



EPRA RESEARCH

European Public Real Estate Association

Monthly Market Review

August 2010



FTSE EPRA/NAREIT Developed (Global) Index

August 2010

The FTSE EPRA/NAREIT Developed (Global) Index ended August by adding 2%, while global equities slipped 1.1%. Global bonds market finished the month by advancing 2.1%. Real estate markets in Europe rose 50 bps compared to an increase of 1.4% for the North American. Asia market was the strongest performer this month as it advanced 3.1%

The global real estate return year-to-date stands at 17.9% compared to 7.2% and 7.1%, for global equities and global bonds respectively. For the ten-year rolling period real estate investments returned 62.9%. Equities lost 22.9 % while bonds markets were good for a 72.3% return in total Annual average return based on the ten-year period from real estate investments is 5%. Global equities lost 2.6% on average, while the bond investments returns equal 5.6%.

Global Developed Real Estate 10-year volatility equals 18.42%.

Asset Classes (EUR)	Aug-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
Global Real Estate	2.0	17.9	62.9	5.0
Global Equities	-1.1	7.2	-22.9	-2.6
Global Bonds	2.1	7.1	72.3	5.6
Europe Real Estate	0.5	4.3	63.3	5.0
N. America Real Estate	1.4	28.7	92.7	6.8
Asia Real Estate	3.1	13.1	42.2	3.6

All figures are expressed in EUR- Source: EPRA

FTSE EPRA/NAREIT Global Index – Top 5 Performers

Company	Sector	Total Return
CLS Holdings	Office	15.73%
Babis Vovos	Diversified	14.29%
Corrections Corp of America	Specialty	14%
Extendicare REIT *	Health Care	13.7%
Link REIT *	Retail	12.38%

FTSE EPRA/NAREIT Global Index – Bottom 3 Performers

Company	Sector	Total Return
Sunstone Hotel Investors *	Lodging/Resorts	-16.96%
Strategic Hotels & Resorts	Lodging/Resorts	-22.56%
Felcor Lodging Trust *	Lodging/Resorts	-32.88%



Asia-Pacific

The FTSE EPRA/NAREIT Developed Asia is up 3.1% at the end of August. FTSE EPRA/NAREIT Japan (JPY) added 2.1%. FTSE EPRA/NAREIT Hong Kong (HKD) lost 1.9% while the FTSE EPRA/NAREIT Singapore (SGD) Index slipped 2.7%. FTSE EPRA/NAREIT Australia Index (AUD) Index was the best performer of the region as it advanced 4%. New Zealand Index added 1.1%

10-year rolling volatility for Asia-Pacific is 20.01%.

Country	Aug-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
Asia (EUR)	3.1	13.1	42.2	3.6
Australia (AUD)	4.0	2.5	13.2	1.2
Hong Kong (HKD)	-1.9	-3.0	138.4	9.1
Japan (JPY)	2.1	-6.6	38.9	3.3
Singapore (SGD)	-2.7	-0.6	86.9	6.5
New Zealand (NZD)	1.1	-3.8	-NA-	-NA-

Source: EPRA

Singapore government took another step to curb speculation in residential sector as house prices surged 38% in the second quarter. The latest step is the increase on the minimum down payment on second mortgages and a stamp duty on property held for less than three years. The restrictions come after authorities in Hong Kong and China took measures to avoid price bubbles in the residential markets. Singapore based property developers, Capitaland and City Developments, declined after the announcement as the nation's Prime Minister added that previous measures have failed to moderate the price rise. The authorities introduced a seller's stamp duty on residential properties and land that were sold within a year of purchase.

Wing Tai, [reported](#) a seven-fold hike in net profits for the financial year ended June, as it reported a net profit of SGD 161 million, up from SGD 21 million a year earlier. Fourth quarter net profits came out at SGD 68.9 million compared to a loss of SGD 53.8 million a year earlier. Total revenues increased 64% in the same period to SGD 822 million, up from SGD 502 million. The Property developer identified the sales from its Belle Vue Residence and The Riverine project as the main drivers of total revenue. Wing Tai's main market is Singapore with 70% with 70% of its assets on the island, while the rest is in Hong Kong and China. Wing Tai ended the month down 10%.

