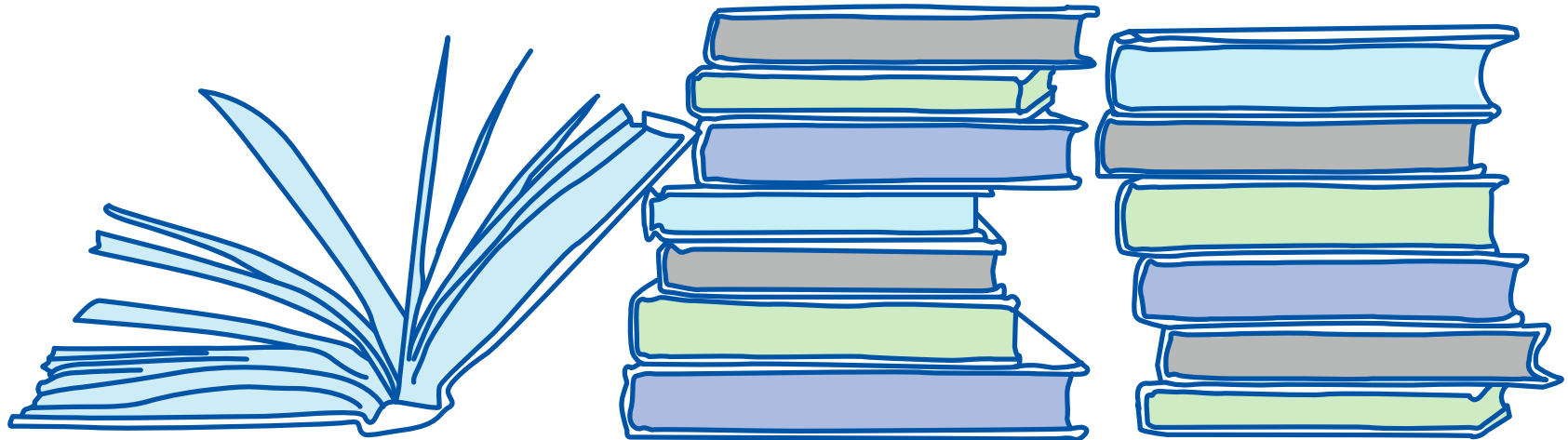


# UNDERSTANDING EUROPEAN NON-LISTED REAL ESTATE FUNDS



**ERES Business Seminar**  
Brussels, 11 March 2016

INREV Research Team

# Introduction

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- **INREV Research Committee represented here today by:**
  - Marcus Cieleback, Head of Research - PATRIZIA Immobilien AG
  - Maurizio Grilli, Head of Investment Strategy - BNP Paribas Real Estate
  - Stephen Ryan, Research Manager - INREV

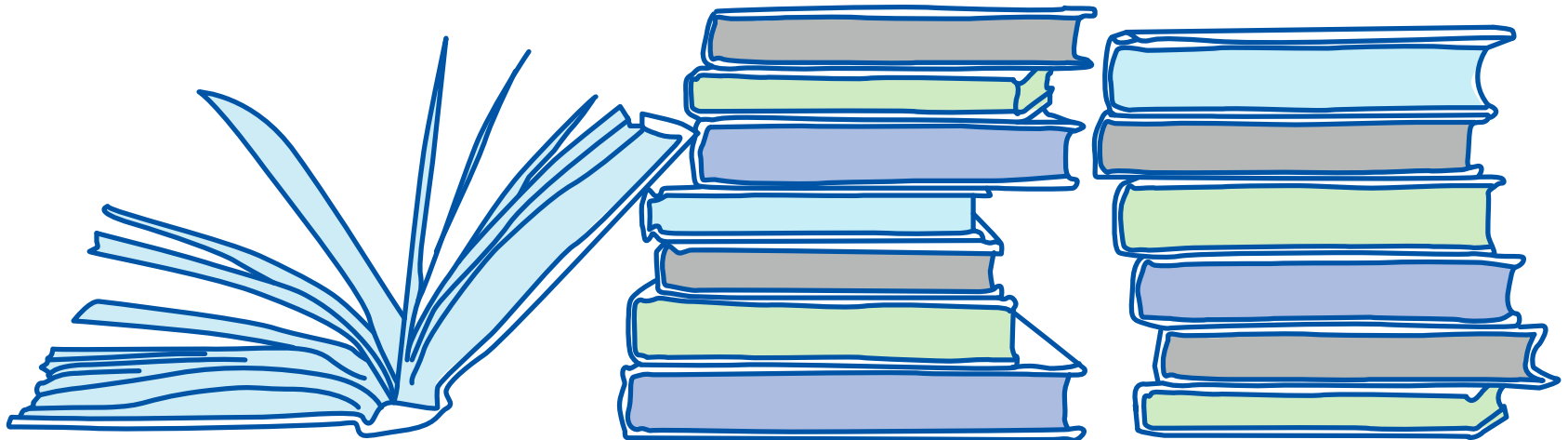
# Agenda

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- **Non-listed real estate industry is maturing**
- **Investors' intentions for 2016**
- **Global Real Estate Fund Index**

