

PERE 50

PERE's ranking of the 50 largest private equity real estate firms in the world



Methodology

The PERE 50 measures equity raised between January 1, 2009 and the end of March 2014 for direct real estate investment through closed-ended, commingled real estate funds and co-investment vehicles that sit alongside those funds. The vehicles must give the GP discretion over the capital, meaning club funds, separate accounts and joint ventures are excluded from the ranking. Also excluded are funds with strategies other than value-added and opportunistic, such as core and core-plus, as well as those not focused on direct real estate, like fund of funds and debt funds, and funds where the primary strategy is not real estate-focused, such as general private equity.

PERE 50

The new world order

The elimination of the last remaining funds raised prior to the fall of Lehman has resulted in a complete makeover of the firms comprising the PERE 50 ranking

Over the past two years, the PERE 50 has experienced the most dramatic makeover of its composition in the history of the ranking. Much of this is due to the elimination of all funds raised prior to the fall of Lehman Brothers and the start of the global financial crisis, as those investment vehicles now fall outside the ranking's five-year fundraising window. However, the makeover also is due to the new realities of fundraising in a post-crisis world, including new regulations and restrictions, consolidation among fund managers, reduced investor interest in blind-pool structures and smaller fund sizes on average.

Among the casualties of this new world order are the real estate investment arms of investment banks Morgan Stanley and Goldman Sachs, both of which have completely fallen out of the ranking's top 50 firms. Indeed, Morgan Stanley has not closed on any significant equity since its seventh global opportunity fund, which closed in 2008, while Goldman has shifted its strategy to focus primarily on debt vehicles, which are not counted towards this ranking.

Other long-time industry stalwarts that have dropped out of the top 50 completely include AEW Global, Invesco Real Estate, Rockwood Capital and Lubert-Adler Partners. Shorenstein Properties also dropped out of the top 50, but at least that firm is in market with a sizable new fund, which should see it return to the middle of the pack next year.

The disappearance of these veteran organizations from the PERE 50 has allowed a number of newer firms to make their ranking debut over the past two years. In fact, there are 14 firms making their PERE 50 premiere this year, including such notable first-timers as Global Logistic Properties, Secured Capital, Gaw Capital Partners, Patron Capital and Related Companies. Those additions come on top of 15 new firms in last year's ranking, nine of which remain in the top 50 this year. In other words, nearly half of the firms in the PERE 50 this year have joined the ranking over the past two years.

Meanwhile, despite reduced investor interest in traditional funds and smaller fund sizes on average, several firms did find success with sizable new vehicles over the past five quarters. Oaktree Capital Management closed its latest opportunity fund on \$2.68 billion, which propelled the firm some 12 spots in the ranking. Orion Capital Managers moved up 16 spots on the strength of €1.3 billion in equity raised for its fourth European fund, while Cerberus Capital Management jumped 21 places in the ranking on the back of \$1.4 billion for its latest opportunity fund. Last but not least, GI Partners leapfrogged 26 spots – the biggest jump in the ranking this year – due to early fundraising success for its fourth fund, which has raised \$1.66 billion so far.

Topping the PERE 50 ranking once again is The Blackstone Group, which far and away has been the biggest capital-raiser over the past five years. Its success this past year is thanks to a record \$15.8 billion in new real estate capital raised in 2013, much of it coming from its new Asia- and Europe-focused funds. Since the global financial crisis, the firm has raised a total just north of \$32 billion, which is nearly as much as the next four firms combined.

Looking at the PERE 50 as a whole, the cutoff for capital raised in order to make this year's ranking was just shy of \$1.3 billion. That is down slightly from last year's cut-off of \$1.37 billion, once again reflecting the tough fundraising environment and the generally smaller size of funds. Furthermore, there were six firms \$100 million or less from making the PERE 50, including Kohlberg Kravis Roberts, CLSA Capital Partners, KTR Capital Partners and Exeter Property Group. With the disappearance of 2009 funds in next year's ranking, it is a good bet that some of these firms will make the cut in 2015.



