



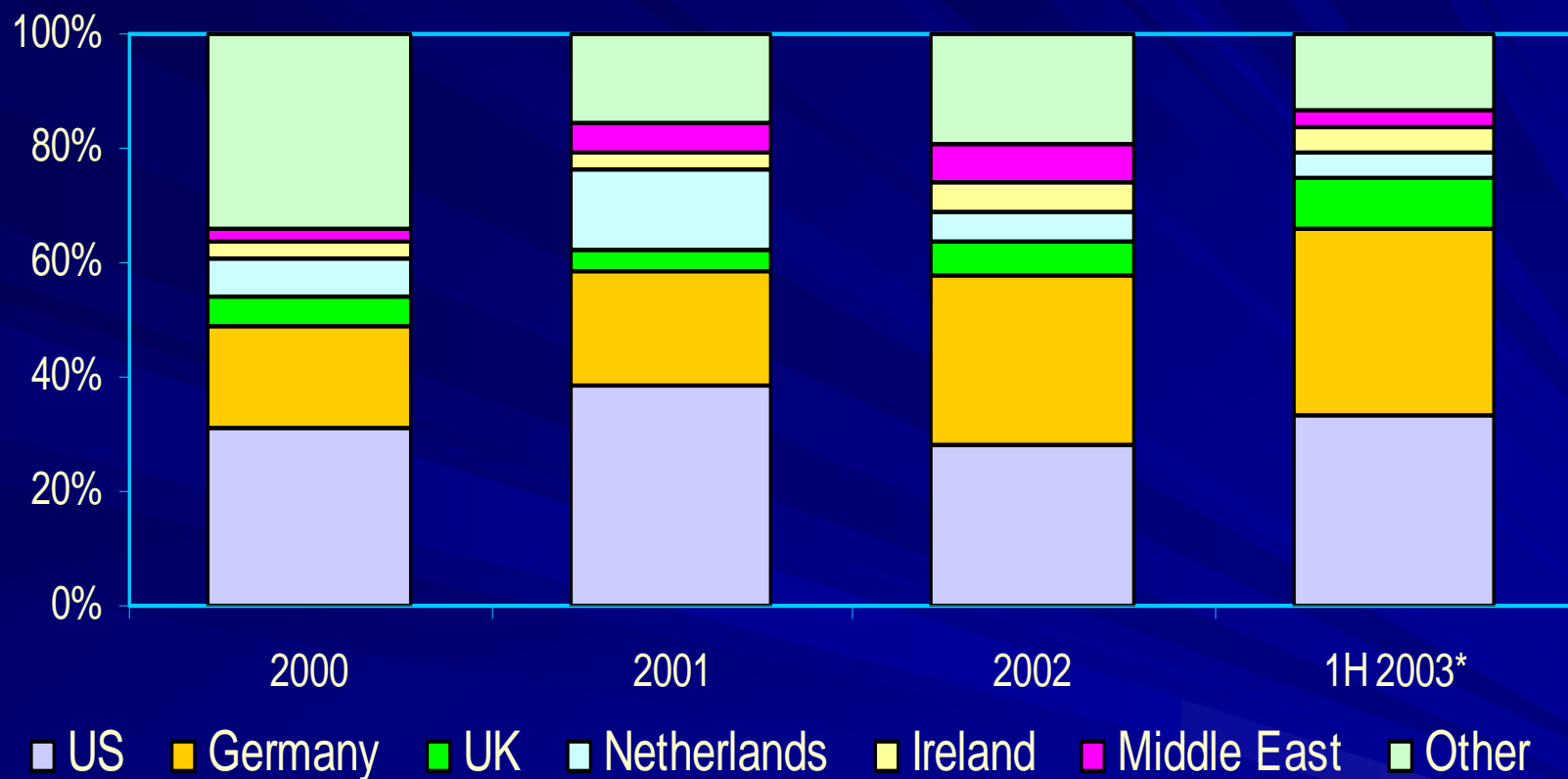
International Property Investment Trends

