



EPRA | RESEARCH

European Public Real Estate Association

Monthly Market Review

February 2010



FTSE EPRA/NAREIT Developed (Global) Index

February 2010

The FTSE EPRA/NAREIT Developed (Global) Index ended February by adding 4.9%, outperforming the global equities market that advanced 3.1%. While global bonds market returned 50 bps for investors. Real estate markets in Europe slipped -1.2% this month compared to a gain of 7.5% in North America. Asian real estate also ended positively by advancing 5.1%.

Global real estate total returns from the five-year rolling period now equal 7%. Global equities have returned 13.5%, while global bonds added 23.3%. Annual average returns based on the five-year period from real estate investments is 1.4%. This compares against 2.6% and 4.3% for equities and bonds, respectively.

Global Developed Real Estate 36-month volatility equals 26.79%.

All figures are expressed in EUR.

Asset Classes (EUR)	Feb-10 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	4.9	2.1	7.0	1.4
Global Equities	3.1	1.9	13.5	2.6
Global Bonds	0.5	1.3	23.3	4.3
Europe Real Estate	-1.2	-2.9	-15.8	-3.4
N. America Real Estate	7.5	5.4	5.9	1.1
Asia Real Estate	5.1	1.1	23.3	4.3

Source: EPRA

FTSE EPRA/NAREIT Global Index – Top 5 Performers

Company	Sector	Total Return
Developers Diversified *	Retail	28.61%
Taubman Centers *	Retail	22.33%
CBL & Associates Props *	Retail	18.9%
DuPont Fabros Technology *	Specialty	17.93%
The Macerich Company *	Retail	17.57%

FTSE EPRA/NAREIT Global Index – Bottom 3 Performers

Company	Sector	Total Return
Norwegian Property ASA	Office	-15.68%
Parkway Properties *	Office	-20.31%
Lamda Development	Diversified	-24.82%



Asia-Pacific

The FTSE EPRA/NAREIT Developed Asia added 5.1%. FTSE EPRA/NAREIT Japan (JPY) slipped 2.0% in February. FTSE EPRA/NAREIT Hong Kong (HKD) ended the month by advancing 7.5% while FTSE EPRA/NAREIT Singapore (SGD) Index dropped 1.3%. FTSE EPRA/NAREIT Australia Index (AUD) Index advanced 1.4% while there was no change for the FTSE EPRA/NAREIT New Zealand (NZD).

36-months rolling volatility for Asia-Pacific is 26.32%.

Country	Feb-10 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	5.1	1.1	23.3	4.3
Australia (AUD)	1.4	-1.4	-34.6	-8.1
Hong Kong (HKD)	7.5	-7.0	90.3	13.7
Japan (JPY)	-2.0	-2.5	3.7	0.7
Singapore (SGD)	-1.3	-8.2	57.2	9.5
New Zealand (NZD)	0.0	-2.9	21.4	3.9

Source: EPRA

Sun Hung Kai, largest property developer, raised HKD billion (USD 540 million) through sales in a weekend, raising concerns of overheating of the market. The apartments were sold for an average price of HKD 5,400 per square foot in the YoHo Midtown complex located in Yeun Long. Wong Leung-sing of Centaline Property Agency, said that the selling price compares to an average of HKD 3,000 per square foot in the area only a year ago. Last year, home prices in Hong Kong surged by 29% due to a combination of falling supply, low interest rates and a hike in demand by Chinese buyers. The property developer estimates that 80% of the units were purchased by buyers that intend to live in them, while the rest are bought as investment. 40 units were immediately advertised for resale for a 20% mark-up [according](#) to South China Morning Post newspaper. Sun Hung Kai ended the month up 7.48%.

Sino Land, Hong Kong-based property developer [stated](#) that second-half profits, excluding revaluation on property portfolio, declined by HKD 2.03 billion (USD 261 million) as fewer units were completed for sale. The six-month profits declined by 22% compared to a year ago as sales revenues fell to HKD 4.4 billion from HKD 6.2 billion. The decline in profits comes at a time when Hong Kong residential properties prices have risen 29%, however, according to Kenny Tang of Redford Securities the company aims to sell most of the units in the next six months. Hong Kong developers actively sell units before completion, and profits are reported upon completion. The number of residential units completed is expected to double this year after falling to a 12-year low in 2009, according to Centaline Property Agency. The company is up 14.29% for the month.