2014 Rank	Movement	Name of Firm	Capital Raised (\$bn)	2013 Rank
1	↔	The Blackstone Group	\$32.129	1
2	▲	Lone Star Funds	\$12.500	3
3	▼	Starwood Capital Group	\$8.661	2
4	↔	Colony Capital	\$7.454	4
5	▲	Brookfield Asset Management	\$6.928	9
6	↔	Tishman Speyer	\$5.757	6
7	▲	Angelo, Gordon & Co	\$4.606	15
8	▲	Westbrook Partners	\$4.532	13
9	▲	Oaktree Capital Mangement	\$4.496	21
10	★	Global Logistic Properties	\$4.400	–
11	▲	Walton Street Capital	\$4.189	23
12	▲	GI Partners	\$3.524	38
13	▲	Orion Capital Managers	\$3.523	29
14	▼	The Carlyle Group	\$3.434	7
15	▲	Fortress Investment Group	\$3.159	19
16	▲	TA Associates Realty	\$3.055	20
17	▲	CapitaLand	\$2.895	18
18	▲	Cerberus Capital Management	\$2.650	39
19	▼	LaSalle Investment Management	\$2.557	5
20	▲	Beacon Capital Partners	\$2.541	28
21	▲	Hines	\$2.471	37
22	▲	Northwood Investors	\$2.381	24
23	▲	Rockpoint Group	\$2.330	34
24	▼	Prudential Real Estate Investors	\$2.315	16
25	▲	GTIS Partners	\$2.287	40
26	▼	Ares Management (fka AREA Property Partners)	\$2.214	14
27	▲	KSL Capital Partners	\$2.211	32
28	★	Secured Capital	\$2.207	61
29	★	Rialto Capital Management	\$2.130	–
30	▲	DRA Advisors	\$2.100	31
31	★	Merlone Geier Partners	\$1.879	–
32	★	Paramount Group	\$1.853	–
33	▼	CBRE Global Investors	\$1.809	12
34	▼	Perella Weinberg Partners	\$1.747	25
35	▲	Hemisferio Sul Investimentos	\$1.700	36
36	▼	Alpha Investment Partners	\$1.653	30
37	★	Gaw Capital Partners	\$1.628	84
38	▲	Harrison Street Real Estate Capital	\$1.602	46
39	▲	Kayne Anderson Capital Advisors	\$1.601	48
40	★	Phoenix Property Investors	\$1.562	68
41	★	Kildare Partners	\$1.500	–
42	★	DivcoWest	\$1.493	75
43	★	Patron Capital	\$1.407	60
44	★	Mapletree Investments	\$1.400	59
45	★	GreenOak Real Estate	\$1.398	–
46	↶	Heitman	\$1.351	89
47	↔	GE Capital Real Estate	\$1.348	47
48	↶	The JBG Companies	\$1.329	53
49	★	Related Companies	\$1.325	54
50	★	Tristan Capital Partners	\$1.300	–
TOTAL EQUITY RAISED SINCE 2009			\$176.519	

Legend: ▲ Higher rank than 2013 ▼ Lower rank than 2013 ↔ Same rank as 2013 ★ PERE 50 debut ↶ PERE 50 return

36 Alpha Investment Partners
\$1.653 billion
HQ: Singapore / **Founded:** 2003

Given that Alpha Investment Partners just had its \$1.18 billion Alpha Asia Macro Trends Fund fall outside the PERE 50's five-year fundraising window, there was a big chance that the firm could have dropped quite low on the list. However, the Singapore-based subsidiary of Keppel Land managed to hold its own in this year's ranking by hauling \$1.6 billion for Macro Trends Fund II – at the time, the largest fundraising in the region since the global financial crisis. With commitments from existing investors and some new to Asia, the firm had committed one-third of the equity at the time of closing.

37 Gaw Capital Partners
\$1.628 billion
HQ: Hong Kong / **Founded:** 2005

Gaw Capital Partners' debut in the PERE 50 should come as no surprise. The Hong Kong-based firm has not only been garnering impressive support for its opportunistic strategy focused on greater China, but it also has expanded to several new countries in an advisory capacity. Although the firm's advisory mandates do not count for the purposes of the PERE 50, it would be remiss to not mention the £260 million (€302 million; \$388 million) Lloyd's of London deal with China's Ping An Insurance and the \$321 million Waterside House acquisition with a consortium of Korean investors.



