



EPRA | RESEARCH

European Public Real Estate Association

Monthly Market Review

July 2010



FTSE EPRA/NAREIT Developed (Global) Index**July 2010**

The FTSE EPRA/NAREIT Developed (Global) Index ended July by advancing 3.1%, outperforming the global equities market which added 1.7%. While global bonds market added 50 bps for investors. Real estate markets in Europe gained 7.1% while North American markets followed by a gain of 3.1%. Asia ended the month up 1.5%.

The global real estate return year-to-date stands at 15.6% compared to 8.3% and 4.9%, for global equities and global bonds respectively. For the ten-year rolling period real estate investments returned 71.3%. Equities lost 15.3% while bonds markets were good for a 69.2% return in total. Annual average return based on the ten-year period from real estate investments is 5.5%. Global equities slipped 1.7% on average, while the bond investments returns equal 5.4%.

Global Developed Real Estate 10-year volatility equals 18.55%.

Asset Classes (EUR)	Jul-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
Global Real Estate	3.1	15.6	71.3	5.5
Global Equities	1.7	8.3	-15.4	-1.7
Global Bonds	0.5	4.9	69.2	5.4
Europe Real Estate	7.1	3.7	70.8	5.5
N. America Real Estate	3.1	26.9	92.9	6.8
Asia Real Estate	1.5	9.7	58.4	4.7

All figures are expressed in EUR-Source: EPRA

FTSE EPRA/NAREIT Global Index – Top 5 Performers

Company	Sector	Total Return
Babis Vovos	Diversified	51.85%
Agile Property Holdings	Diversified	25.09%
Orient Express Hotel	Lodging/Resorts	23.11%
Shimao Property	Residential	21.53%
Ashford Hospitality *	Lodging/Resorts	19.92%

FTSE EPRA/NAREIT Global Index – Bottom 3 Performers

Company	Sector	Total Return
Quintain Estates	Diversified	-8.19%
First Industrial Realty *	Industrial	-12.45%
Inmobiliaria Colonial S.A.	Diversified	-21.6%



Asia-Pacific

The FTSE EPRA/NAREIT Developed Asia is up 1.5% at the end of July. FTSE EPRA/NAREIT Japan (JPY) added 2%. FTSE EPRA/NAREIT Hong Kong (HKD) returned 8.6% while the FTSE EPRA/NAREIT Singapore (SGD) Index was the best performer in Asia by posting a 9% monthly return. FTSE EPRA/NAREIT Australia Index (AUD) Index added 100 basis points while the New Zealand Index added 5.6.

10-year rolling volatility for Asia-Pacific is 20.05%.

Country	Jul-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
Asia (EUR)	1.5	9.7	58.4	4.7
Australia (AUD)	1.0	-1.5	8.8	0.8
Hong Kong (HKD)	8.6	-1.1	179.2	10.8
Japan (JPY)	2.0	-8.5	38.5	3.3
Singapore (SGD)	9.0	2.2	116.6	8.0
New Zealand (NZD)	5.6	-4.8	-NA-	-NA-

Source: EPRA

Mitsubishi Estate reported its second quarter earnings which slumped 29.8% compared to a year earlier. The Japanese property company' net income slumped 30% from a year earlier to JPY 6.77 billion, down from JPY 9.64 billion, while the drop in operating earnings was 9.5%. Total revenues declined from JPY 59.12 billion last year to JPY 35.99 for the three months, as the residential markets weakened. The company however, has successfully been able to lower its inventory of unsold apartments, which declined from 2,180 to 1,441 units. Mitsubushi Estate is down 2.33% for the month

Sun Hung Kai, The largest FTSE EPRA/NAREIT company, [sold](#) up to 300 luxury apartments at Larvotto generating total revenues of HKD 8 billion, more than USD one billion, in eight days. The Hong Kong-based developer, said the average sales price was HKD 30 million according to *China Knowledge*. Eva Yeung, an agent at Centaline Property Agency, said the luxury property market in Hong Kong is driven by lack of supply and rising demand from Chinese buyers. Around 20 percent of the buyers are from mainland China, Sun Hung Kai added. Sun Hung Kai added 6.24% while the Asia index ended the month up 6.24%.