Stockland, Second largest Australian REIT, [reported](#) a profit for the six months ended December 31, as demand for residential properties increased. The net income for the period came out at AUD 727 million (USD 188 million), compared to AUD 727 million loss in the year before. In addition, the REIT upgraded the full-year forecast to 29 cents a share from 28 cents. The company has increased focus on residential community development to gain from the demand that is expected to increase in the coming years. In addition managing director, Mathew Quinn, signalled a gradual reduction in the company's investments in apartments. The apartment business segment was good for a profit of AUD



6 million, compared to loss of AUD 5 million, a year earlier. UK segment delivered a profit of AUD 1.7 million compared to a loss of AUD 75 million previously. The company intends to continue selling off assets overseas and increase focus on its core markets. "We moved to UK, That hasn't gone well for us", Quinn added in a Sydney interview. Stockland returned 8.85% for its investors in one month.

CFS Retail Property Trust also [reported](#) a profit for the half-year ended December, as net income came out at AUD 93 million (USD 83 million) compared against a loss of AUD 226 million for the same period last year. The Sydney-based REIT completed AUD 860 million of redevelopment projects in the six months, of which it shares AUD 523 million. According to Lourens Pirenc, the company's relative defensiveness continues to drive out-performance in a bear market, and the development activity could lead to further growth. CGS is up 1.6% for the month.

Westfield, largest retail focused stock in the FTSE EPRA/NAREIT series, [reported](#) a profit in the second half as property values in Australia stabilised. The Sydney-based company's net income was USD 250 million in the six months ended December 31. The company reported operational earnings of USD 2.06 billion, up 6.2% from last year. Income from Australian and New Zealand portfolio is 5.9% for the year. Meanwhile income declined from US and UK properties in the same period by 3.9% and 4.2% respectively. The properties were 97.2% let at the end of the December, up from 96% let reported at the end of March. For the full year, the REIT reported a loss of AUD 458 million, mainly due to decline in property values during the first six months. Westfield slipped 4.91% in one month.

FTSE EPRA/NAREIT Asia Index – Top 5 Performers

Company	Sector	Total Return
Great Eagle Holdings	Diversified	15.24%
China Resources Land	Residential	14.77%
Sino Land	Diversified	14.29%
Japan Retail Fund *	Retail	13.27%
China Overseas Land	Residential	13.07%

FTSE EPRA/NAREIT Asia Index – Bottom 3 Performers

Company	Sector	Total Return
Toc Co	Office	-8.38%
Tokyo Tatemono	Office	-12.57%
Wing Tai Holdings	Diversified	-14.72%



EUROPE

The FTSE EPRA/NAREIT Developed Europe Index slipped 1.2% at the end of the month. Regional heavy weight UK added 80 bps in February while France was down 3.1%. The Netherlands finished the month up 1.6%, while Sweden, with a gain of 4 percent, was the best performing market in Europe

European Real Estate 36-month volatility stands at 26.3%, the lowest of the three regions.

Country	Feb-10 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	-1.2	-2.9	-15.8	-3.4
UK (GBP)	0.8	-6.2	-34.0	-8.0
Netherlands (EUR)	1.6	-1.5	31.8	5.7
France (EUR)	-3.1	-2.4	59.8	9.8
Sweden (SEK)	4.0	2.4	45.6	7.8

Source: EPRA

Liberty International, the UK REIT, was rumoured to be holding a demerger into two separate entities. The company [responded](#) by confirming that it is actively considering a reorganisation of the group by way of a demerger of a London focused entity from its shopping centre business, though such a transaction requires a number of third party approvals which have been requested and some of which are currently outstanding. The Board would only be in a position to decide whether to proceed or not once it has progressed these matters further. Liberty ended the month up 3.44%

British Land, UKs second biggest REIT, [announced](#) its Q3 results for the period ending 31 December 2009. EPRA NAV increased 18% during the period, while the portfolio valuation was up 8.2%. Chris Grigg, Chief Executive, commented: *“Our office portfolio is well positioned as London letting activity picks up. We have over 250,000 sq ft of space under offer, including nearly 220,000 sq ft to Macquarie, and have over 650,000 sq ft of additional new space available from recent development activity.”* British Land ended the month adding 43 bps.