China Resource Land, saw its first-half profits surge by 169% as sales revenue more than quadrupled despite curbing measure being placed by the authorities. Net Income came out at HKD 3.5 billion compared to HKD 1.3 billion, a year earlier. Revenue from residential development activities was the main driver of the hike, which accounted for 89percent of total revenues for the six months. The property developer acknowledged that curbing measures by the authorities have had effect on residential prices in some cities and that the company will increase focus on commercial properties going forward and declared an interim dividend of 9.5 cents a share, a 76 percent rise from last year. China Resource dipped 9.7% for the month.

Shui On Land [reported](#) results for the first-half of 2010. The property developer focused



on mainland China, generated HKD 3.6 billion in total revenue, compared to 1.5 billion in 2009. Operating profit for the Hong Kong based company rose to HKD 1.17 billion, a huge increase from last year's figure of HKD 223 million. Shui On Land sold units with a gross floor area of 136 thousand square meters. Fair value gain on investment properties was HKD 1.7 billion. Net gearing rose from 23% to 32% in the same period, on which the company CFO commented, " The gearing ratio is still lower than other developers.. We aim to keep it under 65%". Shui On Land is down 3.39% at the end of August.

Goodman Group, [posted](#) a net loss of AUD 563 million for the 12 months ended June, compared to a loss of aud 1.12 billion last year. The loss is attributed to revaluations of property and equity investments and other non-operating items such as debt restructure costs. Operating profit came out at AUD 310 million for the 12 months, compared to AUD 408 million last year. Goodman Group with AUD 12.6 billion under management, is a constituent of the FTSE EPRA/NAREIT Diversified Index. The Sydney-based company announced this month it will restart its AUD 10 billion development pipeline to boost earnings. Forecasts for 2011 operating profit provided by the company stood is between AUD 370 million and AUD 380 million. The company added 3.25% during August.

Westfields Group, [reported](#) operating earnings of AUD 1.02 billion for the first half of 2010, despite of the challenges faced by the retail sector in the period. Total revenues for the group came out at AUD 1.8 billion, down by 13% from last year. Property income increased by 5.8 percent for its home market and Newzealand, while the UK market property income increased by 8.5%. The US region reported an increase of 3.2% for the six months. The retail specialist with 119 shopping malls in Australia, New zealand, US and the UK announced an interim dividend of 32 cents, down from 47 cents last year. Westfield Group advanced 2.46% for the month.

FTSE EPRA/NAREIT Asia Index – Top 5 Performers

Company	Sector	Total Return
Link REIT *	Retail	12.38%
Macquarie Countrywide *	Retail	12.26%
Premier Investment Co. *	Diversified	9.31%
FKP Property Group	Diversified	9.29%
Hang Lung Properties	Diversified	7.25%

FTSE EPRA/NAREIT Asia Index – Bottom 3 Performers

Company	Sector	Total Return
Allgreen Properties	Diversified	-12.82%
Hopson Development	Residential	-14.02%
Shimao Property	Residential	-15.3%



EUROPE

The FTSE EPRA/NAREIT Developed Europe Index ended the month by adding 50 bps. Regional heavy weight, the UK slipped 80 bps while France dipped 20 bps in August. The Netherlands outperformed other markets by advancing 2.5%. Sweden returned 50bps for the investors at the end of August.

European Real Estate 10-year volatility stands at 18.53%.

