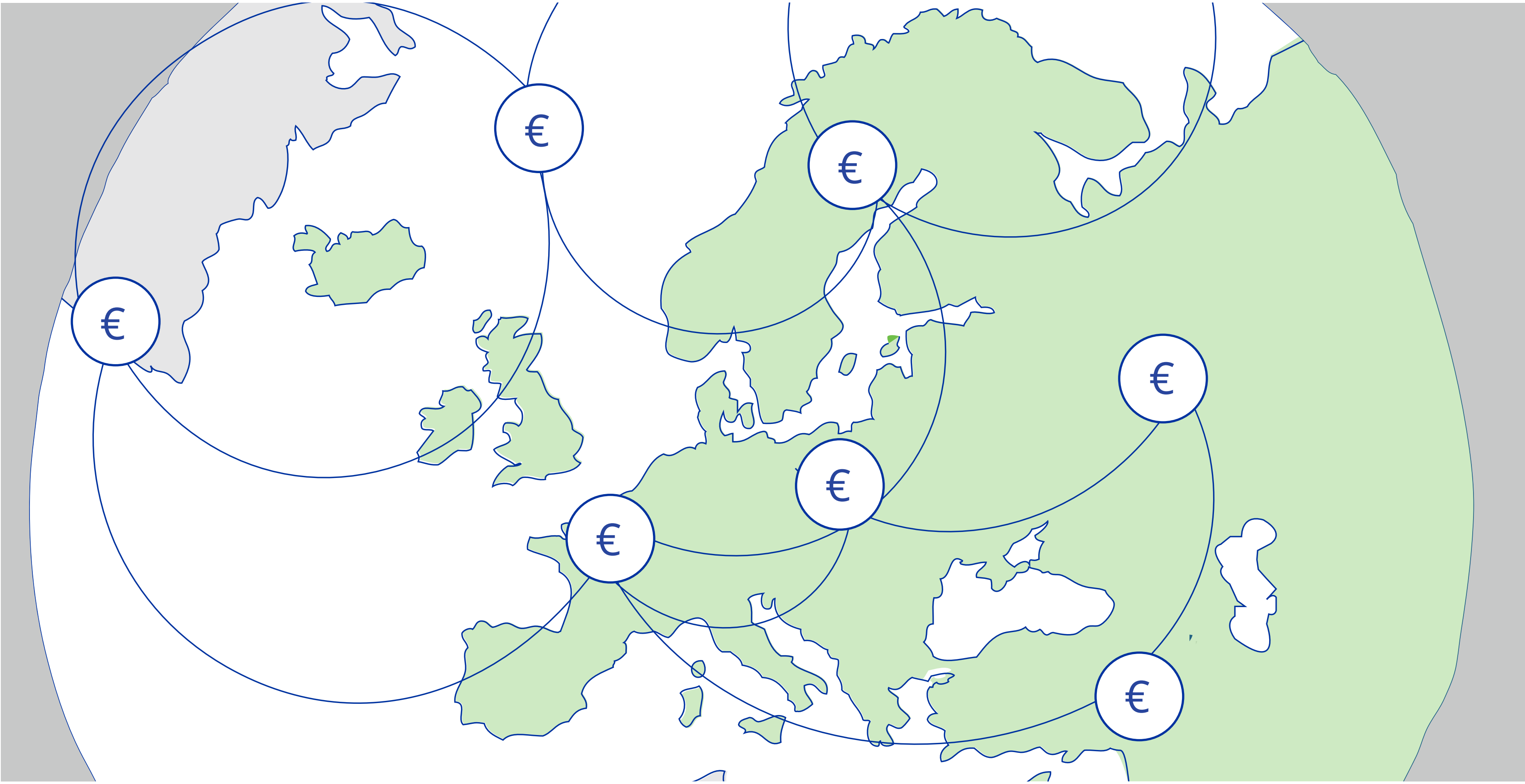


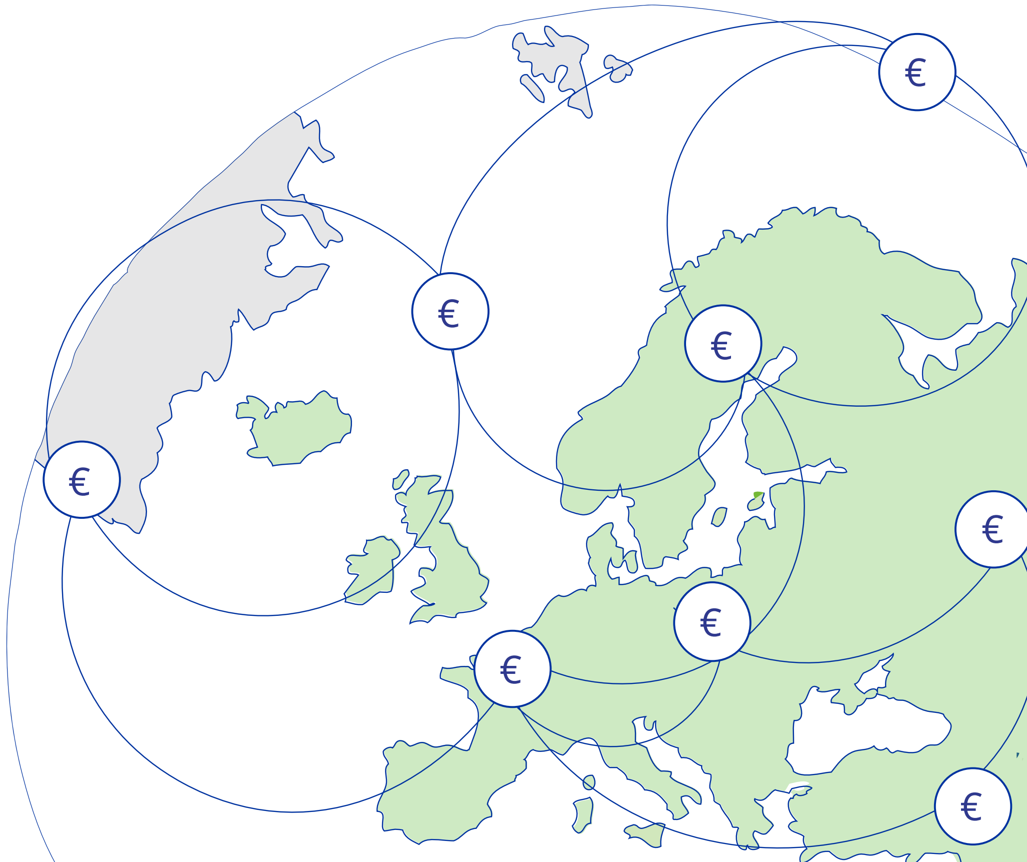
Capital Raising Survey
2019

Research

INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. Our aim is to improve the accessibility of non-listed real estate vehicles for institutional investors by promoting greater transparency, accessibility, professionalism and standards of best practice.

As a pan European body, INREV represents an excellent platform for the sharing and dissemination of knowledge on the non-listed real estate industry.

INREV
ITO Tower, 8th floor
Gustav Mahlerplein 62
1082 MA Amsterdam, The Netherlands
+ 31 (0)20 235 8600 | research@inrev.org | www.inrev.org



Contents

Executive summary

> Capital raised for non-listed real estate reached a record high of €154.8 billion in 2018
> Almost half of the capital was raised for vehicles with a European strategy
> Pension funds and insurance companies provided almost 60% of new equity

Over the past few years capital raised for investment into non-listed real estate has gone from strength to strength. Despite a small contraction in the volume of capital raised during 2016, capital inflows into the non-listed real estate sector has continued to trend upwards to reach record levels in 2018, cementing the sector's position in the real estate investment spectrum.

Capital raising exceeds €160 billion
Over 200 managers participated in this year's survey. Together they raised a record €161.7 billion of new equity for investment into real estate around the world in 2018. During 2018 capital was sought for 933 vehicles which equates to a minimum of €154.8 billion of new equity raised for investment into non-listed real estate vehicles, slightly ahead of the corresponding figures for 2017.

European strategies attract the most capital
In 2018, vehicles targeting Europe raised €69.4 billion of new capital (44.8% of the total), making this the most popular regional strategy. Vehicles with North American and Asia Pacific strategies raised 33.1% (€51.3 billion) and 14.5% (€22.5 billion) of the total, respectively. Meanwhile, global strategies attracted 6.8% (€10.6 billion) in 2018. North American strategies saw the largest increase in volume of new equity compared to the previous year.

Domestic bias
European managers earmarked 81.4% of new equity raised for vehicles with a European strategy, 8.1% for global vehicles and 10.6% to be split between North America (7.9%) and Asia Pacific (2.7%). Managers in Asia Pacific plan to deploy 74.9% of the capital they raised into their home region. However, North American managers, the largest of which are global with operations in all three key regions, target the lowest proportion (66.2%) of new capital at their domestic market.

Pension funds and insurance companies provide the lion share of new equity
The two largest investor groups for non-listed real estate, pension funds and insurance companies, continue to be the main providers of new equity. Together they account for almost 60.0% of total capital raised in 2018. While the contribution from pension funds, 34.9%, accounted for the lion share, commitments from insurance companies nearly doubled, from 13.2% in 2017 to 24.5% in 2018.

Non-listed real estate funds most favoured
The largest share of new equity, 45.3%, was destined for funds, while separate accounts (invested in direct) attracted 21.4%. Non-listed debt products seem to have regained some of their appeal, drawing 13.8% of capital, substantially more than the 8.1% raised for these vehicles in the previous year. Meanwhile joint ventures and club deals combined, accounted for 9.7% of total capital raised.

Managers remain optimistic
Overall, managers remained optimistic in their expectations for capital raising activity over the next few years. The majority, 71.9%, expected capital raising activity to continue increasing. At the other end of the spectrum, only 8.9% thought capital raising momentum would decrease in two years' time.

Impact of regulation
When queried about the impact of regulation on the capital raising landscape, close to two thirds (64.0%) of respondents responded that it has no effect on attracting new capital into the non-listed real estate industry.

'Non-listed real estate industry keeps its appeal for investors'

Section 1

Introduction

Introduction

The ANREV / INREV / NCREIF Capital Raising Survey 2019 explores capital raising activities in the non-listed real estate industry in 2018. The survey provides insights by region, vehicle type, investment strategy, and where possible presents a historical comparison based on previous studies.

The Capital Raising Survey was launched in 2006. Since 2015, the survey has had a global reach as a joint research project between ANREV, INREV and NCREIF.

This year's sample includes 203 fund managers. The majority (115) were domiciled in Europe, followed by those in Asia Pacific (46) and North America (42). No fund managers from South America or Africa participated in the survey this year.

The results of this study are based on data provided directly by managers. Aggregate results are shown only when there is a minimum sample size of three for any category. Furthermore, when figures were left unspecified, aggregates include those figures that were not reported, allowing the sample to remain constant throughout the report.

Capital raising information was gathered in a three-step process: first, a questionnaire at manager level; second, a questionnaire at vehicle level (for debt funds and funds of funds) to capture vehicle characteristics; and third, the INREV database of funds.

ANREV, INREV and NCREIF do not use publicly available information and both members and non-members can provide data to the survey.

ANREV, INREV and NCREIF would like to thank all participants for contributing to the Capital Raising Survey 2019.

Use

The results of the Capital Raising Survey may be used for research and information purposes only. They may not be used for the following:

- To determine the value of a fund
- To determine the value of a financial instrument
- To determine the amount payable under a financial instrument
- To determine the amount payable under a financial contract
- To calculate performance fees
- To define the allocation of a portfolio

It is important to note that the sample size and composition of the survey varies by year. Therefore, historical comparisons should be treated with caution.

Section 2

Capital raising activity

Capital raising activity

The majority, 78.8%, of fund managers that participated in this global survey indicated that they raised capital for non-listed real estate vehicles in 2018. This includes capital raised for investment via non-listed real estate funds, separate accounts investing directly into real estate as well as those investing into indirect vehicles, joint ventures and club deals, funds of funds and non-listed real estate debt products.

The proportion of managers that raised capital compared to those that have not has been consistent over time. Over the past four years around one fifth of the respondents have not raised capital.

Of those that did not raise capital in 2018, the majority, 88.4%, indicated 'other' as the key explanation. Within 'other' reasons stated, either sufficient capital raised previously or no need for new capital was cited by most of these respondents, while others signalled that they have not launched new vehicles or are still deploying capital from previous capital raising rounds.

None specified 'track record', 'fund manager reputation', 'associated costs' or 'corporate governance' as reasons why no capital was raised in 2018.

'Alignment of interest' was cited by 2.3% of managers who did not raise new capital, and the remaining 9.3% was left unspecified.