Hammerson, the UK REIT, [announced](#) its full year figures ending 31 December 2009. Hammerson’s portfolio fell in value by 9% over the year, however it increased by 6% in the second half of 2009 (UK +11%, France -3%). Adjusted net asset value per share fell by 18% over the year, but increased by 13% since 30 June 2009. John Nelson, Chairman of Hammerson, said: *“Recently there has been a recovery in property markets, supported by strong investor demand and the policy of central banks supporting financial markets. The economic outlook, however, remains uncertain, and against this background the Board intends to maintain a prudent approach to financing.”* Hammerson ended the month up one percent.

Unibail-Rodamco, Europe’s largest REIT, and [included](#) in the EuroStoxx 50 since this month, published its [FY 09 figures](#). The portfolio value fell 9.8% over the year, whereas like-for-like rental growth was 4%. Also, Unibail-Rodamco [announced](#) that it has entered into an agreement to acquire Simon Ivanhoe, a jointly held European subsidiary of the Simon Property Group (North American constituent) and Ivanhoe Cambridge, with a portfolio of shares in 7 shopping centres in France and Poland. And a JV agreement (50% Unibail-Rodamco share) for 5 development projects in France. Unibail will develop these



projects on behalf of the new JV. The agreed price was EUR 715 million. Guillaume Poitrinal, Chairman of the management board and CEO said: *“This transaction represents a unique opportunity to reinforce further our presence in the large Shopping Centre segment, in French and Polish capital cities.”* Later this month, Unibail [announced](#) that, as part of its strategy to focus on large shopping centres, had sold 5 Dutch shopping centres to [Wereldhave](#), for the consideration of EUR 235 million. Unibail shares declined 7.74% this month while Wereldhave ended the month up 1.41%

Norwegian Property announced Q4 2009 results and announced that after a thorough strategic review, the Board has initiated a process aiming to separate the company’s operations into two, independent companies by the end of 2010. For both the office and hotel operations, the Board intends to develop the standalone units leading market players in their field. Norwegian Property aims that both the hotel and office operations shall be fully integrated professional property companies, focusing on the complete value chain, including letting, property management, development, transactions and financing. Norwegian Property crashed 15.68% and is among the bottom performers of the region.

NAV Update

Some 30 FTSE EPRA/NAREIT Developed Europe constituents reported financial statements (mostly as of 31 December 2009) during February. Please refer to the EPRA Monthly Published NAV Bulletin (published shortly) for the full list of reports.

FTSE EPRA/NAREIT Europe Index – Top 5 Performers

Company	Sector	Total Return
Minerva	Diversified	11.11%
Beni Stabili	Office	11.02%
Primary Health Prop. *	Health Care	6.8%
F&C Commercial Prop	Diversified	6.6%
Mercialys *	Retail	6.53%

FTSE EPRA/NAREIT Europe Index – Bottom 3 Performers

Company	Sector	Total Return
Patrizia Immobilien	Residential	-12.78%
Norwegian Property ASA	Office	-15.68%
Lamda Development	Diversified	-24.82%



NORTH AMERICA

The EPRA/NAREIT North America Index added 5.5% in USD. The US returned 5.7% (USD) for the month, compared to an increase of 3.5% for the Canada Index in CAD, at the end of February.

The 36-months rolling volatility for North America is 35.81%, the highest of the three regions.

Country	Feb-10 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	5.5	0.2	8.8	1.7
United States (USD)	5.7	-0.3	5.5	1.1
Canada (CAD)	3.5	5.5	30.1	5.4

Source: EPRA

Simon Property Group, largest US REIT, its fourth quarter and full year results and announced that it will revert to paying an all-cash dividend. The company reported FFO of USD 485 million for the final quarter of 2009, compared to USD 541 million a year ago. For the full year the FFO amounts to USD 1.75 billion of USD 5.33 a share, compared to USD 1.85 billion or USD 6.42 a share in 2008. Occupancy in its regional mall stood at 92.1% as of December 31, compared to 92.4% a year earlier. The premium mall occupancy was reported at 97.9% down from 98.9% at the end of 2008. The Office REIT also added that transaction with Unibail-Rodamco of its stake Simon Ivanhoe will result in a gain of USD 300 million and is expected to be rounded up in the first half of 2010. Simon Property Group's 8.74% monthly return compares to a gain of 5.7% rise of the FTSE EPRA /NAREIT US index.

