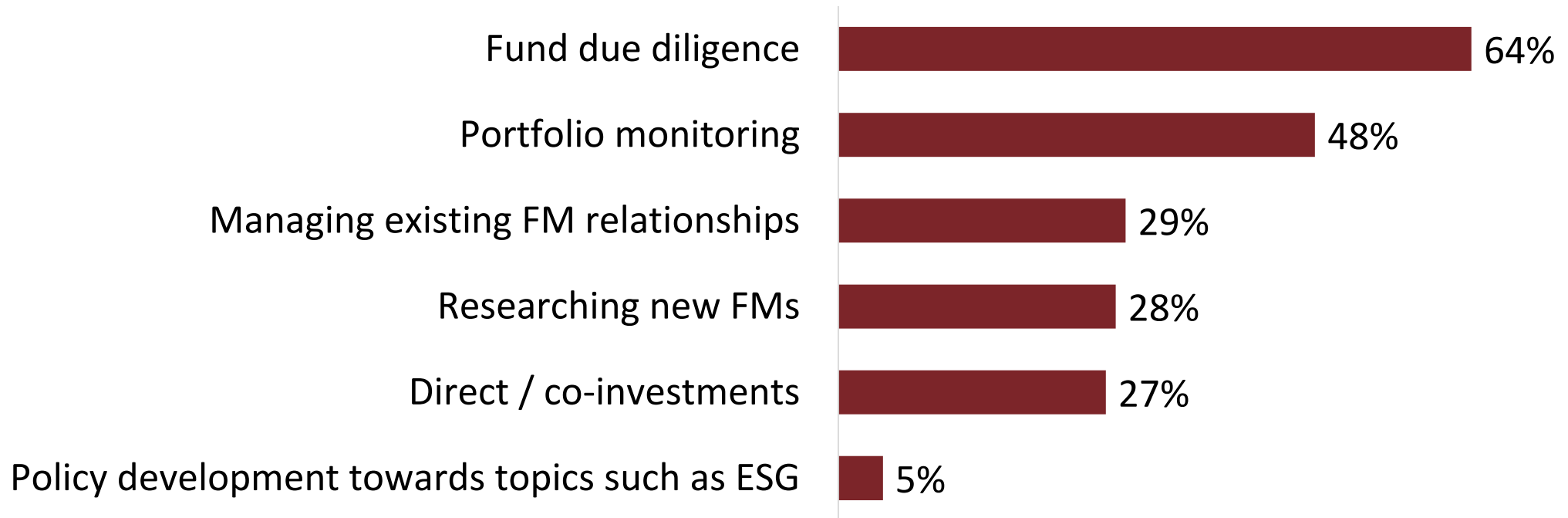
To what extent are fees charged by private equity funds difficult to justify internally?



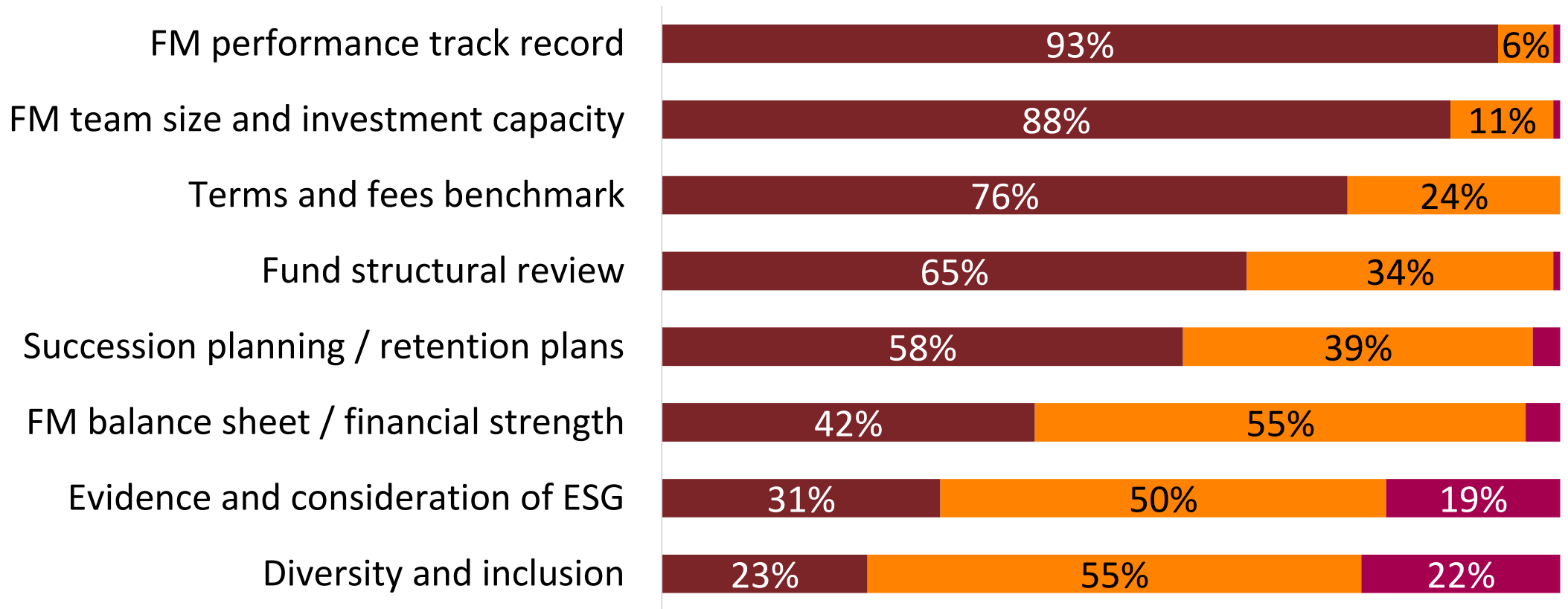
Over the next 12 months are you planning to seek external help when it comes to fee validation?