# NON-LISTED INDUSTRY IS MATURING

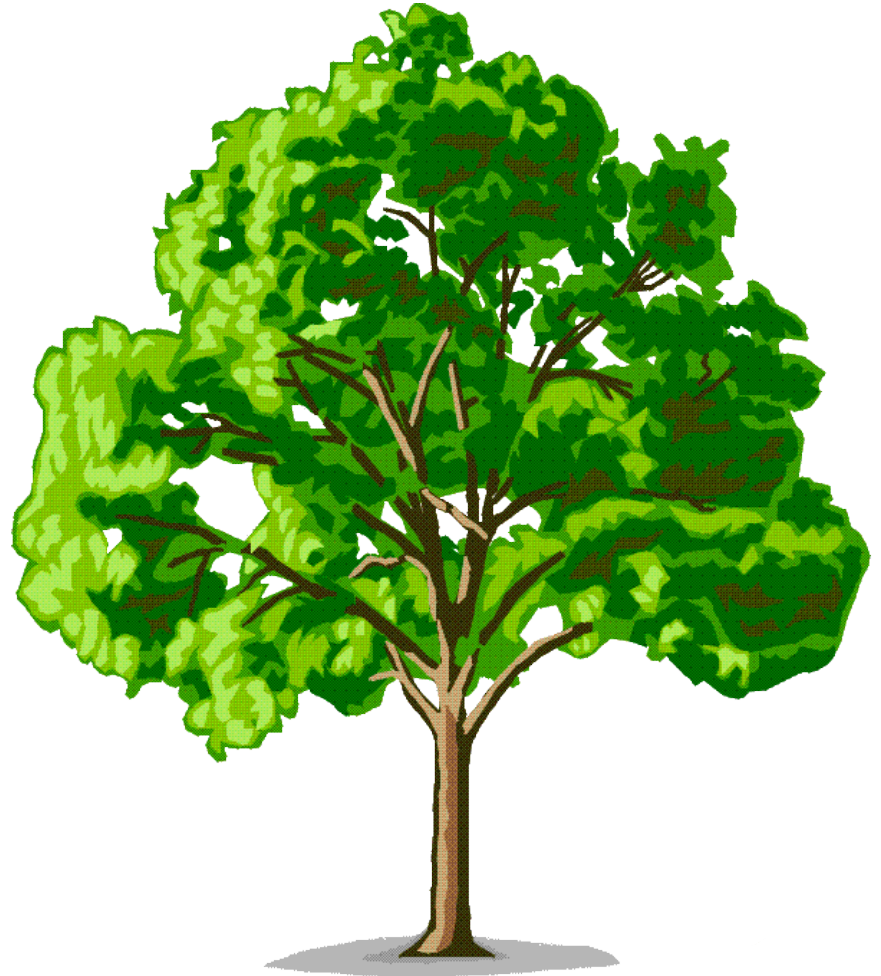
Maurizio Grilli



# The non-listed real estate industry is maturing

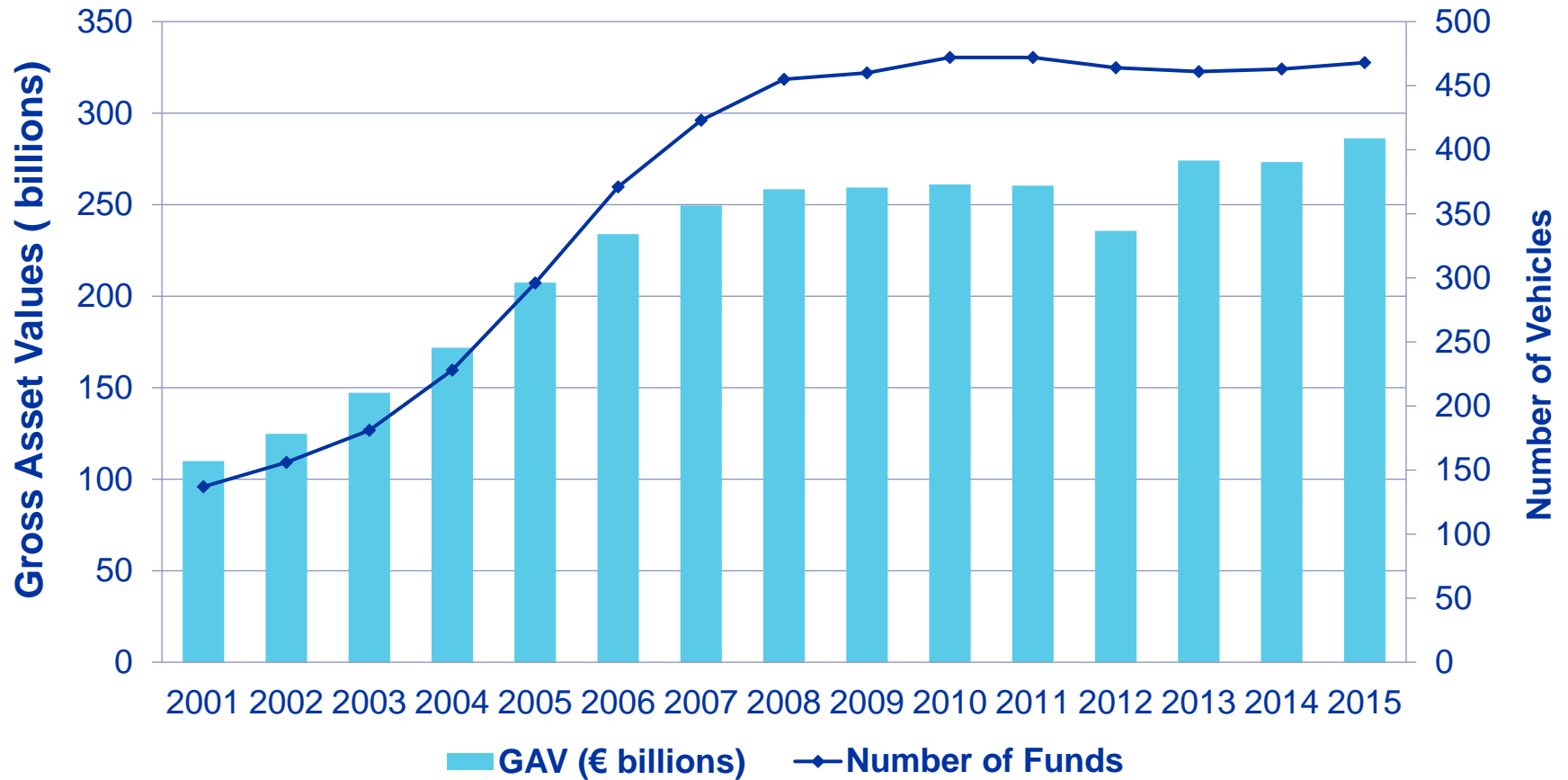
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- Non-listed real estate vehicles
  - 468 funds
  - GAV of EUR 289.84 billion
- Funds of funds
  - 64 vehicles
  - NAV of EUR 9.3 billion
- Debt Funds
  - 42 vehicles
  - Target GAV of EUR 33.23 billion