Washington REIT [reported](#) fourth-quarter FFO of USD 30 million, similar to USD 29 million a year ago. The FFO per share comes out at 50 cents compared to 55 cents a year earlier. The full year FFO figure of USD 122 million compares against USD 99 million in 2008. Fourth quarter activity includes executing leases of 308 thousand square feet with an average rental rate increase of 4.2% over expiring lease rates. The company repaid USD 100 million unsecured term loan using its credit line. Along with the results, the company also [announced](#) its 193rd consecutive dividend of 43 cents per share to be paid on March 31. Washington REIT shares are up 6.38% in one month.

Developers Diversified Realty [provided](#) an update on its operational activity in the final quarter and the full-year. FFO amounted to USD 63 million for the final quarter and USD 298 million for the whole year. In the three months ended December 31, the retail REIT disposed five retail properties spread across 600,000 square feet for a gross proceed of USD 31 million. This sale was carried out a loss of USD 4 million in the fourth quarter. The company signed leases totaling 3 million square feet, made up of 306 renewals and 166 new leases. This brings the total for the year to 10.6 million square feet of securing leases which includes 1,079 renewals and 583 new leases. The company's total portfolio is 91.2% let as of end of 2009, compared to 92.2% a year ago. Equity raised in the fourth quarter amounted to approximately USD 50 million. Developer Diversified surged 28.61% at the end of February and is the top performer globally.



Mack-Cali Realty' fourth quarter [results](#) show FFO available to common shareholders of USD 55 million, or 50 cents a share, compared to USD 50.9 million, or 63 cents per share a year earlier. For the full year the company's FFO totaled USD 275 million or USD 3.11 per share, down from 279 million or USD 3.46 a share. For the full year the company executed 492 leases on over 3 million square feet of a diversified portfolio, in which a third of the leases were new agreements. Mack-Cali said that its in-service portfolio has occupancy of 90.1 at the end of the fourth quarter, up slightly from 90.0% occupancy in the previous quarter. In reporting the results, the company adjusted its 2010 annual guidance for FFO to a range of USD 2.70 and USD 2.90, down from the guidance issued earlier of USD 2.80 and USD 3.00. The company added 2.82% in February.

AMB Property, reported FFO for the fourth quarter of USD 44 million or 29 cents a share, compared to a loss of USD 179 million equaling a loss per share of USD 1.68, last year. For the full year the company generated FFO of USD 99 million, or 72 cents a share up from USD 79 million, or 77 cents a year earlier. The operating portfolio of the company was 91.2% let at the end of December. Leasing activity during the year includes executing leases of 7.8 million square feet in the fourth quarter, while in the whole year 29 million square feet was leased out. For the year ended December 31, the company completed property dispositions and contribution amounting USD 763 million. In addition, AMB property completed USD 2.7 billion of debt repayment, repurchases and extensions for the full year. AMB is up 1.42% at the end of February.

Corporate Actions

Piedmont Office Realty Trust was [added](#) to the FTSE EPRA /NAREIT Index series on February 11 under the [fast track](#) rule.

FTSE EPRA/NAREIT North America Index – Top 5 Performers

Company	Sector	Total Return
Developers Diversified *	Retail	28.61%
Taubman Centers *	Retail	22.33%
CBL & Associates Props *	Retail	18.9%
DuPont Fabros Technology *	Specialty	17.93%
The Macerich Company *	Retail	17.57%

