PERE Investor Forum Seoul 2019

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

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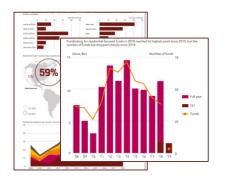
PERE Investor Forum: Seoul, 20 November 2019

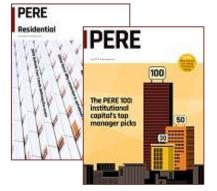
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limate change is portant for us to f oof our assets and t ilt environment fi turally into that s "Over 90 percent o respondents to the . module report they ESG into account selecting investmen Energy efficiency is most frequently cit component of inves with a sustainabili

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

Rank 1 2 3 4 5 6 7 8 8 9 10	1000 Name Bickstow Bickstow Bickstow Capital Capital Samood Capital Group The Carlyth Group Cardenson Capital Managament Long Star Fachts Packic Investment Cas (T AGW AGW	invested \$202 billion activity that represe of all stabilized asset aphoalty, according t Analytics. This same investors accounted in 2017, indicating ti importance of this c source of capital. The group sold \$460 2018 - reflective of a investment of \$34 bi year and a reveral of 2017. Then, the grou than they bought to \$25 billion, suggesti 2018, private equity.	its 24 percent parchases o Real Capital group of 100 for 20 percent se increasing ohort as a billion during net llion in the the trend in p sold more the tune of ag that in real estate	SUBJECT AND DUVING (SM) The big picture.
11	Green/Oak Real Estate	Section of the sector of the s	1,000	
12	CBRE Global Investors	Los Angeles	7,440	
13	Ares Management	Los Angeles	7,125	
14	Rockpoint Group	Boston	6,829	
15	PGIM Real Estate	Madison	6,681	
16	Westbrook Partners	New York	6,500	
17	GAW Capital	Hong Kong	6,357	
18	Tishman Speyer	New York	6,070	
19	TPG Real Estate	Fort Worth	5,800	

Rankings

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



- 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,

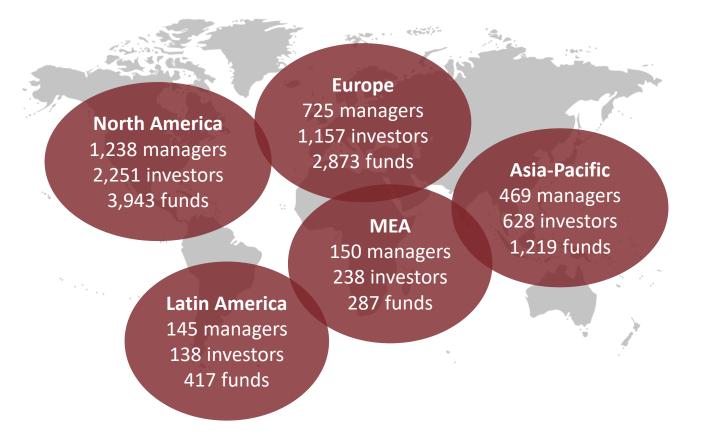
strategies, and targets



PERE's Database

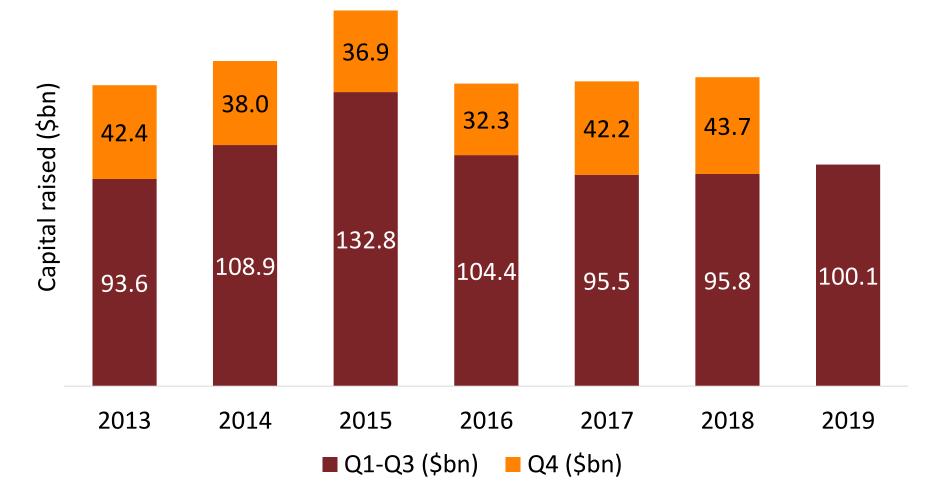
Our deep relationships with investors, fund managers and other industry experts globally allows us to provide thousands of subscribers with granular private real estate data:

- 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



Source: PERE's database

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



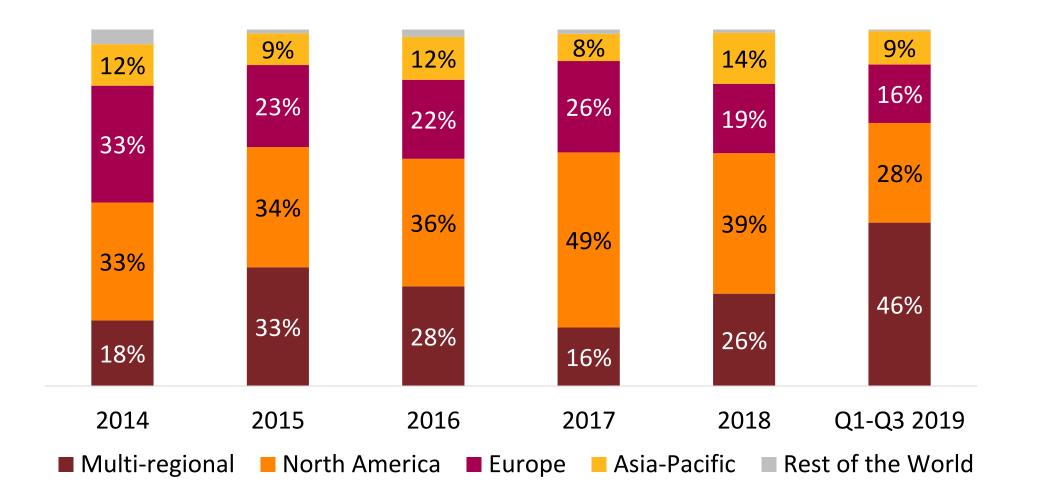


The 10 largest funds in market are targeting \$41.5bn in total, namely with a North America focus



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

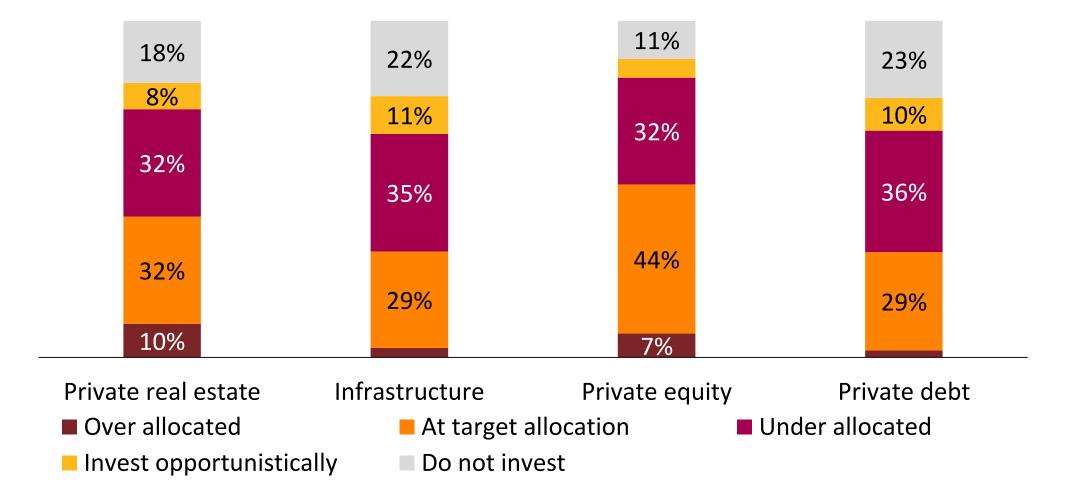
Regional focus of capital raised (as a % of total capital raised)