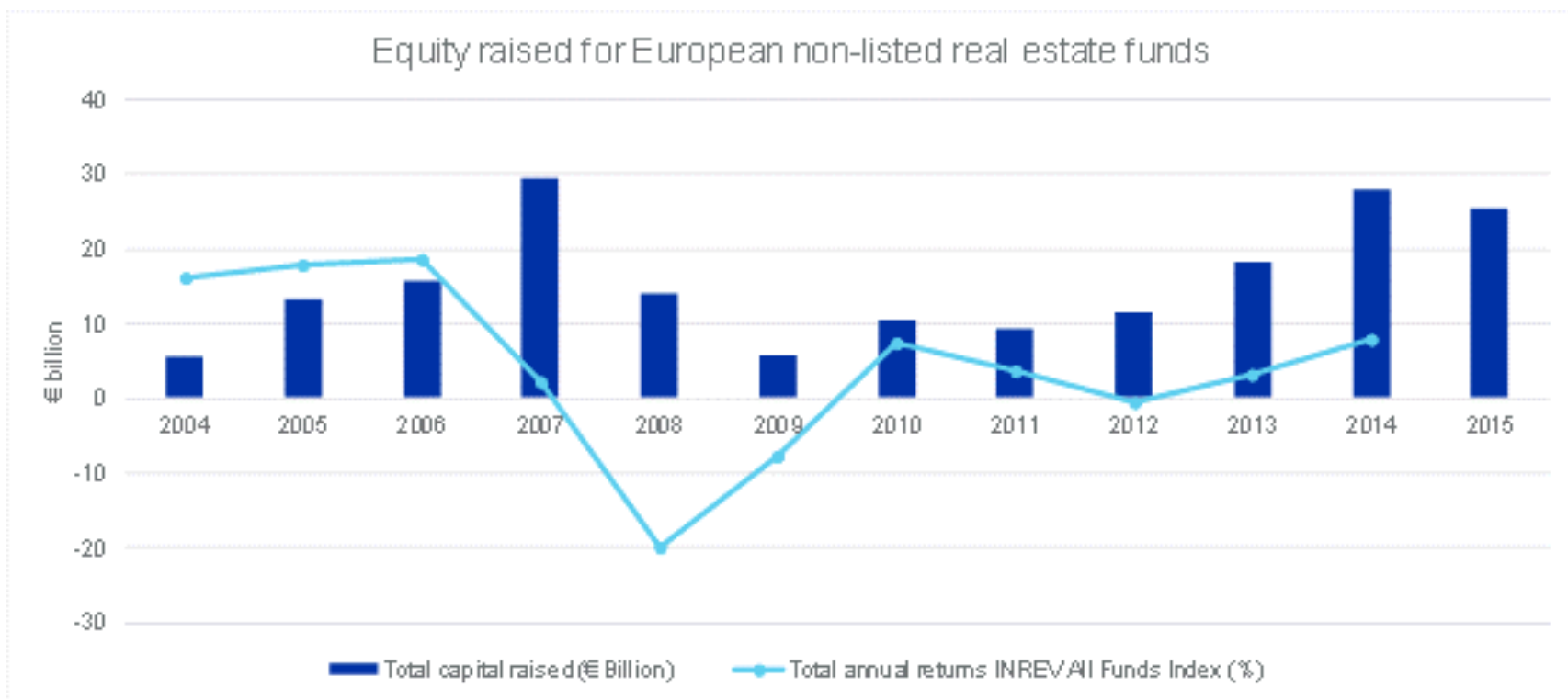


# Huge growth observed since 2001

## Size of the European Non-Listed Real Estate Market



# Capital raising pattern since 2004



# Concentration at the top in 2015

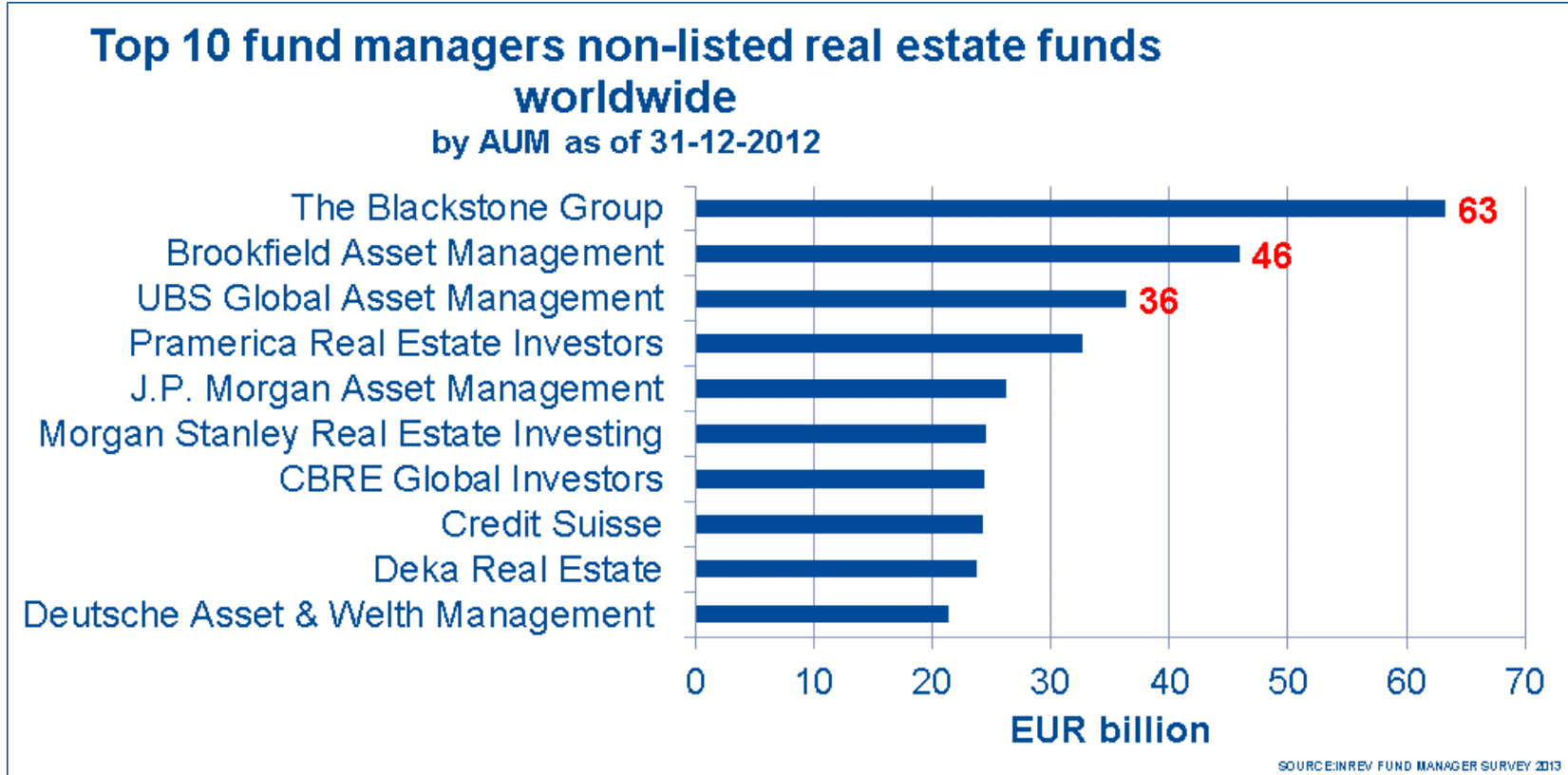
## Top 10 Fund Managers Worldwide

Rank	Company	RE AUM (€ bn)
1	Brookfield Asset Management	104
2	The Blackstone Group	100
3	CBRE Global Investors	75
4	TIAA Henderson Real Estate	68
5	AXA Real Estate	55
6	UBS Global Asset Management	53
7	Invesco Real Estate	53
8	JP Morgan Asset Management	49
9	Pramerica Real Estate Investors	48
10	Principal Real Estate Investors	47

- 164 fund managers: €1,8 trillion AUM
- 37% of the AUM is held by the top 10 fund managers
- AXA Real Estate is the largest in Europe
- Brookfield Asset Management is the largest in US
- CapitaLand is the largest in Asia



