

KEYNOTE INTERVIEW

Agility in Asia acquisitions

Broderick Storie, partner and co-head of real assets at PAG, describes how moving fast with local market knowledge can lead to success

Q What were your firm's key events in 2024?

On the investment side, we had a successful year for sales including exiting 54 assets. We exceeded our underwritten returns and averaged 20 percent net IRR to our investors. I think that was a really good result, especially in this environment.

We were also active in acquiring investments, particularly ex-Japan, and were highly successful in capital raising. We closed our eighth opportunistic fund at \$4 billion and raised our first renewables fund at \$550 million, all in a difficult capital-raising environment.

Q What challenges did your firm meet to achieve success?

Seller expectations, which adjusted slowly throughout the year, were a challenge. There was too much hope in the markets that rates would decline more aggressively. Against a backdrop of relative uncertainty, rates have held up, and I suspect they are going to hold up longer.

A lot of buyers and sellers have had trouble adjusting to that and were leveraged against a more aggressive easing cycle. Fortunately, Japan has been a beacon of stability. Because we have around 50 percent of our portfolio there, it has been a fabulous anchor for us.



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The other challenge was inflation. We adjusted and allowed for that in our underwriting to make sure that we had significant buffers in place. We were also well capitalized from an equity and debt perspective.

Q Who at the firm should be credited and why?

The key factor is the stability of the leadership team in our business. We have about 22 executive directors and managing directors with an average industry experience of 25 years and tenure of 13 years. You do not notice that factor when the tide is rising, but you really notice it when you are in down markets.

So, right from the covid outbreak in 2020, we have been able to navigate some choppy times successfully and to our advantage. Just look at what we were able to raise in the past two years,

nearly \$7 billion, including an office fund when that sector was hugely out of favor, and an innovative renewables fund.

This is a testament to the leadership team and our people.

Q How have the factors that contributed to your award win positioned your firm for the year ahead?

There continues to be more volatility in our markets – that is almost the new norm. That volatility suits our business because it puts pressure on capital structures and creates investment opportunities.

There are not many groups that have large pools of discretionary capital and who are capable of moving on a two- to six-week execution timeframe. That allows us to go in and provide capital solutions to counterparties/sellers that need capital on a short fuse and that can be structured flexibly.

The other factor is our clear perspective on Asian opportunities. Take the office sector, a broader macro sell-off has created mispricing opportunities for a bottoms-up local investor/operator like us, providing a great opportunity in the developed APAC countries where we invest.

That bodes well for our future. Ultimately, real estate is a bottom-up game. ■