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[ElmTree Funds Taps China Life for \\$950 Million Recap of Net Lease Portfolio](#)

Hodes Weill Arranges Strategic Investment for PE Investor

By Mark Heschmeyer

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ElmTree Funds LLC, a private equity real estate firm based in St. Louis, announced it has secured a \$950 million recapitalization of one of its net lease portfolios with a wholly-owned subsidiary of China Life Insurance Group, the largest financial insurer in China.

The JV will initially own 48 single-tenant industrial, office and health care properties totaling more than 5.5 million square feet. China Life will reportedly acquire a 95% interest in the properties with ElmTree retaining 5%.

ElmTree Funds said the majority of the properties are recently constructed, build-to-suit projects primarily leased to investment-grade tenants and situated in secondary and tertiary markets that exhibit strong long-term economic and demographic fundamentals.

"This transaction gives China Life immediate scale and diversification in the U.S. market. We look forward to a highly productive, long-term relationship with China Life as we explore additional opportunities to invest together," said Jim Koman, managing principal at ElmTree Funds.

Under the agreement, China Life has the option to invest in two additional single-tenant net lease properties from ElmTree Net Lease Fund II, a fund formed in 2012. ElmTree launched its third net lease fund last October.

ElmTree Funds will continue to serve as asset manager of the portfolio and employ a core/core-plus investment strategy.

Hodes Weill Securities, LLC, a global real estate advisory boutique, acted as the exclusive financial advisor to ElmTree Funds.