

Dear colleagues,

As this is our first quarterly newsletter since the tragic death of George Floyd, we wanted to comment on the continuous pattern of racial injustice within the US and across the globe. We are deeply saddened by the institutional racism and the inequality still experienced every day by minorities.

As an industry, we have much work to do with respect to diversity and inclusion so we wanted to begin this newsletter with some news on the topic:

- There has been a significant uptick in firms assessing their D + I strategies and recognizing that more needs to be accomplished. Signing pledges isn't enough. Also, we have seen an increase in firms creating D + I councils that reflect both their employee populations and the clients/investors they service. In recent years, these councils have been led by minority representatives; however, more firms are leveraging members of the majority to serve as leaders of these councils.
- There is an increase in hiring D + I officers, as well as adjusting compensation for these positions to align with business performance. (In corporate America, there is high turnover in these D + I roles.)
- There is greater skepticism about the effectiveness of one-off unconscious bias training and its overall impact, especially given recent results in law enforcement. It's less about reprogramming and more about awareness and ongoing bias education that matters, as well as the inclusion of accountability measures.
- Investors are more frequently asking real estate leaders (both public and private) to report on diversity figures. They are also saying it is okay to admit that the firm has an issue to address so long as they have a plan to bring about change and report on it frequently.
- Clients have started to ask us to sign diversity clauses in MSAs and engagement letters. It's a clause we are happy to sign off on!

Global hiring trends:

- Succession planning dominates the senior hiring market from CEOs/Presidents to CFOs and COOs.
- Logistics and subsets of logistics, including cold storage, high flow-through, and last mile, are all seeing hiring demand. There is also increased demand in life sciences, data centers and workforce housing.
- Diversity mandates (both gender and race) are more prevalent than ever, especially in the public company Boardrooms.

Europe:

- There is cautious optimism in Europe with a definite sea change in the last three to four weeks. Companies have moved from being inward-facing/problem-solving to more outward-looking/deals-focused.
- Given the continued pumping of liquidity into the economy, the prospect of serious distressed investment opportunities still seems remote, except for in retail and hospitality.
- Front-footed clients are recognizing that the current dislocation in the market is providing a moment-in-time opportunity to upskill their teams, given that there is some genuine talent available and many carry programs that are underwater.

Asia:

- Some sectors in China are now performing ahead of pre-COVID-19 levels and hiring demand is following. Hiring in asset management is active, as well as anything related to raising capital from Chinese investors for China-focused products.
- Demand for new hires continues in the private equity space as we see forced sellers from large Japanese corporates, carveouts and divestitures. The need for corporate skills will increase as we see more portfolio trades, public-to-private deals and consolidation plays in Australia and Japan.
- Activism will spur change at the Board level in Japan and increase demand for Directors who are not afraid to influence change.

North America:

- Capital formation – both retail and institutional – remains a strong theme even with the travel restrictions in place.
- Clients headquartered outside of the East and West Coasts are seizing the opportunity to attract talent from those wishing to flee California and New York.
- Distressed debt/special situations roles are gaining traction even though opportunities are not likely to be evident until year-end.

Asia

People Moves

- Lendlease named Gan Chong Min as Managing Director of Investment Management for Asia and Hui Ding as Managing Director of China.
- Greg Lapham joined Savills Investment Management in Hong Kong to lead investment activity across the APAC region.
- Masayuki Kato joined Allianz Real Estate Asia Pacific as a Director with a focus on managing investments in Japan.
- Chris van Beek was appointed as Executive Director and Head of Investor Relations at SC Capital Partners, based in Singapore.
- Barings Asset Management appointed John Ratcliffe as Head of Asia Pacific Real Estate.
- Michael Simpson was appointed to lead the CBRE Hotels – Capital Markets team in Australia and New Zealand.
- AMP Capital promoted infrastructure head Boe Pahari to Chief Executive Officer.
- Cbus Super appointed AustralianSuper's Alexandra Campbell as Head of Infrastructure.
- ESR closed on \$1 billion joint venture with the Canada Pension Plan Investment Board and APG Asset Management to develop industrial properties in South Korea.
- Allianz Real Estate and Charter Hall formed a joint venture to acquire a former ALDI logistics portfolio in Australia for A\$648 million.
- Vicinity Centres raised A\$1.2 billion to prop up its financial position.
- Link REIT is in talks to buy Morgan Stanley's £390 million European headquarters at London's Canary Wharf.
- Hong Kong property billionaire Samuel Tak Lee sold his stake in London's Shaftesbury REIT for \$544 million.
- The Abu Dhabi Investment Authority invested \$750 million into Reliance Jio Platforms in India. TPG and L Catterton also purchased stakes.