Figure 1: Capital raising activity

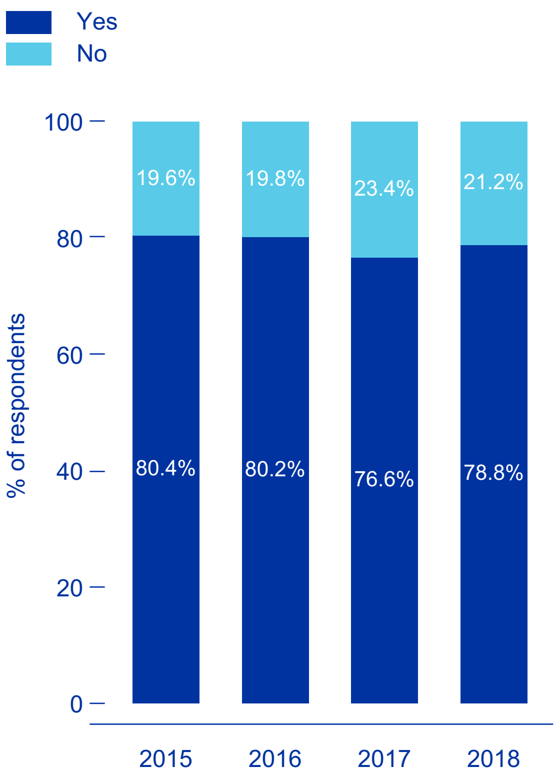
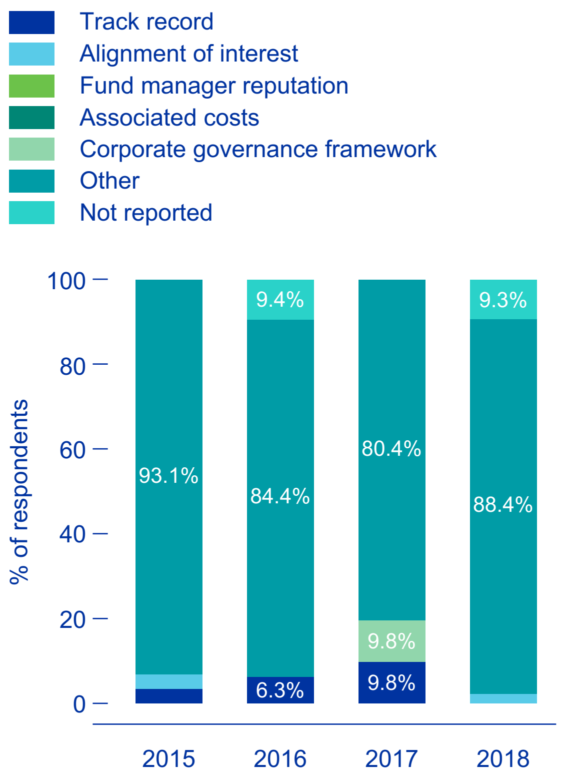


Figure 2: Reasons why no capital was raised



Methods of capital raising

The most effective capital raising channel for fund managers continues to be via existing relationships with investors. Of the global sample, 64.8% stated that this was their main method for raising new equity.

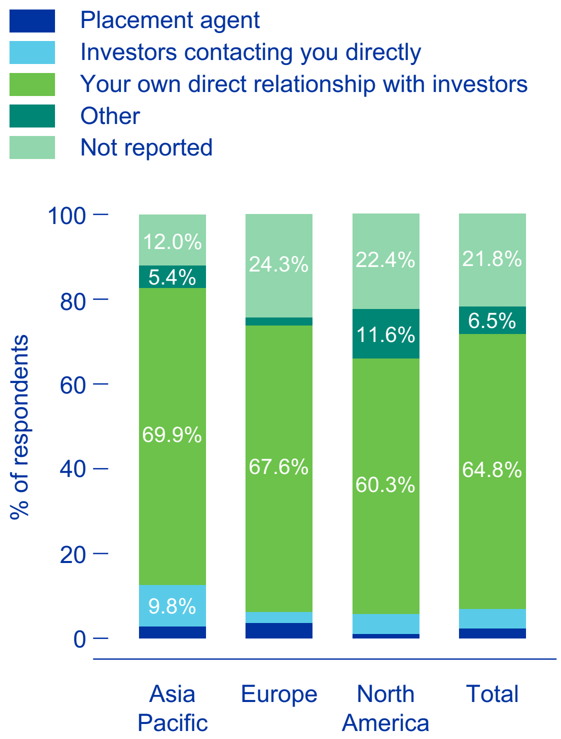
Capital raised via placement agents made up 2.4% of the total, while 4.5% was raised as a result of investors contacting fund managers directly. 'Other' was stated by 6.5% of respondents and the remaining 21.8% was left unspecified.

Trust and good investor relationships are important worldwide. However, there was some geographical variation in the use of existing relationships for raising capital. For Asia Pacific managers, these relationships accounted for 69.9% of total capital raised, compared to 67.6% for European managers and 60.3% for North American managers.

Asia Pacific was the only region where investors contacting managers directly accounted for a notable proportion, 9.8%, of all new equity, a much higher proportion than that observed for managers based in Europe or North America.

Meanwhile Europe saw a higher proportion of capital raised via placement agents compared to managers in Asia Pacific and North America.

Figure 3: Methods of capital raising by fund manager domicile



Expectations for capital raising activities

Overall, fund managers remained optimistic in their expectations for capital raising activity over the next few years.

The majority, 71.9%, expected capital raising activity to continue increasing, a slightly higher proportion than the previous year. At the other end of the spectrum, 8.9% thought capital raising momentum would decrease in two years' time, a smaller number than the 2017 figure of 10.3%. Another 15.3% of respondents do not expect a change on capital raising activity, while the remaining 3.9% were undecided.

When queried about the impact of regulation on the capital raising landscape, close to two thirds (64.0%) of respondents responded that it has no effect on attracting new capital into the non-listed real estate industry. This number has been increasing in recent years, suggesting the growing immunity of capital raising to regulation.

However, more than a fifth, saw regulation as a deterrent to raising new equity, a slightly higher proportion than previously seen. Among the remaining respondents, 9.9% considered regulation to have a positive impact on capital raising, while 4.4% were undecided.

Figure 4: Expectations for capital raising activities over the next two years

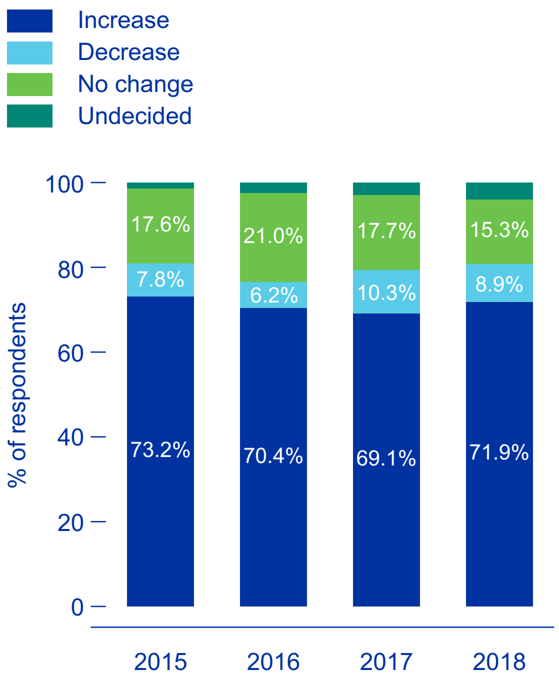
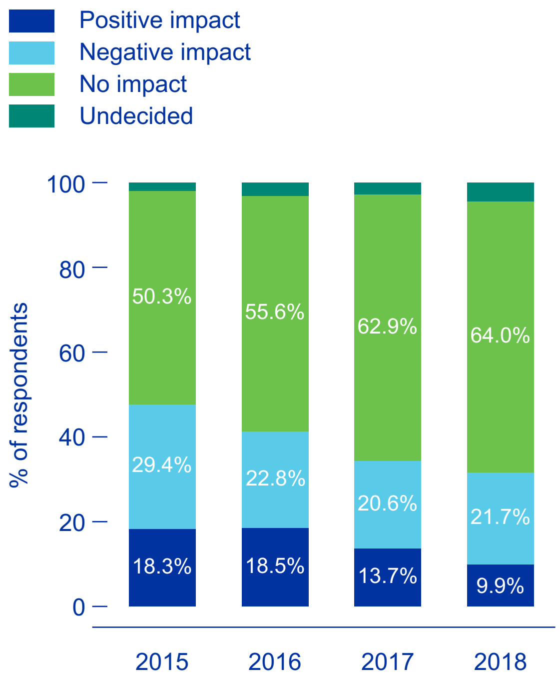


Figure 5: Impact of regulation on capital raising activities



Section 3

Equity raised for the non-listed real estate industry globally

Equity raised for the non-listed real estate industry globally

During 2018 a total of €161.7 billion of new capital was raised globally for investment into the real estate industry. Over half of this, €85.1 billion, has already been invested indicating that there is potentially €76.6 billion waiting to be deployed into the real estate sector worldwide.

The non-listed real estate industry continued to attract significant amounts of capital in 2018. Globally, a minimum of €154.8 billion of new capital was raised, slightly higher than last year's €152.3 billion.

Overall, the distribution of capital raised for each region remains similar to the previous year. The largest share is heading for Europe, €69.4 billion, exceeding the previous year's figure of €67.2 billion. This is followed by North America, which attracted €51.3 billion of total new equity. North America was the region that recorded the largest monetary increase compared to the previous year. Meanwhile, less capital was raised for investment into Asia Pacific than previously, €22.5 billion compared with €24.9 billion in the previous year.

Figure 6: Equity raised and invested for total real estate investment in 2018

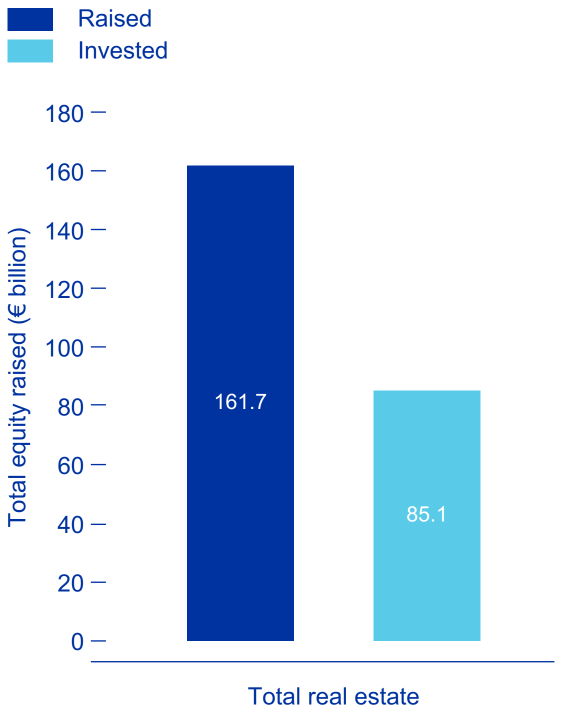
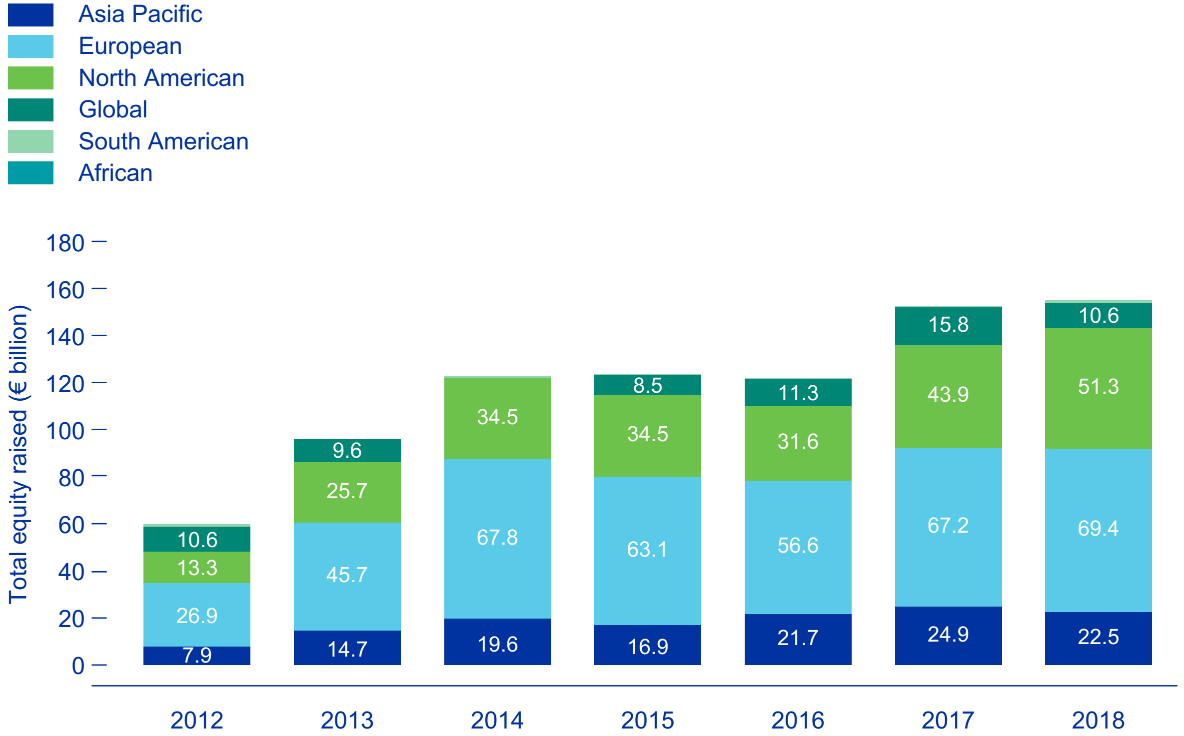


Figure 7: Equity raised for the non-listed real estate industry between 2012 to 2018 by regional strategy



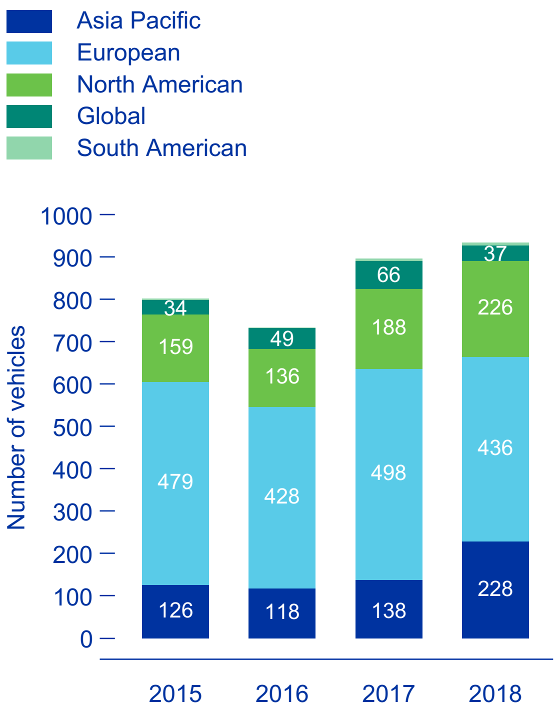
The increasing popularity of non-listed real estate is evident from the total number of vehicles that raised capital in 2018. In total, equity was sought for 933 vehicles, an increase from the 2017 figure of 895.

Capital raised for vehicles with a European strategy dominate the results at 436. This is a slight decrease on the 498 recorded in the previous year.

