Private real estate: Why invest in Asia-Pacific?

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EXECUTIVE SUMMARY

A convergence of four key growth drivers — a flourishing middle-class, swelling consumer demand, rapid urbanization and strengthening domestic business growth — has transformed the private real estate landscape in the Asia-Pacific region. Its rapidly developing cities are still experiencing growing demand for high quality office, retail and residential space, albeit with pockets of oversupply. Meanwhile, its mature metros are suffering considerable supply/demand imbalances across property segments. Astute real estate investors are afforded the opportunity to benefit from this transitional environment, as long as they have the depth of local knowledge to carefully navigate the nuanced and varied property markets in the region. Strategically, we believe three key areas of focus will yield the most compelling private real estate investment returns: buying quality assets below replacement cost in markets with strong fundamentals; buying, fixing and selling undermanaged properties in strong locations; or developing core assets and exiting to an increasingly large pool of core focused Asia-Pacific investors. Successful investors in the region have demonstrated their ability to generate attractive risk-adjusted returns, while historical correlations have validated the region’s added value as a portfolio diversifier. As a result, competition for premier assets in the region has intensified as savvy domestic capital is increasingly competing with foreign investors in the hunt for attractive real estate yields throughout the region. In this research flash, we review the opportunity set that the Asia-Pacific region provides and consider strategic approaches to unlocking value across property types. Looking forward, the Asia-Pacific region is poised to continue to offer the globe’s largest real estate investment opportunity set, and real estate investors must be equipped with local expertise in order to maximize the real estate return potential.
FUNDAMENTAL GROWTH DRIVES DEMAND FOR ASIA-PACIFIC REAL ESTATE

The Asia-Pacific region continues to be the most dynamic economic area in the world today. Asia's overall economic performance expectations have far exceeded that of the western world, and for the 10-year period from 2014 to 2023, the region's economy is projected to grow 68% (5.3% per annum), three times faster than Europe (23% or 2.1% per annum) and double that of the US (31% or 2.7% per annum).¹ One of the chief beneficiaries of continued economic growth in the region will undoubtedly be the real estate sector. It will primarily benefit from four transformative drivers: the rise of the middle class, urbanization, the expansion of higher education and the growth of domestic businesses. Relative to Europe and the US, Asia-Pacific's real estate markets are far less mature, but are undergoing rapid change. The bulk of today's existing stock of institutional grade real estate remains concentrated in a small number of developed countries. However, Asia-Pacific's commercial real estate market is projected to far exceed the expansion rate of its more mature counterparts, growing at an estimated 10.3% annually.² By 2021, the Asia-Pacific region is anticipated to contain USD 19.1 trillion in institutional grade commercial real estate, relative to Europe with USD 13.3 trillion and the US and Canada with USD 11.5 trillion.³

THE RISING CONSUMER

The economic growth occurring in Asia is expected to continue to foster Asia's emerging middle class. By 2030, there is anticipated to be a six-fold increase in Asia’s middle class from 500 million people to 3.2 billion people. Asia's portion of the global middle class is projected to increase from 30% currently to 64% by 2030 and account for more than 40% of global middle-class consumption.⁴ Simultaneously, North America and Europe are forecast to see their combined middle class share drop from 54% to 17%.⁵ Since the financial downturn, Asia's consumer consumption, driven by this middle class segment, has grown by nearly 38%, at an average compound growth rate of 6.6% per year, for a total of USD 477 billion – 2.3 times more than the US.⁶

¹ AEW, "Including the Asia Pacific Region in your Real Estate Allocation", June 2014
² Prudential Real Estate Investors, “Birds eye view of global real estate markets”, February 2012
³ Prudential Real Estate Investors
⁴ Kharas, Homi and Geoffrey Gertz, “The New Global Middle Class: A Cross-Over from West to East”, 2010
⁵ Kharas, Homi and Geoffrey Gertz
⁶ DBS, "Open Your Wallet Rising Spending in Asia”, May 2014
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Exhibit 1: Size of middle class by region

This growing middle class demographic trend is anticipated to be a strong demand driver for real estate across a wide range of property types, from new apartments in urban centers to grocery-anchored retail assets in non-central business district ("CBD") locations. In addition, the rapid growth of young and sophisticated consumers will benefit Asia’s logistics and warehouse sector that lacks modern facilities. Demand for these property types comes on the heels of soaring popularity of internet shopping across Asia. Online buying rates in Asia-Pacific are the highest of any region globally. The region is the farthest along the e-commerce maturity curve, where tech-savvy consumers have already embraced the convenience of online shopping.

