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350 Regent's Place, London, NW1. The company featured strongly among Europe's top property firms for corporate governance. See page 8.



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By: Allan Saunderson
Managing Editor, Property Finance Europe

The crunch refunding challenge



Allan Saunderson
Managing Editor,
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Allan Saunderson is Founder and Managing Editor of *Property Finance Europe*, a specialist weekly investment real estate report on mainland Europe. Based in Frankfurt, he is a widely-quoted analyst and frequently speaks in major conferences and in television and media. Saunderson was Reuters' financial journalist in London and Frankfurt during the 1980s, and then Chief Financial Correspondent in France. In the early '90s, he was appointed by French Prime Minister Pierre Bérégovoy as adviser to the Finance Ministry, and named Head of European Research for private Swiss bank Julius Bär.

He left to found economic and monetary consultancy Eurozone Advisors, becoming a well-known Bundesbank and ECB watcher. He moved into real estate finance in 2002, and founded *Property Finance Europe* in 2005. The newsletter appears weekly - twice monthly in print - and is increasingly widely read investors as the leading source of real estate information for the region.

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I know you are wondering. After my concerns in these pages in January last year on the need for European listed property companies to communicate more fully with the international capital markets, has the situation improved? Well...a little bit, perhaps. My assessment however: Must Try Harder. And the proximate and very immediate reason is the credit crunch.

The enormous challenges in debt re-financing faced by listed institutions in the real estate space right now are serious. The situation is an object lesson on just why it is vital and possibly life-saving for European real estate to keep global investors widely informed of business models, and up-to-date on progress in achieving targets.

Many traded firms in Europe complain that international capital markets have put an UK/US overlay on Europe-ex-UK listed real estate valuations. This is true. But it is largely their own fault. Continental firms have been trading at 30% or 40% below NAV: the kind of discount justified only if their assets were massively overvalued and headed for a fall - and if they had been fast and loose and, yes, speculative and foolish to do it. But in most cases in Europe - not all - this is not the case.

Yet, have European firms stood up, launched communications campaigns, made firm statements about assets, tackled investors' refunding doubts head-on with clear and plausible explanation? No, in the main they have not. Most seem to believe they are victims of some Anglo-Saxon conspiracy but the balance of responsibility lies with the corporations themselves. I had thought our PFE crusade to persuade the continental European real estate community to get serious about communicating was an isolated contagion... until, that is, I sat in on the final lunchtime panel session of NAREIT's REIT Week in early-June in New York's Waldorf-Astoria, and listened to high-powered American investors discussing much the same thing.

The message is: MAJOR investors definitely want to know much more about your European listed company to perhaps allocate their billions in it. I refer specifically to mod-

erator Steven Brown, MD of Lehman's wealth management unit Neuberger Berman, and panelists: Nancy Holland, Fortis Investments CIO Global Securities; Jack Foster, Franklin Templeton Head of Global Real Estate; Jeffrey Horowitz, Merrill Lynch Global Head of RE Investment Banking; and European Investors MD James Rehlaender. Not small investors.

As usual of course, the European map is regarded from Manhattan as UK and the 'others', simply because the history of disintermediation and capital markets is longer and goes deeper on the Scepter'd Isle than on the continent. Moves are afoot in Germany and the Netherlands to set up listed real estate associations to represent just these kinds of concerns. The NAREIT meeting highlighted a still very profound sense of nervousness.

The most dramatic news during the event was of a 52% y/y drop in first quarter US mortgage bankers' real estate loan originations, and 75% alone for US commercial property lending. In part, this reflected the usual push to finalise deals before end-year, but it also reflected the impact of the credit crunch. These numbers indicate that the second shoe is dropping, and this impression is supported by my conversations in Europe. Many institutions holding onto assets and holding out for better re-financing will be moving to crisis footing come September.

Ergo, more European asset price downside is out there. The good news - if it is that - is that we must be about halfway through, and some modest green shoots are beginning to show. These include the plethora of seriously big, new money funds targeted at European real estate, and also the quite concerted move into property debt. The latter must surely be the first step toward kick-starting MBS. Of course many US real estate investors talked of increased interest in staying at home since the fall of the dollar/euro.

However this sentiment is offset by many others who, for the self-same reason, have finally realised the need to diversify out of a single currency or regional asset - even if it is their own. Watch this space. ◀



By: Philip Charls
CEO, EPRA

Update from Philip Charls

Since my first day on the job, I have only experienced the sector in a bear market – nothing to do with me I promise you! Seriously, although these are challenging times, I sincerely believe we have a great long-term investment proposition. Listed means accountable – a concept that has been stretched fine in other places. There are structures and accepted practices which give real meaning to our benchmarks and indicators – the EPRA universe may face an uneasy time ahead, but I believe we are on solid ground for the future. The openness in which we operate as a sector is exactly the foundation that will secure future growth and fund allocation.

CLEAR REPORTING,
ACCOUNTABILITY AND
INDEED CREDIBILITY,
ARE THE CORNERSTONE
OF THOSE COMPANIES
THAT CONSTITUTE
EPRA'S INDICES

We attended a meeting of REESA at the APREA conference in Seoul, South Korea. The groups that attended were: APREA, NAREIT, ARES, RealPAC, PCA, BPF and EPRA. REESA has the unified goal of promoting the listing real estate sector on a global basis, combining expertise and membership bases. We believe this is an important time to put together and get the message of global real estate investment across to the broader investment community. In addition, it is more cost effective in terms of capital and time to streamline our efforts in a number of areas, where key messages are similar across the regions and countries.

EPRA's restructuring continues to take shape. Gareth Lewis joined us on June 01, and is already busy with a number of projects. During his first week in the office, he put the



final touches to the latest set of Best Practice Recommendations, which you should have already received by now. He has also been working closely with the tax committee on cross-border tax issues faced by property companies and REITs in Europe.

For the past eight months, EPRA has been trawling through the public documents of 101 FTSE EPRA/NAREIT Europe constituents as at the end of 2006. The aim is to build a picture of corporate governance practices among those companies. The analysis document has just been published with an aim to highlight the good, and not so good, in terms of best practices in our sector. Clear reporting, accountability and indeed credibility, are the cornerstone of those companies that constitute EPRA's indices.

We successfully introduced the Monthly Chart book for members to complement the quarterly review. We get requests for charts every month. So if you feel you can add weight to your presentations by using our charts, feel free to get in touch with Laurens te Beek: lrb@epra.com

Meanwhile, the preparation for the Stockholm Conference is in full swing. The agenda has now taken shape, and we believe the event promises to live up to the high standards we have set in the past. As we begin to put the word out, spaces will soon be limited to EPRA members only. The value of networking among the most experienced of property CEOs is the clear motivating factor. Of course Stockholm and our Nobel Prize venue for the dinner, it must be said, have a unique appeal of their own. If you are considering joining EPRA, please do it before the conference to guarantee your place.

The formal launch of the FTSE EPRA/NAREIT Global Emerging Index is set for the EPRA Conference in September. However, we will make the index constituents available to current members and index users in the meantime.

Enjoy the summer period and I look forward to welcoming you to Stockholm in September. ◀



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In the news

Turkey

The Turkish property federation GYODER invited EPRA to address a lunch meeting, which focused on a broadening Europe an increasing opportunities for investors and companies alike. The lunch was attended by 30 leading members of the Turkish real estate industry, covering approximately 15 Turkish REITs.

EPRA actively encourages these companies to get involved with the association going forward. ◀



South Africa

Macquarie First South invited Philip and Fraser to present to their South African clients in Cape Town in May. Around the Cape Town presentation they visited listed real estate companies in Johannesburg and Cape Town. They were certainly impressed with the companies they met, in terms of the management teams and levels of reporting. However, the political situation in South Africa always raises questions and cannot be ignored by investors. ◀

APREA Conference

Philip and Fraser attended the Asia Public Real Estate Associations 3rd Annual conference in Seoul in April. The event was well attended, building on APREA's growing reputation in the region. The globalisation of the sector in the past three years means we cross paths with many of EPRA's European and American members – a perfect opportunity to catch up with a number of members in a short space of time.

In addition to the conference, APREA organised a meeting of the REESA partners. Groups that attended were: APREA, NAREIT, ARES, RealPAC, PCA, BPF and EPRA. REESA has the unified goal of promoting the listing real estate sector on a global basis, combining expertise and membership bases. ◀

Brussels CEO Conference

The CEO conference (featured in this edition) in May saw 10 company CEOs attend the event. Attendees came from six different countries around Europe. The one-day programme was hosted by Bain Consulting located in Brussels. The feedback from the event was positive and we certainly plan another CEO event within the next 12 months. ◀

NAREIT REIT week - NYC

The NAREIT Investor Conference – REIT week was held in the first week of June. Before the event we took the opportunity to hold a meeting of the partners in the index – FTSE EPRA & NAREIT to discuss issues such as the marketing of the index series. In addition, NAREIT organised a meeting of the FTSE EPRA/NAREIT Global Index Supervisory Committee. This committee is comprised of the three partners, the three regional committee chairman and two global investors. High in the agenda was the final preparations for the launch of the FTSE EPRA/NAREIT Global Emerging Markets Index. ◀

EIRE - Italy

Philip was invited to speak at the EIRE exhibition Milan in June. The opening session was well attended, the majority of attendees coming from Italy. Luckily Philip speaks Italian and was able to deliver his speech in the native lingo. Given feedback, the speech was well received by the market. ◀

Finnish – REIT day

EPRA organised a Finnish REIT day with RAKLI – the local market body in May. Philip chaired the one-day programme with both Fraser and new addition Gareth Lewis giving presentations. The Finnish ministry also presented its current thinking on the prospective REIT structure, which has not been met with enthusiasm from the Finnish, or International community. The proposed structure focuses on the residential market, ignoring the commercial property market. ◀

London/Frankfurt REIT days

NAREIT organized two “REIT Days” in London and Frankfurt in April. NAREIT managed to assemble good panel sessions for both programmes, but the highlight of the events was Steve Wechsler's interview with real estate legend Sam Zell. The interview was relaxed given Steve's relationship with Zell (Zell is ex-NAREIT Chair) and they discussed issues ranging from the credit crisis to the newspaper industry. ◀

New EPRA members

EPRA is welcoming ten new members this quarter from within and beyond the continent, representing listed property in France, Germany, UK, Russia and the US. These are: AFI Development, Baker & McKenzie, MEAG, PIK, Prologis European Properties, Real Capital Analytics, RGI International, Russian Land, Starwood Capital Group and Vitus. We look forward to their active participation. ◀





Transparency or smoke and mirrors

- good governance in the spotlight



Erasmo Giambona

Assistant Professor of Finance and Real Estate at the University of Amsterdam Business School

Erasmo Giambona is Assistant Professor of Finance and Real Estate at the University of Amsterdam Business School. Previously he has collaborated with the Center for Real Estate Finance at the University of Connecticut and has taught at Roger Williams University. He has written in the area of corporate real estate finance, performance and agency issues for Real Estate Investment Trusts (REITs) and has published in major real estate journals such as *Real Estate Economics* and *Journal of Real Estate Finance and Economics*. He is also a board member of the European Real Estate Society and is actively involved with academic organizations in the field of real estate in the US and Europe.

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Ali Zaidi

EPRA researcher

Ali joined the EPRA research team in October 2007. He holds a BA in Economics and Business and is due to complete his MSc in Finance. He studied at the University of Amsterdam.

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There is a wide divergence in corporate governance standards in listed property stocks across Europe. A new EPRA study found the biggest real estate markets generally heading the list of provisional new measurement rankings. Some factors jump out.

An EPRA report, published last month called "Corporate Governance of European Listed Property Firms", examined the annual reports and other publicly available data from 101 companies in developed West European markets represented in the association's and the SNP databases. A weighting was then allocated to various corporate governance criteria ranging from executive compensation linked to performance, to disclosure standards and board structure and composition, to obtain a ranking.

UK companies topped the rankings of corporate governance standards at 10.62, closely followed by the Netherlands at 10.33 and the Scandinavian countries as a group at 9.75, though the results were so close that statisti-

Giambona said the methodology of the report was similar to that of Heidrick & Struggles bi-annual study of corporate governance across company sectors in Europe. Equal weighting was given to companies in the study regardless of size, as detailed research showed there was no link between size and performance.

The size advantage

"You could argue that smaller companies tend to be newer and are more flexible from the start when they come to the stock market in complying with governance regulations. Older and larger companies are maybe less able to change, but there is really no evidence to suggest size is an important factor in governance," said EPRA researcher Ali Zaidi, who worked on the report.

"THE REIT STRUCTURE ITSELF, WITH ITS EMPHASIS ON HIGH DISTRIBUTION OF INCOME TO SHAREHOLDERS ALSO SEEMS TO LEND ITSELF TO BETTER CORPORATE GOVERNANCE."

cally they are a 'dead heat,' Erasmos Giambona, Assistant Professor in the Finance Group of the University of Amsterdam and the author of the EPRA report said.

"With the EU average corporate governance ranking at 9.73, from a possible top mark of 16, you could say European property companies just about get a pass based on a minimum standard of achieving 60% of our criteria," Giambona said.

Countries falling below the EU average level for corporate governance included France (9.57), Belgium (9.13), Italy (8.58), Austria (8.32), Germany (8.07) and Greece (5.78).

"In some countries such as the UK there was a huge variance in rankings with some companies achieving a rating of 14 or higher and others as low as two. There are outliers who are doing really poorly," Zaidi added.

A quarter of the study's weighting was allocated to the extent of the link between managerial compensation and performance and/or stock value as a key driver in corporate governance.

A high level of public disclosure of information on age, tenure, positions, shareholdings and compensation of directors is usually a signal of transparency and willingness of the



Transparency or smoke and mirrors
- good governance in the spotlight

management to be scrutinized by the market. Germany notably stood out as market where compensation is particularly well-aligned within companies.

“This is one factor where we have really consistent evidence that if you don’t link compensation and performance then you produce poor results for shareholders. It is strikingly clear in one European market where this link is poor to non-existent and company performance is also weak,” Giambona said.

The average age of a director in European real estate companies is 53 years and five months, ranging from 47 years in Germany to 69 years and two months in Sweden. On average, 54% of companies across Europe disclose their directors’ tenure, ranging from just 17% in Austria to 100% in Belgium.

The takeover threat

Another driver in governance performance was the perceived independence of the company’s board and whether there are anti-takeover provisions in place. In this area, there is a marked contrast between the Anglo-Saxon preference for unitary boards and the continental European two-tier board system.

Some 32% of the firms in the EPRA survey have adopted a two-tier board structure, which is based on a clear separation between the management board and the supervisory board, while 24% use a unitary system, which allows executives to sit on the supervisory board. The remaining 44% of real estate firms have adopted a hybrid, which combines some of the characteristics of the two-tier system with those of the unitary system.

Therefore the results imply that about 68% of the property companies in the sample do not follow a governance practice of clear separation between management and supervisory board. This leaves clear scope for improvement, as an independent board is usually argued to be more effective in ensuring that managerial conduct is aligned with the interest of common shareholders.

The results of the study were more encouraging in the area of board composition, where an average 52% of directors were independent. European real estate companies also appear to generally be doing well in terms of public disclosure and the use of internal and external auditing systems.

The existence of auditing, remuneration, nomination and investment committees contribute to increase additional monitoring of the management.

About 74% of property companies across Europe have an audit committee to oversee external and internal audit reports. This is an important signal to outside investors that companies have mechanisms in place to ‘audit’ the auditors.

The REIT choice

The adoption of the REIT structure itself, with its emphasis on high distribution of income to shareholders also seems to lend itself to better corporate governance. This is partly because of the limited accumulation of capital within companies compared with the manufacturing sector.

The level of internationalisation of European real estate boards is fairly low with non-national directors on average making up just 13% of their composition, and overwhelmingly these directors originate from Europe.

Almost a third of the non-domestic European group of directors were Dutch nationals. This perhaps reflects a combination of the high level of institutional capital in the Netherlands, which has traditionally treated real estate as an investment asset class in its own right and invested extensively outside the limited domestic market, the long history of the Dutch REIT and the high quality of real estate education in the country.

The representation of women on European real estate boards is rather low, with only 41% of companies having females occupying board seats, although evidence of this type of diversification is increasingly important for investors. Behavioural economics also shows evidence that males and females differ, among others, in important ways concerning attitude towards risk, investment style and trading behaviour.

“There is clearly some way go in terms improving corporate governance at European real estate companies. Even the highest ranking country - the UK, only achieves 66% of a possible top score of 16, and there are wide variations in good practice for companies within that market. We think firms should aim to achieve at least 80% of the maximum, to improve transparency in their operations and to attract more investment capital flows,” Giambona said.

“We intend to test our methodology and findings with the industry to refine the corporate governance rankings model, so ultimately it can be used as an EPRA benchmark to measure improvements at the company and market levels from year to year,” he concluded. ◀

This article was originally commissioned by *IPE Real Estate*

“THERE IS REALLY
NO EVIDENCE TO
SUGGEST SIZE IS AN
IMPORTANT FACTOR
IN GOVERNANCE.”



A country-by-country analysis of good governance is available to EPRA members only, on request.



By Peter Mitchell
CEO, APREA

Advancing Asian real estate

APREA's Property Leaders Forum 08 enjoyed its most successful meeting to date, in Seoul, S. Korea. Here's a taste of the issues, concerns and market positives which were raised.

Over 200 delegates from 14 countries attended APREA's third annual Property Leaders Forum, held on April 01-03.

Property leaders from all over Asia, Europe and North America met at the Grand Hyatt Seoul, drawn by a two-day seminar programme, functions, one-on-one meetings and informal networking opportunities to discuss matters affecting the real estate sector in Asia.

Trends in the regional property market and how it can withstand current capital volatility were a key focus at the Forum. With the vibrant city of Seoul as a backdrop for this year's event, developments in Korean commercial real estate and the evolution of the K-REIT market were also on the agenda.

Keynote speaker Pam Woodall, Asia Economics Editor for *The Economist*, established the global context. While painting a gloomy picture for the US, she was relatively bullish on Asia, predicting that economies in the region will not be as adversely affected by a US recession as in previous downturns.

In good health

"Asia is more resilient to a US recession," she said, explaining that Asia's exports to the rest of the world have remained robust despite a drawback from the US. Meanwhile

the region's own domestic demand - in both consumer spending and investment - is still quite strong.

Kyu Sung Lee, Chairman of KORAMCO REITs Management and Trust Company and former South Korea Minister of Finance, opened the Forum with a brief introduction to the Korean economy, the new administration, and the investment climate for Korea's real estate market.

In a special panel session, delegates also heard from John Walker, Chairman, Macquarie Group of Companies, South Korea and Dr Kim Dai Young, formerly President and CEO, KORAMCO REITs, on some of the hurdles for foreign investment in South Korea, and recommendations for altering the K-REIT structure to develop this market.

Panel sessions involving a high profile group of speakers debated a broad range of topics from global investment mandates to protecting your investments, logistics, office use trends, residential trends, hotels, gaming and leisure, different models of Asian retail property markets, infrastructure, sustainability and property derivatives.

