



PERE

2014 ANNUAL REVIEW & AWARDS | perenews.com

FOR THE WORLD'S PRIVATE REAL ESTATE MARKETS



2014 ANNUAL REVIEW & AWARDS





GLOBAL

INDUSTRY FIGURE OF THE YEAR

1. **Jon Gray, The Blackstone Group**
2. Jeff Schwartz, Global Logistic Properties
3. Goh Kok Huat, GIC Private Limited

You do not need to sift through private real estate's biggest investment figures long before you come across Jon Gray. As the head of the largest investment management firm in the sector, Gray takes the plaudits for leading it from one record to another. To recap one hell of a year, Blackstone under Gray's watch: raised \$9.7 billion; broke fundraising records both in Europe and Asia; launched and raised more than \$4 billion in equity for its new core-plus platform; and pulled off some massive exits, allowing the firm to return a cool \$20 billion to investors. Blackstone's accomplishments in 2014 were no doubt a team effort and there certainly are impressive figures within its real estate team. Still, not just any commander can steer this battleship. The platform is the firm's largest business and includes \$81 billion in assets under management and more than 200 professionals around the globe. So while everyone on the Blackstone real estate team contributed to the firm's stellar year, Gray deserves a special shout-out.

GLOBAL

CAPITAL RAISE OF THE YEAR

1. **Starwood Capital Group, Starwood Global Opportunity Fund X**
2. Partners Group, Partners Group Real Estate Secondary 2013
3. Pacific Investment Management Company (PIMCO), BRAVO Fund II

Who could begrudge Barry Sternlicht and Starwood Capital Group their success in the global fundraise category when its Starwood Global Opportunity Fund (SOF) X became the firm's largest and fastest effort in its entire history? The company raced to a first close of \$2.1 billion in June 2014, and surpassed the \$5 billion barrier ultimately. At press time, SOF X was expected to finally close at more than \$5.4 billion after attracting commitments investors including public and private pension funds, sovereign wealth funds, endowments and foundations and high-net-worth individuals and families. The fund's investment pipeline wasn't too shabby either. SOF X has closed 21 investments totaling \$1.5 billion of equity and \$4.7 billion of cost.



Sternlicht: His firm broke its own fundraising record

GLOBAL

FIRM OF THE YEAR

1. **The Blackstone Group**
2. Macquarie Capital
3. Cerberus Capital Management



Waldorf Astoria: One blockbuster exit by Blackstone

Once again, the New York-based private equity and real estate giant was a fundraising powerhouse, collecting \$9.7 billion in new capital and breaking records with the final closes of Blackstone Real Estate Partners Europe IV and Asia funds, for which it raised \$5.5 billion and \$5 billion respectively. Meanwhile, Blackstone also officially launched its core-plus business and raised more than \$4 billion in equity for the new strategy, including \$1.7 billion for Blackstone Property Partners, an open-ended commingled fund. But what made Blackstone stand out the most in 2014 was a number of blockbuster exits, including the sales of the storied Waldorf Astoria hotel for \$1.95 billion through its portfolio company, Hilton Worldwide; Three Bryant Park to Ivanhoe Cambridge for \$2.2 billion, the second-priciest office deal in US history; and the Big Kahuna of them all, IndCor Properties to GIC and Global Logistic Properties for \$8.1 billion.

GLOBAL

INSTITUTIONAL INVESTOR OF THE YEAR

1. **Canada Pension Plan Investment Board**
2. GIC Private Limited
3. Norway Government Pension Fund Global

A monster year for a monster institution as the Canada Pension Plan Investment Board (CPPIB) put C\$7 billion put to work in real estate around the world. In Europe, there was the purchase of interests in Interparking, one of Europe's biggest car parking groups, for €376 million, and Citycon, an owner-operator of shopping centers in the Nordic and Baltic regions for €200 million. In Asia, highlights included the formation of a venture in China with China Vanke to invest \$250 million in the residential sector. Added into the global mix were an additional ¥15 billion (\$138.69 million; €108.95 million) in equity to its industrial joint venture in Japan with Global Logistic Properties (GLP), the Singapore-listed logistics real estate developer and investment manager and additional equity commitments totaling R\$738 million (\$299.81million; €235.40 million) to its multiple partnerships with GLP in Brazil.



