



EPRA | RESEARCH

European Public Real Estate Association

Monthly Market Review

July 2009



FTSE EPRA/NAREIT Developed (Global) Index

July 2009

The FTSE EPRA/NAREIT Developed (Global) Index advanced 8.8% for the month. Global equity markets jumped 7.8% compared to a gain of 0.6% in the global bonds market. Real estate markets in Europe gained 10.9% in one month compared to a gain of 9.5% in North America. Asia real estate gained 7.6% for the month.

Global real estate total return from the five-year rolling period was -0.6% at the end of July. Global equities returned 5.5% while global bonds rose 25.5%. Annual average returns based on the five-year period is -0.1% from real estate investments, compared to 1.1% and 4.7% from equities and bonds, respectively.

Global Developed Real Estate 36-month volatility stands at 26.19%.

All figures are expressed in EUR.

Asset Classes (EUR)	Jul-09 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Global Real Estate	8.8	14.2	-0.6	-0.1
Global Equities	7.8	17.6	5.5	1.1
Global Bonds	0.6	-0.3	25.5	4.7
Europe Real Estate	10.9	12.2	-13.1	-2.8
N. America Real Estate	9.5	-2.4	-17.8	-3.8
Asia Real Estate	7.6	33.0	29.3	5.3

Source: EPRA

Regulatory Update

REESA, the international alliance of property organisations representing the industry worldwide, and which includes EPRA, responded to the public consultation on the proposals of the International Accountancy Standards Board (IASB) to change international accountancy rules on leased assets. The change could see two fundamental sources of information for investors, property values and rental income figures, removed from the balance sheets of listed real estate companies, and result in a significant reduction in the usefulness of property company accounts.

EPRA is calling for backing from investors in a bid to ensure the IASB leaves investment property out of its overhaul of lease accounting.

The IASB wants to rewrite current accountancy arrangements for all leased assets, whether that is machinery, aircraft or property and instead record these in a similar way to a bank loan, with rental obligations during the remaining period of the contract shown as a liability. If lessors of 'bricks and mortar' investment property are included in these changes, then analysts and investors will no longer be able to directly identify the value of a property portfolio or the rental income that it generates from the financial statements – a move that EPRA believes would reduce the quality of information provided to investors.

If you would like to comment on this note, or provide feedback, please contact Gareth Lewis, EPRA director of finance, at gareth.lewis@epra.com.



FTSE EPRA/NAREIT Developed (Global) Index – Top 5 Performers

Company	Sector	Total Return
Quintain Estates	Diversified	64.18%
Goodman Group *	Industrial	37.84%
Hospitality Properties *	Lodging/Resorts	32.80%
Entertainment Props *	Specialty	32.57%
New World Development	Diversified	31.95%

FTSE EPRA/NAREIT Developed (Global) Index – Bottom 3 Performers

Company	Sector	Total Return
Mucklow <A&J> *	Diversified	-10.00%
Tokyu Land	Diversified	-13.18%
Tokyo Tatemono	Office	-13.91%

Asia- Pacific

FTSE EPRA/NAREIT Singapore (SGD) gained 9.0% in one month compared to gain of 14.6% for FTSE EPRA/NAREIT Hong Kong (HKD) Index. FTSE EPRA/NAREIT New Zealand (NZD) Index gained 10.0% while FTSE EPRA/NAREIT Australia index (AUD) was up 2.4%. FTSE EPRA/NAREIT Japan (JPY) ended the month by advancing 1.8%.

36-months rolling volatility for Asia-Pacific is 26.47%.

