

ANREV / INREV / NCREIF Capital Raising Survey 2018 Snapshot

Globally a total of US\$160.2 billion of new equity was raised for non-listed real estate in 2017

- ▶ More than three quarters (76.6%) of fund managers raised capital in 2017
- ▶ Pension funds remain the biggest source of new capital globally
- ▶ Asia Pacific vehicles attracted more capital in 2017 than in 2016

Capital raising for the non-listed real estate industry globally reached record levels in 2017. A total of US\$160.2 billion was raised by 175 managers. This is an increase of 25.0% on the previous year, and an 8.0% increase on the number of managers that participated in the survey.

The majority, 76.6%, of managers raised capital last year. This is slightly down on the previous two years when circa 80% had raised capital. For the 23.4% that did not raise capital track record and corporate governance framework were indicated by 9.8% each as reasons why no capital was raised. The majority, 80.4%, indicated other reasons that were not explicitly stated. Going forwards the outlook is positive with 69.1% indicating that they expect capital raising to increase in the next two years.

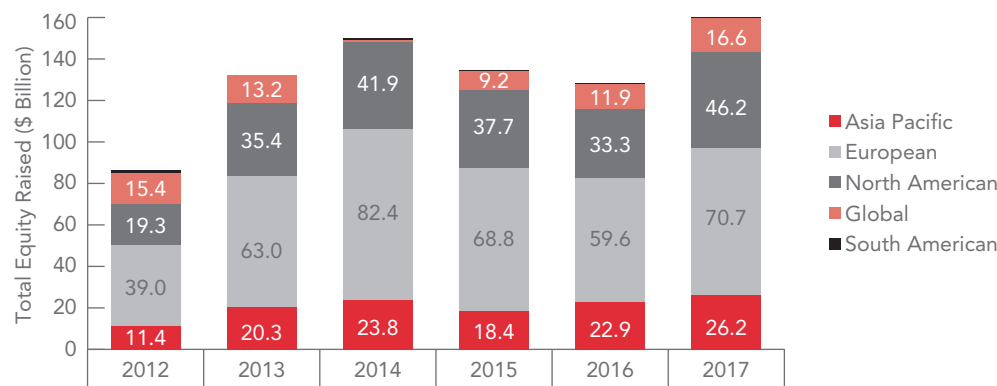
In 2017, every region saw an increase of capital raised in comparison to 2016. For the third year running Europe topped the list as the investment destination of choice with 44.1% (or US\$70.7 billion) of capital raised destined for this region. Next was North America claiming 28.8% (or US\$46.2 billion) of capital raised followed by Asia Pacific with 16.4% (US\$26.2 billion).

Managers tend to raise capital for investment into their own regions. This is especially true of Asia Pacific managers where 85.8% of new capital raised was destined for investment into Asia Pacific. Europe based managers follow a similar trend though to a lesser extent with 76.4% raising capital for investment into Europe. However, managers based in North America buck the trend, less than half, 46.5%, raised capital for investment into their own region.

Pension funds and insurance companies are main providers of new equity

Pension funds and insurance companies continue to be the main sources of capital for the non-listed real estate industry globally. Pension funds represented the lion share, 45.4%, of new capital raised in 2017. Insurance companies were next with 16.7%. Other sources of capital were also prominent and represented 14.6% of the total amount of capital raised.

Figure 1 – Equity raised between 2012 to 2017 by regional strategy



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There were some notable variations in sources of capital across vehicle types. Pension funds were the main source of capital for all but one vehicle type. The exception was JVs and club deals where more capital was raised from sources other than pension funds. Insurance companies were also a key source of capital especially for separate accounts investing directly and into indirect, as well as for non-listed debt products.

Funds top the list as the vehicle of choice

Non-listed funds were the vehicle of choice for capital raising in 2017. Over half, 55.1%, of new equity raised was destined for funds. This proportion was much larger, 70.9%, when looking at capital raised for funds with an Asia Pacific strategy. This was also the case, though to a much lesser extent, for vehicles with a North American strategy where 61.7% of new equity was destined for funds.

The next largest proportion of capital raised, 20.7%, was for separate accounts investing directly. A higher share, 28.4%, of capital raised for vehicles with a European strategy was destined for this vehicle type.

Capital raising for vehicles with a global strategy show a different trend. Here most capital, 35.5%, was raised for funds of funds. Separate accounts investing into indirect follow next claiming 20.8% share of capital raised for global strategy vehicles.

Figure 2 – Equity raised by investor type and by vehicle type

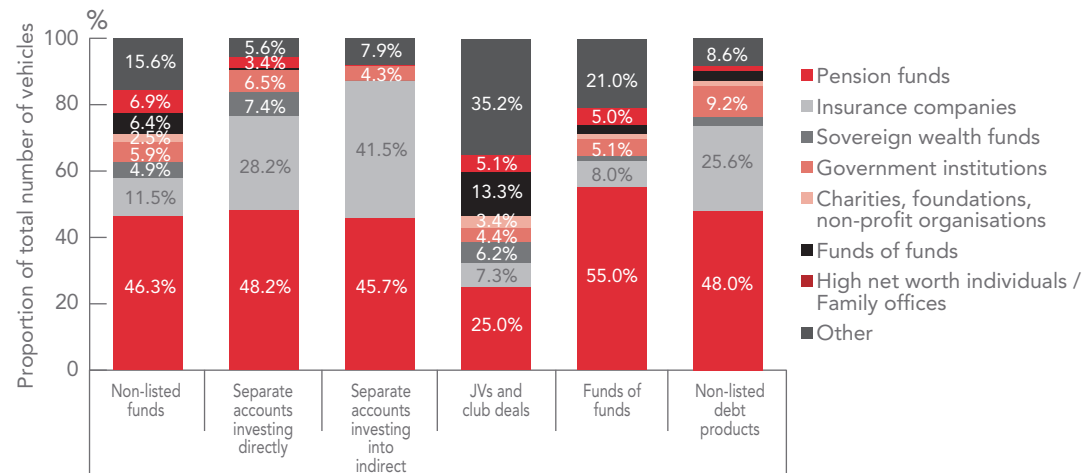


Figure 3 – Equity raised by vehicle type and by regional strategy

