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ASSOCIATION FRANÇAISE
DES SOCIÉTÉS
DE PLACEMENT IMMOBILIER

STRONG REBOUND IN INFLOW TO UNLISTED REAL ESTATE INVESTMENT FUNDS IN THE FIRST QUARTER OF 2019

10 rue La Boétie
75008 Paris

T +33 (0)1 44 90 60 00
F +33 (0)1 44 90 60 05

contact@aspim.fr
www.aspim.fr

ASPIM and the IEIF are publishing the figures regarding the market for SCPI yield fund shares (not including fiscal SCPIs) and "retail" OPCIs for the first quarter of 2019.

These two types of unlisted real estate funds collected 2.6 billion € during the first quarter of 2019, which was a rise of 62% compared to the first quarter of last year.

By collecting a little over 2 billion €, the SCPIs have re-established an exceptional level of inflow, just a little less than the record level of the first quarter of 2017 (2.4 billion €).

After a noticeable slowdown in income in 2018, during the first quarter of 2019 unlisted real estate enjoyed a strong upturn in interest from investors comforted by the receding prospect of a future rise in interest rates and who were conscious of the healthy state of different rental markets, and in particular that of offices. Moreover, the fall in financial markets which continued until the end of 2018 also contributed towards the dynamics in investments in the unlisted sector.

On 31 March 2019 the total capitalisation of funds was 70.32 billion €, which was a progress of 4.7% over the quarter and of 15% over the year.

Net inflow

• Yield fund SCPIs

SCPI saw an inflow of 2.085 billion € in the first quarter of 2019, a rise of 79% when compared to the first quarter of 2018. SCPIs invested in offices took in 1.2 billion € (+104% year to year) thereby matching the record for the first quarter of 2017. Then come the diversified SCPIs which realised 389 million € (+71% over a year), the specialised SCPIs which received 284.6 million € (+77% sur un an) and SCPIs invested in shops at 197 million € (+24% year to year). SCPIs invested in residential property (non fiscal) complete the inflow with 8.4 million € (-70% over a year).

• "Retail" OPCIs

"Retail" OPCIs basically distribute investment through life insurance contracts and they registered a total of 5425 million € in net subscriptions in the first three months of the year (+18% when compared to the first quarter of 2018).

Investments

SCPIs made 1.6 billion € worth of acquisitions during the first quarter. Offices represented 61% of the sums invested in value. Among the other "traditional" assets in commercial real estate, shops and logistics each represented 8% of acquisitions, coming before business premises (7%) and industrial premises (2.5%). So called "alternative" real estate assets represented 12% of acquisitions of which nearly 8% was in the hotel/leisure sector, 3% in health centres and 1% for serviced residences. Residential real estate only represented 1% of sums invested.

Regarding localisation, the Paris area saw a concentration of 46.1% of acquisitions. of which 12.7% was in Paris and 33.3% in the rest of the Paris region. Other French regions drew 20.25% of capital. 33.7% of investments were made abroad (of which 24.7% were invested in Germany).

Moreover, SCPIs arbitrated for 308 million € worth of assets. Transfers during the first quarter mainly concerned offices (91%) and assets located in the area outside Paris (64.3%).

Capitalisation

- **SCPIs**

The capitalisation of SCPIs (not including fiscal SCPIs) rose to 54.31 billion € by 31 March 2019, a rise of 4.4% over the quarter and 14% year on year.

- **"Retail" OPCIs**

The net assets of the 18 "retail" OPCIs climbed to 16 billion € on 31 March 2019 which is an increase of 5.9% over the quarter and 18.4% over the year.

Secondary market

The value of shares exchanged on the secondary market in the first quarter of 2019 rose to 252.5 million € which is 0.46 % of the capitalisation of yield SCPIs.

Performances

- **SCPI yield funds**

According to the EDHEC IEIF Commercial Real Estate France index the global performance of commercial real estate SCPIs on 31 March 2019 finished at +5.6% compared year on year. This global performance is made up of a current yield of +4.5% and an upward revaluation of shares of +1.1%

- **"Retail" OPCIs**

According to the IEIF Retail OPCI index the overall performance over one year settled at +2.9% for the first quarter of 2019, which included +1.3% of current yield and +1.6% of appreciation. The strong rebound of European listed real estate (+14.8% for the first quarter of 2019) is the main reason for the rapid upturn in global performance which had

reached a low point in the fourth quarter of 2018 (+0.8% of global performance over one year).

Frédéric Bôl ASPIM Chairman says: *"We really can congratulate ourselves on the significant rally in the unlisted real estate investment funds inflow. This demonstrates once again the professionalism of the managers and the distributors who have known how to retain investors' trust despite new regulatory constraints (MIF2, PRIIPs) which are forcing a less intuitive presentation of our products. The profession has shown its great capacity for adaptation and for teaching skills. We are optimistic about the fact that this upward trend will be maintained throughout the whole year."*

ABOUT ASPIM

ASPIM (L'Association française des Sociétés de Placement Immobilier / French association for real estate investment companies) promotes, represents and defends the interests of its members, the managers of alternative investment funds in real estate (FIA) (SCPI - real estate investment companies, OPCI – real estate collective investment undertakings and other real estate FIAs). ASPIM was set up in 1975 and is a not for profit association which brings together all the actors in the unlisted real estate fund management sector. On 31 December 2018 the Alternative Investment Funds (FIA) in real estate (SCPIs, OPCI, OPPCI – professional organisms for collective investment in real estate - and other FIAs) represented an outstanding credit of over 177 billion €.

The total number of ASPIM members on 21 May 2019 was 92, including 81 members which are portfolio management companies (SGP) for SCPIs, OPPCI, OPCI and other FIAs in real estate which are accredited by the Financial Markets Regulator (AMF) whether they are subsidiaries of banking groups or insurance companies, foreign real estate management or entrepreneurial, as well as other professionals in the real estate ecosystem (lawyers, consultants, auditors and experts.)

Through its relations with French and international authorities responsible for subjects that interest its members, ASPIM defends and promotes the interests of the investors in these funds and is committed to demonstrating how this sector contributes to the national economy.

In particular, in 2006, ASPIM was behind the creation of the OPCI, a new form of investment aimed at private and institutional investors, and was also responsible for the recent reform of the legal framework for SCPIs, when the AIFM directive was adopted into French law.

ASPIM Press contact

Christophe Kacy
Tel. : 01 44 90 60 00
c.kacy@aspim.fr