Country	Jul-09 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Asia (EUR)	7.6	33.0	29.3	5.3
Australia (AUD)	2.4	-13.5	-37.1	-8.9
Hong Kong (HKD)	14.6	87.0	143.6	19.5
Japan (JPY)	1.8	14.7	25.5	4.7
Singapore (SGD)	9.0	51.0	82.9	12.8
New Zealand (NZD)	10.0	2.3	-NA-	-NA-

Source: EPRA

Keppel Land Ltd., the Singapore property developer [stated](#) that second-quarter profit rose 10% (compared to Q2 08) on higher home sales and rental income from their office buildings. According to government figures, Singapore home purchases in the first half of 09 rose to 7,367, exceeding the entire number of purchases of 4,371 in 2008. Singapore economy also increased for the first time in one year, prompting the government to raise its 2009 growth forecast. Keppel Land's CEO Kevin Wong said that as the markets in the region improve, Keppel will accelerate their project launches in Singapore, China and Vietnam to achieve faster returns. He continued by stating that both their property development and fund management divisions are actively looking for acquisition opportunities. The company ended the month up 20.36%.



Ascendas Real Estate Investment Trust, the largest Singapore industrial REIT, [said](#) that HSBC Institutional Trust Services (Singapore) Ltd., in its capacity as a trustee of Ascendas REIT, issued SGD 125 million of 5.0% fixed rate notes due 2013 under a SGD 1 billion multicurrency medium-term note program. The company intends to use the net proceeds (after deducting issue expenses) to refinance its existing borrowings and finance the general working capital purposes of the company. A-REIT advanced 6.92% in July.

CapitaMall, Singapore's largest REIT (retail) [posted](#) a 15.8% rise in distributable income for the second-quarter 08 (compared to Q2 09). Net income grew 12.2% year-on-year. The company stated that the increase mainly came from the acquisition of The Atrium@Orchard and several asset enhancement initiatives. NAV per share dropped from SGD 1.66 per share to SGD 1.58 per share over the last three months (adjusted for rights-issue) as the company booked a SGD 276.3 million net decrease in the value of its investment properties during the second quarter. CapitaMall climbed 12.86% this month.

CapitaLand, Singapore's biggest developer, [said](#) it raised SGD 1.1 billion through a 7-year convertible bond issue which can be increased by SGD 100 million. CapitaLand expects to use the net proceeds of the issue mainly to refinance or repay its existing indebtedness and the balance to finance new investments and/or for working capital. The company ended the month up 2.96%.

Mirvac Group, the Australian developer, has completed the purchase of the 56-hectare Scoresby Brickworks site in Stud Road near Melbourne from Brickworks Ltd. Mirvac Wholesale Residential Development Partnership, of which Mirvac Group is a 20% co-investor, bought the site for AUD 93.7 million. Brett Draffen, CEO of Mirvac development, said in a news release that Mirvac Wholesale's acquisition of the site, which is located near the company's Waverly Park housing estate, "strongly aligns to Mirvac's simplified residential strategy of focusing on core, large-scale generational projects in Mirvac Wholesale." Mirvac gained 18.06% this month.

Corporate Actions

Australand Property Group was deleted from the FTSE EPRA/NAREIT Index series in accordance with the index rules effective 3 July 09.



FTSE EPRA/NAREIT Developed Asia Index – Top 5 Performers

Company	Sector	Total Return
Goodman Group *	Industrial	37.84%
New World Development	Diversified	31.95%
Wing Tai Holdings	Diversified	28.15%
Suntec REIT *	Diversified	26.74%
Sino Land	Diversified	23.21%

FTSE EPRA/NAREIT Developed Asia Index – Bottom 3 Performers

Company	Sector	Total Return
Toc Co	Office	-7.60%
Tokyu Land	Diversified	-13.18%
Tokyo Tatemono	Office	-13.91%

EUROPE

The FTSE EPRA/NAREIT Developed Europe Index ended the month with a gain of 10.9%. France returned 15.3%. The UK Index ended the month up 11.2%. The Netherlands returned 9.5% in July compared to a gain of 8.8% in Sweden for the month.

European Real Estate 36-month volatility stands at 24.69%, the lowest of the three regions.

