

# What's next for the Asia Pacific REITs?

## An overview of REITs & AUS-REITs

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28<sup>th</sup> September 2006

# Outline

## ➔ AUS-REIT market

Dr Anthony De Francesco, Colonial First State

## ➔ J-REITs

Mr Yuichi Hiromoto, Japan Retail Fund Investment Corporation

## ➔ K-REITs

Mr Brian Chinappi, Deutsche Asset Management (HK) Ltd

## ➔ HK-REITs

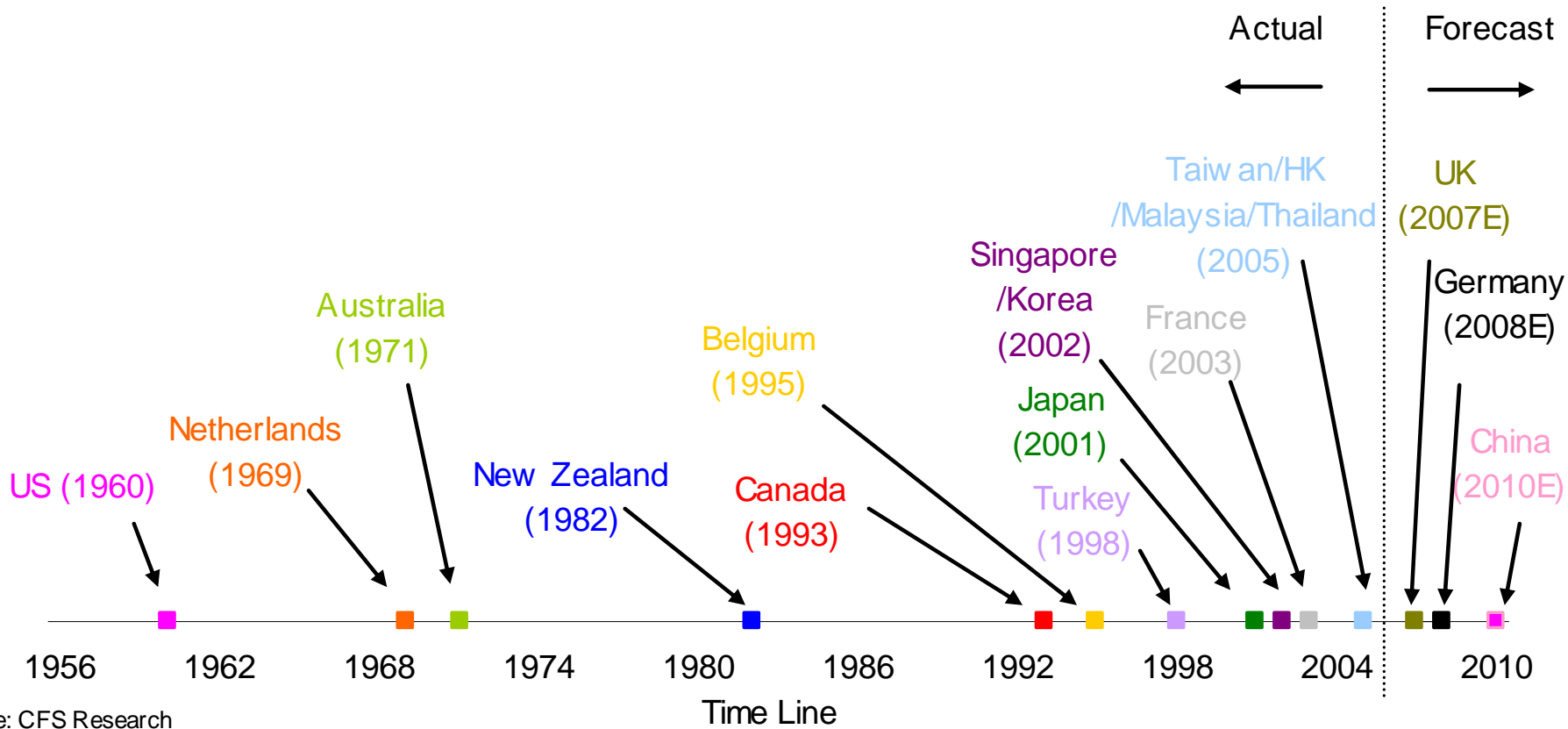
Mr Jeremy Stewardson, Eagle Asset Management (CP) Ltd