Unsurprisingly, fund due diligence requires the greatest amount of investors' time



Fund manager track record and capacity are crucial to conducting fund due diligence

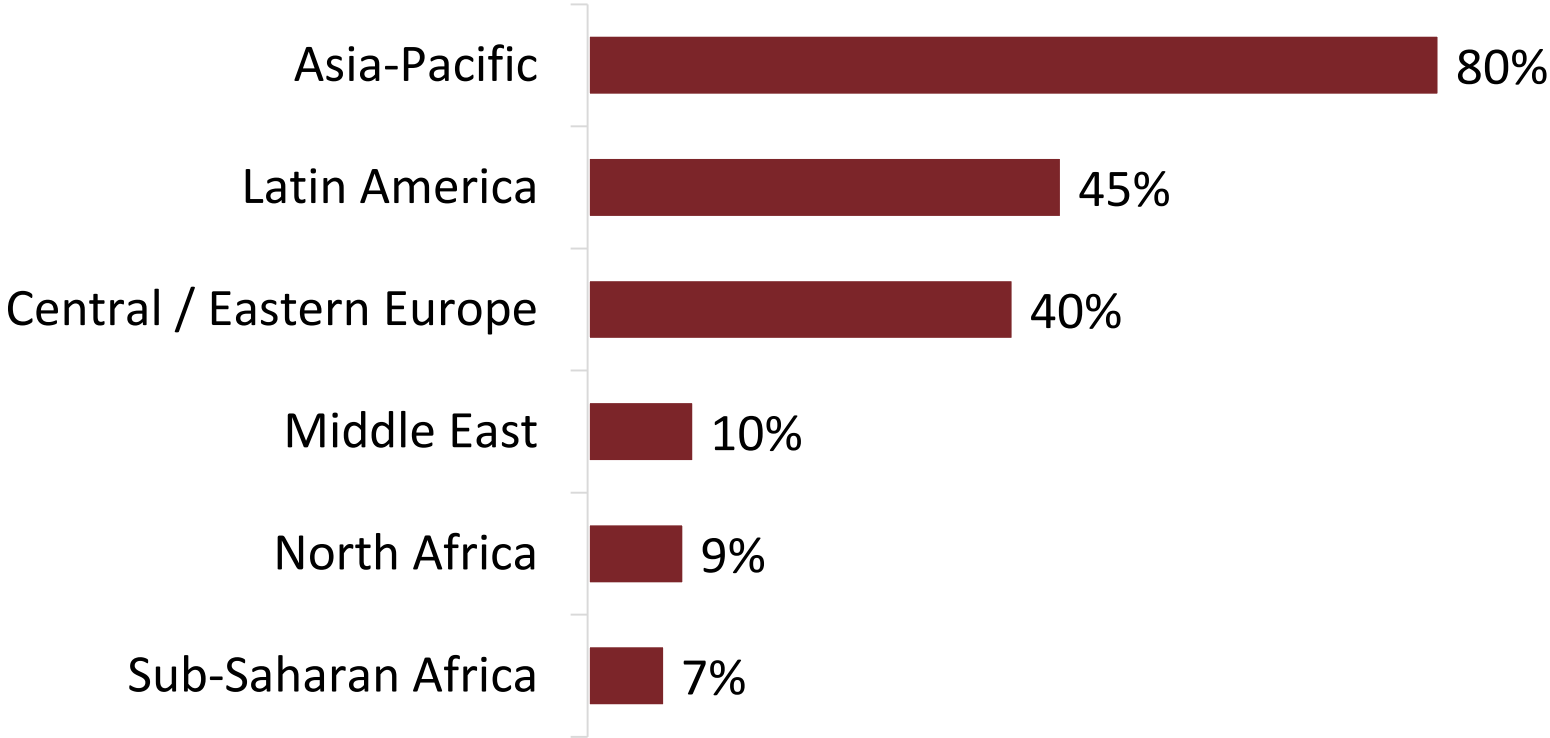


■ Forms a major part of the process
 ■ Forms a minor part of the process
 ■ Not covered in due diligence

Q: How significant a part do the following play in due diligence?

