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ElmTree Funds, China Life to recapitalize ElmTree net lease portfolio

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ElmTree funds, LLC, a private equity real estate firm, has announced a USD 950m recapitalization with a wholly owned subsidiary of China Life Insurance Group, the largest financial insurance corporation in China, of an existing ElmTree net lease portfolio, the company said.

This strategic partnership reflects the appeal of ElmTree funds' platform and the strong outlook supporting commercial real estate net lease investments.

The joint venture's portfolio will initially comprise 48 single-tenant properties aggregating more than 5.5m square feet across 20 states. The transaction agreement provides for the acquisition of two additional single-tenant net lease properties from ElmTree Net Lease fund II, subject to certain conditions.

The vast majority of the assets in the portfolio are recently constructed build-to-suit properties that are primarily leased to investment grade tenants and situated in secondary and tertiary markets that exhibit strong long-term economic and demographic fundamentals. 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.

ElmTree Funds is a private equity real estate firm and seasoned fund manager to institutional and private investors. ElmTree's investment philosophy focuses on creating attractive risk-adjusted returns for its investors in the commercial real estate net lease, sale-leaseback, and build-to-suit sectors. Since its founding in 2011, ElmTree Funds has acquired, developed or financed more than USD 1.5bn of office, industrial and healthcare properties.

China Life Insurance (Group) Company is one of the largest insurance corporations and institutional investors in China's capital market. Its business scope covers life insurance, property & casualty insurance, pension, asset management, alternative investment, overseas business and others. By the end of 2015, consolidated total assets of the group company exceeded RMB 3tn, which is ranked as the highest in the industry in China.

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