Country	Aug-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
Europe (EUR)	0.5	4.3	63.3	5.0
UK (GBP)	-0.8	-7.7	23.1	2.1
Netherlands (EUR)	2.5	2.1	168.6	10.4
France (EUR)	-0.2	4.1	286.8	14.5
Sweden (SEK)	0.5	15.8	311.1	15.2

Source: EPRA

St. Modwen, the UK property company, [announced](#) that they have entered into a joint venture with Persimmon PLC initially to develop 2,000 homes on seven sites owned by St. Modwen. It is expected that the development across 120 acres of land will take up to five years to complete and will have an end value of over EUR 300 million. Further schemes will be added to the joint venture as planning permission is granted. Bill Oliver, Chief Executive, St. Modwen commented: *"We are very pleased to have reached an agreement to joint venture this land with a sector leading house builder with whom we can work to accelerate the delivery of quality housing from our portfolio."* St. Modwen ended the month by advancing 59 bps.

Minerva, the UK developer, [announced](#) a GM on September 8 after main shareholder KiFin (29.5%) called for an EGM. Several resolutions will be voted on including the replacement of Mineva's current Chairman and CEO and the appointment of two new non-executives as proposed by KiFin. Minerva slumped 11.74% in August.

F&C Commercial Property Trust and **UK Commercial Property Trust** merger was [rejected](#) by shareholders in a close vote, 49.93% in favor with 50.07% against. The vote required the support of the minority shareholders as the deal was classified as a related party transaction for two major shareholders Friends Provident and Phoenix. F&C CPT ended the month slipped 2.97% and while Uk Commercial property Trust added 1.96%.

Corio, the Dutch retail REIT, [successfully](#) priced a bond issue of EUR 250 million with a maturity of 10 years. The proceeds of the transaction will be used for general corporate purposes and allow Corio to extend its debt maturity profile. The bond issue offers a 5.448 per cent coupon. The bonds will be placed with a single foreign institutional investor. Corio added 58bps in August.



FTSE EPRA/NAREIT Europe Index – Top 5 Performers

Company	Sector	Total Return
CLS Holdings	Office	15.73%
Babis Vovos	Diversified	14.29%
ProLogis European Properties	Industrial	11.48%
ISIS Property Trust Ld	Diversified	8.76%
Daejan Holdings	Diversified	8.51%

FTSE EPRA/NAREIT Europe Index – Bottom 3 Performers

Company	Sector	Total Return
Gagfah	Residential	-8.03%
Zueblin Immobilien Holding	Office	-9.25%
Minerva	Diversified	-11.74%

NORTH AMERICA

The EPRA/NAREIT North America Index retreated this month by 1.1% in USD. The US market dipped 1.2% (USD) for the month, compared to a gain of 4.1% for the Canada Index in CAD, at the end of August.

The 10-year rolling volatility for North America is 23.48%, the highest of the three regions.

Country	Aug-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
North America (USD)	-1.1	14.0	165.3	10.3
United States (USD)	-1.2	13.7	155.7	9.8
Canada (CAD)	4.1	19.2	218.9	12.3

Source: EPRA

Simon Property Group, The largest Retail REIT in the US, [informed](#) that it had completed the USD 2.3 billion purchase of Prime Outlet Acquisition from the Lightstone Group. The acquisition is financed by USD 1.55 billion of prime debt. 21 outlet centers will be acquired from Lightstone group, owner of commercial properties that was forced to seek bankruptcy protection in December 2009. The acquisition expected to be completed in March had been delayed following a review by the Federal Trade Commission. According to the company, a proposed consent agreement with Federal Trade Commission will be sent for approval. The agreement needed to be modified after it was announced in December, so that Simon Property would no longer an outlet in Florida and no development project in California and Texas. Simon Property Group ended the month up 1.38%

American Campus Communities, [announced](#) the closing of a public offering 13.8 million shares, including 1.8 million shares of underwriters' exercise of the over-allotment option. With the share price of USD 27, the net proceeds for the company came out at USD 356 million. The residential sector REIT plans to use the capital to mainly finance the acquisition of the 90% interest in 14 properties, currently under a



joint venture. The company said it will use the amount also to pay down debt, fund development projects and for general corporate purposes. American Campus Communities is added 2.9% in August.