CapitaMall Trust, Singapore-based retail specialist [announced](#) a Distribution per Unit (DPU) of SGD 2.29, a 7.5% increase from last year's DPU of SGD 2.13. The distributable total income also increased by 7.5% to SGD 73 million, compared to a 5.3% rise in the net property income to SGD 99 million. The largest retail landlord in Singapore said the improvement in operating income is a result of strengthening of the rental market, renewed leases and lower operating expense. The company also expects strong results from its development activity as projected rentals revenues have improved while construction costs will be lower for its assets enhancements at Raffles City Singapore. CapitaMall Trusts returned 95 bps for its investors at the end of July.



Westfield Group, leading global retail property Trust, plans to compete with eBay with its already announced virtual mall project. Company Chairman, Frank Lowy, had announced the plans earlier this year during the annual general meeting, "We have been monitoring the use of technology closely for the past decade, continually improving our capacity and making greater use of the internet to promote our centres and connect with our customers. We will push on with this evolution during the year ahead". According to the *AustralianIT*, sources close to the project say it is one of the biggest software development projects in the southern hemisphere and is straining the supply of developers familiar with the Ruby programming language. Westfield ended July up 25 bps.

Ascendas REIT [reported](#) that its second quarter distribution per unit (DPU) which declined 7% to SGD 3.37 from a year ago, while earnings per unit rose 19.1% in the same period to SGD 4.17. The total distributable income was up 3.5% to SGD 63 million for the three months ended June 30. Total revenues for the period were up 11% to SGD 114 million, while net property income increased by 8.2% to 87 million. The company added that its occupancy rates were above industry average while rental renewals and reversions were positive in the science parks and industrial property segments. Ascendas REIT is up 16.48% for the month.

FTSE EPRA/NAREIT Asia Index – Top 5 Performers

Company	Sector	Total Return
Keppel Land	Diversified	12.07%
Soho China	Diversified	10.95%
KWG Property Holdings	Diversified	10.45%
Hang Lung Properties	Diversified	10.04%
Hysan Development	Diversified	9.9%

FTSE EPRA/NAREIT Asia Index – Bottom 3 Performers

Company	Sector	Total Return
Heiwa Real Estate	Diversified	-13.98%
Daibiru Corp	Office	-15.45%
Tokyo Tatemono	Office	-17.11%



EUROPE

The FTSE EPRA/NAREIT Developed Europe Index ended the month by surging 7.1%. The UK market was up 7.3% while France outperformed in the region by gaining 9.4%. The Netherlands added 8.9% while Sweden returned 6.8% for the investors.

European Real Estate 10-year volatility stands at 18.56%.

Country	Jul-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
Europe (EUR)	7.1	3.7	70.8	5.5
UK (GBP)	7.3	-7.0	30.1	2.7
Netherlands (EUR)	8.9	-0.4	159.1	10.0
France (EUR)	9.4	4.4	308.8	15.1
Sweden (SEK)	6.8	15.2	332.5	15.8

Source: EPRA

Land Securities, the UK REIT, [announced](#) that it will be adding to its development programme with the start of its Trinity Leeds development, in Leeds city centre. The c.1, 000,000 sq ft scheme is the first major retail-led development in the UK to get the go ahead in recent times. The development is already some 47% pre-let or in solicitors hands. The GBP 350 million project is scheduled to open in spring 2013. Richard Akers, Managing Director Retail for Land Securities, commented: *"We have seen a building of momentum with the level of secured lettings demonstrating the confidence in Leeds as a destination and in the Trinity Leeds project, which is the first major development scheme outside London to go live."* Land Securities ended the month 9.67%

Unibail-Rodamco, the French REIT, [announced](#) their HI 2010 figures. Like for like portfolio value increased 4.7% since December 2009. Loan to Value stands at 31%. Unibail also proposed a capital reimbursement of EUR 20.0 per share, corresponding to a total amount of EUR 1.8 billion, which would be paid for by available undrawn credit lines. Unibail ended the month up 12.36%