Gaw: building relationships that pay

What cemented Gaw's place in the PERE 50, though, was its \$1 billion Gateway Real Estate Fund IV, which closed in October and attracted investors from all over the world. Investor demand was so strong for that vehicle that the firm had to exclude its own \$25 million GP commitment from the total. Gaw also managed to corral \$183.5 million in co-investment capital and already has launched a \$500 million US-focused fund – certainly not a firm to ignore.

38 Harrison Street Real Estate Capital *\$1.602 billion*
HQ: Chicago / **Founded:** 2005

Harrison Street Real Estate Capital has slowly but steadily been climbing the PERE 50 ranks. Even though its \$432 million Harrison Street Real Estate Partners II fund fell outside the ranking's five-year fundraising window, the Chicago-based investment firm more than made up for that loss with the closing of its Harrison Street Real Estate Partners IV fund, which last year managed to corral \$600 million in commitments in just six months.

39 Kayne Anderson Capital Advisors
\$1.601 billion

HQ: Los Angeles
Founded: 1984

A well-known name in investment management, Kayne Anderson Capital Advisors only has been making a name for itself in property over the past few years. The real estate arm of the Los Angeles-based firm blasted through the \$350 million target for its second fund in 2011, closing on \$575 million in commitments. However, what gained the firm nine places in this year's PERE 50 ranking was its \$750 million haul for its third fund, turning away some investors and still beating its original target in just four short months last year.



Rabil: rapid fund success

40 Phoenix Property Investors *\$1.562 billion*
HQ: Hong Kong
Founded: 2002

Phoenix Property Investors' debut in the PERE 50 ranking should be expected by anyone tracking the Asian property market. The Hong Kong-based firm, led by Samuel Chu and Benjamin Lee, has maintained a value-added strategy focused on greater China since its founding, with select investments in other geographies. Last year, the firm secured \$750 million in commitments for Phoenix Asia Real Estates Investments V, the largest fund it has raised since its inception.



Lee and Chu: offering a boutique feel

Apart from blind-pool funds, Phoenix hauled an additional \$340 million of co-investment capital for investment alongside Fund IV, and Fund V also is expected to attract its own co-investment capital. The vast majority of Fund V's largest investors have re-upped from the firm's previous funds – and for good reason. With 60 staff focused on redevelopment and value-added situations across the region, the firm is understood to be projecting returns of 22 percent IRR and 2.3x equity for Fund IV, and Fund V will have a similar target of 20 percent IRR and 2x equity – figures certain to keep investors coming back.

Top 10 recent fundraising efforts

The fundraising environment for real estate funds continued to be challenging, but some firms were able to close on significant amounts of capital in 2013 and the first three months of 2014. Below are the 10 biggest closers of capital over that timeframe

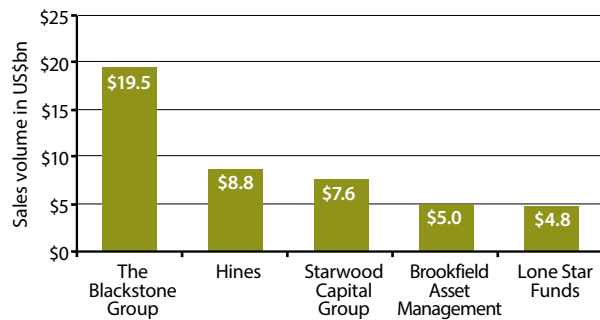
Rank	Firm	Fund name	Equity raised (US\$m)	Year of final or interim close
1	Lone Star Funds	Lone Star Real Estate Fund III	\$7,000.00	2013
2	The Blackstone Group	Blackstone Real Estate Partners Europe IV	\$6,978.31	2014
3	Starwood Capital Group	Starwood Distressed Opportunity Fund IX	\$4,200.00	2013
4	The Blackstone Group	Blackstone Real Estate Partners Asia*	\$3,430.00	2013
5	Oaktree Capital Management	Oaktree Real Estate Opportunities Fund VI	\$2,677.00	2013
6	Rockpoint Group	Rockpoint Real Estate Fund IV	\$1,951.80	2013
7	Perella Weinberg Partners	Perella Weinberg Real Estate Fund II	\$1,747.33	2013
8	Orion Capital Managers	Orion European Real Estate Fund IV	\$1,743.41	2013
9	Alpha Investment Partners	Alpha Macro Trends Fund II	\$1,587.50	2013
10	TA Associates Realty	Realty Associates Fund X	\$1,575.00	2013

