

Australian Real Assets Draw in Investors

Infrastructure privatization, tax incentives for foreign investors and Australia’s depreciating dollar attracts international investors into the region.

A new report from Preqin and Perpetual finds that the investment outlook for real assets in Australia is positive, as growing investor appetite has spurred fundraising and dealmaking activity. The amount of capital secured for the sector has been rising over recent years, reaching a peak of \$3.2bn* for funds closed in 2017. Deal activity has also been healthy: in the private equity real estate (PERE) sector, 234 transactions were completed in the 12 months to the end of June 2019, and total deal values in the first half of 2019 alone represented 80% of values seen in the whole of 2018.

In the infrastructure sector, the majority of interest has been in renewable energy assets, which accounted for two-thirds of deals announced over the last 12 months. The investor base supporting these sectors is increasingly global: two-thirds of active investors are based beyond Australia, with increasing interest from Europe- and North America-based investors in particular.

For more information, see the full *Real Assets Growth in Australia: A Preqin and Perpetual Study* here: <http://docs.preqin.com/reports/Real-Assets-Real-Growth-in-Australia-A-Preqin-and-Perpetual-Study.pdf>

Patrick Adefuye, Head of Real Assets - Preqin:

“The Australian real assets industry is growing, and investors overseas are turning towards the region. The tax incentives for foreign investors, the depreciating Australian dollar and the privatization wave in the infrastructure industry have awakened investors’ appetite, and this can be seen in the increased fundraising for the region. There is an upward trend in the amount of capital collected as well as in the number of real assets deals announced. Investors are seeking stable returns and they are looking towards Australia for its potential to offer long-term, low-risk opportunities.”

Glen Dogan, General Manager – Perpetual Corporate Trust:

“As an established, transparent and liquid market, Australia has all the right conditions for significant investment, and that is being reflected by increasing investor interest in the market. This, coupled with the ongoing strength of the Australian economy and positive investment outlook, will continue to encourage investor demand.

“Australia’s economy is expected to grow and is supported by a pipeline of long-term infrastructure projects largely as a result of a clear focus and commitment from the Australian Government. The pipeline and demand for infrastructure will be driven by Australia’s growing populations and capital cities and offers investors the chance to participate in some of the world’s leading infrastructure projects.

“As the hunt for yield continues and investors search for reliable returns, we believe Australian real assets present long-term, innovative and exciting opportunities for global investors.”

Key Australia Real Assets Facts:

- Regulatory and monetary circumstances have favored investment in Australian real assets in recent years. The Australian government has created tax incentives for qualifying foreign investors, while the Australian dollar has depreciated by about 15% against the US dollar since 2015.
- **Australia-focused real assets fundraising reached \$3.2bn in 2017**, the highest amount recorded since 2004. Real estate comprised three-quarters of that total, while natural resources accounted for around a fifth and infrastructure about 3%.
- In the 12 months to June 2019 there were 234 PERE deals completed in Australia. **Total deal values in H1 2019 reached \$8bn**, approaching the full-year value of deals completed in 2018 (\$10bn).
- Two-thirds (67%) of infrastructure dealmaking between H2 2018 and H1 2019 involved renewable energy assets. **In the first half of 2019, 70 infrastructure deals have been announced.**
- Among investors, a third (33%) are domestic Australasia-based institutions. **The largest proportion (38%) are based in Asia**, while 16% are in North America and 13% are in Europe.

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** Figures marked with a dollar sign (“\$”) are denominated in USD.*

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About Preqin:

Preqin is the Home of Alternatives™, the foremost provider of data, analytics and insights to the alternative assets community. From pioneering rigorous methods of data collection to developing a revolutionary platform, we have committed ourselves to furthering the understanding of alternatives for over 16 years. Through close partnership with our clients, we continuously build innovative tools and mine new intelligence to enable them to make the best decisions every day.

For more information, contact our dedicated press team at press@peqin.com or call (+44) 20 3207 0265.

About Perpetual Corporate Trust:

Perpetual Corporate Trust is Australia’s leading provider of corporate trustee services to fund managers and institutional investors both local and global.

With a deep understanding of the market across Australia and Asia-Pacific, Perpetual has the trustee, fiduciary, legal, accounting, transactional, investment structuring and funds management expertise to offer a range of responsible entity, trustee and custodial services to clients large and small.

We work with sovereign wealth funds, pension funds and fund managers ranging from large, global players to domestic boutique managers. Our services simplify administration and minimise the compliance and regulatory burden for our clients.

Our clients invest across a broad range of asset classes from property, infrastructure, equities, fixed income and alternatives. For further information, go to www.perpetual.com.au.