The program included a preview of a special research project into secondary equity issuance by Asian REITs, undertaken by two of

APREA's academic members, the National University of Singapore and Waseda University, Japan.

Speaking on REITs and emerging markets, Alka Banerjee, Vice President Global Equities, Standard & Poor's Index Group, noted the wave of REIT legislation in Asian markets and the considerable scale of opportunity for companies to establish REITs. She also highlighted the broader economic concerns and other factors some of these markets are struggling to balance, which have all resulted in fairly rigid regulatory structures and less appealing investment vehicles.

Pietro Doran, Chairman and Founder of Doran Capital Partners, provided an overview on North Asian opportunities, dovetailing with a presentation on South East Asia: rising to the pressure of capital by Tan Yen Keng, Vice President Research, RREEF Asset Management. The Forum closed with a lunch presentation by Michael Kwok, Director, Ove Arup & Partners Hong Kong and Arup Offices, China providing an insight into the innovative developments changing the landscape of Beijing, being driven by the city's preparation for the Olympic games.

A gathering of minds

A first for the industry and the region, APREA also held its first roundtable with senior executives of the association's full membership in a closed session. Hosted as an adjunct to the Forum, the group discussed issues relating to the regional property sector.



← John Walker, Macquarie Group of Companies and Dr Kim Dai Young receiving a presentation from MC Tim Trink, Bae, Kim & Lee LLC

Keynote speaker, Pam Woodall, Asia Economics Editor, *The Economist* →





← Kyu Sung Lee, Chairman of KORAMCO REITs Management & Trust Company, and former South Korea Minister of Finance, officially opened the Forum

Delegates during a break at the APREA Property Leaders Forum in Seoul ↙



ASIA IS MORE RESILIENT TO A US RECESSION. ASIA'S EXPORTS TO THE REST OF THE WORLD HAVE REMAINED ROBUST DESPITE A DRAWBACK FROM THE US

Discussion points included:

- The impact and expected duration of the financial crisis on different countries and sectors in the region.
- Softening in real estate prices.
- What is happening with valuations?
- Acquisition activity in different markets around the region.
- The importance of APREA as its representative body in educating and inform-

ing on the Asian real estate market; the important role played by APREA in the promotion of standards and facilitating an exchange of best practice standards and targets.

About APREA

The Asian Public Real Estate Association (APREA) is the leading professional body representative of participants in publicly traded real estate throughout Asia. Based in Singapore, its membership comprises listed real estate companies, listed real estate trusts, unlisted property funds, investment managers, investment banks, property securities fund managers, institutional investors, real estate consultants, corporate advisors, stockbrokers, investment advisors and universities.

APREA's achievements in education and information dissemination, and focus on improving the general real estate operating environment, have firmly entrenched it as the leading representative body for the industry in the region. In particular, its achievements in driving regulatory improvements within the listed real estate trust sector extend beyond existing markets and pave the way for the emergence of new markets in other Asian countries.

→ www.aprea.asia

In my opinion, this is a landmark meeting that brought together a group of senior executives from full membership companies, who are playing an active role in the region's property sector. The discussions will help APREA to work better towards the continued growth and greater unity of the real estate market in Asia-Pacific.

The 2009 APREA Property Leaders Forum will be held in Hong Kong in April, and will build on the success of many of the innovations delivered at this year's event, and provide even more opportunities for meetings between investors and property companies. ◀



By Professor Graeme Newell
University of Western Sydney

Sustainability best practice taking root among European property companies

In the October 2007 EPRA newsletter, I presented a review of the significance of sustainability by REITs in Australia. In several cases, they were leaders in implementing sustainability practices. Since then, I have looked at many of the European property companies and their approaches to this issue. In several instances, these European property companies are world leaders in 'Green' practices in their property portfolios. This article showcases some of the strategies that European property companies are now implementing in delivering excellence and best practice in sustainability.

Sustainability has taken on increased importance in recent years, with increased awareness internationally that sustainability is a number one priority. In particular, the property industry has a major impact on the environment, with buildings contributing up to 50% of CO₂ emissions, 40% of energy requirements, 16% of water usage, 40% of solid landfill waste, 50% of raw materials and 71% of electricity consumption.

Official legislation regarding sustainability has also been introduced at both the international and local levels; this includes the Kyoto Protocol, UN Principles of Responsible Investment and the EU Directive on Energy Performance of Buildings. Importantly, the property industry has actively contributed to this sustainability agenda. This has been

evident via the World Green Building Council, which includes several European members (UK, Germany, Greece, Switzerland, Turkey), as well as a range of green building rating schemes established, including BREEAM (UK), LEGEP (Germany), Equer, ESCALE and HQE (France) and EcoQuantum (Netherlands).

Sustainability and the European property company

How do the European property companies rate regarding their sustainability practices at a global level? The good news is that they make a significant contribution and several are among the world leaders.

For example, in the global 100 index for 2008, comprising the top 100 sustainable companies in the world, there are three

European property companies (British Land, Land Securities and Liberty International). Similarly, in the Dow Jones World Sustainability Index, seven of the 13 property companies included are from Europe (British Land, Castellum, Hammerson, Klepierre, Land Securities, SEGRO and Wereldhave). Among these, Land Securities is rated #1 in the property sub-sector, and is also rated #1 in the broader financial services sector; an outstanding achievement (see Figure 1 for the Land Securities DJWSI profile).

Also, in the FTSE4GOOD index, 26 of the 46 property companies included are from Europe; including France (eg: Gecina, Klepierre, Unibail-Rodamco) and UK (eg: British Land, Hammerson, Land Securities, SEGRO, Workspace and 21 others). European property companies actively contribute to the Carbon Disclosure Project on climate change risk management, as well as many seeing sustainability as a fundamental element in their corporate strategic agenda and integrated into their business platform at all levels of their property activities (eg: PRUPIM and Hermes).

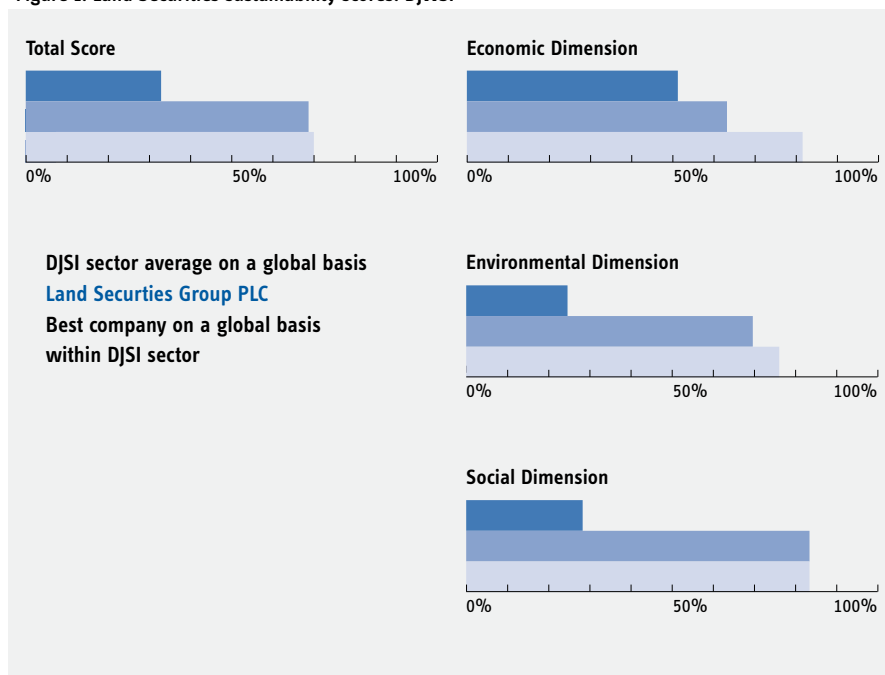
Best practice procedures in sustainability

What are the best practice sustainability strategies now being utilised by European property companies? Many of these strategies are 'top-down', and highlight how sustainability has now been embedded in property company culture and strategy.

Many European property companies now produce an annual Corporate Responsibility Report, covering all aspects of environmental sustainability (see Figure 2). The level of sustainability reporting in these CR reports has improved considerably in recent years, with considerable detail and performance information now provided. This includes:

- environmental policy statements
- sustainability strategies
- targets, including objectives, targets and KPIs (eg: environmental, suppliers)
- progress against targets (eg: energy consumption, CO₂ emissions); often audited by independent groups (eg: Bureau Veritas)

Figure 1: Land Securities sustainability scores: DJWSI





Sustainability best practice taking root among European property companies

Figure 2: Typical sustainability reports:



Land Securities



Hammerson

- future sustainability objectives
- environmental management performance; benchmarked at a company, sector and industry level.

Figures 3-5 give typical examples of this detail now provided in these sustainability reports.

Several innovative aspects concerning environmental reporting are also now provided; these include:

- ecological footprint and carbon audit; often in conjunction with the Carbon Trust (eg: Liberty International, Workspace; see Figure 6)
- assessing progress to environmental targets via an Upstream "Third Dimension" report (see Figure 7); this assesses portfolio risk-adjusted returns against a sustainability score, benchmarked against other sectors.
- presenting the company's DJWSI profile;

Figure 3: Selected environmental targets: Hammerson

2007 CR Targets: Environment		Target status
Acquisition		
To review the acquisition checklist to include more specific criteria relating to public transport, biodiversity and energy consumption (France).		In progress ¹
Design		
To ensure current and future retail centre developments have a green travel plan.		In progress ²
To ensure biodiversity is considered as part of the sustainability strategy for our assets and developments.		In progress ³
To create a sustainability implementation plan for each pipeline development.		↑ Fully achieved
To aim for a BREEAM Excellent rating.		↑ Fully achieved
To specify minimum percentage of recycled materials on our projects.		↑ Fully achieved
To develop an Environmental Charter for the construction of retail parks addressing the issues of water and waste management, biodiversity and transport (France).		↑ Fully achieved
Construction		
To introduce energy efficiency reporting requirements by contractors on construction sites and monitor their performance.		In progress ⁴
To introduce water efficiency reporting requirements by contractors on construction sites and monitor their performance.		↑ Fully achieved
To introduce waste management reporting by contractors on construction sites and monitor their performance.		↑ Fully achieved
Management		
To continue to reduce carbon emissions associated with energy use in our shopping centres by 3% against previous year.		↑ Fully achieved ⁵
To continue to reduce carbon emissions associated with energy use in our offices by 3% against previous year.		Not achieved ⁵
To incorporate sustainability KPIs into business plans for each asset.		In progress ⁶
To review energy efficiency and waste management in two existing shopping centres and two existing retail parks and produce implementation plan.		↑ Fully achieved
To introduce carbon neutral travel plan to three existing retail centres.		Not applicable ⁷
To have zero pollution incidents across all managed operations.		↑ Fully achieved
To ensure that a CR action plan, including at least one environmental target, is developed for each and every acquisition completed (France).		Not achieved
To investigate opportunities for implementing rainwater harvesting systems enabling the re-use of rainwater in different parts of buildings under management (France).		↑ Fully achieved
Own Occupation		
To continue to reduce energy consumption per capita at the group's head office by 3%.		↑ Fully achieved

Notes
 1. The Acquisition Analyst in France has reviewed the UK's Sustainability Management Framework for inclusion in the French acquisition checklist but no decision has yet been taken and therefore this target is in progress.
 2. Green travel initiatives have been developed for each existing and future shopping centre but few have substantial green travel plans; this will be taken forward in 2008.
 3. Sustainability Implementation Plans now incorporate biodiversity impact assessments for new developments; Hammerson has not yet determined how best to address this issue for current assets.
 4. Hammerson introduced the requirement for energy reporting by contractors during 2007 on some development sites and this will be mandated for all contractors during 2008.
 5. In last year's report this was printed as one target. During the audit process, Upstream decided to split the target into two due to the fact that the assessment of shopping centres is made upon car park and common part energy use, over which Hammerson has significant control, whereas for offices, it is made upon total landlord and energy consumption, much of which Hammerson can only influence at management stage.
 6. Full completion of this target was held up by internal governance reorganisation but Hammerson made as much progress as possible in this area. A general pro-forma was developed, incorporating corporate sustainability objectives and asset managers have included this pro-forma in their business plans for 2008.
 7. This target was considered and a decision was taken that performance improvements should take precedence over carbon offsetting. For this reason, the target was judged "not applicable".

benchmarked at a sector and global level (eg: Land Securities, Hammerson; see Figure 2).

- use of green leases.

Other specific sustainability details now reported includes:

- sustainability awards at local, industry and government levels
- use of 'green power' and carbon bio-

Moving forward

This article has only been a snapshot of some of the major sustainability initiatives now being implemented by European property companies. EPRA will shortly be publishing a fuller report on the more detailed

Figure 4: Performance indicators: Hammerson, British Land

	CO ₂ (tonnes per year)			CO ₂ (kg/m ²)		
	2005/6	2004/5	2003/4	2005/6	2004/5	2003/4
Electricity (kWh)	17,879*	17,980	18,269	12.55	14	19
Gas (kWh)	4,648	5,173	5,998	6.545	9	16
Oil (kWh)	0.17	0.312	35	0.02	0.04	2.65
Total	22,527	23,153	24,302	-	-	-

Figure 5: Ecological footprint: Workspace

	Ecological Footprint (gha)	%	CO ₂ Emissions (tonnes)	%
Total	89.3	100%	296.0	100%
Utilities	85.4	96%	288.8	98%
Materials and Waste	3.7	4%	6.6	2%



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By Professor Graeme Newell
University of Western Sydney

lishing a fuller report on the more detailed study I have done for EPRA regarding sustainability practices by European property companies, including case-studies. This will be available around the time of the Stockholm conference in September.

Much is happening in this key area of sustainability and property. The previous focus on risk reduction and future-proofing is

moving forward quickly to a fuller link between sustainability and demonstrated performance. Work is now being done in this area using substantial property databases (eg: CoStar) and the initial results are very promising; stay tuned.

Also, check some of the sustainability reports I have mentioned in this article; they are on the property company websites. Ones that

really impressed me with their breadth, depth and innovation in reporting sustainability were Workspace, British Land, Land Securities, SEGRO and Hammerson. They clearly demonstrate the strong sustainability agenda now being implemented by many property companies in Europe. ◀

Figure 6: Upstream performance review report: Workspace

Sustainability impact area	Number of targets	0%	25%	50%	75%	100%	VIOD
ALL	27	2	2	2	4	17	0
Investors & Marketplace	3	0	0	0	1	2	0
Customers	3	0	0	1	0	2	0
Employees	3	0	0	0	0	3	0
Communities	2	0	0	0	0	2	0
Supplies	4	0	0	0	0	4	0
Health & Safety	4	0	0	1	2	1	0
Environment	8	2	2	0	1	3	0
% of total Sustainability target	100%	7%	7%	8%	15%	63%	0%



Graeme Newell
Professor at University of Western Sydney

Graeme Newell is professor of property investment at the University of Western Sydney. He is actively involved in property research and has strong links to the property industry, both in Australia and internationally. Professor Newell is a member of the EPRA Academic Circle and has previously prepared research reports for EPRA on the diversification benefits of European property stocks in portfolios.

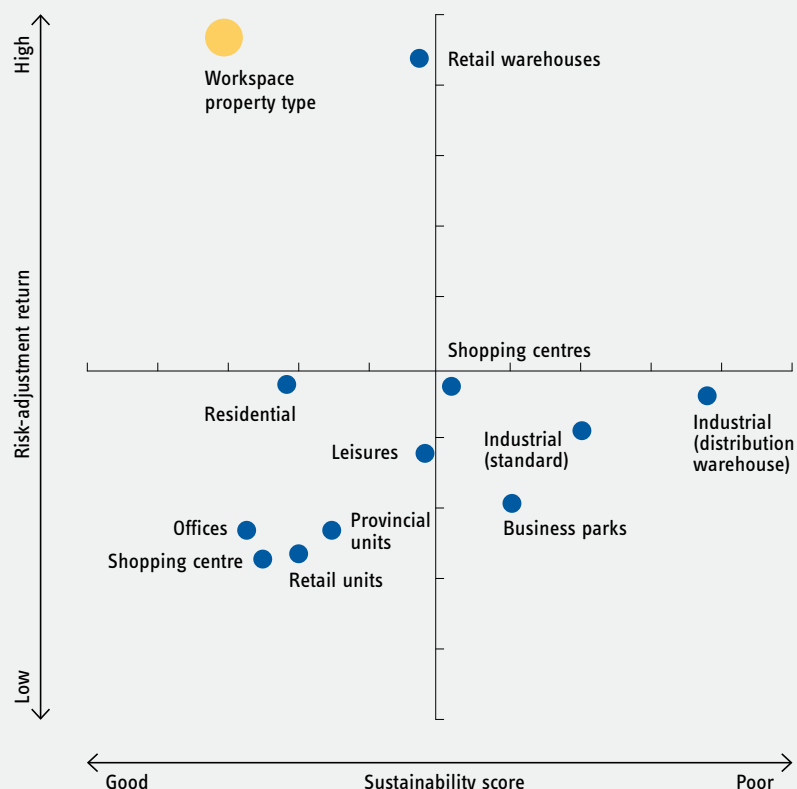
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Figure 7: Upstream “Third Dimension” performance profile: Workspace

2006 Sustainability/RAR by property type





By: Steve Hays
Director, Bellier Financial

FSIF/EPRA Paris seminar – European REIT momentum



Steve Hays
Founding director of
Bellier Financial

Prior to establishing Bellier Financial, Steve Hays was a journalist at Reuters News Agency for 16 years where he researched and initially set-up the company's global real estate news service. He was also previously Chief Correspondent for European Fund Management, responsible for coverage of investment and pension issues, and Global Commodities Editor, where he planned the framework for subsequent local language news and market services in China and Brazil, and established a worldwide metals production database.

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The listed French property industry has given its backing to EPRA, in the drive to establish a common framework for European REIT regimes, to facilitate cross-border investment, and the growth of REITs in Europe.

“We believe that EPRA is best placed to lead the campaign in Brussels because of the strong support they have given to the development of REITs at the national level in most of the key European markets,” Jean-Paul Dumortier, President of La Fédération des Sociétés Immobilières et Foncières (FSIF) said.

He was speaking at a recent joint FSIF/EPRA seminar in Paris.

About 12 of the FSIF's 48 member companies are also members of EPRA, which has 17 French members in total. Dumortier urged other French real estate firms to join the European association to boost its lobbying effort at the EU-level in Brussels.

“We need EPRA as the interlocutor with the EU Commission to tackle areas such as dou-

ble-taxation and regulation. EPRA has already proved they are technically the best qualified with their work in areas such as the Best Practices Guidelines for European real estate companies and with the FTSE EPRA/NAREIT indices, which are the performance benchmarks for the industry,” he added.

Dumortier said the French SIIC represented a very flexible regime for investors, with no bar on development, realistic shareholding requirements, no limits on leverage and opportunities to include some non real estate activities in the REIT tax shell.

