



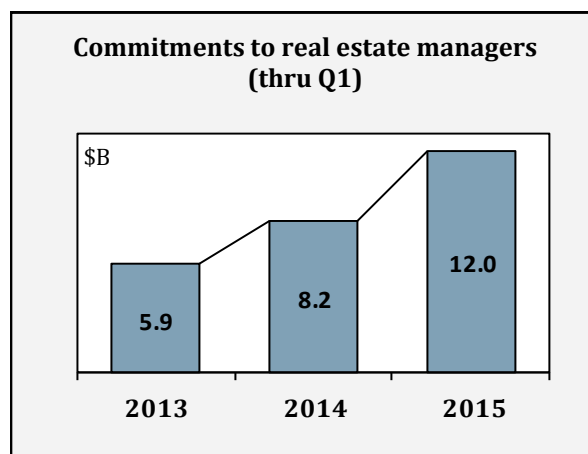
Q1 2015 Fundraising Update

Pension fund commitments to managed real estate vehicles

Commitment activity significantly up through Q1

Domestic public pensions have committed \$12 billion to managed real estate vehicles thus far in 2015, a 46 percent increase over 2014

Commitments to real estate managers by U.S.-based public pensions through Q1 2015 are up significantly over the same period in 2014, according to data tracked by FPL Consulting. Per FPL's proprietary database, pensions committed \$12.0 billion to managed real estate vehicles through Q1, compared to \$8.2 billion over the same period last year and \$5.9 billion in 2013. This surge was partially driven by several large opportunity fund closings in recent months, including those by Blackstone, Starwood, and Lone Star.



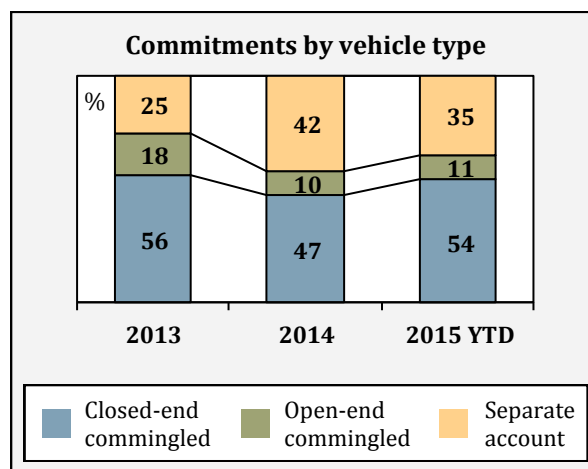
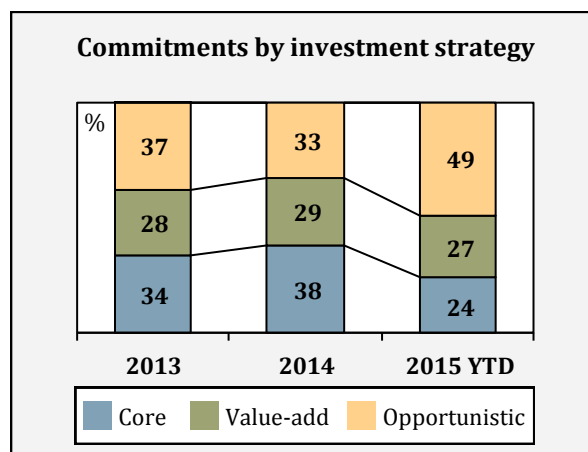
Investment Strategy and Vehicle Structure

High-yield (i.e. value-add and opportunistic) strategies continue to be in favor with investors in 2015, making up slightly more than three quarters of commitment dollars. This emphasis on higher yielding strategies marks the continuation of a trend that began in 2013 with investors demonstrating a greater willingness to take on higher levels of risk for the potential of higher returns.

As with investment strategy, the landscape of commitments by vehicle type shifted slightly in the first quarter. While closed-end commingled funds were popular in 2014, they have been ever more so thus far in 2015, representing 54 percent of commitments YTD in 2015, versus 47 percent in 2014.

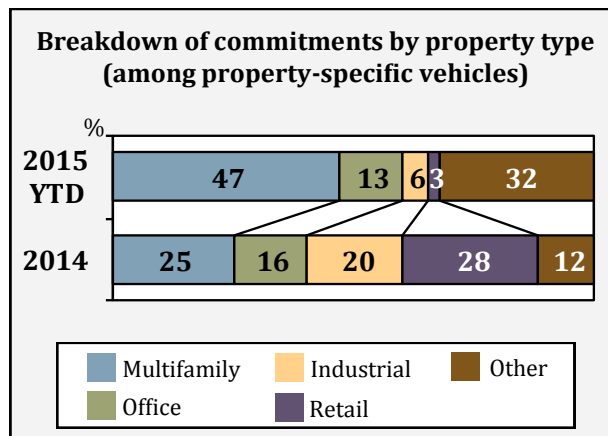
The vehicle focus in favor so far this year has been Direct Equity, representing 88 percent of commitments in Q1 2015. Debt focused vehicles made up 6 percent of all commitments this quarter, and 6 percent of commitments YTD went to "other" funds (e.g. REIT securities, FoF, etc.).