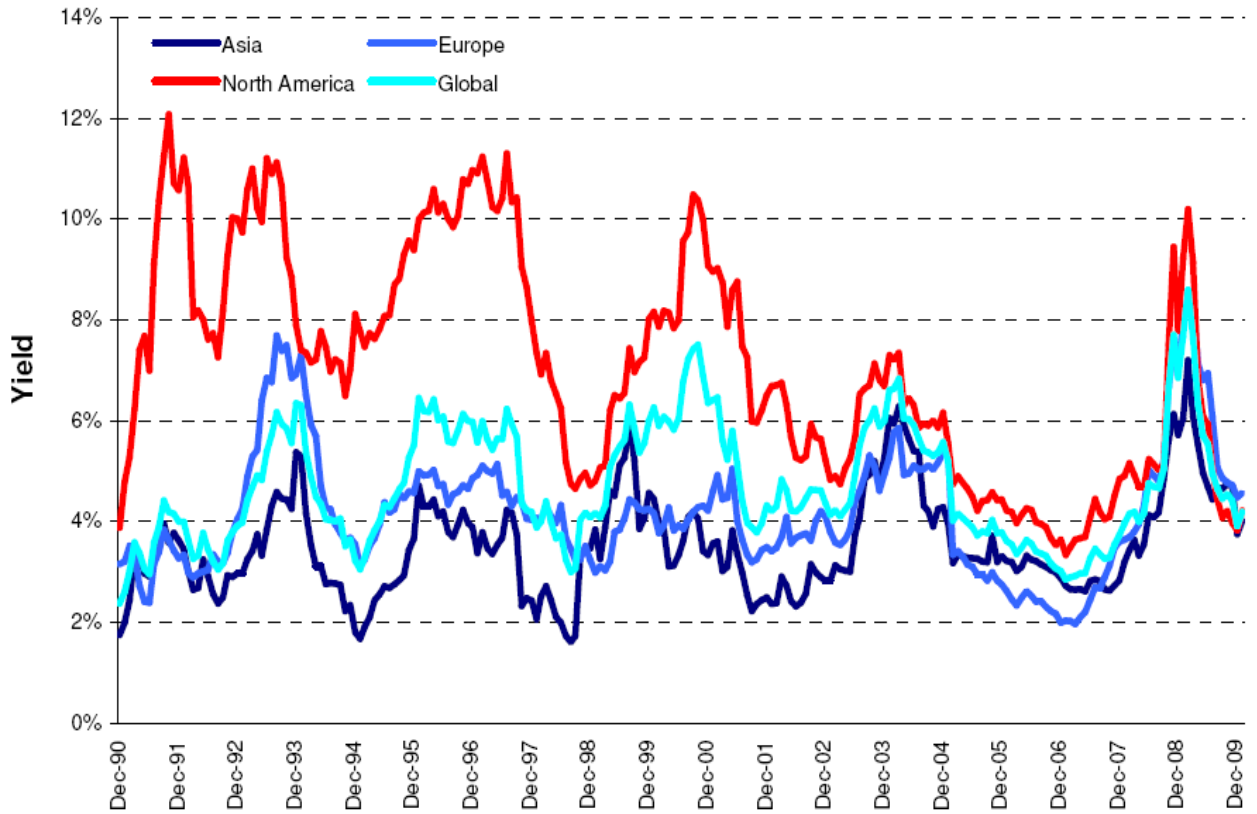
FTSE EPRA/NAREIT North America Index – Bottom 3 Performers

Company	Sector	Total Return
Eastgroup Properties *	Industrial	-6.17%
Sovran Self Storage *	Self Storage	-6.4%
Parkway Properties *	Office	-20.31%



EPRA Chart of the Month

The chart below shows the development of the 12-month dividend yields since the inception of the indices for the global and regional indices.



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 February 28, there were a total of 274 stocks in the index.

The *EPRA Monthly Statistical Bulletin* 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 advancing 4.8%. The Emerging Asia-Pacific region, which includes China and India, added 99 bps in February. Real estate markets from the Emerging Europe, Middle East & Africa Region added 4.61%. The Emerging Americas was the best performing region and surged 9.98%. FTSE EPRA/NAREIT AIM index tracking the performance of AIM listed property companies is down 2.71% for the month.