EPRA Chief Executive Philip Charls told the seminar that the association is dedicated to expanding the listed real estate industry in Europe, and now represents 220 companies with EUR 300 billion in assets, or roughly 85% of the market.





“WE NEED TO CAREFULLY CALIBRATE OUR EFFORTS IN BRUSSELS TO ENSURE THAT MEASURES TAKEN AT THE PAN-EUROPEAN LEVEL DON’T DAMAGE SOLID NATIONAL REIT STRUCTURES, SUCH AS THE SIIC REGIME IN FRANCE.”



“We want to help the development of REITs in those European markets, such as Finland, where they don’t exist, and also encourage the growth of existing REIT regimes by reducing the barriers to cross-border investment and synchronising the tax aspects of REIT regimes in Europe. But we need to carefully calibrate our efforts in Brussels to ensure that measures taken at the pan-European level don’t damage solid national REIT structures such as the SIIC regime in France,” he said.

French REITs best performers, worldwide

EPRA Research Director Fraser Hughes presented research showing that French property companies have been the best performing among real estate stocks worldwide from a risk/return perspective over the last ten years. France is the second largest European market represented in the FTSE EPRA/NAREIT Global Real Estate Index, after the UK, with 3% of the index’s total free float market capitalisation of USD 900 billion. Europe as a region makes up 19% of the index, after Asia at 41% and North America at 40%.

However France, which established the SIIC regime in 2003, lags some older REIT markets in terms of ten-year average yields, Hughes added. French real estate yields have averaged about 4.8% over this period compared with the Netherlands at just below 7% (REITs established in 1969), the US (1960) and Australia (1985) both 6.8% and Belgium (1995) 5.4%.

“The market capitalisation of the French SIIC companies today is about EUR 50 billion – though of course due to the falls in the global market it was significantly higher six months ago. France is now actually bigger than the UK REIT market because British REITs have fallen by around 40%, while we’re down 20%,” the FSIF’s Dumortier said.

“The French companies have been less affected because the compression of cap rates has been less significant in France than it was in the UK. If you compare British and French companies, the French firms are more industrial – they do more development to create value – whereas UK real estate firms are managed more like investment funds,” he added.

Dumortier said the FSIF would now focus its work on behalf of the French real estate industry more at the pan-European level mainly through EPRA, as it feels it has achieved as much as it can for investors with the SIIC structure in France.

“The essentials have been achieved for the SIIC structure in France, and the remaining tax and regulation problems largely lie at the OECD and pan-European level. SIIC is probably as good as it can get and there is no likelihood the regime will be rolled back,” he concluded. ◀

Images from: www.photoeverywhere.co.uk

About Bellier Financial Marketing

Bellier Financial Marketing is a full-service public relations agency and marketing consultant serving the Dutch and international financial industries with a focus on fund management and real estate.

Combining our extensive experience in public relations and consulting with our in-depth knowledge of the financial sector, we work with our clients to design and realise their marketing objectives and strategies for success in today’s intensely competitive marketplace.

A number of financial industry leaders have chosen Bellier Financial Marketing as their public relations agency and marketing consultant.



By: Dominic Turnbull
 Communications manager, EPRA

A view from the bridge

EPRA gathered together ten CEOs from listed real estate firms, and allowed the discussion to flow. In today's choppy waters, how often does the CEO get to speak freely and objectively about the everyday issues that influence the course he or she steers?

The challenges and opportunities for the listed real estate sector are enormous, and well documented. They are being addressed by thousands of micro-decisions everyday, and strategised in as many different ways – leveraging experience, effective partnering and simple business instinct.

But who's managing the process? What's it like being right where the buck stops? Spare a thought for the person who must ultimately sign off on everything, who must very publicly sink or swim in our pond of publicly traded stocks.



Dominic Turnbull
 EPRA Communications
 Manager

Dominic Turnbull is our new face of Communications here at EPRA. He brings a background in journalism and marketing, and will increasingly be urging members to contribute to EPRA activities and be seen both inside, and beyond, the association.

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In Q2, EPRA set the stage for a meeting of minds and ideas, deep in the woods outside Brussels. At the first EPRA CEO Conference for public real estate companies, the floor was given over to CEOs, for CEOs and witnessed purely by CEOs. And naturally, given the competitive nature of those attending, special attention was given over to ground rules.

The discussion was lead by consulting company Bain. Their team provided the structure and focus, throwing up questions that could so easily be ducked in the real world, or just never asked:

- How do you balance the urge to attract and repel Private Equity?
- How do your justify remuneration policies?
- Do your values mirror your share holders?
- Where does all that leave CSR?

What was discussed ranged even further, with often surprising assessments and anecdotes. We found the group to be responsive, energised and very much connected.

Rarely has the real estate CEO's perspective been so understood and embraced. One attendee pointed out: "It's a lonely life at the top". For this group of CEOs at least, with a new network of peers to confer with, it will be less so. ◀





A view from the bridge



HOW OFTEN
DO YOU CONSIDER...

WHAT IS YOUR CORE AND
WHAT IS ITS FULL POTENTIAL?

HOW FAR FROM THE CORE
MUST YOU GO TO ACHIEVE
YOUR STRATEGIC OBJECTIVE?

WHAT ARE THE POTENTIAL
GROWTH OPPORTUNITIES
FOR REAL ESTATE
PROPERTY COMPANIES?





By: Dr Richard Barkham & Ruth Hollies
Grosvenor Group

A focus on betas in property



Dr Richard Barkham
Group Research Director

Richard Barkham has a degree in Economics and Geography and a PhD in Economics. He is also a Chartered Surveyor. He specialises in using the tools and techniques of financial, macro and urban economics to analyse property market processes. Richard has been Grosvenor Group Research Director for two years and is responsible for economic research and analysis, long term planning and capital allocation. He also coordinates the work of the research teams located in Grosvenor's operating companies.

Prior to his current appointment, Richard was research director for Grosvenor Britain and Ireland. In this job, he had the good fortune to be involved in the research support for Grosvenor's large retail developments in Cambridge, Liverpool and Preston. Before this Richard was an academic. In fourteen years at the University of Reading (PhD student, Lecturer, Reader) Richard taught and researched most aspects of property finance, valuation and economics. He has produced numerous papers on real estate economics and a book on regional economic development.

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Ruth Hollies
Group Senior Research Analyst

Specialising, mainly, in quantitative techniques and forecasting, Ruth works closely with other researchers around the world. Ruth holds a BSc in Agricultural Economics from Wye College (London University) and an MSc in Economics from Surrey University. Ruth is a member of the Society of Property Researchers, the Society of Business Economists and the IPF.

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A world overview and UK focus on company betas, measuring the sensitivity of an individual company's or sector's performance to changes in the economy.

Growth: GDP growth in Q1 was: modest but better than expected in the US (0.6% annualised), 'moderate' in China (10.6% y/y) and lacklustre in the UK (0.4% q/q). Generally, Q2 will be a weaker quarter, as earlier falls in confidence feed into real economic activity. However, the rate of US job losses eased in April seeing only a 20,000 fall in payroll numbers. Japan and Canada's reliance on the US means their recent activity has been dampened significantly, with a fall of 3.1% (m/m) in industrial production in Japan. Australia and China have their own momentum and although not fully bucking the global trend, will see only a moderation of growth over the coming year.

Inflation: In most regions, inflation is higher than central banks want: 3.3% Euro Zone, 2.4% US, 2.5% UK, 8.3% China, 4.2% Australia. Energy and food prices, whose behaviour is usually erratic and difficult to predict, have developed a persistent upward trend. Residential prices are falling in many countries, which combined with inflation will significantly reduce purchasing power and feed into weaker consumption. Heightened inflation expectations persist and spare capacity from recent economic weakness has not materialised enough to ease inflationary pressures.

Policy: Given the inflationary backdrop, monetary policy makers are facing a policy conundrum and are likely to keep rates stable for the immediate future. The US cut on the April 30 is likely to be the last for a while. Australian rates have peaked, but a cut from their current 7.25% is not imminent.

The Euro Zone may suffer another minor inflation spike when the Euro unwinds, adding to an already hawkish ECB stance.

Beta and the cost of equity capital to the UK property sector

The Capital Asset Pricing Model (CAPM) provides a relatively easy method of estimating the cost of equity capital to an industry or sector:

$$\text{Required Return} = \text{Risk Free Rate} + (\text{Beta} * \text{Equity Risk Premium})$$

The 'risk free rate' and the 'equity risk premium' are fairly well understood. Beta, which measures the sensitivity of an individual company's, or sector's, performance to changes in the economy, is less well understood, especially in property. To be better able to estimate the cost of capital, not only to property as a whole, but to different aspects of property business such as investment and development, retail and offices, we have undertaken some econometric analysis of property company betas in the UK. Our database is far from perfect but the initial results, though tentative, are interesting.

Based on the idea that beta reflects the security of the fundamental cash flows of a business, we strongly suspect that the following are some of the factors that drive individual company betas:

Gearing: the more highly geared a property (or any) company is, the more sensitive profits are to changes in turnover;

Region by region (changes in bold)			
	Growth	Inflation Rate	Short Int Rate
USA	Weakening	Steady	Stable
Euro zone	Weakening	Easing	Stable
UK	Weakening	Steady	Stable
Japan	Weakening	Steady	Stable
Canada	Weakening	Easing	Falling
China	Moderating	Rising	Stable
Australia	Moderating	Rising	Stable



A focus on betas in property

Driver Variable	Statistical Significance	Direction	Strength
Gearing	Strong	Positive ¹	High
Yield	Strong	Positive	Low
Development	Strong	Negative	Low
Freehold	Nil	Unclear	Nil
2002	Strong	Negative	High
2003	Strong	Negative	High
2004	Strong	Negative	High
2005	Strong	Positive	High
2006	Strong	Positive	High

¹ Increase in variable leads to increase in beta

conomic growth but also because tenants are less stressed. We think that property company betas vary over time in response the interest rate environment.

To test our hypotheses, we used betas calculated for a sample of 40 British property companies and regressed these betas on the data extracted from each company's report and accounts. Panel estimation techniques were used on data that stretched back five years. Table 1 summarises the results.

As expected, the results show that as gearing increases so also does beta. Graph 1 shows financial gearing and beta and Graph 2 shows the related issue of interest cover. The results also indicate that higher yields on a company's property assets are weakly associated with higher beta.

Clearly the risks associated with high yielding property such as short leases and poor covenants dominate the cash flow benefits of yield. Completely against expectations, higher levels of development seem to be associated with lower betas. It is possible that, higher levels of development are being undertaken by the bigger and more substantive companies and the regression is insufficiently well specified to isolate this effect. Proportion of freeholds in the portfolio is not related to beta at all.

Possibly the most interesting finding in the analysis is the importance of time period on beta. Between 2002 and 2004 as interest rates fell, so also did average property company betas. In effect, the real estate industry got a two-pronged boost to its cost of equity capital, the first from falling interest rates, the second from falling betas. As can be seen, the reverse has been true since around 2005; as rates have been rising so have betas.

It was only a matter of time before this fed through into values. We expect property company betas to continue to rise as the impact of higher interest rates on the credit quality of tenants is felt in the property market. Although, the research is somewhat inconclusive on the issue of property activity and beta, it highlights the danger of relying on historic betas (that reflect more benign monetary conditions) to estimate forward cost of capital. ◀

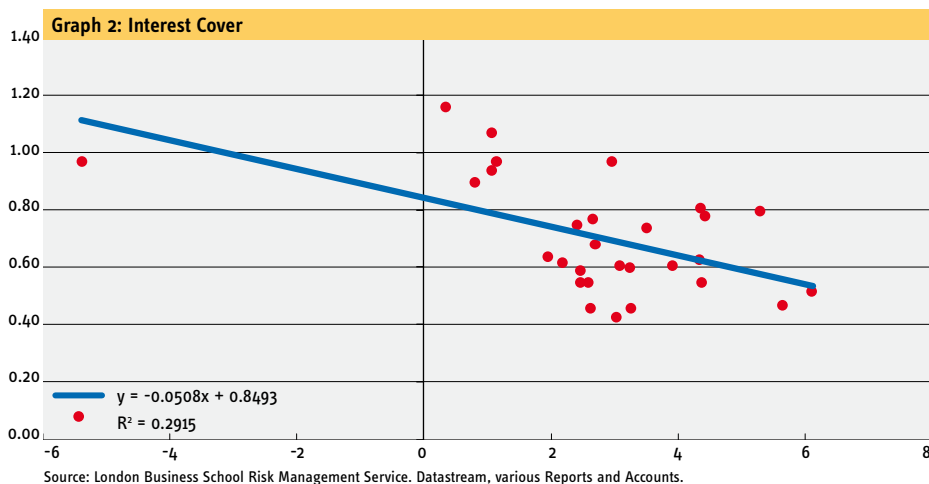
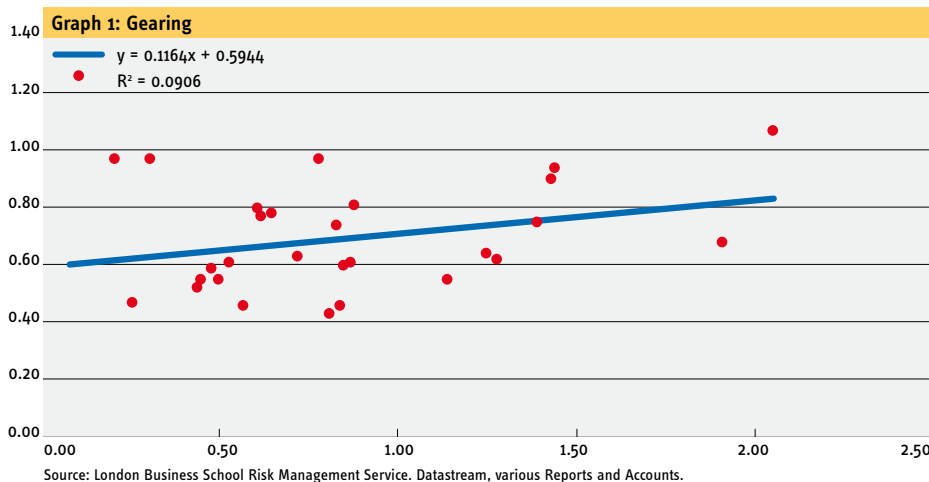
Yield on property assets: low yielding property is traditionally considered low risk because it is well located or let on a long lease to a secure tenant. However a low yield also means that a higher proportion of the total return has to come from growth which is highly sensitive to the state of the economy. We thought yields would affect beta, but were not sure in which way;

Development as % of net assets: property developments are highly exposed to market movements in construction cost and tenant

demand (unless they are pre-let). We thought that more development would mean a higher beta;

Freehold ownership: cash flow from a freehold is more secure than cash from property held on a long leasehold basis, because in the case of the latter, in many cases, rents are payable to the freeholder whether the property is let or not;

Time period: cash flows from property tend to be much more secure in times of falling interest rates, partly due to enhanced eco-





By: Joe Mannina
Executive VP, RCA

BRIC-solid investment

Real Capital Analytics reports on the transactions fuelling property investment in the emerging markets around the world.

With global real estate markets slowing to a crawl, investors are caught between high prices and low returns on core properties in developed markets, and the risk and potential high returns of new development schemes in emerging markets. Property investment in emerging markets is attracting so much capital the world over that some are wondering if there are sufficient opportunities to invest it all.

Already investors have had to expand into tertiary markets in China and secondary markets in India as prices in the major cities have steadily climbed. Others are looking for even better investment returns beyond the so-called BRIC countries – Brazil, Russia, India and China.

Investment in emerging markets continues to shine, even though property transactions in the developed world have plunged. In Q1 2008, emerging markets posted a 43% increase in transaction activity while the developed world witnessed a 54% drop in volume. Emerging markets accounted for nearly 25% of all property sales during that period, achieving a significant milestone. Over

the past 12 months, direct property acquisitions in emerging markets have totaled USD162 billion, but this is only the tip of the iceberg. Developable land represents about two-thirds of total acquisitions in emerging markets; however, development costs are not included, and this additional investment is certainly a multiple of the land price. In addition, a considerable amount of capital is also being used to acquire stakes in companies in emerging markets that have local real estate expertise and development experience.

China is the target destination for much of the real estate capital earmarked for emerging markets and was home for nearly two-thirds of the property acquisitions over the past year. Russia placed second, although Brazil and India are not far behind – and both of these countries have experienced a surge in transactions so far this year. The BRIC countries are capturing roughly 75% of emerging market property capital, but investors are increasingly looking beyond these four countries.

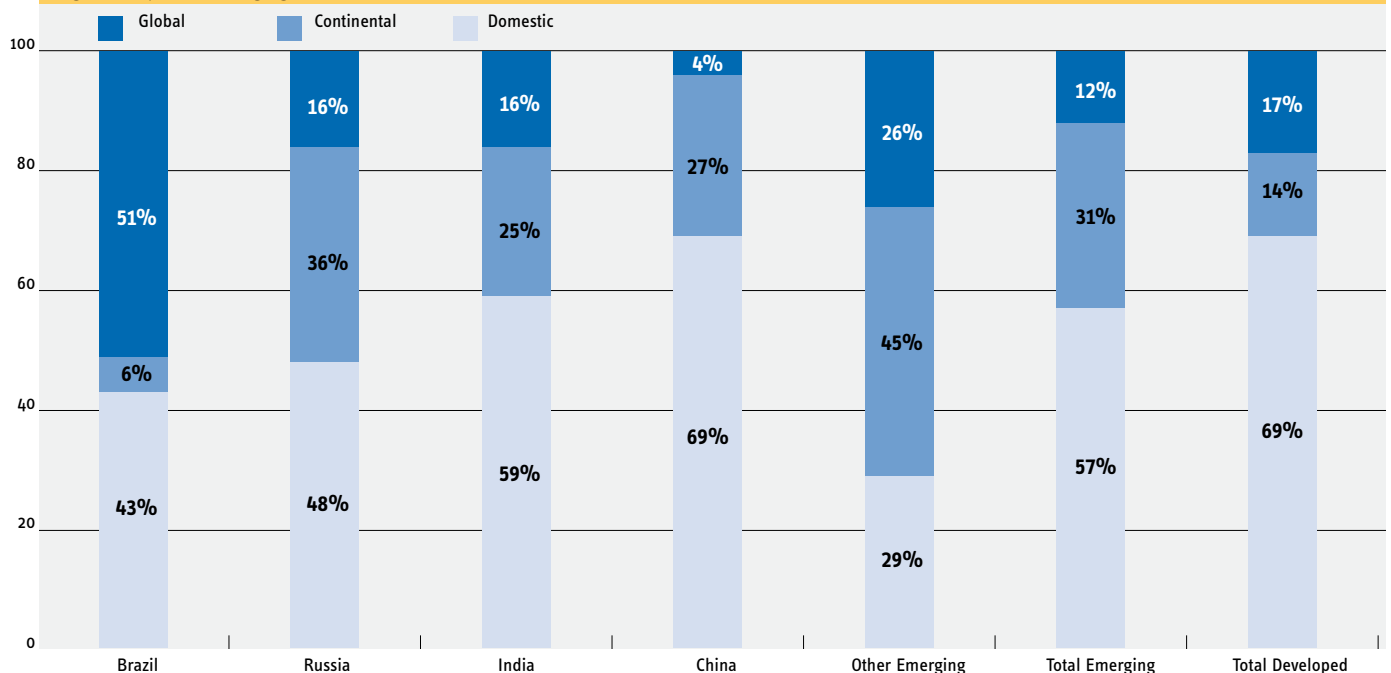
Some 50 countries that the IMF has designated as ‘emerging’ have seen significant

investment activity over the past year, with 18 of these countries located in Europe. Taken as a whole, Eastern Europe recorded over USD25 billion in property sales over the past year, making it the second largest region for emerging market property investors. Poland rivals Russia in terms of investment, and Romania and the Czech Republic also boast robust activity. In Southern Europe, Turkey has attracted the attention of a number of investors. Africa witnessed USD2.6 billion of major commercial property transactions, with most occurring in South Africa. Malaysia has become the most active market in Southeast Asia, although investor interest in Vietnam is also high. Emerging countries in Latin America have posted some of the largest gains in activity over the past year. Brazil and Mexico account for 90% of investment, but increasingly, investors are finding Peru, Argentina and Chile attractive alternatives as well.

