

ANREV / INREV / NCREIF Capital Raising Survey 2017 Snapshot

US\$128.4 billion of new equity raised for non-listed real estate in 2016

- ▶ Non-listed real estate vehicles continue to attract investors of all types
- ▶ Pension funds remain the biggest source of new capital globally
- ▶ Europe remains the largest target market
- ▶ Asia Pacific vehicles attracted more capital in 2016 than in 2015

In 2016, non-listed real estate vehicles remain in favour amongst investors of all types.

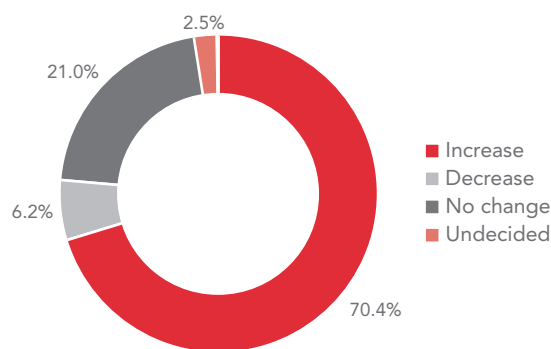
Collectively, respondents raised US\$128.4 billion of capital for non-listed real estate in 2016.

Of the total capital raised, vehicles with an Asia Pacific strategy attracted US\$22.9 billion, a significant increase to the previous years' figure of US\$18.4 billion. Consistent with the 2016 survey, the largest portion of capital raised is heading for Europe (US\$59.6 billion or 46.5%). North American vehicles have attracted 26% (US\$33.3 billion) of all new equity raised last year. Asia Pacific was the only region to see an increase of capital raised in comparison to 2015.

'Pension funds were again the main source of capital for the non-listed real estate industry in 2016'

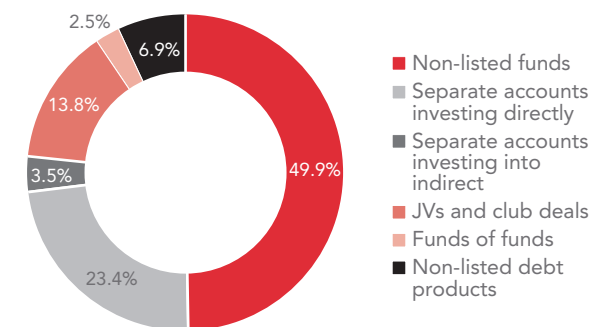
Fund managers remain optimistic about future capital raising activities, with 70.4% noting they expect capital raising activities to increase over the coming two years.

Figure 1 - Expectations for capital raising activities



Globally, non-listed real estate funds attracted the major share of the equity raised (49.9%) followed by separate accounts investing directly into real estate (23.4%) and joint ventures and club deals (13.8%).

Figure 2 - Equity raised by vehicle type by value

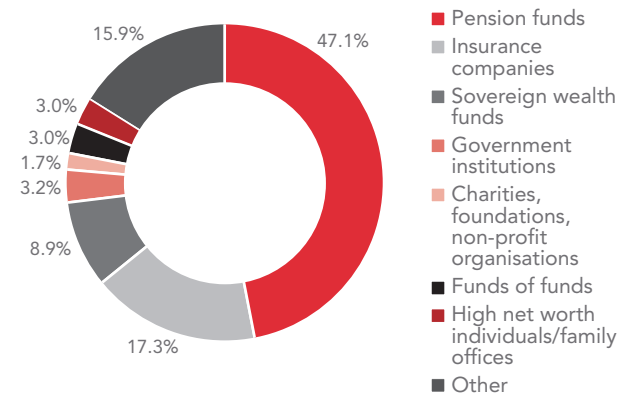


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Pension funds remain the investor group providing the largest source of capital to the non-listed real estate industry in 2016, accounting for almost half (47.1% or US\$58.71 billion) of the total equity raised. In line with 2015 trends, insurance companies provided the second largest quantum of capital (17.3%), followed by sovereign wealth funds (8.9%), also mirroring the trend of the 2015 survey. These investors are also the prominent groups targeting Asia Pacific: 47.7% of the total equity was contributed by pension funds, 13.1% by sovereign wealth funds and 10.7% from insurance companies.

In terms of investor contribution by domicile, Asia Pacific investors contributed 22.3% of the total capital raised globally. European investors contributed more than half of the total raised – 50.5%, followed by North American investors (26.8%). South American and African investors contributed a combined nominal amount of 0.3%.

Figure 3 - Total Equity raised globally by investor type by value



In Asia Pacific, non-listed real estate funds attracted 51.2% of the total capital raised with an Asia Pacific strategy, compared with those with a European strategy (42.7%), those with a North American strategy (60.1%) and globally focused vehicles (52.2%).

Capital raised for Asia Pacific non-listed real estate funds was mostly designated to Non-listed funds are the most attractive vehicle to invest in for APAC strategies:

- Closed end vehicles (63.1%) in comparison to open end vehicles (36.9%)

- Half of the total capital was allocated to core vehicles with the balance allocated to opportunity (30%) and value-added (20%).
- 61.4% of the total capital was raised for single country vehicles – broadly in line with 2015, with the balance 38.6% destined for single country vehicles. Of the total capital raised in 2016, 23.1% is designated for China focus funds, followed by 18.9% for Australia focus.
- 72% of total capital was allocated to multi sector vehicles, with industrial and logistics accounting for 13.9% of the total capital raised in 2016.
- The largest proportion of capital allocated to the region came via Asia Pacific investors (43.7%) followed by North American investors (34.9%) and European investors (21.3%).
- Asia Pacific investors contributed the largest share of equity to vehicles with a core strategy (53.5%) whilst European investors contributed the largest share to value-added vehicles (39.8%) and North American investors to opportunity vehicles (59%).