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APREA Media Statement

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How would a Chinese REIT market perform?
GPR/APREA AsiaPac Performance Snapshot – 2017 Roundup

Mainland Chinese assets held in Singapore and Hong Kong REIT funds achieved a total return of 25 percent in 2017, according to a new index released by APREA: the Asia Pacific Real Estate Association and GPR: Global Property Research.

The findings in the 2017 roundup of the ***GPR/APREA AsiaPac Performance Snapshot*** show that Chinese assets managed by offshore funds ranked third, behind Singapore REITs (39 percent total return) and Hong Kong REITS (29 percent), but well ahead of Japan, Australia, Malaysia and Taiwan.

According to a complementary GPR index series, the total return performance for REITs in the USA in 2017 was just under four percent.

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

APREA, which is a not-for-profit organisation that offers an international perspective on REITs across AsiaPac, says that Chinese 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 prototype index 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 USD 3.83 billion (RMB 24.3 billion).

APREA says there is tremendous potential for a world-class REIT market in China.

''According to Lasalle Investment Managers, the total investment grade real estate stock of China is worth around USD 6.7 trillion (RMB 42.4 trillion), with around USD 700 billion (RMB 4.4 billion) in the hands of institutions", Verwer said.

"Taking REIT shares in Western markets as a guide, there is a potential Chinese REIT market cap of between USD 150 (RMB 950 billion) and USD 220 billion (RMB 1.4 trillion) in the early years of REIT market evolution'', he said.

Over the longer-term, Chinese REITs could match the market capitalisation of US REITs, which is currently around USD 1.1 trillion (RMB seven trillion).

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APREA says that a C-REIT market could help achieve many of the objectives of the Chinese government, which include:

- encouraging equity over debt;
- helping lighten the balance sheets of developers, local and provincial governments;
- innovative funding of economic infrastructure, including providing an exit vehicle for Public Private Partnerships (PPPs);
- encouraging a build-to-rent, professionally managed housing asset class that delivers greater housing affordability and choice;
- helping deliver and manage social infrastructure such as child care, health care, senior living accommodation and education facilities;
- fostering diversification and better managing risk;
- increasing liquidity across the real estate marketplace;
- improving corporate transparency and good governance in real estate markets;
- supporting the ongoing urbanisation of Chinese citizens via smarter financing; and,
- helping pension funds and millions of investors achieve attractive, stable long-term returns in a lower-risk environment.

APREA says that a new era of REIT investment styles is gathering pace in many Western markets as REITs expand to cover a broader spectrum of economic and social activities.

''We've entered a new age of REITs which touch on a greater cross-section of society to make a more widespread positive contribution to economic growth and community prosperity", Mr Verwer said.

''Chinese policy-makers can choose to leap-frog older generations of REITs formats to implement 'a state-of-the art' model that directly serves the goals and priorities outlined by China's political leaders'', Mr Verwer said.

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Media assets:	http://www.aprea.asia/aprea-media-contacts-resources/ 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*** *Charts*: Indexed Total Returns to 31 December 2017 (2002 to 2017) *Tables)*: GPR/APREA Composite REIT Country Index – Year-to-December 2017 GPR/APREA Composite REIT Sector Index – Year-to-December 2017		
Related media statements:	GPR/APREA Snapshot – 2017 Roundup Singapore and Healthcare top AsiaPac performance in 2017? India Spotlight		
Note to editors:	APREA does not forecast market returns or comment on specific stocks. APREA can recommend market practitioners willing to offer forecasts in their own names for specific markets or sectors.		

About APREA

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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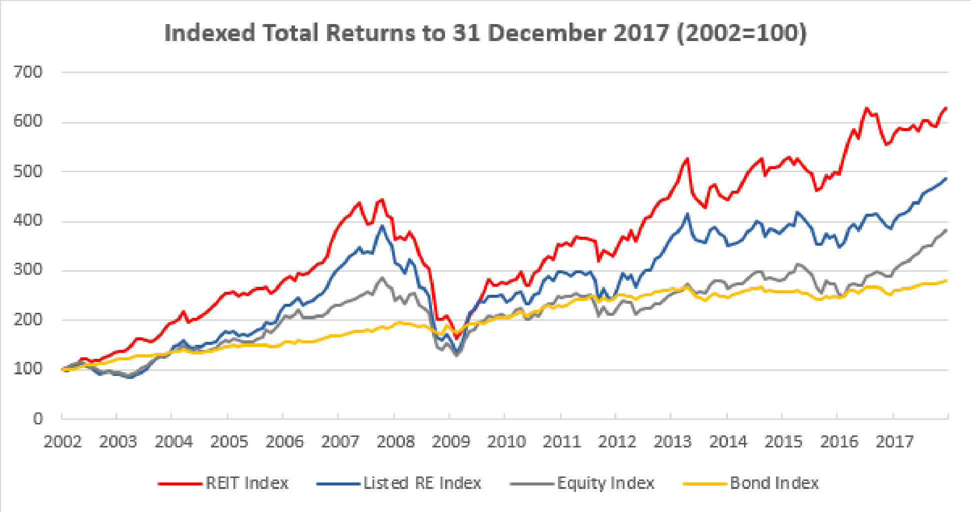
Annex A

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.