URBANIZATION

Asia is the world’s largest continent, with a population of approximately 4 billion, and the region is undergoing considerable population movements. Emerging economies in Southeast Asia, as well as China and India are experiencing rapid growth in their urban populations. In China alone, over 50% of its population has become urbanized with up to 30 million people moving into China’s tier 1 and 2 cities annually. As Exhibit 2 shows, the fastest growing “megacities” in the first decade of the 2000s were exclusively within the developing world. This explosive increase coupled with movement toward urban cores will continue to bring millions of people from rural areas to cities, creating demand for new and upgraded housing, infrastructure, health care, education and a wide variety of basic products and services.

7 Goldman Sachs, “Top of Minds October”, 2014
In more developed markets, long-term undersupplies of specific property segments have provided opportunities to reconfigure existing buildings and enhance urban density. In Australia, the city centers of Sydney, Melbourne and Brisbane have experienced sizable increases in appetite for office stock for conversion into better use such as high-end residential properties. Sydney has experienced one of the most dramatic residential undersupplies, as over the past five years newly completed residential units total only 79'500, in contrast to an underlying demand of 122'900.8 More recently, the conversion trend has carried over to industrial sites where local councils are more favorable to working together with developers to rejuvenate their neighborhood through re-zoning land into residential or commercial use. One of the most appealing locations for residential conversions due to its population growth and limited new land supply is Sydney, where in-fill and strategically located sites near local transportation hubs provide compelling investment opportunities.

**ASPIRATION AND HIGHER EDUCATION**

Asia’s growth is also supported by the region’s large, growing and increasingly well-qualified labor force. Between 1960 and 2000, the number of Asians between the ages of 15 and 24 increased from 284 million to 615 million, according to a study by the East-West Center.9 The growth in this group has coincided with a vast expansion of higher education in the region, reflecting the cultural and governmental focus on education as a necessary condition for economic growth. Between 1978 and 2004, for example, the number of students in Chinese higher education increased from 400’000 to nearly 4.5 million — over ten-fold. Over the same

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8 Jones Lang LaSalle, “Sydney CBD Office Conversions: Manhattan – a template for Sydney?”, May 2014
period, the number of postgraduate students in China's higher education institutions multiplied by an amazing 80 times, from around 10'000 to approximately 820'000. Currently, China plans to establish 100 first-class universities and 30 world-class research universities by 2020.10

Exhibit 3: Gross enrollment ratios for Bachelor's programs by country, 1980-2011

Source: UNESCO Institute for Statistics

Asia's universities are increasingly acquiring reputations as elite world-class institutions and the appeal of studying abroad at US and European universities has lessened to some degree among Asian students. Over the past four decades, higher education enrollment in Asia has increased from 32.6 million in 1970 to 182.2 million in 2011 and the number of international students seeking education in Asia has more than doubled since 2005.11 The development of these educational hubs has coincided with a rise in the demand for real estate investment ranging from student housing to office and retail properties to support the growing new industries and businesses these educational clusters attract.

NEW GENERATION OF ENTREPRENEURS

Investment in higher education, combined with the region's large population, will provide Asia with a competitive advantage in the coming years. With a growing pool of qualified laborers, technicians, and R&D professionals, the region's countries should be well-positioned to build on their current strengths and expand into more sophisticated, value-adding industries — providing a solid foundation for future domestic business development. The significance of Asia-Pacific based corporations is already apparent simply by reviewing Fortune Magazine's Global 500 rankings of the world's largest companies. Out of the 23 new companies added to the 2014 top 500 ranking list, twelve have their headquarters located in Asia. In addition, four of the top ten

10 The Jamestown Foundation, “China Brief”, June 2014
largest 500 companies are located in Asia and nearly one-fifth (95) of the companies in the 2014 top 500 list are based in China alone (up from 89 in 2013).

Emerging Asia's new generation of self-made entrepreneurs also presents a dramatic example of how domestic business is reinventing Asia's economy. These domestically founded and globally competitive businesses are poised to gain significant importance in real estate demand going forward, both within their local markets and globally. In addition, the rise in prominence of these home-grown businesses will vastly reduce the region's historical dependence on multinational companies for real estate demand throughout Asia.