Vornado Realty Trust, received the approval from the City Council of New York to build a new skyscraper which will rival the Empire State building in Midtown Manhattan. The 1200 square foot glass tower at 15 penn Plaza will add over two million square feet of office space. The plan was opposed by the owner of the Empire State building, who pleaded that the tower should be lower in order to preserve the sky line of the city and that it will block his building's view. The Council voted in favour of Vornado as the project is expected to create seven thousand new jobs and stimulate economic recovery in the region. The Council also expects USD 100 million in transit improvements to Penn Station because of the development. Vornado Realty Trust slipped 2.08% for the month of August.

Boston Properties, the largest US office landlord, [reported](#) a fall in second-quarter earnings due to decline in its rental revenues. Funds from operation declined to USD 160 million for the three months compared to USD 167 million last year. Total rental revenues dipped 1.7% to USD 367 million while expenses increased by 5.9% to 332 million for the period. The office REIT is following a strategy of reducing debt and building cash reserves for future acquisition, which is creating a pressure on its earnings. Boston Properties dipped 61 bps to end the month.

FTSE EPRA/NAREIT North America Index – Top 5 Performers

Company	Sector	Total Return
Corrections Corp of America	Specialty	14%
Extendicare REIT *	Health Care	13.7%
Winthrop Realty Trust	Diversified	11.2%
Canadian Apartment Props *	Residential	11.01%
Boardwalk REIT *	Residential	9.34%

FTSE EPRA/NAREIT North America Index – Bottom 3 Performers

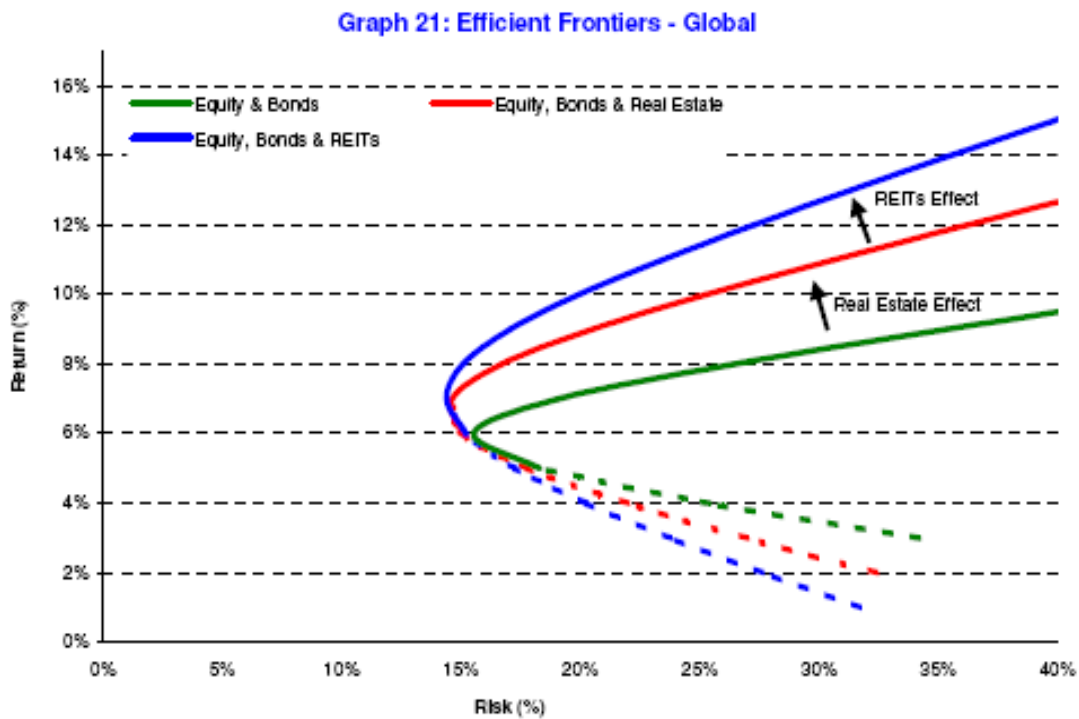
Company	Sector	Total Return
Sunstone Hotel Investors *	Lodging/Resorts	-16.96%
Strategic Hotels & Resorts	Lodging/Resorts	-22.56%
Felcor Lodging Trust *	Lodging/Resorts	-32.88%