BRIC investment growth

For the last several years, investors in developing markets have been abuzz with ‘BRIC’ – the acronym that stands for Brazil, Russia, India and China – the four largest and most dynamic economies in the emerging world. The BRIC countries are targets for all types of investment, with much of the focus on the property sector through both direct property

Origin of Buyers In Emerging Markets





BRIC-solid investment



Shanghai



Rio de Janeiro



Mumbai



Moscow

BRIC countries are beginning to take the limelight.

acquisitions, development and indirect investment through minority stakes of prominent local developer/owner/operators. Activity in the BRIC markets for direct property acquisitions is up 54% compared to 43% in all emerging markets, but trends vary among the broader group.

acquired many buildings in both large and small Brazilian markets over the past couple of years. Other cross-border players active in the region include Brookfield (having invested USD1.9 billion in the country from 2007-08), Imocom Grupo from Portugal and Union Investments from Germany. Domestic

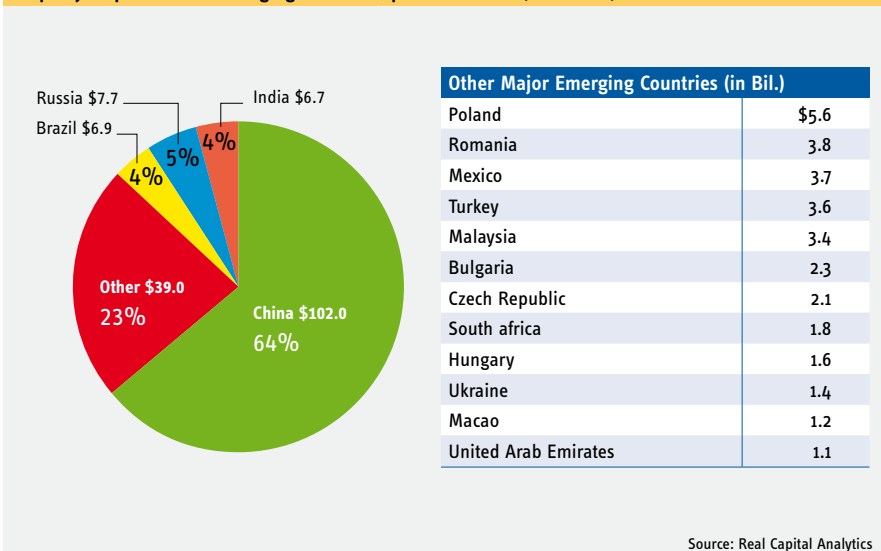
buyers have also been active with firms like General Shopping Brasil chasing the emerging middle-class and driving a booming retail market. Over the last five quarters, there were more retail property sales in Brazil than Canada, USD4.1 billion to USD3.6 billion.

Brazil

Since January 2007, Brazil has transacted over USD1 billion in commercial real estate in each quarter, consistently outpacing other regional competition such as Mexico, Chile and Argentina. Development sites in Brazil have been selling for record prices, as investors aim to build in dense areas. Recent purchases include Mirae's 14.8 acres in Sao Paulo (at USD28 million an acre) and McCafferty contracting to purchase 4.7 acres in the same city for USD61 million an acre. This last transaction is believed to be the highest price ever paid for land in Brazil.

Foreign capital accounts for 57% of recent investment into Brazil. Large firms backed by US interests, such as Equity International's partner firms BR Malls and Bracor, have

Property Acquisitions in Emerging Countries, past 12 months (in billions)



Source: Real Capital Analytics



By: Joe Mannina
Executive VP, RCA

Russia

Russia is the second largest force behind BRIC and accounted for approximately USD7.7 billion of volume transacted in the last year. Russia's commercial property pool is comprised 80% of existing properties, quite different from India and China where 75% of transactions are for land. Offices have been the most desired property type, and represented USD3.5 billion or 34% of all Russian property trades. Forward purchase agreements, where a buyer makes a deal now for a building to be delivered at a later date, were more prevalent in Russia than any other BRIC market with 30% of all volume over the last five quarters. For example, in March 2008, Kan Am signed a forward purchase contract for nearly USD900 million or USD823/sq.ft. for four offices in Moscow to be built in 2009.

Russia's unique socio-political environment calls for foreign buyers to form joint ventures with local partners to engage in business. Cross-border buyers, many with local partners, represented the biggest share of the Russian commercial real estate market, with USD5.2 billion or 52% of market activity over the last five quarters. Out of the BRIC nations, only Brazil had a higher proportion of cross-border investors.

India

India experienced 210% increase in sales volume in Q1 2008 compared to a year earlier, making it the fastest growing transaction market globally. The strong growth is

PROPERTY INVESTMENT IN
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mainly driven by the developable land sales which accounted for 75% of the total USD6.7 billion sales. Two significant transactions

involving development sites are a 95-acre plot of land in Noida, bought by the local developer BPTP Limited, for USD840 million in March 2008 and an 18.6 acre primary lot sold by the Mumbai Metropolitan Region Development Authority for USD696 million in August 2007.

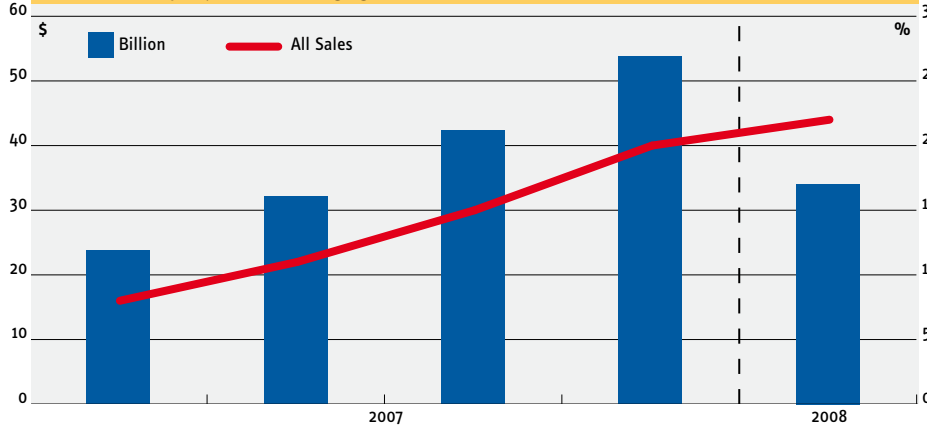
Although India's land market is considerably smaller compared to China, India's land is the most expensive among BRIC countries with an average of USD234/sq.ft. Unlike China, a significant factor to consider when comparing land sales in the two nations is that Indian land is sold on a fee basis whereas all land in China is leasehold. Like China, property ownership in India is regulated and dominated by the domestic buyers who are responsible for 59% of capital invested in India. Global investors on the other hand, are constrained in their ability to invest with local partners and have a much smaller presence, representing 16% of India's volume.

China

China is the main driving force in BRIC in terms of sales volume accounting for USD102 billion over the past 12 months, nearly USD89 billion or 89% of commercial property sales in China involved developable land rights. China accounted for half of all development sites transacted globally. It's notable that four of the five most significant billion-dollar development site transactions are all in 2nd and 3rd tier cities, including Changsha's 194 acre of Delta River development right granted to two Chinese developers, Beijing North Star Co Ltd and Beijing Urban Development Group, for USD1.2 billion in July '07.

Among BRIC countries, China has the least expensive industrial space with an average of USD44/sq.ft. and the most expensive retail and apartment properties at USD358/sq.ft. and USD1 million/unit respectively. China-based buyers (including Hong Kong) formed the biggest buyer group responsible for 69% of China's total capital and make China the leading domestic-driven market in BRIC. At the same time, the global investors' market share in China is the smallest in the group. This is in part due to China's strict foreign investment policy making it difficult for foreign investors to freely invest without a joint venture with a local company. ◀

Commercial Property Sales in Emerging Markets



About Real Capital Analytics

Real Capital Analytics, Inc. is a global research and consulting firm with offices in New York City, San Jose, The Hague and London. Started in 2000, the firm's proprietary research is focused exclusively on the investment market for commercial real estate. It is a private company held primarily by its employees.

In addition to collecting transactional information for current property sales and financings, RCA analyses and interprets the data, providing valuable insight on commercial real estate investment. It publishes the Capital Trends Monthly report.

www.rcanalytics.com



By Steve Hays
Director, Bellier Financial

Upbeat and confident

Real estate investors should focus on emerging markets as these are where the greatest opportunities lie rather than in the developed world. That's the word from legendary US real estate investor Sam Zell, during a NAREIT EPRA seminar at Claridge's Hotel in London, in April.

“We are now very focused on emerging markets such as Mexico, Brazil and Chile, as we don't see significant real estate investment opportunities in the US. We see even less in Europe where the economy is only growing at about 2% a year,” said Sam Zell, the Chairman of Equity Group Investments at a seminar organised by NAREIT, in cooperation with EPRA and the UK's REITA group in April.

“The key thing when you go offshore is that you don't always get the support of the rule of law, so the quality of the relationship with your local partner is even more important than your real estate investments,” Zell continued. He said his investment company had built, self-financed and closed 60,000 residential units in Mexico, but had barely scratched the surface in terms of the underlying pent-up demand.

NAREIT President and Chief Executive Steven Wechsler introduced Zell as a contrarian visionary and a great dancer, who pulled off in 2006 what at that time was the largest private equity deal of all time - the \$39 billion sale of Equity Office Properties Trust to the Blackstone Group. In retrospect, the Blackstone deal probably marked the top of the seven-year bull market in US REITs, Wechsler said.

“I got out of offices because I didn't expect any dramatic change in the metrics of occupancy. To my knowledge, not a single contract for a sizeable new office building in the US has been signed in the last nine months, which means we've cut off nine months of supply,” Zell said. He described the current credit crunch as a giant crisis of confidence, rather than a crisis of liquidity, which stemmed from the excesses in the financial markets of the past few years.

“Mortgage salesmen destroyed the health of their customers, but I don't think we'll see an international meltdown stemming from this. The capitalist system with the help of



Claridge's Hotel

THE CURRENT CREDIT CRUNCH IS A GIANT CRISIS OF CONFIDENCE, RATHER THAN A CRISIS OF LIQUIDITY

interventionist monetary policy has performed very well, and the US economy is much stronger than current market wisdom would suggest.”

Zell described the mass securitisation of debt off banks' balance sheets as a fundamental mistake because the execution, or exit route, for all of this new traded paper hadn't been thought through in the event of the markets crashing. “You allocate massive amounts of capital to very complicated structures, without knowing how to unlock them. It's like locking all the doors in a huge house and nobody having the keys,” he said.

But Zell said he thought much of the capital written off by the banks would reappear in corporate results in the future, because a high proportion of the debt securitised would

retain value and hadn't simply fallen to zero worth.

Zell said investors had been foolish to depend on credit rating agencies for peace of mind in their investments.

Wishful thinking over realism

“There has been an over-reliance on credit rating agencies. If I'm an issuer paying an agency to rate my credit, it's like a fox in a chicken coop and anyone who blindly traded due diligence for a AAA rating is a fool.” The US REIT industry had fared pretty well during the credit crisis because of the moderate levels of leverage, averaging between 30% to 50% they have employed, he added.

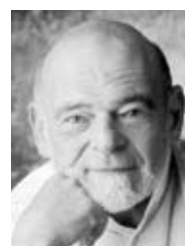
“There really is no REIT in danger in the US that I'm aware of. You'd have thought from the media coverage that REITs had suffered immensely, but nothing could be further from the truth,” he said.

“I don't think the US is in a recession yet, but I think we could be going into one. Offsetting this is that exports are increasing sharply because the undervalued dollar is making us much more competitive. People don't realise that the US farm economy grew 50% in 2007, which is incredible,” he added.

But Zell said he didn't believe the dollar had much further to fall.

“Despite the events of the last few years, it is naive to assume that anything except the dollar could be the world's reserve currency. The eurozone is slow growing and has a fast ageing population, and yet the euro is supposed to be the strongest currency in the world? The current situation is an aberration,” he concluded. ◀

Steve Hays is a founding director of Bellier Financial based in Amsterdam.



Sam Zell
Chairman of Equity
Group Investments



By: Laurens te Beek
EPRA Researcher

Efficient frontiers and the real estate effect



Laurens te Beek
EPRA Researcher

Laurens te Beek holds a BA in Business Economics and a MSc in Economics from University of Amsterdam.

He started his career at Euronext Indices BV where he gained extensive knowledge of the FTSE EPRA/NAREIT Global Real Estate Index. He then worked as an International Analyst at European Investors Inc. In May 2006 Laurens joined EPRA.

One of the basic elements of modern portfolio theory is the risk/return trade-off, and how asset selection and diversification can be used to optimise the risk/return profile of an investment portfolio. An important tool in this process is the efficient frontier. Hence the question, what happens to the efficient frontier when real estate stocks are added to the investable universe?

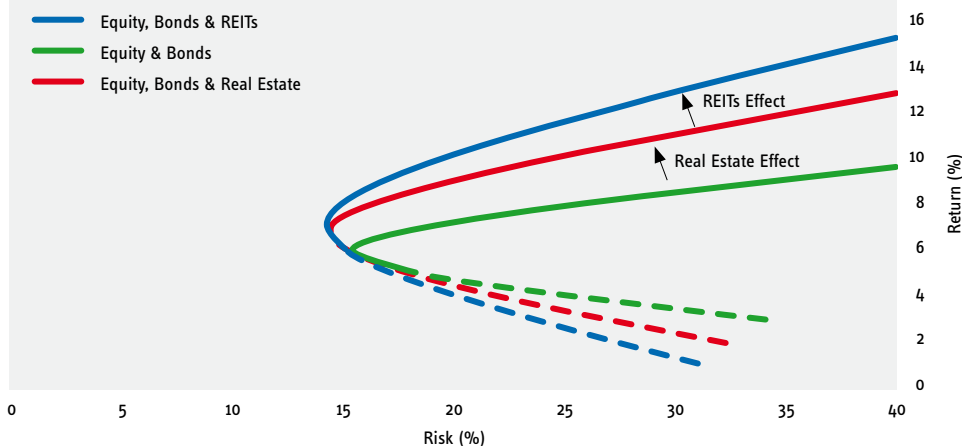
Quick recap on the frontiers

When an investment universe consists of multiple types of assets, each with their own risk/return profile, a number of possible asset combinations can be made with varying weights for the individual asset. These combinations can be plotted in a risk/return graph, with return on the y-axis and risk on the x-axis. The border that appears along the upper edge of all the values in such a graph is the efficient frontier.

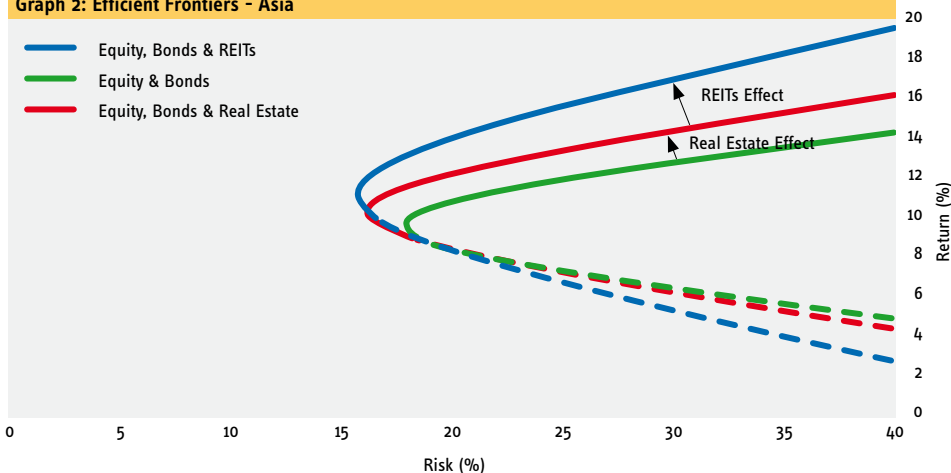
Portfolios that are located along the efficient frontier, are portfolios with the lowest risk

(measured through the standard deviation of the returns) for a given level of return, and hence the most efficient. Conversely, for a given amount of risk, the portfolio located on the efficient frontier represents the combination offering the best possible return. The region above the frontier is unachievable: no portfolios can be constructed that can result in risk/return profiles in this region of the graph. Points below the frontier are not optimal, meaning that another portfolio can be constructed that has the same risk, but a higher return. Rational investors will hence construct portfolios that are located on the frontier.