A total of 228 vehicles raised capital with an Asia Pacific strategy, a significant increase from 2017 when 138 vehicles were raised for this region. Capital was raised for 226 vehicles with a North American strategy, also a higher number than the previous year's 188. Just 6 vehicles targeted South America, while the remaining 37 have a global strategy. No capital was raised for African structures.

Comparing the amount of capital raised by region with the number of vehicles gives an indication of vehicle size. Vehicles with a European strategy comprise 46.7% of the total by number but 44.8% of new equity by value. Those with an Asia Pacific strategy represent 24.4% by number and 14.5% in money terms, while North American vehicles represent 24.2% by number but 33.1% by value. This indicates that on average vehicles targeting North America are larger than those targeting other regions.

Figure 8: Equity raised by regional strategy by number of vehicles



'New equity was sought for 933 vehicles in 2018'

Equity raised by regional strategy and by fund manager domicile

Analysing equity raised in 2018 more deeply indicates that regardless of whether capital is targeting Asia Pacific, Europe or North America, the largest proportion is destined for domestic markets, although there are some regional variations, particularly among North American fund managers.

Among European fund managers, 81.4% of new equity was raised for vehicles with a European strategy, with an additional 8.1% designated for Global vehicles and the remaining 10.6% split between Asia Pacific and North America (2.7% and 7.9%, respectively).

Home bias also prevailed for Asia Pacific fund managers, most of whose capital (74.9%) was raised for allocation to their own region, while 14.1% went to European vehicles, 8.4% to North American vehicles and 2.7% to those with a Global strategy.

North American fund managers raised equity for the widest range of strategies, with 66.2% of capital for placement in their home market, considerably less than their European and Asia Pacific counterparts. Most North American respondents are global fund managers with operations in each of the three regions, giving them a wider reach compared to their European and Asia Pacific peers.

Of the 314 vehicles for which North American managers raised capital last year, more than half (57.3%) were for vehicles with a North American strategy, while 24.5% target Europe, 10.5% target Asia Pacific, 5.7% have a global strategy, and a mere 1.9% target South America.

The bulk of capital raised by European managers went to European vehicles (88.2% of 397), followed by Global, North American and Asia Pacific, at 2.8%, 5.3% and 3.8% respectively. No capital was raised by European managers for investment into South America or Africa.

Asia Pacific fund managers raised capital for 222 vehicles in total, of which 81.1% target the Asia Pacific region. The remainder of the capital was raised for North American vehicles (11.3%), European vehicles (4.1%) and Global structures (3.6%).

Figure 9: Equity raised by regional strategy and by fund manager domicile by value

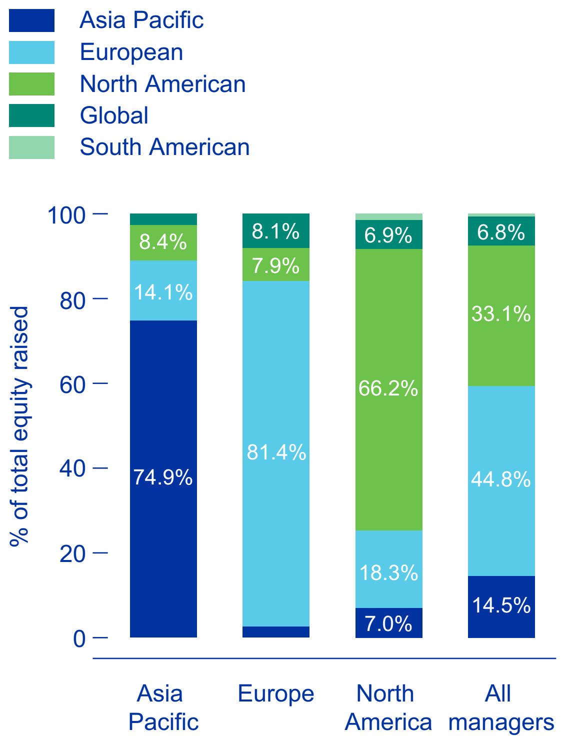
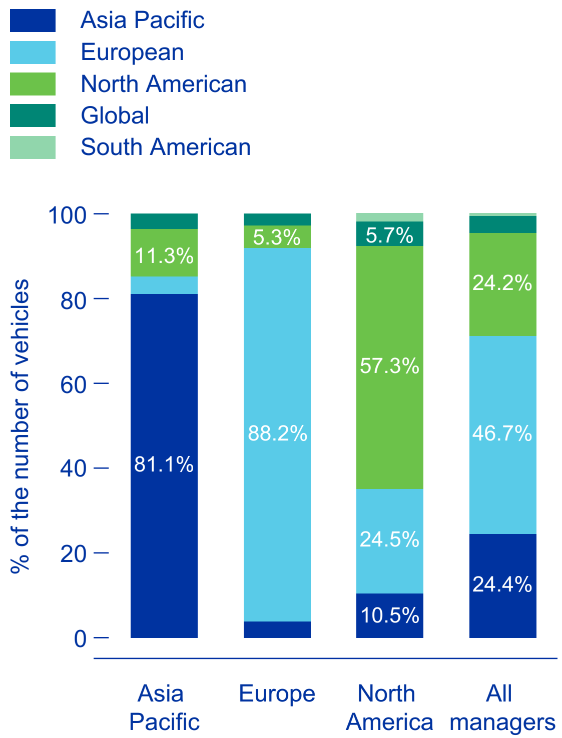


Figure 10: Equity raised by regional strategy and by fund manager domicile by number of vehicles



Equity raised by vehicle type

Global equity is targeting an ever-expanding range of non-listed real estate vehicle types. In 2018, as in previous years, the largest share of capital was raised for non-listed real estate funds.

In total, funds accounted for 45.3% of all capital raised. Separate accounts investing directly into real estate were again the second most popular vehicle, drawing 21.4% of all new capital. Non-listed debt products attracted 13.8%, a notable increase on the previous year. Meanwhile joint ventures and club deals attracted 9.7%, funds of funds 5.1% and separate accounts investing into indirect vehicles 4.7% of all capital raised in 2018.

New capital was raised for 326 non-listed real estate funds in 2018, 34.9% of the total 933 vehicles. The remaining equity was raised for 282 separate accounts investing directly into real estate, 175 joint ventures and club deals, 67 non-listed debt products, 55 separate accounts investing into indirect real estate and 28 funds of funds.

Figure 11: Equity raised by vehicle type by value

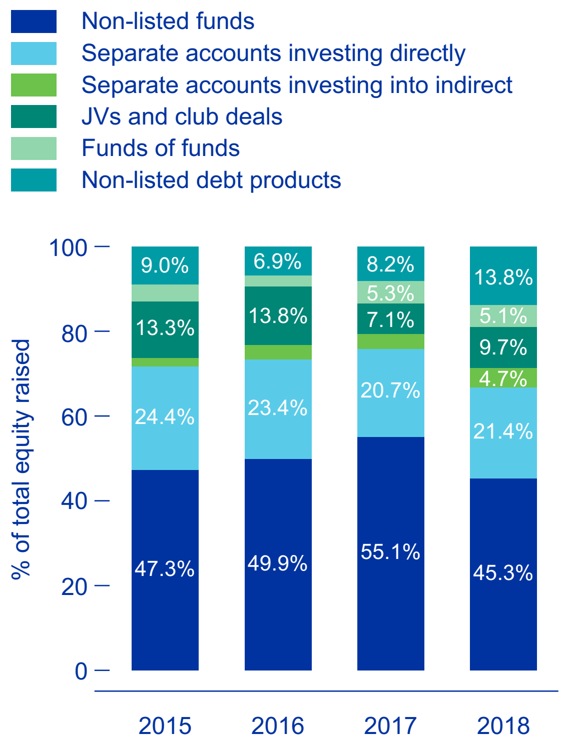
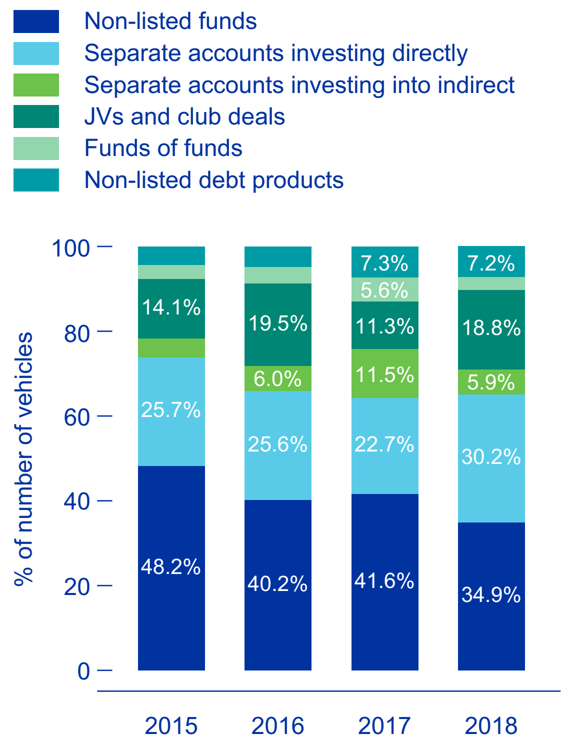


Figure 12: Equity raised by vehicle type by number of vehicles



Equity raised by vehicle type and by regional strategy

Split by geography, funds are clearly the vehicle of choice in all regions.

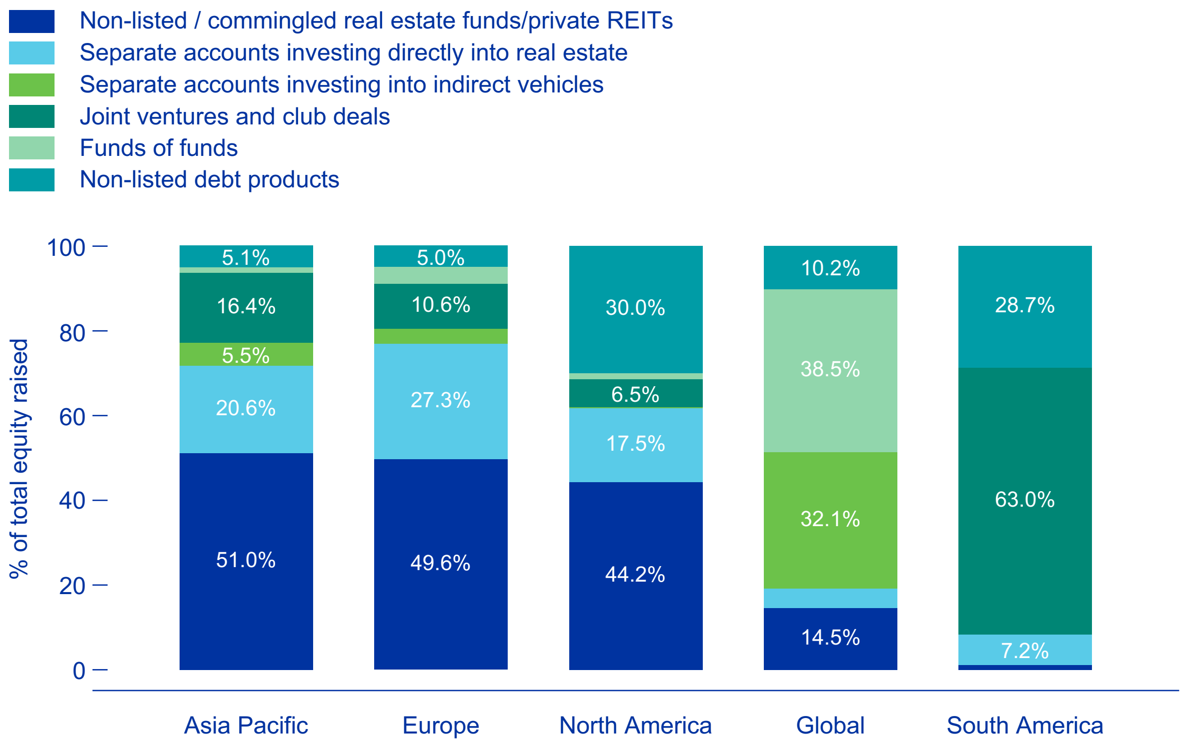
Most new equity targeting Asia Pacific in 2018 was raised for non-listed real estate funds (51.0%), separate accounts investing directly into real estate (20.6%), JVs and club deals (16.4%), separate accounts investing into indirect vehicles (5.5%), non-listed debt products (5.1%) and funds of funds (1.3%).

For vehicles with a European strategy, most new equity was again raised for funds (49.6%), with the remainder split between separate accounts investing directly into real estate (27.3%), JVs and club deals (10.6%), non-listed debt products (5.0%), funds of funds (4.0%), and separate accounts investing into indirect real estate (3.5%).

A similar pattern emerges in North America. Funds again attracted the largest share of capital (44.2%), though unlike the other two regions non-listed debt products (30.0%) attracted the second largest share of new capital raised. Separate accounts investing directly into real estate (17.5%) came third, followed by JVs and club deals (6.5%), funds of funds (1.5%), and separate accounts investing into indirect real estate (0.3%).

For vehicles pursuing a global strategy, funds of funds continue to be the vehicle of choice.