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Outline

- Who and How Much
- Why
- Where
- How
- Implementation Issues
- Conclusion and Outlook

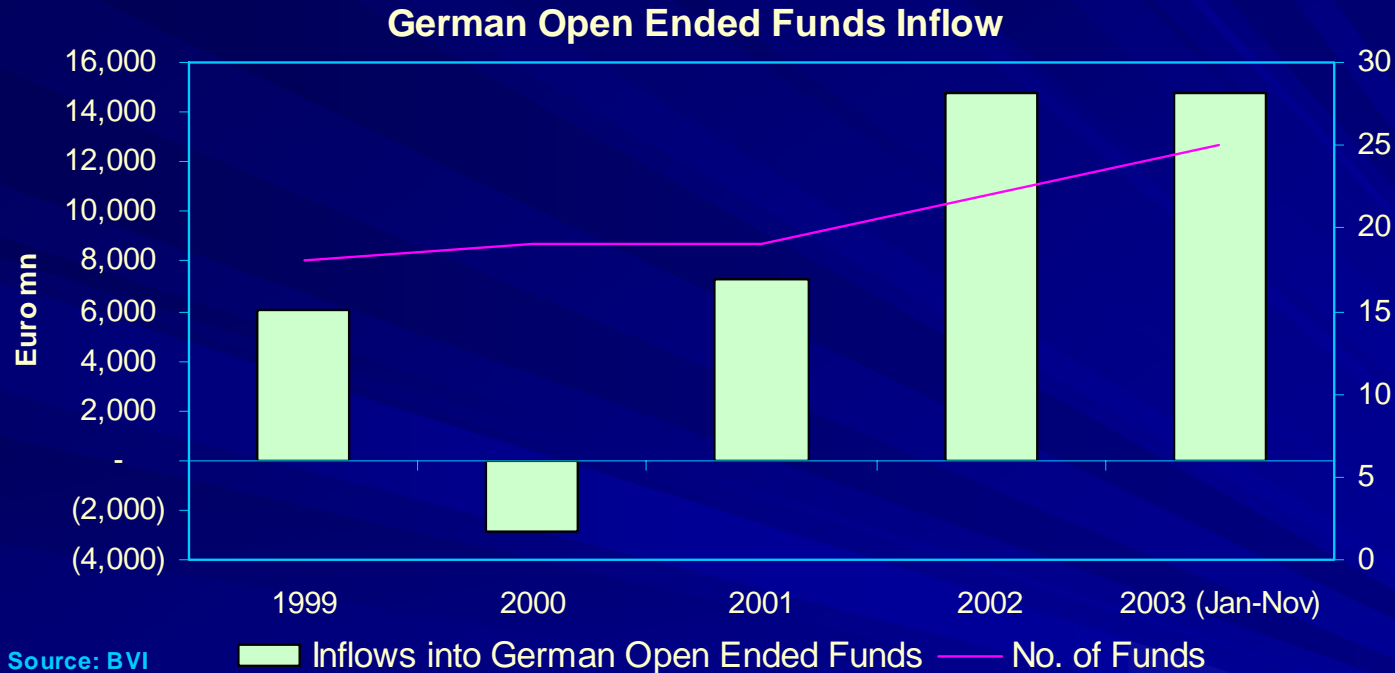
European Cross Border Investment by Origin of Funds



