APREA

# APREA Media Statement

**NO EMBARGO**

## Singapore and Healthcare Top AsiaPac REIT Performance in 2017
## *GPR/APREA AsiaPac Performance Snapshot*

Singapore REITs posted AsiaPac's strongest total return performance for 2017 on the back of the nation's strengthening economy and improving real estate fundamentals.

The results, revealed in the 2017 roundup of the ***GPR/APREA AsiaPac Performance Snapshot***, show Singapore REITs (39 percent total return) and Hong Kong REITS (29 percent) outpaced the larger REIT markets of Australia (15 percent) and Japan (minus four percent).

''The strong performance of Singapore's REITs was driven by improving demand across several real estate sectors'', said Asia Pacific Real Estate Association (APREA) CEO, Peter Verwer.

''Many investors see synchronised growth prospects for the office, industrial, hospitality and residential sectors'', Verwer said.

''Another reason behind the robust performance of Singapore REITs is their increasingly well-diversified exposure to international markets'', he said.

In a series first, the index also examined mainland Chinese assets held in seven funds listed in Singapore and Hong Kong.

The total return for these funds in 2017 was 25 percent.

"The new series provides an insight into the potential performance of a Chinese REIT market'', Verwer said.

APREA, which works constructively with Chinese authorities to offer an international perspective on a future Chinese REIT framework, says that regulators have approved several ''quasi-REITs''. However, there is currently no formal REIT framework or tax rules operating in China.

''The GPR/APREA China REIT index is a proxy for mainland REIT funds and indicates that a fully-fledged REIT market could offer attractive returns based on 2017 performance'', Verwer said.

The ***GPR/APREA AsiaPac Performance Snapshot*** also tracked the regional performance of REITs by sector.

Healthcare (27 percent total return) was the outstanding sector performer in 2017, followed by hotel assets (22 percent), industrial and retail (both around 16 percent).

The weakest REIT sectors by total returns in 2017 were the office (seven percent) and residential (three percent) sectors.

''The healthcare sector in AsiaPac has consistently outperformed over the short, medium and longer-term'', Verwer said.

APREA notes several reasons for the impressive total returns achieved by AsiaPac healthcare REITs:

- growing consumer demand for medical services, especially in ageing societies such as Singapore and Japan;
- lease structures that underpin rental growth;
- high barriers to entry; and,
- an expanding suite of higher-margin health services, including medical tourism.

''Healthcare REITs enjoy the advantage of demand drivers that are de-coupled from mainstream economic factors'', Verwer said.

Other findings of the GPR/APREA roundup for 2017 are:

- AsiaPac REITs continue to outpace AsiaPac listed real estate, equities and bonds over the long-term (10-years plus, please see attached chart);
- the long-term income return delivered by REITs is 6.3 percent;
- the best listed real estate performers by country in 2017 were India (113 percent total return), China (86 percent) and Singapore (40 percent);
- Indonesia (minus four percent), Japan (five percent) and Taiwan (13 percent) posted the lowest total returns for listed real estate;
- the best sector returns for listed real estate (as opposed to pureplay REITs) in 2017 were the residential sector (43 percent total return), diversified (30 percent) and healthcare (27 percent); and,
- the best medium to long-term sector performer for listed real estate was healthcare.

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| **Media assets:** | http://www.aprea.asia/aprea-media-contacts-resources<br><br>Please click **here** for the PDF version of the ***GPR/APREA AsiaPac Performance Snapshot – 2017 Roundup*** | | |
| **Attachment (Annex A):** | ***GPR/APREA AsiaPac Performance Snapshot – 2017 Roundup***<br><br>*Charts*:<br>Indexed Total Returns to 31 December 2017 (2002 to 2017)<br><br>*Tables)*:<br>GPR/APREA Composite REIT Country Index – Year-to-December 2017<br>GPR/APREA Composite REIT Sector Index – Year-to-December 2017 | | |
| **Related media statements:** | GPR/APREA Snapshot – 2017 Roundup<br><br>How would a Chinese REIT market perform?<br><br>India Spotlight | | |
| **Note to editors:** | APREA does not forecast market returns or comment on specific stocks.<br><br>APREA can recommend market practitioners willing to offer forecasts in their own names for specific markets or sectors. | | |

## About APREA – Asia Pacific Real Estate Association

APREA is a not-for-profit organisation that represents the property investment industry in AsiaPac.

Its members include prominent real estate stakeholders, including pension, insurance and sovereign wealth funds, investment managers, family offices and developers.

APREA's goals are to:

- help open up and expand property investment markets by working with governments to improve business ground rules
- assist members connect to cross-border commercial opportunities
- forge a more informed, efficient, respected and transparent marketplace.