## ➔ S-REITs

Mr Chris Reily, Henderson Global Investors

# Evolution of REIT:

- increasing momentum towards REITs

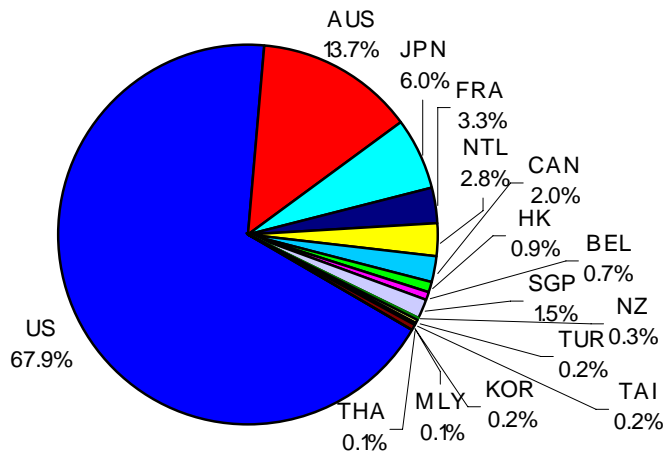


Source: CFS Research

# Listed market valued at about US\$500 Bn - represents about 16% of investment grade R.E

## Market Capitalisation

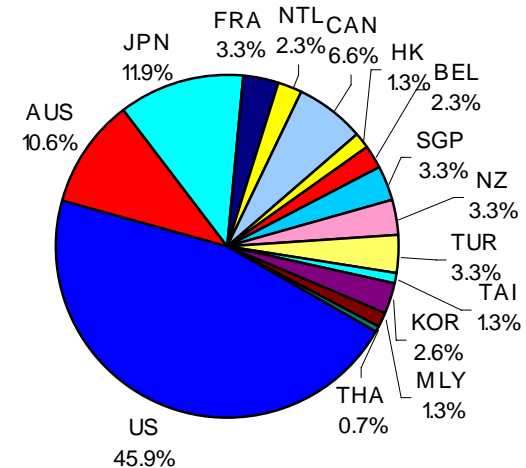
**Composition of the Existing Global REIT Market**  
market cap US\$502Bn as at June 2006



Source: S&P/Citigroup Global Equity Indices, UBS, IRESS, HSBC, NAREIT and CFS Research.

