

**Michael Walton**

Chief Executive

**Real Estate Private Equity**



## Public versus Private Equity

	<b>Public</b>	<b>Private</b>
<b>Investment Universe</b>	Narrow	Broader
<b>Liquidity</b>	High	Low/none
<b>Tax efficiency</b>	Recently better	Usually efficient
<b>Costs</b>	Moving to low	High
<b>Co-investment/ alignment</b>	Low	High
<b>Investor range</b>	All	All but private
<b>Risk appetite</b>	Low	Various but tends to opportunistic

## The Capital flows from Public to Private Equity

Institutional reduction in risk appetite for equities/shares



More investment in alternatives and debt instruments



Risk under-priced in debt/alternatives/private equity



Massive flows to private equity/private equity real estate

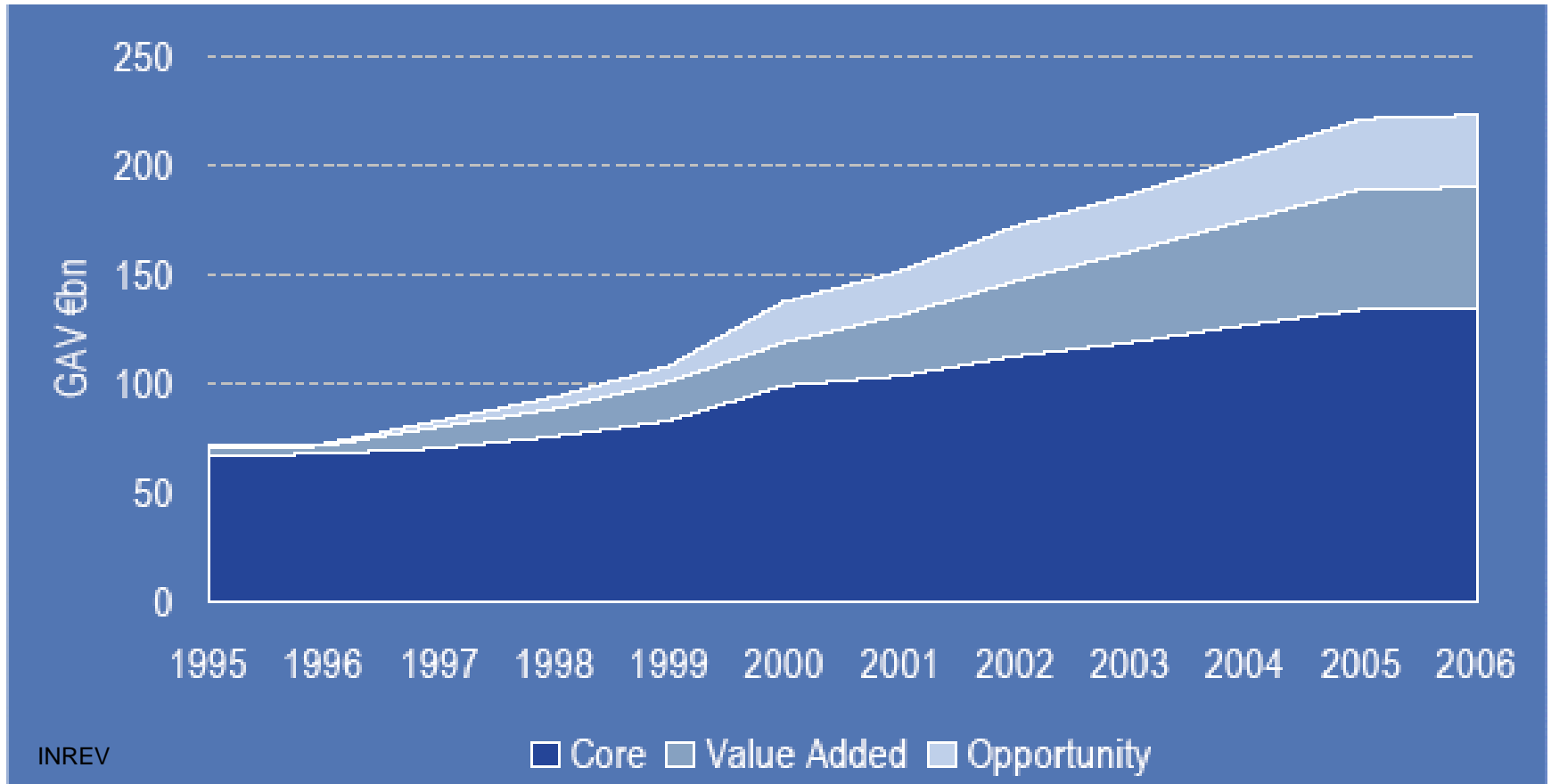


Eventually disappointing performance



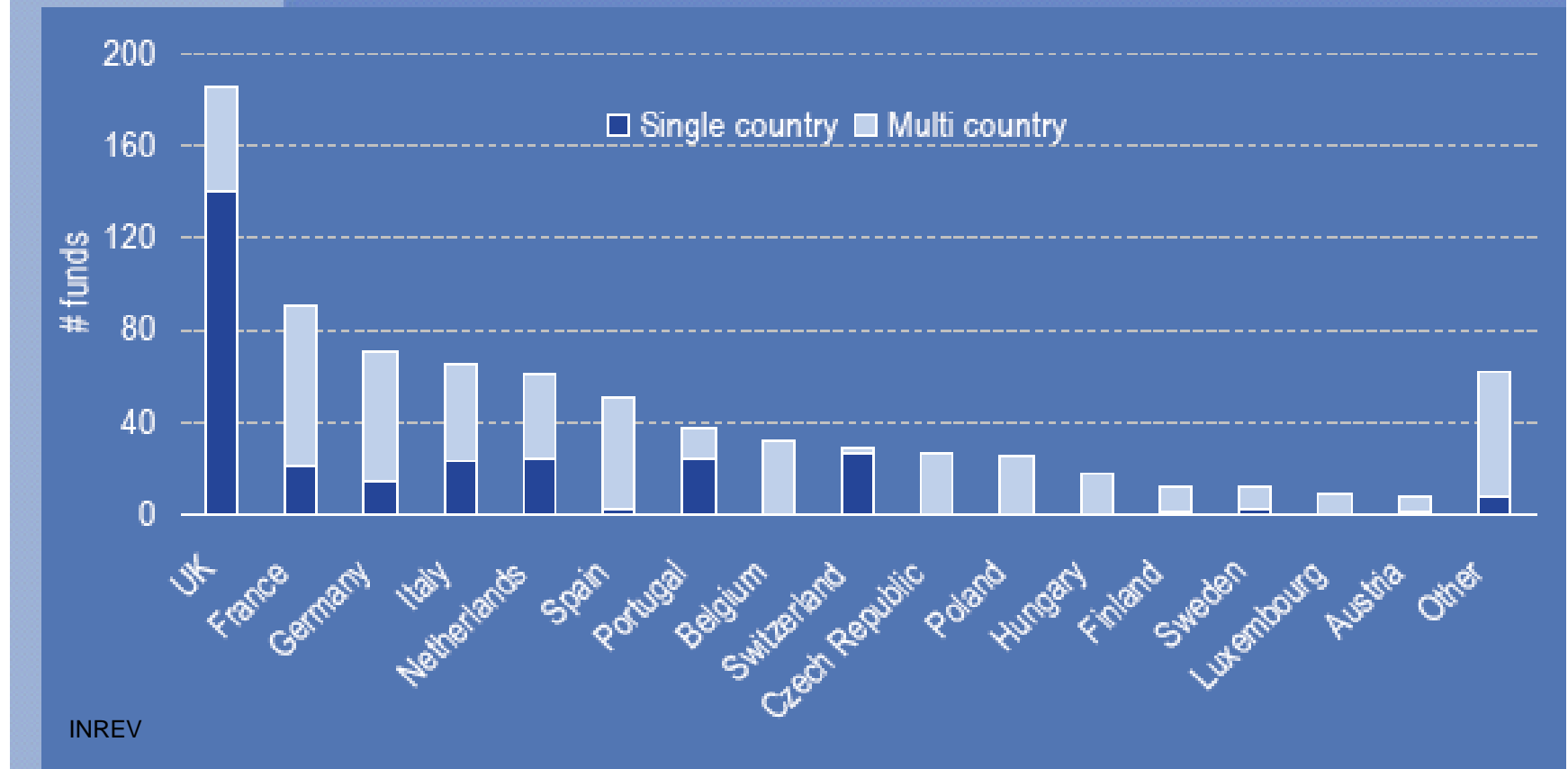
Risk appetite for equities rebalances

## Growth of European Real Estate Private Equity



## Where is Real Estate Private Equity being invested?

### Target Country by Fund Type



**Taxation structuring**

**Getting harder for lower benefits**

**“The break-even of tax planning is significantly rising”**

**Weigh benefits against costs of set-up, compliance, initial investor due diligence, possible mid term restructuring and opportunity cost of investment manager’s time**

**Comparing Real Estate Private Equity to other assets classes**

**Pros**

Specialist managers

Leverage

Tax efficiency

Transparency and  
Governance (INREV's work)

**Cons**

Low liquidity

Fees

Availability of assets  
Short track records of  
Investment Managers  
Client understanding

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