Figure 13: Equity raised by vehicle type and by regional strategy by value

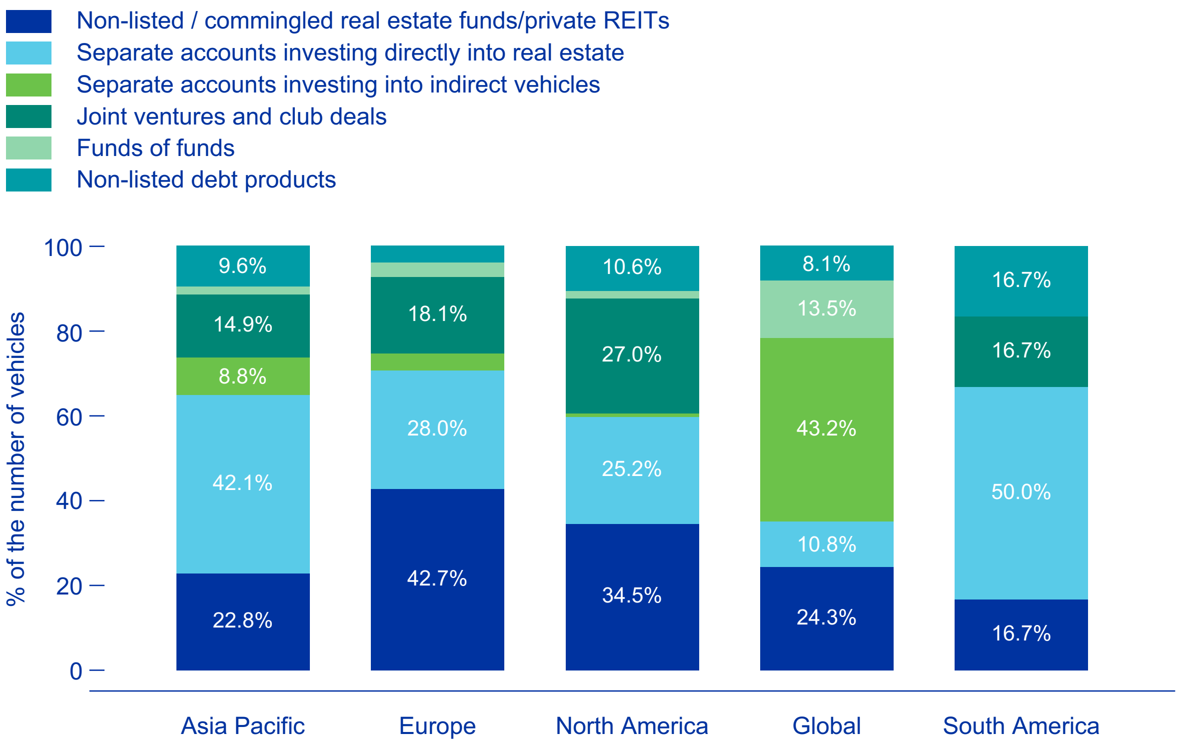


These vehicles are particularly attractive to smaller investors as they provide exposure to a range of global markets that would otherwise be difficult to access. Separate accounts investing into indirect vehicles followed closely with 32.1% of total capital raised for global strategy vehicles. Non-listed real estate funds (14.5%), non-listed debt products (10.2%) and separate accounts investing directly into real estate (4.7%) make up the remainder.

Meanwhile, 63.0% of the capital targeting South America was raised for JVs and clubs, followed by non-listed debt products (28.7%), and separate accounts investing into real estate (7.2%).

By number of vehicles, non-listed real estate funds were the most attractive for European and North American strategies. Whereas separate accounts investing directly and indirectly into real estate were most popular for Asia Pacific and global strategies respectively.

Figure 14: Equity raised by vehicle type and by regional strategy by number of vehicles



> ‘More capital was raised for non-listed real estate funds than any other vehicle type in Asia Pacific, Europe and North America’

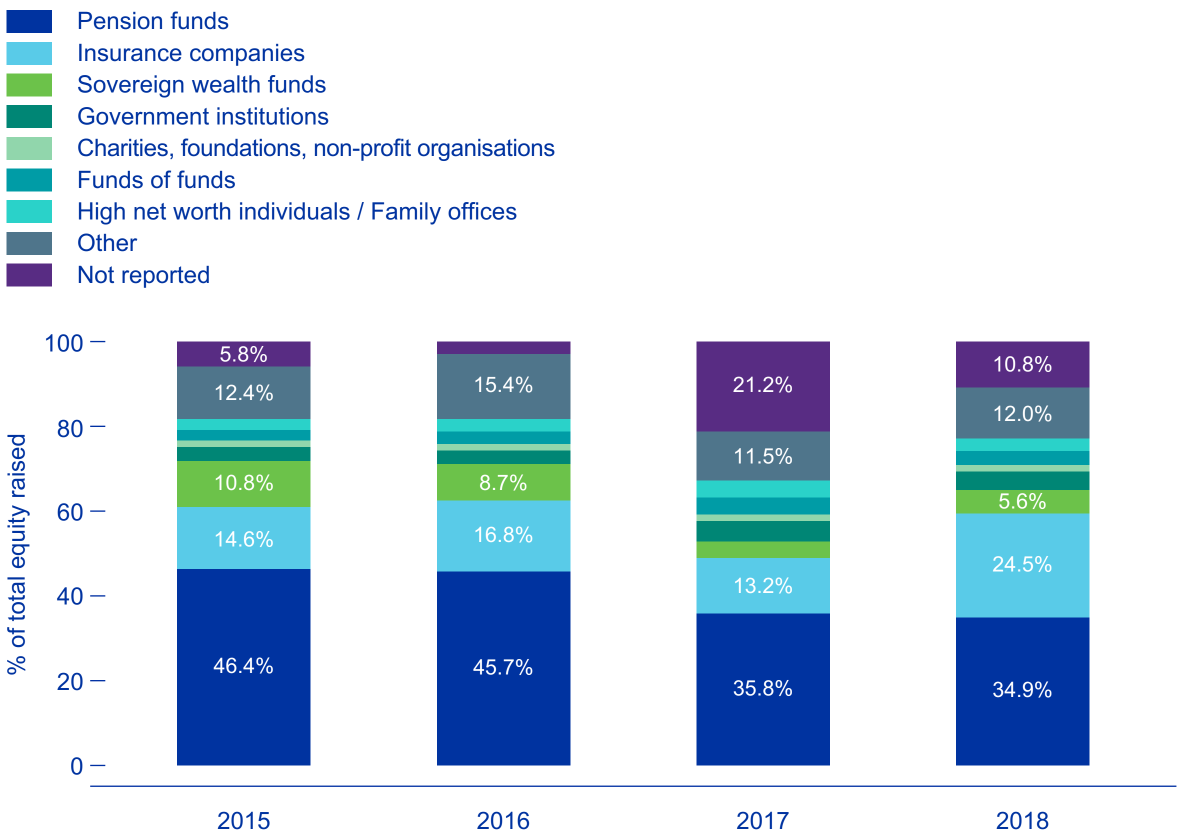
Equity raised by investor type

Pension funds continued to provide the majority of capital for the non-listed real estate industry in 2018, though their share has continued to decrease. As a group, they contributed 34.9% of all new equity raised for the sector.

On the other hand the contribution from insurance companies almost doubled between 2017 and 2018, and represents 24.5% of the capital raised in 2018. Capital raised from sovereign wealth funds has also increased compared to 2017, though they remain far behind their previous participation of above 8% in both 2015 and 2016.

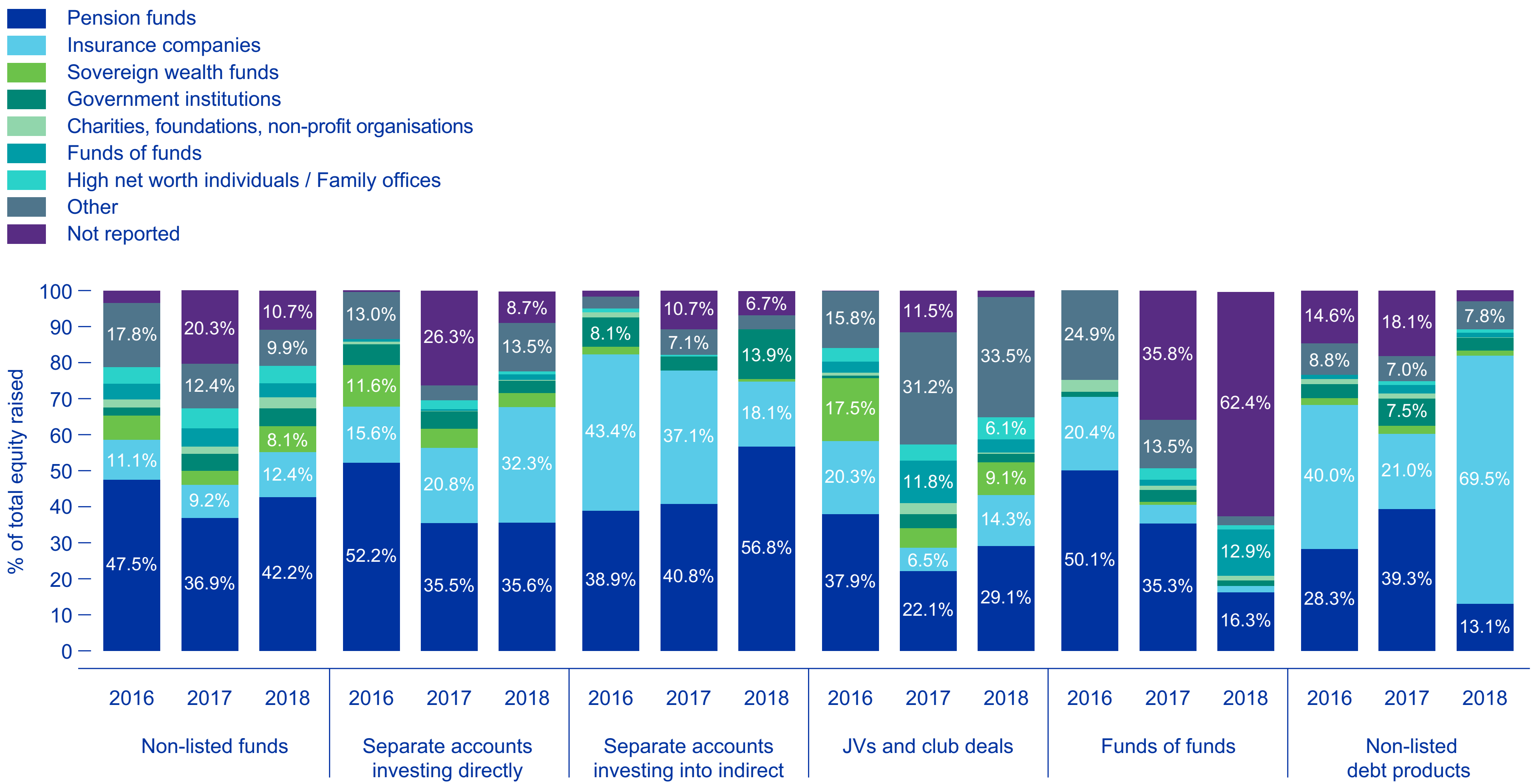
Government institutions (4.4%), funds of funds (3.3%), high net worth individuals (3.0%), charities, foundations and non-profit organisations (1.5%) and other investors (12.0%) make up the remaining sources of capital in 2018 with 10.8% not being reported.

Figure 15: Equity raised by investor type by value



Pension funds continue to be the main source of capital for most vehicles types in 2018, in particular for separate accounts investing into indirect where they represent over half of the total capital raised. Capital raised for non-listed real estate debt products was the exception. The majority, 69.5%, of new equity for these vehicles was from insurance companies.

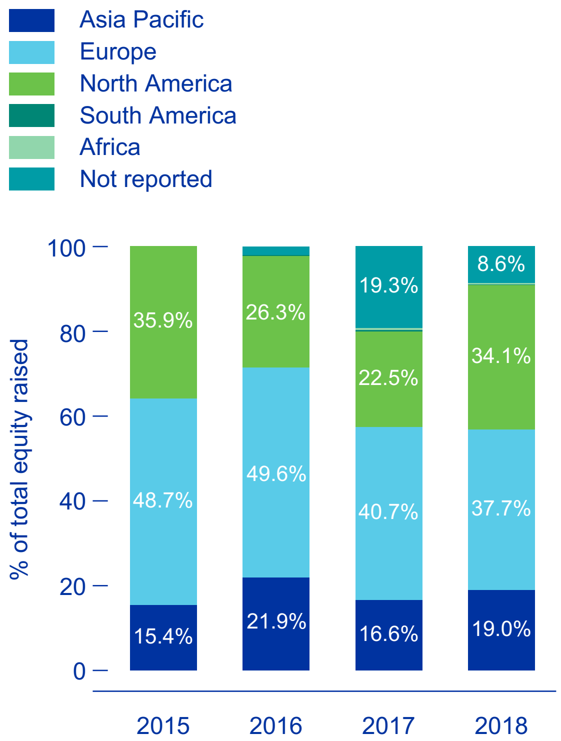
Figure 16: Equity raised by investor type and by vehicle type



Equity raised by investor domicile

European investors contributed the largest share of all new equity raised last year, 37.7%, which is slightly down on the previous year's 40.7%. On the other hand, North American investors increased their participation from 22.5% in 2017 to 34.1% in 2018. Asia Pacific investors also contributed a larger share, from 16.6% to 19.0%. Only a small amount of new capital was raised from investors in South America (0.1%) and Africa (0.4%).

