

CAPITAL RAISING SURVEY 2016 SNAPSHOT

US\$134.8 billion of new equity raised for non-listed real estate in 2015

- ▶ Non-listed real estate vehicles continue to attract investors of all types
- ▶ Pension funds are the biggest source of capital globally
- ▶ Europe was the most popular target market

Non-listed real estate funds remains in favour among investors of all types.

Of the total capital raised, US\$18.4 billion (or 13.6%) was committed to vehicles with an Asia Pacific strategy. However, the largest pool of capital (US\$68.9 billion or 51.1%) was committed to vehicles with a European strategy. Vehicles with North American strategies raised US\$37.7 billion or 27.9% of the total.

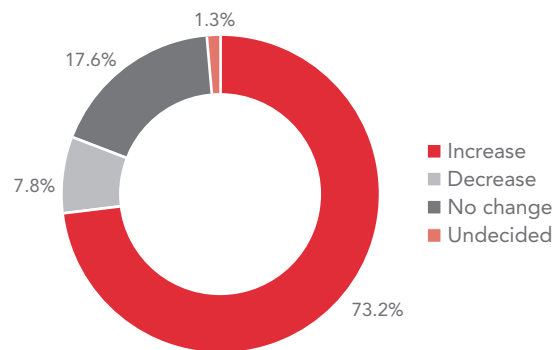
The Survey aims to provide market participants with greater insight regarding capital flows into non-listed real estate, as seen from multiple angles. What sort of investors are contributing capital and where are they based? Which regions and sector are they targeting and which vehicles do they prefer to use? Is there interest in debt funds?

Collectively, respondents raised US\$134.8 billion for non-listed real estate in 2015, a slight decrease

compared to 2014, which can be attributed in part to currency fluctuations globally.

The majority of fund managers are still optimistic about future capital raising opportunities, with 73.2% of them expecting to increase their capital raising activities, but more of them expect to decrease their activity (7.8%) in the coming two years compared to last year's survey (1.5%).

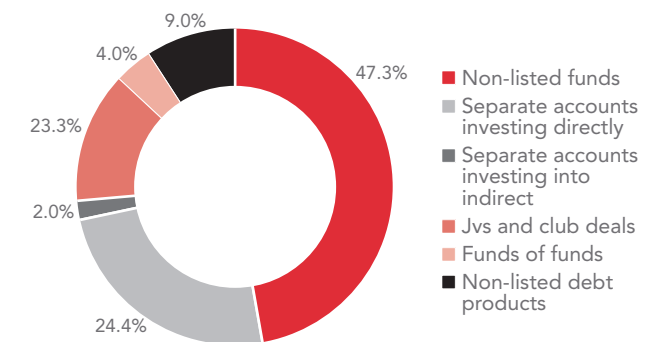
Figure 1 - Expectations for capital raising activities



'Pension funds give non-listed real estate a resounding vote of confidence in 2015'

Globally, non-listed real estate funds attracted the biggest share of the equity raised (47.3%) followed by separate accounts investing directly into real estate (24.4%) and joint ventures and club deals (23.3%).

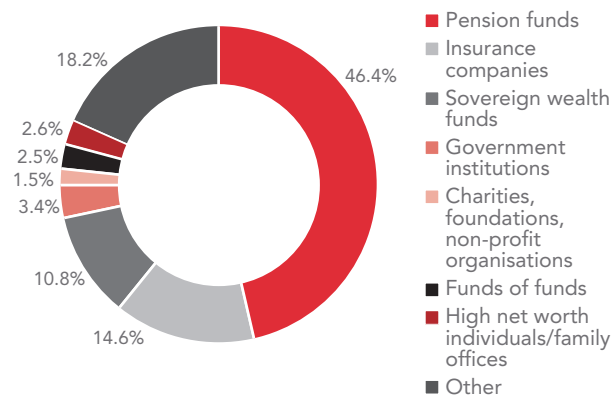
Figure 2 - Equity raised by vehicle type by value



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In terms of investor types, pension funds were the main source of capital for the non-listed real estate industry in 2015, accounting for 46.4% of the equity raised globally. Insurance companies represent 14.6% of the equity raised and sovereign wealth funds 10.8%. Those investors are also the main source of capital for Asia Pacific strategy vehicles: pension funds 33.4%, insurance companies 11.6% and sovereign wealth funds 20.2%.

Figure 3 - Equity raised by investor type by value



By investor domicile, Asia Pacific based investors contributed to 15.4% of equity being raised last year compared to 48.7% of equity from European investors and North American investors' contribution of 35.9%.

In Asia Pacific, non-listed real estate funds raised 61.1% of the total equity raised for vehicles with an Asia Pacific strategy, compared with 55.9% in North America and 40.3% in Europe. Except for global strategy vehicles, non-listed real estate funds are the preferred route to market.

The majority of equity raised for Asia Pacific non-listed real estate funds was raised for:

- Closed end structures (59.3% compared with 40.7% for open end funds).
- Core strategies (43.9% compared with 24.1% for value added and 32.0% for opportunistic strategies).

'Pan Asian core open end funds raised 19% of the total equity raised for non-listed funds in 2015'

- 64.1% for single country funds of which 42% was for Australia funds.
- 57.3% for single sector funds of which 43.8% was for office funds and 42.4% was for industrial and logistics funds.
- Asia Pacific investors are the dominant source of capital in the region accounting for 55.4% of the equity raised, followed by European investors (29.4%) and North American investors (15.2%).
- In 2015 Asia Pacific investor committed the majority of their equity to core funds (54.8%), European investors to value added (49%) and North American investors to opportunistic funds (58.2%).

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For further information please contact

research@anrev.org