Source : DTZ, *Estimates

■ German Open Ended Funds

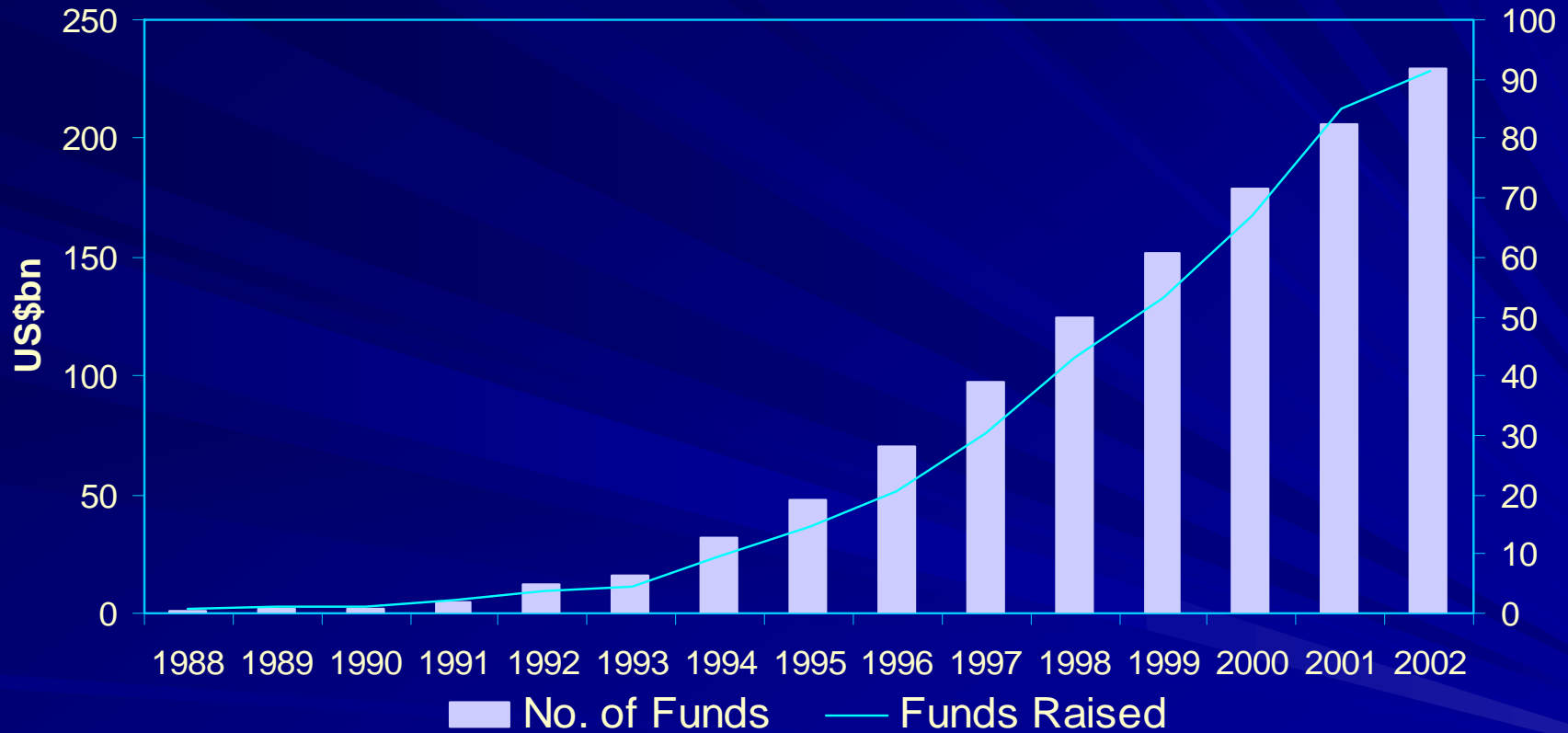
- Record Inflows
- Excludes the inflows into the special funds



■ Increased allocation to real estate by fund institutions

- Increased/planning to increase their real estate allocation in portfolios
- Added real estate to their asset mixes.