Alstria Office, the German REIT, [announced](#) the successful refinancing of its main corporate credit facility of EUR 646 million. A new syndicate consisting of 5 banks has provided a new corporate loan with total proceeds of EUR 630 million allowing for the full refinancing of the previous syndicated loan, which was due to mature at the end of November 2011. The additional EUR 16 million will be paid out of Alstria's available cash. Average cost of total debt will remain at 4.3%. The average debt maturity increases from 2.4 years to 5.1 years. With the new syndicated loan in place Alstria has no refinancing needs before mid 2014. In line with its overall hedging strategy around 25% of the new loan amount has not been hedged and remains floating. Alstria ended the month up 13.85.

Conwert Immobilien Invest, the Austrian Property company, [increased](#) its offer price for the intended voluntary public takeover of ECO Business-Immobilien AG. The offer price of EUR 6.50 per share announced on 15 June 2010 was increased and now amounts to EUR 7.15 per no par value share of ECO Business-Immobilien AG. The price offered exceeds the average



volume weighted price of the ECO share in the last twelve months prior to the announcement of the takeover offer by 60.7% and the average volume weighted share price of the last six months prior to the announcement of the takeover offer by 47.4%. Conwert definitively rules out a further increase of the offer price. The minimum acceptance rate of the offer remained at 50% + 1 share of the ECO shares held by the free float. If the offer is accepted completely, the maximum transaction volume amounts to approximately EUR 185.5 million. Conwert ended the month up 6.57%

Development Securities, the UK developer, [announced](#) a fully underwritten rights issue to raise gross proceeds of GBP 100.2 million and net proceeds of GBP m94.1 million by way of a Placing and Rights Issue. The Net Proceeds will be used by Development Securities to capitalise on new opportunities early in the property development cycle, continuing to exploit the current dearth of bank finance available, and additionally to enhance the Group's investment portfolio where attractive asset management opportunities exist. In July 2009 Development Securities raised GBP 94.0 million, of which GBP 68.9 million were invested so far in a series of projects. Development Securities ended the month down 70 bps.

FTSE EPRA/NAREIT Europe Index – Top 5 Performers

Company	Sector	Total Return
Babis Vovos	Diversified	51.85%
Deutsche Wohnen	Residential	17.24%
Sponda	Diversified	16.13%
Alstria Office *	Office	13.85%
Hammerson *	Retail	13.01%

FTSE EPRA/NAREIT Europe Index – Bottom 3 Performers

Company	Sector	Total Return
Workspace Group *	Office	-8.14%
Quintain Estates	Diversified	-8.19%
Inmobiliaria Colonial S.A.	Diversified	-21.6%



NORTH AMERICA

The EPRA/NAREIT North America Index increased this month by 9.6% in USD. The US market surged by 9.7% (USD) for the month, compared to a gain of 5.8% for the Canada Index in CAD, at the end of July.

The 10-year rolling volatility for North America is 23.73%, the highest of the three regions.

Country	Jul-10 Return %	YTD Return %	Rolling 10 Yrs Return %	Average Annual Return %
North America (USD)	9.6	15.3	160.0	10.0
United States (USD)	9.7	15.1	150.2	9.6
Canada (CAD)	5.8	14.6	209.2	12.0

Source: EPRA

Brookfield Office Properties, formerly known as Brookfield Properties, [provided](#) details of its operational activity of the second quarter. Funds from Operations (FFO) for the period amounted to USD 209 million or 40 cents per share, up from USD 123 million or 32 cents a share, compared to a year earlier. During the quarter, the company leased 1.3 million square feet. Commercial property net operating income came out at USD 180 million compared to USD 162 million. Strong improvement in the residential segment also, where net operating income was USD 33 million compared to USD 13 million in Q2-2009. Total revenues increased 29% to USD 446 million, year-on-year. Brookfield Office Properties is up 3.68% for the month.