REAL ESTATE INVESTMENT STRATEGY IN ASIA

Despite the broad trends of economic growth and improvements in occupational fundamentals that bode exceptionally well for real estate demand, Asia remains an extraordinarily complex, diverse and rapidly changing real estate market. In addition, recognizing the opportunity set, domestic and sovereign investors have become bigger players in the Asia-Pacific real estate market, which has increased competition. Several examples of the large footprint these investors have within the market include investments by insurance companies and pension funds purchasing office and retail assets in major Chinese cities, Middle Eastern sovereign wealth funds purchasing office properties in Seoul, South-Korea, as well as sophisticated Australian superannuation schemes and Japanese banks making large investments in their domestic markets. The common theme among these investors is that they are all in the pursuit of income-generating properties.

The increased interest from domestic buyers as well as foreign investors looking for core exposure in Asia-Pacific should not exclusively be viewed as increased competition in the market, but also recognized as an increase in the viability of exiting Asia-Pacific real estate investments, particularly to long-term investors. The addition of these large investors in the market has dramatically increased liquidity and provided exceptionally large pools of capital looking to invest in Asian real estate. While increased capital has driven price appreciation and cap rate compression, the ample liquidity that is seeking institutional quality real estate far exceeds the core product available in Asia. We believe the strategies to buy assets below replacement costs in markets with strong fundamentals, buy, fix and sell properties in strong locations or develop core assets and exit to this pool of income-seeking investors presents a unique opportunity.

BUY BELOW REPLACEMENT COST, BEIJING

In practice, a "buy below replacement cost" strategy targets assets which are located in rebounding markets, which have low valuations and can be repositioned and leased-up by under-cutting market rents. These opportunities typically arise as a result of poor management,
poor leasing or physical deficiencies and are issues which are capable of being addressed. A large portion of real estate in Beijing is owned by domestic companies which developed the properties and held them through economic downturns. The properties sit in strong locations, but do not benefit from asset management expertise and have been neglected, thus have experienced increased vacancies, are under-rented and can be acquired at a discount to their fair value.

From a top-down perspective, Beijing stands out as a prominent real estate market in the Asia-Pacific region which offers plentiful opportunities to execute a buy below replacement cost strategy for a multitude of reasons. Beijing is China's third most populous city (after Guangzhou and Shanghai), it is headquarters to 52 of the top Fortune 500 companies (ranked the top city, followed by Tokyo, New York and Paris), it has experienced inordinate service-sector job growth and has been one of the key contributors to China's extraordinary economic growth. Despite recent expansion of the city’s office stock (total grade A and grade B office stock has grown from 7.4 million square meters as of 2007 to 12.5 million square meters as of 2012), Beijing has been running on very tight office vacancy rates in recent years, due to strong occupier demand and relatively thin new stock for lease.¹²

Now fully recovered from the global financial crisis in 2010, when vacancy hit a high of more than 20%, overall Beijing office vacancy now stands at 4.4%. Beijing’s land-constrained CBD area and limited future supply of class A office (shown in Exhibit 4) offer a compelling opportunity to execute a buy below replacement cost strategy and invest in office repositioning and development projects. Furthermore, no new class A supply was delivered in 2014, making it the first calendar year since 2000 without any class A office completions in Beijing.

¹² Jones Lang LaSalle. "Five years after the Olympics - Growth in Beijing has continued, what to expect next?", August 2013
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A strategy best illustrated by example, Pacific Century Place is a mixed-use property, located within the third ring road of Beijing, consisting of four towers, spanning over 170,000 square meters, two serviced apartment blocks and a six-story retail podium. The property was originally built in 2000 as a trophy asset, but subsequently fell into neglect. The property was undermanaged and had not undergone any major renovation since it was built. The purchase price of CNY ~30,000 (USD 4’815) per square meter reflected not only a 37% discount to replacement cost, but also a price below recent land transactions in the area, making Pacific Century Place a compelling opportunity to buy a well-located building significantly below its replacement cost. The opportunity arose directly as a result of the former owner's neglect of the building, allowing vacancy to increase and necessary building upgrades to lapse.

Pacific Century Place sits in an ideal location, situated between Beijing’s main CBD and the embassy district, on top of TuanJieHu subway station. A third of Pacific Century Place's total gross floor area (75'000 square meters) is comprised of retail space, which at acquisition sat largely vacant in a prime area that is lacking quality commercial office space with an overall class A vacancy of 4%. The business plan is to undergo an extensive owner-oriented asset management plan modernizing and upgrading the 15-year old property and converting the vacant retail space into office space, taking advantage of the limited office supply in Beijing’s CBD area. The conversion is anticipated to achieve strong rental reversion, as existing leases come due for renewal in the next few years. In addition, part of the strategy will address outstanding issues such as creating a direct link from the subway entrance into the building, replacing advertising columns with LED screens and maximizing unused space.

