

APAC Property Performance Monitor

Fourth Quarter 2022

IN A NUTSHELL

- Fund-level levered total returns for real estate in Asia Pacific as measured by the ANREV Asia Pacific All Funds Index (12 months trailing) moderated from 8.6% in Q3 2022 to 5.2% in Q4 2022.
 - Private real estate in Australia and Japan outperformed broad equities, bonds and listed real estate market on a 12-month trailing basis in Q4 2022 and Q3 2022 respectively.
 - Asset-level returns within the MSCI Global Quarterly Property Fund Index (Asia Pacific) continue to see industrial outperformed albeit at a more moderate pace (11.5%), followed by retail (6.6%) and office (4.7%) on a 12-month trailing basis.
 - Unlevered total returns for direct real estate in Japan (12 months trailing) improved by 20bps in Q3 2022 to 6.1% underpinned by the outperformance of the industrial and residential sector.
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Private Real Estate Performance¹

- In the fourth quarter of 2022, fund-level levered total returns for real estate in Asia Pacific as measured by the ANREV Asia Pacific All Funds Index (12 months trailing) eased to 5.2% from 8.6% in the previous quarter.
- Asset-level returns in Australia as shown by the Property Council of Australia/MSCI Australia All Property Index (12 months trailing) moderated from 10.0% in Q3 2022 to 6.8% in Q4 2022. Industrial sector's total returns remained the highest across all the sectors albeit trending lower compared to the previous quarter. Office returns eased marginally while the retail sector remained unchanged.
- As of February 2023, total returns post fees for unlisted funds in Australia (12 months trailing) remained unchanged from the previous month at 6.3%.
- Unlevered total returns for direct real estate in Japan (12 months trailing) increased by 20bps in Q3 2022 to 6.1% driven by the outperformance of the industrial and residential sectors.
- On a 12-month trailing basis, private real estate in Australia and Japan continued to record positive returns while other asset classes such as broad equities, bonds and listed real estate markets posted negative returns in Q4 2022 and Q3 2022 respectively.

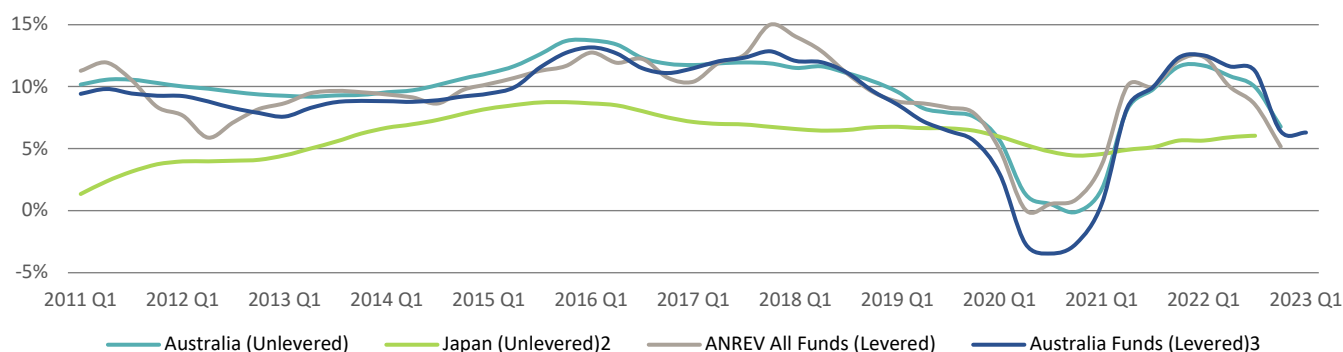
¹ Past performance is not a reliable indicator of future returns.

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Private Real Estate Total Returns¹ (12 Months Trailing)



¹ In local currency. ² 2022 Q3 numbers for Japan are preliminary figures as of March 2023. ³ Total return NAV post fee in local currency

Source: The Property Council of Australia/MSCI Australia All Property Index, ARES Japan Property Index, ANREV All Funds Index, MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index. As of March 2023.

Past performance is not indicative of future returns. Source: MSCI, as of March 2023. Past performance is not indicative of future returns. It is not possible to invest directly in an index.