Boston Properties, the biggest US office landlord by market value, reported second quarter earnings during the month. Funds from operations declined to USD 157 million, or 1.12 a share, compared to USD 167 million, or 1.32 per share in the year before. Total rental revenues declined to USD 367 million or 1.7% from the year before, while expenses are up 6% to USD 332 million. Total revenues increased by 1.7% to USD 396 million. According to John Guinee from Stifel Nicolaus & Co, the Boston-based company strategy of paying down debt and building cash reserves creates a pressure on its earnings as allot off cash on the balance sheet is not being utilised. Boston Properties added 14.8% for the month of July.

Kimco Realty Corporation, community shopping center specialist, upgraded its annual earnings forecast following a second quarter profit as national retails sales increased. The company's FFO for the second quarter equaled USD 106 million or 26 cents a share, compared to a loss of USD 63 million, or 17 cents loss per share, last year. Occupancy in the combined shopping center portfolio was 92.7%, up 40 basis points from the year-ago quarter. While the occupancy in US shopping centers portfolio reached 92.3% which is a 50 basis points improvement from a year ago. The retail REIT increased its guidance range for the year FFO-per-share before noncash impairments to USD 1.14 to USD 1.18. In May the guidance stood between the range of USD 1.10 to USD 1.15 per share. Kimco Realty Corporation is up 12.13% for the month.

Colonial Properties Trust, said its second-quarter FFO available to common shareholders came out ay USD 21 million, or 27 cents per share, compared to USD 32 million, or 56 cents per share available last year. FFO before transaction income equaled



USD 21 million up from USD 16 million generated in 2009. The company updated its annual FFO forecast to fall between 98 cents and 1.03, which during the report of first quarter results stood between 92 cents and 1.00. The full-year guidance included the update on acquisitions activity, where the company expects to spend between USD 25 million and USD 50 million and while it will spend between USD 15 million and USD 25 million for dispositions. Colonial Properties advanced 10.94% in one month.

Digital Realty Trust, owner of data centers, announced its results for the second quarter which jumped 15%, lower than markets estimates of 83 cents a share. FFO increased to USD 70 million, or 76 cents a share, compared to USD 61 million or 71 cents a year earlier. Net income for the period declined to USD 19.9 million from 21.1 million in 2009 for the three months. While revenues for the quarter rose 27 percent to USD 198 million, from USD 155 million. The company lowered its annual FFO to the range of USD 3.24- USD 3.32, which previously stood between USD 3.26-USD 3.38 per share. Digital Realty Trusts ended July up 9.60%.

FTSE EPRA/NAREIT North America Index – Top 5 Performers

Company	Sector	Total Return
Orient Express Hotel	Lodging/Resorts	23.11%
Ashford Hospitality *	Lodging/Resorts	19.92%
Felcor Lodging Trust *	Lodging/Resorts	18.84%
LaSalle Hotel Properties *	Lodging/Resorts	15.31%
Education Realty Trust *	Residential	15.26%

