

Institutional Funds have an increasing appetite for Private US Commercial Property in their portfolios but frequently find it difficult to control the allocation in or out of these ODCE Funds.



DOWN/UP EQUITY TRUST SECURITIES

Real Estate Markets are cyclical by nature; neither regular nor predictable. Your Real Estate Portfolio doesn't have to be.

The Inflexibility of “Gated” Institutional Real Estate Portfolios and their Impact on Pension Fund Management

Market Situation

The investment community accepts Real Estate as its own on asset class requiring a more prominent position as a non-correlated investment in an overall portfolio strategy. For this reason, many institutional portfolios are looking to get into existing private and public REIT Funds. Institutional real estate portfolios such as ODCE Funds, at times, have clients who want to invest, but do not have the ability to invest their cash in additional real estate holdings within a short timeframe. At these times, investment managers gate their funds, and decline to take the additional cash, “forming a queue” while waiting to invest into the fund.

Investment Problem:

Due to the illiquidity of real estate, acquiring new properties into a real estate portfolio can take time. Sometimes it is difficult to sell property; sometimes it is difficult to buy property. Often ODCE institutional real estate funds, have provisions that allow the investment manager to gate the fund by either not allowing egress or ingress into the fund. Due to the lack of liquid alternatives to investment in individual properties, prospective clients are unable to invest and investment managers are unable to provide services to their clients.

Investment Solution:

Investment managers that find themselves in this position could set up a Holding Fund that takes in the prospective clients' cash and invests the cash in GIG duETS US Commercial Longs. Since duETS are continuously offered under a private placement provision and 144A in the secondaries market, investment manager will be able to invest new money in a relatively short order, giving the investor exposure to real estate. When the investment manager is ready to take cash into the primary fund, they can sell the GIG securities in the Holding Fund and use the resulting cash to make the new real estate property investments. This will mean the investment manager is providing a service to its prospective client in giving the client exposure to real estate while keeping the primary fund gated.



www.globalindexgroup.com

Learn more. Call 1-253-514-6524