APREA's members operate across 18 countries and more than 100 property markets.

APREA currently hosts chapters in China, India, Japan, Australia, Malaysia, the Philippines, Singapore and Hong Kong.

## About GPR

Global Property Research (GPR) is APREA's listed index partner. GPR provides services for leading financial institutions with top-of-the-line benchmarks. All GPR products derive from an extensive and unique proprietary database of global listed property and infrastructure companies.

## About the GPR/APREA Index

The ***GPR/APREA AsiaPac Performance Snapshot*** tracks the dynamics of listed real estate securities (including REITs) across 12 AsiaPac countries and eight sectors, over multiple time horizons.

The listed real estate index comprises 423 constituents with a free-float market cap of USD 689 billion.

The REIT index comprises 162 constituents with a free-float market cap of USD 265 billion.

The indices are calculated in US dollars.

A summary of the index methodology is provided in the report.

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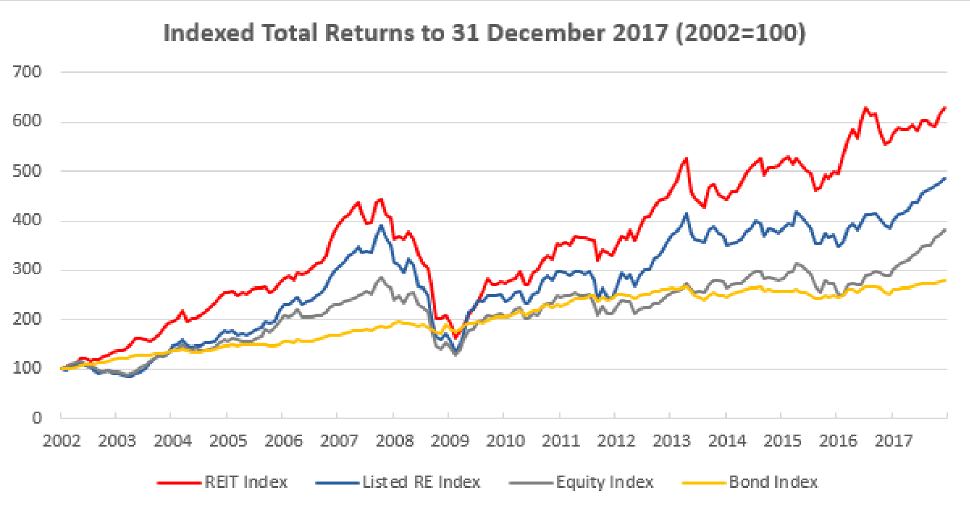
# Annex A

## REITs and listed real estate outperform equities and debt over the long term




## GPR/APREA Composite REIT Country Index – Year-to-December 2017

| % Total Returns (USD) | 1yr | 3yrs* | 5yrs* | 10yrs* |
|---|---|---|---|---|
| Australia | 14.73 | 9.80 | 7.52 | 1.50 |
| China** | 24.51 | - | - | - |
| Hong Kong | 29.09 | 18.18 | 15.47 | 16.60 |
| Japan | -3.56 | 1.49 | 6.34 | 3.97 |
| Malaysia | 21.88 | 5.78 | 2.76 | 9.27 |
| Singapore | 39.00 | 9.19 | 6.24 | 8.07 |
| Taiwan | -0.79 | -0.21 | -0.39 | 7.39 |

*Annualised compound growth

**The China REIT index is an experimental addition to the series. It tracks seven REITs that hold assets located in China – four of which are listed in Hong Kong and three in Singapore. The total free float market capitalisation of these seven REITs is US$3.83 billion. At present, no entities listed on Mainland China bourses are included in the China REIT series as there is no official REIT framework in place.

## GPR/APREA Composite REIT Sector Index – Year-to-December 2017

| % Total Returns (USD) | 1yr | 3yrs* | 5yrs* | 10yrs* |
|---|---|---|---|---|
| Diversified | 11.15 | 7.20 | 7.25 | 1.24 |
| Office | 7.41 | 6.12 | 6.80 | 3.97 |
| Residential | 3.34 | 4.42 | 7.92 | 8.60 |
| Retail | 16.27 | 8.28 | 7.44 | 7.70 |
| Industrial | 16.37 | 6.10 | 6.94 | 8.95 |
| Hotel | 22.28 | 5.76 | 7.60 | - |
| Healthcare | 26.67 | 12.41 | 12.86 | 11.55 |

**REIT – Sector Index Key Results**

- Retail REITs scored the highest total returns in December.
- Healthcare and hotel REITs were the top-performers in 2017.
- Healthcare also stood out on 3-year, 5-year and 10-year basis.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