Graph 1: Efficient Frontiers - Global



Graph 2: Efficient Frontiers - Asia



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Calculation

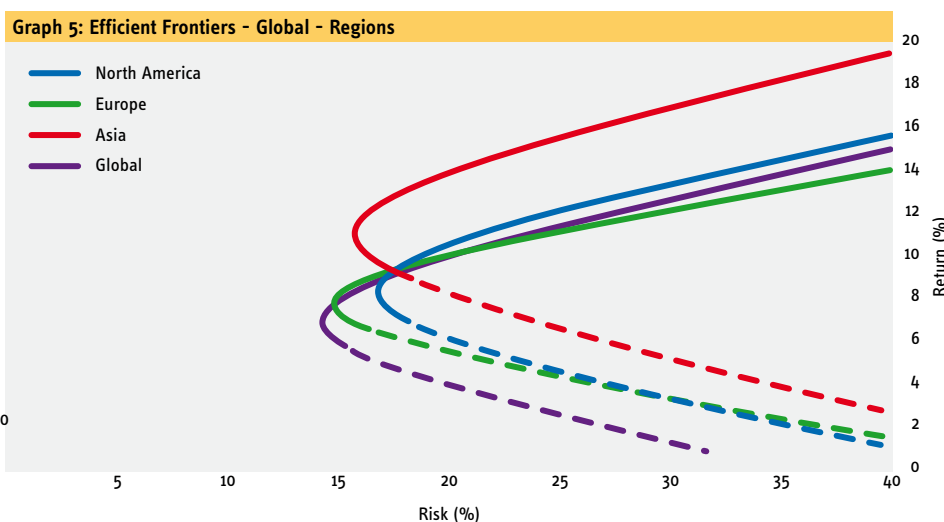
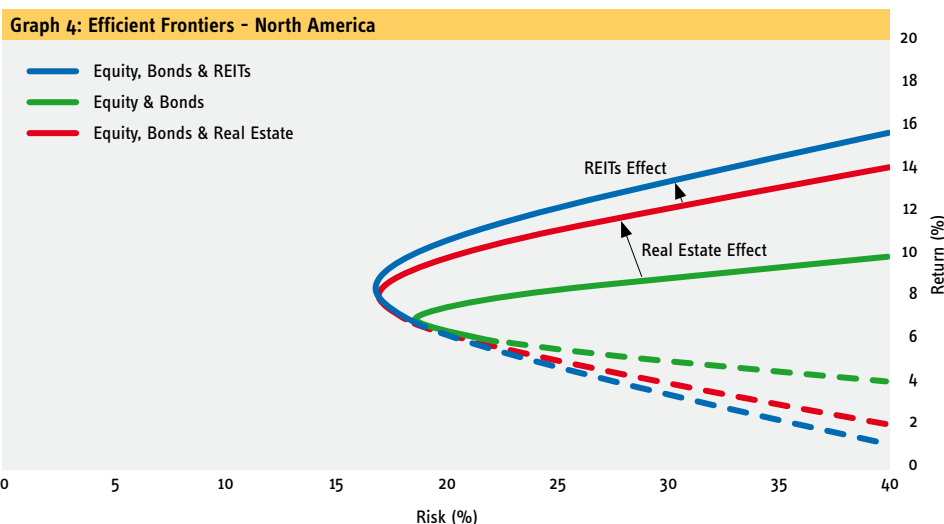
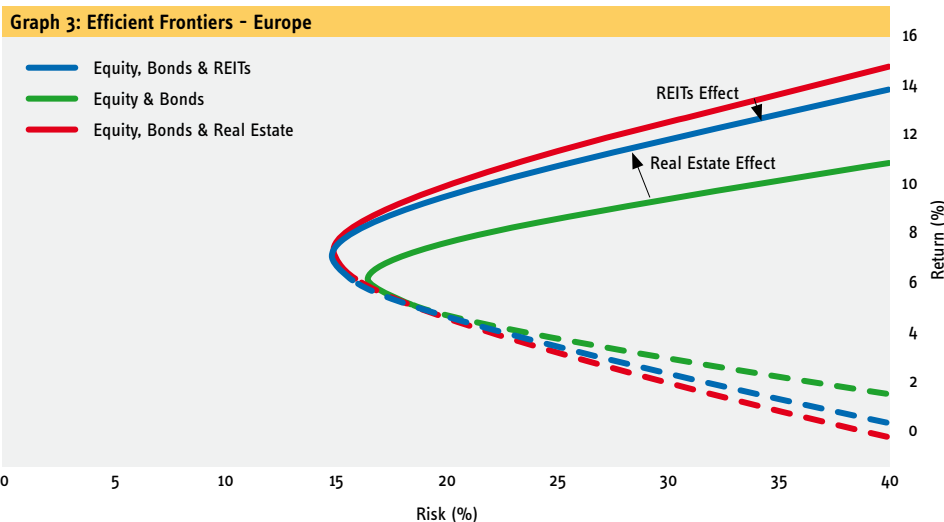
In order to calculate the efficient frontiers, we used the following approach. For broader equity markets we use the FTSE All-World regional indices; for bonds, the JPMorgan Bond Index series; and for real estate, the FTSE EPRA/NAREIT indices. Using the returns and the standard deviation of the returns of these indices for a period going back ten years, we can calculate the minimum variance portfolio for a number of given portfolio returns. Plotting these values in a graph shows the efficient frontier.

Outcome

The results for the global index are shown in Graph 1. The green line is the efficient frontier when the investment universe consists only of equities and bonds. The red line is the efficient frontier, when the universe is expanded with real estate stocks. The result is that the real estate stocks push the efficient frontier higher, indicating an increased return for the same amount of risk. This effect is even larger when we calculate the efficient frontier using just REITs, or the blue line in Graph 1. The REIT-effect further pushes the efficient frontier higher, indicating a better diversification of the portfolio. Even after the negative 2007 performance of the index, the diversification benefits of real estate are still very clear.

Graphs 2, 3 and 4 show the efficient frontiers for the three regions. Both Asia and North America show a picture that is similar to the global one. However, where globally the Real Estate effect and REITs effect are similar in size, in Asia the REITs effect is much larger than the Real Estate effect. In North America, the effect is the other way around: the real estate effect is much larger than the REITs effect, as the North America index almost entirely consists of REITs and, hence, removing non-REITs from the calculation only has a marginal impact.

Europe, on the other hand, does show a difference picture. Although, like the other regions, the real estate effect is positive in Europe, the REIT-effect however pushes back the frontier somewhat. An explanation for this can be found in the introduction of REITs in the heavily weighted UK. In the period 2002-2007, UK stocks outperformed in anticipation and build-up leading to the introduction of UK REITs in January 2007. This outperformance is included in the Real Estate index returns, whereas the 2007 negative performance is included in the REITs index.



The final chart, Graph 5, combines the global and regional frontiers, using the universe containing equities, bonds and REITs. The Asian frontier tops the North American and

European one. The starting point of the global frontier is the lowest risk value of all frontiers, again indicating diversification benefits. ◀



By: Professor Steffen
University of Regensburg

Correlations Study, 2007 update



Prof. Dr. Steffen SEBASTIAN
Chairman

Education and Professional Positions Held

07/2006 Entitlement to Supervise Academic Research (Habilitation, *venia legendi*), expected

since 04/2006 Director of the Chair for Real Estate Finance, University of Regensburg (lifetime position with full professorship offered).

since 05/2003 Assistant Professor at Goethe-University of Frankfurt/Main, Finance Department, Chair for Investment, Portfolio Management und Pension Finance.

1990-1995 Studies in Business Administration at the University of Mannheim, Germany and E.S.S.E.C. (Ecole Supérieure des Sciences Economiques et Commerciales), Cergy-Pontoise, France Diploma: Dipl.-Kfm. (University of Mannheim) and Diplômé de l'E.S.S.E.C.

Research Grants from (in alphabetic order):

Arthur Anderson, DB Deutsche Grundbesitz, Ernst & Young, iii Immobilienfonds, IVG AG, MEAG, Prechel-Stiftung, REALIS AG, Stiftung Eurohyp.

Consulting Projects: 2004/2205 (MEAG AG): implementation of a real estate index for the determination of asset allocation in a mixed asset portfolio 2005 (Sal. Oppenheim Ltd.): risk and return profile of 16 international asset classes to determine the input factors for a the asset allocation in a wealth management context.

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One good reason to invest in property stocks is profitability, an even better one is diversification. We report on an EPRA and IREIBS study which focused on the correlation of property stocks. The figures are due to be published later this year.

Various studies have shown that integrating property stocks increases significantly the risk-/return profile of a mixed asset portfolio – including the EPRA study by Shaun Bond of the University of Cambridge. Although, the application of complex optimisation unavoidably means that we have to make several assumptions about the markets and investors preferences. Those assumptions naturally limit the validity of the results for all types of investors and/or market conditions. Furthermore, the results, i.e., the weight of property companies in an investor's portfolio, might vary considerably depending on the design of the optimisation model. All in all, the results of complex optimisations models are difficult to communicate and easy to criticise.

EPRA/IREIBS Study

EPRA and IREIBS decided to embark on a detailed study focused on the correlation of property stocks. The EPRA/IREIBS Study of March 2007 gave first insight into the evolution of the diversification potential of property stocks. This is a summary of the second edition of the study, incorporating figures to year-end 2007 due to be published later this year.

representing an investment in the US money market. In studying the correlations with hedge funds, we now make an additional distinction between sub-strategies like Market Neutral, Event Driven and Global Macro. Furthermore, additional to the NPI, the Immex is included to represent an investment in German Direct Real Estate.

Methodology

Similar to the EPRA/IREIBS 2007 study, we investigate rolling window correlations using periods of five years, analysing quarterly returns of FTSE EPRA/NAREIT Global Real Estate Index series against other asset classes.

The returns are defined as follows:

$$r_{i,q} = \ln(RI_{i,q}) - \ln(RI_{i,q-1})$$

With RI denoting the value of the Total Return Index, i denoting the asset class and q denoting the quarter. Correlations are calculated using the quarterly returns of periods of five years. So a correlation contains 20 observations, for example from the first quarter of 2002 until the fourth quarter of 2007.

IN TIMES WHEN CORRELATIONS WITH THE NPI ARE RISING, THE CORRELATIONS WITH THE IMMEX ARE FALLING AND VICE VERSA

Changes to the EPRA/IREIBS Study 2007

Similar to the study of 2007, we included the FTSE EPRA/NAREIT Global Real Estate Total Return Index, the FTSE EPRA/NAREIT Europe Total Return Index and the FTSE EPRA/NAREIT Country Indices for US, UK, Australia, France, Sweden and the Netherlands in the update. But there are some changes in the database of the other asset classes. First the stock market indices MSCI UK and MSCI Germany replace the MSCI Europe. For the asset class 'Money' we added an US 3-Month Interbank Rate

We still include the FTSE EPRA/NAREIT Indices in local currency and compare national indices (local), because we are predominantly interested in the correlations of the FTSE EPRA/NAREIT Indices with the asset classes and not the foreign currency. Furthermore, we assume, that the investor hedges against currency risk in a way which causes no premium payments, i.e. by taking out a zero cost hedge. For the FTSE EPRA/NAREIT Global and Europe Indices we cannot build up a full hedge position because they consist of economies with different currencies.



The following presents the results of the update.

Correlations with stocks

There is a sharp decrease in correlations with stocks in the periods ending in 2007. But there is also a trend of rising correlations in the recent period, so probably there will be no everlasting lower correlation with stocks in future.

Correlations with bonds

Correlations with bonds showed an interesting evolution in our study, because they varied considerably in the past. This pattern can be confirmed by the actual update. After the decrease in correlations with bonds with the lowest characteristics around the period from IV/1996 till III/2001 (except for the FTSE EPRA/NAREIT Australia, where we can find the lowest characteristics about two years later) and the following climb, the correlations continue climbing in the recent periods. For the FTSE EPRA/NAREIT Global, US, Netherlands and Sweden Indices, the correlations actually reach (positive) levels which we observed in the periods before the sharp decrease in correlations. For the FTSE EPRA/NAREIT Europe, UK and France Indices, the correlation levels are still clearly lower than before the sharp decrease in correlations adopting values around zero.

Correlations with money/treasury bonds

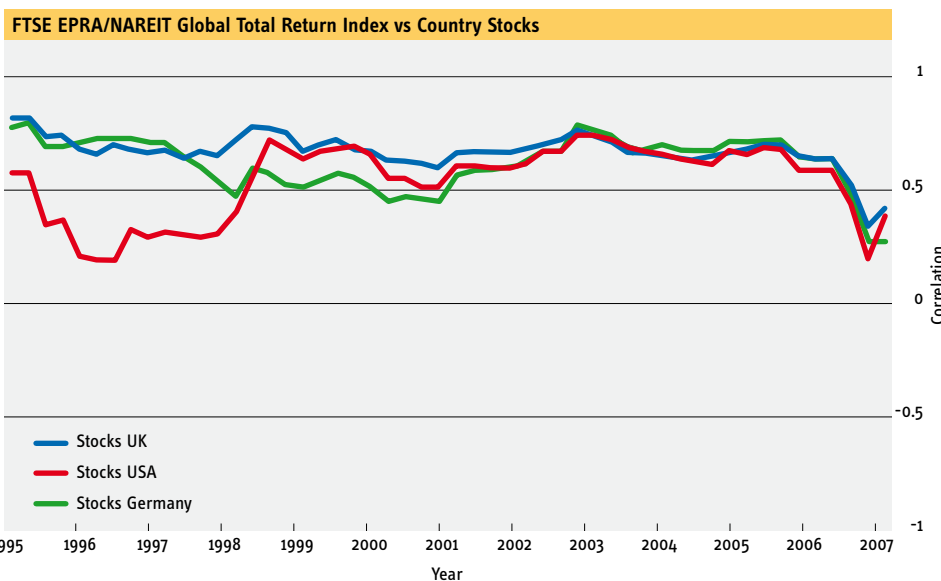
All analysed FTSE EPRA/NAREIT Indices show slightly decreasing correlations with money in the recent periods reaching only modest but mostly positive levels. Similar to correlations with stocks, correlations with Money US, Money UK and Money Germany converge over time, probably because of the rising globalisation.

Correlations with emerging market stocks

Except for the FTSE EPRA/NAREIT Australia where correlations have never been that strong, correlations with emerging market stocks considerably decreased in the recent periods. While in the past they have reached levels over 0.5, they now adopt more moderate levels and they even reach values of zero for emerging market Asia.

Correlations with direct real estate

Comparing correlations between the FTSE EPRA/NAREIT Indices and the NPI with correlations between FTSE EPRA/NAREIT Indices and the IMMEX, we see some interesting patterns. For both we cannot make a clear declaration about the correlations as



FTSE EPRA/NAREIT Global Total Return Index vs Country Stocks			
Period	Stocks USA	Stocks UK	Stocks Germany
II/90 - I/95	0.579	0.815	0.780
II/91 - I/96	0.209	0.678	0.711
II/92 - I/97	0.296	0.669	0.711
II/93 - I/98	0.306	0.657	0.539
II/94 - I/99	0.682	0.755	0.521
II/95 - I/00	0.697	0.682	0.558
II/96 - I/01	0.519	0.616	0.458
II/97 - I/02	0.600	0.669	0.593
II/98 - I/03	0.674	0.730	0.676
II/99 - I/04	0.693	0.669	0.708
II/00 - I/05	0.635	0.646	0.674
III/01 - II/06	0.690	0.700	0.726
IV/01 - III/06	0.678	0.709	0.723
IV/01 - III/06	0.593	0.648	0.644
I/02 - IV/06	0.588	0.643	0.637
II/02 - I/07	0.592	0.645	0.637
III/02 - II/07	0.445	0.523	0.489
IV/02 - III/07	0.200	0.340	0.274
I/03 - I/10	0.386	0.424	0.277
mean of correlation	0.544	0.677	0.623
standard deviation of correlation	0.165	0.081	0.117
coefficient of variation of correlation	0.302	0.120	0.187

Footnote to table:

Mean of correlation denotes the average correlation of property stocks and the other asset class in the entire considered period. The mean is obtained by dividing the sum of the correlations in the entire considered period by the number of correlations.

Standard deviation of correlation is the average dispersion of the correlation from the mean in the entire considered period.

The coefficient of variation denotes the ratio “standard deviation of correlation / mean of correlation”. In other words, the coefficient of variation is the standard deviation expressed as a percentage of the mean. Consequently, it is a dimensionless number that allows comparison of the variation of populations with different mean values.

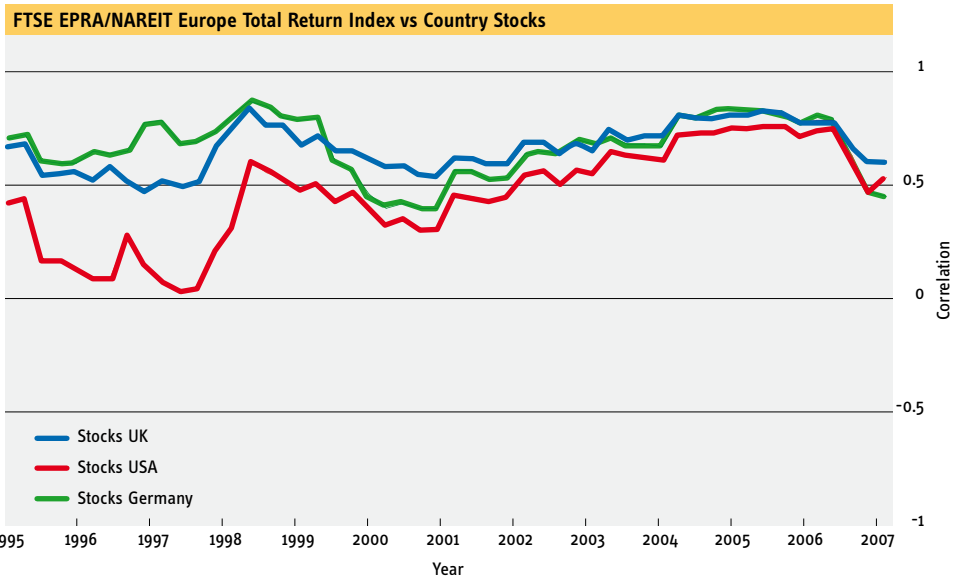


By: Steffen Sebastian

they adopt positive and negative levels. Interestingly, in times when correlations with the NPI are rising, the correlations with the IMEX are falling and vice versa. Recently correlations with the NPI are positive with the highest level for the FTSE EPRA/NAREIT Australia or almost zero (FTSE EPRA/NAREIT Europe, France, Netherlands, Sweden), respectively, while correlations with the IMEX are negative.

Correlations with hedge funds

When comparing the correlations between the FTSE EPRA/NAREIT Indices and the Hedge Fund Index or different Hedge Funds sub-strategies, respectively, we see, that correlations with the overall Hedge Funds Index behave similarly to correlations with the sub-strategy Event Driven. In past, they were stronger than correlations with the sub-strategies Global Macro and Equity Market Neutral, reaching correlation levels of 0.5. After decreasing in the recent periods they are still positive and slightly stronger than correlations with Global Macro and Equity Market Neutral which are around zero. ◀



Period	Stocks USA	Stocks UK	Stocks Germany
II/90 - I/95	0.421	0.676	0.705
II/91 - I/96	0.140	0.556	0.602
II/92 - I/97	0.150	0.485	0.777
II/93 - I/98	0.197	0.657	0.738
II/94 - I/99	0.526	0.767	0.797
II/95 - I/00	0.479	0.652	0.563
II/96 - I/01	0.308	0.543	0.397
II/97 - I/02	0.430	0.589	0.527
II/98 - I/03	0.506	0.646	0.636
II/99 - I/04	0.629	0.709	0.687
II/00 - I/05	0.735	0.796	0.813
III/01 - II/06	0.764	0.826	0.830
IV/01 - III/06	0.765	0.819	0.826
IV/01 - III/06	0.712	0.780	0.779
I/02 - IV/06	0.746	0.792	0.810
II/02 - I/07	0.756	0.791	0.800
III/02 - II/07	0.627	0.664	0.611
IV/02 - III/07	0.462	0.601	0.472
I/03 - I/10	0.540	0.610	0.451
mean of correlation	0.463	0.665	0.674
standard deviation of correlation	0.213	0.101	0.131
coefficient of variation of correlation	0.459	0.152	0.195

About University of Regensburg

The University of Regensburg was founded in 1967, and has since developed a wide range of academic programs. With twelve faculties, 18.000 students, 1.500 foreign students and 320 professors, the University of Regensburg is one of the largest universities in Bavaria. It is a campus university surrounded by parks, thereby guarantees a fast and easy interdisciplinary exchange between the different departments.