FTSE EPRA/NAREIT North America Index – Bottom 3 Performers

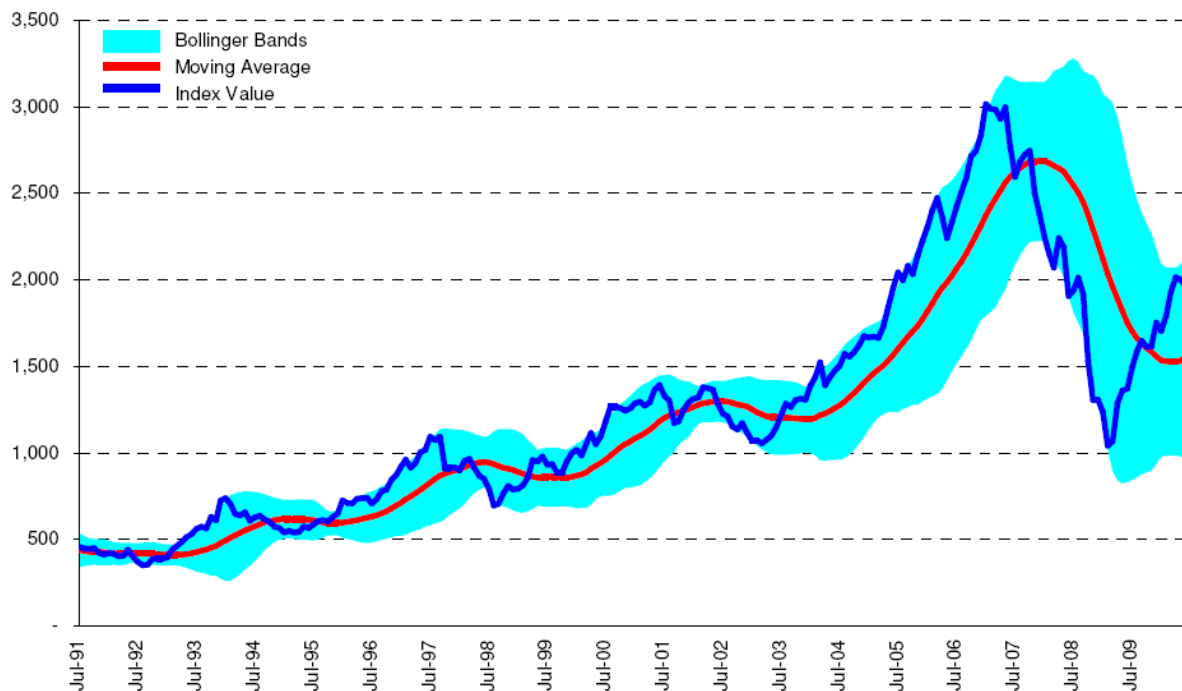
Company	Sector	Total Return
Piedmont Office Realty Trust Cl A	Office	-3.9%
Investors Real Estate *	Diversified	-4.08%
First Industrial Realty *	Industrial	-12.45%



Index Chart of the month

Bollinger Bands

A set of Bollinger Bands are a tool that can be used to measure the ‘high-ness’ or ‘low-ness’ of the price relative to the previous one, and acts as a measure of volatility. The Bollinger Bands consist of three lines: a middle band showing a simple moving average, an upper band located at twice the standard deviation above the middle band, and a lower band located at twice the standard deviation below the middle band.



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 June 30, 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.