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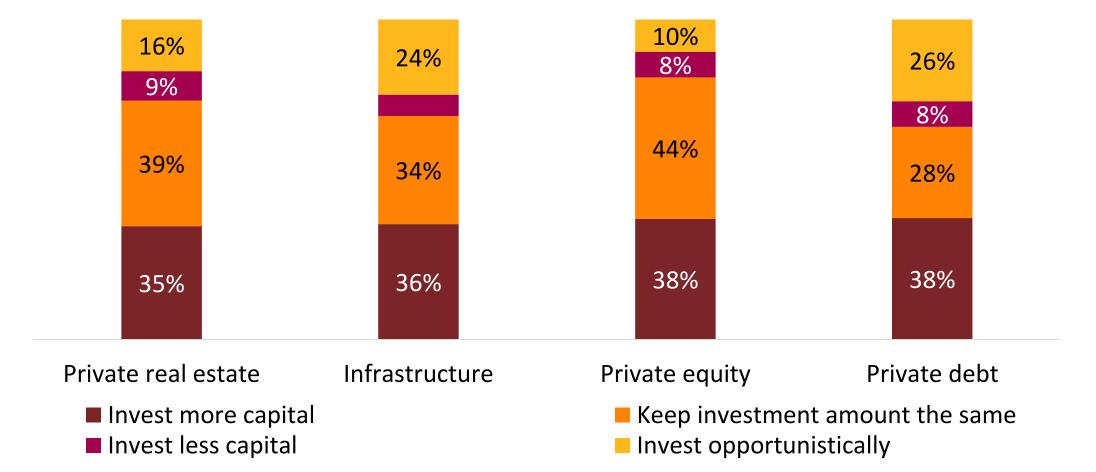
Nearly one-third of investors are underweight in their current allocation to private real estate





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

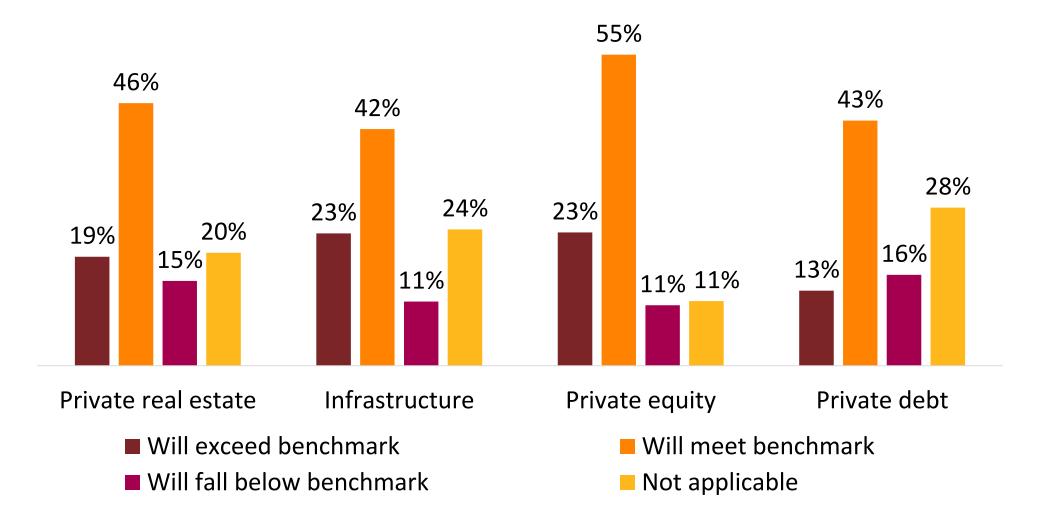




Q: How much capital do you plan to invest in the following asset classes in the next 12 months compared to the previous 12 months? Source: PERE's Perspectives 2020 study

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





Q: How do you feel asset classes will perform against their benchmark in the next 12 months? Source: PERE's Perspectives 2020 study Investors are keen to increase exposure to opportunistic and value-add opportunities

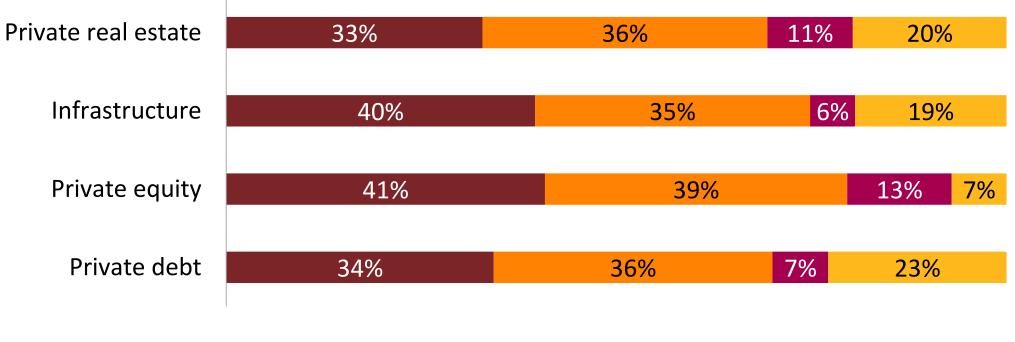


27% 29% 33% 39% 44% 14% 7% 8% 39% 34% 43% 28% 45% 30% 23% 21% 17% 11% Core **Core-Plus** Value-add Opportunistic Real estate debt Invest more capital Keep investment amount the same Invest less capital Invest opportunistically