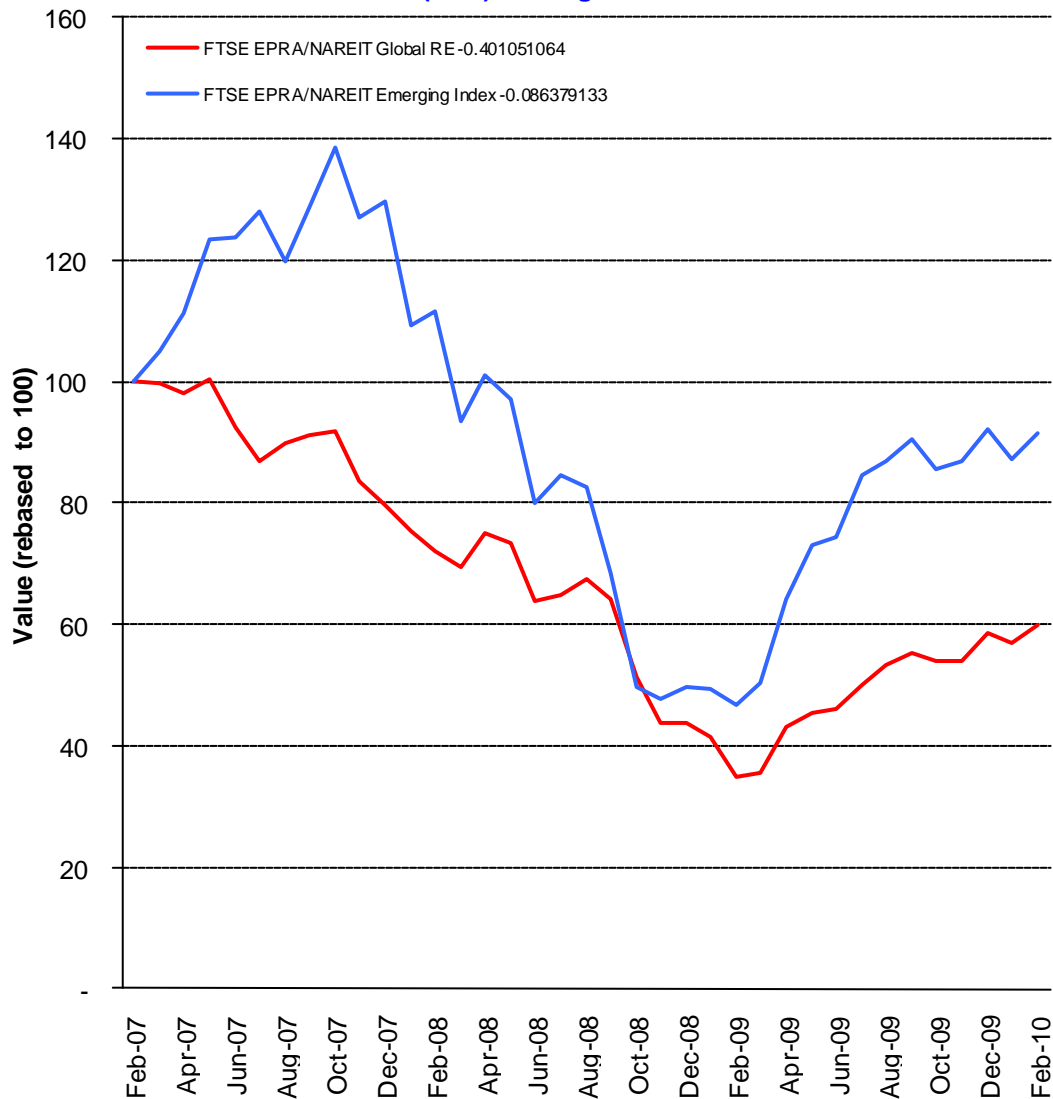
TOP 20

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

Company	Country	Investment		Free
		Focus	Sector	Float
				Mkt Cap
				(EUR m)
				26-Feb
Cyrela Brazil Realty S/A Empreendimentos e Participações Or	BRAZ	Non-rental	Diversified	2,893.47
DLF	IDA	Non-rental	Diversified	2,369.49
Grow thpoint Prop Ltd	SAF	Rental	Diversified	2,152.67
Unitech	IDA	Non-rental	Diversified	2,043.04
Redefine Income Fund	SAF	Rental	Diversified	1,923.69
Gafisa	BRAZ	Non-rental	Residential	1,848.14
BR Malls Participações S/A Ord	BRAZ	Rental	Retail	1,440.66
MRV Engenharia e Participações SA	BRAZ	Non-rental	Residential	1,277.23
Guangzhou R&F Properties (H)	CHN	Non-rental	Diversified	1,051.14
Shenzhen Vanke (B)	CHN	Non-rental	Residential	1,028.94
Land & Houses	THAI	Non-rental	Residential	991.49
Ayala Land	PHIL	Non-rental	Diversified	924.59
SP Setia	MAL	Non-rental	Diversified	906.81
Geo B	MEX	Non-rental	Residential	881.91
Desarrolladora Homex SA de CV	MEX	Non-rental	Residential	842.45
Brookfield Incorporações SA	BRAZ	Non-rental	Residential	803.96
Urbi Desarrollos Urbanos	MEX	Non-rental	Residential	792.07
Pangbourne Prop Ltd	SAF	Rental	Diversified	764.84
Agre Empreendimentos Imobiliários S/A	BRAZ	Non-rental	Diversified	740.96
Shanghai Lujiazui Fin & Trade Dev (B)	CHN	Non-rental	Diversified	685.59



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



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 February 28, there were a total of 65 stocks in the index.