Recent Performance Trends (Australia)

	Quarter	12-Months trailing	
	4Q 2022	4Q 2022	4Q 2021
Private Real Estate – Asset Level ¹	0.5%	6.8%	11.6%
Broad Equities (large cap)	8.7%	-5.5%	13.0%
Bonds	0.3%	-11.1%	-3.2%
Listed Real Estate	9.7%	-24.0%	21.6%
10-Year Govt Bond	3.6%	3.6%	1.6%
6-Month OIS ¹	3.4%	3.4%	0.1%
CPI	1.9%	7.8%	3.5%

Recent Performance Trends (Japan)

	Quarter	12-Months trailing	
	3Q 2022	3Q 2022	3Q 2021
Private Real Estate – Asset Level ¹	1.4%	6.1%	5.1%
Broad Equities (large cap)	-1.9%	-9.6%	24.9%
Bonds	-13.1%	-44.4%	-22.7%
Listed Real Estate	-1.1%	-6.1%	20.0%
10-Year JGB	0.2%	0.2%	0.1%
12-Month TIBOR	0.2%	0.2%	0.2%
CPI	1.2%	3.1%	0.9%

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MSCI Global Quarterly Property Fund Index (Asia Pacific) and ARES Japan Property Index Performance

- Total fund level returns for the MSCI Global Quarterly Property Fund Index (Asia Pacific, 12 months trailing) eased further in Q4 2022 to 6.4% compared to 10.5% in Q3 2022.
- Year-on-year total returns for the underlying assets within the MSCI Global Quarterly Property Index (Asia Pacific) were driven by income returns (4.2%) while capital returns edged lower (2.6%).
- Performance of the industrial sector (12 months trailing) remained high (11.5%) notwithstanding the sharp deceleration from its peak of 29.3% in Q4 2021. Office performance slid to 4.3% while retail moderated to 6.6% in Q4 2022. Across all the sectors, capital value showed signs of moderation but continued to be positive during the quarter.
- Unlevered annual total returns for direct real estate in Japan (12 months trailing) increased to 6.1% in Q3 2022 (preliminary). Across the property types, total returns continued to be led by industrial (8.6%) followed by residential with total returns of 7.6% (12 months trailing). Hotel returns showed further improvement (3.3%) while office returns were unchanged (5.6%).

Returns By Property Type And Region

		Annual Returns ¹							Standard Deviation		Descriptive Statistics			
		1 Year			3 years	5 years	10 years	Since Inception	10 years	Since Inception	Value	Number		
		Total	Income	Capital										
Asia Pacific	Fund-level Returns (Q4 22) ¹											GAV (bn)	Funds	
		APAC All Funds	6.4%			5.9%	6.6%	8.8%	6.7%	4.2%	1.9%	\$105.1	24	
		Asset-level Returns (Q4 22) ¹											CV (bn)	Properties
	Type	Office	4.7%	4.1%	0.5%	6.1%	8.3%	9.9%	8.0%	2.9%	1.9%	\$44.1		
		Retail	6.6%	5.1%	1.4%	0.6%	1.7%	5.4%	5.6%	6.2%	1.0%	\$25.3		
		Industrial	11.5%	3.5%	7.8%	17.8%	15.7%	13.8%	10.7%	4.7%	2.2%	\$23.4		
	Others	8.6%	3.4%	5.0%	9.9%	9.3%	11.3%	8.9%	5.4%	2.2%	\$4.5			
	APAC All Properties	6.9%	4.2%	2.6%	6.2%	6.9%	8.7%	7.4%	3.4%	1.4%	\$97.4	705		
Japan	Asset-level Returns (SEP 22) ²											CV (trn)	Properties	
	Type	Office	5.6%	4.0%	1.6%	5.0%	5.9%	6.1%	5.2%	1.2%	5.3%	JPY 4.4	483	
		Retail	3.7%	4.5%	-0.8%	3.4%	4.2%	5.6%	5.0%	1.7%	4.1%	JPY 0.8	129	
		Industrial	8.6%	4.4%	4.2%	7.5%	7.1%	7.9%	7.2%	1.3%	2.8%	JPY 1.3	90	
		Residential	7.6%	4.3%	3.3%	7.1%	7.1%	7.5%	5.7%	1.0%	3.5%	JPY 1.1	570	
		Hotel	3.3%	3.1%	0.2%	1.3%	3.4%	8.0%	5.9%	7.0%	6.5%	JPY 0.5	118	
	Japan All Properties	6.1%	4.1%	2.0%	5.3%	5.8%	6.5%	5.5%	1.2%	4.4%	JPY 8.5	1,497		