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





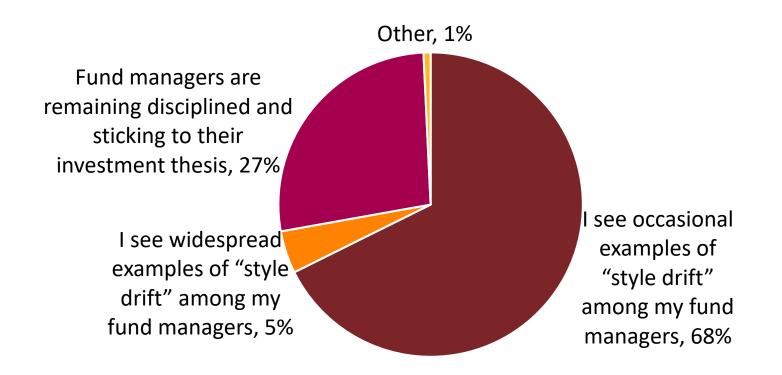
Increase number of relationshipsDecrease number of relationships

Keep number of relationships the sameUnsure

Q: Thinking of your current fund manager relationships, would you like to increase, decrease, or keep the number of relationships the same? Source: PERE's Perspectives 2020 study

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

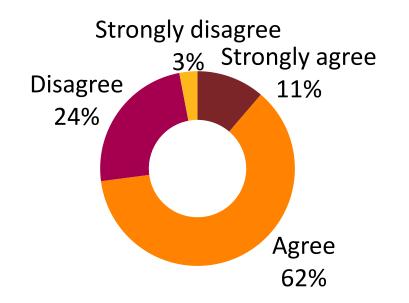
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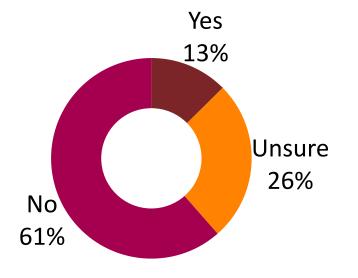
Investors find it difficult to justify fees, yet most are not planning to seek external help with fee validation



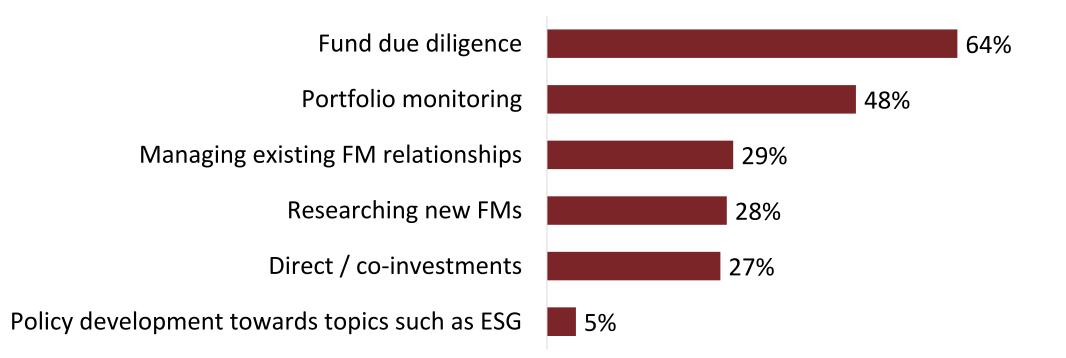
To what extent are fees charged by private equity funds difficult to justify internally?



