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NPS Has Its CIO Back — but Real Estate Likely Stays Frozen Past the 14 October Audit

The empty chair is filled, but three governance issues now slow NPS alternatives. Real estate is stalled on a vacant head, conflict-of-interest scrutiny is rising around committee votes, and a third of the private-investment book stays undisclosed. Expect heavier documentation everywhere, and plan NPS real-estate commitments for Q1 2027.

Lee Kyu-hong, former CIO of Korea's Teachers' Pension, took office as NPS's fund director (CIO) on 15 September, on a two-year term. He is described as a multi-asset specialist who ran medium- and long-term allocation and overseas and alternative investment at Teachers' Pension. NPS's fund reached ₩1,866tn at end-June, with an H1 2026 return of 27.22%.

Real estate is stalled. NPS's head of real-estate investment was placed on standby on 15 July. The head of infrastructure, Lee Jae-wook, has covered the post as acting head since 16 July. Maeil reports that new real-estate deals on a ₩75tn book have "effectively stopped". The post covers overseas as well as domestic real estate. Edaily reported on 27 September that a disciplinary committee on the former head is due "within days". NPS rules cap standby at six months. No successor has been named, so on the evidence so far new real-estate commitments slip to Q1 2027.

Conflict-of-interest scrutiny is rising. On 23 September NPS's audit office began a fact-finding check on one compliance officer. A whistleblower alleged the officer pre-arranged with IGIS Asset Management to sway the Alternative Investment Committee's July vote on Centerfield, a Gangnam office tower appraised at about ₩4tn. In that vote the committee refused to swap the asset's GP from IGIS to Koramco. Its concern was that a swap without a sale would pay a success fee and carried interest. The compliance officer is not a committee member.

The check runs to 8 October and may become a formal audit. NPS said it "cannot confirm" the investigation. The vote is also being examined by the office of Rep. Seo Mi-hwa, a Democratic Party lawmaker, ahead of the October audit. In July NPS set up a task force on a leak of board deliberations. In September it warned managers that leaking confidential information could lead to criminal prosecution.

Disclosure runs the other way. At end-2025 NPS withheld the names of 161 funds in its domestic and overseas private-fund list, worth ₩23.7468tn, or 33.1% by amount. That is up 32 funds and ₩4.3397tn in a year. The book in question is NPS's ₩71.8032tn private-investment class, which includes hedge funds and private debt as well as PE. The largest reason, at

₩17.2013tn, is that the manager did not consent. NPS publishes only fund names and balances, not commitments, distributions or returns.

The National Assembly's Health and Welfare Committee audits NPS at 10:00 on 14 October. The schedule is a draft due for adoption on 29 September.

One sidebar: NPS is in the final stage of approval to invest directly in Indian government bonds, per Reuters as reported by Seoul Economic Daily. It keeps widening its public-market reach even while its alternatives desk slows.

Market Entry Implication: NPS alternatives still work, but more slowly and on paper. Real estate is the most exposed. For PE, infrastructure and private debt, this suggests more diligence on conflicts and documentation rather than a formal pause. Compared with Japan, the Korean gate this quarter is internal governance and political audit, not a supervisor's checklist. The practical answer is the same: arrive with the file already built.

Which GPs Have Opportunities:

GP profile	Why this fits	What they'd need
Global infrastructure and private-debt managers with an existing NPS relationship	Not frozen; the acting real-estate head is the infrastructure head	Clean conflict and placement-agent disclosures, and no fee terms that pay out without a realisation
Global PE managers with no Korean portfolio controversy	The political mood is against sponsors with dividend controversies; Korea's media regulator rebuked MBK over ₩284.6bn of dividends at a capital-impaired cable operator	A disclosure-consent position decided in advance and a clear answer on dividend recaps
Real-estate GPs, especially continuation or GP-replacement structures	Most exposed; ready only once a permanent head is named	Patience into 2027, and no carry-crystallisation terms without a real sale

Recommended Actions: Watch the outcome of the compliance-officer check on 8 October. Do not schedule decisive NPS asks around 14 October. Build a conflict-of-interest file now listing every former NPS employee among your team, advisers and placement agents. Decide your disclosure-consent stance before term-sheet stage. Request a first meeting with the new CIO's office for Q4.

Sources: note 6.

Sources

[6] NPS Has Its CIO Back.

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