# Concentration at the top in 2012



# A piece of the pie for all

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## 1. Large institutions



## 2. Massive private equity



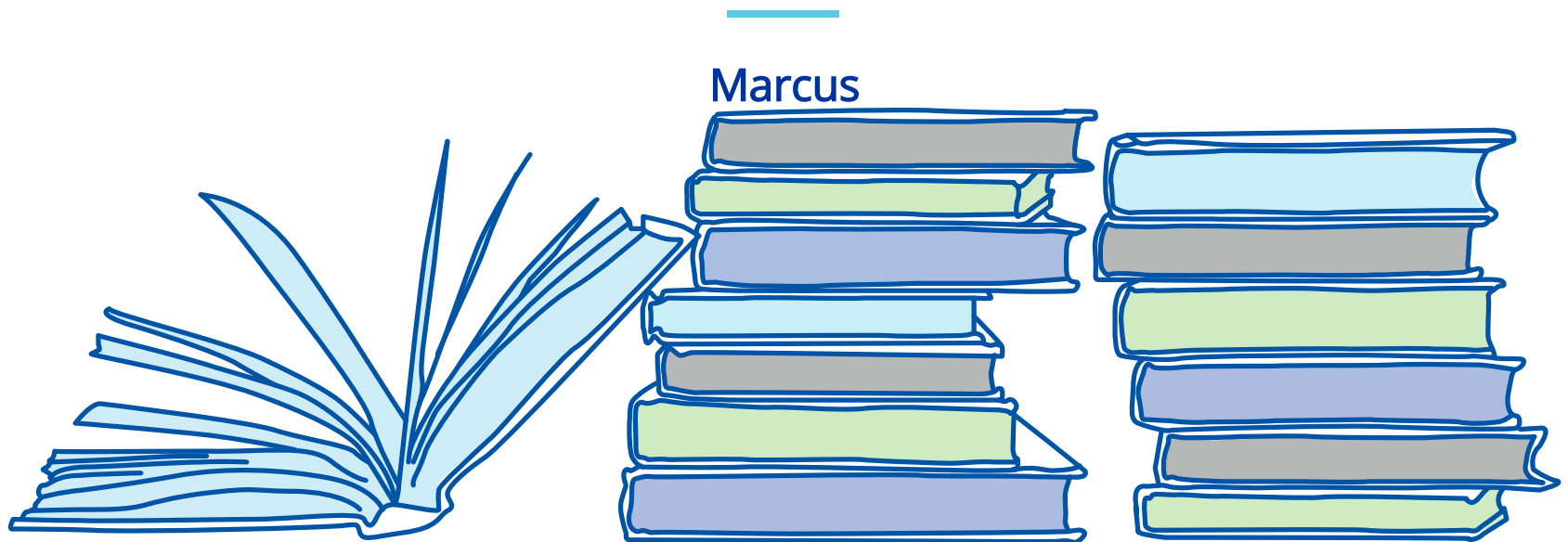
## 3. Niche opportunistic



## 4. Almost private equity

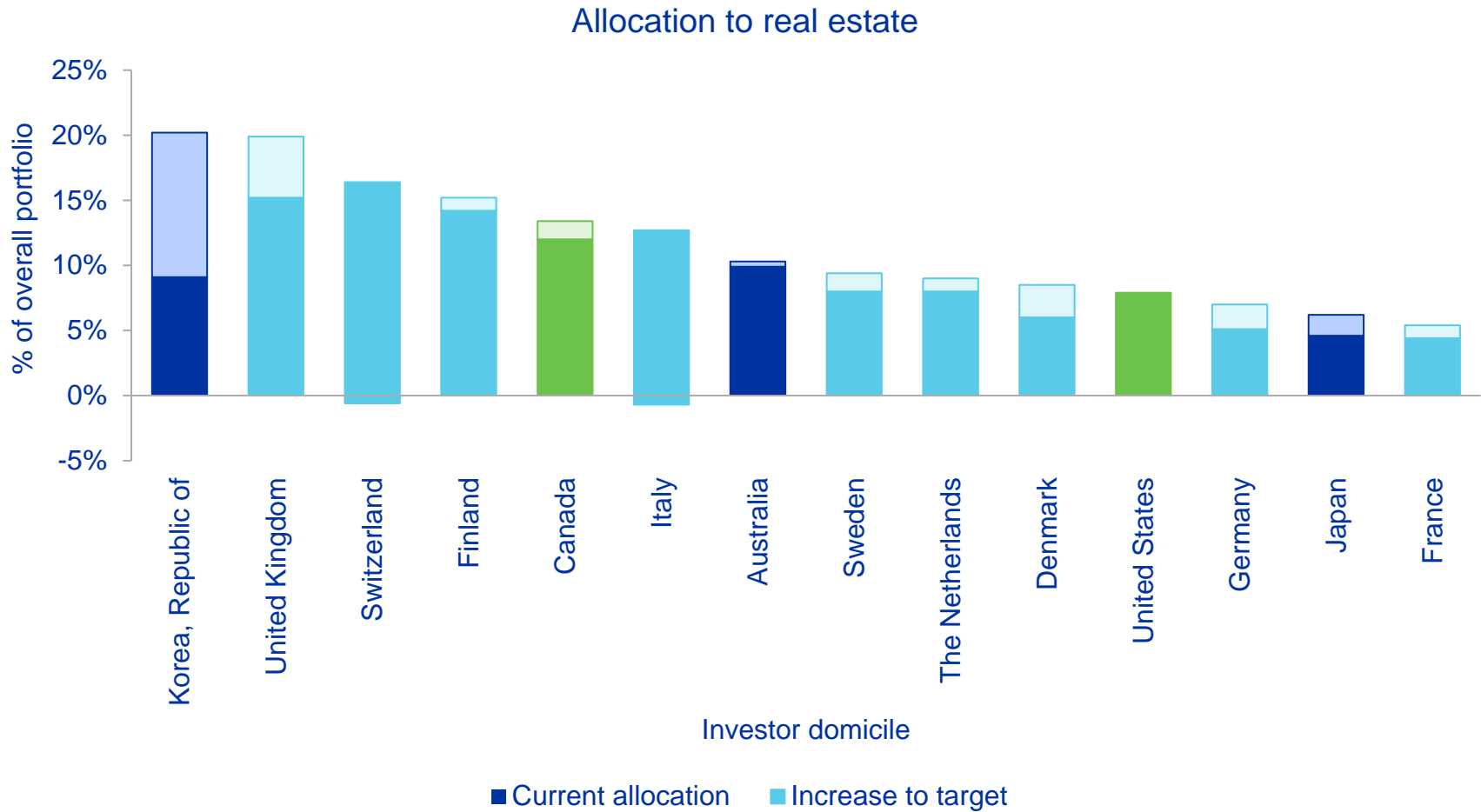


