ANREV / INREV / NCREIF Fund Manager Survey **2016**

Snapshot Research

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 €100 billion each
> Global strategies and North American strategies are larger than others

Total real estate assets under management (AUM) increased to €2.0 trillion in 2015, up 11.3% from €1.8 trillion in 2014. Overall, the 10 largest fund managers represent 41.0% of the total AUM, up from 36.5% last year.

With €137.3 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 €135.3 billion of total real estate AUM, some €2 billion less than Brookfield Asset Management. TH Real Estate & TIAA occupies the third position with €110.8 billion of global real estate AUM.

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

For European strategies, Aviva Investors is in top position with €45.1 billion of real estate assets under management.

The second and third slots are filled by CBRE Global Investors and Credit Suisse, with AUM of €41.3 billion and €37.2 billion respectively.

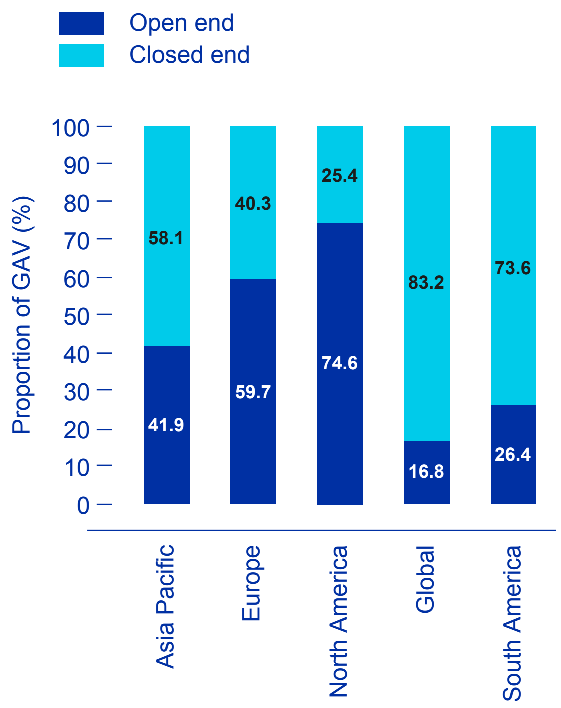
In terms of Asia Pacific strategies, CapitaLand is the largest fund manager, with total real estate AUM of €40.3 billion. The second place goes to Fosun Property Holdings with €31.4 billion in AUM, and next is Mapletree Investments with €20.9 billion of real estate AUM.

For North America strategies, Brookfield Asset Management is the largest fund manager in, with total real estate AUM of €89.4 billion. Second place for North American strategies goes to TH Real Estate & TIAA with €57.3 billion in AUM, and next is J.P. Morgan Asset Management with €53.8 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 €1.5 trillion. Of that amount, non-listed funds account for €0.9 trillion spread across 1,522 different funds.

By value, funds with a European strategy amount to €340.1 billion (38.7%) in total. North American funds constitute €272.1 billion (31.0%). Asia Pacific and Global funds hold an equal weight of €129.5 billion (14.7%). Funds with a South American regional strategy amount to €7.8 billion (0.9%) only.

Figure 1: Value of non-listed real estate funds by structure and regional strategy



Note: Percentages are based on the reported total value of €819.7 billion

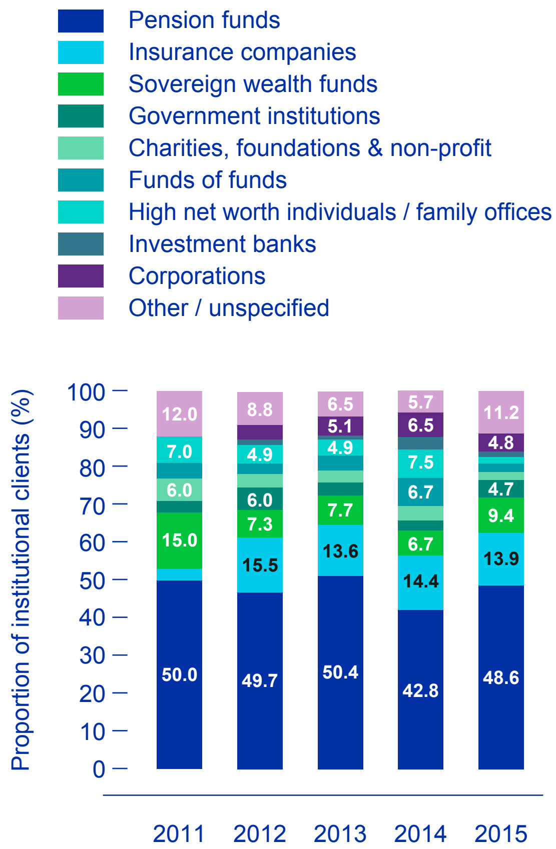
Turning to the structure within each regional strategy, the picture is of two broad camps (measured by value): the European and North American strategies, where open ended is preferred, and the other strategies, where closed end structures are preferred. It is striking that approximately three-quarters (74.6%) of the assets in North American strategies are open ended in structure.

When the same structure analysis within regional strategies is done by number of funds rather than asset value, a different picture emerges. The preference for open ended structures in European and North American mandates is less marked, reflecting the large size of a relatively small number of open end funds with European and North American strategies. For global strategies there is little difference between the value-based and number-based analysis: closed end funds dominate.

Pension funds continue to dominate the institutional market, representing 48.6% of the institutional client base in 2015, 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, institutional investors continue to be the main investor type for non-listed direct real estate vehicles. For non-listed real estate funds, institutional investors make up 82.0% of the total assets under management. For separate accounts the corresponding percentage is 96.2%. While institutions continue to account for the lion's share of the asset base in non-listed direct

Figure 2: Breakdown of institutional client base by investor type



real estate vehicles, some interesting differences emerge among vehicle types. For funds, for example, more than one-tenth of the asset base is retail in nature (13.4%).

Fund managers domiciled in North America take the largest share of the pie. This is not surprising since the list of the top 10 fund managers is dominated by North American entities. North American managers manage 48.5% of total real estate AUM. European-domiciled managers manage 35.1% of those assets. The remaining 16.4% are managed by Asia Pacific-based companies.

For further details contact research@inrev.org

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Figure 3: Total real estate assets under management by fund manager domicile