Country	Jul-09 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
Europe (EUR)	10.9	12.2	-13.1	-2.8
UK (GBP)	11.2	-6.9	-29.6	-6.8
Netherlands (EUR)	9.5	14.2	26.9	4.9
France (EUR)	15.3	20.0	75.5	11.9
Sweden (SEK)	8.8	-4.1	55.8	9.3

Source: EPRA

Unibail-Rodamco, Europe's largest REIT, [posted](#) a 12.9% drop in fully diluted NAV per share in the first half of 2009. Overall like-for-like portfolio value fell 8.2%, as the net initial yield expanded 60 bps and net rental income increased 5.5%. The companies' CEO Guillaume Poittrinal stated during a conference call that the climate for retail tenants remains difficult across continental Europe. However, he noted that tenants of Unibail centers suffered only a 2% sales decline, whereas average Europe sales declined 4%. Traffic at the company's centers also remained stable compared to one year ago. Unibail has EUR 2.4 billion of undrawn credit lines and a LTV of 33%. Regarding the company's development pipeline, the CEO stated that it had really not cancelled any significant projects and believed that as a long-term player they would continue to working on projects and really try to make them work. Unibail ended the month up 15.49%.



Land Securities, UKs largest REIT [addressed](#) the market with a positive tone during its press conference. Management stated it is planning to start 2 new developments in 2010, the first since 2006. The positive tone continued by addressing possible acquisitions in the coming years. Listed real estate analyst across the board responded positively to this expected upbeat tone by welcoming this change in management statements. In addition, the company [closed](#) a GBP 360 million bond linked to a property with a long lease to the UK government. The Bond will derive cash flows solely from this lease and will fully amortise over the life of the transaction. It is rated Aaa by Moody's and AAA by Fitch. Land Securities' CFO Martin Greenslade commented "The cash raised increases our flexibility to take advantage of opportunities as the cycle turns and takes us closer to the time when we will pay down debt within our secured debt structure." Land Securities posted a gain of 13.32% for the month.

Helical Bar Plc. CEO Mike Slade stated to the media that The City of London, the UKs main financial district will lead a recovery in the country's commercial property market. The company will start building new projects in two years. The company plans to focus on the district for the first time since 1990s to benefit from the expected recovery. Slade continued by stating the company will become "London-centric". Helical Bar ended the month up 3.42%.

SEGRO, UKs largest industrial REIT, announced that it had received valid acceptances representing 86.53% of the shares offered in the Open Offer. SEGRO announced the placement via an open offer and firm placing, to raise cGBP 250 million in gross proceeds to repay part of Brixton's debt following the proposed takeover. SEGRO gained 13.81% over July.

Brixton [announced](#) it had completed a GBP 90 million credit facility with Westdeutsche ImmobilienBank AG for their Heathrow Big Box (50/50 joint venture with Prudential Assurance Co. Ltd.) Heathrow Big Box used the facility, together with GBP 31 million of new partner loans from the joint venture partners, to repay the GBP 121 million loan facility with The Royal Bank of Scotland that expired July 20. Brixton ended July up 16.77%.

Great Portland Estates, the London based office REIT said it is eyeing problem assets in central London amid signs of recovery in the investment market. CEO Toby Courtauld told Reuters "We have been really pleased by the quality of the deal flow we have seen in the last four weeks, and we have a couple of good fruitful discussions on the go." GPE has firepower of more than GBP 520 million and is in talks for deals likely to conclude after September. GPE ended the month up 5.68%.

London & Stamford Property Ltd., the AIM listed property company (constituent of the FTSE EPRA/NAREIT AIM Index, NOT a constituent of the FTSE EPRA/NAREIT developed Index series), [said](#) that the open offer, raised GBP 225.8 million, has been closed. Raymond Mould, the Non-Executive Chairman of LSP, said: "These additional funds give us further firepower to take advantage of the exceptional buying opportunities available." London & Stamford climbed 4.03% for the month.

