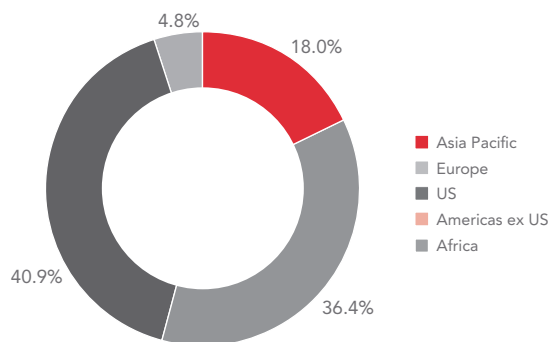


ANREV/INREV/PREA Investment Intentions survey 2017 snapshot

This year's survey was completed against a backdrop of unprecedented global economic and geopolitical uncertainty, including the UK's vote to exit from the European Union and the potential impact of a Trump presidency on US real estate.

Figure 1 - Investors' expected destination for real estate investments in 2017 (total: \$57.3bn)



Despite this, investors are optimistic about prospects for real estate in 2017: diversification benefits of the sector continue to draw in capital, with more than half of the investor participants planning to increase their global real estate allocations over the next two years.

On average current allocations are expected to move from 10.0% to an average target allocation of 11.5%.

In 2017 a minimum of US\$57.3 billion is expected to be invested into real estate (Figure 1). The Asia Pacific market is expected to attract 18% of this, a slight increase from last year. The US market, however, is expected to attract the lion's share (40.9%) of this capital, followed by Europe (36.4%).

Japan and Australia continue to dominate investment destinations within the Asia Pacific market, with Sydney replacing Tokyo as the number one destination for capital in 2017. Tokyo has been number one destination over the past 4 years, slipping to third position this year. Seoul has increased in popularity in 2017, moving from ninth place in 2016 to an equal sixth with Singapore.

Top three investment destinations in Asia Pacific

- 1  Sydney
- 2  Melbourne
- 3  Tokyo

Investors again favour the office sector (89.6%), followed by industrial and logistics; ranked in second place and thirdly, retail. More than a quarter of investors surveyed are planning to invest in development, along with 50% of fund managers. Fund managers top preference is also the office sector, followed by retail in second place.

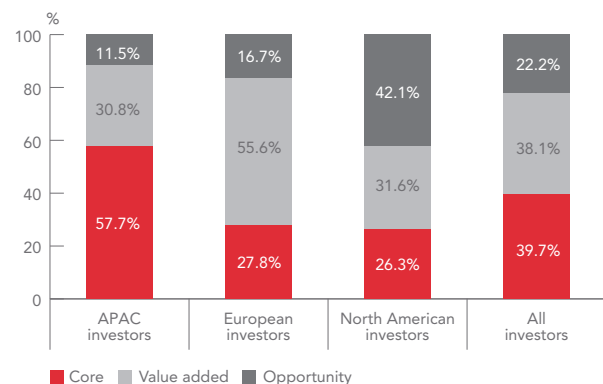
Cities in Australia occupy six positions out of ten in the top 10 preferred city/sector combinations for 2017 investments. Sydney office is the number one preferred city/sector investment destination in 2017, displacing the Tokyo office market, which has moved to fourth position. The second position is occupied by the Melbourne office sector and third by the retail sector in Sydney. China Tier 1 cities – office market has slipped to twelfth position in 2017 from an equal third in 2016.

Important Information: This snapshot has been prepared by the Asian Association for Investors in Non-listed Real Estate Vehicles Limited (ANREV), to provide you with general information only. It is not intended to take place of professional advice. In preparing this snapshot, the authors did not take into account the investment objectives, financial situation or particular needs of any particular person. Before acting on the information provided in this snapshot you should consider whether the information is appropriate to your individual needs, objectives and circumstances. No representation is given, warranty made or responsibility taken as to the accuracy, timeliness or completeness of the information contained in this snapshot. ANREV will not be liable to the reader for any loss or damage as a result of the reader relying on this information.

In terms of views on risk-adjusted performance prospects, investors see core investment in the region as the style offering the best risk-adjusted performance prospects. Interestingly this year, there is a slight increase in the percentage of investors who identified there to be risk-adjusted performance prospects within opportunity investment.

By domicile, APAC investors favour core investment (57.7%) in contrast to the majority of European investors (55.6%) who favour value added investment within APAC and North American investors, who prefer opportunity investment.

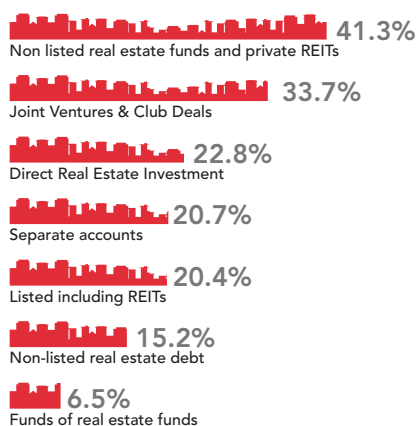
Figure 2 - Investors' view on risk adjusted performance prospects by investor domicile 2017



Within the sample of investors that invest within the Asia Pacific market, 76.3% are existing investors in non-listed real estate funds (71), an increase to last year's survey where 70% of the respondents were already invested into funds. An additional 7.5% intend to invest into funds in the region throughout the coming year.

Non-listed property funds remain the preferred route to increase real estate allocations for the majority of investors in the region (41.3%), followed by joint ventures and club deals at 33.7%. As in 2016, non-listed funds remain the most favoured route to market for investors outside of 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.

In 2017, the biggest concerns of fund managers, investors and fund of funds managers are the availability of suitable products followed by transparency and market information (ranked third in 2016). Investors however, continue to highlight the availability issues facing the market, with a lack of core stock continuing to be an issue. Currency risk exposure remains the third largest obstacle after being included in the top three obstacles for the first time in 2016.

Other key findings

Access to expert management is the main reason investors invest in non-listed real estate funds with 57.5% of respondents noting this. The second and third most important reasons are access to new markets and the diversification benefits non-listed funds provide for an existing multi-asset portfolio.

Fund of funds managers and fund managers also cite access to expert management as their number one reason for investing in non-listed real estate funds.

Investors have a preference for multi-country and multi-sector funds, in line with the 2016 results.

About the survey

This year's survey attracted responses from 314 participants globally of which 119 are institutional investors, 11 are fund of funds managers and 184 are fund managers, totalling US\$ 2.3 trillion in real estate AUM.

The full report is available to members at www.anrev.org
 For further information please contact research@anrev.org