Index Chart of the month

Efficient Frontiers

The efficient frontier shows the minimum variance portfolio (or least risky portfolio) for a given rate of return. The resulting line shows the most efficient portfolio for any given combination of risk and return. Rational investors will construct portfolios that have risk-return profiles that are located on this frontier. The efficient frontiers are calculated using data from a rolling 10-year period.



The FTSE EPRA/NAREIT Developed (Global) Real Estate Index consists of the largest and most heavily traded real estate stocks in Asia, Europe and North America. As of August 31, there were a total of 281 stocks in the index.

The [EPRA Monthly Statistical Bulletin](http://www.epra.com) is available for EPRA members on: www.epra.com.

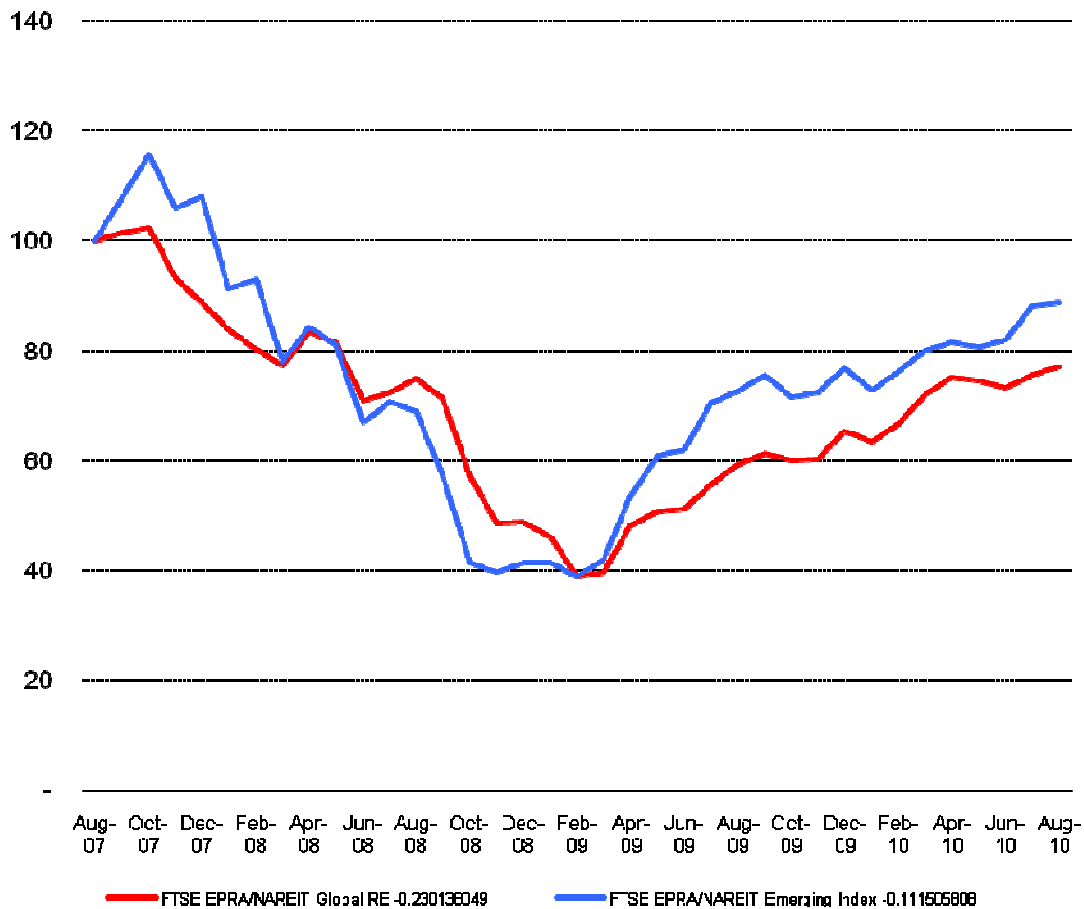


FTSE EPRA/NAREIT Emerging (Global) Index

The FTSE EPRA/NAREIT Emerging (Global) Index ended the month by advancing 0.92%. The Emerging Asia-Pacific region added 2.66% in August. Real estate markets from the Emerging Europe, Middle East & Africa Region were up 3.96%. The Emerging Americas outperformed other regions by advancing 10.39%.