## Number of REITs

**Composition of the Existing Global REIT Market**  
no of REITs (303) as at June 2006



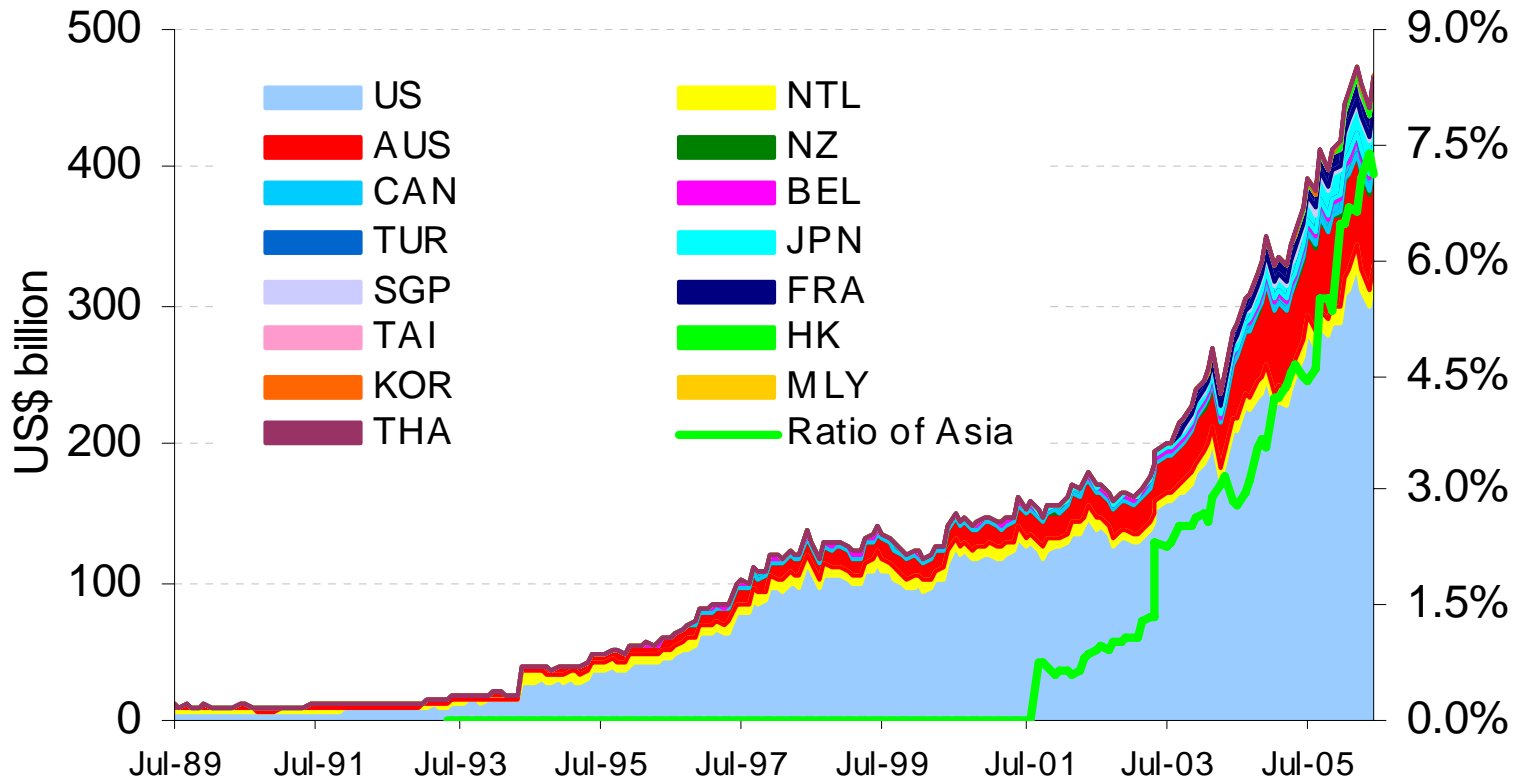
Source: S&P/Citigroup Global Equity Indices, UBS, IRESS, HSBC, NAREIT and CFS Research.

- As at June 2006 Asian REITs had a global share of 9% in terms of market cap and 22% in terms of number of trusts.