# INVESTORS' INTENTIONS 2016



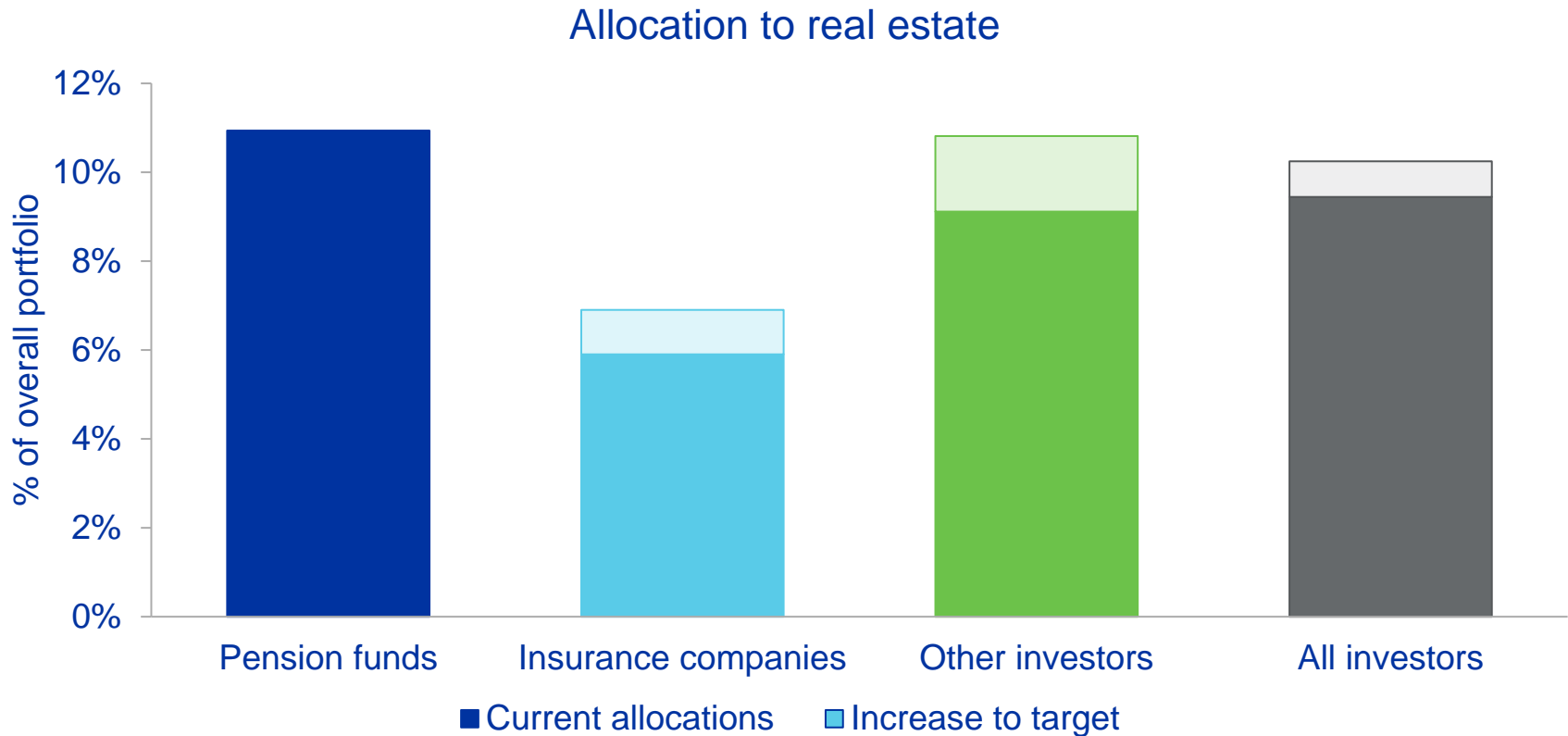
Marcus

# Increasing allocations almost everywhere



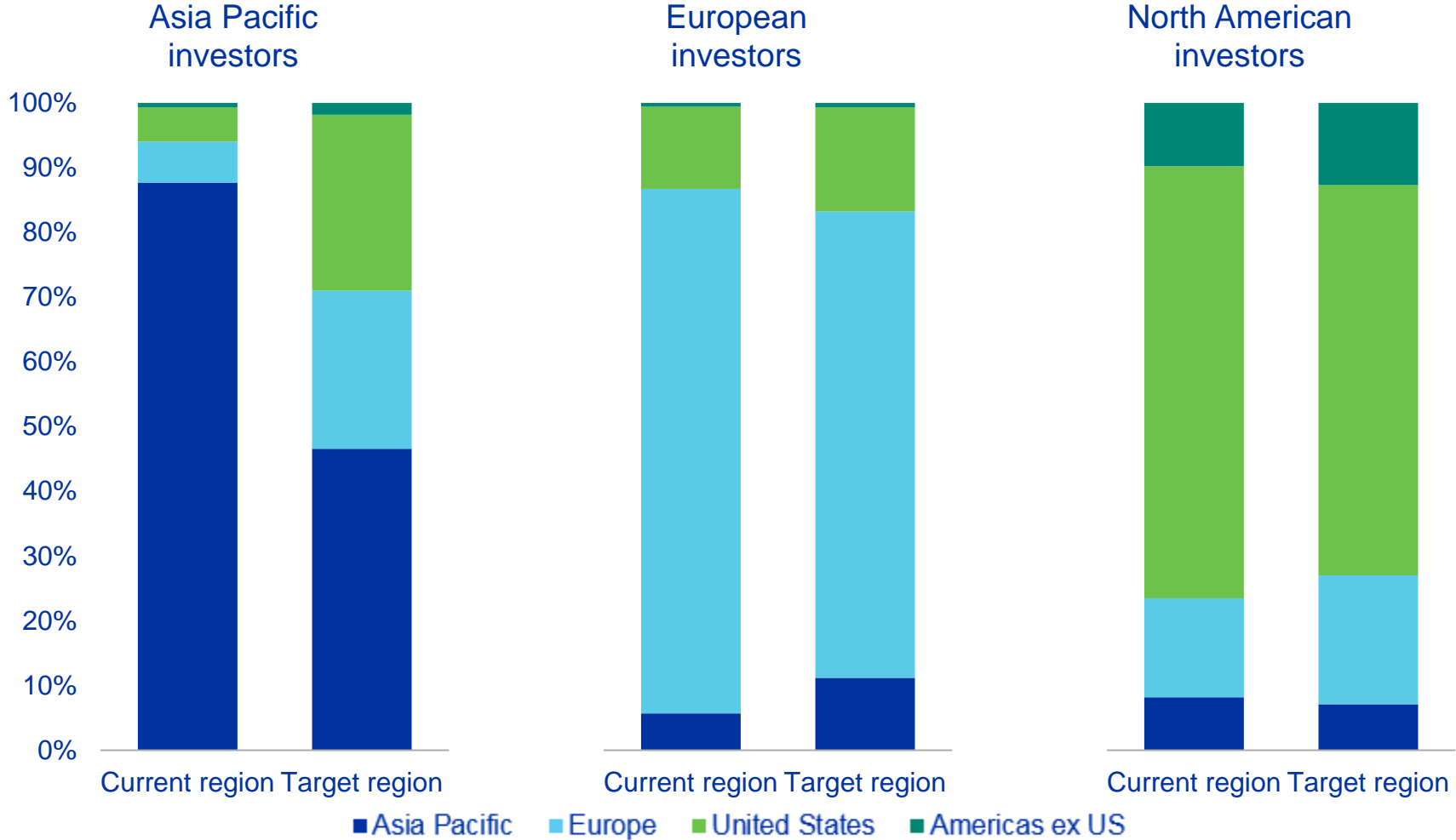
Note: Equally weighted allocations

# And from every investor type



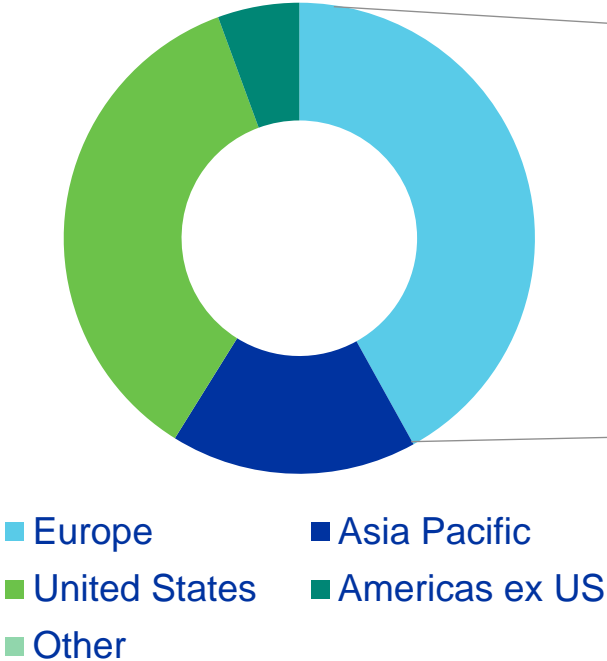
Pension funds have the highest allocations but are only slightly under target