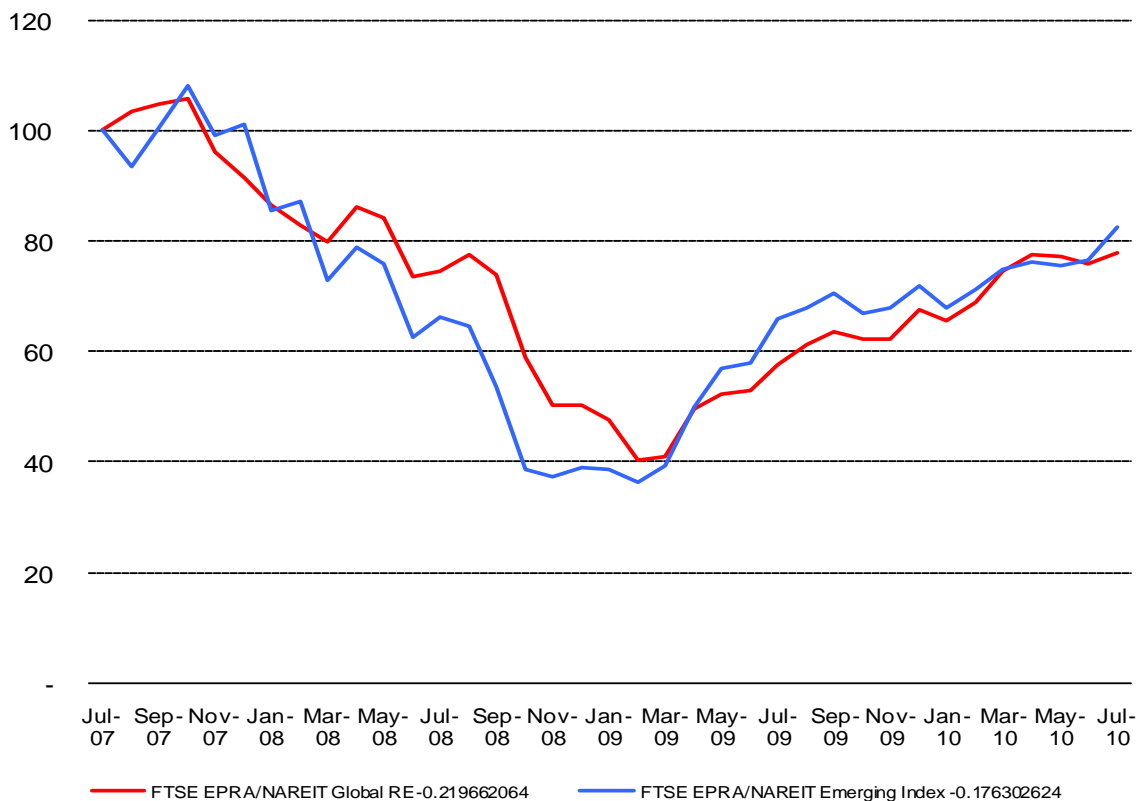


FTSE EPRA/NAREIT Emerging (Global) Index

The FTSE EPRA/NAREIT Emerging (Global) Index ended the month by advancing 7.38%. The Emerging Asia-Pacific region added 3.82% in July. Real estate markets from the Emerging Europe, Middle East & Africa Region were up 5.05%. The Emerging Americas outperformed other regions by advancing 12.74%.

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



Corporate Actions

Raven Russia (AIM) was deleted from the FTSE EPRA/NAREIT AIM index.



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) 30-Jul	Free Float Emerging (%) Weight 30-Jul
PDG Realty S/A Empreendimentos e Participacoes Ord	BRAZ	Non-rental	Diversified	4,486.66	21.77
Cyrela Brazil Realty S/A Empreendimentos e Participacoes Or	BRAZ	Non-rental	Diversified	3,426.27	16.63
Growthpoint Prop Ltd	SAF	Rental	Diversified	2,699.73	30.99
DLF	IDA	Non-rental	Diversified	2,546.41	10.98
Gafisa	BRAZ	Non-rental	Residential	2,471.51	11.99
Unitech	IDA	Non-rental	Diversified	2,455.19	10.59
Redefine Income Find	SAF	Rental	Diversified	2,134.15	24.50
BR Malls Participacoes S/A Ord	BRAZ	Rental	Retail	1,729.43	8.39
MRV Engenharia e Participacoes SA	BRAZ	Non-rental	Residential	1,656.16	8.04
Poly (Hong Kong) Investments (Red Chip)	CHN	Non-rental	Diversified	1,381.87	5.96
Shenzhen Vanke (B)	CHN	Non-rental	Residential	1,319.32	5.69
Ayala Land	PHIL	Non-rental	Diversified	1,274.54	5.50
Guangzhou R&F Properties (H)	CHN	Non-rental	Diversified	1,161.96	5.01
SP Setia	MAL	Non-rental	Diversified	1,016.94	4.39
Land & Houses	THAI	Non-rental	Residential	1,010.37	4.36
Yuexiu Property (Red Chip)	CHN	Non-rental	Residential	992.25	4.28
Desarrolladora Homex SA de CV	MEX	Non-rental	Residential	960.30	4.66
Brookfield Incorporacoes SA	BRAZ	Non-rental	Residential	879.36	4.27
Pangbourne Prop Ltd	SAF	Rental	Diversified	877.71	10.07
Geo B	MEX	Non-rental	Residential	873.19	4.24