Note: * still in market

A buyer's market

The firms in this year's PERE 50 purchased some \$100 billion of property since the start of 2013, according to Real Capital Analytics. The Blackstone Group was far and away the most active buyer, outdistancing the next closest firm – Hines – by nearly \$11 billion.

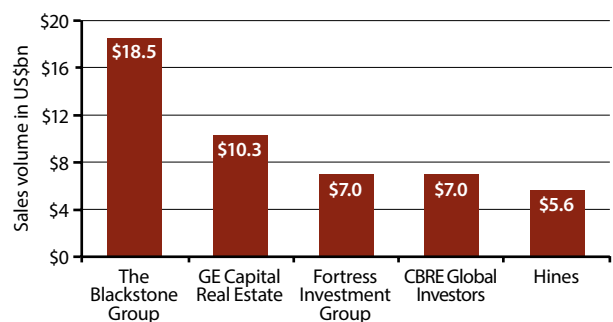
The top 5 buyers



A good time to sell

According to Real Capital Analytics, the firms in this year's PERE 50 sold \$108.1 billion of property since the start of 2013. The Blackstone Group topped all sellers, offloading a whopping \$18.5 billion in real estate assets over the past five quarters.

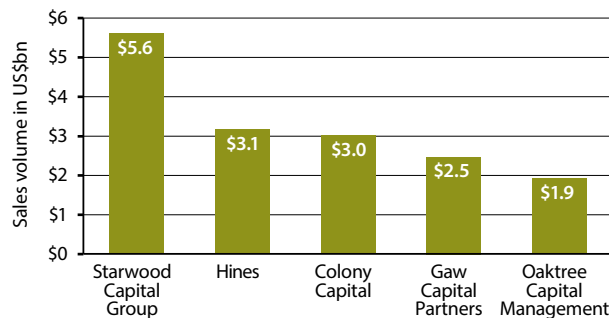
The top 5 sellers



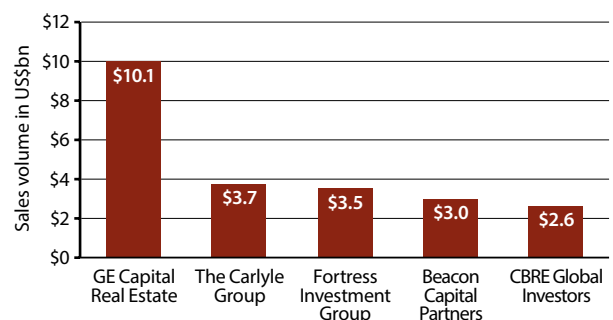
Net results

With just a few exceptions, the firms of the PERE 50 engaged in both the buying and selling of real estate assets over the five quarters since the start of 2013. Among net buyers, Starwood Capital Group topped all firms, with \$5.6 billion in net purchases. For net sellers, GE Capital Real Estate again led all firms with \$10.1 billion in net sales.

The top 5 net buyers



The top 5 net sellers



Data provider Real Capital Analytics has tracked the volume and value of property transactions for the PERE 50 firms from January 2013 to the end of March 2014. The data is believed to be accurate but is not guaranteed. It includes direct property transactions only and covers activity by the parent companies as well as by a firm's dedicated real estate funds. Full deal credit is allocated to both joint venture partners. © Real Capital Analytics, Inc. 2014. <http://rcanalytics.com>