NORTH AMERICA

DEAL OF THE YEAR

- 1. The Blackstone Group’s sale of IndCor to GIC/GLP for \$8.1 billion**
2. Starwood Capital Group’s \$1.4 billion acquisition of seven shopping malls from Taubman Centers
3. The Rockefeller Group’s acquisition of TA Realty



IndCor property in Miami: Sale of IndCor properties privately was a surprise

If reading the text under the global deal of the year heading wasn’t enough for you, here is more on The Blackstone Group’s \$8.1 billion sale of IndCor Properties to GIC and Global Logistic Properties. The transaction, which was announced in December, was one of the largest ever deals in industrial real estate in the world. It was also a bit of surprise, since Blackstone widely had been anticipated to exit its investment through an initial public offering, much like it had done with hotel business Hilton Worldwide and Brixmor, its shopping center platform.

Since 2010, Blackstone had built IndCor through 18 acquisitions on behalf of its global real estate funds, Blackstone Real Estate Partners VI and VII – including its high-profile takeover the CalWest industrial portfolio from Walton Street Capital in 2012.

With the acquisition of IndCor, GIC and GLP now will become one of the largest industrial real estate owners in the US, with a portfolio of 117 million square feet in 36 markets across the country. GLP initially will hold a 55 percent interest in the company, while GIC will own the remaining 45 percent.

However, GLP expects to reduce its stake to 10 percent by this August as other institutional investors assume interests in the company.

NORTH AMERICA

CAPITAL RAISE OF THE YEAR

- 1. Shorenstein Properties, Shorenstein Realty Investors Eleven**
2. Carmel Partners, Carmel Partners Investment Fund V
3. Iron Point Real Estate Partners, Iron Point Real Estate Partners III

San Francisco-based Shorenstein Properties mounted one of the fastest capital raises in the cycle for a North American firm. In approximately five months it corralled \$1.22 billion for Shorenstein Realty Investors Eleven. The feat is certainly a feather in the cap for Douglas Shorenstein who joined the family business in 1983 and became chairman and chief executive officer in 1995. During his tenure in charge, the company has gone from being a San Francisco-focused real estate operating company to a real estate investment, development and management firm reaching throughout the US. The company traces its roots back to the 1920s when it was a brokerage and management company. By 1992, however, it had branched out to real estate fund management with the first of its eleven funds to date. Fund I collected \$148 million of commitments. Two years later it managed \$200 million and the sizes finally topped \$1 billion by Fund Eight. The company’s funds traditionally have focused on office property but more recently they have branched out to include multi-family rentals. It is a strategy that obviously has found admirers with investors judging by its recent success.



Shorenstein: Another feather in his cap

NORTH AMERICA

CAPITAL ADVISORY FIRM OF THE YEAR

- 1. Hodes Weill & Associates**
2. Macquarie Capital
3. Greenhill & Company

New York-based real estate advisory firm Hodes Weill & Associates worked on a diverse range of high profile assignments in 2014. It helped to raise capital for Exeter Property Group’s Exeter Industrial Value Fund III, which gathered more than \$830 million at its final close last September. Hodes Weill also is understood to be the placement agent for real estate finance and investment management firm PCCP’s PCCP Credit VI, which attracted \$186.5 million during its initial close last June.

Meanwhile, the firm also served as the financial advisor and placement agent for a new partnership between Lionstone Investments, a Houston-based real estate investment company, and Hermes Real Estate, the real estate investment management arm of BT Pension Scheme, to invest in office properties in high-growth US markets. The new real estate investment program will be capitalized with an initial \$250 million of equity commitments.

Ever the versatile shop, Hodes Weill also is said also to have advised Clarion Partners on its bid to buy Gables Residential, an Atlanta-based real estate investment trust, with a group of institutional investors that reportedly included Allianz Real Estate of America, TIAA-CREF and several sovereign wealth funds. The acquisition, which carried a price tag of more than \$3 billion, was one of the largest US residential real estate deals since the financial crisis.