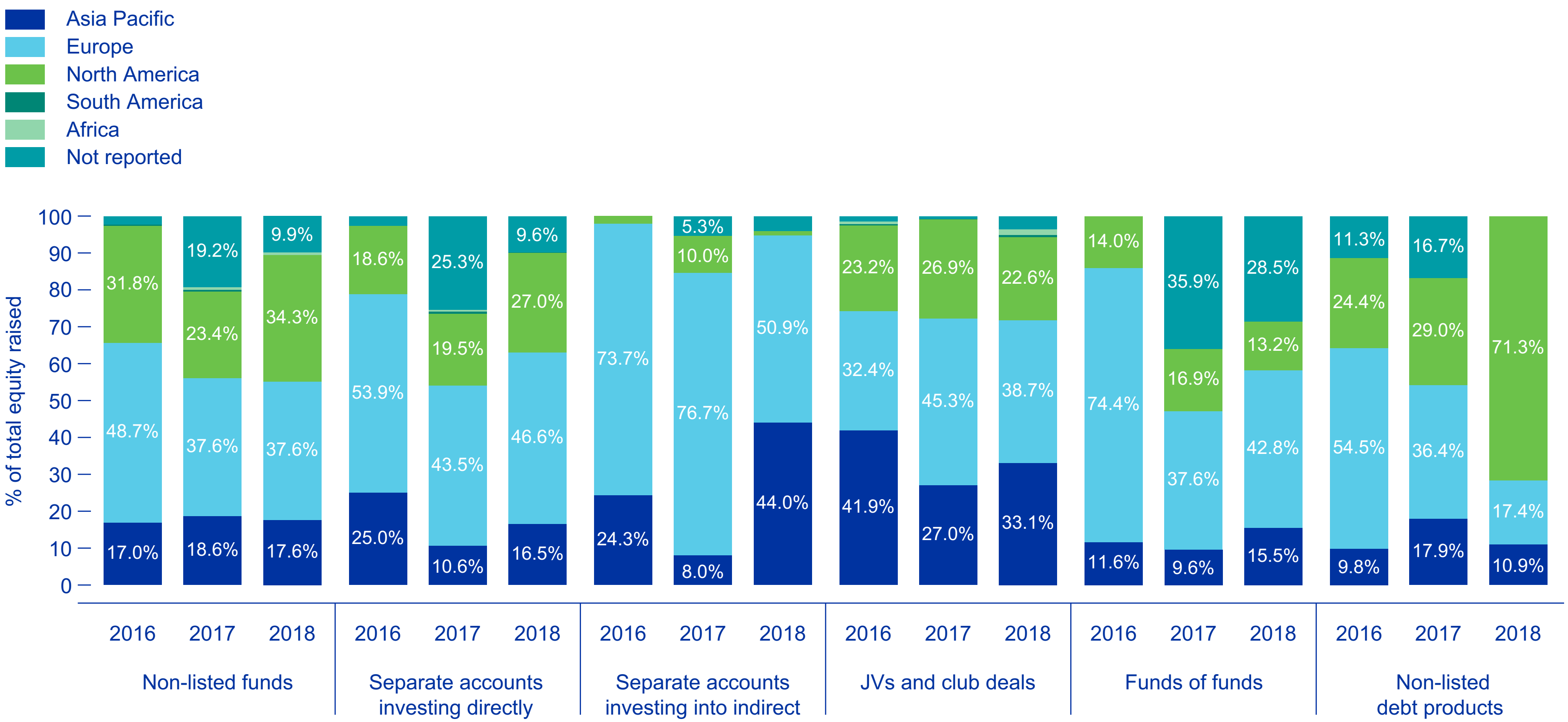
Figure 17: Equity raised by investor domicile by value



'More capital was raised from Asia Pacific and North American investors than in previous years'

When combining investor domicile with vehicle type, European capital has been the dominant source for most vehicle types. The exception being non-listed debt products which attracted the most capital from North American investors. Asia Pacific investors tend to have a greater preference for separate accounts (indirect).

Figure 18: Equity raised by investor domicile and by vehicle type by value



Section 4

Equity raised for global strategies

Equity raised for global strategies

For a vehicle to have a global strategy, no more than 90 per cent of the total GAV may be invested in a single region.

In total, vehicles with a global strategy attracted €10.6 billion or 6.8% of all new capital raised in 2018.

The largest share of new capital raised was sourced from pension funds (35.4%). Government institutions contributed the second highest amount (10.6%), followed by insurance companies (8.6%), high net worth individuals / family offices (2.8%), and non-for-profit organisations (1.2%). The balance came from other sources (9.7%), while 30.6% was not reported.

Separate accounts investing into indirect vehicles were the most popular vehicle for global strategies, attracting 29.8% of the total capital raised in 2018. Non-listed funds attracted the second largest amount of capital (14.1%), followed closely by funds of funds (11.4%). Non-listed debt products comprised 10.2% and 3.9% went to separate accounts (direct). The remaining 30.6% was left unspecified.

Figure 19: Global strategy: equity raised by investor type

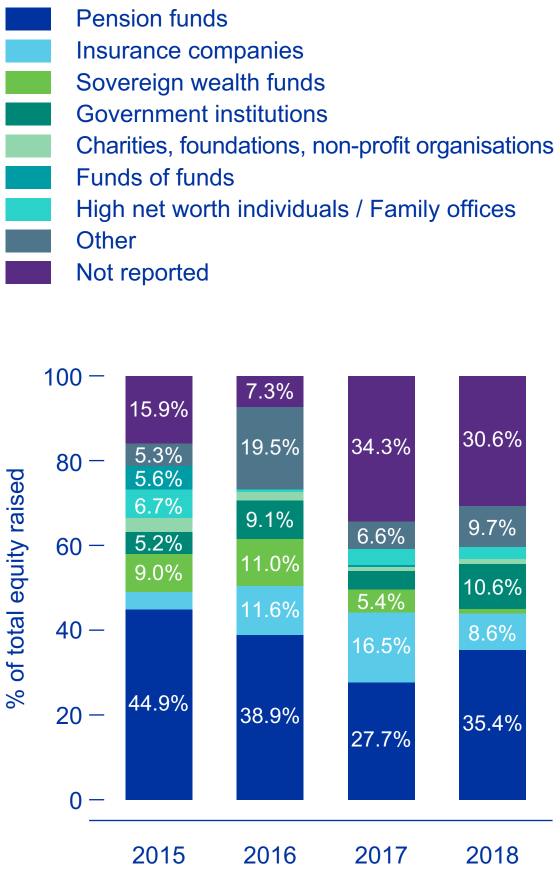
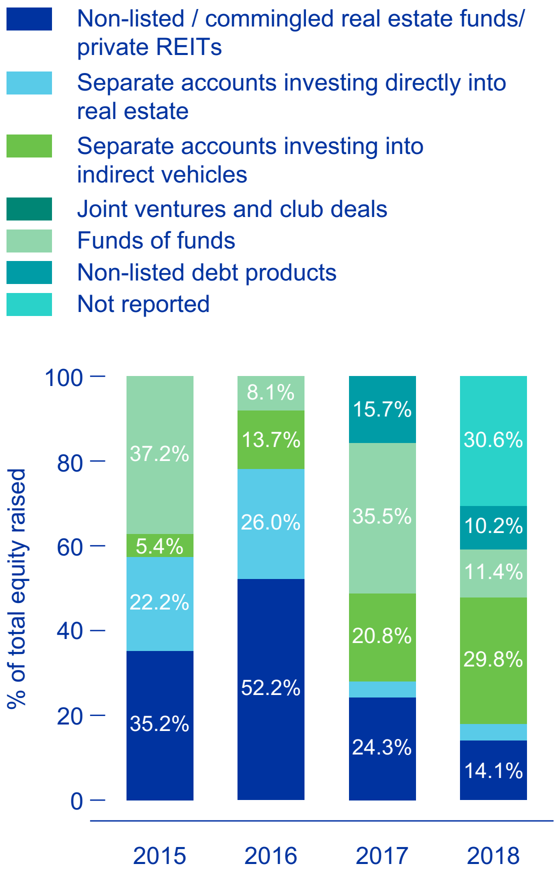
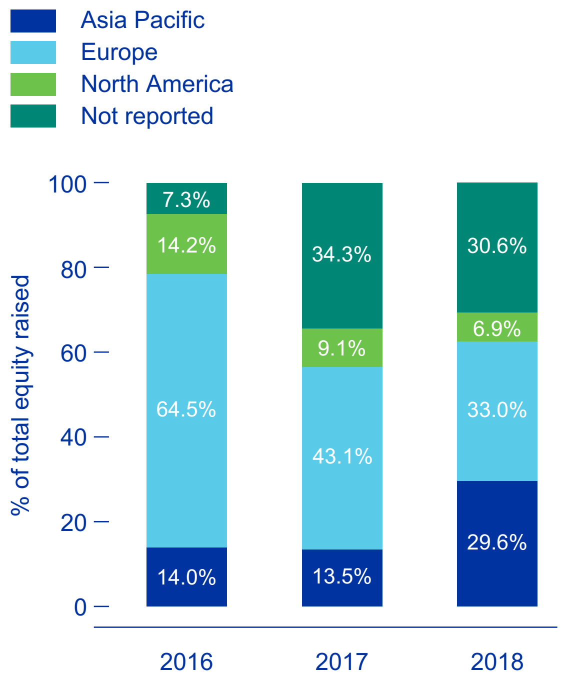


Figure 20: Global strategy: equity raised by vehicle type



Regarding the investor domicile of new capital raised for vehicles with a global strategy, European investors comprise the larger share at one third of the total. They are followed by Asia Pacific investors whose share increased from 13.5% previously to 29.6%. Capital raised from North American investors represent just 6.9% of new equity for global strategy vehicles, down on the 9.1% previously.

Figure 21: Global strategy: equity raised by investor domicile



‘European investors again were the main source of capital for Global strategies’

Section 5

Equity raised for European strategies

Equity raised for European strategies

The following sections focus only on capital raising activities for vehicles following a European strategy.

In total, vehicles following a European strategy attracted €69.4 billion or 44.8% of all new capital raised in 2018, an increase on the 2017 figure of €67.2 billion.

Pension funds and insurance companies continue to be the dominant sources of capital for vehicles targeting Europe. In 2018, pension funds accounted for almost one third, 32.2%, of total new equity raised, and were closely followed by insurance companies which accounted for around one fifth, 20.1%, of the total. Both groups of investors have increased their shares compared with the previous year, and together account for more than half of total capital raised for European strategies in 2018.

The majority, 42.4%, of capital was raised for investment into European non-listed real estate funds, consistent with previous years. Separate accounts investing directly came second (20.4%), followed by JVs & club deals (8.2%), non-listed debt (3.5%), separate accounts investing into indirect vehicles (3.2%) and funds of funds (0.1%).