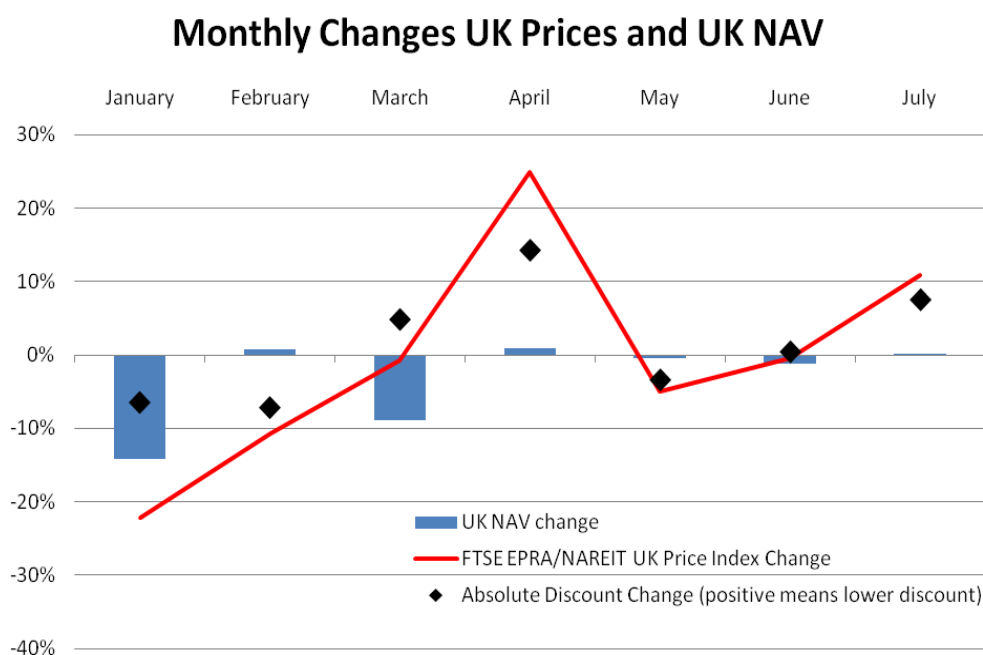
ProLogis European Properties, Europe's largest industrial REIT, [announced](#) that it has closed and received funding for a new four-year secured bank loan facility for GBP 86 million with Eurohypo AG. The net proceeds from the loan will be used to reduce outstanding debt. The GBP 86 million loan facility is secured on a portfolio of 15 prime UK



distribution facilities and will mature in July 2013, with the potential to extend for a further year if certain criteria are met in July 2013. ProLogis EP rose 15.93% last month.

Alstria Office, the German office REIT, [said](#) it has refinanced EUR 68 million of its debt by repaying part of their main syndicate loan and added a CAPEX line of EUR 8 million for an ongoing refurbishment by signing 2 non-recourse loans with average cost of debt of 3.3% secured by four properties. Overall company cost of debt was reduced to 4.4% (was 4.8%). Alstria ended the month up 0.18%.

NAV Update



Source: EPRA

The graph above displays monthly changes of Share prices, NAVs and Discounts in the FTSE EPRA/NAREIT UK Index. The red line features the UK Price Index, which shows a 10.80% increase over the last month (July 09). The blue bars indicate the change in total UK Index NAV. For July 09 the total NAV showed a slight increase due to new published figures reflecting equity raising. Recently, NAVs have shown an increase due to several rights issues and other capital raisings. Finally, the black squares indicate whether discounts moved out or decreased over the month.

The chart provides insight in the movers of the discount and in which way both share prices and NAVs contribute to the observed discount. As shown in the Cohen & Steers Report Listed vs. Unlisted Real estate, share prices are likely to improve before NAVs do.

Corporate Actions

F&C Commercial Property Trust, the Guernsey based UK investors changed name changed to New FCPT Ltd following a share-for-share change with the new holding company New FCPT Ltd.



FTSE EPRA/NAREIT Developed Europe Index – Top 5 Performers

Company	Sector	Total Return
Quintain Estates	Diversified	64.18%
Gecina *	Diversified	30.98%
Grainger Plc	Residential	25.34%
ING UK Real Estate Income Trust	Diversified	22.13%
Fabege	Office	18.77%

FTSE EPRA/NAREIT Developed Europe Index – Bottom 3 Performers

Company	Sector	Total Return
Colonia Real Estate	Residential	-7.14%
Unite Group	Specialty	-7.35%
Mucklow <A&J> *	Diversified	-10.00%

NORTH AMERICA

The EPRA/NAREIT North America Index advanced 10.7% in USD. United States gained 10.4% (USD) for the investors in the month of July, while compared to a gain of 5.8% for the Canada Index in CAD.