Footnote to table:

Mean of correlation denotes the average correlation of property stocks and the other asset class in the entire considered period. The mean is obtained by dividing the sum of the correlations in the entire considered period by the number of correlations.

Standard deviation of correlation is the average dispersion of the correlation from the mean in the entire considered period.

The coefficient of variation denotes the ratio "standard deviation of correlation / mean of correlation". In other words, the coefficient of variation is the standard deviation expressed as a percentage of the mean. Consequently, it is a dimensionless number that allows comparison of the variation of populations with different mean values.



By: Ali Zaidi
EPRA researcher

FTSE EPRA/NAREIT Emerging Markets

Based on feedback from the market and increasing investor demand, FTSE EPRA & NAREIT started to investigate the introduction of emerging markets indices approximately 18 months ago.

The emerging markets discussion has been a regular feature of the FTSE EPRA/NAREIT regional committees. At the March 2008 round of quarterly meetings, the three regional committees agreed the structure of the FTSE EPRA/NAREIT Emerging Markets Index Series, will be a headline Emerging Index, five regional breakdowns, and an AIM Real Estate Index.

FTSE's Global Equity Index Series country classification structure will be adopted to determine eligible countries. This structure is widely used by the investment community and is based upon a series of quantitative criteria, which are used to determine whether a country is a developed or emerging market. The existing FTSE EPRA/NAREIT Global Real Estate Index Series will consist of developed markets, and the new series will represent the emerging markets. The quantitative criteria and classification of countries are monitored on an ongoing basis by an Advisory Committee made up of global market practitioners. Full details of the criteria are available on FTSE's website: www.ftse.com



Ali Zaidi
EPRA researcher

Ali is an EPRA researcher, holding a degree in Economics & Business. He's due to complete his MSc in Finance shortly, at the University of Amsterdam.

→ **Contact**
a.zaidi@epra.com

Israel

The FTSE Country Classification Committee has announced that Israel will be promoted from an emerging market to a developed market in September 2008. To accommodate this change within the FTSE EPRA/NAREIT Global Real Estate Index Series, three new indices will be created to include eligible Israel stocks, with existing indices remaining unaffected.

- FTSE EPRA/NAREIT Global + Israel Index
- FTSE EPRA/NAREIT Europe + Israel Index
- FTSE EPRA/NAREIT Israel Index

These additional indices will be available from September 22, 2008.

Poland, Hungary and Czech Republic

Currently these three countries are eligible for inclusion within the FTSE EPRA/NAREIT Global Real Estate Index Series, with one Polish stock (Global Trade Center) being a constituent. These three countries are classified as emerging markets, it has therefore been agreed that these three countries will

become eligible markets for the Emerging Series. In conjunction with Israel's promotion to Developed market status the Polish stock will be removed from the existing index series and become a constituent of the Emerging Series on 22 September 08. ◀

Implementation Timetable

- June 08 Committee approval
- Sept 04, 2008 Official launch at EPRA Conference 2008
- Sept 22, 2008 Three new indices including Israel introduced
Poland (one stock), Czech Republic and Hungary classified as emerging markets.

DEVELOPED MARKETS			
Europe		Asia	North America
Austria	Italy	Australia	Canada
Belgium	Netherlands	Hong Kong	United States
Denmark	Norway	Japan	
Finland	Portugal	New Zealand	
France	Spain	Singapore	
Germany	Sweden		
Greece	Switzerland		
Ireland	United Kingdom		
Israel (September 2008)			

EMERGING MARKETS		
Europe, Middle East and Africa (EMEA)	Asia	Americas
Czech Republic (September 2008)	China	Brazil
Russia	India	Chile
Hungary (September 2008)	Indonesia	Columbia
Poland (September 2008)	Malaysia	Mexico
Egypt	Pakistan	Peru
Morocco	Philippines	
Israel	South Korea	
Turkey	Taiwan	
South Africa	Thailand	

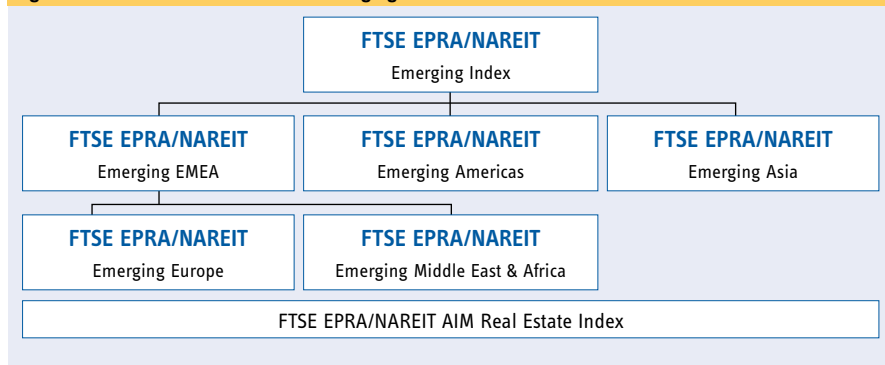


FTSE EPRA/NAREIT Global Emerging Market series

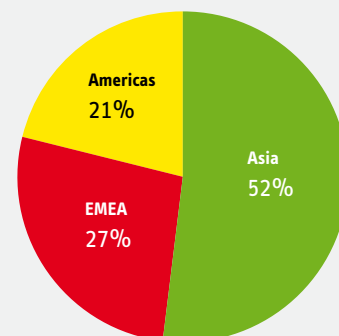
Table 1: Top 10 Holdings - INDICATIVE LIST		
Company	Country	Free Float Market Cap in USD
Top 10 Global (indicative)		
Cyrela Brazil Realty	Brazil	4,462,222,075
Meinl European Land	Austria	3,290,000,000
DLF	India	3,063,538,748
Unitech	India	2,667,068,808
Growthpoint Properties	South Africa	2,030,993,331
Shenzhen Vanke	China	1,790,356,094
Immoeast	Austria	1,745,000,000
MRV Engenharia e Participacoes	Brazil	1,606,968,917
Land & Houses	Thailand	1,399,526,494
Soho China	China	1,314,188,074
Top 10 Asia (indicative)		
DLF	India	3,063,538,748
Unitech	India	2,667,068,808
Shenzhen Vanke	China	1,790,356,094
Land & Houses	Thailand	1,399,526,494
Soho China	China	1,314,188,074
Ayala Land	Philippines	1,278,606,334
S P Setia	Malaysia	1,242,630,888
KWG Property Holding	China	989,146,174
PT Lippo Karawaci	Indonesia	975,161,528
PT Bakrieland Development	Indonesia	887,296,885
Top 10 EMEA (indicative)		
Meinl European Land	Austria	3,290,000,000
Growthpoint Properties	South Africa	2,030,993,331
Immoeast	Austria	1,745,000,000
Sixth of October for Development & Investment	Egypt	938,641,770
LC Corporation	Poland	647,007,710
Fountainhead Property Trust	South Africa	644,236,436
Apexhi Properties	South Africa	580,892,146
SA Corporate Real Estate Fund	South Africa	580,406,879
Pangbourne Properties	South Africa	514,270,124
ApexHi Properties	South Africa	420,914,048
Top 10 Americas (indicative)		
Cyrela Brazil Realty	Brazil	4,462,222,075
MRV Engenharia e Participacoes	Brazil	1,606,968,917
Consorcio Ara SAB de CV	Mexico	1,091,630,283
Multipan Empreendiment. Imobiliarios	Brazil	716,293,038
Brascan Residential Properties	Brazil	517,403,471
Cyrela Commercial Properties	Brazil	456,227,561
Sao Carlos Empreendimentos e Part.	Brazil	389,266,558
Rodobens Negocios Imobiliarios	Brazil	341,667,271
Klabin Segall	Brazil	316,334,524
Camargo Correa Desenv. Imobiliari	Brazil	277,181,578

Source: FTSE, EPRA

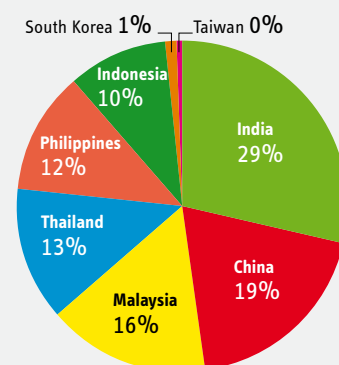
Figure 2: FTSE EPRA/NAREIT Global Emerging Index Series - STRUCTURE



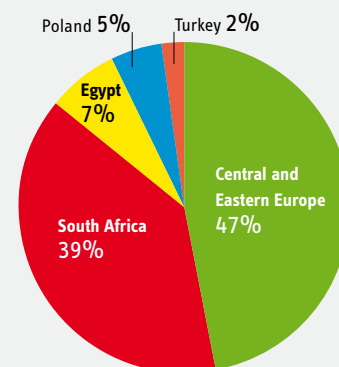
Country Breakdown - Global 'INDICATIVE'



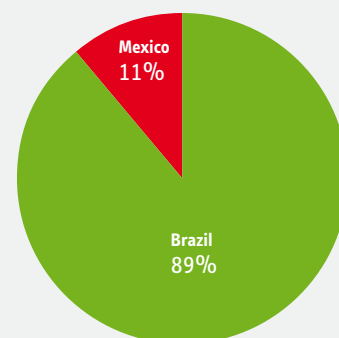
Country Breakdown - Asia 'INDICATIVE'



Country Breakdown - EMEA 'INDICATIVE'



Country Breakdown - Americas 'INDICATIVE'

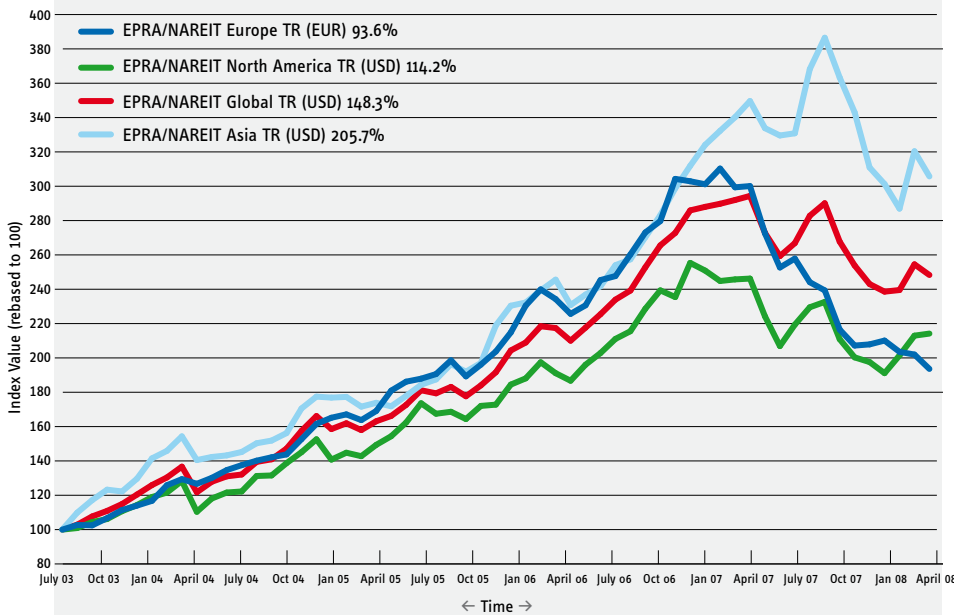




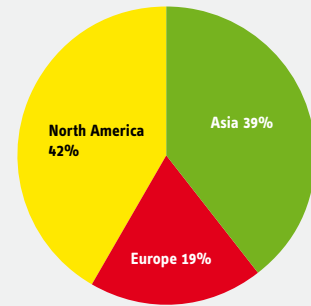
FTSE EPRA/NAREIT Global Real Estate Indices

Global

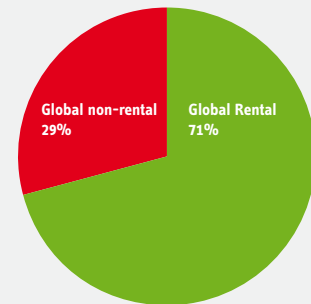
EPRA/NAREIT GLOBAL REAL ESTATE INDEX



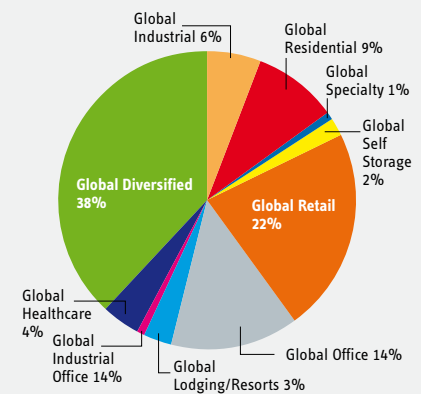
GLOBAL - REGIONAL BREAKDOWN BY MARKET CAP



GLOBAL INVESTMENT FOCUS MARKET CAP BREAKDOWN



SECTOR BREAKDOWN - GLOBAL



Company	Country	Investment		Price	Dividend	Total
		Focus	Sector	Rtn (%)		Rtn (%)
				May-08		May-08
▲ Felcor Lodging Trust *	US	Rental	Lodging/Res.	18.03	-	18.03
▲ GMH Communities Trust *	US	Rental	Residential	14.11	-	14.11
▲ Heiwa Real Estate	JP	Non-Rental	Diversified	13.90	-	13.90
▲ Babis Vovos	GR	Rental	Diversified	12.82	-	12.82
▲ HRPT Properties Trust *	US	Rental	Office	12.41	-	12.41
▼ Mirvac Group *	AU	Non-Rental	Diversified	-21.67	-	-21.67
▼ Grainger Plc	UK	Rental	Residential	-22.33	-	-22.33
▼ St Modwen Properties	UK	Rental	Diversified	-22.34	-	-22.34
▼ Capital & Regional Props	UK	Rental	Retail	-31.33	-	-31.33
▼ Renta Corp Real Estate SA	ES	Non-Rental	Diversified	-37.33	4.71	-32.63

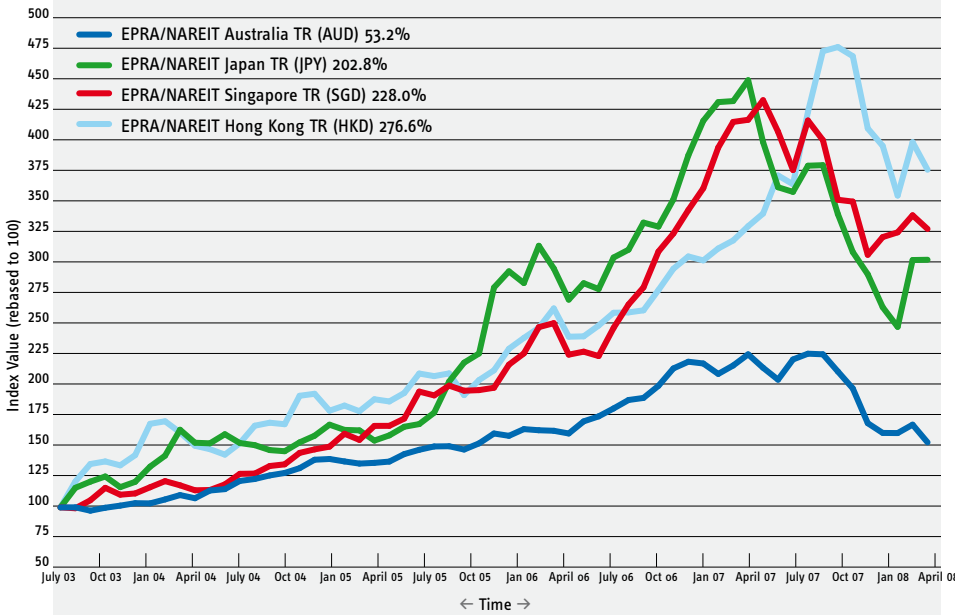
Index Description	Close	Div	Total	Total	Total	Total	Total	36 Mths			
	Value	Yld (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	Vlty (%)			
				May-31	May-31	- 5 Yrs	- 3 Yrs	- 1 Yr	May-31	YTD	
EPRA/NAREIT Europe TR (EUR)	2,452.36	4.31	15.60	2.27	-35.50	-4.89	-6.58	15.60			
EPRA/NAREIT Asia TR (USD)	2,699.47	3.55	26.29	21.17	-12.55	6.55	-10.87	17.06			
EPRA/NAREIT North America TR (USD)	3,773.39	4.69	18.24	11.53	-13.01	6.32	6.92	16.09			
EPRA/NAREIT Global TR (USD)	3,265.97	4.17	21.37	14.31	-15.66	3.65	-2.19	13.50			



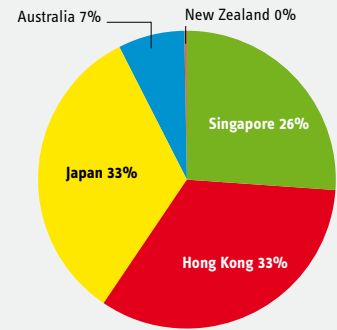
FTSE EPRA/NAREIT Global Real Estate Indices

Asia

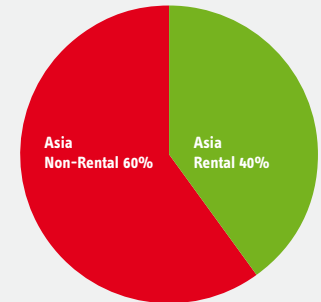
EPRA/NAREIT ASIA REAL ESTATE INDEX



ASIA - COUNTRY BREAKDOWN BY MARKET CAP

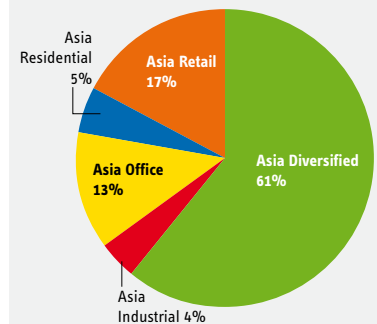


ASIA INVESTMENT FOCUS MARKET CAP BREAKDOWN



Company	Country	Investment Focus	Sector	Price	Dividend	Total
				Rtn (%)	Rtn (%)	Rtn (%)
				May-08	May-08	May-08
▲ Heiwa Real Estate	JP	Non-Rental	Diversified	13.90	-	13.90
▲ Suntec REIT *	SG	Rental	Diversified	10.60	1.67	12.26
▲ Mori Trust Sogo REIT*	JP	Rental	Office	11.73	-	11.73
▲ FKP Property Group	AU	Rental	Diversified	11.55	-	11.55
▲ Japan Retail Fund *	JP	Rental	Retail	11.54	-	11.54
▼ Shimao Property	HK	Non-Rental	Residential	-16.13	-	-16.13
▼ China Resources Land	HK	Non-Rental	Residential	-17.68	0.46	-17.22
▼ Shenzhen Invstment	HK	Non-Rental	Diversified	-24.24	4.94	-19.29
▼ Allgreen Properties	SG	Non-Rental	Diversified	-24.03	3.88	-20.16
▼ Mirvac Group *	AU	Non-Rental	Diversified	-21.67	-	-21.67