Figure 22: European strategy: equity raised by investor type

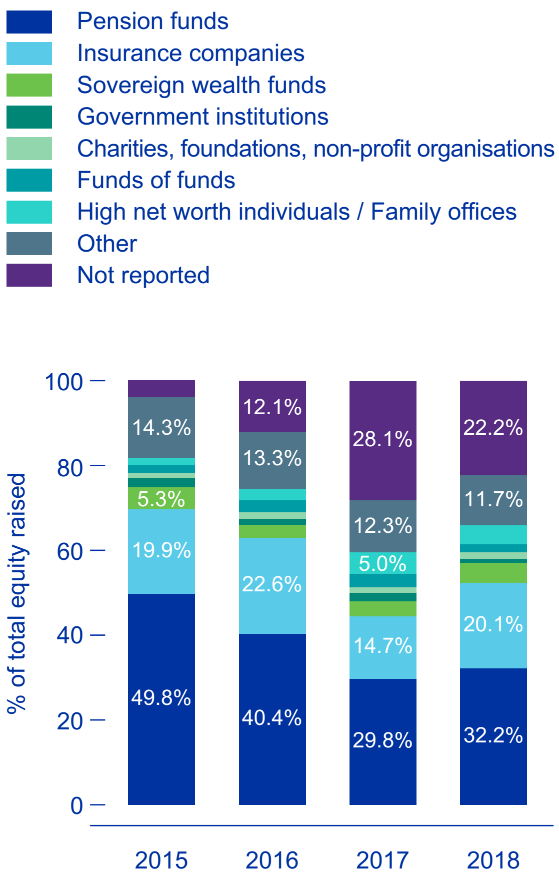


Figure 23: European strategy: equity raised by vehicle type

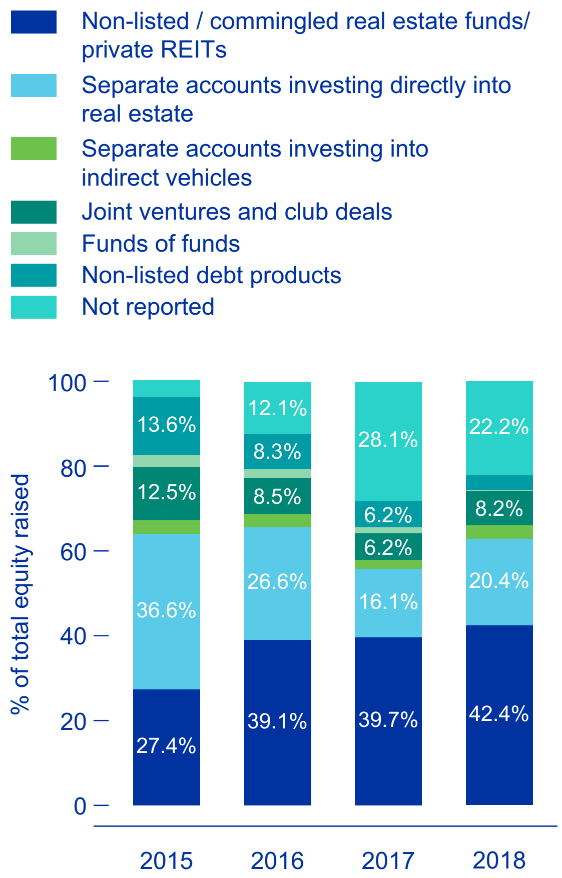


Figure 24: European strategy: equity raised by investor domicile

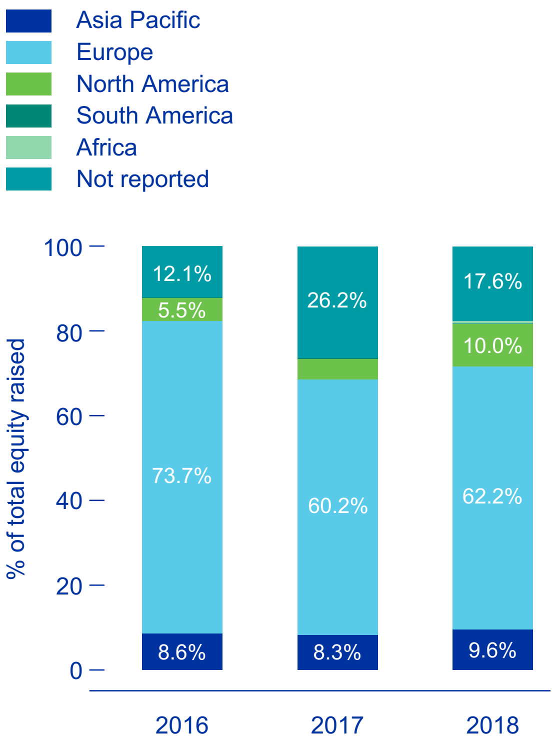
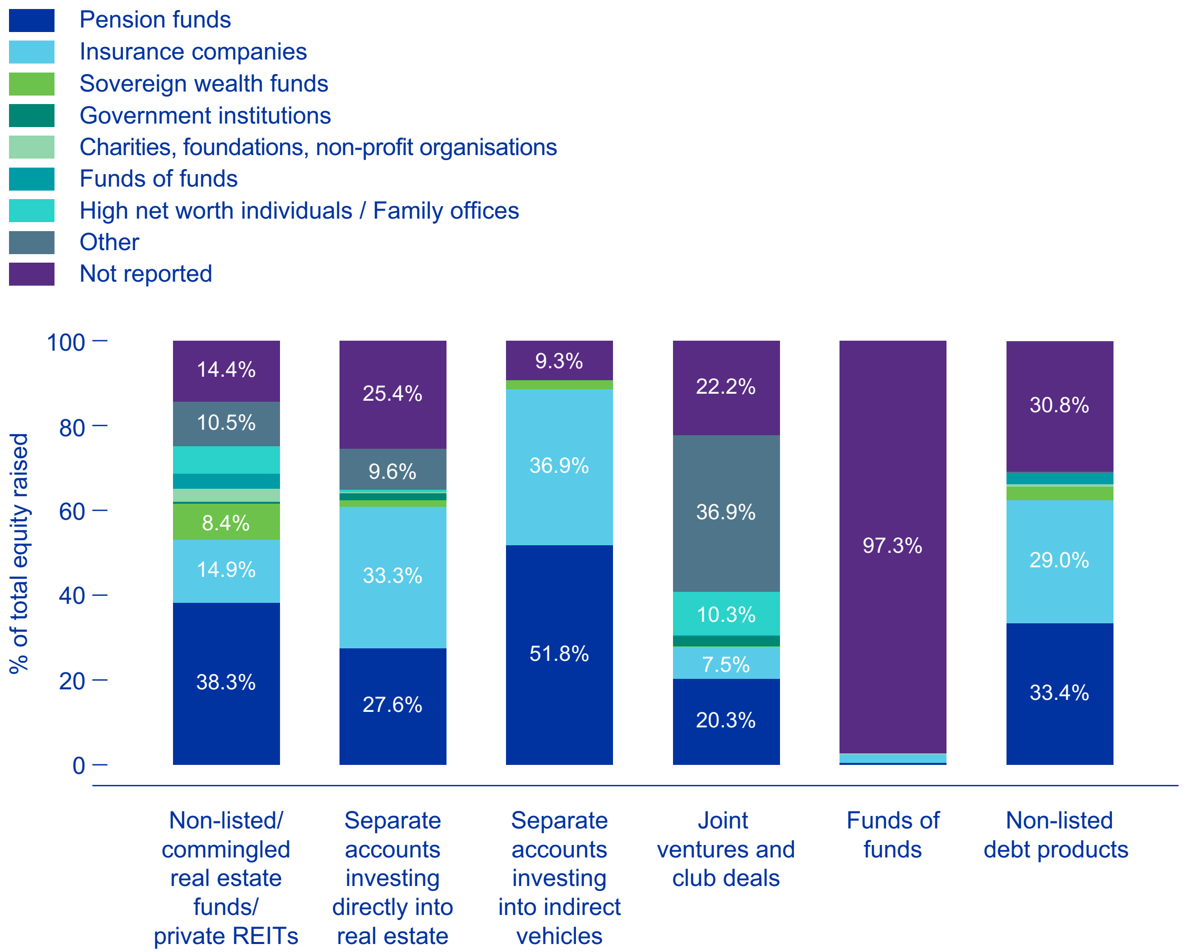


Figure 25: European strategy: equity raised by investor type and vehicle type



In terms of investor domicile, close to two thirds of the capital raised for European strategies came from investors in Europe. Investors based in Asia Pacific and North America provided around 10% each of the new capital raised. South American and African investors were barely present.

When looking at equity raised versus vehicle type, it was clear that pension funds were the dominant source of capital for separate accounts (indirect), representing over half of the total raised for these vehicles. Pension funds were also the primary source of capital for non-listed real estate funds and for non-listed debt products, though to a lesser extent.

Insurance companies played an important role providing capital for separate accounts investing in direct real estate (a third of the total), debt funds (29.0%), separate accounts investing in indirect (36.9%) and funds (14.9%).

Section 6

Equity raised for European non-listed real estate funds

Equity raised for European non-listed real estate funds

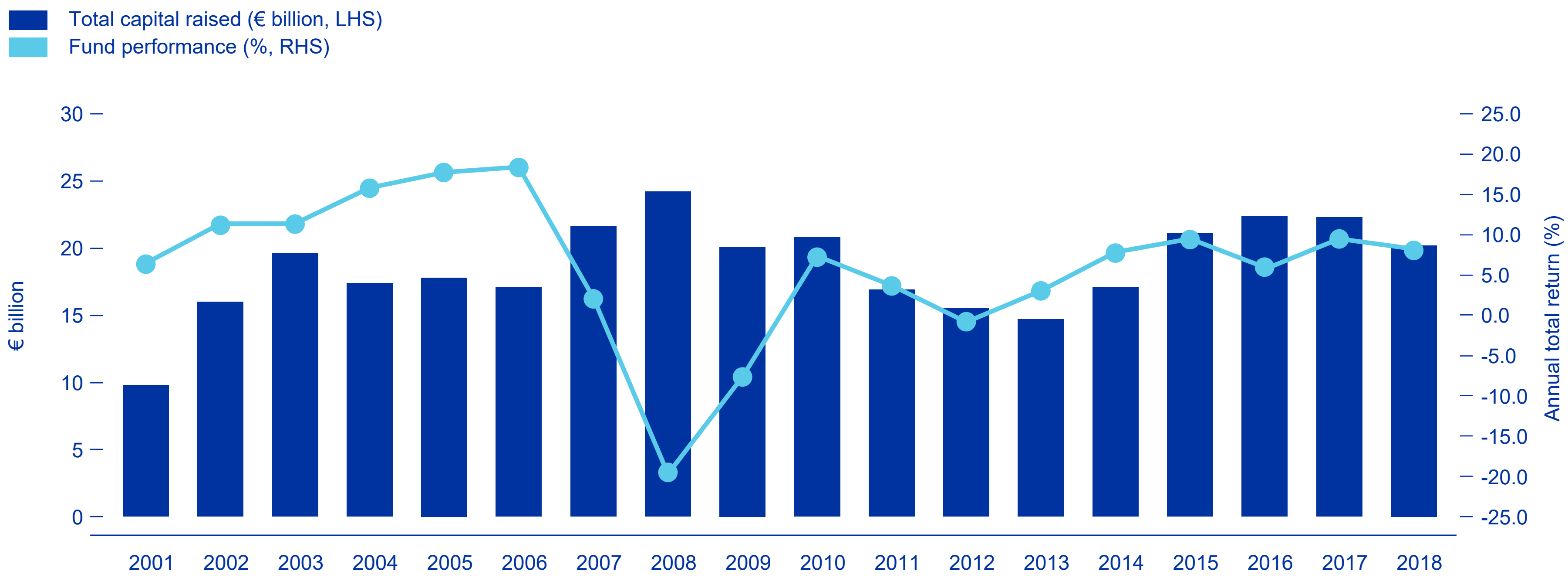
In 2018, €69.4 billion was raised for European non-listed real estate as a whole – that is, across all vehicle types.

This section of the report focuses solely on capital raising activities for European non-listed real estate funds using data from the INREV funds database. In total, 403 European funds received new capital last year. While capital raised for closed end funds has been explicitly captured in the database since 2011, capital calls is used as a proxy for new equity for open end funds and does not include reinvestments into subsequent funds.

In 2018, the total amount of capital raised for European non-listed real estate funds was €20.2 billion, slightly below the corresponding figure for 2017, €22.3 billion, but above the average since 2001 of €18.6 billion.

Since 2010, capital raising trends have been broadly in line with performance trends. According to the results of the INREV Quarterly Index Q4 2018, European non-listed real estate funds delivered a strong end to 2018, despite the slowdown from 2017. Returns in the last quarter of the year stood at 1.74%, bringing the 12 month performance to 8.34% for 2018. While below 2017's performance, last year stands as the third best yearly performance since post-GFC for European non-listed real estate funds.

Figure 26: Equity raised for European non-listed real estate funds versus fund performance



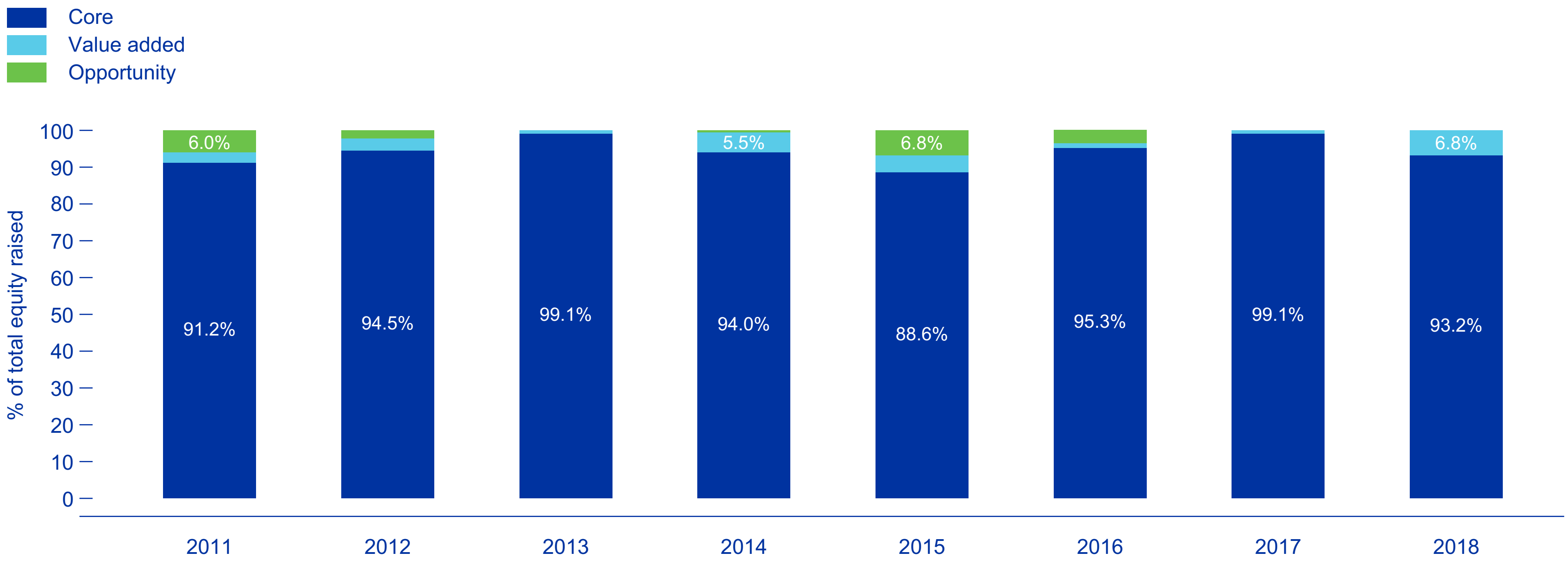
Source: INREV Annual Index 2018, INREV Quarterly Index Q4 for 2018, INREV funds database (capital raising figures are based on unfrozen historical data and may be subject to change)

Equity raised for European non-listed real estate funds by style

This part of the report considers equity raised by style. In 2018, the style split of the sample is as follows: 318 funds follow a core strategy, 70 a value added strategy and 15 were opportunity.

The overwhelming majority of capital raised last year was for funds with a core strategy, which represents 93.2% of the total raised for European non-listed real estate funds and equates to €18.8 billion of new equity. Only a small proportion, 6.8% (or €1.4 billion) was raised for value added strategies, and no capital was raised for opportunity funds in 2018.

Figure 27: Equity raised for European non-listed real estate funds by style



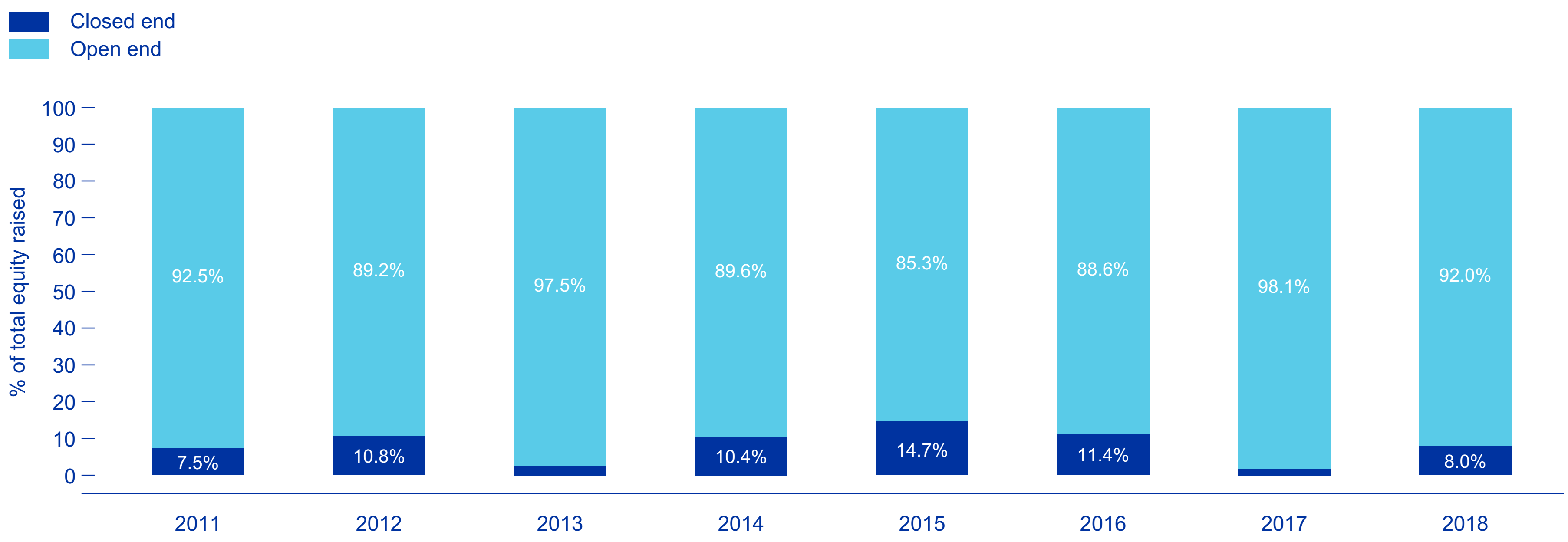
Equity raised for European non-listed real estate funds by structure

This part of the report considers equity raised by structure. In 2018, the structure split of the sample is as follows: 242 open end funds and 161 closed end funds.