The 36-months rolling volatility for North America is 34.20%, the highest of the three regions.

Country	Jul-09 Return %	YTD Return %	Rolling 5 Yrs Return %	Average Annual Return %
North America (USD)	10.7	-0.5	-3.2	-0.6
United States (USD)	10.4	-3.4	-6.3	-1.3
Canada (CAD)	5.8	21.4	17.3	3.2

Source: EPRA

SL Green Realty Corp, New York's largest office landlord, [reported](#) second-quarter FFO totaling USD 83.5 million, or USD 1.20 per share, compared to USD 117.1 million, or USD 1.92 per share, for the same period a year ago, a decrease of 28.7%. The company said the results for the 2008 second quarter include incentive distributions of about USD 31.6 million, or USD 0.52 per share. The occupancy rate for its Manhattan portfolio stayed the same at 96.2%. SL Green advanced 12.38% last month.

Boston Properties Inc., the largest US office REIT [posted](#) rising second-quarter earnings as rental revenue increased. FFO attributable to the company grew from USD 141.0 million one-year ago to USD 166.7 million second-quarters 09. The company recently used available cash to repay two mortgage loans collateralised by a number of buildings. Approximately USD 87.9 million was repaid. One of the mortgage loans bore a fixed interest rate of 8.27% and was scheduled to mature May 1, 2010. A prepayment penalty of



USD 0.5million was paid by the company. The other mortgage loan matured July 1, 2009 and had a fixed interest rate of 7%. Boston Properties gained 10.90% during July.

Prologis, the world's largest owner of warehouses, beat analysts' estimates by [posting](#) its second-quarter FFO of USD 0.34 a share, whereas median analyst forecast was an FFO of USD 0.23. Prologis exceeded their de-leveraging goal (goal was USD 2 billion before the end of 09) by cutting direct debt by USD 2.9 billion through a combination of asset sales and fund contributions, a common equity offering, repurchases of debt at a discount and reductions in business expenditures. Prologis advanced 9.06% during the month.

Health Care REIT Inc. was selected as master developer for Nassau Healthcare Corp.'s proposed USD 1 billion redevelopment of two Long Island, N.Y., properties. The two properties will be turned into senior living and medical office building facilities. For a part of the redevelopment Health Care REIT will enter a joint venture with Nassau. The other part will be owned and operated by Nassau. Health Care REIT gained 17.48% for the month.

FTSE EPRA/NAREIT North America Index – Top 5 Performers

Company	Sector	Total Return
Hospitality Properties *	Lodging/Resorts	32.80%
Entertainment Props *	Specialty	32.57%
Lexington Corporate *	Diversified	25.88%
Mack-Cali Realty *	Office	24.39%
HRPT Properties Trust *	Office	21.67%

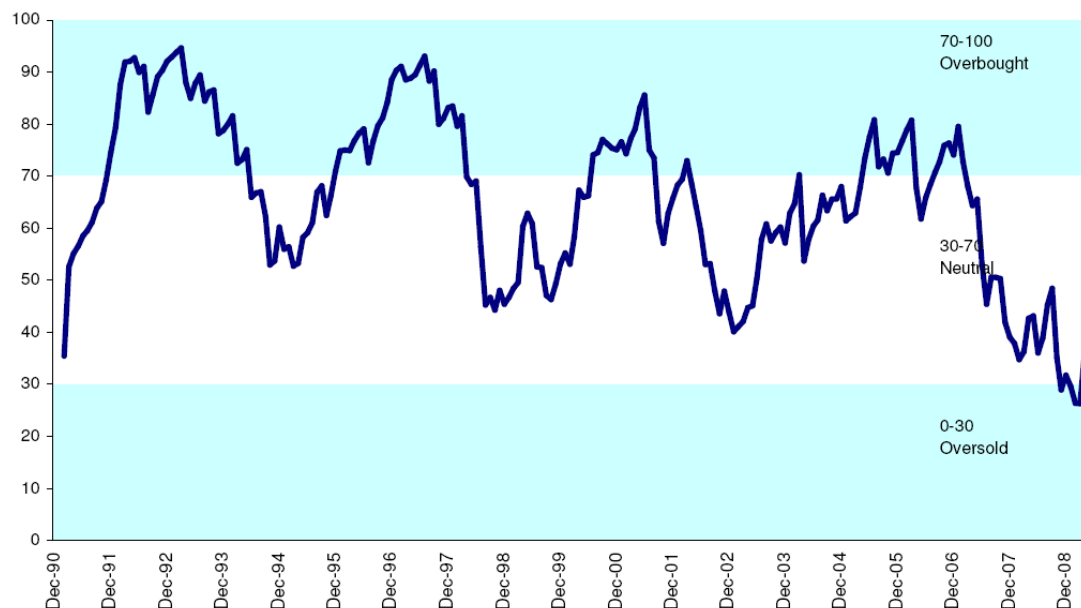
FTSE EPRA/NAREIT North America Index – Bottom 3 Performers