# Capital is crossing borders






# Strong preference for Europe

Expected destination for investment in 2016



Top three investment destinations in Europe

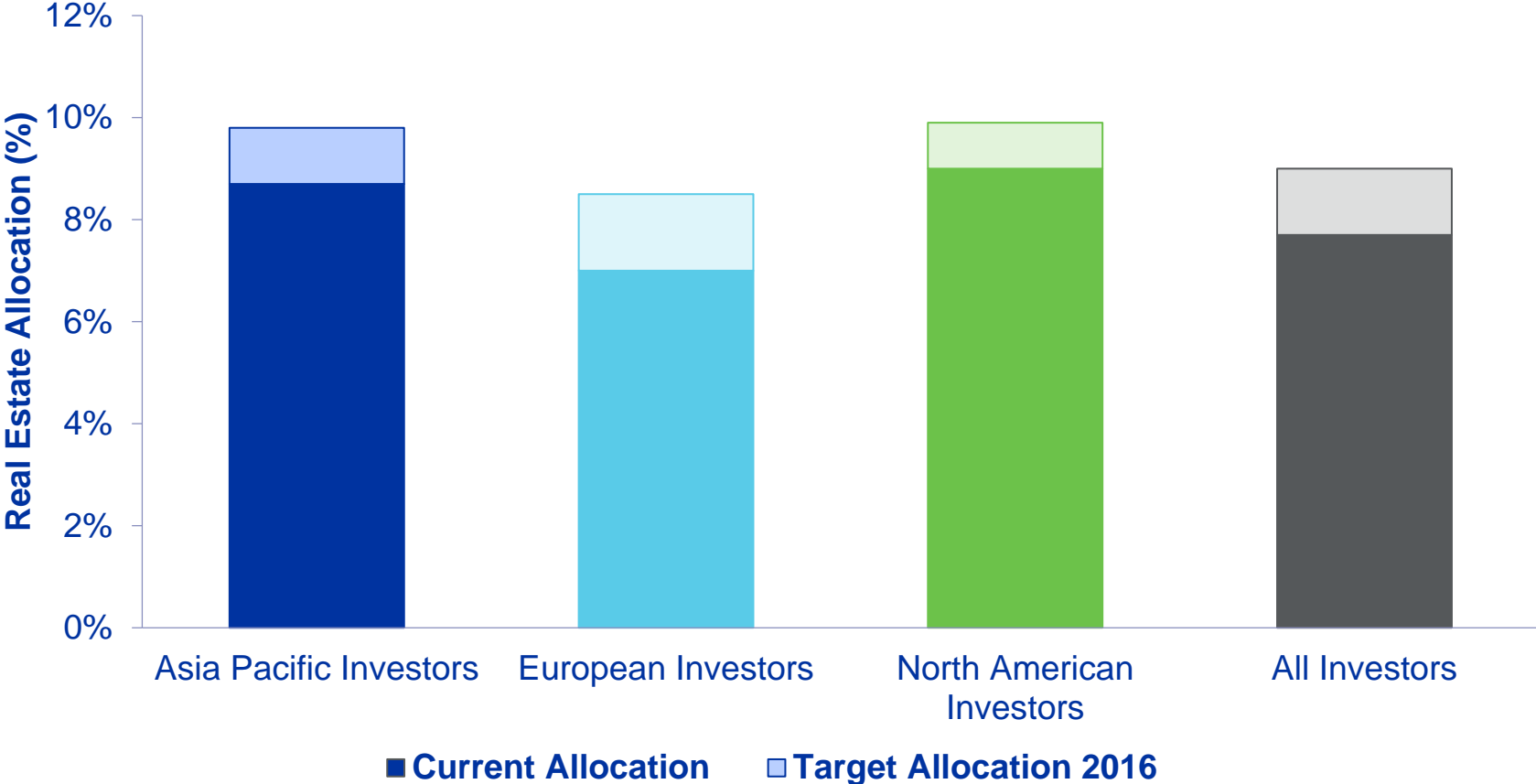
1.  GERMANY
2.  FRANCE
3.  UNITED KINGDOM

...from investors and fund of funds managers

Note: Chart shows only investor preferences

# With intentions to further increase allocation

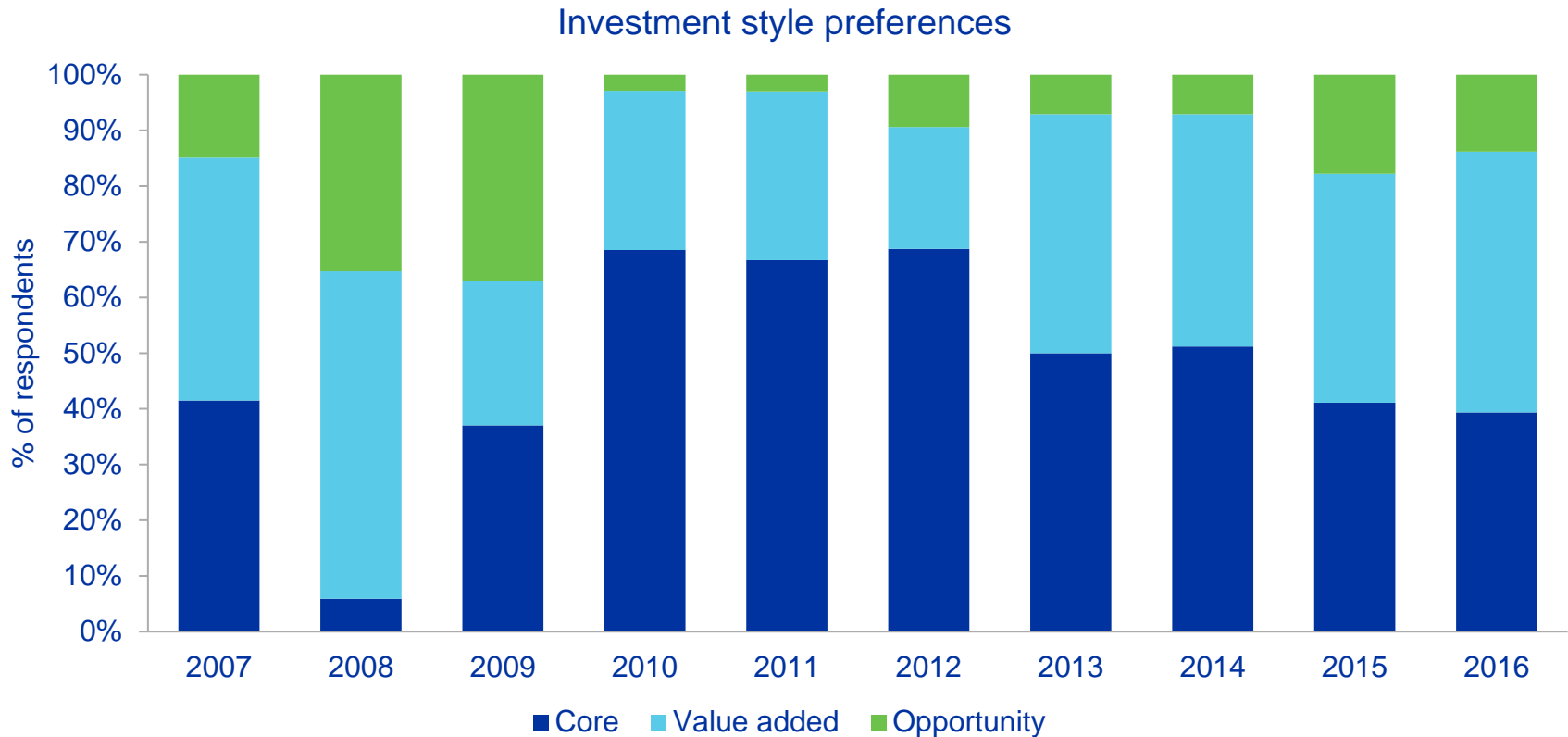
## Allocation to Real Estate as % of Overall Portfolio



