

Press release

Luxembourg, 20 November 2018

## **2018 ALFI REAL ESTATE INVESTMENT FUND (REIF) SURVEY SHOWS INNOVATIVE RAIF REGIME IS FIRMLY ESTABLISHED**

According to ALFI's 2018 REIF survey<sup>1</sup>, 2017 and the first two quarters of 2018 show another good period for Luxembourg-domiciled REIFs. The population of REIFs surveyed by ALFI continued to expand, this time by 45, bringing the total number of surveyed vehicles to 304, including 27 manager-regulated AIFs, 27 RAIFs dedicated to real estate and 11 SICARs.

Keith Burman, co-chair of the ALFI Real Estate Investment Funds Sub-Committee, says: "This year's survey confirms that Luxembourg remains the favoured location to establish and maintain multi-geographical and multi-sectoral regulated REIFs, which continue to appeal to institutional investors and fund managers from around the world."

Denise Voss, Chairman of ALFI, comments: "The increase in the number of real estate funds using the RAIF regime shows its appeal. It was introduced by Luxembourg in 2016 to reduce time to market for authorised managers and well-informed investors, while maintaining a high level of governance and oversight through the appointment of a supervised AIFM."

The survey highlights:

- In the 2018 survey, new funds were launched overwhelmingly by initiators/AIFMs from Europe (mainly Benelux, Germany and the UK) and from the USA.
- In terms of investment strategy, the most common remains the "multi-sector" strategy, accounting for 38%. This, however, is a decrease compared with 2016 (50%) and 2017 (40%) figures.
- Among the single-sector strategies, "Retail" and "Residential" show comparable results this year with 14% and 16% respectively. "Office" investments represent the sole strategy of only 10% of the funds surveyed.
- As in last year's survey, the legal forms of the SCS/SCSp are the most common amongst the funds surveyed with 32%, either in the form of a SICAV combined with the SIF regime (51 funds), or set up as manager-regulated AIFs.
- 77% of the surveyed REIFs invest in Europe, whereas 6.6% invest globally and 7.9% in the Asia-Pacific region.
- The RAIF regime is now firmly established with 27 funds, compared to 15 last year and 1 in 2016, when RAIFs were first approved.
- Though umbrella funds remain popular due to various practical and cost considerations, the trend over the last few years has been towards simplification of structures and strategies, a trend that is again evidenced in this survey. This year 72% of REIFs have a single-compartment structure, compared with 73% reported in the 2016 survey and 76% in the 2017 survey. 61% of the funds surveyed are closed-ended.

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<sup>1</sup> The ALFI REIF survey was conducted during the third quarter of 2018 and reflects the market composition as at the end of June 2018. The survey does not include indirect real estate funds, such as real estate fund of funds, (real estate) debt funds and securitisations.

- In line with the survey findings of previous years, smaller funds continue to make up the majority of REIFs, with 56.5% with a NAV of under EUR 100 million. Overall, 92 funds reported a target NAV of less than EUR 100 million, while 10% fall into the target NAV categories greater than EUR 800 million.
- 32% of Funds aim to keep their gearing below 20% LTV, while a further 51% aim to keep LTV levels to below 60%.
- A total of 81% of Luxembourg-domiciled funds are mainly used for small groups of institutional investors, i.e. 25 or fewer investors. In terms of location, nearly 81% of investors come from Europe. The remainder are predominantly from the Americas, and 5.2% are highly diversified, confirming the global appeal of the Luxembourg fund regimes.

Download the report: <http://www.alfi.lu/node/3689>

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**Glossary:**

AIF	Alternative Investment Fund
ALFI	Association of the Luxembourg Fund Industry
AIFM	Alternative Investment Fund Manager
LTV	Loan-to-value ratio
NAV	Net asset value
RAIF	Reserved Alternative Investment Fund
REIF	Real estate investment fund
SICAR	<i>société d'investissement en capital à risque</i> , investment company in risk capital
SICAV	<i>société d'investissement en capital variable</i> , investment company with variable capital
SIF	Specialised Investment Fund
SCS	<i>société en commandite simple</i> , limited partnership
SCSp	<i>société en commandite spéciale</i> , special limited partnership

**Notes to editors:**

The Association of the Luxembourg Fund Industry (ALFI) is the representative body of the Luxembourg investment fund community. Created in 1988, the Association today represents over 1500 Luxembourg domiciled investment funds, asset management companies and a wide range of service providers such as custodian banks, fund administrators, transfer agents, distributors, legal firms, consultants, tax experts, auditors and accountants, specialist IT providers and communication companies. The Luxembourg fund industry is the largest fund domicile in Europe and a worldwide leader in cross-border distribution of funds. Luxembourg-domiciled investment structures are distributed on a global basis in more than 70 countries with a particular focus on Europe, Asia, Latin America and the Middle East. For further information, do not hesitate to consult our website at [www.alfi.lu](http://www.alfi.lu). To keep up with all the news from ALFI and the fund industry in Luxembourg, join us on LinkedIn (The Luxembourg Fund Industry Group by ALFI), Twitter (@ALFI-funds), Flickr, Youtube and Vimeo.