# Proliferation of REITs in recent years - the growing presence of Asian REITs

## Global REIT market capitalisation

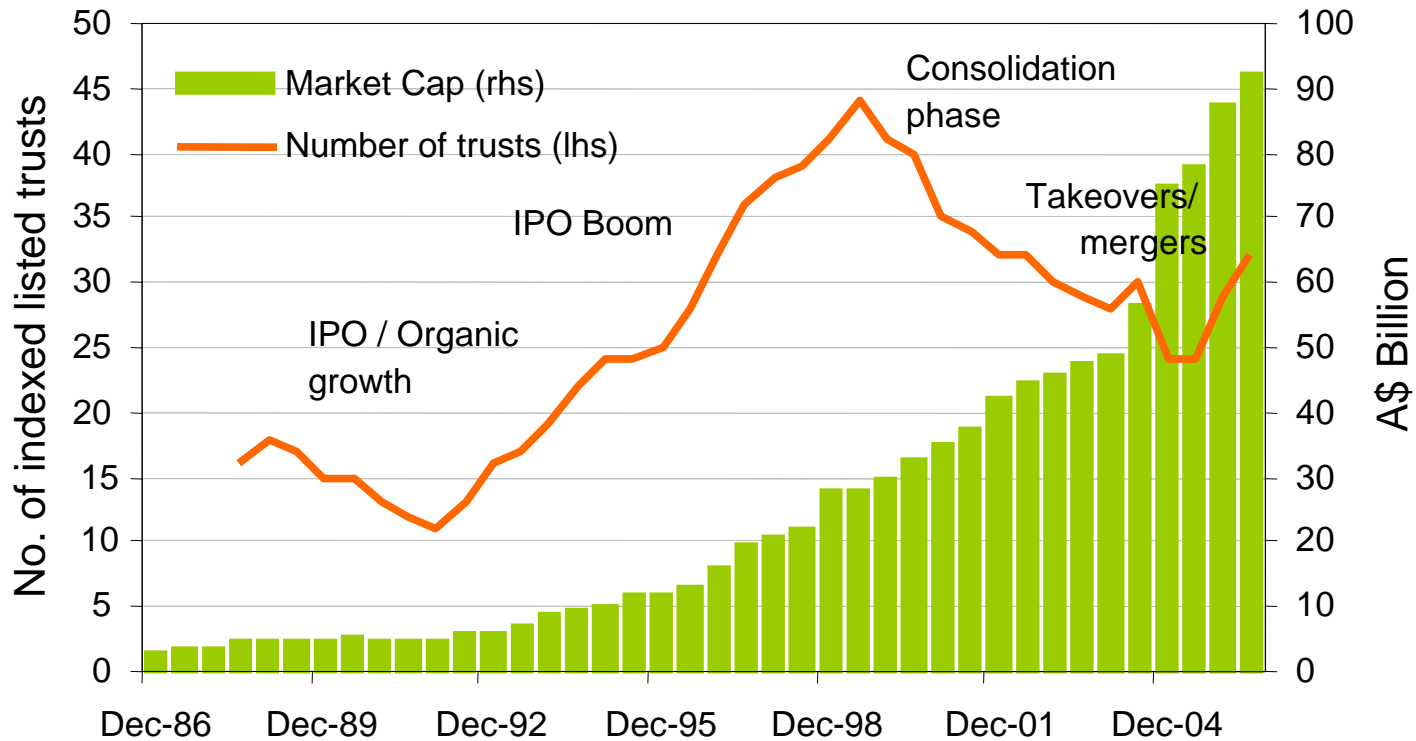
monthly data ending June 2006