Source: ANREV / INREV / PREA Investment Intentions Survey 2015 – weighted allocations



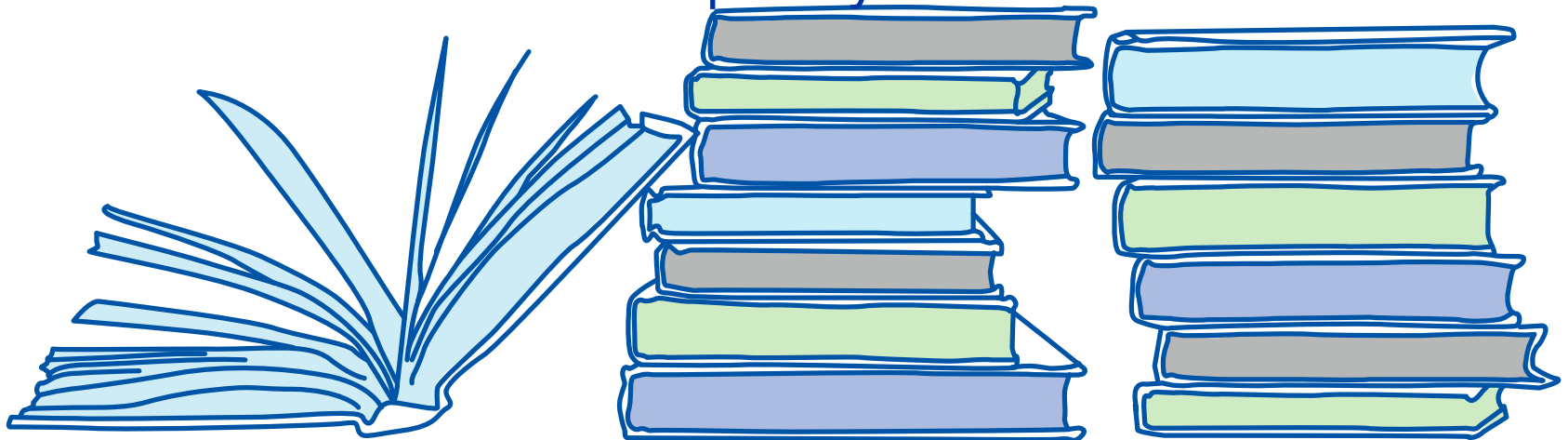
# Increase in desire for value added



Value added preferred ahead of core and opportunity

# INREV GLOBAL REAL ESTATE FUND INDEX

Stephen Ryan



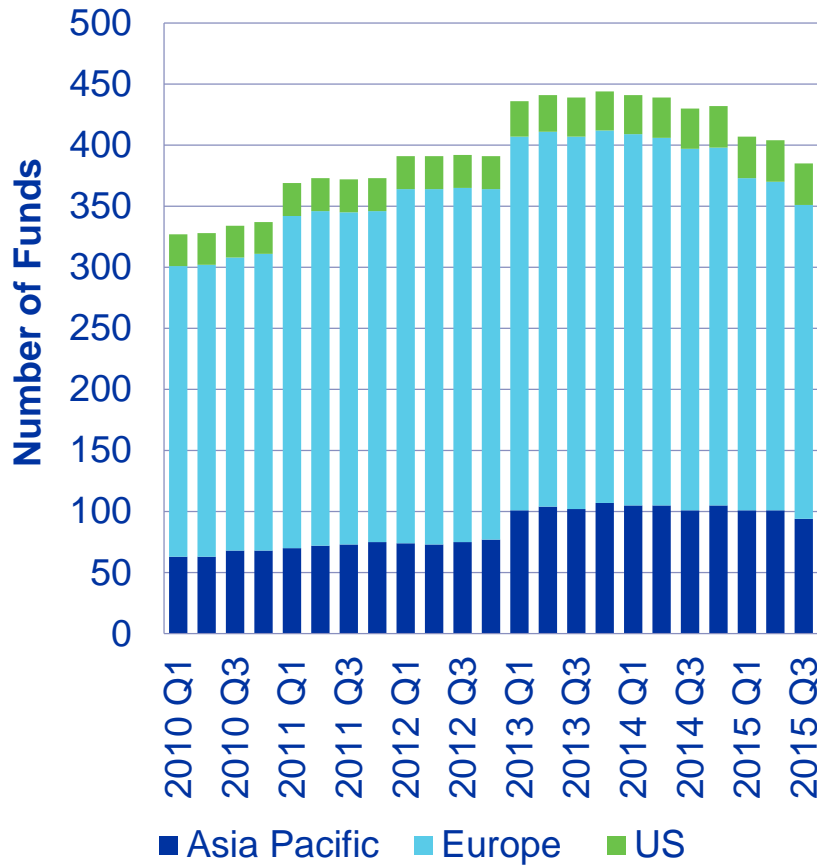
# Introducing GREFI

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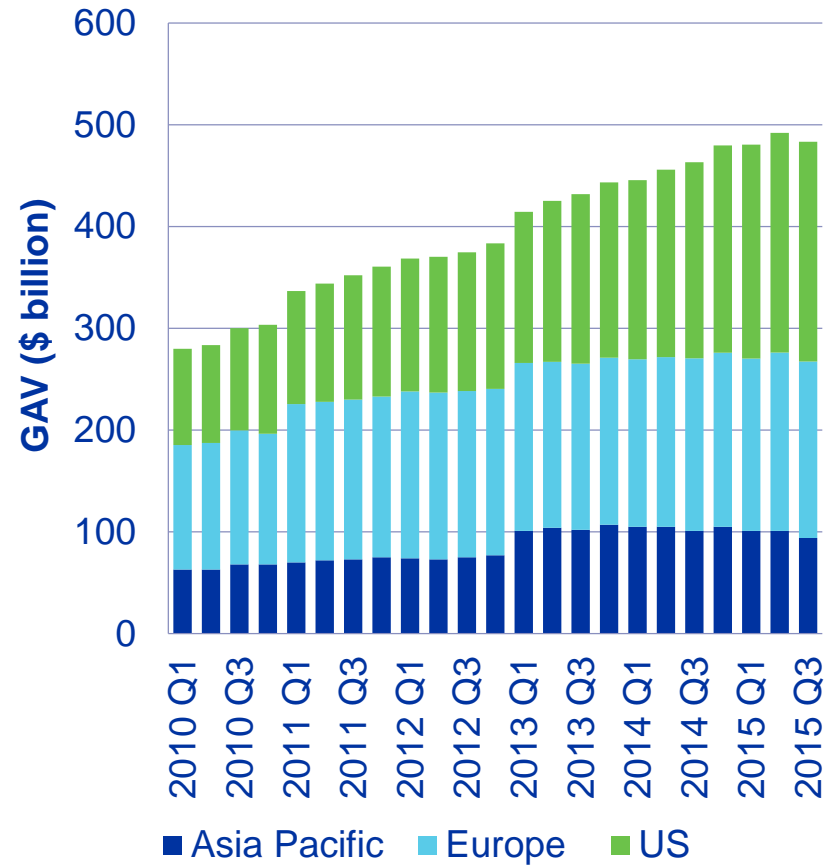
- Global Real Estate Fund Index (GREFI)
- Index showing the performance of non-listed real estate funds on a global scale
- Created by ANREV, INREV and NCREIF
  - [www.anrev.org](http://www.anrev.org)
  - [www.inrev.org](http://www.inrev.org)
  - [www.ncreif.org](http://www.ncreif.org)
- Updated 12 weeks after the quarter end
- GREFI Q3 2015 update includes 454 funds
- Returns from 2010