After a five-year hold, it is anticipated that Pacific Century Place will be exited as a core mixed-use property located in the prime commercial area of Beijing. This case study highlights the buy below replacement cost strategy, creating a state of the art modern class A building located in the heart of a major gateway location. The business plan is essentially to restore Pacific Century Place to its former glory as a core trophy asset in the heart of Beijing.
BUY-FIX-SELL IN HONG KONG

The buy-fix-sell approach targets older buildings in strong locations, properties with operating issues or assets in need of owner-oriented asset management initiatives including capital expenditure, repositioning, lease-up and the implementation of building efficiencies to capture rental and pricing differentials by addressing these deficiencies. It also includes strategies to convert properties into better use or transform older, undermanaged buildings in strong locations into modern class A assets.

As an example, the Hong Kong market offers an island economy with limited land where good-quality, well-leased assets are not only hard to come by, they also are prohibitively expensive. Over the past ten years, class A office cap rates have traded within a narrow band. Hong Kong office cap rates peaked in 2001 at above 7% with culmination of the Asian Financial Crisis. Subsequently, yields of around 5% to 6% in 2006 have come down to just 3% today in terms of true net rates.

Tight supply in the traditional CBD on Hong Kong Island (expected to fall some 30% short of demand by 2020) has led to the creation of a second business district in Kowloon East, which has thrived. The development of Kowloon East into one of Hong Kong's most prominent CBDs is well-supported by the government of Hong Kong and recent real estate purchases demonstrate a major commitment by multinational tenants, not only to the Hong Kong property market, but also to Kowloon East, and emphasizes the growing significance of Hong Kong's second central business district.
Despite growing demand for space in Kowloon East, there is a lack of new office supply in Hong Kong over the medium term, especially for large occupiers. This undersupply offers a unique opportunity to acquire existing industrial space trading a relatively low per square foot pricing, as shown in Exhibit 5, and reposition it as grade A office assets, currently in high demand.

An example of the available opportunity set can be demonstrated through the recent conversion of a 13-story warehouse building acquired for HKD 3'572 per square foot (USD 458 per square foot) located in Kowloon East. The business plan was to convert the industrial property into a modern office building with a Manhattan loft design. The reconfiguration provides an open-air and spacious layout appealing to middle- and back-office for multinational corporations or financial services firms. Exhibit 5 demonstrates the average per square foot pricing differential of approximately USD 1'000 (as of the end of 2014) between industrial and office pricing in Hong Kong. Specifically, the business plan consisted of repositioning the property, which was originally built in 1980 and leased for industrial use, and converting it for office use; creating additional square footage through space reconfiguration, leasing up the vacant space and selling the property in the fourth year. The redesign included implementing classical common areas, replacing the existing facade and installing a new curtain wall system and reconfiguring the garage and lobby levels to accommodate retail shops with street-level frontage and an enhanced parking layout.
The original acquisition was made in April 2013, and in August 2014, a local conglomerate offered a sales price that resulted in an opportunity for us to exit the property to achieve an exit one and a half years ahead of schedule, generating an unlevered IRR of 45% for Partners Group’s clients.

**DEVELOP CORE IN AUSTRALIA**

In contrast to a buy-fix-sell approach, the rapid transformations taking place in Asia-Pacific cities (even within its developed markets) offers plentiful opportunities to execute a develop core strategy, building ground-up assets that appeal to end-users and core investors. As an example, 23 miles from Sydney Australia’s CBD lies the city of Parramatta, the second largest CBD in the state of New South Wales. Parramatta is the economic capital of Greater Western Sydney, known as Sydney’s “second CBD,” located in the state's fastest growing region. An expanding economic base and a lower cost of business are significant competitive advantages that Western Sydney has over Sydney’s CBD. A number of corporations have recently taken note and relocated to Parramatta as a result, including BHP Billiton, Coca-Cola, Amatil, Qantas, Deloitte, QBE and Sony, illustrating the emergence of Parramatta as a destination for major investments.