Open end funds tend to be core in nature. Therefore, given that the majority of capital was raised for core strategies it is no surprise that most new equity, 92.0%, was raised for open end structures in 2018. This equates to €18.6 billion of capital raised.

Only 8.0% of total capital raised was for closed end structures which equates to €1.6 billion of total new equity in 2018.

Figure 28: Equity raised for European non-listed real estate funds by structure



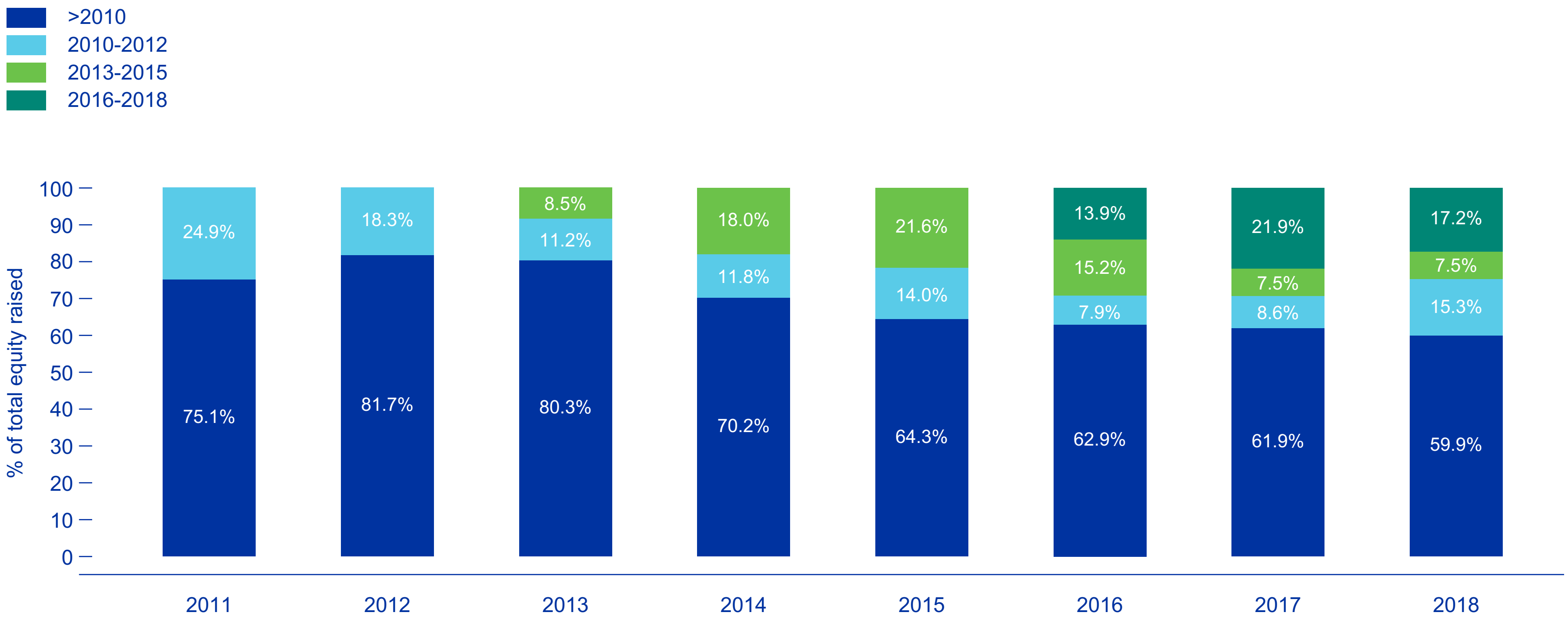
Equity raised for European non-listed real estate funds by year of first close

This part of the report looks at equity raised by year of first close as a proxy for fund vintage. In 2018, the vintage split of the sample is as follows: 220 have a year of first close prior to 2010, 70 between 2010 to 2012, 53 between 2013 to 2015, 60 between 2016 to 2018.

Th majority, 59.9%, of capital raised in 2018 was for older vintage funds, those with a first close prior to 2010. Next were for the group with the youngest vintages, those with their first close between 2016 and 2018. Capital raised for this group was 17.2% of total new equity in 2018.

Funds with a year of first close between 2010 and 2012 represented 15.3% of total new equity and those with a year of first close between 2013 and 2015, 7.5% of new equity.

Figure 29: Equity raised for European non-listed real estate funds by year of first close



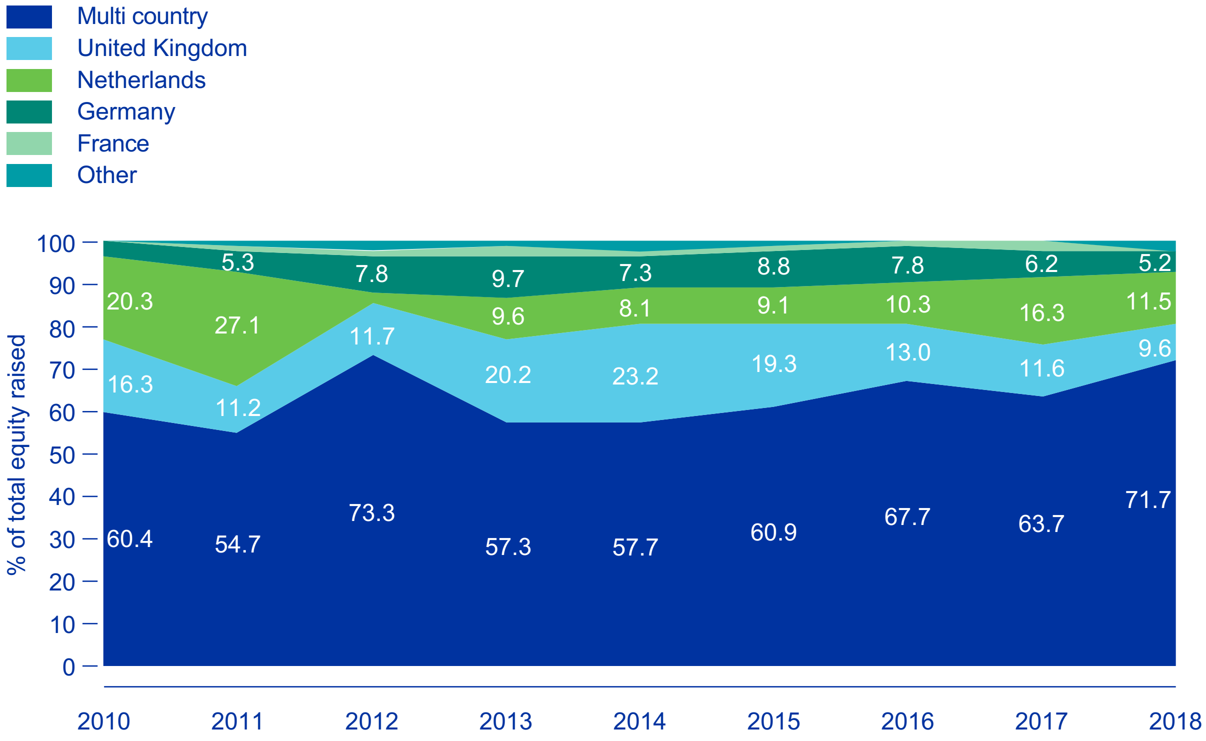
Equity raised for European non-listed real estate funds by country strategy

This part of the report looks at equity raised by country strategy. The country strategy split of the sample is as follows: 229 funds follow a multi country strategy and 174 follow a single country strategy. Among single country strategy funds, 48 target the UK, 19 the Netherlands, 60 Germany, 14 France and the remaining 33 target other single countries.

Multi country strategy funds dominated the capital raising landscape in 2018 comprising almost three quarters, 71.7%, of the total capital raised. The remaining, 28.3%, went to single country funds. Among the single country funds, the Netherlands, the UK and Germany accounted for the largest shares of capital raised, comprising 11.5%, 9.6% and 5.2% respectively.

Analysis over time shows that multi country strategy funds have gained in popularity since 2013, with the share of capital raised for these types of funds increasing over time. Among the single country strategy funds Dutch funds have increased their share of capital raised, while the proportion of capital raised for UK strategy funds has been falling.

Figure 30: Equity raised for European non-listed real estate funds by country strategy



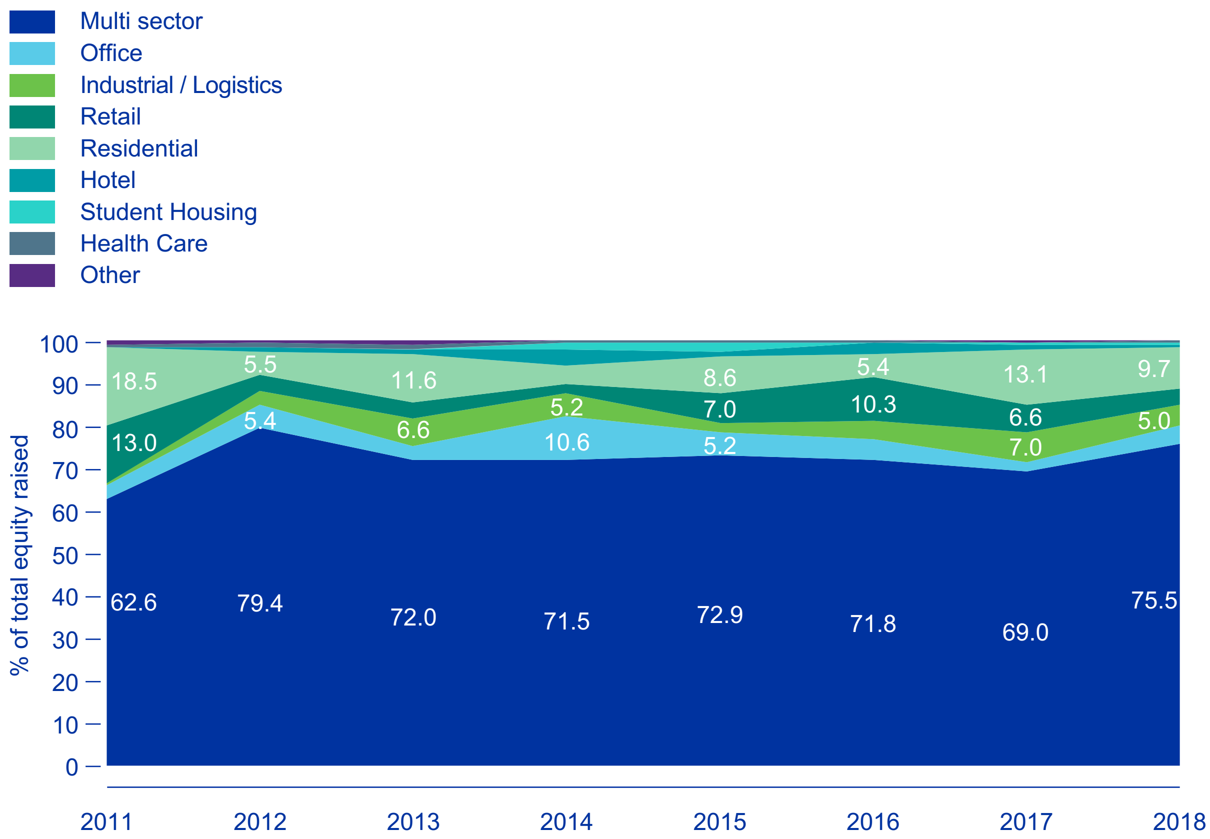
Equity raised for European non-listed real estate funds by sector strategy

This part of the report considers equity raised by sector strategy. The sector strategy split of the sample is as follows: 222 funds follow a multi sector strategy and 181 follow a single sector strategy. Among single sector strategy funds, 58 retail, 51 target offices, 22 industrial / logistics, 21 residential and the remaining 29 target hotel, student housing, healthcare or other single sectors.

More than three quarters, 75.5%, of the capital raised for European non-listed funds in 2018 was for funds with a multi-sector strategy, the highest proportion recorded since 2012. The remaining 24.5% of capital raised in 2018 went to single sector funds.

Among single sector funds, residential funds dominated in 2018, accounting for 9.7% of the equity raised, almost two fifths of the total in the single sector strategy category. Next were Industrial / logistics, office and retail accounting for 5.0%, 4.3% and 3.9% respectively. The healthcare and hotel sectors also received new capital in 2018, though their shares were much smaller, 0.9% and 0.7% respectively.