# Global growth in non-listed real estate

## Number of Funds



## GAV



# Global Real Estate Fund Index

Total returns (%) as of September 2015	3 month total return	6 month total return	9 month total return	1 year total return	2 year total return*	3 year total return*
Global**	2.78	6.10	8.86	12.02	10.74	9.42
Asia Pacific	2.23	4.90	7.52	11.20	9.79	9.64
Europe	2.27	4.94	7.00	9.37	8.40	5.92
US	3.51	7.62	11.16	14.91	13.52	13.08

*\*Rolling annualised \*\*Include funds with global target strategy*

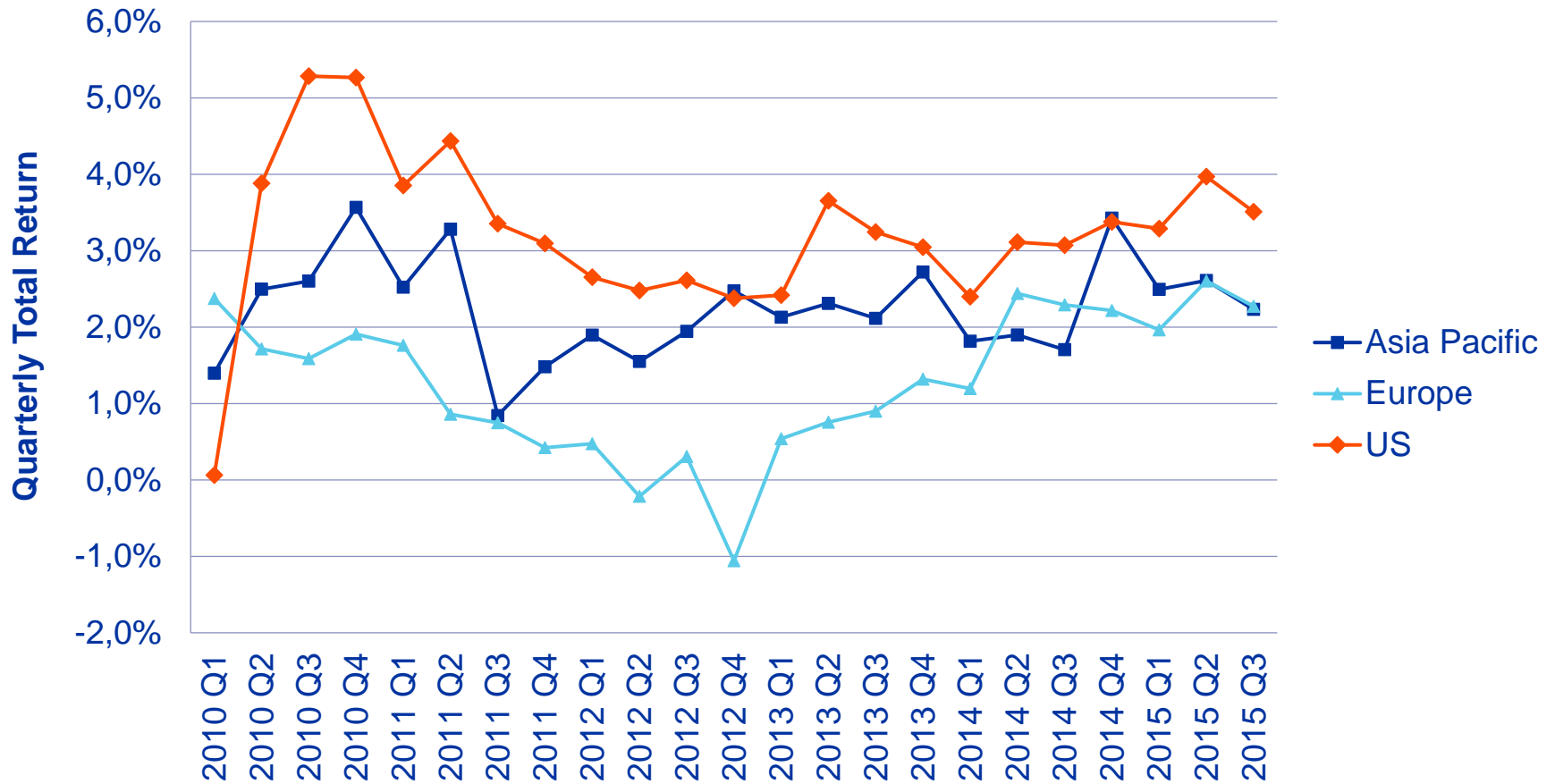
**ANREV**

**INREV**



# Performance is mixed across the regions

## Quarterly Fund Performance



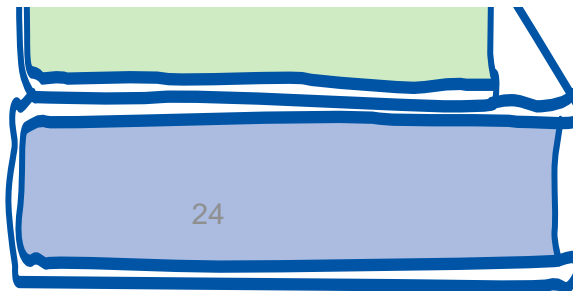
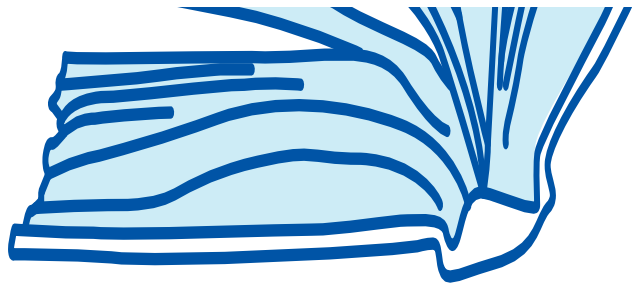
# Index components

Other statistics as of September 2015	Weighting* (%)	# of funds	Total NAV** (\$ billion)	Total GAV (\$ billion)	Leverage*** (%)
<b>Global</b>	<b>100</b>	<b>454</b>	<b>396.5</b>	<b>551.3</b>	<b>25.39</b>
Asia Pacific	15.92	94	63.7	90.5	26.90
Europe	36.19	257	146.8	192.7	22.26
US	46.06	92	179.0	257.5	26.72

*\*based on the weighted average equity, \*\*based on begin of period NAV. \*\*\*weighted average*

# Questions?

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# Contact details

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