SECTOR BREAKDOWN - ASIA



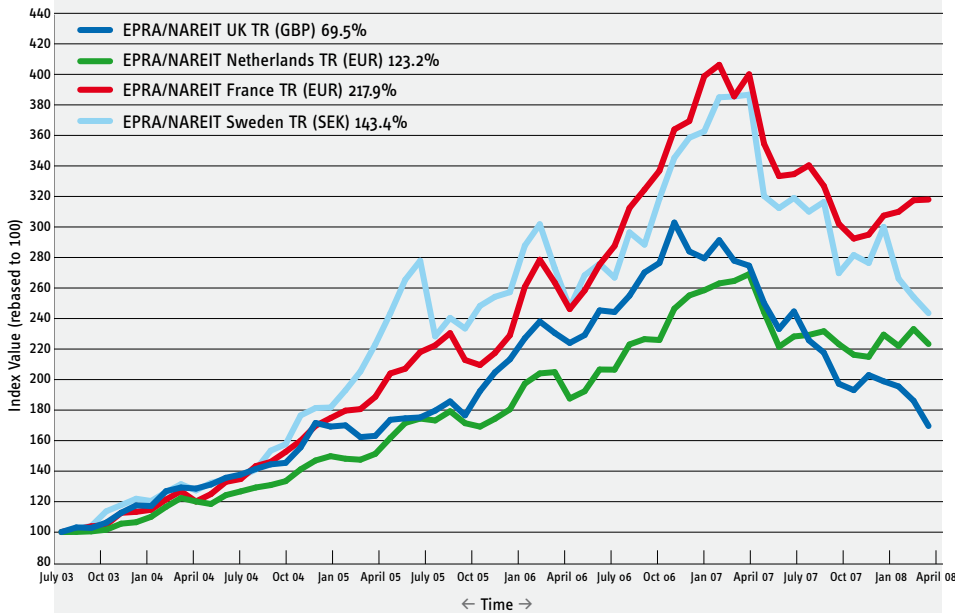
Index Description	Close	Div	Total	Total	Total	Total	Total	36 Mths			
	Value	Yld (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	Vity (%)			
				May-31	May-31	- 5 Yrs	- 3 Yrs	- 1 Yr	May-31	YTD	
EPRA/NAREIT Australia TR (AUD)	2,134.47	7.8	8.43	3.67	-32.01	-4.76	-22.39	16.62			
EPRA/NAREIT Hong Kong TR (HKD)	2,447.74	2.15	33.89	26.33	14.00	5.95	-19.81	21.71			
EPRA/NAREIT Japan TR (JPY)	3,217.85	1.55	28.60	23.96	-32.69	22.18	-2.03	29.18			
EPRA/NAREIT Singapore TR (SGD)	1,894.47	3.57	31.37	25.29	-21.42	0.85	-6.40	22.08			

→ For more information about the FTSE EPRA/NAREIT Global Real Estate Indices, e-mail: info@epra.com or info@ftse.com

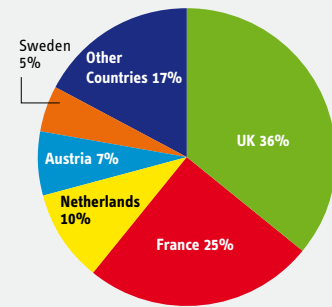


Europe

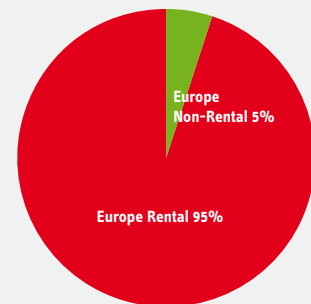
EPRA/NAREIT EUROPE REAL ESTATE INDEX



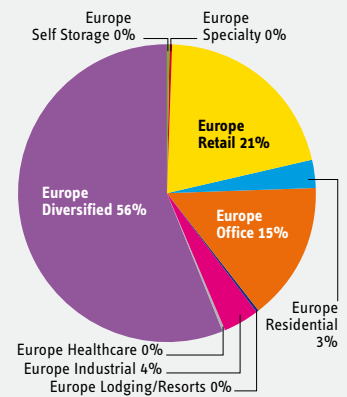
EUROPE - COUNTRY BREAKDOWN BY MARKET CAP



EUROPE INVESTMENT FOCUS MARKET CAP BREAKDOWN



SECTOR BREAKDOWN - EUROPE



Company	Country	Investment Focus	Sector	Price	Dividend	Total
				Rtn (%)		Rtn (%)
				May-08		May-08
▲ Babis Vovos	GR	Rental	Diversified	12.82	-	12.82
▲ Mercialys*	FR	Rental	Retail	8.58	1.51	10.09
▲ Plaza Centers	UK	Non-Rental	Retail	-3.05	10.33	7.28
▲ Technopolis	FI	Rental	Office	6.92	-	6.92
▲ Immofinanz	AT	Rental	Diversified	6.77	-	6.77
▼ Risanamento	IT	Non-Rental	Diversified	-19.89	-	-19.89
▼ Grainger Plc	UK	Rental	Residential	-22.33	-	-22.33
▼ St Modwen Properties	UK	Rental	Diversified	-22.34	-	-22.34
▼ Capital & Regional Props	UK	Rental	Retail	-31.33	-	-31.33
▼ Renta Corp Real Estate SA	ES	Non-Rental	Diversified	-37.33	4.71	-32.63

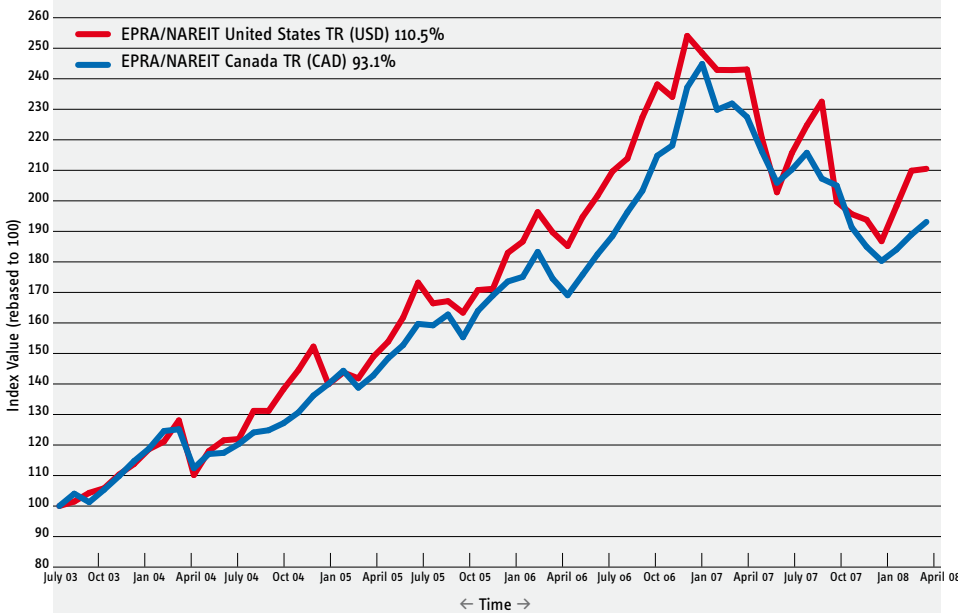
Index Description	Close	Div	Total	Total	Total	Total	Total	36 Mths	
	Value	Yld (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	Rtn (%)	Vlty (%)	
				May-31	May-31	- 5 Yrs	- 3 Yrs	- 1 Yr	
				May-31	May-31		May-31	YTD	
EPRA/NAREIT UK TR (GBP)	2,219.33	4.08	12.74	-0.79	-38.27	-13.27	-12.18	18.57	
EPRA/NAREIT Netherlands TR (EUR)	3,299.47	5.71	17.16	11.36	-17.03	0.58	3.26	16.20	
EPRA/NAREIT France TR (EUR)	4,356.36	4.28	27.36	15.95	-20.52	2.58	8.75	18.85	
EPRA/NAREIT Sweden TR (SEK)	4,145.63	7.08	25.00	3.13	-30.98	-9.10	-5.22	24.31	



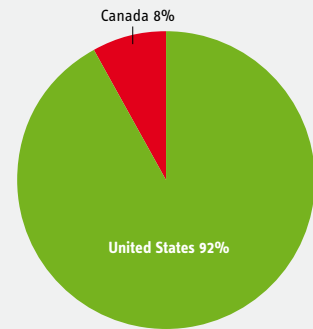
FTSE EPRA/NAREIT Global Real Estate Indices

North America

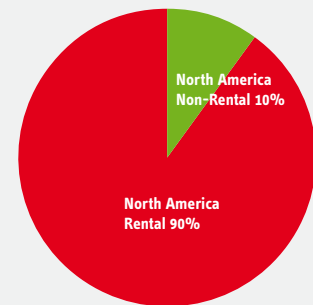
EPRA/NAREIT NORTH AMERICA REAL ESTATE INDEX



NORTH AMERICA - COUNTRY BREAKDOWN BY MARKET CAP

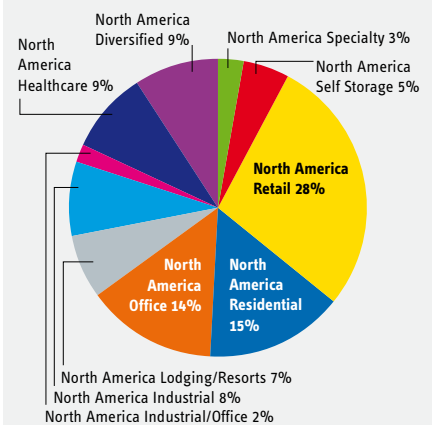


NORTH AMERICA INVESTMENT FOCUS MARKET CAP BREAKDOWN



Company	Country	Investment Focus	Sector	Price Rtn (%)		Total Rtn (%)
				May-08	Dividend	May-08
▲ Felcor Lodging Trust *	US	Rental	Lodging/Resorts	18.03	-	18.03
▲ GMH Communities Trust *	US	Rental	Residential	14.11	-	14.11
▲ DuPont Fabros Technology *	US	Rental	Specialty	12.44	-	12.44
▲ HRPT Properties Trust *	US	Rental	Office	12.41	-	12.41
▲ Canadian REIT *	CA	Rental	Diversified	10.87	0.40	11.27
▼ Camden Property Trust *	US	Rental	Residential	-6.90	-	-6.90
▼ Senior Housing Prop *	US	Rental	Health Care	-7.27	-	-7.27
▼ Developers Diversified *	US	Rental	Retail	-7.61	-	-7.61
▼ Gramercy Capital *	US	Non-Rental	Diversified	-11.84	-	-11.84
▼ Extencicare REIT	CA	Rental	Health Care	-13.81	0.82	-12.99

SECTOR BREAKDOWN - NORTH AMERICA



Index Description	Close Value	Div Yld (%)	Total Rtn (%)	Total Rtn (%)	Total Rtn (%)	Total Rtn (%)	Total Rtn (%)	36 Mths Vity (%)
	May-31	May-31	- 5 Yrs	- 3 Yrs	- 1 Yr	May-31	YTD	
EPRA/NAREIT Canada TR (CAD)	3,430.33	5.72	15.60	9.17	-15.11	4.92	0.93	13.19
EPRA/NAREIT United States TR (USD)	3,710.70	4.60	17.87	11.02	-13.39	6.14	7.58	16.54

→ For more information about the FTSE EPRA/NAREIT Global Real Estate Indices, e-mail: info@epra.com or info@ftse.com

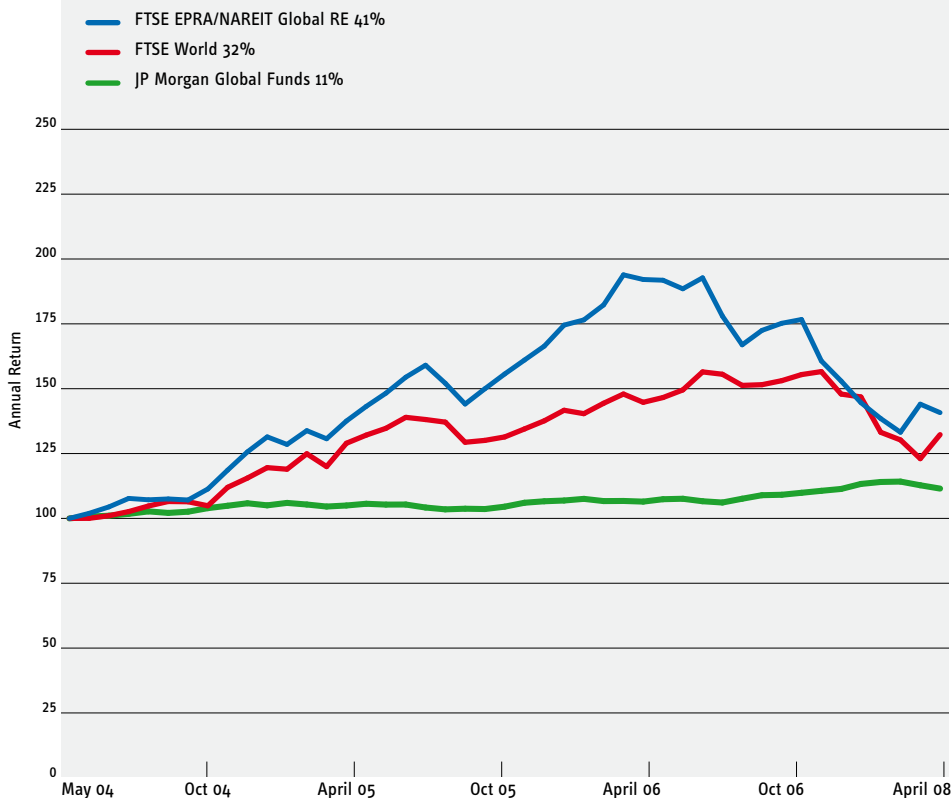


Global Real Estate Universe							
	2006	2006	2006	31-May-08	31-May-08	31-May-08	31-May-08
Countries	GDP	GDP	Real Estate	Total	Total RE	Stock Market	Stk Mkt
	(\$ Bn)	per capita (\$)	(\$ Bn)	Listed (\$ Bn)	v Listed RE (%)	(\$ Bn)	v Listed RE (%)
Japan	4,456	34,996	2,005	188.0	9.38%	4,521	4.16%
Hong Kong/China	2,460	1,884	504	204.0	40.50%	5,595	3.65%
South Korea	790	16,369	332	1.0	0.30%	983	0.10%
India	806	757	122	9.0	7.39%	1,269	0.71%
Australia	720	36,155	324	135.0	41.67%	1,427	9.46%
Taiwan	340	14,965	139	6.0	4.31%	792	0.76%
Indonesia	307	1,287	55	0.1	0.25%	195	0.07%
Thailand	182	2,805	43	4.0	9.40%	189	2.11%
Malaysia	137	5,808	41	0.7	1.72%	290	0.24%
Singapore	119	27,236	107	54.0	50.60%	487	11.08%
New Zealand	102	25,660	50	3.2	6.29%	39	8.07%
Philippines	102	1,183	18	4.9	27.40%	76	6.44%
Vietnam	53	646	8	-	-	-	-
Total Asia-Pacific	10,574	20,141	3,747	609.9	16.28%	15,865	3.84%
Germany	2,787	33,811	1,254	16.0	1.28%	2,031	0.79%
United Kingdom	2,232	37,040	1,256	84.0	6.69%	3,825	2.20%
France	2,132	35,291	960	73.0	7.61%	2,457	2.97%
Italy	1,767	30,441	795	7.0	0.88%	1,026	0.68%
Spain	1,125	27,919	506	28.0	5.53%	1,043	2.69%
Russia	364	2,490	82	5.0	6.12%	1,020	0.49%
Netherlands	629	38,549	283	14.0	4.95%	482	2.90%
Switzerland	366	49,142	165	7.0	4.25%	1,222	0.57%
Belgium	372	35,938	167	6.0	3.59%	389	1.54%
Sweden	361	40,168	162	18.0	11.08%	565	3.19%
Turkey	355	5,149	102	-	-	217	-
Austria	304	37,228	137	19.0	13.87%	240	7.93%
Poland	299	7,731	98	6.0	6.13%	200	3.00%
Norway	299	65,284	134	3.0	2.23%	419	0.72%
Denmark	258	47,620	116	2.0	1.72%	290	0.69%
Greece	284	26,626	128	2.2	1.72%	222	0.99%
Ireland	201	50,506	90	2.1	2.33%	125	1.68%
Finland	197	37,814	89	3.0	3.38%	317	0.95%
Portugal	185	17,570	80	-	-	129	-
Czech Republic	92	9,010	32	-	-	81	-
Hungary	107	10,686	39	0.3	0.66%	44	0.59%
Romania	99	4,444	27	0.5	1.85%	39	1.27%
Ukraine	43	892	7	-	-	103	-
Slovakia	27	4,959	8	-	-	10	-
Slovenia	28	13,872	11	-	-	23	-
Luxembourg	37	80,235	17	-	-	33	-
Bulgaria	28	3,682	7	-	-	15	-
Total Europe	14,978	32,720	6,751	296.1	4.39%	16,567	1.79%
Mexico	767	7,304	247	0.1	0.04%	440	0.02%
Brazil	880	4,779	246	0.7	0.28%	1,534	0.05%
Argentina	184	4,707	51	0.6	1.17%	617	0.10%
Venezuela	147	5,877	44	-	-	11	-
Colombia	133	3,144	32	-	-	122	-
Chile	121	7,620	39	0.3	0.76%	214	0.14%
Peru	81	2,936	19	-	-	83	-
Total Latin America	2,312	5,670	678	1.7	0.25%	3,021	0.06%
United States	12,407	42,341	5,583	387.0	6.93%	17,158	2.26%
Canada	1,133	34,859	510	45.0	8.82%	2,771	1.62%
Total Nth America	13,540	41,715	6,093	432.0	7.09%	19,929	2.17%
World	41,404	-	17,269	1,339.7	7.76%	55,381	2.42%

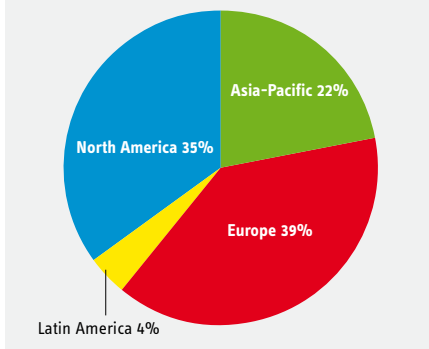
Sources: World Bank Organisation, FTSE, EPRA.



