

ANREV/INREV/NCREIF Fund Manager Survey 2016 Snapshot

The urge to merge and splurge (on acquisitions) leads to concentration among fund managers

- ▶ Top 10 fund managers make up 41.0 % of total AUM
- ▶ The top three fund managers have AUM exceeding US\$100 billion each
- ▶ Global strategies and North American strategies are larger than others

Total real estate assets under management (AUM) reached US\$2.19 trillion in 2015. Overall, the 10 largest fund managers represent 41.0% of the total AUM, up from 36.5% last year.

With US\$149.8 billion of total real estate assets under management, Brookfield Asset Management tops the list in the 2016 survey. The Blackstone Group ranks second overall with US\$147.6 billion of total real estate AUM, while TH Real Estate & TIAA occupies the third position with US\$120.8 billion of global real estate AUM.

In terms of Asia Pacific strategies, CapitaLand is the largest fund manager, with total real estate AUM of US\$43.9 billion. Second place goes to Fosun Property Holdings with US\$34.2 billion in AUM, and next is Mapletree Investments with US\$22.8 billion of real estate AUM.

For European strategies, Aviva Investors is in top position with US\$49.2 billion of real estate assets under management. The second and third slots are

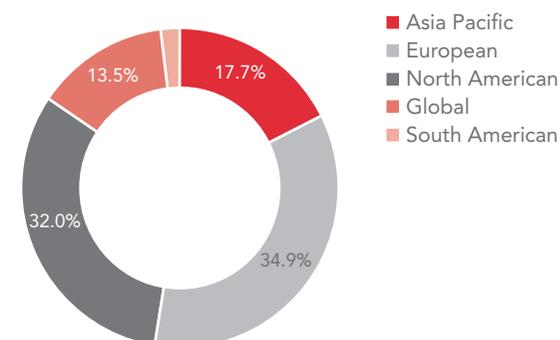
filled by CBRE Global Investors and Credit Suisse, with AUM of US\$45.0 billion and US\$40.6 billion respectively.

For North America strategies, Brookfield Asset Management is the largest fund manager, with total real estate AUM of US\$97.5 billion. Second place for North American strategies goes to TH Real Estate & TIAA with US\$62.5 billion in AUM, and next is J.P. Morgan Asset Management with US\$58.7 billion of real estate AUM.

Overall, fund managers manage a total of 2,970 non-listed direct real estate vehicles with a combined value of US\$1.6 trillion. Of that amount, non-listed funds account for US\$1.0 trillion spreading across 1,522 different funds.

'Non-listed real estate funds remain dominant within the category of non-listed vehicles'

Figure 1 – Total real estate assets under management by regional strategy



Asia Pacific strategies account for 17.7% of the total assets of under management of fund managers in 2015 (US\$387.0 billion) while European strategies take the largest share of the pie with US\$765.1 billion (34.9%) of assets under management followed closely by North America (US\$701.6 billion and 32%). Global strategies account for 13.5% of total assets under management (US\$296.5 billion) and the remaining 1.9% is for South American strategies (US\$42 billion).

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By value, funds with a Asia Pacific and Global strategy hold an equal weight of US\$141.1 billion (14.7%), funds with a European strategy amount to US\$370.9 billion (38.7%) in total and North American funds constitute US\$296.8 billion (31.0%). Funds with a South American regional strategy amount to US\$8.5 billion (0.9%) only.

In terms of the most common investment style for the various regional strategies, funds fall into two broad camps (measured by value): Asia Pacific and the other strategies, where the higher risk value added and opportunity styles are more common and the European and North American strategies, where core is most common. It is striking that over three-quarters (76.6%) of the assets in global strategies have an opportunity approach.

'Open end funds are preferred in North America and Europe, but not elsewhere'

Pension funds continue to dominate the institutional market, representing 48.6% of the institutional client base in 2015 of non-listed direct real estate vehicles, an increase from 42.8% the previous year. Insurance companies remain the second largest group of institutional investors, although their share has reduced slightly to 13.9% in 2015 (from 14.4% in 2014); however, it is worthwhile noting that insurance companies have increased their share very significantly since 2011. Sovereign wealth funds have increased their presence from 6.7% of the institutional base in 2014 to 9.4% in 2015. The remainder of the investor base comprises a very

varied range from corporations to funds of funds and others.

In terms of assets under management, institutional investors continue to be the main investor type for non-listed direct real estate vehicles. For non-listed real estate funds, they make up 82.0% of the total assets under management, more than one-tenth of the asset base is retail in nature (13.4%) the remaining from manager co-investment (2%) and other sources (2%). For separate accounts the corresponding percentage is 96.2% and 60.4% for Joint ventures and club deals.

'Pension schemes and insurance companies remain key sources of capital of non-listed real estate vehicles'

Figure 2 – Value of non-listed real estate funds by style and regional strategy

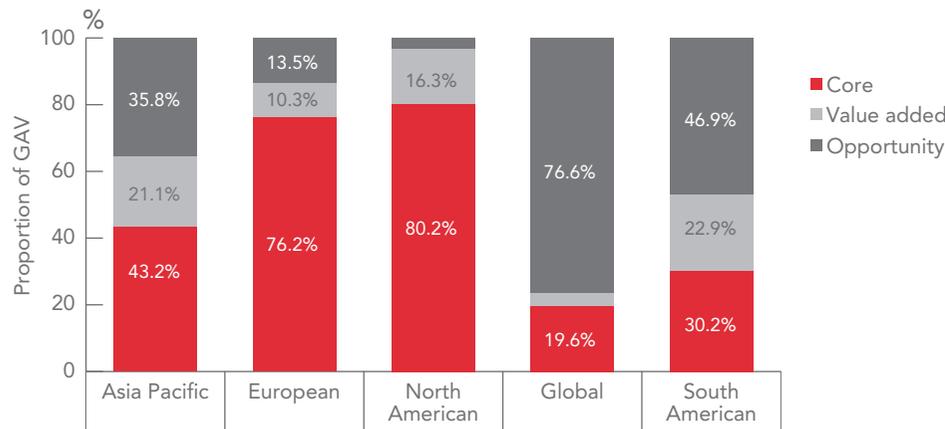


Figure 3 – Historical breakdown of institutional investor base by investor type for non-listed real estate vehicles

