

Strong Real Estate Performance Sees Record \$187bn Distributed to Investors in 2014

Distributed capital exceeds \$100bn in 2013, 2014 and in H1 2015

As part of its 2016 Global Real Estate Report, Preqin finds that private closed-end real estate funds have again returned record amounts of capital back to investors; funds distributed \$138bn to investors in 2013, \$187bn in 2014, and a further \$103bn in the first half of 2015. Buoyed by rising real estate valuations, the industry has seen 22 consecutive quarters of increase in net asset value (NAV) up to Q2 2015, the latest available data. Private real estate funds generated returns of 15% in the year to June 2015, and 16% per annum in the three years to June 2015.

As a result of these returns, 89% of investors surveyed by Preqin said that their real estate investments either met or exceeded their expectations in 2015. Record levels of distributions have made more capital available for re-investment, and 82% of investors expect either to maintain or increase their capital commitment to real estate funds in 2016 compared to 2015.

Key 2016 Global Real Estate Report Facts:

- **AUM Plateaus: Record distributions have reduced the AUM of the real estate industry** by \$15bn to total \$743bn at the end of June 2015. Though dry powder held by real estate firms grew by \$5bn to reach \$202bn, the unrealized value of assets fell from \$561bn to \$541bn in H1 2015.
- **Top Performers: 2011 vintage real estate funds have generated a median net IRR of 17%**, the highest of any vintage year since the Global Financial Crisis.
- **North America Leads the Way: North America-focused real estate funds have the highest median IRR** of any regional focus in four of the five most recent vintage years (2008 – 2012). The median IRR for these funds has been 10% or more for every vintage year since 2008.
- **Competition for Assets:** Sixty-seven percent of fund managers say that it is currently more difficult to find attractive investment opportunities than one year ago. Over half (56%) say that finding attractive opportunities is the **biggest challenge facing fund managers going into 2016**.
- **Deployment of Capital:** Despite the growing 'wall of capital' available to firms, **real estate fund managers remain confident of their ability to put capital to work** with 60% expecting to deploy more in 2016 than 2015.

**For more from the Preqin 2016 Global Real Estate Report, please visit www.preqin.com/reports
To request a complimentary press copy of the report, please contact press@preqin.com**

Comment:

"Rising real estate valuations globally have helped the asset class become one of the best performing private capital strategies in recent years. Many fund managers have viewed recent quarters as an attractive time to exit; 2014 saw record levels of capital returned to investors, and when the final data becomes available, we are likely to see 2015 eclipse 2014.

It is little wonder then that institutional investor satisfaction is generally high. 2015 represented a fifth straight year of growth in real estate fundraising and most investors expect to maintain or increase the capital they put to work in 2016. The strong demand for real estate has made competition intense in many markets however and fund managers are finding it harder to find attractive opportunities than it was a year ago. Nevertheless deal flow looks set to remain strong, with the majority planning to deploy more capital in 2016 than 2015."

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Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

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