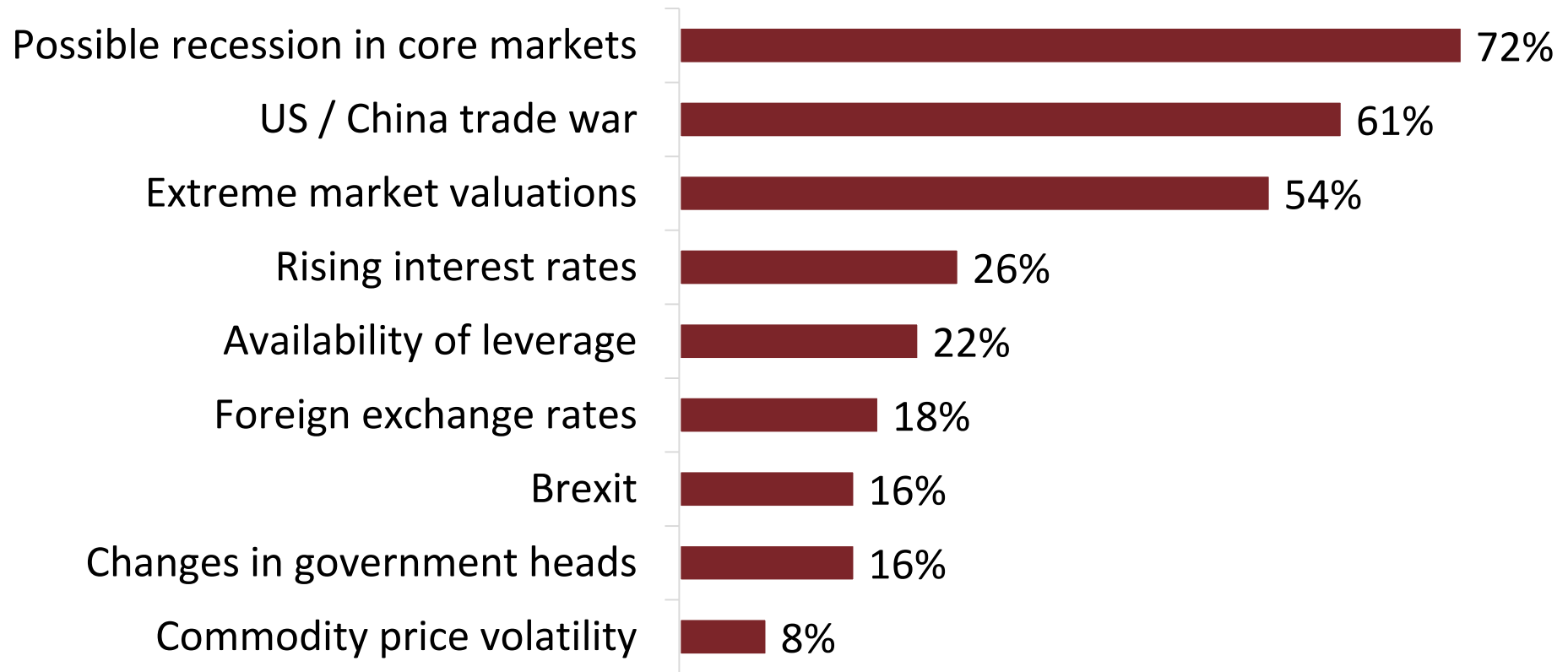
Source: PERE's Perspectives 2020 study

The majority of investors will consider opportunities in Asia-Pacific over the next 12 months



Q: Which emerging market geographies will you consider for investment over the next 12 months?
 Source: PERE's Perspectives 2020 study

Investors anticipate the possibility of a recession as having the greatest impact on performance



Investors display mixed sentiment towards co-investment opportunities over the next 12 months



Want more data? (of course you do!)

PERE's Research & Analytics team offers granular insight into the alternatives landscape via rankings, surveys, and our database of investors and managers.

To receive insight from *Perspectives 2020* or from the database, please email Nicole Douglas: nicole.d@peimedia.com