Company	Sector	Total Return
Innvest REIT *	Lodging/Resorts	-4.49%
Regency Centers *	Retail	-8.11%
Ramco-Gershenson *	Retail	-9.19%



EPRA Chart of the Month

The graph below shows the Relative Strength Indicator for the United States Index. The RSI is an index between 0 and 100 that shows the price strength of the index by comparing upward and downward movements. If the index is in the 0-30 region, the market is oversold and if the index is in the 70-100 range, the market is overbought. The graph clearly shows that the markets have been overbought in the period 2003-2006, but following the difficult year 2007, the market has moved towards the oversold region.



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 July 31, there were a total of 261 stocks in the index.

The *EPRA Monthly Statistical Bulletin* is available for EPRA members on: www.epra.com.

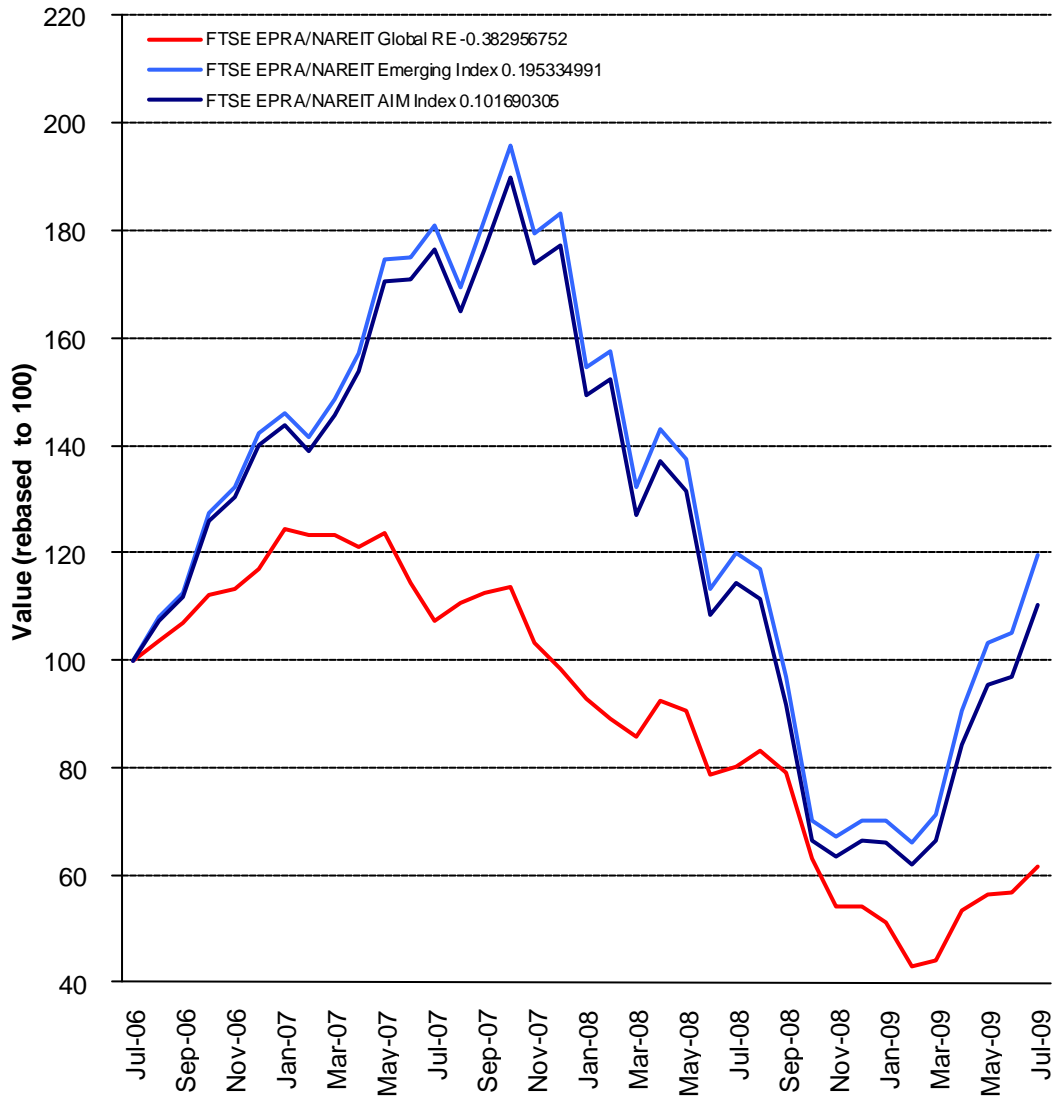
FTSE EPRA/NAREIT Emerging (Global) Index