Source: S&P/Citigroup, Colliers International and CFS Research.

# AUS REIT market experienced exceptional growth, although now moderating

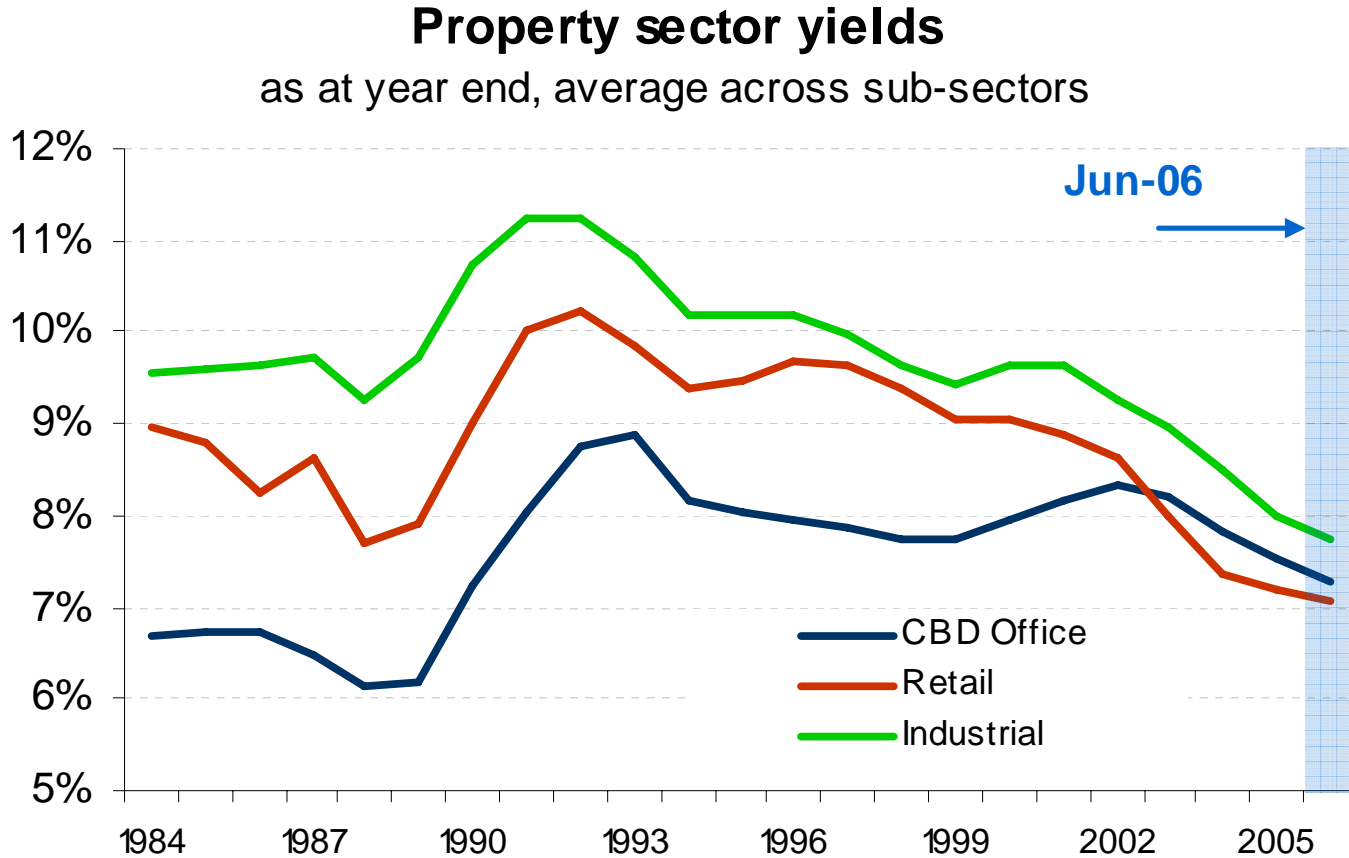
**Australian REIT market**  
Bi-annual data ending June 2006



