

Albert Tan Moderates Fund Finance Panel at PERE CFO/COO Forum

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PRACTICES Fund Finance, Finance

Haynes Boone Finance Partner and Co-Chair of the Fund Finance Group [Albert Tan](#) moderated a panel discussion on fund finance at PERE's 2019 CFO/COO Forum in New York City, which attracted about 150 senior executives in the real estate private equity community to discuss finance trends.

The May 7, 2019 discussion was titled "CFO's Role in Utilizing and Managing Risk in Fund Finance/Subscription Liens of Credit." The panel was comprised of: Darren Berk, chief financial officer, Dune Real Estate Partners; Yehuda Hecht, managing director and chief financial officer, Madison International Realty; and Dave Wasserman, managing director, fixed income, Morgan Stanley.

The panel addressed a range of topics related to subscription financing, including:

- The estimated \$500 billion global subscription financing market and challenges and opportunities of subscription financing in North America, Europe and Asia;
- Practical considerations that a fund must keep in mind when forming a fund with intent on using subscription financing as key part of its operations and leverage strategy;
- Not all subscription financings are created equal due to lenders offering different features in structuring and underwriting;
- Limited partners' perspective on subscription financing and reconciling ILPA guideline with each fund's own strategy and operations.

Additionally, the panel conducted two polling questions to the audience members about: (i) their use of subscription financing and (ii) the feedback they receive from their limited partners concerning the use of subscription financing.

The poll results revealed that 90% of audience members are currently using subscription financing for their funds. Notably, 100% of respondents said their limited partners are positive to neutral about the usage of subscription financing in their funds.

Fund financing started as primarily a real estate private equity financing product in North America but has become a global private equity financing product. Fund financing now is commonly used by private equity funds in buyout, private debt, real estate, infrastructure and natural resources, among others alternative asset classes, in North America and South America, Europe, and increasingly in the Asia-Pacific region.

Tan also serves as a member of the Board of Directors, Partners' Compensation Committee and Strategic Growth Committee. From 1997 to 2000, Tan was based in Hong Kong and served on a secondment to Caltex Petroleum (a wholly-owned subsidiary of Chevron), as its chief counsel for Greater China.

During his 25-year career at the firm, Tan has represented investment and commercial banks, as agents and arrangers in approximately \$50 billion of fund financing to Asia, U.S., Europe, Latin America and global real estate, infrastructure, debt, buyout and energy private equity funds, including some of the first real estate private equity funds in Japan, Greater China, Singapore and Korea and some of the largest global infrastructure funds and Asia-focused buyout funds. He was named a leading practitioner in international private equity by the Euromoney Expert Guide (Legal Media Group) in 2012.