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 June 30, 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 Index Description	Curr	Close Value 30-Jul	Div	Total	Total	Total	10 Yrs Vlty (%)
			Yld (%) 30-Jul	Rtn (%) QTD	Rtn (%) Jul-10	Rtn (%) YTD	
Global	EUR	2,025.57	3.94	3.05	3.05	15.60	18.55
Asia	EUR	1,595.16	3.72	1.53	1.53	9.69	20.05
Europe	EUR	1,904.69	4.59	7.08	7.08	3.72	18.56
North America	EUR	2,567.80	3.91	3.07	3.07	26.93	23.73
Global Ex Asia	EUR	2,312.73	4.08	4.06	4.06	19.84	21.02
Global Ex Europe	EUR	2,013.29	3.82	2.34	2.34	18.18	19.54
Global Ex North America	EUR	1,807.13	3.96	3.04	3.04	7.87	17.82
Asia	EUR	1,595.16	3.72	1.53	1.53	9.69	20.05
Pure Asia	EUR	1,681.05	3.28	1.25	1.25	9.35	20.52
Japan	JPY	1,691.41	3.14	2.04	2.04	8.48	29.01
Australia	AUD	1,253.87	7.06	0.98	0.98	1.49	17.29
Pure Australia	AUD	950.65	6.18	1.13	1.13	2.57	21.36
Hong Kong	HKD	2,413.18	2.43	8.63	8.63	1.05	31.02
Singapore	SGD	1,621.75	3.00	8.99	8.99	2.24	29.97
New Zealand	NZD	1,242.99	7.89	5.56	5.56	4.82	-NA-
Europe	EUR	1,904.69	4.59	7.08	7.08	3.72	18.56
Europe (Price Return)	EUR	1,255.34	-	6.95	6.95	0.09	18.44
Euro Zone	EUR	2,560.93	5.21	8.46	8.46	2.78	17.96
Euro Zone (Price Return)	EUR	1,556.59	-	8.44	8.44	1.95	17.84
Europe Ex UK	EUR	2,795.36	4.82	7.85	7.85	6.24	17.57
Europe Ex UK (Price Return)	EUR	1,727.37	-	7.83	7.83	1.60	17.46
Europe Liquid 40	EUR	1,853.24	4.69	7.85	7.85	3.91	18.98
Europe Liquid 40 (Price Return)	EUR	1,193.36	-	7.74	7.74	0.05	18.90
Europe Liquid 40 Ex UK	EUR	3,107.27	5.00	8.29	8.29	6.63	17.89
Europe Liquid 40 Ex UK (Price Return)	EUR	1,843.51	-	8.29	8.29	1.81	17.79
UK	EUR	1,083.19	4.16	5.64	5.64	0.62	23.27
UK (Price Return)	EUR	763.41	-	5.33	5.33	3.09	23.35
Netherlands	EUR	2,919.37	6.49	8.89	8.89	0.36	17.34
France	EUR	4,206.75	5.06	9.36	9.36	4.37	19.20
Austria	EUR	491.24	1.33	8.02	8.02	14.29	-NA-
Sweden	EUR	4,436.57	4.62	8.04	8.04	25.32	26.34
Germany	EUR	627.06	4.69	8.04	8.04	5.27	30.65
Switzerland	EUR	2,487.08	2.30	2.45	2.45	28.75	12.61
Belgium	EUR	2,003.60	7.36	4.17	4.17	1.50	12.73
Italy	EUR	1,486.71	2.73	2.23	2.23	2.76	29.14
Finland	EUR	3,154.94	3.26	12.19	12.19	4.49	27.70
UK	GBP	1,456.23	4.16	7.34	7.34	6.96	22.73
UK (Price Return)	GBP	1,026.31	-	7.02	7.02	9.27	22.82
Switzerland	CHF	2,123.72	2.30	5.72	5.72	18.31	12.63
Sweden	SEK	4,909.17	4.62	6.75	6.75	15.23	25.81
North America	USD	3,193.09	3.91	9.63	9.63	15.26	24.98
United States	USD	3,086.58	3.71	9.68	9.68	15.12	25.71
Canada	USD	5,083.71	5.86	9.18	9.18	16.62	20.75



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