While corporate relocation and increased business activity has boded well for Parramatta, the historical undersupply of residential property in the Greater Western Sydney market has resulted in a significant supply/demand imbalance. Sydney apartment demand has seen dramatic imbalances driving up apartment rents as well as capital values. In Parramatta, vacancy rates have fluctuated between 1.0% and 3.0% over the past four years and as of mid-
2014, vacancy was at 1.7% across all rental properties. These market dynamics create a prime opportunity to engage in a develop core strategy by pursuing development within a very tight market with growing demand.

A recent example of the develop core strategy is Partners Group’s involvement in Riverside Parramatta, the development of a 37-story mixed use tower, comprised of 413 apartments units situated above a three-level podium and retail space. The site is well located on the banks of the Parramatta River and close to the Parramatta CBD. Given the importance of Parramatta as Sydney’s second CBD, the median apartment unit sale value has increased steadily since 2003 and has achieved annualized price growth of 7.4% in Parramatta over the past five years. Parramatta is anticipated to continue to experience strong development and strong job creation, which has a knock-on effect on demand for residential units.

In addition to the attractive market fundamentals as well as the site specifics, Australia’s construction development restrictions make this type of strategy particularly attractive. The pre-sales deposits from the residential unit buyers (usually 10% of property value) are held in trust and cannot be used to fund any project construction development. Developers, therefore, need to arrange for project funding and only receive full payment from buyers once the apartment is complete and handed over. Typically, developers will look for senior and junior debt to fund construction. Major local banks are the main providers of senior financing, while junior debt is usually arranged from high net-worth individuals and/or syndicators. Because the loan size from syndicators is usually small relative to the total construction costs, there is limited competition
in the space above AUD 20 million. This provides a uniquely competitive space for institutional investors in Australia that are able to provide financing above AUD 20 million and an attractive opportunity to unlock real estate value through a develop core proposition.

**ACQUIRE CORE ASSETS THROUGH SECONDARIES**

In addition to direct real estate investments in Asia, there is a growing and flourishing private real estate secondary market, with existing investors that wish to exit Asia-Pacific focused programs as part of a portfolio rebalancing exercise, or who may be fatigued and looking to exit mature real estate programs which are seeking extensions. This offers an attractive opportunity to acquire stakes in high quality Asia-Pacific real estate programs at discounts to NAV or provide liquidity to fatigued investors to allow portfolio extensions to unlock the remaining value potential in current portfolio positions.

Prior to the global financial crisis, Asia-Pacific experienced a boom in real estate fund formation. Vintage years 2005 to 2008 set the "high water mark" for fundraising. Prequin data shows that USD 107.5 billion was raised by 227 funds with a dedicated focus to Asia-Pacific over this period, as shown in Exhibit 6.

![Exhibit 6: Asia-Pacific Primary Fundraising](source: prequin, February 2015)

The vast majority of these portfolios were closed-end real estate programs focusing on opportunistic investments. Closed-end funds generally have a finite life span averaging eight years (with two 1-year extensions being typical). Given the expected 8-year fund life, the funds raised in the peak fundraising period that occurred from 2005-2008 will be terminating between 2015 and 2018.
As a result of the global financial crisis, a number of these funds have fallen short of their originally intended investment objectives. This underperformance to-date leaves many 2005 to 2008 vintage portfolios facing maturity the next two years without having fulfilled their investment objectives. In particular, the secondary market will offer a reprieve of liquidity to fatigued investors in Japan where many assets were acquired at high prices in 2005-2008 vintage funds. Additionally, a large number of the investment programs terminating were also focused on real estate investments in China and India, where local knowledge and existing exposure and/or familiarity with the underlying assets proves invaluable. Since 2010, asset values have increased and many of the 2005-2008 vintage fund managers have been disposing of more "marketable" assets within the more liquid markets of Japan and Australia. This also provides a second pipeline of investments for secondary investors to gain entry into attractive properties in markets with strong fundamentals at discounted pricing. As shown in Exhibit 7, in the next five years, over USD 44 billion of assets will come to maturity in Asia, fueling strong secondary deal flow. Investors that are able to capitalize on informational advantages will possess the greatest access to this opportunity set.