EUROPE

SOUTHERN EUROPE FIRM OF THE YEAR

1. The Blackstone Group
2. Starwood Capital Group
3. Apollo Global Management



Madrid apartments: Blackstone said hola

Spain and Italy were clearly the hot markets of Europe in 2014 and plenty of players got a piece of the action. The Blackstone Group, the winner in this category, was just as prevalent in Italy as it was in Spain, despite the firm landing a huge Spanish loan portfolio deal. That Spain deal was called Project Hercules and involved an auction of €6.5 billion of Spanish mortgages originally issued by Catalunya Bank which the Spanish government nationalized in 2011. The *Wall Street Journal* reported how bids topped €3.5 billion for the loan book and that Oaktree Capital Management was another interested party. The portfolio in question amounted to around 112,000 predominantly secured residential mortgages split into three tranches; performing, non-performing and sub-performing. Also in Spain, Blackstone teamed up with Magic Real Estate CatalunyaCaixa Inmobiliaria, the real estate asset management platform of CatalunyaCaixa for a deal valued at around €40 million. The acquisition was for loans as well as the bank's foreclosed real estate assets and those the bank transferred to Sareb in 2012.

EUROPE

LAW FIRM OF THE YEAR [FUND FORMATION]

1. Clifford Chance
2. DLA Piper
3. Nabarro

Last year's winner, magic circle law firm Clifford Chance, held on to the top spot advising fund formations in Europe and it was easy to see why. The firm, led by fund formation doyen Nigel Hatfield, had another busy year advising a strong client base of some of the region's biggest firms.

Highlights include work on debt vehicles for Pramerica Real Estate Investor, a €265 million closing for a junior debt fund focused on loans in The Netherlands, and AXA Real Estate Investment Managers' €485 million mandate to make senior property loans in Western Europe, mainly concentrating on the UK.

More big name fund formation work for Clifford Chance included the launch of the first European property fund for the newly merged global real estate investment management business TIAA Henderson Real Estate, a German Retail Fund with a €400 million target. The law firm also advised on a £487 million (€653 million; \$747 million) debt fund for London-based real estate manager DRC Capital, formerly Duet Private Equity.

2014 was not an easy year to get funds off the ground in Europe. A challenging regulatory environment included the impact of the EU Alternative Investment Fund Management Directive (AIFMD), which doesn't look to be getting any less complex. Will Clifford Chance be able to keep up the good work in 2015? Such regulatory headwinds suggest it will be tough. But who would bet against the victor in this category for two years running?

EUROPE

LAW FIRM OF THE YEAR [TRANSACTIONS]

1. Nabarro
2. Paul Hastings
3. Skadden

Corporate law firm Nabarro was involved in most of Europe's big deal activity in 2014 and worked with a stellar cast of private equity real estate managers including the real estate arm of Canada's second-largest pension fund, Ivanhoe Cambridge, and private equity giants TPG.

The firm also branched out and added new clients to its impressive roster, for example Tishman Speyer, the New York-based real estate investment firm. For Tishman Speyer, it advised on the purchase of the 328,000 square foot Holborn headquarters of Sainsbury's. Nabarro also worked for Brockton Capital on the highly publicized Camden Lock Market sale to billionaire Israeli gambling tycoon Teddy Sagi.

The firm was also on hand for the Urban and Civic reverse takeover, a transaction that involved capital markets, JVs, offshore restructuring and of course real estate. It was also involved in the sale of the Church Commissioner's interest in The Pollen Estate, which included a much fought after slice of the West End that attracted interest from global investors. That deal was the largest single property sale undertaken by the Church Commissioners.

And Nabarro also advised Oriel Securities, a long-standing client of the firm, on the initial public offering (IPO) of Secure Income REIT, a newly created real estate investment trust (REIT) comprising popular leisure attractions such as Madame Tussauds and Warwick Castle.