Key Transactions

- City Developments Limited acquired a 51 percent stake in Chongqing-based developer Sincere Property Group for \$621 million.
- Ping An Life Insurance is buying a 30 percent stake in Sun Hung Kai's West Kowloon project for \$1.45 billion.
- Lone Star succeeded in a \$1.9 billion buyout of Japan hotel chain Unizo Holdings.
- Equinix and GIC's joint venture will invest more than \$1 billion to build and operate three hyper-scale data centers in Japan.
- Blackstone acquired a 9.99 percent stake in Australian resort group Crown Resorts from Melco Resorts for A\$550 million.
- Singapore-based Mapletree Investments raised \$1.8 billion for its first US-Europe logistics fund.
- Warburg Pincus will boost its stake in ARA Asset Management to 48.7 percent.
- South Korea's National Pension Service and Hines bought SL Green Realty Corp.'s 49.5 percent stake in One Madison Ave. in New York.
- South Korea's National Pension Service and Allianz Group announced the launch of a \$2.3 billion Asian core fund.
- CBRE Global Investors sold a Mitsubishi Fuso-leased logistics portfolio for \$1.3 billion.
- Invesco reached first close on its fourth APAC-focused value-add real estate investment fund with \$380 million.
- PAG closed its latest Asia opportunistic fund, Secured Capital Real Estate Partners VII, at \$2.75 billion.
- LaSalle Investment Management announced its first closing of the LaSalle China Logistics Venture fund with \$681 million.
- GLP reached a final close on its China-focused logistics core fund with \$2.1 billion in assets under management.
- Logos Group reached a first close on its fourth China logistics fund.
- BPE Asia Real Estate raised \$480 million for its first logistics fund, focusing on logistics developments in China.
- Allianz Real Estate opened offices in China and Japan in May as part of its APAC expansion strategy.
- Chelsfield Asia raised \$878.5 million for its first pan-Asia value-add fund and co-investment capital.
- Singapore's office rents are set to decline by at least 10 percent in 2020, according to Cushman & Wakefield.
- Hong Kong office rents fell 2.2 percent as vacancy rates hit a 12-year high.
- COVID-19 will force investors to re-examine the risks of core-plus infrastructure investments.
- MIRA is planning a third Asia fund with a \$3 billion target.

Industry Trends

Europe

People Moves

- Dean Finch joined Persimmon as Chief Executive Officer.
- Harrison Street hired Paul Bashir as Chief Executive Officer of its European business.
- Thomas Wels joined Patrizia as Co-Chief Executive Officer.
- Commerz Real appointed Johannes Anschott as interim Chief Executive Officer.
- Hammerson appointed Robert Noel as Non-Executive Chair.
- LaSalle Investment Management's Karen Brennan earned a promotion to Chief Financial Officer of LaSalle parent company JLL. Jeff Jacobson has taken over as interim European CEO at LaSalle.
- James Spencer-Jones joined LGIM Real Assets as Head of Real Estate Debt, Europe.
- JLL appointed Jeremy Eddy as Head of Living and Hospitality Capital Markets, EMEA.
- Grégoire Bailly-Salins moved to Aviva Investors as Head of Transactions, Continental Europe.
- PIMCO appointed Roman Kogan as Executive Vice President and Portfolio Manager for private commercial real estate debt strategies in Europe.
- Christophe Montcerisier joined BNP Paribas Asset Management as Head of Real Estate Debt.

Key Transactions

- A joint venture between Unibail-Rodamco-Westfield, Crédit Agricole and La Française purchased a €2 billion French shopping centre portfolio. The portfolio was acquired from URW which retained a 45.8 percent stake.
- Coima funds acquired seven properties in Milan from UBI Banca understood to be worth €1 billion.
- Wates Residential and Havering Council submitted plans for a £1 billion regeneration of the Waterloo Estate in East London.
- LEG Immobilien AG bought 7,500 German residential units for €767 million across two transactions.
- Apollo Global Management is set to acquire a portfolio of 17 department stores across Europe for €700 million.
- A Qatari fund is set to buy the Ritz Hotel in London for a price reported to be close to £800 million.
- BNP Paribas acquired over €590 million worth of assets across Europe during the lockdown period.

