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## MANAGERS

# Pantheon's measured approach to real estate secondaries

The London-based firm eyed the asset class for five years before making its move, lifting a team from GI Partners.

Once a pureplay private equity manager with a penchant for secondaries deals, Pantheon Group has pivoted to becoming a one-stop shop for institutional investors in recent years, launching platforms in infrastructure, real assets and private debt.

Real estate was always set to be a piece of the puzzle for Pantheon on its quest to be a “complete private markets solution,” managing partner Paul Ward tells PERE. But first it needed to identify the right approach to help it stand out in a market rife with other access points for institutional investors. “We set out that vision about five years ago but wanted to go about executing it in a thoughtful and measured way,” he says.

Ward says his firm explored both buying and building its way into the asset class. Ultimately, the ground-up approach proved more feasible. “M&A is difficult in our market,” Ward says. “Instead, we wanted to find the right handful of people to launch a new product.”

The acquisition route would have presented conflicts for Pantheon, says Jarrett Vitulli, co-head of real estate capital advisory at investment bank Evercore: “Given Pantheon is one of the largest secondary firms, you look out in the market and say, realistically, who are you

going to buy? You're not going to buy Landmark [Partners] because they've got a competing private equity platform. So, your only option at that point is to do a team lift out.”

Kathryn Leaf, Pantheon's head of real assets, was charged with finding that team. Her search led to Roman Braslavsky and David Elliott, who helmed the real estate team for San Francisco-based GI Partners. The pair were hired as partner and head of real estate, and managing director, respectively.

The platform will invest with closed-end funds nearing the end of their lifecycles and seeking strategic capital to retain ownership of assets, among other partners. “But we also want to be a strategic partner for growth when people are ready to capitalize their pipelines,” Braslavsky says.

He adds his four-person team is focused on growth sectors, including residential strategies, logistics and niche property types. By focusing on smaller, off-market transactions, the platform is looking for deals that are too granular for larger competitors.

“Our experience has been to look at areas where there is limited competition,” he says. “When we do run into other groups talking to our operators, it's more

## Pantheon Group

**\$52.3bn**

*AUM (as of June 30)*

*Founded: 1982*

*Headquarters: London*

*Market differentiator: A real estate secondaries platform focused on growth strategies*

often on the GP-led recap side, focused on existing portfolios, not future growth.”

The firm sees the real estate secondaries market maturing to the tune of \$10 billion of transactions annually. Bolstering this strategy is the pandemic-era trend of groups extending the ownership of strong-performing assets, Ward says. “There's no market timing here, but the timing has worked out quite well,” he says.