Bloomberg Ticker: FENEI

Thomson Reuters: .FTENEI



Index Description	Curr	Close Value 26-Feb	Div Yld (%) 26-Feb	Total Rtn (%) QTD	Total Rtn (%) Feb-10	Total Rtn (%) YTD	36 Mths Vlty (%)
Total Return							
Global	EUR	1,789.33	4.11	2.12	4.94	2.12	27.02
Asia	EUR	1,470.46	3.83	1.11	5.07	1.11	26.54
Europe	EUR	1,783.50	4.57	- 2.87	- 1.15	- 2.87	26.28
North America	EUR	2,131.47	4.20	5.36	7.48	5.36	36.14
Global Ex Asia	EUR	1,984.86	4.31	2.85	4.85	2.85	32.26
Global Ex Europe	EUR	1,758.12	4.02	3.21	6.28	3.21	28.10
Global Ex North America	EUR	1,673.82	4.05	- 0.09	3.18	- 0.09	23.89
Asia	EUR	1,470.46	3.83	1.11	5.07	1.11	26.54
Pure Asia	EUR	1,559.05	3.39	1.41	5.81	1.41	27.48
Japan	JPY	1,801.81	2.84	- 2.51	- 2.04	- 2.51	32.11
Australia	AUD	1,254.58	8.09	- 1.44	1.37	- 1.44	27.51
Pure Australia	AUD	963.62	8.04	- 1.24	4.29	- 1.24	35.28
Hong Kong	HKD	2,268.88	2.24	- 6.97	7.49	- 6.97	39.71
Singapore	SGD	1,455.45	2.89	- 8.24	- 1.28	- 8.24	36.40
New Zealand	NZD	1,268.21	7.67	- 2.88	-	- 2.88	14.59
Europe	EUR	1,783.50	4.57	- 2.87	- 1.15	- 2.87	26.28
Europe (Price Return)	EUR	1,217.83	-	- 3.08	- 1.26	- 3.08	25.71
Euro Zone	EUR	2,442.77	5.32	- 1.96	- 1.61	- 1.96	25.43
Euro Zone (Price Return)	EUR	1,556.50	-	- 1.96	- 1.61	- 1.96	24.66
Europe Ex UK	EUR	2,618.69	4.87	- 0.47	- 0.48	- 0.47	24.93
Europe Ex UK (Price Return)	EUR	1,692.10	-	- 0.47	- 0.48	- 0.47	24.26
Europe Liquid 40	EUR	1,727.30	4.57	- 3.15	- 1.15	- 3.15	26.76
Europe Liquid 40 (Price Return)	EUR	1,154.02	-	- 3.34	- 1.24	- 3.34	26.15
Europe Liquid 40 Ex UK	EUR	2,896.39	4.90	- 0.61	- 0.42	- 0.61	24.91
Europe Liquid 40 Ex UK (Price Return)	EUR	1,799.85	-	- 0.60	- 0.42	- 0.60	24.19
UK	EUR	1,012.99	4.02	- 7.06	- 2.41	- 7.06	33.76
UK (Price Return)	EUR	727.83	-	- 7.61	- 2.71	- 7.61	33.81
Netherlands	EUR	2,884.81	6.13	- 1.54	1.56	- 1.54	22.90
France	EUR	3,932.27	5.39	- 2.44	- 3.09	- 2.44	25.42
Austria	EUR	401.01	-	- 6.70	- 4.02	- 6.70	60.38
Sweden	EUR	3,826.33	3.95	8.08	9.38	8.08	36.36
Germany	EUR	600.38	4.76	0.79	- 1.73	0.79	39.94
Switzerland	EUR	2,094.47	2.29	8.42	3.73	8.42	17.24
Belgium	EUR	1,960.06	7.82	- 0.71	1.12	- 0.71	19.35
Italy	EUR	1,654.39	1.83	8.21	8.27	8.21	41.85
Finland	EUR	3,014.20	1.10	- 0.17	- 0.56	- 0.17	38.80
UK	GBP	1,467.59	4.02	- 6.23	0.85	- 6.23	32.53
UK (Price Return)	GBP	1,054.41	-	- 6.78	0.54	- 6.78	32.55
Switzerland	CHF	1,921.18	2.29	7.03	3.65	7.03	17.74
Sweden	SEK	4,362.83	3.95	2.40	4.04	2.40	35.81
North America	USD	2,776.44	4.20	0.22	5.53	0.22	39.23
United States	USD	2,674.40	3.99	- 0.25	5.66	- 0.25	40.50
Canada	USD	4,563.05	6.11	4.68	4.36	4.68	31.97