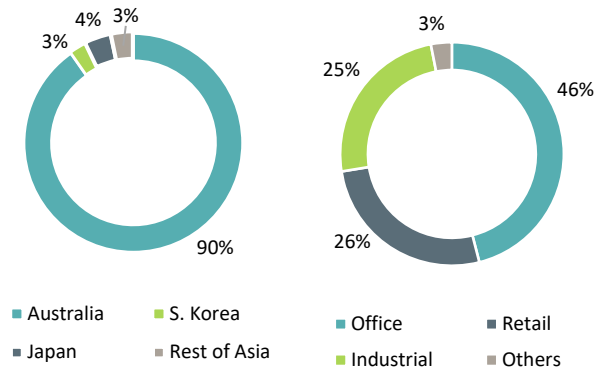
Note: ¹ In USD ² In JPY. Japan's asset level returns are preliminary figures as of March 2023.

Source: MSCI Global Quarterly Property Fund Index (Asia Pacific), ARES Japan Property Index. As of March 2023.

Past performance is not indicative of future returns.

APAC Market Capitalization (MSCI)

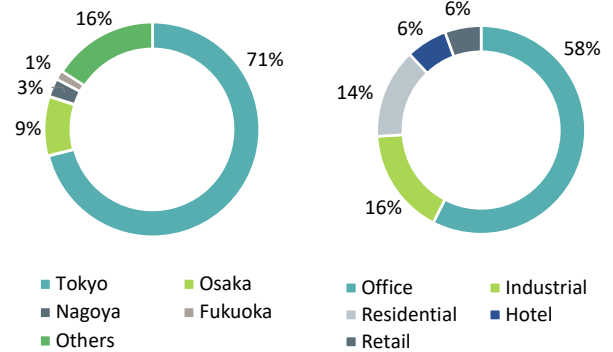
Index market value: \$97.4 billion
 Property count: 705



Source: MSCI Global Quarterly Property Fund Index (Asia Pacific).
 As of March 2023.

Japan Market Capitalization (ARES)

Market value: JPY 8.5trn
 Property count: 1,497



Note: Based on preliminary figures as of March 2023.
 Source: ARES Japan Property Index.

Important Information

Japan

ARES: ARES Japan Property Index is the index calculated from the universe of income-producing properties owned by core real estate funds mainly for institutional investors provided by The Association for Real Estate Securitization.

MSCI Real Estate: MSCI is a leading provider of real estate performance and risk analysis, providing critical business intelligence.

Broad Equities (Tokyo Price Index, TOPIX): An index that measures stock prices on the Tokyo Stock Exchange (TSE). This capitalization-weighted index lists all firms that are under the 'first section' on the TSE, which groups all the large firms on the exchange into one pool.

Bonds (Nomura Bond Performance Index): The NOMURA-BPI is widely used by institutional investors in Japan and other countries as a benchmark for measuring bond performance. The index reflects the performance of the entire secondary market for publicly offered, fixed-income bonds issued in Japan.

Listed REIT (TSE REIT Index): The Tokyo Stock Exchange REIT Index is a capitalization-weighted index based on all REITs listed on the Tokyo Stock Exchange.

12-month TIBOR: The Tokyo Interbank Offered Rate is a daily reference rate based on the interest rates at which banks offer to lend unsecured funds to other banks in the Tokyo wholesale money market.

Sources: ARES, MSCI, Bloomberg, Nomura.

Australia

MSCI Real Estate: MSCI is a leading provider of real estate performance and risk analysis, providing critical business intelligence.

Broad Equities (S&P/ASX 200 Index): The S&P/ASX 200 Index is recognised as the investable benchmark for the Australian equity market, it addresses the needs of investment managers to benchmark against a portfolio characterised by sufficient size and liquidity.

Bonds (S&P/ASX Australian Fixed Interest Index): S&P/ASX Australian Fixed Interest Index is a broad benchmark index family designed to measure the performance of the Australian bond market, which meets certain investability criteria. The index is split across investable investment grade, Australian dollar denominated bonds issued in the local market with maturities greater than one year.

Listed REIT (S&P/ASX 200 A-REIT Index): S&P/ASX 200 A-REIT Index provides investors with exposure to Australian Real Estate Investment Trusts (A-REITs).

6-Month OIS: An Overnight Index Swap (OIS) is a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the Australian wholesale money market.

Sources: MSCI, Bloomberg, Reserve Bank of Australia.

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