FTSE EPRA/NAREIT AIM index tracking the performance of AIM listed property companies with a global exposure is down 6 for the month. All figures are expressed in EUR.

Graph 1: Global Developed Real Estate vs Emerging Markets & AIM - Total Returns (EUR) Rolling 36 Months Performance



TOP 20

The FTSE EPRA/NAREIT Emerging Index is composed of three regions; Asia, EMEA and Latin America.

Company	Country	Investment Focus	Sector	Free Float Mkt Cap (EUR m) 31-Aug	Free Float Regional (%) Weight 31-Aug
PDG Realty S/A Empreendimentos e Participacoes Ord	BRAZ	Non-rental	Diversified	4,445.40	22.12
Cyrela Brazil Realty S/A Empreendimentos e Participacoes Or	BRAZ	Non-rental	Diversified	3,102.10	15.44
Growthpoint Prop Ltd	SAF	Rental	Diversified	2,781.64	30.68
DLF	IDA	Non-rental	Diversified	2,586.52	10.89
Unitech	IDA	Non-rental	Diversified	2,380.23	10.02
Gafisa	BRAZ	Non-rental	Residential	2,329.33	11.59
Redefine Income Find	SAF	Rental	Diversified	2,262.56	24.95
BR Malls Participacoes S/A Ord	BRAZ	Rental	Retail	1,867.05	9.29
MRV Engenharia e Participacoes SA	BRAZ	Non-rental	Residential	1,581.85	7.87
Ayala Land	PHIL	Non-rental	Diversified	1,471.67	6.20
Shenzhen Vanke (B)	CHN	Non-rental	Residential	1,263.64	5.32
Poly (Hong Kong) Investments (Red Chip)	CHN	Non-rental	Diversified	1,252.62	5.28
Land & Houses	THAI	Non-rental	Residential	1,153.19	4.86
Guangzhou R&F Properties (H)	CHN	Non-rental	Diversified	1,103.01	4.65
SP Setia	MAL	Non-rental	Diversified	1,094.57	4.61
Yuexiu Property (Red Chip)	CHN	Non-rental	Residential	945.18	3.98
Desarrolladora Homex SA de CV	MEX	Non-rental	Residential	921.15	4.58
Pangbourne Prop Ltd	SAF	Rental	Diversified	912.96	10.07
Brookfield Incorporacoes SA	BRAZ	Non-rental	Residential	890.36	4.43
BR Properties S/A Ord	BRAZ	Rental	Retail	884.17	4.40

The FTSE EPRA/NAREIT Emerging Index consists of the largest and most heavily traded real estate stocks in Emerging Asia, EMEA and Latin America. As of August 31, there were a total of 84 stocks in the index.

The [EPRA Monthly Statistical Bulletin](http://www.epra.com) is available for EPRA members on: www.epra.com.