Cumulative Real Estate Opportunistic Funds Raised in the US



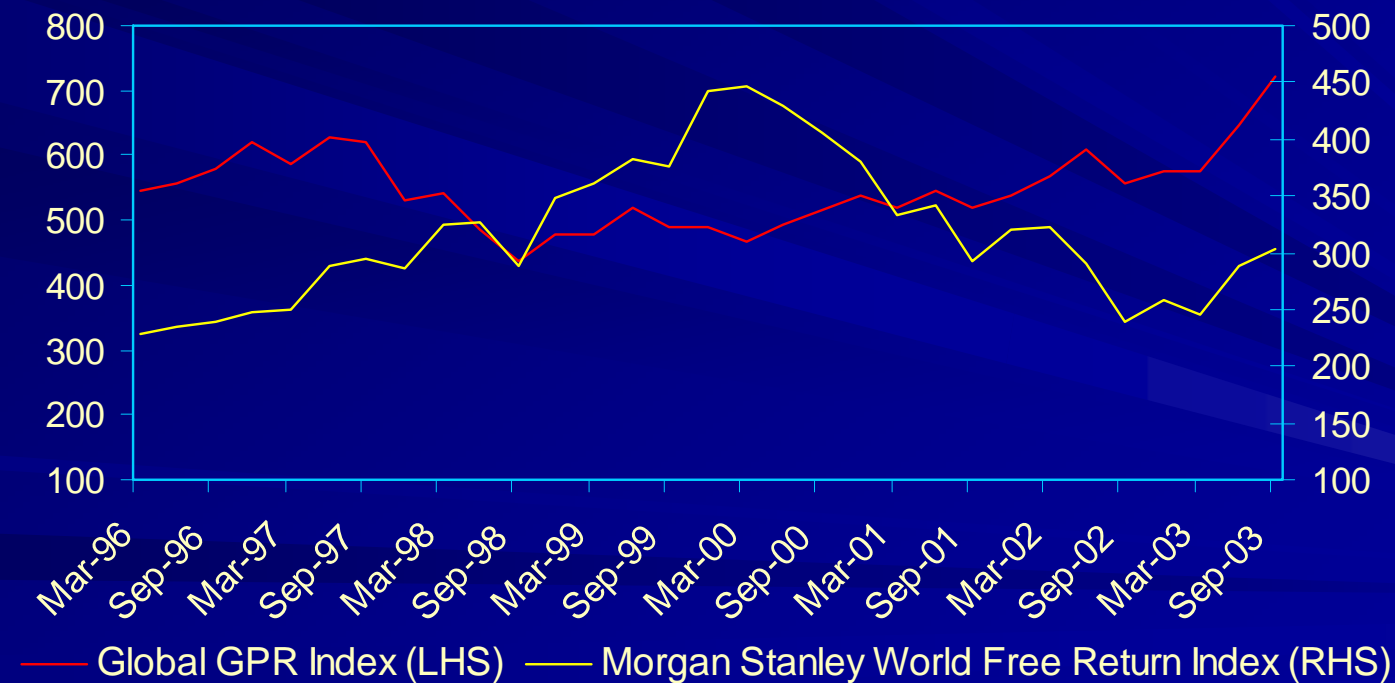
Source : E&Y 2003 Opportunistic Fund Survey

Reasons for the Rise in Global Real Estate Activity

- Growth in organized savings
- Poor equity market performance
- Diminished domestic opportunities
- Structural changes
- Growth of service providers / fund managers
- Widening range of products
- Expansion of REITs
- Improved research