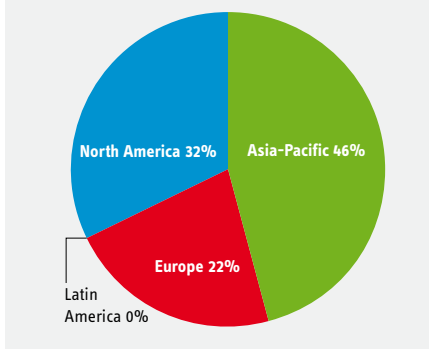
Global Real Estate vs Equities & Bonds



Underlying Real Estate



Listed Real Estate



Rolling 10 Years Risk/Return Profiles Local Currencies - Countries





Working Committees structure



Gareth Lewis
Director of Finance

Before taking up this post at EPRA, he was the Director of Finance and Investment at the British Property Federation where he was responsible for formulating BPF policy on a wide range of property finance and investment related issues. There, he was closely involved in lobbying the UK government as part of the pan-industry group that played a key role in both establishing the need for a UK REIT regime and shaping the legislation through the extensive consultation process. Gareth worked closely with the industry and government to improve the REITs legislation, regulations and guidance.

Gareth is a Chartered Accountant who, prior to joining the BPF, was a tax adviser within the real estate group of Ernst & Young both within their London and New York offices.

He is also a spokesman for Reita.org - the organisation established to provide an impartial source of expert information on quoted property investment, REITs and the funds that invest in them.

→ Contact

gareth.lewis@epra.com
Tel: +31 (0)20 405 3841

The EPRA committee structure has been evolving over the last few months. Make-up and direction is taking shape to meet new and wider challenges. To ensure the structure is appropriate going forward, a new face at EPRA - an old face within real estate - is now leading the push.

Gareth Lewis has recently joined EPRA as Director of Finance where he will be responsible for leading EPRA activities in Financial Reporting, Accounting, Taxation and REITs. "He brings valuable knowledge and experience within our sector - a perspective which can inject a new edge to the committee objectives," said EPRA CEO Philip Charls.

Examples of the activities, which Gareth will be coordinating, include the following:

- Responding to IASB/FASB initiatives arising from the ongoing convergence process between international accounting standards and US GAAP.
- Continuing to improve and update the EPRA Best Practice Recommendations with respect to accounting standards and financial reporting.
- Monitoring industry developments in reporting for sustainability.

tive is to ensure that we have a structure in place, which leaves EPRA well placed to respond to an ever-increasing range of initiatives affecting our members. "More than ever will our ability to respond concertedly as an association of significant companies - with one voice - add value and momentum to the listed property sector," comment Serge Fautré, EPRA Chairman. "A quality committee structure will improve the ability to deliver real meaning and result."

Given the increasing number of activities EPRA will need to quickly respond to, our intention is to create two EPRA committees covering the broad areas of Financial Reporting and Taxation. These committees will be significantly larger than the existing committees in order to ensure we have a broad coverage of members from different jurisdictions and interest areas.

"MORE THAN EVER BEFORE, OUR ABILITY TO RESPOND CONCERTEDLY AS AN ASSOCIATION OF SIGNIFICANT COMPANIES WILL ADD VALUE AND MOMENTUM TO THE LISTED PROPERTY SECTOR."

- Working with other global representative bodies and the REESA coalition to respond to common agendas.
- Working with members and other organisations to develop solutions and recommendations, which address existing inefficiencies with cross-border REIT investment within the EU.
- Continuing EPRA's involvement in working with the OECD to improve the treatment of REITs within international tax treaties.
- Building better relationships with other organisations that share common issues; including INREV and the IVSC.

Following Gareth's appointment, we are undertaking a review of committee structure related to these specific areas. EPRA's objec-

Membership of these two committees will not necessarily involve a significant time commitment, but it will provide an opportunity for better engagement with members. Gareth will be responsible for running these committees and will be advised by two 'oversight' committees who provide guidance on strategy and key EPRA policy positions. Ongoing activities, such as the Best Practice committee, we envisage will continue broadly with the same arrangements as today. Many of the fundamentals of the committee structures and functions will be discussed around and during the Annual Conference in Stockholm.

Further details will be announced in due course. ◀



EPRA Member Offers

Building on our relationships with real estate and financial media groups, EPRA has negotiated discounts for various quality events, magazines and news-feeds across Europe. These are exclusively for

EPRA members only. If you wish to take advantage of this, please go directly to the organiser stating your membership details.

PUBLICATIONS & WEBSITES



IPE Real Estate

Discount of 20% on subscriptions. The full rate is EUR 355 per annum.
→ For more details: eric.davis@ipe.com



PropertyEU

A full subscription package of PropertyEU costs EUR 495 per year, and includes PropertyEU Daily Newsletter, PropertyEU Newsflashes, PropertyEU Magazine as well as access to the subscriber-only

content on PropertyEU website. EPRA members get a 20% discount and pay only EUR 395 per year.

Mail your contact details to: subscribe@propertyeu.info, and indicate that you are an EPRA member.



Property Finance Europe (PFE)

Members receive a 10% discount on subscriptions to PFE. In addition, members receive a special first-year discount offer for new subscribers, saving 25% off the usual subscription price of EUR 975.

→ For more details: publisher@pfeurope.eu



Property Week Global

Free subscription to this monthly title. This magazine offers news, analysis and information on global real estate issues - focusing on investment and development right across the globe. Background can be found at: www.propertyweekglobal.com

EPRA members can register for their subscription at: www.register2global.com, or by calling: +44(0)20 8955 7064.

DATA SERVICES



AME Capital

25% discount on new subscriptions to database service.

The Companies database currently comprises over 2,000 companies in over 60 countries. As well as standard financial

information such as market capitalisation and performance, the database allows users to search by asset location as well as listing country. Where available, a link is provided to the latest portfolio breakdown given by the company.

The Funds database currently comprises nearly 700 dedicated Funds. The database allows the user to search by mandate (Global, European, Global REIT etc) and other variables such as currency, Fund location etc. Where available, a link is provided to the Fund benchmark and AUM.

Both databases are in Excel format and are priced at GBP 5,000 (excluding VAT) for a 12-month subscription, which includes 12 monthly updates.

Unfortunately this offer excludes Investment Banks members on the sell-side.

→ For more details: alex.moss@amecapital.co.uk



Translation benefits

In order to publish key reports in English and local language, EPRA members can receive a discounted rate for their critical translation requirements.

TranslateMedia has offices in London, New York, Paris and Brussels and can deliver in 55 languages. Clients have free access to a multi-user 'translations portal': Approved staff can simply log-in and upload documents for translation directly, around the clock.

→ For more details: dymock@translatemedia.com
www.translatemedia.co.uk

If you are a publisher, conference organiser or data services provider, and you would like to discuss EPRA opportunities, contact: d.turnbull@epra.com



CONFERENCES

Barcelona Meeting Point (BMP)

BMP is offering EPRA members free entrance to the BMP conference and three nights hotel accommodation, between November 3-6, 2008. Free hotel accommodation is only valid for non-national attendees.

→ For more details: roses@bmpsa.com, quoting your EPRA membership number.

Cityscape Abu Dhabi Cityscape Events

Cityscape offer EPRA members 15% off the entrance price to all global events. For a list of events: www.cityscape.ae/GlobalCityscapeEvents.html

→ For more details: annick.nuyens@iirme.com



mipimhorizons MIPIM Horizons

December 2-4 2008, Palais des Festivals, Cannes, France

EPRA members benefit from :

- Free entrance to exhibition area and conferences sessions
- 2 free nights accommodation in Cannes
- Full access to MIPIMWorld - Horizons edition, our online matchmaking community
- Invitation to our Leadership Summit to discuss the future challenges of the real estate market facing sustainability

MIPIM Horizons is the new property market dedicated to emerging countries (Middle East, Turkey, Central & Eastern Europe, Russia, Central Asia, Africa and Latin America) covering the 4 property segments: Hotel & Tourism, Residential, Offices and Logistics. This invitation is strictly limited to Investors and restricted to one person per company per country.

→ For more details: www.mipimhorizons.com,

or check eligibility by contacting:

Aude Fraise, Sales Director - Investors

Tel: +33 1 4190 4459, e-mail: aude.fraise@reedmidem.com



mapic

MAPIC

November 19-21 2008, Palais des Festivals, Cannes, France

EPRA members attending MAPIC for the first time will benefit from:

- Free entrance to exhibition area and conferences sessions
- 2 free nights accommodation (limited to first 10 EPRA members to register)
- Full access to MAPIC World, our online matchmaking retail community

MAPIC is a unique event in the retail real estate industry. Through 71 countries, over 2,300 retail developers and more than 1,050 exhibitors, MAPIC offers you a impressive perspective of the sector.

This invitation is strictly limited to Investors and restricted to one person per company per country.

→ For more details: www.mapic.com

or check eligibility by contacting:

Aude Fraise, Sales Director - Investors

Tel: +33 1 4190 4459, e-mail: aude.fraise@reedmidem.com

Urban Land Institute

ULI Events

EPRA members can attend ULI Europe & ULI Trends at the ULI member's rate.

→ For more details: www.uli.org

Headline Sponsors



EPRA Annual Conference 2008

Stockholm, Sweden

4 & 5

September 2008

EPRA Awards 2008

Best Annual Report

Clarity, transparency, consistency of reporting terms and assumptions are all key factors for basing investment decisions, and generally raise the perception of REITs. PGGM has kindly funded this year's award, and Deloitte has allocated a huge amount time and expertise in assessing the winner.



Best Performer Awards

The aim of the Best Performer Awards are to formally recognise two companies in their individual market capitalisation size category which provided outstanding share price performance, due to impressive active management, while providing transparency to investors. The awards are backed by Kempen and Lasalle IM.



All constituents of the FTSE EPRA/NAREIT Europe Index are considered for these awards.



Impressions of
Stockholm.





The Nobel art of architecture



Annual Conference Stockholm 2008, Provisional Programme

Thursday, September 04 2008



08:00 – 09:00	Breakfast and conference registration	
09:00 – 09:20	Welcome by EPRA CEO Philip Charls / Serge Fautré	
09:20 – 10:05	Keynote speaker:	Anatole Kaletsky (Associate Editor of The Times)
10:05 – 11:05	Panel discussion I	“Land Economics”
	Moderator	Nick Ritblat (Day Chairman)
	Panel members:	Jan Willem de Geus (Morgan Stanley) Chris Turner (Thames River Capital) John Glascock (Cambridge University)
11:05 – 11:15	Comments by Jeff Schwartz, NAREIT Chair Elect.	
11:15 – 11:45	Break	
11:45 – 13:00	Panel discussion II	“Focused vs Diversified”
	Moderator	Nick Ritblat (Day Chairman)
	Panel members:	Francis Salway (Land Securities) Guillaume Poitral (Unibail/Rodamco) Scott Crowe (Cohen & Steers)
	Award Presentation:	EPRA Best Improved Annual Report 2007 sponsored by PGGM and Deloitte
		 
13:15 – 14:30	Lunch	
14:30 – 15:45	2 x CONCURRENT INTERACTIVE SESSIONS	
14:30 – 15:45	Session I: “Analyst Scorecard”	
	Moderator	Patrick Sumner (Henderson Global Investors)
	Panel members:	Martin Allen (Morgan Stanley) Harm Meijer (JP Morgan) Philippe Le Trung (Citigroup) Simon Mellis (Hammerson)
14:30 – 15:45	Session II: “Latest Property Research”	
	Moderator	Andrew Baum (University of Reading) Three presentations focusing on the latest property research
	End of afternoon – Personal Networking	
17:45 – 19:30	Boat trip (drop-off at dinner location)	
19:30 – 22:00	Cocktails & Dinner at Stockholm City Hall	

* On Thursday, September 4 2008, EPRA will organise a partner's programme *



Conference Theme: “Back to Basics”

Friday, September 05 2008

08:00 – 09:15	Breakfast	
09:15 – 10:00	Keynote speaker:	Wolfgang Grulke (FutureWorld)
	Award Presentation:	EPRA Best Large Cap Performance Award 2007, sponsored by LaSalle Investment Management + EPRA Small/Mid Cap Performance Award 2007, sponsored by Kempen & Co
		 
10:15 – 11:30	Panel discussion IV: “Finance”	
	Moderator	Piet Eichholtz (Day Chairman)
	Panel members:	Paul Rivlin (Palatium Investment Management) Graham Roberts (British Land) Ian Coull (SEGRO)
11:30 – 12:00	Break	
12:00 – 13:15	Panel discussion V: “Current Affairs”	
	Moderator	Piet Eichholtz (Day Chairman)
	Panel members:	Dan Thomas (Financial Times) Tim Wheeler (Brixton) Serge Fautre (Cofinimmo)
	Closing remarks by EPRA CEO Philip Charls	
13:20 – 14:45	Lunch	

If you are interested in attending, please complete our [registration form](#). And feel free to mail EPRA if you have questions: rachel@epra.com

Standard Sponsors





At the Stockholm Conference

At this year's event, a high calibre team of moderators and speakers will tie together financial trends, forward-looking analysis and new product concepts with realities of sub-prime.

They come with varied backgrounds and viewpoints. We're pleased to be able to introduce EPRA members to the following, in Stockholm:

→ Thursday's keynote speaker and day moderator



Anatole Kaletsky

Anatole Kaletsky is an Associate Editor of The Times and one of the country's leading commentators on economics. Anatole was previously Economics Editor of The Times, and has won many awards for his financial and political journalism. Before his appointment, Anatole worked for 12 years on the Financial Times in a variety of posts.

Anatole was educated at King's College, Cambridge where he graduated with a first class honours degree in Mathematics and at Harvard, where he was a Kennedy Memorial Scholar and gained a master's degree in Economics.

After two years at SG Warburg, **Nick Ritblat** worked for The British Land Company from 1987 until 2006. In 2006, he set up two non-property hedge funds. He was President of the British Property Federation 2006-07 and has also served on the Management Committee of the IPF, the Executive Committee of EPRA, the Index Committee of IPD, and as a Director of The Institute of Jewish Studies. Nick now runs his own consultancy business, is a Strategic Adviser to Deloitte and sits on the Executive Committee of REITA. Previous occupations have been in the film, publishing, food-marketing and art sectors. He has a degree in Russian and Philosophy from New College, Oxford.



Nick Ritblat

→ Friday's keynote speaker and day moderator



Wolfgang Grulke

A former IBM executive, **Wolfgang Grulke** worked internationally with IBM for more than 25 years and was awarded the prestigious IBM Outstanding Innovation Award. He started FutureWorld as an informal business network in 1987. Since that time he has been instrumental in helping major corporations and venture capital firms position themselves for the new world economy. He has addressed audiences in more than 20 countries, in person, on radio and television. His article "In Search of Simplicity" won the NACCA award for the best business article of the year, and "From Value Chain to Marketspace" was awarded the AFSM International Writing Award for Professional Writers and Consultants in Boston.

Wolfgang is a Fellow of the London Business School and teaches regularly on a number of programmes, including the School's flagship Senior Executive Programme and at Duke CE.

Piet Eichholtz is the Fortis Professor of Real Estate and Finance and chair of the Finance Department at Maastricht University in the Netherlands. He teaches courses in Finance and in Real Estate Finance and Investments.

His practical experience includes positions at the ABP and NIB Capital, and non-executive board memberships of property investment companies NSI and Oppenheim Immobilien Kapitalanlagegesellschaft. Piet has also earned a solid reputation as an entrepreneur. In 1996 he started Global Property Research, an international consultancy firm specialized in property companies, which was acquired by Kempen & Co in 2001. After leaving Kempen in 2004, he co-founded Finance Ideas, a financial consultancy company.

He is currently a member of the Advisory Boards of Redevco Europe and the RO Group, of the Investment Committees of Servatius and the KLM Pension Funds, and of the Housing Scenario Group of Rabo-Bouwfonds. He is also a non-executive director at IPD.



Piet M.A. Eichholtz

"BACK TO BASICS"

Number: _____

Company name: _____ Position: _____
 Full name Mr./Ms. _____
 Telephone number: _____ Fax _____
 E-mail addresses: _____ number: _____
 Send invoice to: _____ Your ref.: _____
 Street: _____
 Zip/City: _____ Country: _____
 My company is an EPRA member, conference fee EUR 1,250.= My company is not an EPRA member, conference fee EUR 2,500.=

CONFERENCE

REGISTRATION FEE: EPRA members EUR 1,250.= excl. VAT / Non-members EUR 2,500.= excl. VAT (non-members will be placed on a waitlist)

MEETING LOCATION: The Grand Hôtel Stockholm, Södra Blasieholmshamnen 8, P O Box 16424, 103 27 STOCKHOLM, SWEDEN
 Tel: + 46 (0) 8 679 35 00 Fax: + 46 (0) 8 611 86 86

PAYMENT CONFERENCE: Upon receipt of EPRA invoice. Payment of invoice by:
 1. Bank transfer (bank details will be shown on the invoice) or
 2. Cheque (if paying by cheque, please add an additional 10% to your registration fee for bank processing)
 The conference fee cannot be charged to your credit card

CANCELLATION POLICY CONFERENCE If cancellation is notified to EPRA in writing:
 - before 16 June 2008 free of charge
 - between 16 June and 13 July 2008 50% of conference fee
 - After 13 July 2008 100% of conference fee
 You may transfer your registration, without penalty, to another member of your organisation who has not registered yet for the conference.

CONFERENCE PROGRAMME

Please indicate your interest on 4 September 2008 (On 5 September 2008 we have a continuing programme)
 The conference programme has changed in comparison with the previous years. (for the complete programme, please visit our website)
 Session I: "Analyst Scorecard" or:
 Session II: "Academic Circle - Latest Research"
 Yes, I will join the Networking Boat Tour
 Yes, I will join Dinner at City Hall
 My partner will join the partners tour and dinner
 If yes, full name: _____
 Yes, I will join lunch on the 5th of September 2008

Comments:

HOTEL

Hotel accommodation is not included in the registration fee.

THE GRAND HOTEL

- No hotel needed
- Standard room, single - SEK 3,390 Standard room, double - SEK 3,935
 Deluxe room, single - SEK 4,690 Deluxe room, double - SEK 5,235

Check-in: _____
 Check-out: _____

RADISSON STRAND HOTEL

- Standard room, single - SEK 3,195 Standard room, double - SEK 3,375
 (rates are per night including breakfast and excluding local taxes)
 (requested/ room types are based upon availability)

PAYMENT HOTEL

By credit card when checking out:
 Amex Visa Master Diners
 Name Cardholder: _____
 Credit Card number: _____ Exp. _____

CANCELLATION POLICY HOTEL

If cancellation is notified to EPRA in writing:
 - before 1 May 2008 free of charge
 - between 1 May and 30 June 2008 50 % of total accommodation costs
 - after 1 July 2008 100% of total accommodation costs

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