

Select Transaction Landscape – Summary & Themes to Watch in 2H 2020

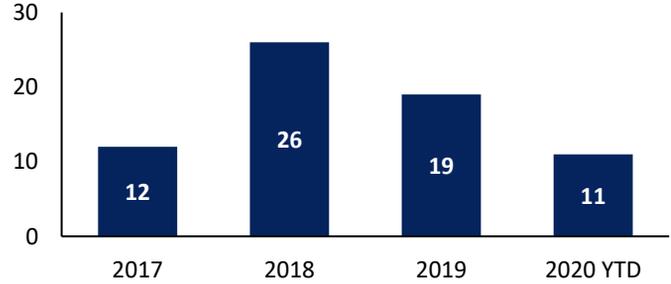
1H 2020 Summary:

- Despite market volatility, continued momentum in transaction activity
- 11 transactions announced in 1H 2020, slightly ahead of pacing in 2019

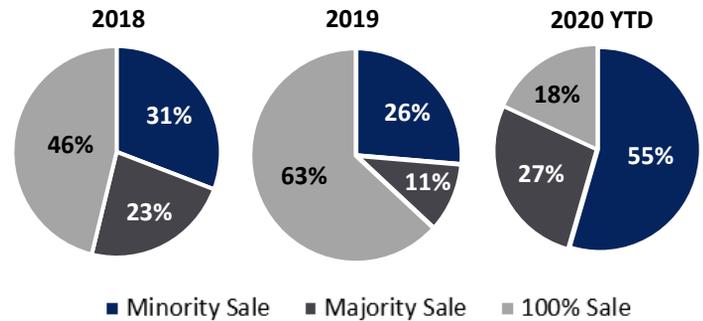
Themes to Watch in 2H 2020:

1. Uptick in strategic, minority transactions in 2H 2020 as managers look for outside capital to support and grow their businesses
2. Downward pressure on valuations and pricing; more conservative carried interest valuations and increase in use of earn-outs due to market volatility
3. Heightened focus on underwriting and due diligence, increasing timing to close transactions
4. Continued cross border activity with market uncertainty balanced by greater use of technology

Total Transactions by Year



Transactions by Type



Select Transactions Announced in 1H 2020

Target Acquiror

Pamflect	Schroders	<ul style="list-style-type: none"> ▪ June 2020: Schroders announced it reached an agreement to acquire a majority stake in Pamflect, a value-add real estate investment manager with offices in Hong Kong, Shanghai, and Singapore and \$1.1B AUM across four funds. The transaction strengthens Schroders' private assets and real estate capabilities and expands its geographic reach into Asia.
M7 Real Estate	TTB Partners	<ul style="list-style-type: none"> ▪ June 2020: M7 Real Estate, a pan-European real estate manager with €5B AUM, sold a minority interest (6%) to TTB Partners, a Hong Kong-based investment advisory firm. The partnership is intended to capitalize on continued appetite from Asian investors for European real estate.
NREP	Novo Holdings	<ul style="list-style-type: none"> ▪ May 2020: Novo Holdings acquired a minority stake (25%) in NREP, the Nordics' largest real estate manager with €5B AUM, providing capital for further investment in technology and sustainable real estate concepts. Novo Holdings, an existing investor with NREP, has agreed to increase its commitment to future real estate funds.
USAA Real Estate	Management	<ul style="list-style-type: none"> ▪ April 2020: USAA sold a controlling interest in USAA Real Estate ("USAARE") to the current management team of USAARE and a group of investors. The transaction will allow USAARE to maximize performance and better serve the requirements of its clients, including USAA and its members. USAA retained a non-controlling interest in USAARE.

Select Transactions Announced in 1H 2020 (continued)

Venn Partners

ARA Asset Management

- March 2020: **ARA Asset Management**, a Singapore-based asset manager, acquired a majority stake in **Venn Partners**, a London-based real assets private debt manager with over £5B AUM in Europe and the UK. The transaction will expand its business in the real assets credit market in Europe, which will be rebranded as ARA Venn.

RXR Realty

Dyal Capital Partners

- February 2020: Neuberger Berman's **Dyal Capital Partners** purchased a minority interest (27.2%) in **RXR Realty**, a New York real estate firm with \$8.1B of equity raised, from Colony Capital. Colony's interest was valued at \$100.4M in March 2019 and Colony is reported to have made a profit from the sale.

Legg Mason (Clarion Partners)

Franklin Templeton

- February 2020: **Franklin Templeton** entered into a definitive agreement to acquire **Legg Mason** and its multiple investment affiliates (\$806B AUM) for \$4.5B in an all cash transaction. The transaction included Legg Mason's investment affiliates, including Clarion Partners.

Almanac Realty Investors

Neuberger Berman

- February 2020: **Neuberger Berman** announced the acquisition (100%) of **Almanac Realty Investors**, a New York-based firm that invests growth capital in private and public property companies. The transaction adds private real estate to Neuberger Berman's real estate offerings, complementing its public REIT strategies of \$1.8B.

Kayne Anderson Real Estate

Petershill
(Goldman Sachs)

- January 2020: **Kayne Anderson Real Estate**, an investment firm focused on alternative real estate asset classes with \$8.0B AUM, announced that **Petershill** made a passive minority investment to provide continued strategic development of the business and support for new platform initiatives.

Hodes Weill Advisory Services

Hodes Weill's advisory business is built on our *market leadership and knowledge base*, as well as our understanding of the *relationships between real estate investment managers and their limited partners*



Mergers & Acquisitions

Buy-side and sell-side M&A transactions, including minority or majority sales, management led buy-outs and team lift-outs



Strategic Advisory

Strategic initiatives, including market positioning, growth planning, new-product development, maintaining and growing capital partner relationships, and unlocking organic growth capabilities



Recapitalizations / Restructurings

General partner solutions, including end-of-fund life recapitalizations, fund or joint venture restructurings, and private market recapitalizations for public REITs

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The outbreak of the coronavirus disease of 2019 (COVID-19) may materially and negatively impact the figures reflected herein. Investments made or valued by managers prior to the COVID-19 outbreak are likely to have decreased in value as of the date of viewing. COVID-19 has been declared a pandemic and has had, and will continue to have (based on economic forecasts), a material impact on the global economy, but it is not possible to predict its full impact at this time. The economic effects of the pandemic are likely to be unevenly distributed across sectors, businesses, and national economies, depending upon, among other things, the global distribution of COVID-19 cases. While certain sectors, including airlines, manufacturing, retail and tourism currently appear to be worst affected, others, including real estate, are likely to be negatively impacted, particularly if COVID-19 cannot be contained. In addition, solvency issues may arise for key market participants if the pandemic results in working capital lines being blocked, financial covenants being breached, events of default occurring and/or the triggering of termination payments or other contingent liabilities for non-performance. Any slow-down in business activity can also negatively impact liquidity and the ability to obtain financing for real estate properties. Negative changes in the global financial markets, or in the national or regional economies in which the sponsors operate from or hold investments, may have a material adverse effect on the sponsors' investments or on the sponsors themselves. The full scope of the COVID-19 outbreak, its duration, intensity and consequences are uncertain, and any resultant economic slowdown and/or negative business sentiment across markets could have a material negative and long-lasting impact on the business operations and financial condition of real estate managers and their investments.