Equities Vs Public Real Estate

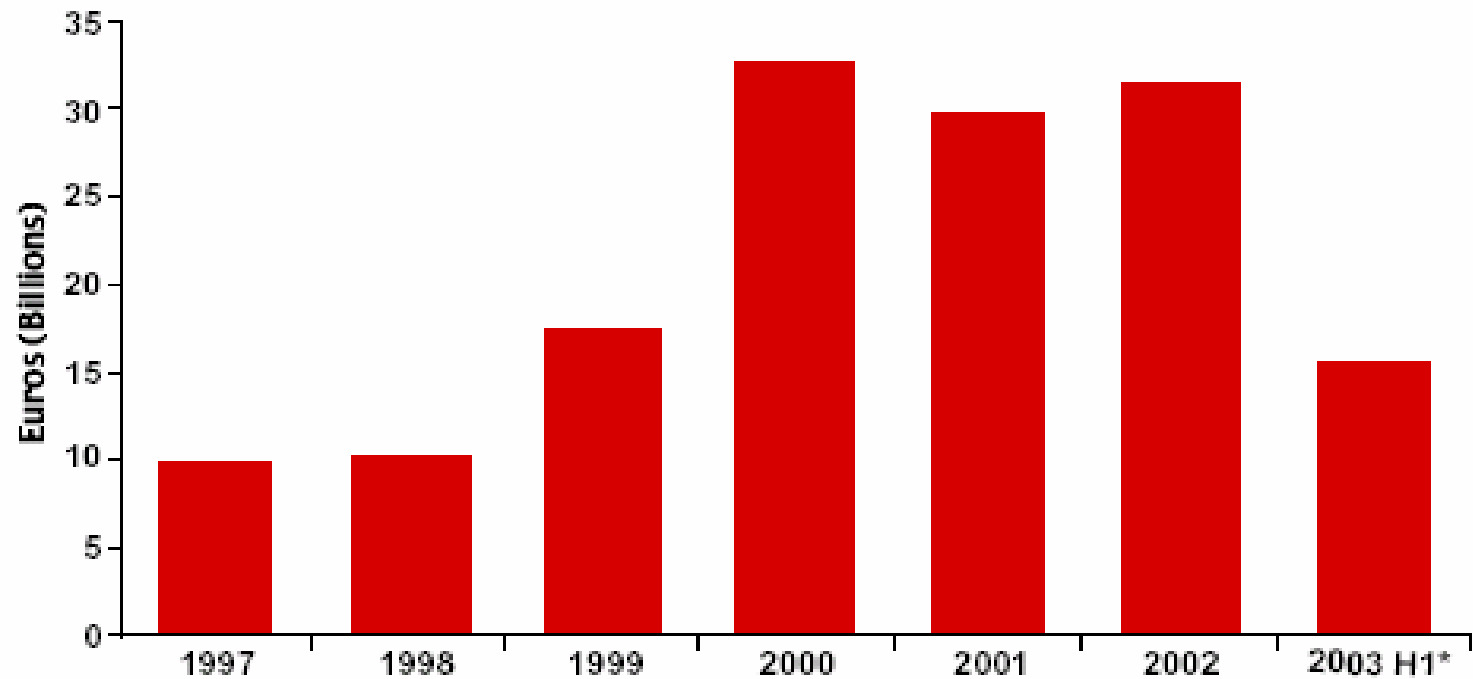
Region	Annualized Returns to 30 September 2003 (US\$)			
	1-year	3-year	5-year	10-year
Global GPR Index	29.9%	11.9%	10.5%	5.1%
Morgan Stanley World Free Return Index	26.8%	-9.2%	1.2%	6.0%



Source: Bloomberg



Figure 1 Cross-Border Acquisitions of European Real Estate



** Estimate*
Source: DTZ Research

Examples of Product Types

- Industrial / Logistics Distribution Centres
- Retail
- Hotels
- Distressed Debt
- Mezzanine Debt
- Central European
- Corporate Restructuring

■ Expansion of REIT markets over recent years

- Increased liquidity
- Increased choice and access
- No property management
- Lower transaction costs
- New REIT markets
- Future REIT markets

Modes of Investment

■ Directly

- Direct property acquisition
- Development

■ Indirectly

- Funds
- Public or Private Securities
- Mezzanine Debt
- Distressed Debt / Non-performing Loans

Where to invest?

■ Asset allocation

- Top down approach based on forecast risk return analysis
- Does not reflect practical issues

■ Objective of the investor

– Short Term Player

- 3-5 year time frame
- More tactical
- Sufficient market depth and liquidity
- High risk and high return
- Opportunity funds

– Long Term Player

- 10-20 year time frame
- More strategic
- Identify the future winners and losers
- Supernormal profits from first entrant advantage
- No 'Long-Term' strategic funds

World Winning Cities



Implementation Issues

■ Investment

- Asset allocation strategy
- Ownership
- Legal and political risks
- Taxation
- Currency Risks
- Hurdle Rate

■ Access

- Dominance of local players
- Lack of local market expertise
- Language / cultural barriers
- Limited availability of quality investment products
- Lack of market transparency

■ Operations

- Different lease structures
- Higher due diligence costs
- Asset management problems