- Capco agreed to buy a 26.3 percent stake in Shaftesbury for £436 million.
- Hines acquired a 150,000 square-meter former sporting complex in Milan to build a €350 million mixed-use scheme.
- Danish pension fund PFA acquired a 20 percent stake in a data centre platform from AXA Investment Managers – Real Assets for €200 million.

Industry Trends

- INREV, ANREV and NCREIF launched the first Global IRR Index, providing data on the performance of value-added and opportunity, closed-ended, non-listed real estate funds in APAC, Europe and the US.
- Real estate investment volume in Europe in Q1 2020 totalled €64.2 billion, up 7 percent year-on-year from 2019.
- Capital raising for European real estate reached €73.3 billion in 2019.
- For the second year running, AXA Investment Managers – Real Assets was Europe's leading fundraiser for European real estate debt strategies, raising \$8.86 billion.
- Transaction volumes in European office markets have mostly returned, but with a strong focus on the core end of the risk spectrum. Pricing appears to be holding up, but discounts are expected higher up the risk curve.
- UK shopping centre owner Intu Properties has gone into administration.
- Hines plans to increase its AUM in Europe from €20.9 billion to over €40 billion in the next five years, with logistics at the heart of its growth plans.
- European multifamily investment remains attractive to investors, with H1 2020 levels set to match those from 2019.
- Investment in UK commercial property in Q1 2020 was down 14 percent from the same period in 2019.
- Blackstone Real Estate Partners Europe VI closed with €9.8 billion of commitments.

North America

People Moves

- Chevy Chase Land Co. hired John L. Ziegenhein III as President and CEO.
- Margi Fox joined Sun Communities as Vice President, People and Culture.
- Heidi Learner joined CBRE Global Investors as Head of Real Assets Research for the Americas.
- Sara Shank was named Managing Director and Global Head of Innovation at PGIM Real Estate.
- Greystone has hired Philip Miller as a Managing Director to focus on developing proptech strategies across the firm's lending platforms.
- Jonathan Turnbull joined Harrison Street as Managing Director, Head of Canadian Transactions and Business Development.
- Toronto-based Slate Office REIT has named Steve Hodgson as Chief Executive Officer.
- Cerberus Capital hired Neha Santiago, former Goldman Sachs executive, as Head of Real Estate Private Credit and Managing Director.
- The Citco Group of Companies appointed Connie Tironola as Executive Vice President and Head of Real Assets in North America.
- Amy Wierenga has joined GCM Grosvenor as Chief Risk Officer.
- Apollo Global hired Daniel Ho to serve as head of asset management in its commercial real estate debt group.
- Jim Ward joined QuadReal as Managing Director of Canadian Mortgage Investments. He focuses on the execution of growth, diversity and servicing of the company's domestic mortgage investment program.
- Goldman Sachs is backing Directed Capital's efforts to buy commercial real estate loans that were hit by the pandemic. The real estate firm is seeking to acquire debt tied to everything from retail to senior housing and hospitality properties.
- Kennedy Wilson formed a \$2 billion platform with Fairfax Financial Holdings Ltd. that will target first mortgage loans backed by real estate in the Western U.S., Ireland and the U.K.
- The Alberta Court of Queen's Bench granted an interim order to Northview Apartment REIT to proceed with its planned C\$4.8 billion merger with Starlight Group Property Holdings Inc. and KingSett Capital Inc.
- Brookfield launches a \$5 billion retail revitalization program that will recapitalize retail businesses in the major markets where Brookfield has a presence.
- UTIMCO aiming for a \$1 billion real estate spree in 2020.

Industry Trends

- Neuberger Berman is seeing a shift toward listed real estate companies that manage data centers, cell towers and other tech-related types of commercial real estate.
- Medical office and life sciences assets will likely remain relatively stable sources of cashflow.
- The Coronavirus drove \$21 billion of CMBS loans to special servicing.
- Pensions have increased their pledges to debt shops. Commingled funds and separate accounts that invest in debt accounted for 14 percent of pension pledges to all real estate vehicles in the first three months of 2020, up from just 4 percent for full-year 2019.

Key Transactions

- Greystar acquired the property management business of Alliance Residential.
- Amherst canceled a \$2.3 billion deal to purchase Front Yard Residential.
- Mall owner Simon terminated its \$3.6 billion deal to buy Taubman Centers due to pandemic.
- Bell Canada agreed to sell 25 data centers to Equinix in a C\$1.04 billion all-cash transaction.