The FTSE EPRA/NAREIT Emerging (Global) Index ended the month rising 13.88%. The Emerging Asia-Pacific region, which includes China and India, gained 9.13% in July. Real estate markets from the Emerging Europe, Middle East & Africa Region gained 7.95%. The Emerging Americas finished the month by advancing 27.26%.

All figures are 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-Jul	Free Float Emerging (%) Weight 31-Jul
Unitech	IDA	Non-rental	Diversified	2,383.74	15.80
Cyrela Brazil Realty S/A Empreendimentos e Participações Or	BRAZ	Non-rental	Diversified	1,923.45	19.34
Growthpoint Prop Ltd	SAF	Rental	Diversified	1,728.05	28.94
Guangzhou R&F Properties (H)	CHN	Non-rental	Diversified	1,502.72	9.96
Shenzhen Vanke (B)	CHN	Non-rental	Residential	1,328.44	8.81
DLF	IDA	Non-rental	Diversified	1,292.97	8.57
Gafisa	BRAZ	Non-rental	Residential	1,190.50	11.97
BR Malls Participações S/A Ord	BRAZ	Rental	Retail	1,103.54	11.10
Desarrolladora Homex SA de CV	MEX	Non-rental	Residential	1,039.95	10.46
MRV Engenharia e Participações SA	BRAZ	Non-rental	Residential	940.30	9.46
SP Setia	MAL	Non-rental	Diversified	896.38	5.94
Multiplan Empreendimentos Imobiliários S/A Ord	BRAZ	Rental	Retail	808.13	8.13
Land & Houses	THAI	-NA-	-NA-	802.64	5.32
Ayala Land	PHIL	Non-rental	Diversified	690.63	4.58
Globe Trade Centre	POL	Non-rental	Diversified	688.35	79.47
Shanghai Lujiazui Fin & Trade Dev (B)	CHN	Non-rental	Diversified	671.80	4.45
Lippo Karawaci	INDO	Non-rental	Diversified	605.65	4.02
Geo B	MEX	Non-rental	Residential	601.19	6.05
Urbi Desarrollos Urbanos	MEX	Non-rental	Residential	596.73	6.00
Pangbourne Prop Ltd	SAF	Rental	Diversified	583.39	9.77

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 July 31, there were a total of 68 stocks in the index.