All three of these trends for Q1 have been impacted by the large opportunistic, closed-end, equity funds such as those mentioned above.

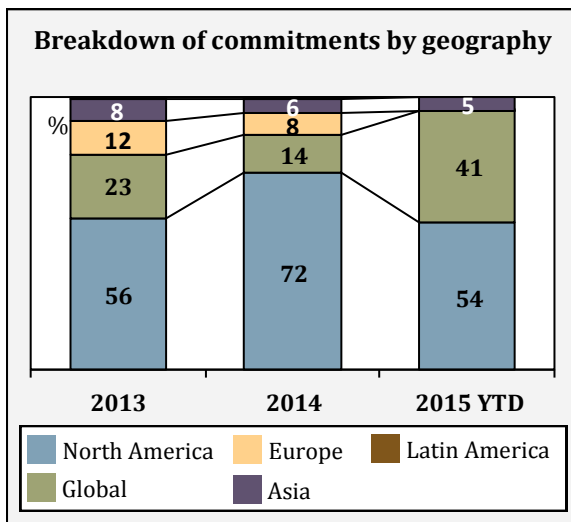


Property Type

Vehicles dedicated to a single property type have attracted 28 percent of commitment dollars so far in 2015, a figure well below that of 2014 but slightly up compared to 2013. While retail and industrial properties were among the most prevalent of these focused vehicles in 2014, commitments through Q1 2015 have favored multifamily and “other” (i.e. niche) strategies. It will be interesting to see whether the lower percentage of property focused vehicles represents a return to the diversified fund strategies that dominated 2013, or simply an anomaly resulting from large fund closings in Q1.



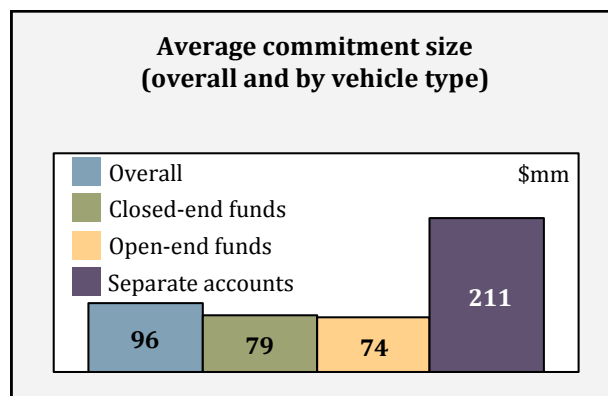
Geography



The majority of commitment capital (54%) continues to flow to vehicles focused on North America. That said, global strategies continue to have traction with institutional investors, accounting for significantly more commitment volume in Q1 2015 than in 2014 and 2013. Part of this uptick can also be attributed to the previously mentioned closings of large, global funds this year. Asian focused strategies have attracted about 5 percent of commitments YTD. European vehicles meanwhile, have attracted 0.2 percent of commitments in Q1, representing a decrease from their popularity in 2013 and 2014.

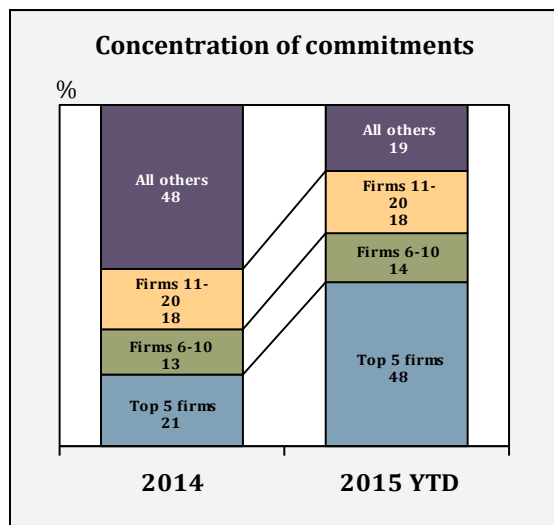
Average Commitment Size

The average commitment size thus far in 2015 is \$96 million, which is slightly up from the 2014 average of \$95 million. As one would expect, the average commitment to separate accounts is considerably higher at \$211 million. It’s important to note that this metric includes both newly formed separate accounts (which tend to be larger commitments), as well as follow-on commitments to existing separate account vehicles (which are often smaller).



Manager Concentration

The commercial real estate industry's prominent players have recently attracted a disproportionate share of commitment volume, underscoring the bifurcation between 'haves' and 'have nots'. While it is too early to tell whether this story will continue to ring true for 2015, an early read suggests so. The top 5 firms (by aggregate fundraising dollars over the period) represent 48 percent of volume YTD, while the top 20 represent 81 percent. It is important to keep in mind that these concentration metrics tend to decline over the course of the year. For reference, in Q1 of last year, the top 20 firms accounted for 77 percent of commitment dollars.



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