Bloomberg Ticker: FENEI

Thomson Reuters: .FTENEI



Total Return		Close Value	Div Yld (%)	Total Rtn (%)	Total Rtn (%)	Total Rtn (%)	10 Yrs Vltly (%)
Index Description	Curr	31-Aug	31-Aug	QTD	- 1 Yr	YTD	
Global	EUR	2,065.07	3.93	- 8.35	29.98	5.06	1.95
Asia	EUR	1,645.23	3.65	- 8.76	20.54	4.72	3.14
Europe	EUR	1,914.82	4.59	- 16.31	9.56	7.64	0.53
North America	EUR	2,604.07	3.96	- 4.30	50.39	4.53	1.41
Global Ex Asia	EUR	2,340.09	4.11	- 8.06	37.01	5.29	1.18
Global Ex Europe	EUR	2,057.87	3.81	- 6.51	34.72	4.61	2.21
Global Ex North America	EUR	1,850.27	3.91	- 11.17	17.15	5.50	2.39
Asia	EUR	1,645.23	3.65	- 8.76	20.54	4.72	3.14
Pure Asia	EUR	1,734.97	3.27	- 8.11	20.39	4.50	3.21
Japan	JPY	1,726.93	3.07	- 23.18	- 16.33	4.18	2.10
Australia	AUD	1,304.15	6.63	- 24.92	6.44	5.03	4.01
Pure Australia	AUD	981.01	5.98	- 32.83	7.89	4.35	3.19
Hong Kong	HKD	2,366.38	2.48	- 0.06	11.21	6.53	- 1.94
Singapore	SGD	1,577.18	3.08	- 10.14	18.44	6.00	- 2.75
New Zealand	NZD	1,256.07	7.81	- 5.93	- 0.18	6.67	1.05
Europe	EUR	1,914.82	4.59	- 16.31	9.56	7.64	0.53
Europe (Price Return)	EUR	1,259.96	-	- 20.32	4.79	7.34	0.37
Euro Zone	EUR	2,568.50	5.19	- 10.07	9.42	8.79	0.30
Euro Zone (Price Return)	EUR	1,559.07	-	- 14.87	3.89	8.61	0.16
Europe Ex UK	EUR	2,820.67	4.79	- 8.49	14.25	8.83	0.91
Europe Ex UK (Price Return)	EUR	1,741.11	-	- 13.21	8.83	8.69	0.80
Europe Liquid 40	EUR	1,861.73	4.68	- 16.79	10.85	8.34	0.46
Europe Liquid 40 (Price Return)	EUR	1,197.14	-	- 20.76	5.93	8.08	0.32
Europe Liquid 40 Ex UK	EUR	3,133.58	4.95	- 7.58	15.97	9.21	0.85
Europe Liquid 40 Ex UK (Price Return)	EUR	1,857.56	-	- 12.36	10.33	9.12	0.76
UK	EUR	1,081.28	4.21	- 28.29	1.64	5.46	- 0.18
UK (Price Return)	EUR	760.05	-	- 31.32	- 2.13	4.86	- 0.44
Netherlands	EUR	2,991.31	6.29	- 3.92	10.01	11.57	2.46
France	EUR	4,196.77	5.12	- 2.90	12.10	9.10	- 0.24
Austria	EUR	488.84	1.34	- 33.90	8.71	7.49	- 0.49
Sweden	EUR	4,482.00	4.60	- 0.09	33.25	9.14	1.02
Germany	EUR	616.77	4.48	- 22.11	8.48	6.26	- 1.64
Switzerland	EUR	2,649.62	2.29	12.98	44.47	9.15	6.54
Belgium	EUR	2,002.10	7.37	- 1.19	2.42	4.09	- 0.07
Italy	EUR	1,474.33	2.75	- 29.25	- 2.91	1.38	- 0.83
Finland	EUR	3,253.63	3.16	- 14.29	10.26	15.70	3.13
UK	GBP	1,445.09	4.21	- 23.30	- 4.55	6.52	- 0.76
UK (Price Return)	GBP	1,015.77	-	- 26.54	- 8.08	5.92	- 1.03
Switzerland	CHF	2,139.18	2.29	4.10	22.75	6.49	0.73
Sweden	SEK	4,932.30	4.60	- 0.16	22.50	7.26	0.47
North America	USD	3,159.03	3.96	- 6.51	33.19	8.46	- 1.07
United States	USD	3,048.53	3.78	- 7.10	32.56	8.32	- 1.23
Canada	USD	5,109.59	5.70	0.03	39.40	9.73	0.51



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