Figure 31: Equity raised for European non-listed real estate funds by sector strategy

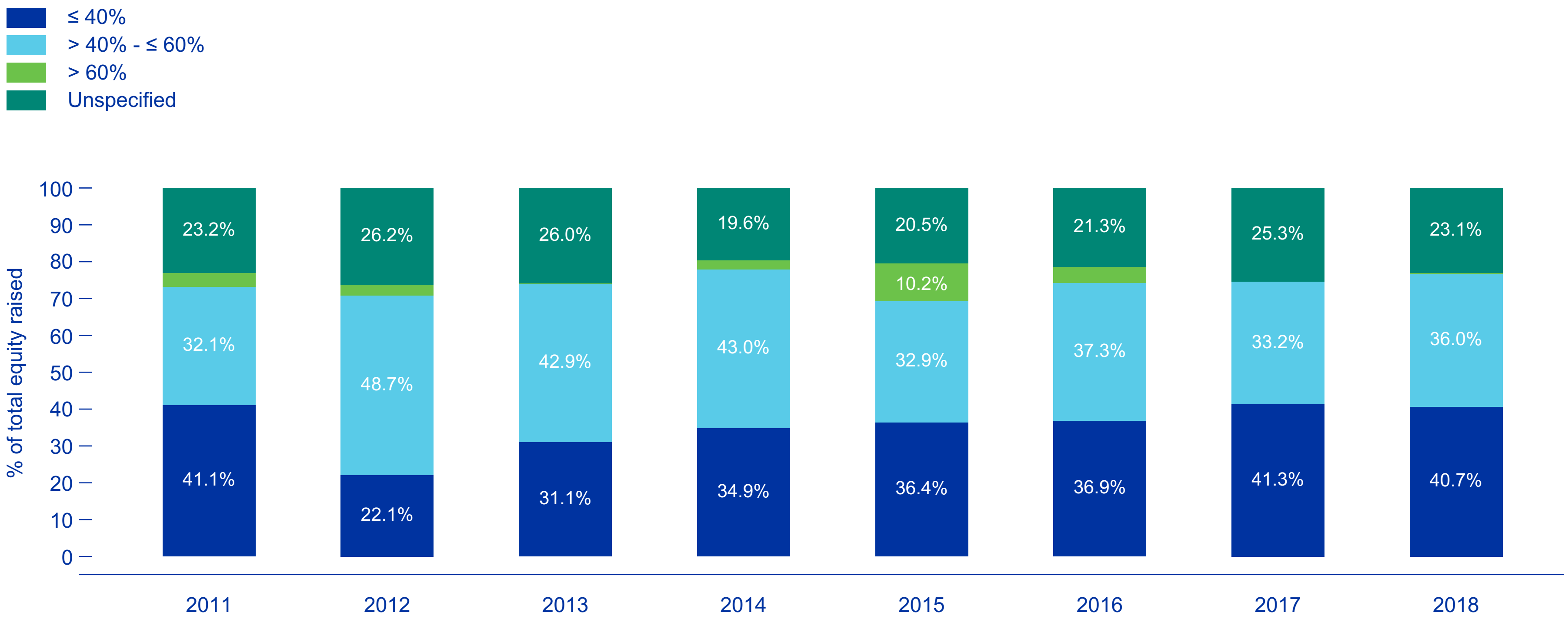


Equity raised for European non-listed funds by target leverage

This part of the report looks at equity raised by target leverage. In 2018, the leverage split of the sample is as follows: 88 target leverage levels less or equal to 40%, 184 between 40% and 60%, 47 greater than 60% and 84 are not specified.

More than two fifths, 40.7%, of new capital raised in 2018 was for funds with leverage levels of 40% or lower. The next largest share of capital raised was for funds with target leverage of between 40% and 60%. This group of funds comprise 36.0% of the total capital raised in 2018 for European non-listed real estate funds. Only 0.2% of capital raised was for funds with high leverage strategies of over 60%.

Figure 32: Equity raised for European non-listed real estate funds by leverage



Section 7

Equity raised for European non-listed real estate debt funds

Equity raised for European non-listed real estate debt fund

This part of the report considers equity raised for European non-listed real estate debt funds.

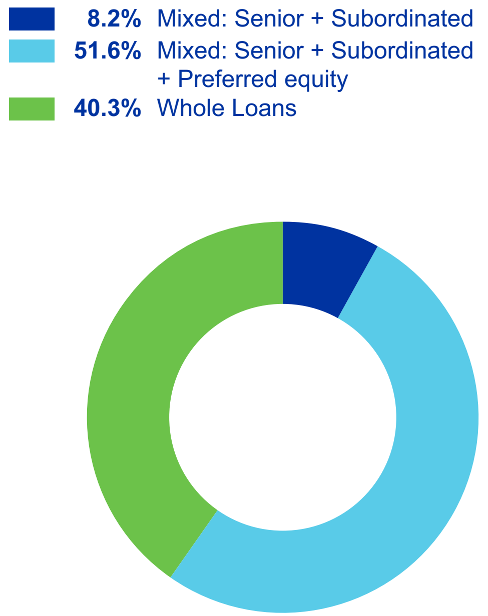
The number of funds in the INREV Debt Funds Universe[1] currently stands at 68 with a target gross asset value (GAV) of €32.8 billion. Funds with a senior loan strategy represent over half of the sample, 51.4% (35 of the 68).

Over one third of the funds, 35.3%, are domiciled in Luxemburg and over a quarter, 26.5%, in the UK. Luxembourg domiciled funds represent over half, 51.6%, of the sample by target GAV. While the share of UK domiciled funds fall to 17.8% by this measure.

More funds target single country strategies (38) than multi-country strategies (30). Although, multi-country funds are much larger than single country strategy funds, and represent 69.3% of target GAV.

In 2018, €1.4 billion of new equity was raised for European non-listed real estate debt funds. Three forms of debt proved most popular with investors, based on the amount of capital raised. Over half, 51.6%, of new equity was raised for mixed senior debt strategies (combined with subordinated debt and preferred equity). While 40.3% was raised for whole loan strategies. The remaining 8.2% went to a mix of senior and subordinate debt.

Figure 33: Equity raised for European non-listed real estate debt funds by loan strategy



1 As at end March 2019

Section 8

Equity raised for European non-listed real estate funds of funds

Equity raised for European non-listed real estate funds of funds

This part of the report looks at the equity raised for European non-listed real estate funds of funds.

The number of vehicles in the INREV Fund of Funds Universe[2] stands at 50 vehicles, which are managed by 26 managers. Collectively these vehicles represent total net asset value (NAV) of €12.8 billion. Of which, 15, follow a European strategy. Collectively this group of vehicles represent NAV of €1.6 billion.

Within the European sample, 6 have an open end structure and 9 a closed end structure. By style, 8 follow a core strategy, 4 a value added and the remaining 3 are opportunity in style.

In 2018, €2.0 billion of new equity was raised for European non-listed real estate funds of funds, higher than the amount raised for debt funds.

The predominant style preference for funds of funds reflects the risk preferences seen more widely in capital raising for funds in 2018. Of the €2.0 billion that was raised, 90.2% went to core vehicles, with the remaining 9.8% was destined for value added vehicles.

Capital raised for fund of funds by structure shows that open end was the preferred structure. This is unsurprising since most of the capital was raised for vehicles that are core in style, and core styles tend to be paired with open end structures.

2 As at end March 2019

Figure 34: Equity raised for European non-listed real estate funds of funds by style

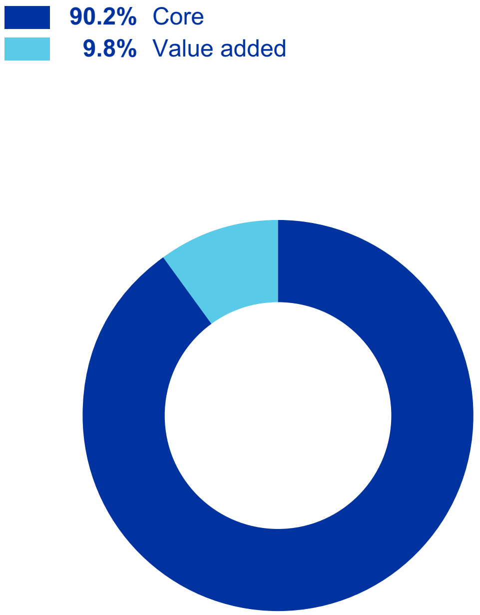
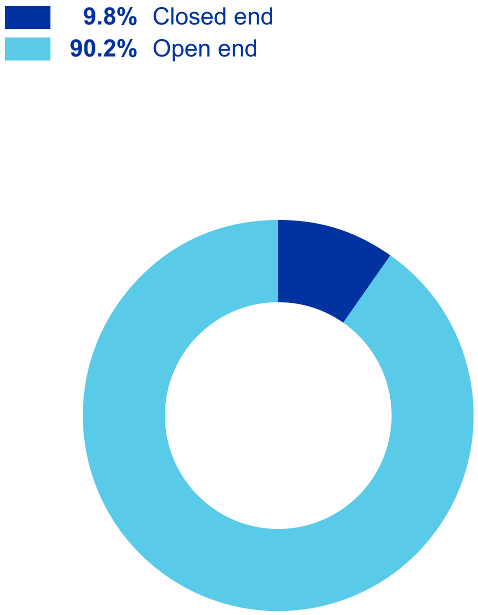


Figure 35: Equity raised for European non-listed real estate funds of funds by structure



Looking at capital raised by the year of first close shows that those with a first close in 2018 took 24.2% of the total equity raised, while those launched in 2011 attracted 19.5%. Those that closed before 2010 raised 56.4% of total new equity for funds of funds in 2018.

Similar to the broader capital raising landscape, pension funds were the dominate source of capital for real estate funds of funds in 2018. In total, pension funds injected 39.3% of the new equity into European funds of funds in 2018. Charities, foundations and non-profit organisations were responsible for a further 9.2% of new capital, while the share from insurance companies was 6.1%. High net worth individuals and family offices accounted for 2.2% of the total.

By regional domicile, European investors led the pack in equity raised for European funds of funds. European institutions committed 62.4% of the new capital in 2018, with Asia Pacific investors next representing 21.6% of the total, North American investors contributed 3.3%. The remaining capital raised came from investors based in Africa (0.6%) and South America (0.3%).

Figure 36: Equity raised for European non-listed real estate funds of funds by year of first close

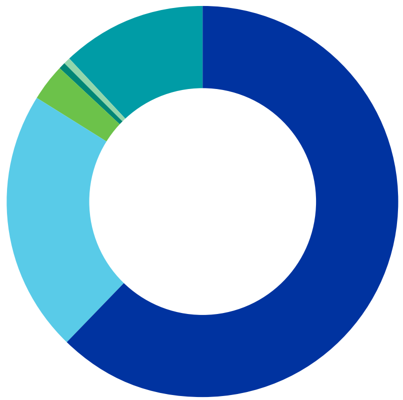
24.2%	2018
19.5%	2011
56.4%	Pre-2010

Figure 37: Equity raised for European non-listed real estate funds of funds by investor type

39.3%	Pension funds
6.1%	Insurance companies
0.4%	Government institutions
9.2%	Charities, foundations, non-profit organisations
2.2%	High net worth individuals / Family offices
30.5%	Other
12.2%	Not reported

Figure 38: Equity raised for European non-listed real estate funds of funds by investor domicile

62.4%	Europe
21.6%	Asia Pacific
3.3%	North America
0.3%	South America
0.6%	Africa
11.9%	Not reported



Appendix

List of participants

List of participants

The following list of fund managers, fund of funds managers and debt fund managers participated in the Capital Raising Survey and gave permission for their company names to be published. This survey was undertaken in conjunction with ANREV in Asia Pacific and NCREIF in the US.

ActivumSG
AEP Investment Management Pte Ltd
AEW
AHF GP Hong Kong
AINA Hospitality
AIREF
Alma Property Partners
Altamar Real Estate
Altera Vastgoed
American Realty Advisors
AMP Capital Investors Limited
Amundi Real Estate
Amvest
Antirion Sgr
Aquila Capital
Areim AB
Arminius Kapitalgesellschaft mbH / Arminius Group
Ascentris
AXA Investment Managers - Real Assets
BC Partners
BEOS AG
Blue Vista Capital Management
BNP Paribas REIM
Bouwinvest Real Estate Investors
BPEA Real Estate
Buzz Oates
Caerus Debt Investments AG
Caisson Investment Management
CapitaLand Limited
CapMan Real Estate
Catalyst Capital LLP
Catella
CBRE Global Investors
Challenger
Charter Hall Group
Cititc Capital
Clearbell Capital LLP
Conren Land Management GmbH
Cording Real Estate Group
COS Capital
Cromwell Property Group
Crow Holdings Capital - Real Estate
DC Values Investment Management GmbH&Co KG
Deka Immobilien Investment GmbH
Dexus
DNB REIM
DRC Capital
DTZ Investors
ECE Real Estate Partners S.à r.l.
Fabrica Immobiliare SGR
Farmland Opportunity, LLC
Fidelity International
Fortius Funds Managment
Franklin Templeton Investments
Frogmore
GARBE Industrial Real Estate GmbH
GEG German Estate Group AG
Greystar
Grosvenor
GTIS Partners
Hahn Group
Hart Realty Advisers, LLC
Heitman
Helaba Invest
Hines
ICG-Longbow
IGIS Asset Management
ImmoFinRE
InfraRed Capital Partners
Intercontinental Real Estate Corp
Invesco Real Estate
investa
IPUT plc
ispt
J.P. Morgan Asset Management
Jamestown US - Immobilien GmbH
Jamestown, L.P.
Jensen Group
KGAL Capital GmbH & Co KG
Kristensen Properties
L&B Realty Advisors, LLP
La Francaise
LaSalle Global Partner Solutions
LaSalle Investment Management
LBO France
Legal & General Investment Management
Lendlease
LOGOS
Lothbury Investment Management Ltd
M&G Real Estate
M7 Real Estate Limited
Madigan capital
Madison International Realty
MaxCap Group Pty. Ltd.
Meritz Alternative Investment Management
MetLife Investment Management
Mitsubishi UFJ Trust and Banking Corporation
Moorfield
Morgan Stanley
Nordika Fastigheter
Northern Horizon Capital
NYL Real Estate Investors
Octopus Investments
Olympic Resource Management

OP Real Estate Asset Management
Orchard Street Investment Management
Orion Partners Real Estate Group
Pamfleet
PATRIZA Immobilien AG
PATRIZIA Multi Managers
PGIM Real Estate
PNC
Pradera
PROJECT Investment AG
Prologis
Propertylink
Proprium Capital Partners, L.P.
QIC
Qualitas
Quantum Immobilien AG
Rynda Property Investors LLP
Sarofim Realty Advisors Co.
Savills Investment Management
SC Capital Partners
Schroders Rea Estate Investment
Management
Seaforth Land
Sentinel Real Estate Corporation
Sirius Capital Partners
Sonae Sierra
STAM Europe
Starcrest Capital Partners
Steen & Strøm AS
Storebrand Asset Management AS
Syntrus Achmea Real Estate & Finance
The GPT Group
Threestones Capital
Tishman Speyer
Tokyu Land Capital Management Inc.
Trevian Funds AIFM
Tristan Capital Partners
UBS Asset Management
Union Investment
Vesteda
Vicinity Centres
White Peak Real Estate Investment