Source: UBS and CFS Research.

- Growth expected to moderate substantially with LPT managers transferring listed assets into new wholesale funds.

# Pricing for property core sectors firming - underpinned by investor demand & flow of funds

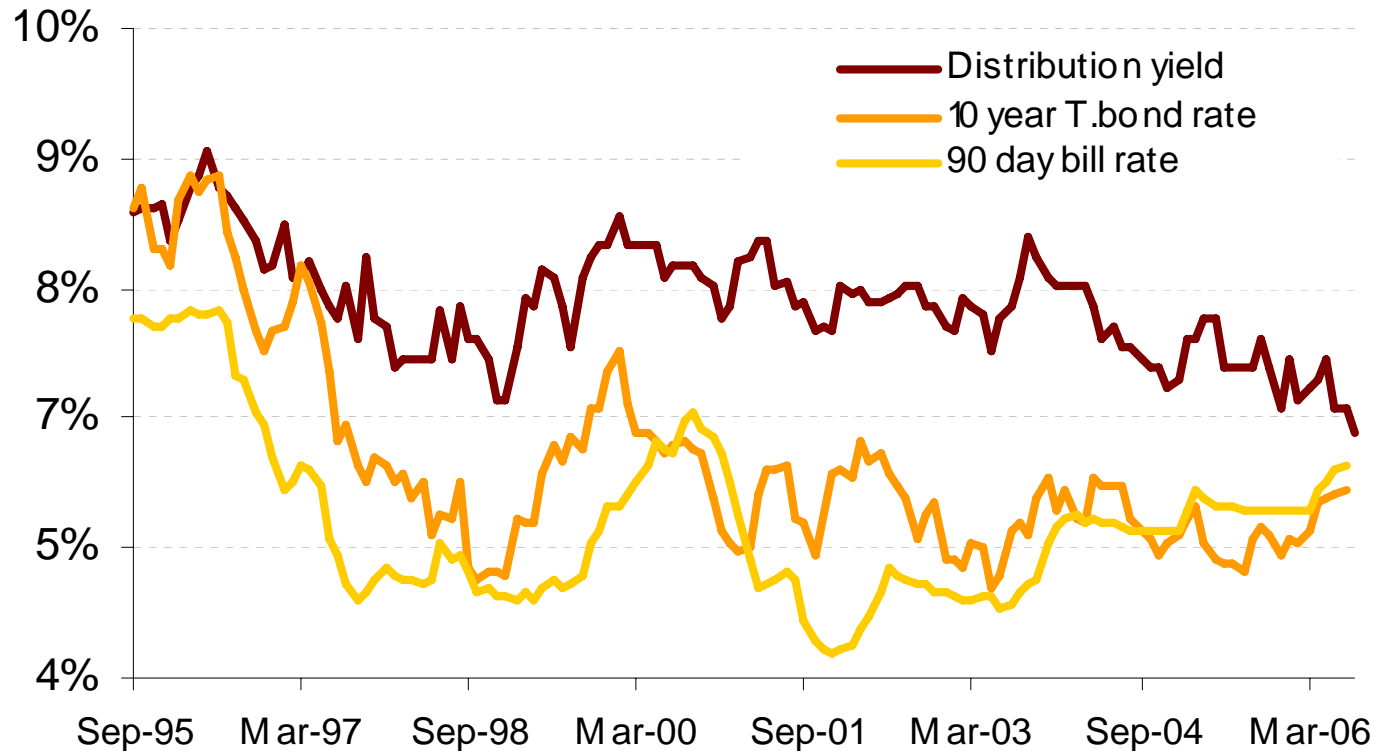


- Yield compression cascading to non-core property sectors.

# AUS REITs generally offer an attractive yield premium to bonds

## AUS REIT yield versus bond rate and bill rate

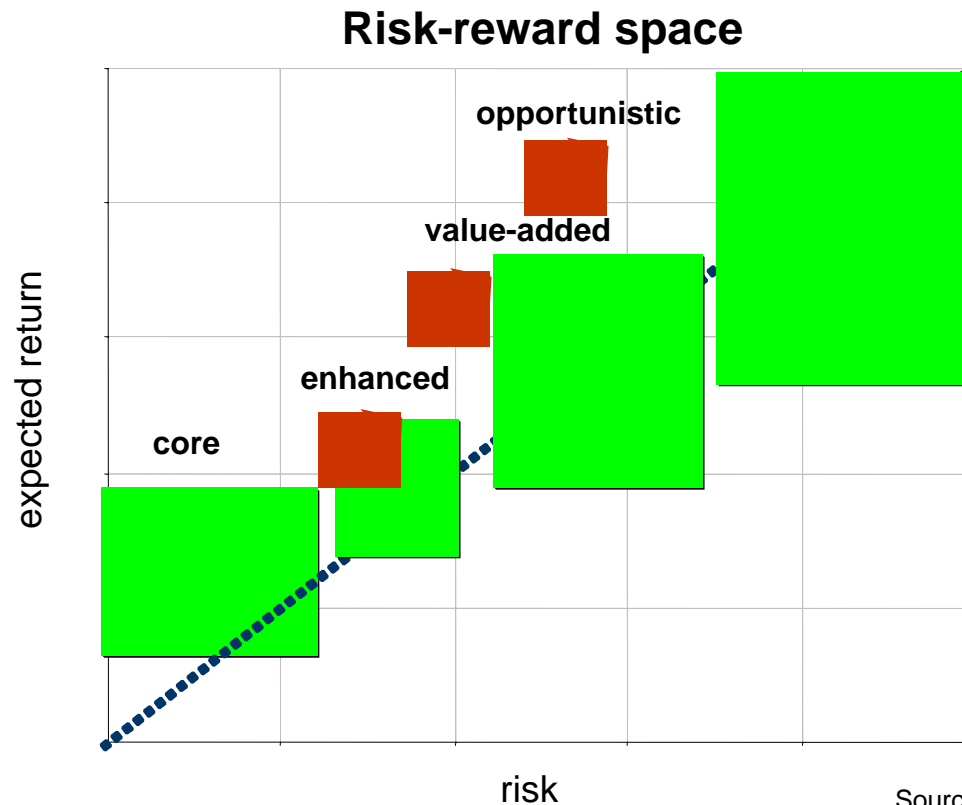
Monthly observations ending August 2006



Source: UBS, IRESS, RBA and CFS Research.

# Expanded product offering

## - movement along the risk-reward space



Source: CFS Research.

- Movement up along the risk space with:
  - increasing exposure to offshore real estate markets
  - take-on of higher gearing levels
  - exposure to real estate (re) development
  - Increasing exposure to non-core sectors

# Key features of the Australian REIT market

- ➔ Market:
  - mature market - interplay between listed and unlisted markets
  - exposure to core sectors - retail (55%) and office (25%)
  
- ➔ Managers:
  - operated by quality internationally rated managers
  
- ➔ Return performance
  - relatively high income component and stable income returns
  - lower volatility of total returns to general equities
  
- ➔ Highly transparent and efficient
  - due to research and legislation
  - high level of liquidity

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