As an example, Partners Group recently transacted on Project Marquise II on behalf of its clients, consisting of a USD 50 million commitment to a 2007-vintage portfolio sold by an Asian investor that was motivated to divest its interest in a timely manner. The bulk of the value in Project Marquise II (89%) originates from Asia Square Towers 1 and 2, a LEED Platinum-certified premium office development in the Marina Bay district of Singapore's CBD.
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Asia Square Towers 1, which opened in mid-2011, comprises 1.3 million net leasable square feet of office and retail space. Asia Square Towers 1 is 90% leased including signed commitments from Google, Citibank and Julius Baer. Asia Square Towers 2 comprises 0.8 million net leasable square feet of office and retail space and is currently over 70% leased to major occupiers including Allianz, Swiss Re and NAB. Project Marquise II is a prime example of how savvy secondary investors in Asia can acquire stakes in high quality Asia-Pacific real estate at discounts to NAV. Project Marquise II consists of prime location, trophy assets that are nearly fully leased, acquired at opportunistic pricing, yet yielding highly attractive returns at a value-added risk profile.

**EXECUTION IN PRACTICE**

In practice, accessing the Asia-Pacific region’s real estate investment opportunities requires not only a dedicated team on the ground that has local expertise, but also a holistic relative value approach that provides an assessment of the relative attractiveness of investment decisions throughout the region. This analysis, comprised of regional, country and investment assessments, considers the economic cycle, the attractiveness of specific sub-markets, property sector performance and the desirability of different investment types to form the basis of an investment strategy. Analysis of various investment instruments also allows us to capitalize on our integrated approach. A variation between direct, secondary and primary opportunities affords the flexibility to select between direct investments in specific target markets, secondary opportunities to acquire discounted positions in existing quality property portfolios and primary investments focusing on niche market segments.
To ensure continued access to top investment opportunities, a robust investment pipeline must be maintained. Proactive, bottom-up deal generation from a global set of sources provides a sufficient quantity of deal flow, which is a key prerequisite for applying a superior relative value strategy. Robust deal flow affords the ability to remain highly selective in the properties chosen for inclusion in the portfolio. Knowing the market, region or investment type you expect to allocate capital, as well as the anticipated risk/return profile of these investments, is a critical aspect to maintaining an adequately diversified and attractively positioned portfolio.

CONCLUSION

The outlook for the Asia-Pacific property market is that it will constitute 39% of the global investable real estate stock by 2021, up 27% from today. Demand for high quality institutional office, residential, retail and hotel properties will continue to be driven by a confluence of macroeconomic and demographic fundamentals impacting the region, from an expanding middle-class to growing domestic businesses that are benefiting from stronger local economies. Strategically, the region possesses an ample supply of under-managed or poorly executed real estate assets where there are significant opportunities to add value through active asset management strategies. Ultimately, we believe success in Asia-Pacific is highly dependent upon finding the right strategies for the market opportunities. Three key themes we believe are integral to successful real estate investing in the region include buying properties below replacement cost to convert old properties to new; implementing a reconfiguration or repurposing of a property through a buy, fix and sell strategy; or developing core properties in prime locations which will benefit from increased urbanization and where there are favorable supply/demand dynamics. As can be seen in the relative value matrix below, regionally we believe tier 1 cities and developed Asia currently offer some of the most compelling risk-adjusted returns to pursue the buy, fix, and sell as well as develop core strategies. On a direct equity and preferred equity basis, well-located properties in global gateway cities are a key area of focus, as sovereign wealth funds, domestic banks and life insurance companies increasingly target the acquisition of these properties, offering attractive exit opportunities. Simultaneously, a large number of liquidity-constrained investment programs are coming to the end of their life, thus providing increased deal flow for mature assets at an attractive entry basis on a secondary investment basis.
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**RELATIVE VALUE MATRIX**

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<tr>
<th>Core</th>
<th>Japan</th>
<th>Australia</th>
<th>Hong Kong</th>
<th>Singapore</th>
<th>Korea</th>
<th>China</th>
<th>India</th>
<th>South East Asia</th>
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<tr>
<td>Value-added &amp; opportunistic</td>
<td>Japan</td>
<td>Australia</td>
<td>Hong Kong</td>
<td>Singapore</td>
<td>Korea</td>
<td>China</td>
<td>India</td>
<td>South East Asia</td>
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<tr>
<td>Directs</td>
<td>Senior debt</td>
<td>Mezzanine</td>
<td>Preferred Equity</td>
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<td>Secondaries</td>
<td>Inflection assets</td>
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<td>Primaries</td>
<td>Core</td>
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The matrix reflects the relative attractiveness of each segment over the next half year, seen from a buyer’s (debt: lender’s) perspective.
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