Bloomberg Ticker: FENEI

Thomson Reuters: .FTENEI



The following table highlights the performance of regions and countries over a number of time periods:

Index Description	Curr	Close Value 31-Jul	Div	Total	Total	Total	36 Mths Vlty (%)
			Yld (%) 31-Jul	Rtn (%) QTD	Rtn (%) Jul-09	Rtn (%) YTD	
Total Return							
Global	EUR	1,493.80	4.95	8.84	8.84	14.20	26.67
Asia	EUR	1,391.84	4.45	7.59	7.59	33.00	26.83
Europe	EUR	1,513.48	6.07	10.88	10.88	12.16	25.33
North America	EUR	1,540.86	5.04	9.49	9.49	- 2.42	34.66
Global Ex Asia	EUR	1,506.53	5.37	9.92	9.92	1.77	30.86
Global Ex Europe	EUR	1,462.33	4.71	8.43	8.43	14.58	27.79
Global Ex North America	EUR	1,536.34	4.89	8.46	8.46	26.80	24.31
Asia	EUR	1,391.84	4.45	7.59	7.59	33.00	26.83
Pure Asia	EUR	1,500.12	3.78	8.27	8.27	36.84	27.66
Japan	JPY	2,037.29	2.57	1.75	1.75	14.74	33.38
Australia	AUD	1,065.87	12.13	2.40	2.40	- 13.51	25.68
Pure Australia	AUD	800.14	13.99	4.97	4.97	- 18.74	33.91
Hong Kong	HKD	2,416.03	2.23	14.65	14.65	87.03	37.72
Singapore	SGD	1,346.69	4.49	9.05	9.05	51.03	37.51
New Zealand	NZD	1,197.84	8.08	10.00	10.00	2.33	15.73
Europe	EUR	1,513.48	6.07	10.88	10.88	12.16	25.33
Europe (Price Return)	EUR	1,043.63	-	10.26	10.26	7.02	24.78
Euro Zone	EUR	2,026.24	6.72	11.42	11.42	16.36	24.51
Euro Zone (Price Return)	EUR	1,297.51	-	10.52	10.52	9.82	23.74
Europe Ex UK	EUR	2,142.78	6.27	10.95	10.95	14.19	24.06
Europe Ex UK (Price Return)	EUR	1,390.30	-	10.22	10.22	7.96	23.39
Europe Liquid 40	EUR	1,456.74	6.04	11.90	11.90	11.06	25.98
Europe Liquid 40 (Price Return)	EUR	982.10	-	11.22	11.22	5.94	25.38
Europe Liquid 40 Ex UK	EUR	2,353.67	6.22	12.22	12.22	14.68	24.36
Europe Liquid 40 Ex UK (Price Return)	EUR	1,467.39	-	11.38	11.38	8.36	23.66
UK	EUR	917.58	5.74	10.78	10.78	5.29	32.83
UK (Price Return)	EUR	672.50	-	10.35	10.35	1.90	32.96
Netherlands	EUR	2,376.93	8.42	9.45	9.45	14.23	22.20
France	EUR	3,240.77	6.52	15.32	15.32	19.97	25.20
Austria	EUR	323.50	-	6.06	6.06	66.88	55.60
Sweden	EUR	2,715.97	5.32	14.49	14.49	2.03	33.87
Germany	EUR	509.19	5.45	2.21	2.21	2.32	39.32
Switzerland	EUR	1,781.57	3.38	4.91	4.91	8.33	17.10
Belgium	EUR	1,802.07	10.75	7.18	7.18	4.27	18.91
Italy	EUR	1,318.77	2.29	- 3.09	- 3.09	6.81	42.24
Finland	EUR	2,167.66	1.53	- 1.71	- 1.71	10.37	34.00
UK	GBP	1,268.24	5.74	11.23	11.23	- 6.86	31.03
UK (Price Return)	GBP	929.42	-	10.80	10.80	- 9.86	31.14
Switzerland	CHF	1,703.15	3.38	4.94	4.94	11.72	18.03
Sweden	SEK	3,295.49	5.32	8.81	8.81	- 4.12	34.18
North America	USD	2,085.22	5.04	10.67	10.67	- 0.48	38.04
United States	USD	2,014.15	4.75	10.39	10.39	- 3.38	39.29
Canada	USD	3,353.01	8.02	13.61	13.61	38.67	31.16