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

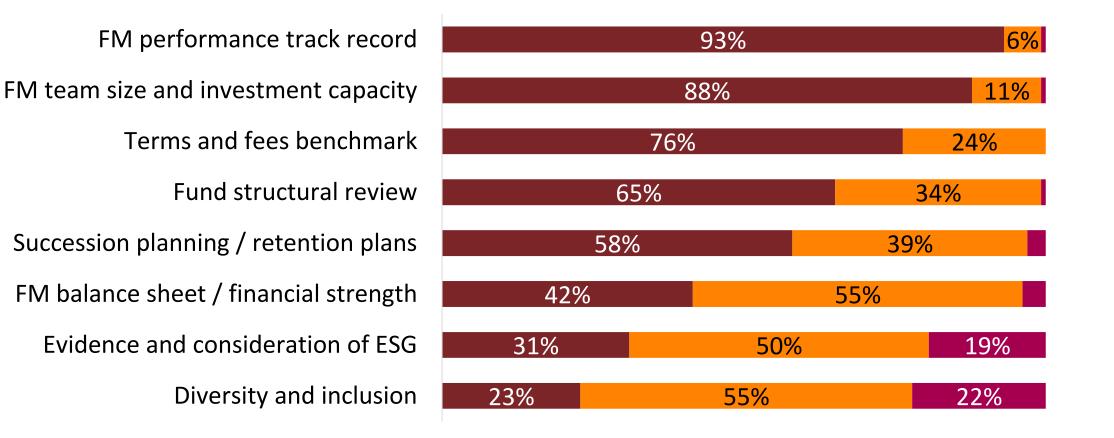


Unsurprisingly, fund due diligence requires the greatest amount of investors' time



Q: Which two of the following activities requires the greatest amount of your time? Source: PERE's Perspectives 2020 study PERE

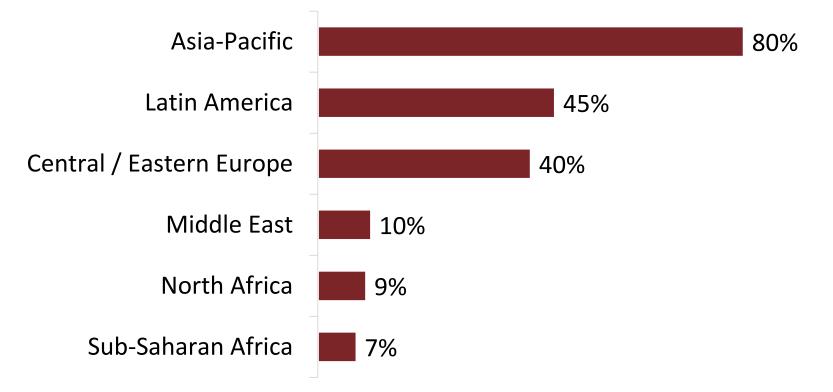
Fund manager track record and capacity are crucial to conducting fund due diligence



Forms a major part of the process
Forms a minor part of the process

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



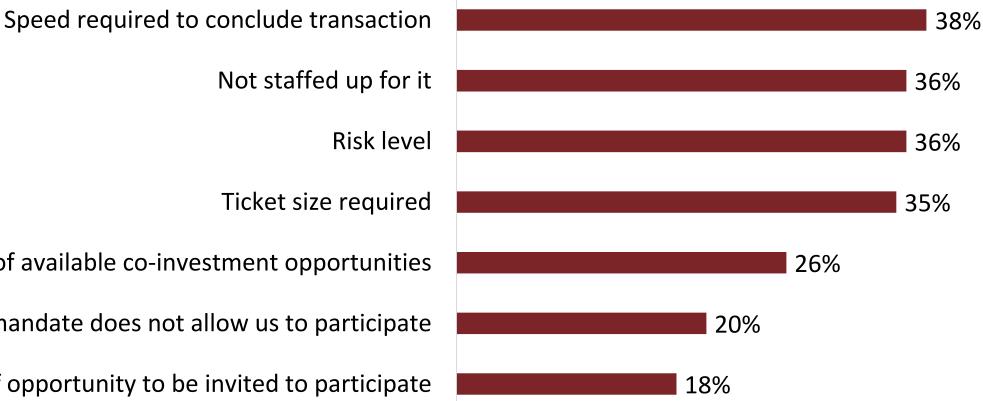
72%



Q: Thinking of your private markets portfolio, which three factors will have the greatest impact on performance over the next 12 months? Source: PERE's Perspectives 2020 study

Investors display mixed sentiment towards coinvestment opportunities over the next 12 months





Not staffed up for it Ticket size required Lack of available co-investment opportunities Governance or mandate does not allow us to participate Lack of opportunity to be invited to participate

Q: Which factors hinder your participation in co-investing opportunities? (multiple responses allowed) Source: PERE's Perspectives 2020 study

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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: <u>nicole.d@peimedia.com</u>

