

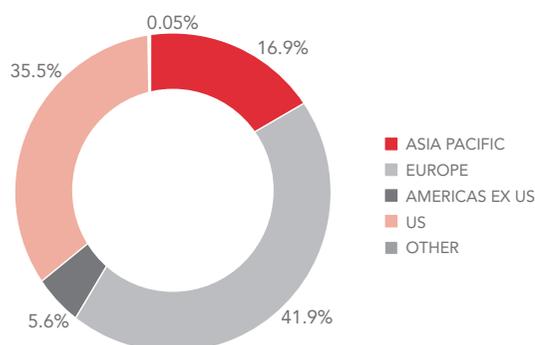
INVESTMENT INTENTIONS SURVEY 2016 SNAPSHOT

Another USD57.9 billion to be invested in real estate globally in 2016

- ▶ Tokyo-office remains the most preferred investment market in Asia Pacific
- ▶ Investors confirmed their appetite for core investment
- ▶ Non listed real estate funds is still the most popular investment route

Investors' allocation to global real estate continues to grow. In 2016, the global real estate sector is expected to see an influx of capital amounting to approximately US\$57.9 billion.

Figure 1 - Investors' expected destination for real estate investment in 2016 (Total: \$57.9 billion)



Diversification benefit from a multi-asset portfolio is the most important reason to invest in real estate regardless of investors' domiciles. The benefits of investing into real estate continue to attract capital from investors; investors intend to further increase

their portfolio weightings to the sector, with the average allocation to real estate expected to rise to 10.3% from 9.4% currently.

The main investment destinations continue to be Tokyo, Sydney and Melbourne. Chinese Tier 1 cities which were tied up for the 3rd place in 2015 are now in fourth place (Shanghai, Beijing, Shenzhen and Guangzhou). Hong Kong moved up from 9th place to 5th in 2016.

Top three investment destinations in Asia Pacific

- 
Tokyo
- 
Sydney
- 
Melbourne

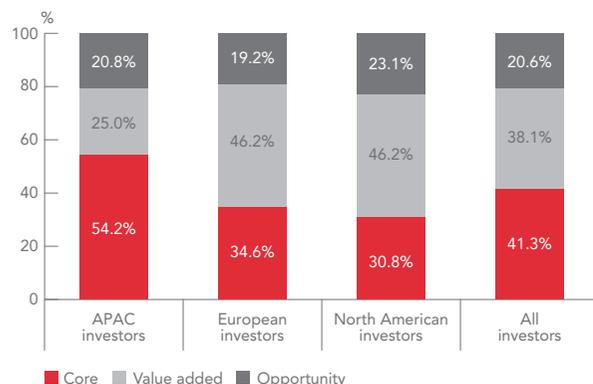
In terms of preferred sectors, offices continue to be popular for most investors with 87% expecting to invest in this sector in 2016. Retail takes over the second spot from industrial and logistics for 69.6% of investors compared to 2015. The industrial and logistics sector still attracts 65.2% of investors and is the favourite sector for 88.9% of fund of funds managers.

Tokyo office is again in top place as the most attractive investment destination, followed this year by China Tier 1 cities—office tied in second place with Sydney-office. Interestingly office investment in China Tier 1 cities has risen from 8th place in 2015 with 37% of investors favouring this combination.

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Investors highlight their preference for core (41.3%) again in 2016, followed by value added (38.1%) and 20.6% for opportunistic investment. By domicile, APAC investors show more appetite for core investments compared to European and North American who both favoured value added strategies.

Figure 2 - Investors' views on risk-adjusted performance prospects by investor domicile in 2016

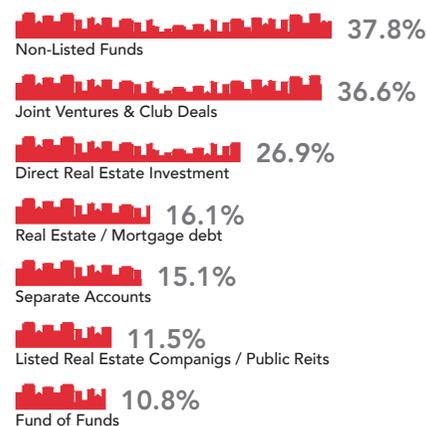


In 2016, fund of funds managers show more interest for value added investment (46.2%) followed for the first time by core (30.8%), with a remaining 23.1% preferring opportunity investment.

Fund managers are well aligned with investors' preferences, preferences for each style are very similar.

70.3% of investors respondents are invested into non-listed funds in the Asia Pacific region. Non-listed real estate funds remain the preferred route to increase real estate allocation for a majority of investors in the Asia Pacific region (37.8%), followed more closely by joint ventures and club deals (36.6%). By domicile, not surprisingly non-listed real estate funds are the favourite route to market for investors outside the region.

Most popular investment routes to market*



* The percentage indicates the percentage of investors that expect to increase their allocation to those particular vehicles.

Transparency and market information is back in first place as the most challenging obstacle for investors when investing in non-listed real estate funds for investors, however fund of funds managers and fund managers are more concerned about availability of suitable products. Currency risk exposure is now the second major concern of investors in the region, much more prominent than in the previous year.

The availability of suitable products and the ability to achieve target returns are the most challenging obstacles seen by investors and fund managers for fund managers in 2016.

Other key findings

Multi country and multi sectors funds are preferred over single country and single sector by investors, which are more preferred by fund of funds managers and fund managers.

Access to expert management is the main reason given by investors, fund of fund managers and fund managers for investing into non-listed real estate funds.

About the survey

This year's survey received a record number of participants: 345 globally of which 130 are institutional investors, 15 are fund of funds managers and 200 are fund managers.

The full report is available to members at

www.anrev.org

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